



TOWN of NEW SHOREHAM
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To: New Shoreham Town Council
From: Jim Kern, Interim Town Manager
Date: March 11, 2020
CC: Amy Land, Finance Director
Subject: Proposed FY2021 Budget

My objective as Interim Town Manager has been to provide day-to-day management of town government and to minimize the disruption and loss of momentum that inevitably occurs during a transition of permanent Town Managers. As such, although I have ideas and questions that run the gamut from trivial to global, and include both procedural and philosophical elements of the creation and management of an annual budget, I have to a very large degree refrained from interjecting those ideas in the preparation process and the budget as presently constituted, deferring to the process already in place and the corporate knowledge held by the important participants in the budget development.

What follows is a summary of the FY21 budget and a brief narrative regarding the more important budgetary concerns.

Revenues:

A brief review of revenue projections: The budget as presented requires an increase to the tax levy of 4.0 percent and assumes a tax collection rate of 98%. Local receipts are essentially flat. They have been estimated conservatively and reflect recent historical trends. Of particular note is the difficulty in estimating building permit activity as the projects have grown in size and cost while the time between projects has grown and become somewhat less "regular".

Level Service Budget:

The budget as proposed is a level service budget, which is to say it proposes no new positions or initiatives, but aims to maintain present level of service within the constraints of the revenue projections.

Town-wide Personnel Costs

This budget includes a significant increase in the base salaries of virtually all general government employees as a result of an intentional contractual schedule entered into last year. This budget represents year two of a three year program to increase in a broad way the salary structure represented in the recently created classification plan. The specific changes vary across the plan. This budget also includes the commensurate increases in payroll costs.

There are also a number of departments where departing employees are being replaced by employees who will likely begin in their respective positions at lower steps in the classification plan.

In order to properly define and grade the existing positions in the classification plan, I have proposed \$10,000 to engage a consultant with expertise and resources in this area. These efforts are normally undertaken after many years have elapsed since the last one, and it is important to properly grade the positions, including responsibilities that have changed since the last evaluation.

Building Department:

This budget includes the re-configuration of the building department in expectation of the retirement of the longtime building official. The requirement to allocate a number of the functions that have been provided by one individual across a number of individuals and how those individuals will be engaged is represented in the department budget, along with the costs of making the transition.

Police Department:

This budget includes the funding for a new patrol officer to replace an officer who has been on extended Injured On duty (IOD) status. The IOD case is continuing through the process which has progressed to the application for a service related disability retirement. That process will follow the prescribed path through the coming months. For that period, the salary for the injured officer is included, although there are some offsetting insurance reimbursements associated with that status.

The collective bargaining agreement with the Police collective bargaining unit expires on June 30, 2020. This budget presents the personnel union funding at its current level with the expectation that a new agreement will be reached during spring 2020 and the specific funding necessary can be adopted.

Informational Technology:

This budget increases the operational component of the IT budget by 9%. Although my assessment of this area of town government is far from complete, my initial impression is that the level of effort needs to increase in the near-term. The realities of modern information technology management, including integration and maintenance of a wide variety of applications across virtually every area of government, managing the ever-

increasing security threats, providing for continuation of process during an interruption, and generally providing the tools with which people can be more productive and service provision is improved, is likely a larger effort than is presently being undertaken in New Shoreham. The process of evaluating and recommending any changes will be a future consideration for management at all levels.

Capital Plan:

This budget funds three near-term project as transfers from the Infrastructure Fund: the materials for the potential reconfiguration and improvement of the Visitors Center in Old Harbor (\$100,000); the remaining funds necessary to complete the transfer station revetment project (\$70,000); and the Mansion Beach Restroom Construction project (\$175,000). The major proposed authorization from the Capital Tax is the replacement of the transfer station scale at \$128,000.

Health Insurance:

Health Insurance cost projections are essentially flat, notwithstanding any changes to enrolment due to qualifying events or change in position. This follows four years of similar performance, and highly unusual claim pattern in my experience. As our premiums are heavily weighted on our own experience, I have to believe this is at least in some part due to efforts within the employee roster to improve wellness and the intelligent application of resources.

Reserves:

Based on commonly used benchmarks, New Shoreham's reserve position would be considered strong. I am, however, becoming more cognizant of the realities that come with the physical isolation of the community as it pertains to management of, and recovery from a serious natural or man-made disaster. The mutual aid and state and regional support that is available in most communities would likely be significantly different here, particularly in immediate aftermath of such an event. Because of that, I agree with the long-term objective of increasing reserves to a level that might be considered excessive by some standards. This process is a multi-year effort that never really ends. From my assessment, New Shoreham has done an admirable job getting to where it is in this metric and the gradual effort should be sustained.

Looking Forward:

There has been significant progress made in recent years on capital projects that had stagnated for one reason or another. Examples include the proper capping and configuration of the landfill/transfer station, which is nearing completion, and the West Side Road Sidewalk project, which is due to begin. This budget includes the funding for

the last piece of the landfill capping effort, and sets the place for the ongoing funding of the maintenance of the facility. This budget also includes a projected sum for the cost of materials associated with the re-configuration and improvement of the Visitor's Center, an idea that has been considered for years. Outside of the operational budget, the plan to bring broadband access to the island, the process of completing the purchase of the entity that provides power to the island, and the re-installation of the off-shore wind generation/fiber optic connection project puts the residents and visitors to Block Island on the precipice of transformational progress in the very near term. With prudent financial management and inclusive and well-informed decision making, the town can position itself to be ready for the challenges ahead.