

JOINT PRE-BUDGET MEETING

Michael C. Wood, Town of Burrillville

January 30, 2024

Introduction

- **Town Council**
- **School Committee**
- **Budget Board**

Title 16 Education

Chapter 16-2-21 (excerpts)

(1) The highest elected official of the city or town shall submit to the School Committee an estimate, prepared in a manner approved by the department of administration, of projected revenues for the next fiscal year. In the case of the property tax, the projections shall include only changes in the property tax base, not property tax rates;

Title 16 Education

Chapter 16-2-21 (excerpts)

(2) The School Committee shall submit to the city or Town Council a statement for the next ensuing fiscal year of anticipated total expenditures, projected enrollments with resultant staff and facility requirements, estimated enrollment and payments to charter schools, and any necessary or mandated changes in school programs or operations.

REVENUE PROJECTIONS



State Revenue and State Aid

- The governor's FY2025 proposed budget was released January 2024. State aid projections and other budgetary impacts are not final and may change.
- School maintenance of effort (MOE) is not clear at this point of time and could have significant impacts on local taxpayers if the state mishandles MOE.
- Changes to the School formula Aide are expected to be proposed.

Maximum Tax Levy Projections – 5 Years

Maximum Levy Including State Reimbursement (4%)

<u>Year</u>		<u>Property Tax Maximum</u>	<u>Maximum Tax Levy Increase</u>
2025	Projected	\$32,931,771	\$1,266,607
2026	Projected	\$34,249,042	\$1,317,271
2027	Projected	\$35,619,004	\$1,369,962
2028	Projected	\$37,043,764	\$1,424,760
2029	Projected	\$38,525,514	\$1,481,751

Projected Tax Cap – FY2025

Hypothetical split between Town and Schools

Maximum Levy Including State Reimbursement (4%)

<u>Year</u>		<u>State Reimburse</u>	<u>Property Tax</u> <u>Maximum</u>	<u>Tax Levy &</u> <u>Reimburse</u>	<u>Maximum Tax</u> <u>Levy Increase</u>	<u>School</u> <u>71.44% for FYE</u> <u>2024</u>	<u>Municipal</u> <u>28.56% for FYE</u> <u>2024</u>
2025	Projected	\$4,846,868	\$32,931,771	\$37,778,639	\$1,266,607	\$904,864	\$361,743
2026	Projected	\$4,846,868	\$34,249,042	\$39,095,910	\$1,317,271	\$941,058	\$376,213
2027	Projected	\$4,846,868	\$35,619,004	\$40,465,872	\$1,369,962	\$978,701	\$391,261
2028	Projected	\$4,846,868	\$37,043,764	\$41,890,632	\$1,424,760	\$1,017,849	\$406,911
2029	Projected	\$4,846,868	\$38,525,514	\$43,372,382	\$1,481,751	\$1,058,563	\$423,188

Revenue Adjustments

FY 2025 Projections

(Operating Budget)

	Increase / (Decrease)	FYE 2024 Revised	FYE 2025 Proposed
School Formula Aid	(\$358,276)	\$13,686,385	\$13,328,109
Group Home \$	-	\$0	\$0
High Cost Special Ed. \$	(95,205)	\$411,319	\$316,114
Non Public School Transportation \$	10,831	\$19,210	\$30,041
School Housing Aid \$	(283,398)	\$784,084	\$500,686
School Medicaid \$	-	\$350,000	\$350,000
PILOT - Tax Exempt Properties	\$1,254	\$59,483	\$60,737
EX PHASE Out Base	\$0	\$207,065	\$207,065
EX PHASE Out 2018	\$0	\$4,846,868	\$4,846,868
Meals and Beverage>	(\$9,015)	\$288,220	\$279,205
Public Service Corp >	\$0	\$214,519	\$214,519
Hotel Tax >	(\$8)	\$276	\$268
Local Revenues	TBD		
Library Aid	\$3,967	\$165,957	\$169,924
Library Construction Aid	(\$7,595)	\$216,899	\$209,304

NOTE: FYE 2025 State data is from the Governor's Proposed State Budget (January 2024). Data not final.

NOTE: FYE 2025 State School Formula Aid estimates per the Governor's Recommended Education Aid (January 2024). Data is not final.

Local Revenue

LS Power (Ocean State Power) (Capital Budget)

- ❖ The new agreement is for six (6) years, commencing FY2023.
- ❖ Assessed value for TransCanada is fixed at \$140,000,000 for FY 2025, or \$2,298,800 (a decrease of \$164,200).
- ❖ Subsequent years reflected in the next slide.

OSP (LS Power)

March 2022 New Contract

Tax Rate \$16.42

Assessment Date	Tax Year	Fiscal Year	Agreed Assessment	Tax Amount
12/31/2021	2022	2023	\$160,000,000	\$2,627,200
12/31/2022	2023	2024	\$150,000,000	\$2,463,000
12/31/2023	2024	2025	\$140,000,000	\$2,298,800
12/31/2024	2025	2026	\$130,000,000	\$2,134,600
12/31/2025	2026	2027	\$130,000,000	\$2,134,600
12/31/2026	2027	2028	\$130,000,000	\$2,134,600

Note: There are two (2) contract conditions that may impact this revenue stream:

1. Additional plant capacity as of December 31 must be declared and could be added to the annual tax calculation.
2. The company may request renegotiation of the agreement after January 1, 2024, tied to the state's policy (or laws) on renewable energy as a source for resale to end-use customers.

Financial Factors to Consider



School Surplus

- ❖ As of the close of FY 2023, the audited unassigned balance is \$501,602 for potential use by the School Committee.

School Undesignated Fund Balance

- ❖ The School Committee's FY2022 approved budget authorized use of undesignated funds to support funding of the school budget for a total of three years not to exceed \$540,000. Tax rate could be impacted for FY2024 and / or FY2025.
- ❖ FY2023 \$250,000
- ❖ FY2024 \$180,000
- ❖ FY2025 TBD by Town Council
 - ❖ \$0.08 tax impact to be reconciled

Note: \$110,000 to potentially be allocated over FY 2025.

Unfunded Liabilities

Burrillville is in relatively good shape compared to most RI communities, but we do have exposure, particularly in the school system. Unfunded liabilities and OPEB for the town and schools project to be:

	FY2023 Audited Data			
	<u>School</u>	<u>Town</u>	<u>Wastewater</u>	<u>Library</u>
Unfunded	\$655,496	\$210,357	Included with Town	Included with Town
OPEB	\$1,610,924	\$1,309,410	\$24,651	\$58,141

Current Debt Service Schedule

Fiscal 2024 forward

Note: Sewer debt service excluded

Includes Loan
Foregiveness &
State Aid

Existing

Tax Rate Effect

<u>Year</u>	<u>Debt Service</u>	Debt Service	\$0.01 = \$22,005	
2024	\$ 2,216,378	\$ 1,725,988	\$ 1.01	\$ 0.78
2025	\$ 2,049,839	\$ 1,696,299	\$ 0.93	\$ 0.77
2026	\$ 1,642,876	\$ 1,292,958	\$ 0.75	\$ 0.59
2027	\$ 1,049,875	\$ 710,740	\$ 0.48	\$ 0.32
2028	\$ 775,924	\$ 447,573	\$ 0.35	\$ 0.20
2029	\$ 754,276	\$ 436,708	\$ 0.34	\$ 0.20
2030	\$ 732,400	\$ 425,616	\$ 0.33	\$ 0.19
2031	\$ 714,279	\$ 416,122	\$ 0.32	\$ 0.19
2032	\$ 692,179	\$ 404,805	\$ 0.31	\$ 0.18
2033	\$ 669,901	\$ 393,311	\$ 0.30	\$ 0.18
2034	\$ 647,384	\$ 381,577	\$ 0.29	\$ 0.17
2035	\$ 624,678	\$ 369,655	\$ 0.28	\$ 0.17
2036	\$ 601,822	\$ 357,582	\$ 0.27	\$ 0.16
2037	\$ 582,733	\$ 347,120	\$ 0.26	\$ 0.16
2038	\$ 439,378	\$ 215,557	\$ 0.20	\$ 0.10
	<u>\$ 14,193,924</u>	<u>\$ 9,621,613</u>		

Projected Debt Service Schedules

\$6.3 Million General Obligation 20 Year Bond 4.00% Coupon with State Aid 47.4% and \$3.0 Million and \$3.0 Million General Obligation 20 Year Bond 4.00% Coupon											
Fiscal 2024 forward. Note: Sewer debt service excluded							Fiscal 2024 forward. Note: Sewer debt service excluded				
							<u>Existing inc Loan Foregiveness & State Aid</u>				
<u>Existing</u>		<u>Future Bond</u>		<u>Total</u>	<u>Tax Rate Effect</u>		<u>Future Bond</u>		<u>Total</u>	<u>Tax Rate Effect</u>	
		<u>\$12.3M 20 Year</u>					<u>\$12.3M 20 Year</u>				
<u>Year</u>	<u>Debt Service</u>	<u>4.00%</u>	<u>Debt Service</u>	<u>\$0.01 = \$22,005</u>			<u>Year</u>	<u>Debt Service</u>	<u>4.00%</u>	<u>Debt Service</u>	<u>\$0.01 = \$22,005</u>
2024	\$ 2,216,378	\$ -	\$ 2,216,378	\$ 1.01		2024	\$ 1,725,988	\$ -	\$ 1,725,988	\$ 0.78	
2025 ^{1&2}	\$ 2,049,839	\$ 835,733	\$ 2,885,573	\$ 1.31		2025	\$ 1,696,299	\$ 567,260	\$ 2,263,559	\$ 1.03	
2026 ³	\$ 1,642,876	\$ 1,087,133	\$ 2,730,010	\$ 1.24		2026	\$ 1,292,958	\$ 824,632	\$ 2,117,590	\$ 0.96	
2027	\$ 1,049,875	\$ 1,063,200	\$ 2,113,075	\$ 0.96		2027	\$ 710,740	\$ 806,671	\$ 1,517,411	\$ 0.69	
2028	\$ 775,924	\$ 1,038,600	\$ 1,814,524	\$ 0.82		2028	\$ 447,573	\$ 788,044	\$ 1,235,617	\$ 0.56	
2029	\$ 754,276	\$ 1,014,000	\$ 1,768,276	\$ 0.80		2029	\$ 436,708	\$ 769,416	\$ 1,206,124	\$ 0.55	
2030	\$ 732,400	\$ 989,400	\$ 1,721,800	\$ 0.78		2030	\$ 425,616	\$ 750,788	\$ 1,176,405	\$ 0.53	
2031	\$ 714,279	\$ 964,800	\$ 1,679,079	\$ 0.76		2031	\$ 416,122	\$ 732,161	\$ 1,148,283	\$ 0.52	
2032	\$ 692,179	\$ 940,200	\$ 1,632,379	\$ 0.74		2032	\$ 404,805	\$ 713,533	\$ 1,118,339	\$ 0.51	
2033	\$ 669,901	\$ 915,600	\$ 1,585,501	\$ 0.72		2033	\$ 393,311	\$ 694,906	\$ 1,088,217	\$ 0.49	
2034	\$ 647,384	\$ 891,000	\$ 1,538,384	\$ 0.70		2034	\$ 381,577	\$ 676,278	\$ 1,057,855	\$ 0.48	
2035	\$ 624,678	\$ 866,400	\$ 1,491,078	\$ 0.68		2035	\$ 369,655	\$ 657,650	\$ 1,027,305	\$ 0.47	
2036	\$ 601,822	\$ 841,800	\$ 1,443,622	\$ 0.66		2036	\$ 357,582	\$ 639,023	\$ 996,605	\$ 0.45	
2037	\$ 582,733	\$ 817,200	\$ 1,399,933	\$ 0.64		2037	\$ 347,120	\$ 620,395	\$ 967,516	\$ 0.44	
2038	\$ 439,378	\$ 792,600	\$ 1,231,978	\$ 0.56		2038	\$ 215,557	\$ 601,768	\$ 817,324	\$ 0.37	
2039	\$ -	\$ 768,000	\$ 768,000	\$ 0.35		2039	\$ -	\$ 583,140	\$ 583,140	\$ 0.27	
2040	\$ -	\$ 743,400	\$ 743,400	\$ 0.34		2040	\$ -	\$ 564,512	\$ 564,512	\$ 0.26	
2041	\$ -	\$ 718,800	\$ 718,800	\$ 0.33		2041	\$ -	\$ 545,885	\$ 545,885	\$ 0.25	
2042	\$ -	\$ 689,200	\$ 689,200	\$ 0.31		2042	\$ -	\$ 524,627	\$ 524,627	\$ 0.24	
2043	\$ -	\$ 664,800	\$ 664,800	\$ 0.30		2043	\$ -	\$ 506,105	\$ 506,105	\$ 0.23	
2044	\$ -	\$ 640,400	\$ 640,400	\$ 0.29		2044	\$ -	\$ 487,582	\$ 487,582	\$ 0.22	
2045	\$ -	\$ 156,000	\$ 156,000	\$ 0.07		2045	\$ -	\$ 156,000	\$ 156,000	\$ 0.07	
\$ 14,193,924		\$ 17,438,267	\$ 31,632,191			\$ 9,621,613		\$ 13,210,376	\$ 22,831,989		

Still researchng other funding opportunities ie grants etc.

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1 Necessity of School Construction Projects (2025). Potential for State Aid 10% Bonus,
1/30/2024 2 Synthetic Turf Field (2025) & 3 Harrisville Dam / Community Center (2026). 17

Projected Debt Service Schedules

\$6.3 Million General Obligation 15 Year Bond 3.75% Coupon with State Aid 47.4% and \$3.0 Million & \$3.0 Million General Obligation 15 Year Bond 3.75% Coupon											
Fiscal 2024 forward. Note: Sewer debt service excluded						Fiscal 2024 forward. Note: Sewer debt service excluded					
		Existing	Future Bond	Total	Tax Rate Effect			Existing inc Loan Foregiveness & State Aid	Future Bond	Total	Tax Rate Effect
		\$12.3M 15 Year						\$12.3M 15 Year			
Year	Debt Service	3.75%	Debt Service	\$0.01 = \$22,005		Year	Debt Service	3.75%	Debt Service	\$0.01 = \$22,005	
2024	\$ 2,216,378	\$ -	\$ 2,216,378	\$ 1.01		2024	\$ 1,725,988	\$ -	\$ 1,725,988	\$ 0.78	
2025 ^{1&2}	\$ 2,049,839	\$ 967,563	\$ 3,017,402	\$ 1.37		2025	\$ 1,696,299	\$ 656,767	\$ 2,353,066	\$ 1.07	
2026 ³	\$ 1,642,876	\$ 1,256,813	\$ 2,899,689	\$ 1.32		2026	\$ 1,292,958	\$ 953,482	\$ 2,246,440	\$ 1.02	
2027	\$ 1,049,875	\$ 1,226,688	\$ 2,276,563	\$ 1.03		2027	\$ 710,740	\$ 930,823	\$ 1,641,563	\$ 0.75	
2028	\$ 775,924	\$ 1,195,938	\$ 1,971,862	\$ 0.90		2028	\$ 447,573	\$ 907,538	\$ 1,355,112	\$ 0.62	
2029	\$ 754,276	\$ 1,165,188	\$ 1,919,463	\$ 0.87		2029	\$ 436,708	\$ 884,254	\$ 1,320,961	\$ 0.60	
2030	\$ 732,400	\$ 1,134,438	\$ 1,866,838	\$ 0.85		2030	\$ 425,616	\$ 860,969	\$ 1,286,586	\$ 0.58	
2031	\$ 714,279	\$ 1,103,688	\$ 1,817,967	\$ 0.83		2031	\$ 416,122	\$ 837,685	\$ 1,253,807	\$ 0.57	
2032	\$ 692,179	\$ 1,072,938	\$ 1,765,117	\$ 0.80		2032	\$ 404,805	\$ 814,400	\$ 1,219,206	\$ 0.55	
2033	\$ 669,901	\$ 1,042,188	\$ 1,712,089	\$ 0.78		2033	\$ 393,311	\$ 791,116	\$ 1,184,427	\$ 0.54	
2034	\$ 647,384	\$ 1,011,438	\$ 1,658,822	\$ 0.75		2034	\$ 381,577	\$ 767,831	\$ 1,149,408	\$ 0.52	
2035	\$ 624,678	\$ 980,688	\$ 1,605,365	\$ 0.73		2035	\$ 369,655	\$ 744,547	\$ 1,114,201	\$ 0.51	
2036	\$ 601,822	\$ 949,938	\$ 1,551,759	\$ 0.71		2036	\$ 357,582	\$ 721,262	\$ 1,078,844	\$ 0.49	
2037	\$ 582,733	\$ 914,188	\$ 1,496,921	\$ 0.68		2037	\$ 347,120	\$ 695,348	\$ 1,042,468	\$ 0.47	
2038	\$ 439,378	\$ 883,625	\$ 1,323,003	\$ 0.60		2038	\$ 215,557	\$ 672,162	\$ 887,719	\$ 0.40	
2039	\$ -	\$ 853,063	\$ 853,063	\$ 0.39		2039	\$ -	\$ 648,976	\$ 648,976	\$ 0.29	
2040	\$ -	\$ 207,500	\$ 207,500	\$ 0.09		2040	\$ -	\$ 207,500	\$ 207,500	\$ 0.09	
2041	\$ -	\$ -	\$ -	\$ -		2041	\$ -	\$ -	\$ -	\$ -	
2042	\$ -	\$ -	\$ -	\$ -		2042	\$ -	\$ -	\$ -	\$ -	
2043	\$ -	\$ -	\$ -	\$ -		2043	\$ -	\$ -	\$ -	\$ -	
2044	\$ -	\$ -	\$ -	\$ -		2044	\$ -	\$ -	\$ -	\$ -	
	\$ 14,193,924	\$ 15,965,875	\$ 30,159,799				\$ 9,621,613	\$ 12,094,658	\$ 21,716,271		

Still researchng other funding opportunities ie grants etc.

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1 Necessity of School Construction Projects (2025). Potential for State Aid 10% Bonus,
 1/30/2024 **2** Synthetic Turf Field (2025) & **3** Harrisville Dam / Community Center (2026).

Necessity of School Construction Projects Timing

Project		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Cost
Boiler Replacement	Boiler is over 30 years old and is failing	\$ 645,229					\$ 645,229
Roof Replacement	Existing roof is leaking - never replaced during the renovation		\$ 2,195,000				\$ 2,195,000
Gym Floor Replacement	Gym Floor is slippery and past its life	\$ 456,943					\$ 456,943
Gym Floor Replacement	Gym Floor is slippery and past its life		\$ 187,778				\$ 187,778
Window Replacement	Windows are not energy efficient - leaking air - continuous caulking replacement is needed			\$ 1,708,138			\$ 1,708,138
Window Replacement	Windows are not energy efficient - leaking air - continuous caulking replacement is needed				\$ 386,763		\$ 386,763
Dome Gym HVAC Cooling	Existing space has no cooling				\$ 675,916		\$ 675,916
Gym HVAC Cooling	Existing space has no cooling			\$ 299,152			\$ 299,152
		\$ 1,102,172	\$ 2,382,778	\$ 2,007,290	\$ 1,062,679	\$ -	\$ 6,554,919
Project		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Cost
Boiler Replacement	Boiler is over 30 years old and is failing	\$ 645,229					\$ 645,229
Roof Replacement	Existing roof is leaking - never replaced during the renovation		\$ 2,195,000				\$ 2,195,000
Gym Floor Replacement	Gym Floor is slippery and past its life	\$ 456,943					\$ 456,943
Gym Floor Replacement	Gym Floor is slippery and past its life		\$ 187,778				\$ 187,778
Window Replacement	Windows are not energy efficient - leaking air - continuous caulking replacement is needed			\$ 1,708,138			\$ 1,708,138
Window Replacement	Windows are not energy efficient - leaking air - continuous caulking replacement is needed			\$ 386,763			\$ 386,763
Dome Gym HVAC Cooling	Existing space has no cooling			\$ 675,916			\$ 675,916
Gym HVAC Cooling	Existing space has no cooling		\$ 299,152				\$ 299,152
		\$ 1,102,172	\$ 2,681,930	\$ 2,770,817	\$ -	\$ -	\$ 6,554,919
three years							
ie.							
ear one or year two.							
either two or three years if need be.							
ot request CIP funds during the five year plan.							

Project Cost of \$6,554,919 needs to be reduced to RIDE MOA of \$6,285,682.

FACTORS POTENTIALLY IMPACTING FY2025 & BEYOND



Financial Outlook

- ❖ Decrease of \$736K in School Formula Aid for past two years
 - ❖ Enacted FY2024 (\$293K decrease).
 - ❖ Proposed FY2025 (\$443K decrease).
 - ❖ Enrollment Decline Transition Fund for FY2026? (FY2024 \$386K and FY2025 \$337K).
- ❖ Teacher Negotiations FY2025
- ❖ Infrastructure / Capital
 - ❖ Reorganizing five (5) to ten (10) year capital outlook.
 - ❖ Significant / Large capital needs throughout the community.
- ❖ Uncommitted ARPA funds as of January 2023 \$2.2M
 - ❖ Includes \$1.6M RT 102 to be moved back to ARPA uncommitted pool.
 - ❖ ARPA funds have use restrictions.

Revenue

- ❖ It's too early in the State Budget process to determine most state aid final projections.
- ❖ Adjustments will be made to the budget as the legislative process unfolds.
- ❖ Don't be surprised if State aid is not known until late May, June or possibility even later.
- ❖ DRIVERS:
 - ❖ Lower enrollment in Schools
 - ❖ Direct Cert numbers still the measure used instead of Free and Reduce Lunch Program.
 - ❖ FY2025 School Aid: (\$442,650) reduction.
 - ❖ (\$358,276) reduction based on funding formula.
 - ❖ (\$ 95,205) reduction in High Cost Special Ed.
 - ❖ \$ 10,831 increase Non Public School Transportation.

State Finances

- ❖ The state's financial problems still exist, especially as it relates to structural deficits.
- ❖ The state's revenue problems traditionally have become a local problem!

**End of Presentation. Thank
you for your time and
attention.**