

Town of New Shoreham
Financial Town Meeting
FY 2019 Annual Operating & Capital Budget
May 7, 2018

Overview

The proposed FY 2019 budget provides for a 3.3% increase over the current year for a total Town of New Shoreham General Fund Operating and Capital Budget of \$14,499,075. The recommended budget represents a \$466,299 increase over the current year.

The FY 2019 budget was developed with the following priorities in mind:

- Implement New Shoreham’s vision as a vibrant, inclusive, sustainable, and growing community
- Maintain a strong focus to dramatically improve our critical infrastructure by investing in an expanded capital improvement program
- Create a vision for the future that focuses on technology and innovation
- Stay committed to protecting those that are most vulnerable in our community

Of the total budget increase of \$466,299, \$152,544 or 32% is funded through an increase in the tax levy. Growth in hotel taxes (particularly the cottage tax) represents 37% of the increase.

Revenues

Taxes (Page 2)

The budget includes a 1.57% increase in the tax levy; State Law caps the levy increase at 4.0%. Each 1.0% change in the tax levy is a change of \$97,036 to the budget. The collection rate is 98%, consistent with recent experience.

The motor vehicle exemption is \$2,000, consistent with the second 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 FY19 the State will reimburse New Shoreham for a total of \$43,379 of motor vehicle excise tax.

Licenses, Permits, Fees (Page 3)

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

FY19 will see a future adjustment to the Building Department fees as the State Wide E-permitting system is implemented (originally scheduled for mid-2017) and permit fees are set at the State level. The Town's Building Official has worked with the State to ensure the new schedule of fees will generate a similar level of revenue as the Town's current permit fee schedule.

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)

New contracts for operation of the Transfer Station and Town Beach concession were executed during FY18.

A revenue item for FRED BENSON BEACH ROOM RENT has been added for \$3,000.

State Aid (Page 5)

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 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 new program represented an additional \$137,410 in FY17 and \$272,083 YTD FY18; these figures are significantly higher than anticipated.

A State-mandated revaluation of property is required every three years (December 31, 2018); the State partially offsets about 60% of this expense (\$30,870).

Fund Balance and Reserves (Page 6)

This budget does not include the use of reserve funds. Currently, the Town's reserve fund balance represents 15.6% of budgeted expenditures. The Town has established a fund balance target range of 15%-20% of budgeted expenditures.

The line item RESERVE/BILT NOTE represents the Block Island Land Trust reimbursement to the Town for Debt Service paid on its behalf (pages 6 & 20).

Expenditures

Salaries, Benefits & Staffing

An agreement was reached with the New Shoreham Employee's Association (NSEA) for a 2.5% wage increase for FY19 and maintenance of the 8% health premium co-share. The impact to the Town's personnel costs is an increase of \$44,413.

Last May the Town and IBPO Police Union reached an agreement extending through June 2020 calling for annual \$4,000 increases for most officers.

Employees working outside of these two unions would generally follow the NSEA agreement.

In FY19, the Town Manager will complete a comprehensive organizational review including staffing levels, current personnel rules and regulations, employee wage, classification, labor grade, employee evaluation, and benefit programs.

Taking a broad view, Town wages-benefits-taxes represent about 21% of the total budget. Seasonal wages represent another 2% of the total budget. These percentages have stayed nearly the same over the past thirteen years.

Health insurance premiums will decrease 1.2% (slightly less for police) from the current year and dental premiums will decrease 2.0%.

Four employees currently decline health coverage because they are covered under other (spouse or parent) Town plans. This results in annual savings but remains an area of expense exposure up to \$71,812 should individual circumstances change.

The Town budget currently supports 49 part- and full-time, year-round employees for a total of 40.75 FTEs, as shown in the table below. The Town also employs approximately 35 seasonal FTEs.

	Employees	FTEs	Seasonal FTEs
Administration	9	6.5	
Finance	6	4.375	
Fire/Rescue/EM	6	4.375	
Police	6	5.5	7
Highways & Maintenance	6	6	2
Harbors	2	2	13
Building Official	3	2.5	
Recreation	2	2	11
Library	6	5.375	
Boards & Commissions	2	1.875	1.8
Community Support	1	.25	
Total	49	40.75	34.8

The proposed budget maintains the general staffing program at 40.75 FTEs and approximately 35 seasonal FTEs. The employee count is proposed to increase by one as a full time position is divided into two part-time roles to diversify our trained workforce. There will be several departments with staffing arrangements that evolve during 2018 and 2019 as longstanding employees retire and new staff is brought on board.

Retirement contributions

Municipal retirement contributions decrease for FY19 from 6.82% to 6.50% and police retirement contributions increase slightly from 20.11% to 20.24%. As a participant in the State retirement system, the Town also contributes 1% of wages to TIAA-CREF for municipal employees. Total retirement costs increased \$7,878 over FY18. At June 30, 2017 the municipal employees' plan was 92.9% funded; the Police plan was 93.8% funded.

Administration (Page 7)

Town Manager

The budget line for the Town Manager has been adjusted to \$119,652 with a standard benefit package. A housing assistance line in the amount of \$24,000 has been added to the budget.

Coordinator of Human Services/ Director of Public Welfare

The FY18 budget introduced the position of Coordinator of Human Services/ Director of Public Welfare to act as both a case-worker and coordinator in support of the Block Island community. The Coordinator's first official office hours began in December 2017 and immediately provided outreach, support, and assistance to those in need.

The FY19 budget proposes to maintain current funding levels. Additional funding of \$2,500 under HUMAN SERVICES includes travel, supply or ancillary expenses of the position.

Facilities Manager

See HIGHWAYS/ MAINTENANCE/ FACILITIES STABILIZATION for a discussion of Facilities Management priorities and funding.

Consultants – Legal/Litigation/Solicitor/Other

Funding for the LEGAL/LITIGATION line has been reduced by \$20,000 from FY18 levels given expected reduction in litigation case load. Based on several ongoing legal actions that are expected to carry through FY19 including the Fast Ferry and the transition of BIPCO to a rate-payer controlled entity, funding for the LEGAL/SOLICITOR line has been increased by \$5,000 to \$175,000. Funding for the CONSULTANT/OTHER which has been used in the past for legal and professional fees has been reduced to \$0.

Consultants – Engineer

While the FY19 budget proposes to increase the CONSULTANT/ENGINEER line by \$5,000 to \$25,000, a concerted effort to limit consulting engineering costs to specific projects should control the higher than budgeted spending over the past two fiscal years.

Insurance

The recommended \$20,000 increase for INSURANCE to \$250,000 reflects rising premiums in recent years as well the potential expansion of the Town's coverage levels.

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 Deer Task Force has requested Town support of \$40,000 to continue the tail and tag reimbursement programs. FY18 YTD expenditures include \$24,450 for deer tail reimbursements and approximately \$2,000 for deer tag reimbursements; amounts in excess of \$13,000 were funded through Deer Management donations. A balance of about \$31,000 in restricted donations remains for additional tail reimbursements in FY19. The FY19 budget proposal recommends \$15,000 to supplement the request to support the deer tail and tag reimbursement program.

Contingency

Maintaining a Contingency of \$50,000 is recommended for FY19. 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 8)

There will be a statistical revaluation as of December 31, 2018 (\$51,450). These are mandated every three years by RIGL. The State reimburses approximately 60% (see Page 5).

Tax Sales are scheduled every two years; FY19 is an off year.

Fire/ Rescue/ Emergency Management (Page 9)

Staffing changes in Dispatch will realize savings in the wage line, partially offset by increases in the benefit line.

The anticipated completion of the backup generator enclosure work during FY18 allows for an overall decrease in Fire/Rescue/Emergency Mgmt of \$31,405.

Police (Page 10)

The recommended Police budget includes maintaining the seasonal staffing and quality of life programs introduced in FY17 and FY18 targeting traffic safety and noise particularly and expanding seasonal staffing into May and October to match the extended shoulder season activity on the Island.

The Agreement reached with IBPO Police Union in 2017 is reflected in the FY19 wage adjustments.

Highways & Maintenance (Page 11)

The staffing program for Highways anticipates two seasonal positions for Summer 2018, with the opportunity for one seasonal staff to transition to full time/year round.

The FY18 budget introduced a new line MAINTENANCE/FACILITIES STABILIZATION, with a first priority of securing exterior envelopes (roofs, walls, windows and doors) across Town facilities in a concerted effort to reverse the trend of ongoing deferred maintenance. At least \$550,000 in exterior envelope projects had been identified on over 30 Town buildings. During FY18, a number of roofing projects were completed including the Medical Center, the Medical Center Generator Building, the Thomas House Garage, as well as Library windows. Remaining FY18 projects to be completed include additional roof repairs, painting, and garage door replacements. Projects planned for FY19 include roofing, painting, and window replacement at various Town buildings. In support of these initiatives, \$25,000 has been added for a total FACILITIES STABILIZATION program of \$100,000. Handling deferred, and eventually preventative, maintenance through the Facilities Management program will allow the Planning Board and the Capital Budget to focus more on the statutory areas of acquisition, planning, construction, major improvements and purchases beyond normal maintenance.

Under the EQUIPMENT line, the Town intends to acquire the previously leased front end loader for the Highways Department. This would be a shared expense with the State DOT under the State Road Agreement.

The line MAINTENANCE/GROUNDS has been increased by \$1,500 to accommodate potential mowing of the Breed property.

An additional \$1,000 has been added to MAINTENANCE/PORTAJOHNS to support a trial program of portajohns at Mansion Beach.

Harbors (Page 12)

The mooring contract was rebid during FY18 and the scope of work modified. Work will commence under the new contract in early 2018. Visibility on annual costs will increase after that work is underway. The budget amount has been increased to reflect the historical levels as well as what is expected with expanded service levels.

An amount of \$25,000 has been added for MAINTENANCE/ DREDGING in Old Harbor. This is anticipated to be a biennial or triennial expense.

In support of the proposed lease of the DINGHY DOCK in New Harbor, \$2,500 has been added for annual hauling and maintenance costs.

Building Official (Page 13)

In FY18, the Building and Wastewater budget included funds to support equipment, training and software deployments as the department implements a State Wide E-permitting system as well as field inspection technology. Implementation of the E-permitting system has been delayed because of an addressing database issue with the State. It is expected that the system will be in place in FY19 and a workstation will be added in the Building Department for use by contractors and property owners to make permit applications.

A tablet has been deployed for field inspection documentation and GIS mapping of underground components such as OWTS systems. An additional tablet will be deployed in FY19 for use with the E-permitting system.

Recreation (Page 14)

While there are no significant changes to the Recreation budget, the Director has proposed the installation of an ATM at the Fred Benson Beach Pavilion. This provides an additional revenue source as well as addresses a customer service need at the Town Beach.

The Recreation Department will also sponsor a Walking Festival to replace the Fall Family Festival that no longer takes place.

Expenditures for FRED BENSON BEACH MAINTENANCE have been increased \$1,000 for additional cleaning of the restrooms on weekends in the shoulder seasons.

Library (Page 15)

With staffing changes expected at the Library during FY18 and FY19, a slight reduction in the wage line is anticipated.

There are no significant changes proposed to the operating lines of the Library budget.

Library PROGRAMMING was introduced in FY18 with an initial budget of \$500. Library programming is a valued aspect of the Library, requiring Town recognition and support to maintain access to positive, engaging, year-round offerings for all ages. The FY19 Budget proposes to increase Library programming by \$500.

GIS/Technology (Page 16)

Consultant/ GIS

It is expected that, while continuing to support the Planning Board and Town's planning functions, the GIS Consultant/Planner will focus more time and effort on implementing GIS initiatives throughout FY19. It is recommended that the Town's contract with Allison Ring be renewed for FY19. Primary efforts will focus on expansion of opportunities for public access to the Town's GIS through online applications such as WebGIS, an interactive website application for public and town staff to view GIS data, create abutters lists, and custom maps.

Consultant/ Technology

Although the consulting contract with IST expired in November 2017, the consultant team continued to maintain the operational integrity of the Town's two primary networks and data systems for Town Hall and Police, as well as providing support for end user technical issues and requests for assistance. As the threat landscape for possible infection and intrusion continues to expand, focus on developing counter-measures and interventions required to maintain a secure and reliable operational network environment has been a top priority.

Development of major system applications has been underway throughout FY18 including application systems such as RecPro, MooringInfo, FMX, ScanPro, ESRI GIS, Clerks Records Management, Cyber-Security, and CivicPlus, although most these applications have not been fully integrated into the Town's network for full use. There is a clear need to inventory existing technology systems and develop a technology vision plan for the future. A technology vision plan would include inventory of all hardware, network and application systems, a technology needs assessment, and the development of a clear and decisive implementation plan to carry out technology and innovation changes.

The FY19 work program recommends maintaining current funding levels for the Consultant/Technology at \$100,000. It also recommends that a contract with IST be extended through December 31, 2018 to complete ongoing system maintenance and major application integration, as well as the development of

a technology vision plan. A very detailed deliverables schedule will be developed outlining major system application implementation, new website launch, and technology vision plan for accountability.

An amount of \$3,000 has been added to the WAGES/WEB ADMIN line to support additional staff time to prioritize the final development, launch, and maintenance of the new website.

A new budget line CONSULTANT/BROADBAND has been added to support the Broadband Initiative. \$20,000 is expected to support any unique site connectivity and technology integration issues that may arise with the initial Broadband CAI deployment.

The amount for the LICENSE & MNTNC CONTRACTS line has been increased to include estimated costs for 12 months of broadband transport and internet service over the Town CAI network for Town Hall and Public Safety.

Boards & Commissions (Page 17)

Planner

In FY19, the Town's GIS Consultant/Planner will continue revisions to Zoning and Subdivision Regulations identified as actions within the Comprehensive Plan. The Planner is also expected to assist the Town Manager in the planning of the redevelopment of the Coast Guard Station property and the development of a comprehensive affordable/attainable/reasonable housing strategy for Town employees and island residents alike.

Community Support (Page 18)

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. The funding request and recommendation for FY19 maintains the Town's contribution at \$260,000.

Block Island Volunteer Fire & Rescue

The recommended appropriation of \$135,000 expands the Town's current level of support to cover increases in rescue payroll, vehicle and equipment testing and maintenance, and radio equipment costs. Funding is maintained in a separate line (\$6,000) to fund a reimbursement program for Fire crews for responding to alarm calls.

The Town will continue to support repairs to the Fire Barn and carries forward FY18 funding towards Rescue 2 (\$178,000) as well as the contribution toward a replacement Engine (up to \$500,000).

Block Island Early Learning Center

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

Senior Advisory Committee

The funding request of the Senior Advisory Committee increased slightly (\$900) to \$17,100 to accommodate additional expenses for administrative supplies and internet connectivity at the Community Center.

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

As the community strives for improved access to mental health services, the recommendation is to maintain funding of \$7,000 in support of NAMI-BI's programs.

School Support (Page 18)

Block Island School

The Block Island School requests appropriation of \$4,889,627 in support of the FY 2019 budget, an increase of 2.4%. School budget materials are available on the School's website and as a separate handout. www.blockislandschool.net.

Capital Tax (Page 19)

Continued focus on addressing critical infrastructure maintenance is a priority in the budget. Projects recommended for funding in the FY19 budget include:

- Replacement of lights and light poles in Old Harbor (\$8,000)
- Replacement of No Anchor and Private Aid to Navigation buoys (\$15,000)
- Replacement of the water line serving the Coast Guard Station (\$62,000) and exterior trim, window and door work at the Motor Pool (\$40,000). The water line was budgeted for FY18 but given that it was unlikely to be completed before year end, Town Council redirected those funds to support the ongoing proposal development for the Broadband Initiative.
- Moving a public water line from the boat ramp to the proposed dinghy dock (\$5,000)
- First year funding (of three years) for the acquisition of a new Police vehicle, second year of three on the most recent vehicle (\$29,525)
- Equipment for Fire/Rescue (\$20,500) for specialized washer/dryer unit to clean turn out gear, extending its life and maintaining the gear's functionality and safety
- BIHS building improvements including partial shingling and painting of the Medical Center building, increasing safety of the parking and walking areas, and improvements at the Davidson House (\$40,000)

- Replacement of a Highways vehicle (\$47,000)
- Replacement of Library server (\$11,085).
- Replacement of the Recreation truck (\$30,000); repairs to the existing 2007 truck are no longer cost effective.
- Partial and continued funding for School upgrades including HVAC, drainage and exterior envelope improvements. RIDE funding will likely be available as a partial offset.
- Phase II (\$25,000) renovations at the Library for additional renovation and reconfiguration of the side door and side entrance area.
- Technology upgrades include planned equipment replacement (\$30,000)
 - Continued ClerkBase program of historical Town Council, Planning Board and Zoning Board minutes (\$8,000 funded through HTA/Tech Fund, see Page 7 ADMINISTRATION)
 - Clerk's Office Records Management to automate recording of instruments and enable real-time availability of document retrieval indices. Additionally, to digitize microfilm from 1973 – current (\$25,000 funded through Tech Fund, see Page 7 ADMINISTRATION)

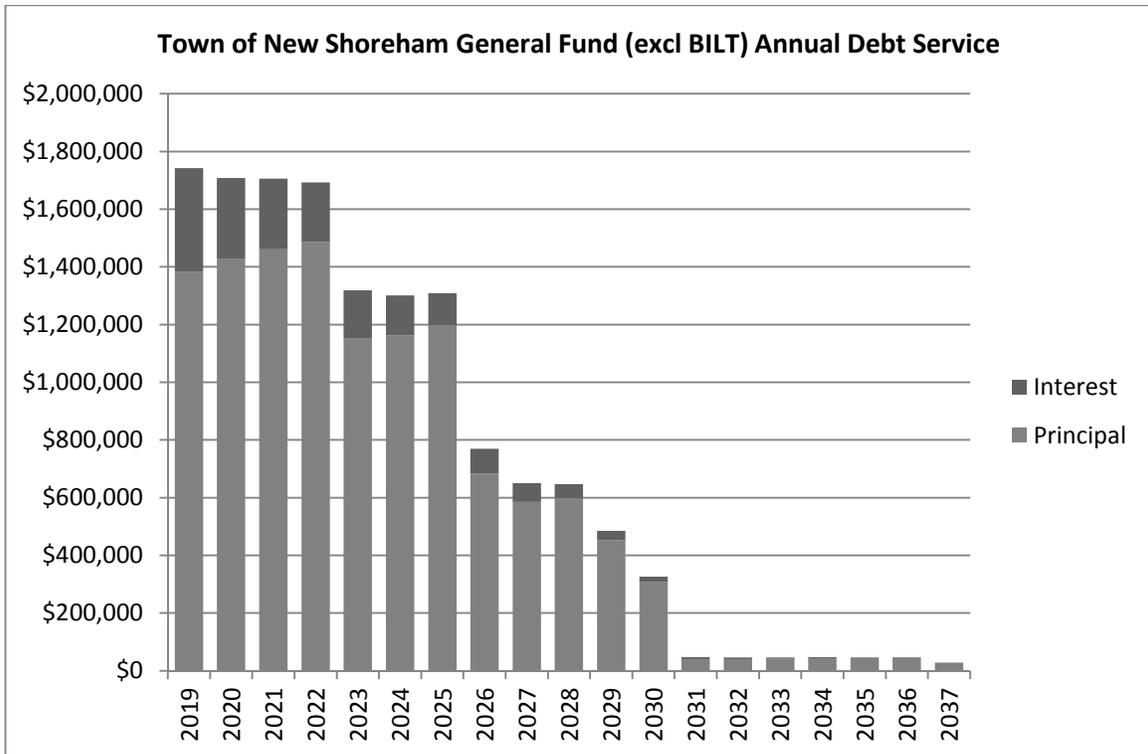
Debt Service (Page 20)

Debt service is budgeted to increase \$103,216 in FY19 as full annual debt service comes on line for Town Beach renovations, Dr.'s House renovations, and Old Town Road repairs.

Concurrent with the Beach and Dr.'s House bond issuance, the Town was able to refund the outstanding \$1.632m of its 2009 borrowing, realizing \$7,190 savings in FY19 and \$107,008 over the remaining life of the bond. This was the Town's third refunding in five years, though additional refunding opportunities are unlikely in the near term.

The FY19 budget includes an interest only payment on the \$1.8m BIPCO note, with the expectation that the note is repaid in full prior to November 2018 as BIPCO transitions to the Block Island Utility District.

The Town's debt maturity schedule is shown below:



Total Debt Service represents 15% of the total operating and capital budget. Net Debt Service (net of reimbursements by BILT, School Housing Aid, Library Housing Aid and Thomas Property rents) represents 10% 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, 2016 was \$1,681,976,483, limiting the amount of non-exempt general obligation bonds to \$50,459,295. At June 30, 2017, general obligation bonds outstanding totaled \$19,294,384, including amounts which are exempt from the cap.

FY19 Major Projects/Programs/Improvements

The FY19 warrant recommends several major projects/programs/improvements. Individual summaries outlining Project Scope, Budget, and Schedule are provided as a separate document for each:

- Community Anchor Institution (CAI) Broadband Deployment \$550,000
- Island-Wide Broadband Network Design-Build RFP \$125,000
- Block Island Landfill Slope Repair \$1,995,000
- Residential Rental Housing – Thomas Property \$1,500,000