

The Articles Explained

Article 1 – Adopting the budget

You are being asked whether to approve a General Fund budget of \$6,310,015, of which \$3,890,397 will be levied in taxes.

- Budget increase: 11.90%
- Estimated tax rate increase: 3.44%
- Estimated tax increase to \$280,000 home: \$32.20
- Tax rate increase is less than budget increase primarily due to one-time use of revenue of \$375,000 of the total \$3,200,000 of American Rescue Plan Act (ARPA) funds the Village has been awarded.
- Primary expense increase drivers are new positions and planned increase in capital transfer. New positions include City Manager, HR Director, Finance Director, and Recreation Customer Service Specialist.

Article 2 – Unrestricted fund balance

You are being asked whether to approve a change in the maximum unrestricted fund balance the Village may maintain at the end of each year.

- Unrestricted fund balance is a “rainy day” fund that can be used in unforeseen, unbudgeted situations.
- Government Finance Officers Association (GFOA) recommends maintaining unrestricted fund balance of no less than 16.67%.
- Village’s current maximum is set at 10%.
- Setting threshold of 15% would be in accordance with best practice.
- Any funds over 15% would be used to reduce or stabilize tax rate in future budgets.

Article 3 – Local option tax

You are being asked whether to approve the Village assessing a one percent local option tax on sales, meals & alcoholic beverages, and rooms.

- Local option taxes are an alternative method of raising municipal revenues.
- Items that would be assessed 1% local option tax include meals, alcoholic beverages, admission charges, personal property, lodging, etc.
- In Chittenden County, local option taxes are collected in Burlington, Colchester, South Burlington, Williston, and Winooski.
- Estimated annual revenue: \$600,000 - \$750,000.
- Likely uses include capital expenses: infrastructure replacement, road repaving, sidewalk repair, facility upgrades.
- The Capital Reserve Fund will run out of funds in FY25 without further increases in General Fund transfers, other revenue sources, or delaying planned road and sidewalk construction.

Article 4 – Cannabis retailers

You are being asked whether to approve the Village allowing cannabis retailers and retail portions of integrated licensees to operate in the Village.

- Cannabis retail establishments would be subject to state regulations and inspections.
- Establishments would be subject to local rules that apply to all businesses, including zoning, ordinances, and regulation of signs or public nuisance.
- No special rules can be created for cannabis establishments.
- State law does not allow retail cannabis on a property that abuts or is within 500’ of a school.
- Municipalities with a local option tax can receive tax revenue on retail sales of cannabis.
- An integrated licensee is an establishment that offers retail sales in addition to other cannabis activities such as cultivator, manufacturer, wholesaler, or testing lab.

Article 5 – Main Street water line bond

You are being asked whether to approve the Village obtaining a bond of up to \$3,070,000 to finance the replacement of the Main Street water line.

- Project will replace the water line on Main Street from bridge next to Town Offices at 81 Main Street, to Champlain Water District water tank off of Upper Main Street.
- Debt payments will be made from Water Fund Capital Reserve Fund.
- Taking on debt will not require any increase in user rates. Current capital contributions are sufficient to cover debt payments.
- Large water line and when it fails the damage is major and costly.
- At least 10 breaks on line over last 30 years.
- Pipe has reached end of its life.