

**Town of New Shoreham
Town Manager's Presentation of the
FY2021 Annual Operating & Capital Budget**

March 11, 2020

Overview

Budget Overview

The proposed FY2021 budget provides for a 5.0% increase over the current year for a total Town of New Shoreham General Fund Operating and Capital Budget of \$15,721,670. The recommended budget represents a \$755,667 increase over the current year.

Of the total \$755,667 budget increase, approximately \$151,269 is attributed to continued implementation of a program to bring Town employee salaries closer to state and regional averages, \$211,000 represents restoration of the Capital program – partially funded through the Infrastructure Fund, and \$162,993 is requested by the School. Approximately 53% or \$399,256 of the total budget growth is funded through an increase in the tax levy.

Revenues

Taxes (Page 2)

The FY2021 budget includes a 4.00% increase in the property tax levy. Over the past eight years, New Shoreham's property tax levy has varied as indicated below.

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Tax Levy Increase	4.06%	2.60%	3.85%	2.54%	3.88%	2.85%	3.61%	2.08%	3.53%

State Law caps the levy increase at 4.0%. The collection rate is 98%, consistent with recent experience.

The motor vehicle exemption is \$4,000 in accordance with the fourth year of the State-mandated phase out of the motor vehicle tax. The State has proposed reimbursing communities for the taxes foregone by the phase out; for FY2021 the State will reimburse New Shoreham for a total of \$69,920 of motor vehicle excise tax.

Licenses, Permits, Fees (Page 3)

There are no significant changes proposed to the Town's Schedule of Fees and Charges.

As we work to understand the current trends in construction activities the budget line for BUILDING PERMITS has been adjusted down to \$140,000.

Revenue from the restricted TECHNOLOGY FUND and HISTORICAL TRUST ACT (HTA) FUND will be used to implement recording improvements in the Clerk's Office and to digitize archived records.

Other Town Fees & Income (Page 4-5)

There are no significant changes proposed to the Town's Schedule of Fees & Charges.

HARBORS/PUBLIC WHARFAGE in Old Harbor includes a recommended increase in the per foot rate.

Revenue of \$33,000 from the THOMAS PROPERTY RENT reflects a full year occupation of the single family house and partial year rental of the Thomas House. Construction on that facility is planned for FY21.

Revenue from the FRED BENSON BEACH RENT is preliminary as the contract will be out to bid this spring.

The contract that includes the TRANSFER STATION USAGE FEE will go out to bid prior to its November 2020 expiration.

State Aid (Page 6)

Figures for State Aid are based primarily on the proposed State Budget and are therefore subject to appropriation at the State level.

Increases in the Hotel, Cottage and Meals taxes are driven by continually strong seasons, combined with the 1% state sales tax on seasonal and room reseller rentals implemented July 1, 2015.

Fund Balance, Reserves and Transfers (Page 7)

This budget does not include the use of reserve funds. Currently, the Town's unassigned fund balance is 17% of budgeted expenditures, within the target 15%-20% range of the Town's fund balance policy.

The FY21 budget does propose the use of transfers from the Infrastructure Fund to support three infrastructure projects of the Town – completion of the West Beach Landfill Slope Repair (\$70,000), deployment of a permanent restroom facility at Mansion Beach (\$175,000) and renovation of the Visitors' Center at the Hospitality Center (\$100,000). The Infrastructure Fund was established in 2015 to fund the renovations and improvements to the infrastructure of the Town of New Shoreham; the fund was established with easement and option proceeds received from Deepwater Wind and National Grid and has an available balance of \$508,920.

The line item RESERVE/BILT NOTE represents the Block Island Land Trust reimbursement to the Town for Debt Service paid on its behalf (Pages 7 & 22).

Expenditures

Staffing and Salaries

The FY2021 budget represents the second year of a three-year effort to formalize a new employee classification system for employees in the New Shoreham Employee Association (NSEA). The second year impact of NSEA salaries on the Town and School budgets was projected to be \$150,044. The next step in that process is to properly evaluate each position and develop job descriptions that correspond to the classification plan that has been designed and is in use.

Traditionally, employees working outside of these two unions generally follow the NSEA agreement. The structured labor grade and step wage schedule has been applied for all exempt, contractual and seasonal employees.

In 2018 a process was undertaken to compare the salaries in New Shoreham to comparable positions in other communities. The conclusion of that comparison was that there were a number of positions that were under compensated relative to the comparison group. The negotiated and approved salary schedule that accompanied the creation for the new classification plan results in significant increases for individual positions in the workforce.

The contract between the IBPO Police Union and the Town expires June 30, 2020. The budget amount presented holds the FY2020 wages with the expectation that a new agreement will be reached before the budget is finalized this Spring.

The Building Department, Town Clerk's Office, Harbors Department, and to a lesser degree the Police Department each have personnel shifts that will develop and be resolved through the next year. This budget provides for the flexibility to accommodate that process, including the hiring and training of any new employees. This budget also anticipates and plans for changes in benefits based on the changes in personnel in the respective departments.

Taking a broad view, Town wages-benefits-taxes represent about 23% of the total budget. Seasonal wages represent another 3% of the total budget.

Health Insurance Benefits

Health and dental insurance premiums are expected to remain level for FY2021.

Three employees currently decline health and dental coverage because they are covered under other (spouse or parent) Town plans. This results in annual savings but remains an area of expense exposure of up to \$63,025 should individual circumstances change.

Retirement contributions

Municipal retirement contributions change only slightly for FY2021 from 7.26% to 7.28% for general employees and police retirement contributions from 21.29% to 21.52%. As a participant in the State retirement system, the Town also contributes 1% of wages to TIAA-CREF for municipal employees. At June 30, 2019, the municipal employees' plan was 93.8% funded; the Police plan was 75.1% funded.

Administration (Page 8)

Budget Summary	FY2019 Actual	FY2020 Budget	FY2021 Request	Change (\$ / %)
	\$1,317,917	\$1,426,917	\$1,473,334	\$46,418/3%

Town Manager

The budget line for the Town Manager is proposed at \$125,720 with a standard benefit package. A housing assistance line of \$8,400 is also proposed.

Classification and Compensation Study

As a continuation of the organizational review started in FY2019, the FY2021 budget includes \$10,000 to support a comprehensive classification and compensation review including assessment of position descriptions, employee classification and labor grade.

Consultants – Legal/Litigation/Solicitor/Other

Funding amounts for the LEGAL/LITIGATION line of \$40,000 and the LEGAL/SOLICITOR line of \$175,000 remain the same in FY2021.

Consultants – Engineer

The budget plan maintains the CONSULTANT/ENGINEER line at \$30,000. Priority projects include continued beach access improvements.

Technology

Funding from the TECHNOLOGY FUND and HTA FUND (fees collected under State Law) will be used to continue to support the ClerkBase program for maintenance of current and historical Town Council, Planning Board and Zoning Board agendas and minutes, as well as to implement a Clerk's Office Records Management initiative by automating the recording of instruments, enable real-time availability of document retrieval indices, and digitizing microfilm from 1973 – current.

Deer Management

The FY2021 budget proposal recommends \$15,000 to support the deer tail and tag reimbursement program. The Deer Task Force revised their request to \$24,075 just prior to budget completion based

on the low number of deer taken during the current year (FY20) and treating that low figure as an outlier. Restricted funds of about \$7,529 in donations remain for additional tail reimbursements. FY2020 YTD expenditures include \$13,500 for deer tail reimbursements.

Contingency

Maintaining a Contingency of \$50,000 is recommended for FY2021. This represents less than 1% of the total operating and capital budget, even when fixed appropriations such as debt service and school support are excluded.

Finance (Page 9)

Budget Summary	FY2019	FY2020	FY2021	Change
	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>(\$ / %)</u>
	\$401,199	\$395,226	\$431,798	\$36,572/9%

The increase in BENEFITS reflects an employee electing benefits when they had been waived previously.

Fire/ Rescue/ Emergency Management (Page 10)

Budget Summary	FY2019	FY2020	FY2021	Change
	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>(\$ / %)</u>
	\$294,278	\$321,944	\$335,696	\$13,752/4%

Staffing changes in Dispatch has produced a stable working schedule and currently reflects a fully covered dispatch function.

Police (Page 11)

Budget Summary	FY2019	FY2020	FY2021	Change
	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>(\$ / %)</u>
	\$977,606	\$1,020,545	\$1,139,838	\$119,292/12%

Wages/Police Officers

The Town and the IBPO Police Union are engaged in contract negotiations for the Agreement expiring June 30, 2020. The proposed budget does not currently reflect any changes that may arise from those negotiations.

Seasonal Police Officers

The FY2021 Police budget maintains the existing seasonal officer complement including throughout the shoulder season. It is becoming more difficult to attract qualified seasonal officers, necessitating an increase in the rates offered.

Vehicle Replacement

During FY20 a VEHICLE REPLACEMENT line was added to the Police operating budget in lieu of placement in the Capital Tax budget. The proposed FY2021 program includes first and third year payments on three year vehicle replacements.

Highways & Maintenance (Page 12)

Budget Summary	FY2019 Actual	FY2020 Budget	FY2021 Request	Change (\$ / %)
	\$860,598	\$964,117	\$972,089	\$7,972/1%

Seasonal Staff Wages

The FY2020 work plan includes budget funding to support one (1) summer intern.

Maintenance/Facilities Stabilization

The FY2020 budget continued funding the MAINTENANCE/FACILITIES STABILIZATION line by prioritizing improvements to building exterior envelopes (roofs, walls, windows and doors). In support of these and other initiatives, the FACILITIES STABILIZATION program includes funding of \$50,000 for FY21.

Maintenance/Landfill Slope

A Capital item for WEST BEACH LANDFILL has been added to the FY2021 budget to support the completion of West Beach landfill capping and filling. An ongoing slope maintenance program will be required going forward to maintain the slope repair area as needed due to expected erosion.

Mansion Beach Porta-Johns

As a result of the successful placement of porta-johns at the entrance to Mansion Beach, the MAINTENANCE/PORATA-JOHNS budget line will include placement for summer 2020. A capital project to install a permanent facility is proposed for FY21 to be ready for summer 2021.

Harbors (Page 13)

Budget Summary	FY2019	FY2020	FY2021	Change
	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>(\$ / %)</u>
	\$653,415	\$644,373	\$614,951	\$-29,422/-5%

Wages

Changes in personnel in the Harbors Department will result in some departmental savings; these are partially offset by costs shifted to other departments.

Dredging

The FY2021 budget includes \$20,000 for MAINTENANCE/ DREDGING in Old Harbor. Previously anticipated as a biennial expense, annual funding should be considered. Given the timing of the dredging window and winter storms, waiting two years between dredging allows significant accumulation and revenue is lost due to unusable dock frontage.

Building Official (Page 14)

Budget Summary	FY2019	FY2020	FY2021	Change
	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>(\$ / %)</u>
	\$231,340	\$250,033	\$306,127	\$56,095/22%

Building Official Wages

The Building Official has agreed to extend his intended retirement date out to October of 2020 if needed. This budget reflects the re-configuration of the office, and the funding of the transition to that new configuration. Applicable statutes and regulations will require that the roster of roles and responsibilities that have been provided by one individual will be divided between a number of positions.

A new position of Residential Inspector is proposed. In addition, three part-time positions of Electrical, Plumbing, and Mechanical inspectors will be budgeted in one line item to provide some flexibility as the positions are filled.

There is a proposed amount in the Building Official line to 1) fund the transition to the new configuration and the hiring and training of the new employees and 2) to allow the use of the incumbent building official to augment the inspection department through the rest of the fiscal year. A part-time Zoning Enforcement position is included separate from the residential inspector position. As the positions are filled, there may be individuals who are qualified or interested in becoming qualified to fill more than one of the roles separately identified. This budget allows for the flexibility to accommodate a number of possible developments in staffing.

Fire Safety Inspector Wages

The plan reflected in the 2020 budget to have a present Building Department employee assume some of the alarm response and fire inspection duties has not come to fruition. This budget proposes three amounts for the three roles that were contemplated in the previous budget – Minimum Housing Inspection, Fire Prevention, and Wastewater Inspection. The intention is to staff the Fire Alarm Inspection/Fire Prevention function separate from the other two to allow for the creation of a separate position.

There have been ongoing discussions regarding moving the annual and tri-annual inspection of wastewater systems from a town employee and replacing it with a system in which licensed installers provide the certification of the inspection and the Building Department staff track and record the inspections. This proposal requires more discussion internally and among the community before that transition can be considered and potentially adopted.

Recreation (Page 15)

Budget Summary	FY2019 <u>Actual</u>	FY2020 <u>Budget</u>	FY2021 <u>Request</u>	Change <u>(\$ / %)</u>
	\$398,047	\$417,815	\$428,265	\$10,451/3%

There are no significant changes proposed to the operating lines of the Recreation budget. The Department continues to pursue new ways to serve the recreation needs of all members of the Block Island community.

Library (Page 16)

Budget Summary	FY2019 <u>Actual</u>	FY2020 <u>Budget</u>	FY2021 <u>Request</u>	Change <u>(\$ / %)</u>
	\$513,822	\$519,776	\$569,081	\$49,303/10%

There are no significant changes proposed to the operating lines of the Library budget. A part time position budgeted to start January 1, 2020 is now included for a full year. It is noted that building maintenance (capital maintenance and ongoing maintenance) continues to be an area of focus given the high volume of use of the facility.

GIS/Technology (Page 17)

Budget Summary	FY2019 <u>Actual</u>	FY2020 <u>Budget</u>	FY2021 <u>Request</u>	Change <u>(\$ / %)</u>
	\$233,221	\$301,337	\$327,480	\$26,143/9%

Consultant/ Technology

The Town's IT consultant maintains the operational integrity of the Town's two primary networks and data systems for Town Hall and Police, as well as provides support for end user technical issues and requests for assistance. The FY2020 work program maintains current funding levels for the IT consultant at \$100,000.

Equipment Replacement

With changes to the approach in maintaining and managing Town assets through the Capital Improvement Program introduced last year, the EQUIPMENT REPLACEMENT line will be used for replacement of TECHNOLOGY equipment in lieu of the Capital Tax budget. The FY2021 program emphasizes equipment replacement and upgrades at the Police Department.

License & Maintenance Contracts

Increases in LICENSE & MNTNC CONTRACTS line are driven by additional required application licensing combined with rising costs for existing licenses.

Boards & Commissions (Page 18)

Budget Summary	FY2019 <u>Actual</u>	FY2020 <u>Budget</u>	FY2021 <u>Request</u>	Change <u>(\$ / %)</u>
	\$165,958	\$197,367	\$207,201	\$9,834/5%

There are no significant changes proposed to the Boards & Commissions program.

Community Support (Page 19)

Budget Summary	FY2019 <u>Actual</u>	FY2020 <u>Budget</u>	FY2021 <u>Request</u>	Change <u>(\$ / %)</u>
	\$613,465	\$683,746	\$699,169	\$15,423/2%

Block Island Health Services

The Town has set a priority of supporting the Medical Center's 24/7 current service model on an ongoing basis. Health Services outlines a comprehensive program for FY2021 and requests maintenance

of funding levels at \$300,000. The budget funding recommendation for FY2021 grants this request. During FY21, BIHS also took responsibility for NAMI's costs associated with tele-medicine case management services (\$10,000).

Block Island Volunteer Fire & Rescue

The Town reiterates its commitment to support BIVFR. The FY2021 BIVFR budget request totaled \$214,840 which includes rescue payroll, training, vehicle and equipment testing and maintenance, and radio equipment costs. The funding recommendation for FY2021 maintains the Town's current level of support from at \$180,400 after a significant increase in FY20.

Block Island Early Learning Center

The request from BIELC was for level funding of \$147,785.

Senior Advisory Committee

The Senior Advisory Committee requested an increase in funding to \$36,100 to accommodate additional support for the Seniors Coordinator, permanent funding of the ride program and additional administrative and programming costs.

NAMI-BI (National Alliance on Mental Illness - Block Island)

Nami-Bi is requesting \$3,000 in funding for its Summer Safety Program. NAMI collaborated last year with the NSPD and BIHS to educate employers about the importance of informing their employees about the medical and emergency services and resources available to them for public safety purposes.

NAMI intends to launch phase two of that program which would include publishing posters, referral lists and letters of suggestions to island employers around safe housing management and hiring practices. While the request has been recognize in the FY21 budget, no funding recommendation has been made at this time.

Visitors' Center

Significant improvements are being considered and moving toward planning for upgrading the Block Island Visitors' Center in Old Harbor. In expectation that they will come to fruition, this budget reflects a proposal not yet agreed upon that shares the cost of staffing the visitor information support component for the upcoming season between the Town, the Tourism Council, and The Chamber of Commerce. The cost of the four seasonal employees is just under \$30,000. The request for \$10,000 in this budget is the town's one-third share.

Given that the rental agreement has expired, and the original rental agreement was \$10,000, the expectation is that a one-year agreement will be proposed at \$10,000. The budget will reflect both the rent and the town contribution, although they will effectively offset each other.

School Support (Page 20)

Budget Summary	FY2019 Actual	FY2020 Budget	FY2021 Request	Change (\$ / %)
	\$4,889,627	\$5,070,965	\$5,233,958	\$162,993/3.2%

Block Island School

The Block Island School requests appropriation of \$5,233,958 in support of the FY2021 budget, an increase of 3.2% from the FY2020 budget. School budget materials are available on the School’s website and as a separate handout. www.blockislandschool.net.

Capital Tax (Page 21)

Budget Summary	FY2019 Actual	FY2020 Budget	FY2021 Request	Change (\$ / %)
	\$333,573	\$377,000	\$588,000	\$211,000/56%

With the FY20 budget, changes to the approach in maintaining and managing Town operating assets through the Capital Improvement Program shifted a number of maintenance efforts and asset replacements to operating budgets including vehicle and equipment replacement, ongoing and repetitive maintenance contracts, and small acquisitions. In doing so, the Capital budget section for FY 2020 was reduced. When the projects shifted to operating budgets are considered with projects actually contained in the Capital budget, the total commitment was about 18% lower, or \$100,000, last year.

	2014	2015	2016	2017	2018	2019	2020*	2021
Capital Tax Budget	341,482	333,682	333,602	344,065	603,169	563,110	377,000	588,000

*During FY20 certain items were moved out of the Capital budget into departmental lines; the budget had those changes not been made would have been \$463,657.

A concerted effort is being made in the FY21 budget to restore funding to capital projects in order to avoid deferred maintenance failures and uphold commitments to infrastructure improvements. Projects recommended for funding in the FY2021 budget include:

Transfer Station Truck Scale Replacement

Replacement funding included in Capital plan for FY2021. Likely will be sole source procurement. Replacement required in the near-term.

Island Free Library Windows Replacement

Phase I of the project (FY20) went to bid in November of 2019 and windows for the rear of the building have been ordered. This amount for FY21 would complete the project. The window replacement program is being partially funded through a Champlin Foundation grant.

Mansion Beach Restrooms

The funding for the installation of bathrooms for Mansion Beach is included in this budget with target construction in fall/winter of 2020/2021. The design anticipates a prefabricated structure installed in approximately the same location as the current port-a-johns. Funding is proposed to come from the Town's Infrastructure Fund.

Visitor's Center/Congregation Initiative

A significant community outreach/research/data gathering effort was undertaken and completed in 2019. A proposal from a private stakeholder for a public/private partnership to expand and reconfigure the center has been received and we are in the process of pursuing that approach. Included in that would be schematic design incorporating the building program followed by permitting, then construction. The Town's contribution would be for materials and there is a proposal included in this budget to fund that from the Town's Infrastructure Fund.

West Beach Slope/Revetment Project

This project is very near completion. \$72,000 was recently awarded for capping material from the \$1.995m funding originally authorized and borrowed for the project. The estimate for the completion of the project is \$70,000 which is included in the Capital budget for FY21, with funding to come from the Town's Infrastructure Fund.

Debt Service (Page 22)

Budget Summary	FY2019 Actual	FY2020 Budget	FY2021 Request	Change (\$ / %)
	\$2,326,805	\$2,374,842	\$2,394,683	\$19,841/1%

There are several projects for which borrowing has been authorized but debt has not yet been issued. These include \$1.5m for the Thomas Property Town Housing Initiative and \$675,000 total for the Broadband Community Anchor Institution (CAI) Deployment and planning and engineering of the Island-Wide Broadband network. Debt service for these projects is not included in the FY21 budget; together annual debt service could total \$150,000 when issued.

A refunding opportunity may be available to the Town this spring which could reduce existing debt service, though numbers will not be known prior to budget adoption.

The FY2021 budget includes an interest payment of \$71,004 on the \$1.8m BIPCO note for which principal and interest matures November 2020.

Total Debt Service represents 15% of the total budget. Net Debt Service (net of reimbursements by BILT, state Housing Aid, and Thomas Property rents) represents 11% of the total budget.

RIGL caps the amount each municipality's general obligation bonds that may be outstanding to 3% of assessed property values. The assessed value of the Town's properties at December 31, 2018 was \$1,682,281,199, limiting the amount of non-exempt general obligation bonds to \$50,468,435. At June 30, 2019, general obligation bonds outstanding totaled \$15,241,672, including amounts which are exempt from the cap.

Updates on Major Projects/Programs/Improvements

The FY2020 work plan included several major projects/programs/improvements. The current project status is outlined below.

West Side Road Sidewalk Improvement Project (DOT funded)

The West Side Road Sidewalk Improvement Project is a RIDOT funded construction project that was previously delayed due to available State funding. The project has been to bid and awarded at an amount below the estimates for the project. Construction will begin in the next two weeks. The project Completion date is June 12, 2020, but the expected completion is before Memorial Day.

Broadband Deployment

The Broadband CAI deployment project went live in 2019 and two additional facilities have already been added to the ring. Development of the island-wide network is well underway. An RFP was issued last fall and a vendor team identified to construct and operate the proposed network. Additional discussion of the development of the island-wide network will continue throughout the budget process. Broadband debt service for the CAI Network or the preliminary island-wide work is not included in the FY2021 budget.

Town Housing Initiative

The Town Housing Initiative was launched in June 2018 completing site plan layout and design. The first phase of the town housing project, the construction of a house for senior management, received Planning Board approval in February 2019. The Planning Board approval was appealed to the Zoning Board of Appeals who denied the appeal on March 27, 2019.

Construction of the house is 90% complete with a target date of May 1, 2020. The rental income and maintenance expenses will be reflected in subsequent annual budgets.

The original amount approved in 2019 was \$1,500,000. The estimated cost of the first building is \$650,000. The second phase of the project, the renovation of the Thomas house into apartments for employees, is in the planning stages with a target construction date of Fall 2020. The Town Housing Initiative debt service is not included in the FY2021 budget.

BI School Façade Improvement

Construction began in November 2019 after bid and bid award. Project is 90% complete. Final completion is expected April 30, 2020.

National Grid/Orsted Cable Replacement

The original cable installation has uncovered and need to be redone. The two entities, Orsted and National Grid, have completed their designs and presented to the Town Council. They are currently going through permitting with the Army Corps of Engineers and CRMC. Negotiations for temporary and permanent easements are pending. Construction target is fall/winter of 2020/21.