

Agenda Summary October 23, 2024

Agenda Item B-2 FY'26 Preliminary Budget Discussion

Summary: This time has been set aside to have a preliminary budget discussion to help give staff guidance in developing the FY'26 General Fund Budget and Capital Plan.

In terms of major considerations from a staff perspective, staff offers the following:

- Last year the Town had a 3% growth in the grand list due to new construction. The Average over the last five years has been just over 2%. The Town Appraiser preliminarily estimates 1% for 2025. Using the current grand list this will raise \$116,000 in new revenue. A memo from the Town Appraiser is enclosed.
- The Town's interest rate is locked in through September 1, 2025, at 4.90%. Interest rates have started to go down and may impact on our revenue in this regard.
- The current CPI-U for Northeast Region as of September 2024 is 3.4%, which is the index used for COLA rates for Town of Stowe employment agreements. The COLA rate will be based on October 2024 CPI-U rates.
- The Town budgeted \$700,000 in sales tax revenue in FY'24 and received almost \$1.3 million. The budgeted sales tax revenue for FY'25 is \$1,050,751.
- The Town is projected to have a \$615,000 deficit starting in FY'28 in the Equipment Fund.
- The Manager's priority from a staffing standpoint is to add a full-time Fire/EMS Chief and another staff person in Public Works to help meet demand.
- The major capital project planned for FY'26 is the Cemetery Road bridge. The Town should set aside money in the event we don't receive Federal/State assistance.
 - If we do receive funding for the Bridge, then the next highest need is to advance the Depot Street Water Main/Road Reconstruction project through the General Fund Capital Fund. For Depot Street, staff has contracted with a private engineering firm to provide a design for cost estimating purposes to improve the subsurface with intent to tie in/install underground drainage on Park Place which will also offer a connection to the entrance to Memorial Park. This should help improve drainage at Memorial Park and Stowe Elementary School, but the overall park will remain susceptible to flooding without additional fill to lift the elevation.

Town Plan Impact: N/A

Fiscal Impact: The intent is to provide a budget that remains within the grand list growth adjusted for inflation.

Recommendation: Discuss and advise.

Town of Stowe
Board of Listers
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October 18, 2024

Charles,

Per your request, I have estimated the growth for the 2025 Grand List. Below is an analysis for the past five years.

2024 - 3.00% Estimated only, Reappraisal
2023 - 2.22%
2022 - 3.23%
2021 - 1.63%
2020 - 0.47%

Over the past 5 years: Average growth 2.11%

There have been many building permits issued over the past few years but many of these building projects have not started construction. No major projects are underway at the Spruce Peak/Stowe Mountain Resort area this year. There is only one midsize condominium project (9 Units) just starting construction on the Mountain Road currently.

There is no definitive way to say at this time how complete construction projects in Stowe will be on April 1 with any certainty. There also may be new applications for the Current Use program. I will continue to analyze sales and in the early spring, make recommendations to the Board of Listers if any inequitable trends warrant a need to adjust assessments in a particular neighborhood or condominium project.

Given these factors, a reasonable estimate at this time for the 2025 Grand List Growth is 1%.

Respectfully submitted,



Tim Morrissey
Town Appraiser