

Office of Town Manager

Town of Burrillville, Rhode Island

Memorandum

To: Town Council

Cc: Vicki Martin, Town Clerk
Leslie McGovern, Finance Director
Dr. Michael Sollitto, Superintendent of Schools
William C. Dimitri, Esq., Town Solicitor
Budget Board

From: Michael C. Wood, Town Manager *Michael C. Wood*

Date: April 30, 2021

Re: FY2022 Budget

Total Budget Summary

The recommended budget for next year [FY2022] as presented totals \$51,866,081. This is \$101,648 less (gross) than the current fiscal year.

4.00% Levy Cap

This budget does not exceed the State's 4.00% levy cap, as adjusted.

General Summary

Stand-alone and/or self-supporting budgets such as Spring Lake Beach, Burrillville Extended Care, Substance Abuse, Levy Rink and restricted appropriations are not factored into the tax levy, but will be incorporated into the final budget resolution(s).

The Sewer Commission Budget may be distributed but is not part of your deliberations.

Please do not equate a percentage increase in the Operating Budgets with an increase in local property taxes. Revenue (including State Aid), spending, new and changing valuations influence the net tax levy and actual property taxes to be assessed and paid.

Municipal Budget

The Municipal Operating Budget recommended is \$12,165,436 a \$420,515 increase over the current year.

Debt Service

The annual debt service obligation which is presented in the Municipal Budget has increased by \$33,327 to \$1,458,113. Good long-term debt management practices contribute to our affordable debt service. Debt service has increased slightly because of new debt for the School Capital program and Harrisville Dam. Expect the majority of these new projects in FY2023 and beyond.

School Budget

The School Budget recommendation is \$35,162,776 a \$9,938 increase from FY2021.

Major Capital Expenditures (CIP)

The Capital Budget portion from the LS Power/OSP tax levy of \$2,561,600 as voted by the Council has been incorporated into the budget and is included in the various budget calculations. With the addition of new Capital items into the Operating Budget, total Capital spending is \$2,729,756.

Revenue Summary

Projected State Aid Revenue is based on State Aid as proposed in the Governor's Budget. These revenue sources are subject to change by the General Assembly.

The Legislature has not yet finalized its State Aid Appropriations so future adjustments are probable.

Motor Vehicle Revenue

Motor vehicle tax revenue is projected to be lower by \$438,174. This is due to the phase-out of motor vehicle taxes enacted by the State. The values and related revenue impact are now set/controlled by the State, not the town. Additional State aid should reimburse the Town for a good portion of this tax revenue loss.

Phase-out Motor Vehicle Tax

The general impact of the motor vehicle phase-out law increases our motor vehicle exemptions from \$4,000 to \$5,000 in FY2022. The total value of each eligible vehicle is reduced to 75% of NADA value. NADA value is set and controlled by the State. The motor vehicle tax rate of \$30 per thousand is also fixed by the State law.

The bottom line is that owners of motor vehicles, in most instances, will be receiving lower motor vehicle tax bills, which may offset a portion of tax increases in other areas.

This phase-out will continue through FY2023, at which time, according to the State, the excise tax (MV tax) will be eliminated. This assumes that the State raises enough revenue to offset the lost motor vehicle revenue lost/eliminated by the new law for all RI cities and towns.

Intergovernmental Receipts

Decreased net \$725,683.

Key components are:

• Net School Aid decrease	-	\$374,596
• School Housing/Construction Aid decrease	-	\$695,343
• Motor Vehicle Phase Out increase	-	\$439,084
• Transportation Aid decrease		\$29,717
• Library Construction Aid decrease	-	\$53,051

Changes by the General Assembly may require an adjustment (budget reduction, increase tax levy or offsetting transfer) to be made, depending on when the General Assembly finishes their session. We should have final numbers before the June deadline to pass the FY2022 Budget, but that has not always been the case.

Details

Non-Property Tax Receipts

We are still reviewing local receipts. If modifications are warranted, we will provide a revised Revenue Budget.

State Education Funding Formula (School Operating Aid)

School Formula Aid is projected to decrease by \$374,596 based upon enrollment projections from the School Administration and preliminary revenue numbers published by the State. Categorical State Aid is up by \$5,920 and Medicaid estimates have been reduced \$50,000.

Note: Because of the impact of COVID on enrollment numbers, the State is proposing a three (3) year average for enrollment numbers, which is not favorable to our community.

Projected School/Library Construction Aid

School and Library Construction Aid has decreased \$748,394 over last year, there are no transfers required based on prior votes of the Town Council as all housing aid from previous projects had been transferred.

Looking to future budgets, the reimbursement rate (percentage) from the State for the matching School Construction Grant (subsidy) Program could impact revenues for future budgets. The School Construction Subsidy Program reimburses a portion (percentage) of the total dollars (including debt) spent for eligible School Construction Projects. Completed projects that qualified were the Senior High School, Callahan School and Levy Rink Renovation Projects. Multiple Roof and School CIP Projects are incorporated. If Burrillville's reimbursement rate drops when these reimbursements become payable in future years, the actual State construction reimbursement (dollars) will drop proportionally. This reimbursement rate can (and does) change year to year.

Currently, the reimbursement rate is 50.8% for regular projects.

Each reimbursement is project specific and can be tied to its debt schedule, if applicable. So, if the various School and Library related debt issues decrease, year to year, the reimbursement changes as well. This applies to refunding bond issues as well.

FY2022 Tax and Levy Impacts

As previously stated, projected State Aid total(s) will be impacted by legislative decisions that usually occur at the end of the State's Budget process. We believe that the legislature will continue to modify the State Aid categories. It is strongly recommended that we wait until this information becomes available before making final budget adjustments.

Motor Vehicle Tax Rate and Exemption

The motor vehicle tax rate, according to law, is fixed at \$30. Motor vehicle exemptions by current law have increased from \$4,000 to \$5,000. There is no flexibility to modify these numbers as was the case in the past.

Tax Cap (Levy)

The law requires a maximum annual cap of four (4) percent. However, the motor vehicle phase-out law does impact the levy calculation. This budget projects a net levy increase of \$648,404 (2.03%). There is \$85,720 remaining under the total cap as this budget is presented.

Residential Taxpayer Impact

The average single family residential property value as of 12/31/2020 is \$274,843. Using this budget as proposed, this potentially **increases** the real estate taxes for a residential property of average value by \$146.38.

Motor Vehicle Tax Impact

The average passenger vehicle in Burrillville is valued at \$10,297, or 75% of its NADA value.

The impact of the current State law **lowers** motor vehicle taxes (in Burrillville) for a vehicle of average value by \$81, per vehicle.

Note: This analysis does not factor in commercial vehicles, motor homes and other non-passenger vehicles, such as motorcycles. Most of these vehicle categories will receive higher motor vehicle tax savings.

Budget Review Process

The Town Council will now turn their attention to the budget. Currently there are two (2) public hearings scheduled by the Town Council. Those dates are as follows:

- 1) **Municipal Budget** – 5/20/2021 - 7:00 p.m. Town Council Chambers
ZOOM
- 2) **School Budget** – 5/27/2021 - 7:00 p.m. Town Council Chambers ZOOM

The budget is scheduled to be voted on by the Town Council on or before June 09, 2021.

Note: Charter deadline date is June 15th.

Please check with the Town Clerk's office prior to any of these dates in the event of a change in any of the meeting or public hearing details.

Municipal Line Item Summaries

Municipal services and changes in our spending priorities and levels should not be compared to the Schools. Simple comparisons on a generic or percentage basis are a gross oversimplification given the different legal/administrative responsibilities, type of services rendered, size of the departments impacted, missions, objectives and who is served.

Factors incorporated into this budget and having a material impact on municipal government operations are identified below. **Note: These are summaries or highlights and is not a full listing of changes recommended. A detailed line item budget is included with this budget package.**

Town Manager

Contractual increases and adding back the part-time administrative aide position partially defunded in the COVID-19 Budget. (+\$10,760)

Benefits

Benefit numbers are primarily contractual with the exception of unemployment, which has been increased to \$5,000 from \$1,000. We can carry additional funds in the Restricted Budget if unexpected position cuts or wage reductions are needed, either as a result of budget reductions or as needed during the fiscal year.

Town Clerk

Contractual increase plus a small increase (\$3,000 for the microfilm project). The bid for these services is being coordinated – it is expected that the cost will increase based on the bid and new specifications.

Board of Canvassers

Budget adjusted for an off-election year. (-\$19,598) **Note:** if the state legislature passes one of the versions of the marijuana legislation, a special election may be necessary. If that happens, the recommendation is to fund something off budget.

Treasurer

Contractual increases and adjustments for the position of Treasurer. (-\$37,385) We don't expect this staffing situation to be resolved until November/December 2021. We will add an offset in the Restricted Budget.

Information Systems

The Information Systems Budget increased from FY2021 to FY2022. The budget routinely increases from year to year to account for increases in annual maintenance and software subscription renewals. This year, we have new maintenance and software subscription renewals in the enterprise resource planning (ERP) software (Tyler Munis) that we haven't incurred

before. To accommodate our ERP platform, we increased our virtual environment footprint, which in turn lead to increases in server backup and data backup licenses and subscriptions.

The salary line for the Information Systems Analyst position increased in order to solicit and hire the level of expertise and achieve staffing stability needed for the IT Division. (+\$46,348)

Tax Assessor

Contractual increases. Adjustments made to the Assessor position and restoring the Deputy Assessor to full-time (position was partially defunded in the COVID-19 Budget). (+\$30,635)

We are in a full revaluation (list and measure) year. No further cuts or staff reductions can be absorbed in this operating division this coming fiscal year.

Building Official

Contractual increases plus restoring the administrative aide position to full-time (position was partially defunded in the COVID-19 Budget year). (+\$20,211)

General Services

Primarily contractual increases and modifications based on actual expenses.

Rent Board of Administration

Request to increase the rent relates to level funded budgets over a period of years and fixed cost increases incurred over that period (+\$20,880)

Police

The full complement of Police Officers is budgeted, including a new recruit entering the academy in June/July 2021.

The Council and Administration added one (1) vehicle to the Operating Budget (\$60,156) from the traditional CIP Budget. The plan is to continue to shift police vehicles and other capital items to the Operating Budget over the next two (2) fiscal years.

There is a salary adjustment to create a new Sergeants position in the budget, which offsets the position of Prosecution Officer (-\$74,934). Both make the same base wage so there is no material impact on the Operating Budget. The Sergeant will be the Prosecution Officer.

Emergency Management is level funded despite ongoing COVID-19 obligations.

Animal Control

Contractual increases plus restoring the Deputy Animal Control position to full-time (position was partially defunded in the COVID-19 Budget). (+\$22,114)

Public Works

Contractual increases plus the inclusion of capital equipment purchases (\$108,000) into the Operating Budget from the Traditional Capital Budget. We will continue to move CIP related items into the Operating Budget over the next two (2) fiscal years.

Added back seasonal help in the FY2022 Budget. (+\$43,000) With COVID and the impact of WorkShare, we lost valuable productive time for our DPW projects and programs in FY2021. Rehiring the summer maintenance crews will allow the DPW staff to return to their normal, very productive activities.

Transportation

The senior bus service has been zero funded in the Operating Budget due to ongoing COVID-19 concerns. Fifty percent of the normal budget is recommended to be funded in the Restricted Budget. With some luck, maybe we can start this service back up on or after January 1, 2022. (\$13,750).

Special Appropriations

Special Appropriations (\$33,929) have been added back to the Operating Budget. They were funded from the Restricted Budget in the COVID-19 Budget. Note that WellOne has not submitted for an appropriation this year, but they are expected to do so in the future.

	2022 TM Recommendation
• Art Festival -	\$3,000
• Gloucester Sr. Center -	\$6,000
• Burrillville Historic Society -	\$2,000
• DPNA -	\$1,500
• RI Economic Dev Partner -	\$1,000
• Memorial Services -	\$1,200
• Northern RI Conservation Dist. -	\$500
• WellOne -	0
• Samaritans -	\$500
• Aging Well -	\$7,000
• Sojourner -	\$1,500
• Tri County -	\$7,500
• Veteran Rep -	\$1,500
• Wildlife Rehabilitation -	\$729
• TOTAL SPECIAL APPROPRIATIONS -	\$33,929

Recreation Department

Contractual increases plus restoring the administrative aide position to full-time (position was partially defunded in the COVID-19 Budget). (+\$25,024)

A portion of the Recreation Director's base wage has been shifted from the Spring Lake Budget back to the Operating Budget. (+\$11,270)

Library Budgets Recommended

- Jessie M. Smith - \$860,776 (+\$30,000)
- Pascoag - \$ 84,500 (No change)

There are maintenance of effort requirements that could impact Library Aid (revenue) if MOE is not satisfied.

School Department

School Department Budget has been set at \$35,162,776. The superintendent supports this recommendation. This assumes the School formula aid does not change from the amount currently projected by the state. The budget increase is \$9,938 higher than the COVID-19 Budget appropriation.

The superintendent indicated they may request a Restricted fund (or set aside) appropriation(s) for out-of-district tuitions, curriculum materials, etc., but those numbers are not available at this time,

School – Levy Rink Budget

This is a School Budget and the rink facility normally pays for itself from its receipts. The program, under normal conditions, is self-sufficient, with a small subsidy from the School Committee. (\$44,000).

School Maintenance of Effort

Maintenance of effort numbers will be provided once State Aid for Schools has been finalized by the State.

School Audited Fund Balance

The School's audit for FY2020 reported an unassigned fund balance of \$1,155,305 (uncommitted) for use by the School Committee. This amount has not been appropriated nor incorporated as a source to support the FY2022 School Budget.

Please note: The School Committee must vote to ask the Council to appropriate these funds prior to expenditure or commitment to spend these monies.

The federal COVID related appropriations for Schools is still being evaluated. As of this report, the rules and regulations can use of Federal Funds is not yet defined (for most allocations). This will change the amount of money for use by the Schools, but that number is unclear at this time.

Overlay

Overlay has been lowered by \$50,000 as this budget is presented. We are in a revaluation year, but the revaluation, effective December 31, 2021, will not impact the Town's Operating Budget until FY2023.

Budget Adjustment

Note: When we submitted to the State, they wanted us to consolidate the Capital together for the purposes of advertising the budget. In order to meet their request, we do not show the Department Capital in the line item budgets (Police and Public Works) but will shift the expenses to those budgets when we do the final budget and FY2022 Budget Resolution.

Extended Care Program (BEC) - \$518,211 Recommendation

Receipts support extended care. The program has received federal assistance to cover a portion of the FY2021 COVID related revenue loss. We are still working on the numbers to determine the financial impact on the program's reserves. That being said, if the COVID restrictions are lifted, this program should continue to pay for itself from receipts.

Spring Lake Beach - \$252,510 Recommendation

This is a pivotal year for Spring Lake Beach. When we reorganized the beach operations a few years ago, we were well on our way to improving the beach environment, beach services and remaining self-supporting. Unfortunately, the water contamination incident and the impact of COVID-19 last year, has compromised the original planning. We have lost beach clientele and associated revenue. If COVID-19 restrictions are relaxed, we hope to get back to normal operations. We are supplementing this budget with reserves (\$20,000).

The cash reserves are getting low, so if we cannot get Spring Lake Beach back on track this year, we may have to consider new operating scenarios or to supplement the operation until things get back to normal.

We recommend evaluating this year to year!

BPAC – Substance Abuse Program - \$128,170 Recommendation

The Coordinator secured a large, multi-year grant to pay for a good portion of the program. The grant is for \$125,000 per year for five (5) years. The Council set up a separate side fund to manage this program. Incorporated in this budget is a base wage increase for the Coordinator (\$5,000).

A portion (or percentage) of the Coordinator's salary and benefits should be funded outside the grant. I am recommending that \$30,000 be funded from the Restricted Budget, which should cover the grant recommendation for FY2022. This money will be transferred directly to the side fund, if appropriated.

BAAP – Addiction Assistance Program - \$52,000 Recommendation

This program is an important component of the Town's Substance Abuse Program. There are no Federal or State grants or third party funds at this point to offset this budget. Therefore, we will continue to recommend we fund this budget (\$52,000) from the Restricted Budget.

The Department Heads oversight of both programs is also needed, the stipend will be included in the BPAC Restricted Appropriation.

Restricted Appropriations

These recommendations will accompany the budget resolutions in June after the Council reviews the proposed Operating Budget(s) and after the Public Hearings conclude.

Revaluation – List and Measure

The Town's full revaluation (list and measure) is required to establish Town-wide values as of December 31, 2021. These values will impact the FY2023 Budget. The unknown factor at this point in time is whether or not the Town's power plant (OSP) will be placed on the tax roll or if some type of tax agreement will be in place for FY2023. The power plant valuation and related taxes will have a material impact on the Capital Budgets and will most probably spill over to the Town (and School) Operating Budgets as we balance out how much of the traditional Capital funding will be lost and how much will have to be moved or shifted to the Operating Budget.

Municipal Staffing

The COVID-19 (FY2021) Budget included a number of defunded municipal positions. The WorkShare program resulted in budgetary savings, which, in turn, allowed the Town to retain its staff, except those who voluntarily left service or opted for unemployment insurance.

This budget, with a few minor exceptions, restores most positions to pre-pandemic levels.

That being said, the revenue picture is still unclear at this point in time, and future staff reductions may still be needed.

Collective Bargaining (Union) Contract

The Town's union contracts expire as follows:

- Council 94 expires June 30, 2023
- Police, FOP expires June 30, 2022

We will be negotiating the Police Collective Bargaining Agreement in FY2022, effective FY2023.

COLA

A 2.25% (averaged) increases for non-union supervisors have been included in the proposed budget. No COLA's were offered in the FY2021 COVID-19 Budget. \$16,500 total for municipal and \$13,500 total for library employees.

BEC increases will be funded from their stand-alone budget.

Tax Credit Program

The Tax Credit Program for seniors, veterans and disabled persons has assisted these groups by relieving \$695,739.97, collectively from their real estate tax payments.

Major Capital Projects

School Bonds

Some of the costs for the \$7.2 million School Construction Bond issue have been incorporated into the FY2022 Operating Budget. (+\$64,320)

Costs and short-term borrowing will be incurred until a permanent note is secured.

Sewer Bonds

In February, the Town Council just authorized up to \$5 million in debt for necessary upgrades to the Sewer Treatment Plant. None of the costs/expenses will be incurred in the Town's Operating Budget, without reimbursement from the Sewer Commission.

Harrisville Dam Project

The administration just closed a RI Infrastructure Bank loan for \$1.8 million for rehabilitation of the Harrisville Dam and grounds. This project is required to insure the safety of the community from a breach or failure of the dam and/or its underground infrastructure.

The majority of the expense for the bond will not start until FY2023 or later.