


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 

Date: April 26, 2023

Re: FY2024 Budget

Total Budget Summary

The recommended budget for next year [FY2024] as presented totals 54,440,680. This is \$1,465,480 higher (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 \$13,409,291 a \$802,883 increase over the current year.

Debt Service

The annual net debt service obligation which is presented in the Municipal Budget has increased by \$491,263 to \$2,214,094. School debt service has increased this year (\$521,812) as we implement because the School five (5) year Capital Program.

School Budget

The School Budget recommendation is \$36,204,295 a \$318,303 increase from FY2023.

Major Capital Expenditures (CIP)

The Capital Budget expenditures from the LS Power/OSP Tax Agreement have been incorporated into the budget.

As presented, \$2,463,000 (OSP) has been incorporated with another \$145,500 assigned in the Operating Budget.

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.

Phase-out Motor Vehicle Tax

Revenue offsets (state aid) have replaced local motor vehicle taxes. The state aid is projected to be \$5,053,933; flat to FY2023.

Intergovernmental Receipts

\$21,302,634 net \$144,700 increase in revenue.

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 FY2024 budget.

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 \$13,803,280, a net decrease of \$399,136 based upon enrollment projections from the School Administration and preliminary revenue numbers published by the State. Categorical State Aid is increased by \$77,808 and Medicaid estimates are flat.

There is a two (2) year impact whereby the total revenue reduction for formula aid is protected to be \$798,272, and the state is proposing a one-time revenue offset of \$399,136 in FY2024, with no commitment for an offset in FY2025.

Projected School/Library Construction Aid

School and Library Construction Aid has increased \$544,537 over last year. School and library construction aid will offset a portion of related debt service.

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 rate and reimbursement timeframe changes as well. This applies to refunding bond issues as well.

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. 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 45.5% plus up to 20% of incentive bonus for related projects. FY2023's reimbursement rate was 48.7%.

The amount of reimbursement in each fiscal year is dependent on whether or not the school construction projects are completed on or before June 30 of the preceding fiscal year.

FY2024 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.

Tax Cap (Levy)

This budget projects a net levy increase of \$1,151,610 (3.75%). There is \$77,880 remaining under the total cap as this budget is presented.

The average single family residential property value as of 12/31/2022 is \$335,556. Using this budget as proposed, this potentially **increases** the real estate taxes for a residential property of average value by \$224.

Motor Vehicle Tax Impact

Motor vehicle tax was eliminated in FY2023. Replacement revenue (State Aid) is a relevant factor impacting this and future budgets.

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** – 5/18/2023 - 7:00 p.m. Town Council Chambers
- 2) **School Budget** – 5/25/2023 - 7:00 p.m. Town Council Chambers

The budget is scheduled to be voted on by the Town Council on June 14, 2023.

Note: Charter deadline date is June 15th.

Please check with the Town Clerk's office prior to any of these dates in case there is a change in date(s) or time(s) 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. (+8,031)

Benefits

Benefit numbers are primarily contractual with the exception of unemployment, which has been level funded. We should carry additional funds in the Restricted Budget if unexpected position vacancies are needed during the fiscal year.

Since publishing this budget, we have learned that insurance expenses have decreased. Those changes will be included in the final budget presented to the Town Council.

Town Clerk

(+4,593)

Contractual increases. Offset slightly by decreases in microfilming, supplies and travel.

Board of Canvassers

Budget adjusted for an election year. (\$16,300) Funding is recommended from the Restricted Account.

Treasurer

Main drivers of the increases are contractual and wage increases and adjustments for the positions of Finance Director and Treasurer (+\$21,228).

NOTE: \$55,700 of related wages were in Restricted FY2023 and will be reduced in FY2024.

Information Systems

(+\$45,897)

The budget increases from year to year to account for increases in annual maintenance and software subscription renewals. 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.

Internet for multiple departments has been relocated to the Information Systems Budget.

Tax Assessor

(+696)

Contractual increases. (+\$ 5,296). Offset by reduction in printing of \$4,900. \$300 increase in postage.

NOTE: We have been working on expense reductions tied to the elimination of motor vehicle taxes. We will have option(s) for the Council to consider.

Building Official

Contractual wage increases only. (+\$7,846)

NOTE: There may be budget adjustments due to new staff, etc. in the Building Official's Department.

General Services

Primarily contractual increases and modifications based on actual expenses. (+\$90,660)

Rent Board of Administration

Board requested to level Fund Operating Budget from the prior year.

Police

The full complement of Police Officers is budgeted. However, we have two (2) officers in the academy at this time. We are not anticipating any retirements at this time that will impact the budget.

The recommendation is to fund only one (1) vehicle out of the Operating Budget (\$79,500) from the traditional CIP Budget. This means that the Operating Budget will support one (1) police vehicle this year. If additional or different type of vehicles/equipment are needed in a given year, the Council can decide whether to fund in the Operating or CIP Budget.

We are monitoring current expenditures and may recommend additional modifications to some of the line item accounts.

Emergency Management Small decrease of (-\$1,570).

Animal Control

Contractual increases and utility costs. (+\$3,688)

Public Works

Contractual increases plus the inclusion of capital equipment purchases (net 66K) into the Operating Budget from the Traditional Capital Budget. We will continue to move fixed or reoccurring CIP related items into the Operating Budget in the years to follow.

Seasonal Employees

(+\$7,000) fully funded back to pre-pandemic levels.

Transportation

(\$28,000)

The senior/handicapped bus is back to normal operations. This service has been added back to the Operating Budget from the Restricted Budget.

Special Appropriations

Special Appropriations (\$45,637) are recommended to be funded from the Restricted Budget. Note that WellOne has not submitted for an appropriation this year, but they are expected to do so in the future.

	2024 TM Recommendation
• Gloucester Sr. Center -	\$8,000
• Burrillville Historic Society -	\$2,500
• DPNA -	\$1,500
• RI Economic Dev Partner -	\$4,000
• Memorial Services -	\$1,500
• Northern RI Conservation Dist. -	\$500
• Sweet Binks Rescue -	\$500
• Samaritans -	\$500
• Aging Well -	\$7,000
• Sojourner -	\$2,500
• Tri County -	\$15,000
• Veteran Rep -	\$1,500
• Wildlife Rehabilitation -	<u>\$637</u>
• TOTAL SPECIAL APPROPRIATIONS -	\$45,637

Recreation Department

Contractual wages decrease (-\$8,836); reallocation of salaries to the DPW line item budget (-\$4,740) and relocation of longevity to the benefits line item (-\$4,096). Additional duties for the Recreation Director have been added to the base wage.

Library Budgets Recommended

- Jessie M. Smith - \$928,896 (+\$9,000)
- Pascoag - \$87,000 (+2,500)

There are maintenance of effort requirements that could impact Library Aid (revenue) if MOE is not satisfied. As recommended, MOE should not be an issue.

Recommended COLA increases are incorporated into the JMS Budget. (+\$9,000)

School Department

School Department Budget has been set at \$36,204,295. This assumes the School formula aid does not change from the amount currently projected by the state. The budget increase is \$318,303 higher than the prior year.

The current proposal is to maintain the Budget Board's recommendation at \$36,204,295 or \$513,882 less than the School Committee requested.

A (TBD amount) to the Restricted Budget is recommended to potentially cover inflation for utilities (e.g.: heat, light and utilities).

If possible, we should attempt to accommodate a good portion of the original request in the final budget. The original request was \$36,718,177, \$832,185 higher than FY2023.

School – Levy Rink Budget

The Levy rink facility normally pays for itself from its receipts. The program, under normal conditions, is self-sufficient, with a 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 FY2022 has an unassigned fund balance of \$598,312, (uncommitted) for use by the School Committee.

\$180,000 from prior year School Reserve Funds has been incorporated as a revenue offset to support the FY2024, School Budget at this time. It remains an option for the Council to consider through FY2025.

The federal COVID related appropriations (ESSER) for Schools is still being evaluated by the State. This could impact future MOE, but that number and the impact is unclear at this time.

Overlay

Overlay has been lowered by \$150,000 as this budget is presented.

Extended Care Program (BEC) - \$655,500 Recommendation

Extended care is self-supporting from program receipts.

Spring Lake Beach – July 1, 2023 through December 1, 2023 \$164,100 – January 1, 2024 through December 31, 2024 \$227,300 Recommendation

The Council authorized a split budget that pays for a transition from July 1, 2023 to December 31, 2023, and a full calendar year budget starting January 1, 2024.

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 incidents and the impact of COVID-19, has impacted beach operations. We hope to get back to normal operation, and sufficient revenue needed to support beach operations.

We recommend evaluating this year to year!

BPAC – Substance Abuse Program - \$139,500 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. We have two (2) years remaining on this grant (last grant period October 1, 2024 through September 30, 2025). The Council set up a separate side fund to operate from this program.

BAAP – Addiction Assistance Program - \$50,754 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 that we fund this program from non-tax sources and as part of the overall Substance Abuse Program.

Restricted Appropriations

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

Municipal Staffing

The state's revenue picture is still unclear at this point in time, and future budget related impacts or adjustments may be needed if state revenues do not return to pre-pandemic levels.

Collective Bargaining (Union) Contract

The Town's union contracts expire as follows:

- Council 94 expires June 30, 2023
- Police, FOP expires June 30, 2025

We are negotiating the Council 94 Collective Bargaining Agreement in FY2023, effective FY2024.

Budget adjustments for the Council 94 union members (primarily COLA) may be required for the FY2024 Operating Budget when negotiations are concluded..

COLA

A \$1,000 increase for non-union supervisors have been included in the proposed budget +\$10,000 total for municipal and +\$9,000 total for library employees.

BEC COLA will be funded from their stand-alone budget, as will BPAC.

Tax Credit Program

The Tax Credit Program for seniors, veterans and disabled persons has financially assisted these groups by relieving \$901,034, collectively from their annual real estate tax payments.