

# Office of Town Manager

Town of Burrillville, Rhode Island

## Memorandum

**To:** Town Council

**Cc:** Vicki Martin, Town Council  
Leslie McGovern, Finance Director  
Dr. Michael Sollitto, School Superintendent  
Budget Board

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

**Date:** April 2, 2024

**Re:** CIP Budget FY2025

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This year's capital budget (CIP) recommendation is a departure from prior years. I am recommending, due primarily to negative projections for the operating budget, that the capital expenditures be removed from the operating budget and shifted to the CIP, funded primarily from Ocean State Power (OSP) receipts.

We do have the ability to integrate CIP back to the operating budget over the next three (3) years, which corresponds with the remaining term of our tax agreement with OSP.

As part of your deliberations, the Council can consider an option to return some or all of these items to the operating budget and pay for them from major capital or other independent funds. I would do this only to keep (or show) the items in the operating budget per se, but funding would not be against the tax levy.

It's important to note that the Budget Board was not privy to a lot of my decision-making on this year's major capital expenses, mostly because of timing. I've modified the CIP budget recommendations based on changing priorities, the opportunity to receive third party funding or to use third party funding as a financial match for large scale project(s).

Another important factor is inflation! We are experiencing project costs being 50% to 100% higher than estimated. This changes the planning for and funding priorities of projects/items included in the capital program, and will impact our capital reserves if we keep having to dip into those accounts to pay for cost increases. In the short term, we may want to consider doing only those projects that are necessary or have already been committed to.

Finally, although the school is technically not getting a direct CIP appropriation this year, the Council has authorized another bond for capital related school projects. That bond (loan) is up to \$6.4 million. And, in order to try and mitigate the impact of that loan on the FY25 operating budget, I'm recommending that the Council carve out the Steere Farm School boiler and fund it from reserves. This CIP budget as presented shows the cost of this project at \$645,300, but bids were just received for \$567,420 (after the advertising deadline). This project should be authorized as soon as possible so that the work is completed before the school year starts in 2024.

Enclosed, please find a spreadsheet summarizing the proposed capital budget after the Town Manager's review. I've also enclosed a copy of the advertisement (notice) for the capital budget ("CIP"). The Budget Board's report is included.

You will ultimately have two (2) spreadsheets. One is the FY2025 recommendation (to vote on) and the other will be the traditional five (5) year projection, extending projects and rough cost estimates out to ten (10) years. After the Council approves this year's CIP budget, we will incorporate whatever changes made by the Council into the extended CIP and present it to the Council to approve, receive and file at a later date.

The spreadsheet tracks the departmental/original requests, the Budget Board's actions and the Town Manager's recommendations. This is a comprehensive plan that includes all proposed projects and expenditures (tax, bonding, grant and third party) so it will show higher spending than the amount available from tax (OSP) revenue and operating budget.

**Note:** This budget uses the LS Power (OSP) revenue and separates it from the operating budget per se. We now have fixed revenue and assessed values through FY2028.

The OSP revenue amount for FY2025 is \$2,298,800.

OSP CIP disbursements are as follows:

FY25	\$2,298,000 * **
FY26	\$2,134,600 * **
FY27	\$2,134,600 * **
FY28	\$2,134,600 * **

There is no recommended capital in the FY2025 operating budget.

\*Adjustments may be necessary due to potential renegotiations.

\*\* Additional revenue may be realized if generating capacity is added to the plant.

The goal should be to prioritize the road, infrastructure and larger, one time capital projects to be paid from the OSP revenues, while shifting equipment and recurring capital purchases such as police vehicles and DPW equipment/other to the operating budget.

OSP revenue will decrease again next year so shifting CIP money to the operating budget should be done incrementally. The capital ordinance calls for \$800,000 total per year to be appropriated between the town and school departments. We may want to revisit the Capital Ordinance to make financial adjustments.

### **General Comments**

The cost to construct and reconstruct roads and infrastructure has been impacted by rampant inflation. As a result, we will continue to adjust our short and long term cost projections which, in turn, impacts the number and scope of road and infrastructure projects that can be done or projected in the CIP.

The recommendation this year is to complete those road/infrastructure projects we have already authorized and hold off most future road projects until we catch up or until costs come down. We will continue to fund the plans, specifications and permitting for future projects.

### **American Rescue Plan**

We have a little over \$5 million in total for ARPA projects and programs. We do have some big dollar infrastructure projects under consideration. Most require supplemental grant or third party funding so it will take a little more time to refine the list of projects and determine whether or not CIP or supplemental funding may be needed.

As of March 2024, approximately \$3.0M is committed and \$2.0M not committed.

FY2025 proposes to use approximately \$1.2M from ARPA for the artificial turf field site prep, utilities and elect service, and \$20K for senior housing design/planning.

### **Department Highlights**

These are summaries and do not include all recommendations.

#### **Jesse M. Smith Memorial Library**

I moved the entire expenditure (\$29,500 for exterior repairs and painting) to the CIP rather than to use the Library Reserve fund (\$29,500). Those funds are better utilized for the Library Roof Replacement Project that will be presented to the Council shortly. Approximately \$495,000 is needed to replace all roofs.

#### **Board of Administration (BOA)**

The Board of Administration requested \$30,000 for CIP related projects. That request was for painting the ceiling at the Assembly. After the Budget Board finished its CIP recommendations, the BOA received a grant for \$30,000.

The Board of Administration is, in effect, a landlord. They have the right to set rent and charge the Town accordingly. The BOA should be tasked by the Town Council to maintain a reasonable surplus balance and grow it as it deems appropriate. Otherwise, future expenses associated with a major building project or repair could disproportionately impact taxpayers in the event of a very large one-time expense or expenses. Such an expenditure could require a one-time tax increase or displace other items in the Town or School CIP programs.

The Town Council can decide how to pay the rent. Splitting the charge between the operating budget (taxes) and the CIP (OSP) is a reasonable course of action.

### **Redevelopment Agency (Nasonville)**

The Redevelopment Agency continues to work to create and plan a Redevelopment District for Nasonville. This project was originally funded by the Town Council in the FY2018 CIP. One of the key concepts being considered is how to promote pedestrian travel (walking or bike) between sections or areas of the village. The old Turex Mill site, river and Route 7 Bridge proximate to the Western Hotel are the focus, as are infrastructure improvements and zoning changes that will promote and allow for new business, recreation and housing opportunities for the village.

The Redevelopment Agency met with Rhode Island Department of Transportation (RIDOT) to consider options to create a pedestrian-friendly corridor in conjunction with RIDOT's planned project to upgrade or replace the bridge. The Town Council approved a bridge and pedestrian friendly alternative in 2020, and the Nasonville Redevelopment District in 2023.

No funds are requested for the Redevelopment Agency this year.

### **Information Services**

The funds requested (\$28,000) will be used to replace call recording equipment (dispatch) that is at the end of its useful life.

### **Police Department**

I've recommended that no police vehicles be funded from the operating budget and three (3) vehicles via the CIP budget (\$215,000), but I propose we move all police vehicles to the operating budget in ensuing years.

Also recommended:

Four (4) Radios (\$17,000).

Seven (7) Tasers (\$27,500).

Polaris ATV (\$33,000), to replace the department's ATV's which are past their prime.

### **Animal Control**

No funds requested this year. We are still waiting for delivery of the new animal control vehicle approved last year.

## **School**

The schools did not make a request this fiscal year, but as we know, the original School Construction Program (bond) is coming to its conclusion. A new bond for school improvement projects has been approved by the Town Council (up to \$6.4 million). Included in that list of projects is a replacement of the only functioning boiler at the Steere Farm School. The cost estimate for that project is \$645,300, but we did receive bids for \$567,420. It's my recommendation to separate this project out and fund it immediately.

<b>Bond Projects</b>			
<b><u>Priority</u></b>	<b><u>Location</u></b>	<b><u>Project</u></b>	<b><u>Cost</u></b>
	Steere Farm Elementary		
1	School	Boiler Replacement	\$645,229
2	William L. Callahan School	Roof Replacement	\$2,195,000
		Gym Floor	
3	Burrillville Middle School	Replacement	\$456,943
	Steere Farm Elementary	Gym Floor	
3	School	Replacement	\$187,778
4	Austin T. Levy School	Window Replacement	\$1,708,138
4	William L. Callahan School	Window Replacement	\$386,763
		Dome Gym HVAC	
5	Burrillville High School	Cooling	\$675,916
5	William L. Callahan School	Gym HVAC Cooling	\$299,152
			<b>\$6,554,919*</b>

\*RIDE approved \$6.4 million, not the original amount requested.

Given the projected reduction of OSP revenue, it is feasible that the School operating budget may need to incorporate some CIP funding going forward, but that can be evaluated at a later date.

## **Public Works – Engineering**

Landfill Monitoring Professional Service to continue ground water and gas monitoring of landfills. Required State reporting.

Road Bid Docs – consultant development of FY2025 and future roadway reclamation / reconstruction projects.

Professional Services to include surveys, DOT project design work, AutoCAD, etc.



### **Public Works Vehicles/Equipment**

The general goal is to have enough money in the Public Works annual operating budget to purchase one (1) large 45,300 lb. GVW plow truck if needed. This size truck costs approximately \$270,000 with plow and accessories. If we don't purchase a plow truck, we have other high-cost equipment or combinations of vehicles/equipment that we can substitute in future years as needed.

Equipment Recommended this fiscal year:

Vactor Truck (50% Grant/\$50% undesignated) - \$510,000

(Already approved by the Town Council.)

RIPTA – Mini Buses – Last year, the Public Works Director secured a grant to acquire two (2) mini buses from RIPTA (estimated at \$134,000, with a 20% Town match). \$32,000 was appropriated last year to cover the Town's match. We are still waiting for delivery of said buses.

### **Public Works – Construction Projects**

#### **Harrisville Mill Pond Dam Repairs**

Secured \$ 1,800,000 from Rhode Island Infrastructure Bank (RIIB) loan for repair of sink holes and other serious dam deficiencies identified by RIDEM. We are in the project development stage. Project could escalate in value due to inflation and/or new FEMA/Federal government regulations.

#### **Public Works – Fuel Station**

Outside of disposing of some of the old (garage) buildings at the Union Avenue DPW site, the last major project at this site is to potentially relocate the fuel depot to the Public Works Complex. We are still looking into funding options and potential uses for this site, so it's possible relocation will not be necessary.

#### **Spring Lake Road Culvert**

We applied for a DEM Grant for improvements to Spring Lake Road Culvert. The match for that grant is \$150,000. \$300,000 is being carried in the CIP in the event the grant is not received.

This project should be done as soon as practical and waiting for a grant or having our application rejected may not allow us to do the work when necessary.

#### **Artificial Field**

The artificial field project and related costs have been developing. And we will have revised cost estimates for field preparation and/or to build a field house in the near future.

The Middle School Practice Field has been permitted and construction is complete, except the water supply for the field. This project will relieve pressure on existing fields and as an optional location for play or practice when the high school field comes under construction.

**Nasonville Pedestrian Bridge and Sidewalks**

MRBRF Loan of \$300,000 is incorporated in the CIP to build a pedestrian bridge to create a continuous walkway through Nasonville along Route 7 to Route 102. This is a long-term project that the state should fund and build.

**Public Works – Road & Infrastructure**

This coming construction season Public Works will be completing Harrisville Village as our top priority. Roads to be done are:

<b><u>Harrisville Village</u></b>		
Steere St.		
Herendun		
Park Ave		
North Hill		
Wood		
Stewart Court		
Burrill Road		
	<b><i>TOTAL</i></b>	<u>\$2,025,841</u>

We have projects contemplated for Zam Dam, Centennial Street, Spring Lake Beach storm water and related projects. Funds were appropriated in a prior CIP, which required matching grant funds including Centennial Street culvert repairs. If the grants are not received as requested, we may need supplemental funding or reprioritize these projects at a future date.

<b>DPW Construction</b>	<b>Bond/Loan</b>	<b>Grant</b>	<b>ARPA</b>	<b>Town</b>	<b>Major Capital / Debt Reduction</b>	<b>Total</b>
BHS Turf Field Bleachers and Lights	\$3,200,000					\$3,200,000
BHS Turf Field Site Prep, Utilities and Elect Services			\$1,122,500			\$1,122,500
BHS Turf Field House						TBD
Spring Lake Road Culvert		\$150,000		\$300,000		\$450,000
Emerson Rd. Drainage				\$300,000		\$300,000
Wallum Lake Spillway				\$230,000		\$230,000
Snake Hill Rd. Repair				\$40,000		\$40,000
Central St./Locust Ln. Drainage				\$150,000		\$150,000
Waterline to Police Station		\$150,000		TBD	\$150,000	\$300,000
Nasonville Pedestrian Bridge and Sidewalks	\$300,000					\$300,000
Harrisville Waterfall Pedestrian Bridge Deck and Paint				\$60,000		\$60,000
Steere Farm Boiler (School)	\$567,420					\$567,420*
Library Roof					\$312,200	\$312,200*

\*FY2024

### **Redevelopment Agency**

The Town has purchased property proximate to CVS and Union Pond in Pascoag. These properties can be used for passive recreation (including walking trails) and should be eligible for DEM grants in the future. This project will tie in nicely with the Redevelopment Agency's Riverwalk Network.



**Community Center** – Due to timing for use of State ARPA Funds, project logistics and the excessive inflation we are seeing with most construction projects, the Town Council has abandoned the Community Center project targeted for the old Father Holland building in Pascoag. The concept was solid and need is there, so we will look into options to provide these services in a more practical and cost effective way.

### **Nasonville Water**

A fairly significant issue with water and water quality in Nasonville is being reviewed. Development of a new public well or related options and a long-term plan for distribution in the area probably will be required. If needed, a project will be done in phases over a period of time, but the current cost estimate for the project is over \$20 million dollars. Obviously we have a long way to go and much engineering evaluation completed, but it is something the Council and Town should be aware of.

### **New Fuel Station**

The project to construct a new fuel station in the vicinity of the Police Station is in the final planning stages. Bids will be taken in 2024. We are hoping the cost estimates will hold, but there is no guarantee of this in the current construction climate.

### **Spreadsheet notations and explanations:**

TBD – To Be Determined - Project or item may be completed during the FY if funds are available or other projects/items in the capital (CIP) program cannot be completed or estimated expenses are less than anticipated.

N/A – Not Applicable or available when the Budget Board (BB) was considering the CIP Program.

Grant – Grant opportunities are available or potentially available to fund or match funding for CIP items identified. Items/projects listed could be completed using other CIP funds available or in combination with grants secured by the Town/School.