

# 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 *Mike*

**Date:** April 25, 2022

**Re:** FY2023 Budget

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### Total Budget Summary

The recommended budget for next year [FY2023] as presented totals \$53,130,162. This is 1,346,286 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 \$12,779,608 a \$476,666 increase over the current year.

## **Debt Service**

The annual debt service obligation which is presented in the Municipal Budget has increased by \$288,690 to \$1,695,248. Good long-term debt management practices contribute to our affordable debt service. Debt service has increased this year because of new debt for the School Capital program and Harrisville Dam.

## **School Budget**

The School Budget recommendation is \$35,885,337 a \$722,561 increase from FY2022.

## **Major Capital Expenditures (CIP)**

The Capital Budget expenditures from the LS Power/OSP tax agreement have been incorporated into the budget with one (1) minor revision.

As presented, the \$2,469,969 has been incorporated with another \$270,000 included in the Operating Budget.

There will have to be an appropriation from Major Capital or another source to support this level of capital spending due to tax cap concerns, or reductions to the Capital Program in FY2023.

## **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 possible.

## **Motor Vehicle Revenue**

Motor vehicle tax revenue is projected to be lower by \$154,931. 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 \$5,000 to \$6,000 in FY2023. The total value of each eligible vehicle is reduced to 70% of NADA value. NADA value is set and controlled by the State. The motor vehicle tax rate of \$20 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 FY2024, 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 motor vehicle tax revenue eliminated by the phase-out law for all RI cities and towns.

Motor vehicle values have increased exponentially from the prior fiscal year. These increases must be reconciled with the motor vehicle phase-out. The state is still working on this, so revenue adjustments may be needed.

### **Intergovernmental Receipts**

\$18,396,615 net \$241,552 increase in revenue.

Key components are:

• 2018 MV Phase-out	- \$153,684
• Meals Tax	- \$56,435
• School Operation	- \$34,347
• Medicaid Reimbursement	\$25,000

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 FY2023 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 increase by \$13,027 based upon enrollment projections from the School Administration and preliminary revenue numbers published by the State. Categorical State Aid is increased by \$21,320 and Medicaid estimates have been increased \$25,000.

### **Projected School/Library Construction Aid**

School and Library Construction Aid has decreased \$18,520 over last year.

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% plus 10% incentive bonus for regular projects. FY2022's reimbursement rate was 50.8%.

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.

### **FY2023 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 \$20. Motor vehicle exemptions by current law have increased from \$5,000 to \$6,000. There is no flexibility to modify these numbers as was the case in the past.

### **Tax Cap (Levy)**

This budget projects a net levy increase of \$954,688 (2.94%). There is \$100,140 remaining under the total cap as this budget is presented.

### **Residential Taxpayer Impact**

The Town just completed a full list and measure state-mandated revaluation. Town-wide, residential values increased an average of 18%. There will be a corresponding decrease to the tax rate, adjusted for budget increases and revenue adjustments.

The average single family residential property value as of 12/31/2021 is \$333,938. Using this budget as proposed, this potentially **increases** the real estate taxes for a residential property of average value by \$246.

### **Motor Vehicle Tax Impact**

The average passenger vehicle in Burrillville is valued at \$14,000, or 70% of its NADA value.

The impact of the current State law **lowers** motor vehicle taxes (in Burrillville) for a vehicle of average value by \$260, 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** – 5/19/2022 - 7:00 p.m. Town Council Chambers
- 2) **School Budget** – 5/26/2022 - 7:00 p.m. Town Council Chambers

The budget is scheduled to be voted on by the Town Council on June 08, 2022.

**Note:** Charter deadline date is June 15<sup>th</sup>.

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. (+\$3,709)

### **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.

### **Town Clerk**

Contractual increases and increases associated with staffing needed for the primary and regular elections at the end of 2022.

This is an election year so the Clerk's Office should be fully funded. The Town Clerk's Repair Equipment and Office Supplies are used for the copier contract, use and maintenance fees. Office Supplies covers all of the paper for office uses, as well as all of the other general office supplies. In recent years, we had a spending freeze and an elections (state) grant that we used to supplement general office supplies. There is no expectation of a grant in the future.

### **Heat, Light and Utilities**

The cost of heating oil, fuel, electricity and other utilities are increasing as a result of spiraling inflation. Rather than artificially increase the tax supported budgets and speculate on numbers, I am recommending adding a category for potential over expenditures into the Restricted Budget to cover the various town departments and schools if overages occur during FY2023.

### **Board of Canvassers**

Budget adjusted for an election year. (+\$28,856)

The Board of Canvasser's postage line will be used to cover the costs of mailing out postcards to inform all voters of the redrawn district/precinct lines in response to the 2020 Census and in anticipation of redistricting.

### **Treasurer**

Contractual increases and adjustments for the position of Treasurer. (\$+46,559) We are working on staffing levels and structure for the Finance department, but we don't expect this to be resolved until November/December 2022. We will add an offset in the Restricted Budget.

### **Information Systems**

The salary line for the Information Systems Analyst position increased in order to retain the expertise and skills we need to service our departments. (+\$16,994)

The budget routinely 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.

The IT team is looking into migrating our emails to the cloud. The details are still being worked on so there is nothing in the budget at this time. However, the cost to do this could be as high as \$1,950 per month. We will evaluate this with IT and make a recommendation accordingly.

### **Tax Assessor**

Contractual increases. (+\$3,604)

### **Building Official**

Contractual wage increases only. (+\$12,554)

### **General Services**

Primarily contractual increases and modifications based on actual expenses. (+86,592)

### **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 are two (2) officers short at this time. We are working on new recruitment lists.

The recommendation is to add one (1) additional vehicle to the Operating Budget (\$69,844) from the traditional CIP Budget. This means that the Operating Budget will support two (2) police vehicles year to 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.

Police expenditures were cut back by the Budget Board using actual expenses for the fiscal years we were operating under COVID-19 spending restrictions. We are monitoring current expenditures and may recommend additional modifications to some of the line item accounts.

Because we have two (2) current staffing vacancies, I did level fund the overtime line item restoring \$10,000 to that line.

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

### **Animal Control**

Contractual increases. (+\$4,527)

### **Public Works**

Contractual increases plus the inclusion of capital equipment purchases (net 32K) 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.

Retaining the summer maintenance crews will allow the DPW staff to return to their normal, very productive activities. Wage levels and this line item may need to be adjusted as we are experiencing hiring problems.

**Transportation** (+\$27,000). The senior bus is back to normal operations with no current COVID-19 impacts. This service has been added back to the Operating Budget from the Restricted Budget.

### **Special Appropriations**

Special Appropriations (\$35,200). Note that WellOne has not submitted for an appropriation this year, but they are expected to do so in the future.

<b>2023 TM Recommendation</b>	
• Art Festival -	\$1,000
• Glocester Sr. Center -	\$8,000
• Burrillville Historic Society -	\$2,000
• DPNA -	\$1,500
• RI Economic Dev Partner -	\$2,000
• Memorial Services -	\$1,200
• Northern RI Conservation Dist. -	\$500
• Sweet Binks Rescue -	\$500
• Samaritans -	\$500
• Aging Well -	\$7,000
• Sojourner -	\$1,500
• Tri County -	\$7,500
• Veteran Rep -	\$1,500
• Wildlife Rehabilitation -	\$500
• <b>TOTAL SPECIAL APPROPRIATIONS -</b>	<b>\$35,200</b>



### **Recreation Department**

Contractual wages only (+1,462)

### **Library Budgets Recommended**

- Jessie M. Smith - \$919,896 (+45,620)
- Pascoag - \$84,500 (level funded)

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. (+\$16,800)

### **School Department**

School Department Budget has been set at \$35,966,337. This assumes the School formula aid does not change from the amount currently projected by the state. The budget increase is \$803,561 higher than the prior year.

The current proposal is to amend the Budget Board's Recommendation to \$ 35,885,337 or \$81,000 less than the School Committee requested.

As proposed, an \$80,000 Restricted Line is recommended to cover inflation for utilities (e.g.: heat, light and utilities).

If possible, we should attempt to accommodate the original request in the final budget.

### **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 draft audit for FY2021 has an unassigned fund balance of \$1,894,711 (uncommitted) for use by the School Committee.

No School Reserve Funds have been incorporated as a source to support the FY2023 School Budget at this time. It remains an option for the Council to consider.

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 \$50,000 as this budget is presented. The revaluation, effective December 31, 2021, could impact the Town's Revenue Budget in FY2023, depending on valuation hearings and related decisions by the Assessor or Town's Board of Assessors. The amount requested should be sufficient to cover any potential revenue shortfalls.

### **Extended Care Program (BEC) - \$526,311 Recommendation**

Receipts normally support extended care. The program has received federal assistance to cover a portion of FY's 2021 and 2022 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 - \$229,599 Recommendation**

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, the last two (2) seasons, has compromised the original planning. If COVID-19 restrictions are relaxed, we hope to get back to normal operation, and sufficient revenue needed to support beach operations.

The cash reserves are getting low, so if we cannot get Spring Lake Beach back on track, 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 - \$140,998 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 operate from and to manage this program. Incorporated in this budget is a COLA increase for the Coordinator (\$2,100), which is the same as other non-union supervisors.

### **BAAP – Addiction Assistance Program - \$53,099 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 (\$53,099) from the Restricted Budget.

The Department Heads oversight of both programs is also needed, the stipend is included in the BPAC Budget.

### **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.

### **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.

This budget restores all positions to pre-pandemic levels.

That being said, 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, 2022

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

COLA adjustments for the police union members may be required for the FY2023 Operational Budget if negotiations are concluded before the Council votes on a final budget.

### **COLA**

A 3% (averaged) increase for non-union supervisors have been included in the proposed budget. No COLA's were offered in the FY2021 COVID-19 Budget, so this recommendation is intended as a small catch-up. \$23,100 total for municipal and \$16,800 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 assisted these groups by relieving \$728,197, collectively from their real estate tax payments.

## **Major Capital Projects**

### **School Bonds**

Some of the costs for the \$7.0 million School Construction Bond issue have been incorporated into the FY2023 Operating Budget. (\$212,355). We are issuing the permanent debt in May/June of 2022, which is two (2) years early and intended to take advantage of lower interest rates.

Costs and short-term borrowing will be incurred until a permanent note is secured and/or the debt payment schedule established.

### **Sewer Bonds**

In February 2021, the Town Council authorized up to \$5.0 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.

### **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.