

**Town of New Shoreham
Town Manager's Presentation of the
FY2020 Annual Operating & Capital Budget**

March 15, 2019

Overview

Budget Overview

The proposed FY2020 budget provides for a 3% increase over the current year for a total Town of New Shoreham General Fund Operating and Capital Budget of \$14,936,680. The recommended budget represents a \$437,605 increase over the current year.

As outlined by Town Council in its effort to identify strategic themes and goals for the community, the FY2020 budget was developed with the following priorities in mind:

- Provide for a safe and livable community
- Maintain responsible community planning for the future
- Focus on smart and sustainable growth
- Rely on fiscal responsibility and promote community service excellence
- Strengthen our community resiliency

Of the total \$437,605 budget increase, \$155,821 is attributed to implementation of programs to bring Town employee salaries closer to state and regional averages, \$181,338 is requested by the BI School, and \$160,675 is for debt service on the West Beach Landfill Slope Repair project; these are partially offset by other expenditure savings and increases in fee revenue and state aid. Approximately 74% or \$322,987 of the total budget growth is funded through an increase in the tax levy.

Revenues

Taxes (Page 2)

The FY2020 budget includes a 3.49% 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
Tax Levy Increase	4.06%	2.60%	3.85%	2.54%	3.88%	2.85%	3.61%	2.08%

State Law caps the levy increase at 4.0%. Each 1.0% change in the tax levy is a change of \$97,487 to the budget. The collection rate is 98%, consistent with recent experience.

As this is a statistical revaluation year, any given property may see a change greater or less than the 3.49% total levy increase.

The motor vehicle exemption is \$3,000, consistent with the third 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 FY2020 the State will reimburse New Shoreham for a total of \$59,257 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.

Based on construction activities for the past 18 months, we predict continued growth in Building Permit fees throughout FY2020. The budget line for BUILDING PERMITS has been adjusted up 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)

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

Revenue from the SEWER/WATER COMMISSION reimbursement has been increased to \$80,000 better represent the actual administrative and financial costs to support the funds.

Revenue from the THOMAS PROPERTY RENT has been increased to \$30,000 to include both rental incomes from the Thomas duplex and partial year rental from the new Town rental house.

Revenue from the FRED BENSON BEACH ATM INCOME has been increased to \$3,500 to reflect full year deployment and last year's performance.

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. Revenue from this program represented an additional \$310,140 in FY2018.

Fund Balance and Reserves (Page 7)

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

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 & 21).

Expenditures

Salaries

It has been quite some time since a detailed employee position classification study has been considered. The FY2019 budget work plan outlined that a comprehensive organizational review of staffing levels, employee wage structures, position classifications, and benefit programs would be completed. The three-step program described includes the assessment and development of a new wage and step schedule, completion of a position classification study, and development of an organizational structure for the future that provides for employee evaluation of performance and opportunities for professional growth and development.

The first part of those efforts to review wage levels for similar positions in communities throughout the State and region began mid-year 2018. This effort demonstrated that a number of our position wages in New Shoreham were at times significantly lower than our counterparts. This information became the basis of contract negotiations for the 2019-2022 New Shoreham Employee Association (NSEA) agreement. Although the contract has yet to be fully ratified by the Association, the FY2020 budget includes a structured labor grade and step wage schedule as well as new contract language to support that comprehensive program. Given the significance of these changes, the program will be installed over the three year term of the proposed NSEA contract. The first year impact of NSEA salaries on the Town and School budgets is \$128,462.

In May 2017, the Town and IBPO Police Union reached an agreement extending through June 2020 calling for annual \$4,000 increases for most officers. Those agreements are reflected in the FY2020 budget.

Traditionally, employees working outside of these two unions generally follow the NSEA agreement. The structured labor grade and step wage schedule will be used for all exempt, contractual and seasonal employees. The FY2020 budget work plan will advance the position classification study and develop personnel rules and regulations.

Taking a broad view, Town wages-benefits-taxes represent about 22% of the total budget. Seasonal wages represent another 3% of the total budget.

Health Insurance Benefits

Health insurance premiums are expected to decrease 2.1% or \$13,230 in FY2020. Dental premiums are expected to decline 2.7%.

The NSEA proposal requested that the Teacher Assistant positions become eligible for family benefit coverage under a shared cost program. In part to absorb the additional costs of this program and some expanded coverage options, the NSEA proposal also includes an increased health premium co-share, from 8.0% to 9.41%.

Four 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 \$73,776 should individual circumstances change.

Staffing Levels

The Town budget currently supports 50 part- and full-time, year-round employees for a total of 41.875 FTEs, as shown in the table below. The Town also employs approximately 38 seasonal FTEs.

Department	Employees	FTE's	Seasonal FTE's
Administration	9	6.5	
Finance	6	4.375	
Fire/Rescue/EM	5	5	
Police	6	5.5	9
Highways & Maintenance	6	6	2
Harbors	2	2	13
Building Official	4	3	
Recreation	2	2	12
Library	7	5.625	
Boards & Commissions	2	1.625	1.8
Community Support	1	.25	
Total:	50	41.875	37.8

The proposed FY2020 budget includes minor changes to staffing levels to meet work programming and initiatives.

- Administrative Assistant position for Boards & Commissions from 20 hours to 25 hours.
- Transitioning a temporary part time Library position to a permanent part time position.

The total permanent employee count remains at 50 with adjustments made to the full-time equivalent (FTE) count.

Retirement contributions

Municipal retirement contributions increase for FY2020 from 6.50% to 7.26% and police retirement contributions increase from 20.24% to 21.29%. As a participant in the State retirement system, the Town also contributes 1% of wages to TIAA-CREF for municipal employees. At June 30, 2018, the municipal employees’ plan was 92.7% funded; the Police plan was 72.3% funded.

Administration (Page 8)

Budget Summary	FY2018 Actual	FY2019 Budget	FY2020 Request	Change (\$ / %)
	\$1,301,601	\$1,402,712	\$1,426,917	\$24,205/2%

Town Manager

The budget line for the Town Manager wages remains the same at \$119,652 with a standard benefit package. A housing assistance line has been reduced to \$12,000 to cover housing assistance through September 2019.

Coordinator of Human Services/ Director of Public Welfare

Based on need, the FY2020 budget expands the service contract limits for the Coordinator of Human Services/ Director of Public Welfare position to \$15,000. The Coordinator will continue to provide community outreach, support and assistance to those in need.

Professional Development

In order to expand professional development opportunities to Town employees, a new PROFESSIONAL DEVELOPMENT line has been added to the budget in the amount of \$5,000 to be managed by the Town Manager as part of a focus on employee performance evaluation, goal setting and professional development.

Classification and Compensation Study

As a continuation of the organizational review started in FY2019, the FY2020 budget includes a comprehensive organizational review including assessment of position descriptions, staffing levels, personnel rules and regulations, employee classification and labor grade. The CLASSIFICATION & COMPENSATION line of \$2,200 will fund program tools to complete the study and develop recommended organizational structure changes.

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 FY2020. Although a reduction in litigation case load is expected compared to previous years, we anticipate that the replacement for the retiring Land Use Solicitor might carry some increased costs as well as Rate Case Experts for the BIPCO ownership transition to the Utility District.

Consultants – Engineer

Anticipating an increased need for engineering support in FY2020, the budget plan proposes to increase the CONSULTANT/ENGINEER line by \$5,000 to \$30,000. Projects include beach access and Downtown and New Harbor studies.

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 FY2020 budget proposal recommends \$15,000 to support the deer tail and tag reimbursement program. Restricted funds of about \$7,716 in donations remain for additional tail reimbursements in FY2020. FY2019 YTD expenditures include \$24,300 for deer tail reimbursements and approximately \$1,838 for deer tag reimbursements.

Contingency

Maintaining a Contingency of \$50,000 is recommended for FY2020. 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	FY2018 Actual	FY2019 Budget	FY2020 Request	Change (\$ / %)
	\$342,556	\$426,802	\$395,226	\$-31,576/-7%

There will be a tax sale scheduled for Spring 2020. TAX SALE COSTS are estimated at \$5,000 and are passed through to the property owner; the associated revenue can be found on Page 2 TAX SALE/TAX LEINS.

Fire/ Rescue/ Emergency Management (Page 10)

Budget Summary	FY2018	FY2019	FY2020	Change
	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>(\$ / %)</u>
	\$279,972	\$282,257	\$321,944	\$39,687/14%

Staffing changes in Dispatch has produced a stable working schedule. Selections of eligible benefits by recent hires have increased in the BENEFITS line.

Police (Page 11)

Budget Summary	FY2018	FY2019	FY2020	Change
	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>(\$ / %)</u>

Wages/Police Officers

The Agreement reached with IBPO Police Union in 2017 is reflected in the FY2020 WAGES adjustments.

Seasonal Police Officers

In an effort to maintain the quality of life programs introduced in FY2019 focused on pedestrian and traffic safety, the FY2020 Police budget includes shoulder season expansion to three (3) seasonal Police officers from Labor Day to Columbus Day. As a result, the WAGES, TRAVEL and EQUIPMENT lines have been adjusted.

Vehicle Replacement

With changes to the approach in maintaining and managing Town operating assets through the Capital Improvement Program, a VEHICLE REPLACEMENT line has been added to the Police operating budget in lieu of placement in the Capital Tax budget. The FY2020 program includes second and third year payments to the most recent Police vehicle replacements in FY2018 and FY2019.

Highways & Maintenance (Page 12)

Budget Summary	FY2018	FY2019	FY2020	Change
	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>(\$ / %)</u>
	\$925,630	\$987,087	\$964,117	\$-22,970/-2%

Highways Wages

The FY2020 work plan includes filling a vacant Highways position with a shared duty employee serving both the Highways Superintendent and Facilities Manager where needed. This flexible position will add value to our broad public works efforts.

Seasonal Staff Wages

The FY2020 work plan includes maintaining budget levels to support two (2) summer interns.

Contract Services/Roads

Given condition of some of the Town's roadways, the CONTRACT SERVICES-ROADS line has been increased to \$5,000 to support additional effort to keep our roads safe and in good repair.

Dune and Beach Maintenance

Given beach and revetment wall erosion along Crescent Beach as well as a desire to expend efforts on dune maintenance and protection, the DUNE/BEACH MAINTENANCE line has been increased to \$5,000.

Water Fountain and Fill Stations

Following the installation of water fill station at the Solvekein property, fill stations are now being considered at the Nicolas Ball Park, Ball O'Brien Park and Library. The FY2020 work plan includes a WATER FOUNTAIN & FILL STATIONS budget line item of \$750 to furnish, install and maintain fill stations.

Maintenance/Facilities Stabilization

The FY2019 budget continued funding the MAINTENANCE/FACILITIES STABILIZATION line by prioritizing improvements to building exterior envelopes (roofs, walls, windows and doors) and safety related projects across Town facilities.

Projects planned for FY2020 include roofing, trim, painting, door, and window replacement at various buildings including the Davidson House, Medical Center, Chief's House and Motor Pool Building at Coast Guard Station, and Library as well as maintenance of heating, ventilation, and air conditioning (HVAC) systems community wide. In support of these and other initiatives, the FACILITIES STABILIZATION program includes funding of \$75,000.

Vehicle Replacement

With changes to the approach in maintaining and managing Town operating assets through the Capital Improvement Program, the EQUIPMENT line will be used for replacement of vehicles and equipment in lieu of the Capital Tax budget. In addition to small equipment replacement, the FY2020 program will be used for replacement of dump bodies on several Highways vehicles.

Landfill Slope Maintenance

A new budget line LANDFILL SLOPE MAINTENANCE has been added to the FY2020 proposal to support ongoing slope maintenance in conjunction with the soon to be completed West Beach Landfill Slope Repair Project. Although not funded in FY2020, we expect funds to be budgeted every two years.

Mansion Beach Ports-Johns

As a result of the successful placement of ports-johns at the entrance to Mansion Beach in the 20018 summer season, the MAINTENANCE/PORTA-JOHNS budget line will include placement in 2019. A capital project to install a permanent facility has been proposed in the FY2020-FY2029 Capital Improvement Program.

Harbors (Page 13)

Budget Summary	FY2018 <u>Actual</u>	FY2019 <u>Budget</u>	FY2020 <u>Request</u>	Change <u>(\$ / %)</u>
	\$596,415	\$624,747	\$644,373	\$19,626/3%

Wages

Permanent and seasonal staffing levels remain consistent with recent budget years. Changes in wages reflect contract agreements and structured salary changes.

Equipment Replacement

With changes to the approach in maintaining and managing Town assets through the Capital Improvement Program, the EQUIPMENT line will be used for replacement of vehicles and equipment in lieu of the Capital Tax budget in addition to previously budgeted small equipment replacement. The FY2020 program includes \$11,500 towards the replacement of a pump and related parts for one of the pumpout vessels.

Moorings Maintenance

The mooring services contract has been adjusted to reflect anticipated work in FY2020. The FY2020 proposal on the MAINTAINANCE/MOORING line was reduced to \$105,000.

Dredging

The FY2019 budget included \$25,000 for MAINTENANCE/ DREDGING in Old Harbor. This is anticipated to be a biennial expense. The FY2020 program does not include this expense.

Dinghy Dock

In continued support of the dinghy dock lease in New Harbor, the DINGHY DOCK budget line has been increased to \$5,000 for annual hauling and maintenance costs.

New Harbor Office Renovation

Although a new project has been introduced in the FY2020-FY2029 Capital Improvement Program to address office and harbor access needs on the Great Salt Pond, ongoing maintenance of the existing Harbormaster Office at the Boat Basin is required. With changes to the approach in maintaining and managing Town assets through the Capital Improvement Program, the NEW HARBOR OFFICE RENOVATION line will be used to maintain the facilities during its near-term use in lieu of the Capital Tax budget. The FY2020 program includes \$12,000 for Harbor’s facility maintenance.

Building Official (Page 14)

Budget Summary	FY2018 Actual	FY2019 Budget	FY2020 Request	Change (\$ / %)
	\$211,535	\$219,792	\$250,033	\$30,241/14%

Building Official Wages

The Building Official has announced his retirement effective end of year 2019. In that, staffing and organizational changes are likely. The FY2020 WAGES/BUILDING OFFICIAL budget line expects changes to staffing including the Building Official replacement and carrying the current Building Official through a limited contract transition period with new staff.

Fire Safety Inspector Wages

Fire Alarm management has been an issue for some time so following coordination with the State Fire Marshal’s office, Building Department staff took the initiative to take the Fire Safety Inspector exam and pass setting up an opportunity for a fire safety inspector position. Initial tasks would focus on fire safety inspections and fire alarm system management in coordination with the BI Volunteer Fire Department. While this position does not exist at this time, it will evolve through the year until fully identified in the FY2021 budget. The FY2020 work plan includes the WAGES/FIRE SAFETY INSPECTOR budget line of \$20,414 which represents about 45% of staff time. The remaining 55% of staff time will include existing Minimum Housing and Wastewater Inspector duties.

Building Clerk Wages

In FY2018, one full-time Administrative Assistant staff for Building and Land Use was split into two part-time Administrative positions for better customer service and responsiveness. Both positions were included in the Boards and Commissions budget in FY2019. The current part-time position assigned to the Building Department will now be included in the Building Department budget. The WAGES/BUILDING CLERK budget line has been added.

Recreation (Page 15)

Budget Summary	FY2018 Actual	FY2019 Budget	FY2020 Request	Change (\$ / %)
	\$432,331	\$409,480	\$417,815	\$8,335/2%

Recreational Programming

While there are no significant changes to the Recreation budget, the Recreation Director has proposed several new summer camps including gymnastics and art to be including in the upcoming programming. These camps will be included within the existing programming funding.

ATM at Fred Benson Beach Pavilion

An ATM machine was placed at the Benson Beach Pavilion for a portion of summer 2018 with success. Convenience to visitors and opportunity to pay for itself guided our decision to bring it back. Revenues are expected to increase in FY2020.

Rental Rooms

Rental rooms for staff were introduced in FY2019. Seasonal housing at this location proved beneficial to attracting staff. Revenues from rental income were adjusted for a full season in FY2020.

Library (Page 16)

Budget Summary	FY2018 Actual	FY2019 Budget	FY2020 Request	Change (\$ / %)
	\$499,666	\$506,429	\$513,853	\$7,424/1%

Staffing

The FY2020 budget plan includes a part-time staff returning to her full-time position following maternity leave at the start of the calendar year 2020. A temporary part-time position covering the previous full-time schedule will become a permanent part-time staff at that time. Because of changes in wages and benefits, both the WAGES and BENEFITS budget lines have been adjusted.

There are no other significant changes proposed to the operating lines of the Library budget. It is noted that savings in the ELECTRICITY line has been realized given previous energy efficiency efforts.

GIS/Technology (Page 17)

Budget Summary	FY2018 Actual	FY2019 Budget	FY2020 Request	Change (\$ / %)
	\$235,103	\$261,492	\$301,337	\$39,845/15%

Consultant/ GIS

While continuing to support the Planning Board and Town's planning functions, the GIS/Planner provided support on implementing GIS initiatives throughout FY2019.

It is recommended that the Town's contract with Allison Ring be renewed for FY2020. The work plan includes a focus on public access to the Town's GIS through online applications such as WebGIS, an interactive website for public and town staff to view GIS data, create abutters lists, and custom maps. Efforts will also include the development of additional GIS layers for public access.

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.

Development and maintenance of our major system applications continued throughout FY2019 including particular focus on the development of the CAI Broadband fiber network and a redesign of the Town's website with CivicPlus. Our efforts will now focus on inventory of existing technology systems and develop a technology vision plan for the future.

The FY2020 work program recommends maintaining current funding levels for the IT consultant at \$100,000. Where the Town's IT consultant played a critical role in the success of the Broadband deployment and website development, it is recommended that a two-year contract with IST be extended through June 30, 2021 to complete ongoing system maintenance and major application integration as well as the development of the technology vision plan and community-wide Broadband fiber network.

Equipment Replacement

With changes to the approach in maintaining and managing Town assets through the Capital Improvement Program, the EQUIPMENT REPLACEMENT line will be used for replacement of TECHNOLOGY equipment in lieu of the Capital Tax budget. The FY2020 program includes \$30,000 toward the planned replacement of the Town's technology assets.

License & Maintenance Contracts

The amount for the LICENSE & MNTNC CONTRACTS line has been increased to \$113,357 which includes costs for FY2020 application licensing and broadband transport and internet service over the Town CAI network for Town Hall and Public Safety.

Boards & Commissions (Page 18)

Budget Summary	FY2018	FY2019	FY2020	Change
	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>(\$ / %)</u>
	\$210,689	\$209,248	\$197,367	\$-11,881/-6%

Clerk Wages

In FY2018, one full-time Administrative Assistant staff for Building and Land Use was split into two part-time Administrative positions for better customer service and responsiveness. Both positions were included in the Boards and Commissions budget in FY2019.

Based on initiatives with the Boards and Commissions, the FY2020 work plan includes increasing the part-time Clerk position from 20 hours to 25 hours. The WAGES/CERK budget line has been adjusted.

Consultant Planner

In FY2020, the Town's Consultant/Planner will continue to support the Planning and Zoning Boards and provide revisions to Zoning and Subdivision Regulations identified as actions within the Comprehensive Plan. The Planner is also expected to assist in the planning of the redevelopment of the Coast Guard Station property and the development of an affordable housing strategy.

Community Support (Page 19)

Budget Summary	FY2018	FY2019	FY2020	Change
	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>(\$ / %)</u>
	\$568,818	\$596,324	\$610,346	\$14,022/2%

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 FY2020 and requests an increase from FY2019 funding to \$300,000. The budget funding recommendation for FY2020 maintains the Town's contribution at \$260,000.

Block Island Volunteer Fire & Rescue

The Town maintains its commitment to support BIVFR. The FY2020 BIVFR budget request totals \$180,400 which includes rescue payroll, training, vehicle and equipment testing and maintenance, and radio equipment costs. The funding recommendation for FY2020 increases the Town's current level of support from \$135,000 to \$150,000, but less than requested.

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 \$23,100 to accommodate additional hours for the Seniors Coordinator and administrative and programming costs. Where the FY2020 budget recommends increasing the contract budget for the Human Services Coordinator/Public Welfare Director, the funding recommendation for FY2020 increases the Town's current level of support from \$17,100 to \$20,100, but less than requested.

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

As the community strives for improved access to mental health services, NAMI-BI has requested an increase in support of \$3,000 for a total of \$10,000 to accommodate expansion of tele-medicine services and related case management services and family support. The funding recommendation for FY2020 is to support NAMI-BI's request for \$10,000.

Chamber of Commerce

The BI Chamber of Commerce requests support of \$27,700 to maintain visitor center staffing at the Old Harbor Visitor's Center. The Town supported the Chamber of Commerce visitor center staffing some time ago but there has been no funding provided since about 1993. Funds would be used to staff up to 3 persons throughout the peak season with extended visitor center hours.

While the request has been recognized in the FY2020 budget, no funding recommendation has been made for this item. A more detailed study on visitor center space needs and staffing levels should be considered.

School Support (Page 19)

Budget Summary	FY2018 <u>Actual</u>	FY2019 <u>Budget</u>	FY2020 <u>Request</u>	Change <u>(\$ / %)</u>
	\$4,775,148	\$4,889,627	\$5,070,965	\$181,338/3.7%

Block Island School

The Block Island School requests appropriation of \$5,070,965 in support of the FY2020 budget, an increase of 3.7% from the FY2019 budget. School budget materials are available on the School's website and as a separate handout. www.blockislandschool.net.

Capital Tax (Page 20)

Budget Summary	FY2018 Actual	FY2019 Budget	FY2020 Request	Change (\$ / %)
	\$327,409	\$563,110	\$427,000	\$-136,110/-24%

Capital Improvement Plan (CIP)

Focus on addressing critical infrastructure maintenance and improvements remains a priority in this budget. The FY2020 budget plan introduces a 10-year Capital Improvement Plan (CIP) outlining critical infrastructure needs and an investment plan to address those needs. A 10-year planning horizon approach allows the Town to better schedule major capital expenditures in order to help avoid spikes in the Town's tax rate as well as rates and charges assessed by the Town's enterprise funds. Although the CIP includes projects scheduled over 10 years, the FY2020 budget only appropriates funding for those projects scheduled for the upcoming year.

Through the development of this program, changes to the approach in maintaining and managing Town operating assets through the Capital Improvement Program has 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 Tax budget section for FY2020 is lower.

Overall, when the totality of projects shifted to operating budgets are considered with project listed herein, the total commitment is about 9% lower, or \$50,000. It is noted that there are a number of additionally funded projects pending and have been prioritized in order to maintain our financial commitment to critical capital infrastructure investment.

Projects recommended for funding in the FY2020 budget include:

- Replacement and expansion of the Coast Guard Station Dock (\$150,000).
- New Harbor Vision Plan (\$30,000).
- Replacement of Police All-Terrain Vehicle (\$27,000).
- First year funding (of three years) for replacement of Highways Flail Mower (\$55,000).
- Heinz Field Drainage Improvements (\$25,000).
- Partial and continued funding for School building improvements including HVAC systems, drainage and exterior envelope improvements. RIDE funding may be available as an offset. (\$100,000)
- Replacement of Library windows (\$40,000).
- Technology upgrades include planned equipment replacement for Clerk's Office Records Management to automate recording of instruments and enable real-time availability of document retrieval indices. (\$25,000 funded through Technology Fund, see Page 8 ADMINISTRATION)

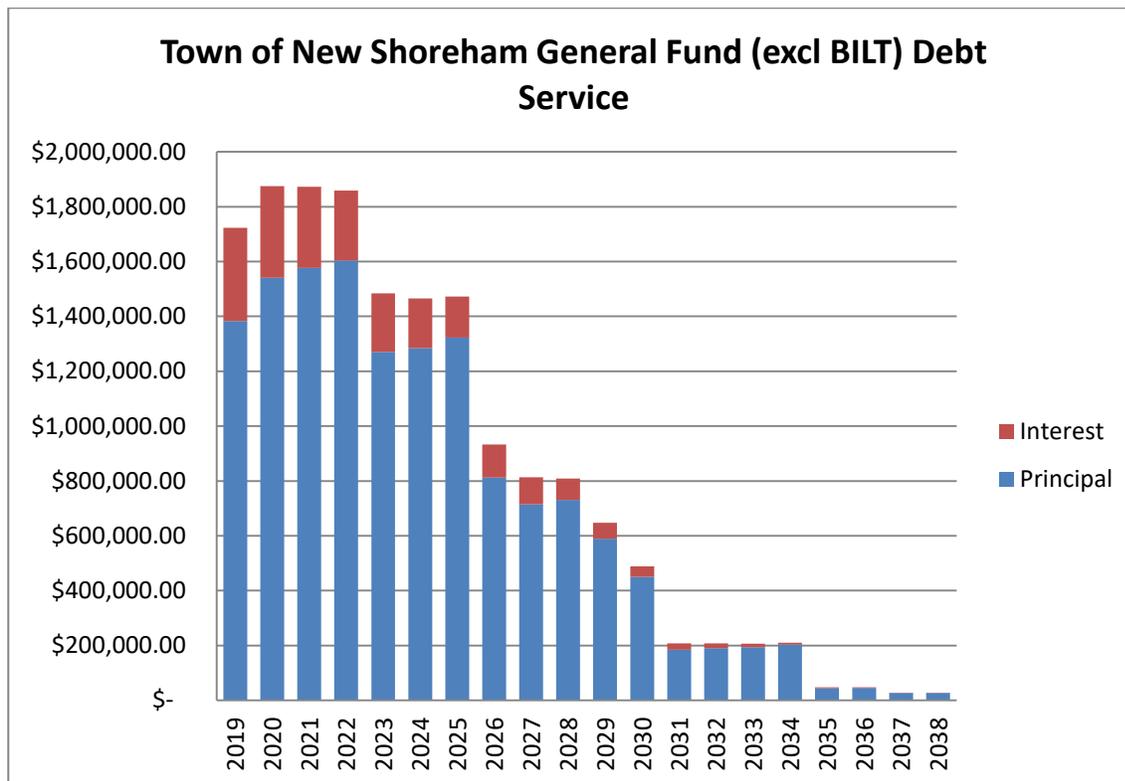
Debt Service (Page 21)

Budget Summary	FY2018 Actual	FY2019 Budget	FY2020 Request	Change (\$ / %)
	\$1,599,242	\$2,197,366	\$2,374,842	\$177,476/8%

Debt service is budgeted to increase \$177,476 in FY2020 as full annual debt service comes on line for West Beach Landfill Slope Improvement Project.

The FY2020 budget includes an interest only payment of \$52,962 on the \$1.8m BIPCO note, with the expectation that the note is repaid in full prior to March 2020 as BIPCO transitions to the Block Island Utility District.

The Town’s debt maturity schedule is shown below:



Total Debt Service represents 16% 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, 2017 was \$1,683,260,617, limiting the amount of non-exempt general obligation bonds to \$50,497,818. At June 30, 2018, general obligation bonds outstanding totaled \$14,971,940, including amounts which are exempt from the cap.

FY2019 Major Projects/Programs/Improvements Status

The FY2019 work plan included several major projects/programs/improvements. The current project status is outlined below.

West Beach Slope/Revetment Project

This project started in September 2018 and continues through winter 2018/2019. The expected completion date is May 1, 2019. The FY2019 appropriation was \$1,995,000. This project is within budget and on schedule. Debt service included in the FY2020 budget is \$160,675.

West Side Road Sidewalk Improvement Project (DOT funded)

The West Side Road Sidewalk Improvement Project is a RIDOT funded construction project that was delayed to 2019 due to available State funding. Final design is complete and the project is expected to receive final approval in mid-2019. Construction is scheduled for Fall 2019. Construction and related construction observation and contract administration services are 100% funded by RIDOT. This project will not have a fiscal impact on the Town's future debt service.

Broadband Community Anchor Institution (CAI) Deployment and Beyond

The Broadband CAI deployment project went live on March 11, 2019 providing Town-owned fiber optic network support to municipal, public safety, medical, library and education anchor institutions in the Town. The FY2019 funding appropriation was \$550,000. This project was completed within budget and on a modified schedule. The 2019 work plan shifts focus to the design of a community-wide network solution for future consideration. Broadband debt service is not included in the FY2020 budget.

Town Housing Initiative

The Town Housing Initiative launched in June 2018 completing site plan layout and design. The project was bid several times with final approval and recommendation to award a construction contract in December 2018. The first phase of the town housing project received Planning Board approval in February 2019. The project is on hold at this time pending an appeal of the Planning Board decision to the Board of Appeals. The FY2019 appropriation was \$1,500,000. This project remains within budget and a final schedule is pending. Town Housing Initiative debt service is not included in the FY2020 budget.