

Joint Pre-Budget Meeting

*Presentation by Michael C. Wood,
Town Manager
Town of Burrillville, Rhode Island
at the Joint Pre-Budget Meeting of the
Burrillville Town Council,
School Committee, and Budget Board
held Wednesday, December 17, 2008*



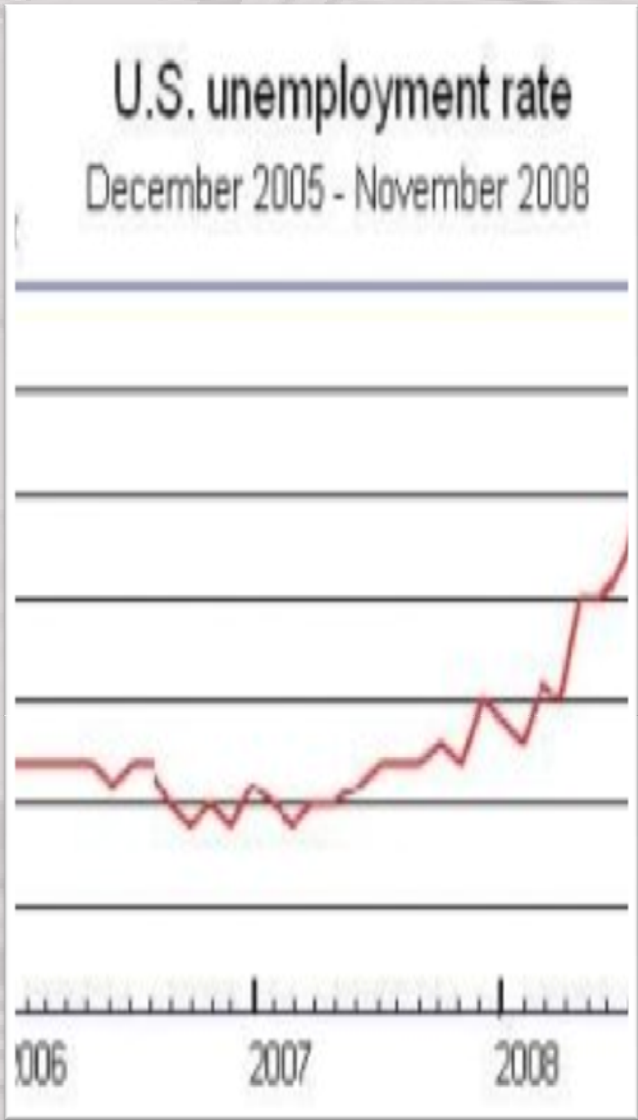
Introduction

- ❖ ***Critical period for municipal & school services and programs***
- ❖ ***Country & state in economic recession***
- ❖ ***Rhode Island ~among the worst economies***
- ❖ ***Recession affects Burrillville residents & taxpayers***



Introduction

- ❖ ***Municipal and school government must not add to the financial burden***
- ❖ ***How Burrillville's leaders handle the town's finances over the next few years is critical to the future of Burrillville***



U.S. job losses hit 34-year high

WASHINGTON - The U.S. unemployment rate climbed to 6.7 percent, its highest level since 1993

Providence Business News
December 2008



Recent Headlines

“Economy predicted to get even worse ...”

“The worst of both worlds drive state deficit”

“A shortage of answers on the budget deficit”

“...House speaker says ‘everything is on the table’ ”

“State aid to communities to come under microscope”

“...communities plan for lean times”

Projo.com

November 2008

How did we get here?



How did we get here?

- ❖ ***Cities & towns are not responsible for this situation***
- ❖ ***Cities & towns build budgets on stable revenue sources and projected state aid***

How did we get here?

- ❖ ***FY2008 & 2009 ~Errant state aid projections by the state were used to build city & town budgets***
- ❖ ***Now, in the middle of the fiscal year, we are told that state aid, projected by the state, will potentially be much less than promised!***

How did we get here?

The State's fiscal mismanagement is now seriously affecting cities and towns' ability to balance our own budgets.

Bottom line:

- ❖ ***We must find solutions at the local level***
- ❖ ***We must not make bad decisions that compound problems***

Will the creative contract settlement in Lincoln be a textbook case for other school districts?

...the School Committee and the teachers' union hashed out a three-year agreement both sides said they could live with and one that taxpayers could afford.

Providence Journal
August 10, 2008

How is Burrillville positioned?

❖ *FY2009*

❖ *FY2010 and beyond*



2009, 2010...and beyond

*Burrillville can probably work
through this with minimal
collateral damage
but it's essential that
everyone work together –
elected officials, management
and staff/labor!*

What are the potential problems?



What are the potential problems?

***Town's overall debt service
\$32,792,356 as of June 30, 2008***

❖ <i>School</i>	<i>\$17,148,610</i>
❖ <i>Sewer</i>	<i>\$10,893,746</i>
❖ <i>Town</i>	<i>\$4,750,000</i>

Survey: Analysts predicting deeper recession

NEW YORK - Analysts have slashed their forecasts for U.S. economic growth, predicting that federal policymakers won't begin raising interest rates until 2010

Providence Business News
January 13, 2009

What are the potential problems?

- ❖ ***School's unfunded liability as of June 30, 2008***
\$1,032,876
- ❖ ***School debt reduction program ~ \$300,000***
- ❖ ***Disposition of Father Holland School***
- ❖ ***Inequity & restrictions of tax cap law (3050)***

3050 Inequities

Real Estate Revenue

Example # 1

	Town A	Town B
Total Budget	\$10,000,000	\$10,000,000
State Aid	\$2,000,000	\$5,000,000
Levy Capacity	\$8,000,000	\$5,000,000
Multiply by 4.75%	\$380,000 Increase	\$237,500 Increase

Example # 2

	Town A	Town B
Total Budget	\$20,000,000	\$20,000,000
State Aid	\$3,000,000	\$10,000,000
Levy Capacity	\$17,000,000	\$10,000,000
Multiply by 4.75%	\$807,500 Increase	\$475,000 Increase

State Aid

In addition to lower real estate revenue, State Aid cuts impact Town "B" far more than Town "A"

Tiverton board defers vote on teachers' pact

TIVERTON - Citing the possibility of mid-year cuts in state aid, the School Committee last night voted 3 to 2 to postpone taking a ratification vote on a two-year teachers' contract...

Projo.com
November 26, 2008

What are the potential problems?

- ❖ *Significant state aid cuts in the middle of fiscal year*
- ❖ *Mid year budget reductions double the impact*
- ❖ *It is very likely that school aid will be cut by the state in FY2010*
- ❖ *Inflation, mandates and fixed costs*
- ❖ *The time it will take to implement large-scale changes*

East Providence teachers' pay dispute boils over

EAST PROVIDENCE — The entire state began watching East Providence last fall when its school district's leaders announced they weren't going to approve another teacher contract the city can't afford.

Projo.com
January 14, 2009

What are the potential problems?

Annual Capital Programs

- ❖ *School Capital ~ \$450,000/year*
- ❖ *Town Capital ~ \$450,000/year*
- ❖ *Public Works/Infrastructure ~ \$1,000,000/year*
- ❖ *Annual CIP programs are currently supported with Ocean State Power revenue and not from the tax base*
- ❖ *Ocean State Power revenue terminates in FY2012*

R.I. still 'stuck in the recession lane'

KINGSTON - "Rhode Island began the fourth quarter in exactly the same way it has proceeded through 2008 - stuck in the recession lane," University of Rhode Island economist Leonard Lardaro wrote in his monthly report.

Providence Business News
December 15, 2008

Impact of Governor's Supplemental Budget for FY2009

Table 7:

*Reductions in Local
Aid by Community*

Carcieri's plan to erase deficit

Carcieri laid out a plan to
"help our municipalities
reduce spending."

Projo.com
January 8, 2009

Local aid on the chopping block

PROVIDENCE - Cities and towns, and their school departments, could be the next to feel the blade of the budget ax as the state scrambles to fill fast-widening deficits for this year and next.

Jim Baron
Pawtucket Times
November 8, 2008

City or Town	General Revenue Sharing	Permanent School Fund	Professional Development	Housing Aid	Sub-Total
BARRINGTON	(\$208,208)	(\$18,243)	(\$128,710)	\$0	(\$355,159)
BRISTOL	(\$840,384)	\$0	\$0	\$0	(\$840,384)
BURRILLVILLE	(\$597,138)	(\$88,571)	(\$98,888)	\$0	(\$784,597)
CENTRAL FALLS	(\$1,432,052)	(\$274,144)	\$0	\$0	(\$1,706,196)
CHARLESTOWN	(\$345,546)	(\$10,151)	(\$41,502)	\$0	(\$397,199)
COVENTRY	(\$859,727)	(\$125,438)	(\$221,952)	\$0	(\$1,207,117)
CRANSTON	(\$4,599,882)	(\$221,670)	(\$420,273)	\$0	(\$5,241,825)
CUMBERLAND	(\$1,321,917)	(\$82,836)	(\$199,527)	\$0	(\$1,604,280)
EAST GREENWICH	(\$149,812)	(\$12,183)	(\$93,437)	\$0	(\$255,432)
EAST PROVIDENCE	(\$2,272,041)	(\$168,010)	(\$231,685)	\$0	(\$2,671,736)
EXETER	(\$76,718)	\$0	\$0	\$0	(\$76,718)
FOSTER	(\$262,927)	(\$8,851)	(\$13,665)	\$0	(\$285,443)
GLOCESTER	(\$480,786)	(\$20,082)	(\$29,121)	\$0	(\$529,989)
HOPKINTON	(\$191,394)	(\$36,039)	(\$52,831)	\$0	(\$280,264)
JAMESTOWN	(\$124,220)	(\$3,324)	(\$29,238)	\$0	(\$156,782)
JOHNSTON	(\$2,164,234)	(\$67,173)	(\$126,179)	\$0	(\$2,357,586)
LINCOLN	(\$812,824)	(\$46,259)	(\$134,550)	\$0	(\$993,633)
LITTLE COMPTON	(\$89,670)	(\$2,304)	(\$17,052)	\$0	(\$109,026)
MIDDLETOWN	(\$929,818)	(\$65,591)	(\$102,869)	\$0	(\$1,098,278)
NARRAGANSETT	(\$747,514)	(\$11,854)	(\$65,250)	\$0	(\$824,618)
NEWPORT	(\$1,564,737)	(\$74,176)	(\$106,908)	\$0	(\$1,745,821)
NEW SHOREHAM	(\$77,527)	(\$664)	(\$5,451)	\$0	(\$83,642)
NORTH KINGSTOWN	(\$754,148)	(\$74,894)	(\$169,550)	\$0	(\$998,592)
NORTH PROVIDENCE	(\$2,032,742)	(\$83,622)	(\$131,357)	\$0	(\$2,247,721)
NORTH SMITHFIELD	(\$556,079)	(\$30,207)	(\$73,582)	\$0	(\$659,868)
PAWTUCKET	(\$4,630,267)	(\$418,794)	(\$377,993)	\$0	(\$5,427,054)
PORTSMOUTH	(\$554,736)	(\$41,865)	(\$111,969)	\$0	(\$708,570)
PROVIDENCE	(\$13,135,563)	(\$1,211,386)	(\$1,087,104)	(\$9,450,266)	(\$24,884,319)
RICHMOND	(\$125,675)	(\$35,991)	(\$50,183)	\$0	(\$211,849)
SCITUATE	(\$383,576)	(\$21,290)	(\$67,820)	\$0	(\$472,686)
SMITHFIELD	(\$1,582,243)	(\$35,888)	(\$103,092)	\$0	(\$1,721,223)
SOUTH KINGSTOWN	(\$860,708)	(\$65,913)	(\$159,933)	\$0	(\$1,086,554)
TIVERTON	(\$547,575)	(\$37,066)	(\$84,055)	\$0	(\$668,696)
WARREN	(\$425,488)	\$0	\$0	\$0	(\$425,488)
WARWICK	(\$4,128,906)	(\$235,104)	(\$453,015)	\$0	(\$4,817,025)
WESTERLY	(\$642,010)	(\$42,759)	(\$144,945)	\$0	(\$829,714)
WEST GREENWICH	(\$189,201)	\$0	\$0	\$0	(\$189,201)
WEST WARWICK	(\$1,245,850)	(\$127,722)	(\$146,930)	\$0	(\$1,520,502)
WOONSOCKET	(\$3,270,235)	(\$298,312)	(\$258,004)	\$0	(\$3,826,551)
BRISTOL/WARREN	\$0	(\$127,707)	(\$139,338)	\$0	(\$267,045)
EXETER/WEST GREENWICH	\$0	(\$47,401)	(\$81,757)	\$0	(\$129,158)
CHARIHO	\$0	(\$10,491)	\$0	\$0	(\$10,491)
FOSTER/GLOCESTER	\$0	(\$35,803)	(\$65,795)	\$0	(\$101,598)
	(\$55,111,876)	(\$4,313,778)	(\$5,825,502)	(\$9,450,266)	(\$74,701,422)
State Share of Teachers' Retirement					
Net All Other Education Aid Reductions (not attributable to specific communities)					

				Pension Savings	
Motor Vehicle	Property	Library	Housing	Reducing Education	Grand
Tax Phase-Out	Revaluation	Construction Aid	Aid	Aid	Total
(\$121,947)	\$1,024	\$0	(\$40,995)	(\$925,571)	(\$1,438,648)
(\$36,188)	\$0	\$0	\$0	\$0	(\$876,572)
(\$87,834)	\$0	(\$173,789)	\$35,033	(\$576,252)	(\$1,585,239)
(\$80,988)	\$0	\$0	\$129,277	(\$1,010,801)	(\$2,668,708)
(\$15,785)	\$1,527	\$0	\$0	(\$147,546)	(\$559,003)
(\$91,860)	\$0	\$0	(\$394,209)	(\$1,561,883)	(\$3,255,069)
(\$404,471)	(\$128,240)	\$53,692	\$357,241	(\$3,152,581)	(\$8,515,964)
(\$68,597)	\$0	\$0	\$5,148	(\$1,112,613)	(\$2,780,344)
(\$33,238)	\$592	\$0	(\$12,931)	(\$666,474)	(\$967,483)
(\$289,157)	\$0	\$0	\$1	(\$1,610,771)	(\$4,571,863)
(\$32,326)	\$10,431	\$0	\$0	\$0	(\$98,613)
(\$7,058)	\$0	\$0	(\$28,738)	(\$89,901)	(\$411,140)
(\$34,273)	\$0	\$0	\$11,329	(\$190,605)	(\$743,538)
(\$16,074)	\$0	\$0	\$0	(\$459,791)	(\$756,129)
(\$7,803)	\$0	\$0	(\$9,837)	(\$149,697)	(\$323,919)
(\$165,208)	\$0	\$0	(\$47,657)	(\$933,903)	(\$3,504,354)
(\$94,917)	\$0	\$0	(\$118,358)	(\$1,072,022)	(\$2,278,930)
(\$12,811)	\$0	\$0	(\$23,179)	(\$96,083)	(\$241,099)
(\$34,883)	\$0	\$0	\$57,755	(\$781,566)	(\$1,756,962)
(\$40,110)	(\$17,828)	\$0	(\$162,393)	(\$523,625)	(\$1,568,574)
(\$97,913)	\$0	\$0	(\$29,897)	(\$696,318)	(\$2,569,949)
\$3,929	\$8,782	\$0	(\$1,700)	(\$79,712)	(\$152,343)
(\$79,677)	\$0	\$0	(\$13,152)	(\$1,149,881)	(\$2,241,302)
(\$237,308)	\$0	\$0	(\$76,878)	(\$1,016,858)	(\$3,578,765)
\$20,073	\$0	\$0	\$17,743	(\$464,400)	(\$1,086,452)
(\$288,614)	\$0	\$0	(\$33,883)	(\$2,237,004)	(\$7,986,555)
(\$46,224)	\$0	\$15,571	\$30,681	(\$734,195)	(\$1,442,737)
(\$673,704)	\$0	(\$149,328)	(\$1,230,699)	(\$6,614,389)	(\$33,552,419)
\$52,910	\$1,154	\$0	\$0	(\$455,906)	(\$613,692)
(\$42,939)	\$0	\$47,900	(\$1,745)	(\$473,757)	(\$943,227)
(\$108,461)	\$0	\$27,672	(\$230,983)	(\$704,954)	(\$2,737,949)
(\$59,144)	\$0	(\$2)	(\$90,019)	(\$1,245,858)	(\$2,481,577)
(\$35,583)	(\$19,264)	\$0	(\$265,787)	(\$548,844)	(\$1,538,174)
(\$36,488)	\$0	\$0	\$0	\$0	(\$461,976)
(\$730,815)	\$0	\$0	(\$4,725)	(\$3,577,122)	(\$9,129,687)
(\$257,836)	\$0	\$0	(\$100,682)	(\$1,131,765)	(\$2,319,996)
\$666	\$0	\$0	\$0	\$0	(\$188,535)
\$100,095	\$0	\$0	(\$50,258)	(\$1,062,473)	(\$2,533,138)
(\$114,293)	\$0	\$0	(\$81,883)	(\$1,462,463)	(\$5,483,190)
\$0	\$0	\$0	\$293,677	(\$1,021,982)	(\$995,350)
\$0	\$0	\$0	(\$52,207)	(\$611,523)	(\$792,888)
\$0	\$0	\$0	(\$172,099)	\$0	(\$182,590)
\$0	\$0	\$0	(\$222,801)	(\$361,899)	(\$686,298)
(\$4,286,452)	(\$141,822)	(\$178,284)	(\$2,559,812)	(\$40,712,948)	(\$122,580,740)
					(\$30,413,582)
					(\$896,568)
					(\$153,890,890)



Governor's Recommended Revenue Reductions ~ January 2009



- ❖ ***Please review the proposed revenue reductions from the Governor and our analysis.***
- ❖ ***Note: These are all midyear reductions that may require more severe action to compensate for the timing.***

Governor's Recommended Revenue Reductions ~ **January 2009**

(\$597,138) General Revenue Sharing

This is a general revenue reduction. We budgeted \$668,947, and will receive zero (\$0) this year

(\$668,947) Actual Impact

Governor's Recommended Revenue Reductions ~ **January 2009**

(\$86,571)	Permanent School Fund
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This was the General Assembly's action at the very end of last year's session to increase school aid from anticipated gambling receipts. We did not include this in our revenue projections for FY2009, so there will not be an impact.

\$0	Actual Impact
-----	---------------

Governor's Recommended Revenue Reductions ~ **January 2009**

(\$98,888)	Professional Development
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According to the School Administration, these funds are not spent until received and are used outside the operating budget (targeted revenue). These funds have not been received, there are no corresponding expenditures; therefore there is no impact this fiscal year.

\$0	Actual Impact
-----	---------------

Cuts in state aid would force cities and towns to look at cuts in services

Looking to close a current-year state deficit of \$357 million, Republican Governor Carcieri proposed a sweeping plan of cuts that would, among other things, wipe out \$55 million in aid to cities and towns – the entire allotment they were expecting – as well as some \$50 million in aid to local schools.

Projo.com
January 11, 2009

Annual Supplemental Budget Adjustment (ASBA) *Not Related to the Governor's Reduction Program*

(\$67,634)	Motor Vehicle Tax Phase-Out
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- ❖ ***This is a general revenue reduction***
- ❖ ***We budgeted \$2,874,260 and have received \$1,392,567 to date***

Very rarely do our original estimates and actual amount received match. Final valuation data is not known when the town sets its budget, so the numbers do change.

(\$67,634)	Projected Impact
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Annual Supplemental Budget Adjustment (ASBA) *Not Related to the Governor's Reduction Program*

(\$173,789)	Library Construction Aid
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Library Construction Aid reductions are unexpected. We did not budget this revenue in FY2009. We are trying to determine the rationale for and validity of this reduction as well as the legal basis for the State to make this reduction.

\$0	Immediate Impact
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Annual Supplemental Budget Adjustment (ASBA) *Not Related to the Governor's Reduction Program*

\$35,033	Housing Aid
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This is tied to annual school construction projects and is general revenue. We are receiving \$35,033 more than the prior fiscal year. It's very difficult to project this revenue due to the timing of our budget process and the reporting requirements of the state.

\$35,033	Actual Impact
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Governor's Recommended Revenue Reductions ~ January 2009

(\$576,252)	Future impact on pensions
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It appears that from February 1st to June 30th, 75% of the town/school share of teacher's pension contributions will not have to be paid by the cities and towns. In Burrillville, \$576,252 will be cut from FY2009 school aid ostensibly making the financial impact a wash.

Governor's Recommended Revenue Reductions ~ January 2009

Future Impact on Pensions
(cont'd)

The problem is that the schools will still have the funds in their budget because they are already appropriated. If they spend these funds, there will be a corresponding deficit. (\$576,252)

The Town Council should amend the school budget accordingly.

Governor's Recommended Revenue Reductions ~ January 2009

Future Impact on Pensions
(cont'd)

To my knowledge, there are no numbers available as to the potential impact on the pension systems themselves. It's very possible the town/school will be impacted financially at a later date as the loss of revenue/contribution is accounted for in future pension system actuarialies.

What NOT to do

What NOT to do

We Must Not:

- ❖ ***Use money or non-recurring revenue sources to pay for or balance OPERATING budgets***

Example: State's use of tobacco money to balance fiscal year budgets



What NOT to do

We Must Not:

- ❖ *Deplete fund balance for operating budgets*
- ❖ *Deficit spend*
- ❖ *Create structural deficits*

Finance/Budget Projections



Finance/Budget Projections

- ❖ ***Tax levy analysis – 5 year projection***
- ❖ ***School budgets – 2 year projection***
- ❖ ***Town budget projections***
- ❖ ***Projected capital project obligations***

Tax Levy Analysis

Town

<i>Annual</i>			
	Max Cap Levy	% Increase	\$ Increase
FY2010	\$5,779,275	4.75%	\$262,067
FY2011	6,039,343	4.50%	260,067
FY2012	6,296,015	4.25%	256,672
FY2013	6,547,855	4.00%	251,841
FY2014	6,809,770	4.00%	261,914
FY2015	7,082,160	4.00%	272,391

School

<i>Annual</i>			
FY2010	\$15,600,762	4.75%	707,433
FY2011	16,302,796	4.50%	702,034
FY2012	16,995,665	4.25%	692,869
FY2013	17,675,492	4.00%	679,827
FY2014	18,382,512	4.00%	707,020
FY2015	19,117,812	4.00%	735,300



Tax Levy Analysis

Total Maximum Tax Levy

Annual

	\$ Increase
FY2010	\$969,500
FY2011	962,101
FY2012	949,541
FY2013	931,668
FY2014	968,934
FY2015	1,007,691

Revenue Projection Scenarios ~ FY2010

FY2009 Total Revenue	\$46,920,589	
Scenario #1 <i>(Level Funded State Aid)</i>	47,830,089	\$909,500
Scenario #2 – Governor’s Proposal – January 2009 <i>(100% Town– 0% School)</i>	47,093,508	172,919
Scenario #3 <i>(100% Town – 3% School)</i>	46,669,058	(251,531)

❖ Total revenue, including the cap allowance, will be \$172,919 in FY2010! (Scenario #2)

❖ If school aid is reduced, the revenue will be negative \$251,531 (Scenario #3)

\$288,852 – Distressed aid and PILOT **(\$73,011)** are level funded in all of these scenarios. If these State Aid categories are included in the reductions, all scenarios are worse than projected.

Note: A 3% reduction in School State Aid = \$424,450

School Budget

Potential increases impacting FY2010 & 2011

	2010	2011
Cost of increase in support staff salary & benefits: 2.5% & 2% increase in salary and related taxes/retirement costs	\$60,618	49,712
Cost of Step Increases for Certified Staff	229,000	198,000
Non-Certified Retirement Increase Determined by taking the average of the last three years increase	39,255	26,469
Certified Retirement Increase (2011) Determined by taking the average of the last three years increase		252,721
Public Utilities Increase of 10% over this year's appropriation as well as an increase due to the Burrillville Middle School Sewer Connection in 2010	68,200	45,100
Transportation Increase per bid results	383,160	83,441
Special Education Tuition Increase of 10% over this year's anticipated appropriation	174,802	117,988
Heating Oil Increase of 10% over this year's appropriation	50,000	55,000
Total Increases included in budget	\$1,005,035	\$828,431
Cap available to the School Department	<u>\$707,000</u>	<u>702,034</u>
Potential Deficit	\$298,035	\$126,397

School Budget

Potential increases impacting FY2010 & 2011

Potential items that may increase the deficit

Difference between salary increase given 1.5% FY08 & 09 and mediator's proposal for FY2008, FY2009 & FY2010 \$ 650,250.00

Potential Deficit if mediator's proposal is adopted. \$ 948,285.00

- Please note the entire cap (4.75%) for the town and school combined is \$969,500. We anticipate the town will allocate approximately \$707,433 in FY2010 based on information provided previously from the Town of Burrillville
 - This budget projection includes seven anticipated retirements in 2010, five anticipated retirements in 2011 and current certified staff step increases. No increase in certified base salaries or increases in health insurance co-pays are included. This projection includes no retro-salary increases
 - There still remain budget line items that will need to be adjusted when accurate information is received. Such items include retirement rates, worker's compensation, health insurance, and property insurance (majority of which are based on experience rates)
 - 1.5 % increase previously voted by the School Committee to certified staff is included in the budget
 - Additional students attending the Burrillville School Department if Father Holland Catholic School closes could cost the district an additional \$ 300,000.00
-

Revenue Projection Scenarios ~ FY2010

FY2010 Budget Shortfalls

\$1,005,035	incorporating wage steps and 1.5%/1.5% increases
\$1,655,285	incorporating prior mediators' wage proposals
\$1,305,035	incorporating the impact of Father Holland School closing

Additional Short Term Impacts

Known/Projected town increases

- ❖ FY2010 \$185,000
- ❖ FY2011 \$166,000

\$300,000 school debt reduction program

\$345,000 new debt service~capping Whipple Ave

Town Major Capital Projects

Town annual CIP	\$450,000
School annual CIP	\$450,000
Roads/infrastructure programs	\$1,000,000/year
Whipple Avenue landfill	\$3,000,000 (+/-)
Sayles Avenue reconstruction	\$2,500,000 (+/-)
Mill Pond Dam and basin	\$1,000,000
Police Station addition	\$2,250,000
Senior Center Building	\$4,000,000
Public Works relocation	TBD
Railroad right of way trail project	Grants
Warner Lane Bridge	\$400,000
Round Top Bridge	TBD—state projects
Gazza Road Bridge	Funded FY2009
Relocation of Compost/Recycling Center	TBD
Open Space Acquisition	TBD

School Major Capital Projects

Technology	\$402,000*
Roof	\$855,000*
Steere Farm Elementary School	TBD
Austin T. Levy School	TBD
Impact of Father Holland students on school space requirements	
* Four-year program	

Potential Solutions

We must find solutions at our level and must not make bad decisions that compound the problems

Potential Solutions

- ❖ *Work with our unions and employees to find win/win options*
- ❖ *Do not acquiesce to school teachers wage demands, without comparable concessions*
- ❖ *School employees should change their health insurance plans to match what Town (municipal) employees have already implemented*
- *Total potential plan savings
\$197,100*

In The
News

Exeter-West Greenwich teachers pact will be signed this week

The agreement also now has a redesigned health care package that offers two options

Providence Journal
September 16, 2008

Teachers lauded for wage freeze

WOONSOCKET - Local teachers and paraprofessionals were praised for a willingness to help out as members of the School Committee voted unanimously Wednesday to adopt negotiated contract changes saving the School Department \$815,000 immediately and additional staffing costs in coming years.

Woonsocket Call
November 21, 2008



Potential Solutions

- ❖ ***No Caroulo action – a pledge by the School Committee***
- ❖ ***Modify fee schedules for smaller departments***
- ❖ ***Utilize debt service to pay for the Whipple Avenue landfill capping project (+/- \$3 million)***

Town of Burrillville, Rhode Island

\$3,000,000 General Obligation Bonds

15 Years Equal Principal - Bank Qualified

Estimated Rate - 4.85% - Rate Subject to Change

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
06/30/2009	-	-	-	-
06/30/2010	200,000.00	4.850%	145,500.00	345,500.00
06/30/2011	200,000.00	4.850%	135,800.00	335,800.00
06/30/2012	200,000.00	4.850%	126,100.00	326,100.00
06/30/2013	200,000.00	4.850%	116,400.00	316,400.00
06/30/2014	200,000.00	4.850%	106,700.00	306,700.00
06/30/2015	200,000.00	4.850%	97,000.00	297,000.00
06/30/2016	200,000.00	4.850%	87,300.00	287,300.00
06/30/2017	200,000.00	4.850%	77,600.00	277,600.00
06/30/2018	200,000.00	4.850%	67,900.00	267,900.00
06/30/2019	200,000.00	4.850%	58,200.00	258,200.00
06/30/2020	200,000.00	4.850%	48,500.00	248,500.00
06/30/2021	200,000.00	4.850%	38,800.00	238,800.00
06/30/2022	200,000.00	4.850%	29,100.00	229,100.00
06/30/2023	200,000.00	4.850%	19,400.00	219,400.00
06/30/2024	200,000.00	4.850%	9,700.00	209,700.00
Total	\$3,000,000.00	-	\$1,164,000.00	\$4,164,000.00

Yield Statistics

Bond Year Dollars	\$24,000.00
Average Life	8.000 Years
Average Coupon	4.8500000%
Net Interest Cost (NIC)	4.8500000%
True Interest Cost (TIC)	4.8500000%
Bond Yield for Arbitrage Purposes	4.8500000%
All Inclusive Cost (AIC)	4.8500000%

IRS Form 8038

Net Interest Cost	4.8500000%
Weighted Average Maturity	8.000 Years

\$345,500

Town of Burrillville, Rhode Island

\$3,000,000 General Obligation Bonds

20 Years Equal Principal - Bank Qualified

Estimated Rate - 5.25% - Rate Subject to Change

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
06/30/2009	-	-	-	-
06/30/2010	150,000.00	5.250%	157,500.00	307,500.00
06/30/2011	150,000.00	5.250%	149,625.00	299,625.00
06/30/2012	150,000.00	5.250%	141,750.00	291,750.00
06/30/2013	150,000.00	5.250%	133,875.00	283,875.00
06/30/2014	150,000.00	5.250%	126,000.00	276,000.00
06/30/2015	150,000.00	5.250%	118,125.00	268,125.00
06/30/2016	150,000.00	5.250%	110,250.00	260,250.00
06/30/2017	150,000.00	5.250%	102,375.00	252,375.00
06/30/2018	150,000.00	5.250%	94,500.00	244,500.00
06/30/2019	150,000.00	5.250%	86,625.00	236,625.00
06/30/2020	150,000.00	5.250%	78,750.00	228,750.00
06/30/2021	150,000.00	5.250%	70,875.00	220,875.00
06/30/2022	150,000.00	5.250%	63,000.00	213,000.00
06/30/2023	150,000.00	5.250%	55,125.00	205,125.00
06/30/2024	150,000.00	5.250%	47,250.00	197,250.00
06/30/2025	150,000.00	5.250%	39,375.00	189,375.00
06/30/2026	150,000.00	5.250%	31,500.00	181,500.00
06/30/2027	150,000.00	5.250%	23,625.00	173,625.00
06/30/2028	150,000.00	5.250%	15,750.00	165,750.00
06/30/2029	150,000.00	5.250%	7,875.00	157,875.00
Total	\$3,000,000.00	-	\$1,653,750.00	\$4,653,750.00

Yield Statistics

Bond Year Dollars	\$31,500.00
Average Life	10.500 Years
Average Coupon	5.2500000%

Net Interest Cost (NIC)	5.2500000%
True Interest Cost (TIC)	5.2500000%
Bond Yield for Arbitrage Purposes	5.2500000%
All Inclusive Cost (AIC)	5.2500000%

IRS Form 8038

Net Interest Cost	5.2500000%
Weighted Average Maturity	10.500 Years

\$307,500



Potential Solutions

- ❖ ***Look into merging services and positions***
- ❖ ***Immediate hiring freeze(s)***
- ❖ ***Freeze all non essential spending***
- ❖ ***Plan staffing reductions for FY2010 and implement them as soon as possible in FY2009***

Conclusions


FY2009

FY2009 cannot be balanced if the mid-year state aid cuts are significant

- ❖ ***School teachers need prior layoff notice***
- ❖ ***Not enough money on the town side of the overall budget***
- ***State law does not permit school reserves to be turned back to town***
- ***Probably will need to balance FY2009 with cash reserves***

FY2010

- ❖ ***Planning, cooperation, a rational and realistic approach at all levels to addressing the problem – short and long term***
- ❖ ***Town/School should move forward with a measured approach to large-scale capital projects ~ favorable climate***
- ❖ ***Don't overreact!***



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