

**Town of New Shoreham
Financial Town Meeting
FY2022 Annual Operating & Capital Budget**

May 3, 2021

Overview

Budget Overview

The proposed FY2022 budget provides for an 8.1% increase over the current year for a total Town of New Shoreham General Fund Operating and Capital Budget of \$16,560,130. The recommended budget represents a \$1,243,920 increase over the current year.

As context, it is important to remember that the FY21 budget represented a deviation from historical budget levels as the Town prepared for and adapted to the impacts of COVID-19.

The proposed FY22 budget also includes a tax levy increase of 5.9%, which requires an administrative override and approval of the Department of Revenue, the Town Council and a majority of the voters at FTM.

The significant impacts to the FY22 budget include debt service primarily related to improvements at the Thomas Property (\$151,703) and the 2017 acquisition of BIPCO shares (\$126,543), the third year implementation of a revised wage schedule for NSEA employees (\$129,523), the state-mandated nine year Revaluation (\$110,000) effective 12/31/21, and support of the Block Island School (\$100,413).

Revenues

Taxes (Page 2)

The FY2021 budget proposes a 5.9% increase in the property tax levy. Over the past ten years, New Shoreham’s property tax levy has varied as indicated below.

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Tax Levy Increase	4.06%	2.60%	3.85%	2.54%	3.88%	2.85%	3.61%	2.08%	3.53%	3.65%

State Law caps the levy increase at 4.0%. Approval of a 5.9% increase in the levy requires supermajority (4/5) approval of the Town Council, an affirmative vote of the voters at FTM and approval of the Department of Revenue. Since the additional increase is related to debt service it is considered an allowable exemption and State approval would be administrative.

The collection rate is 98%, consistent with recent experience.

The motor vehicle tax is set in accordance with the ongoing State-mandated phase out. For FY2022 the State proposes to reimburse New Shoreham for a total of \$94,711 of motor vehicle excise tax.

A property tax sale scheduled for Spring 2020 was postponed; the two year cycle will resume Spring 2022.

Licenses, Permits, Fees (Page 3)

OTHER CLERKS FEES have increased significantly during FY21, driven by high volume of property transfers combined with charges associated with the hands on-research conducted by the Clerks and payments for access to electronic records while the Vault has been closed to the public. Some of that revenue increase is anticipated to remain for FY22.

Trends in construction activities have been challenging to predict in recent years as the timing of larger projects creates revenue fluctuations. The Town aligned its schedule of building fees with the State schedule in 2020. The budget line for BUILDING PERMITS has been adjusted to \$195,000 for FY22.

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

Other Town Fees & Income (Page 4-5)

The Harbormaster and Harbors Committee will be considering revisions to the Harbors fee schedule this month. The HARBORS revenue estimates reflect those initial recommendations.

RECREATION revenues represent an anticipated return to full programming, with modifications as necessary; FY21 programming had been significantly cut back.

Revenue of \$32,700 from the THOMAS PROPERTY RENT reflects a full year occupation of the single family house and partial year rental of the Thomas House. Reconstruction of the Thomas House is planned for FY22.

Revenue from the FRED BENSON BEACH RENT reflects the first year of a five year contract awarded January 2021.

The contract that includes the TRANSFER STATION USAGE FEE was extended three years in September 2020 to 2023.

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.

Hotel, Cottage and Meals tax revenue estimates for FY22 are roughly consistent between the Town and the State; State estimates are proposed here. This represents a generally level Meals tax and a decline in the 1% Cottage tax as fewer rental homes appear to be available on the market.

Aid related to Coronavirus relief is likely to be received during FY22, subject to terms and conditions established at the federal and state levels. Currently, the Town anticipates the second of two \$50,000 payments authorized under the American Rescue Plan will be received during FY22. Additional aid, while possible, can not be quantified at this time.

Fund Balance, Reserves and Transfers (Page 7)

This budget does not include the use of reserve funds. The Town's unassigned fund balance was 13% of budgeted expenditures at June 30, 2020 and \$350,000 was included for use to support the FY21 budget (representing a projected 11% ratio). Unassigned fund balance is projected to be approximately 14% at June 30, 2021. The Town's fund balance policy establishes a target range of 15%-20%.

The FY21 budget proposed the use of a transfer from the Infrastructure Fund to support several infrastructure projects of the Town; some of these projects remain open and have been rebudgeted for FY22 if necessary – deployment of a permanent restroom facility at Mansion Beach (\$175,000), replacement of the transfer station scale (\$128,000) and structural work at the Fire Barn (\$75,000). For FY22 two additional projects have been proposed for Infrastructure funding – upgrading of electric service at Old Harbor Dock (\$80,000) and the New Harbor Vision Study (\$50,000).

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, has been use to support infrastructure projects of the Town; the proposed and rebudgeted projects will consume the balance of the Infrastructure Fund.

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 FY2022 budget represents the final year of a three-year effort to formalize a new employee classification system for employees in the New Shoreham Employee Association (NSEA).

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 increases for individual positions in the workforce.

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 current exempt, contractual and seasonal employees.

The contract between the IBPO Police Union and the Town was extended to June 30, 2023. The budget amount presented includes a placeholder for a wage reopening discussion for FY22.

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 and dental insurance premiums are expected to remain level for FY2022, with the potential for a slight decline when rates are finalized mid-April.

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 \$54,274 should individual circumstances change.

Retirement contributions

Municipal retirement contributions change only slightly for FY2022 from 7.28% to 7.03% for general employees and police retirement contributions from 21.52% to 21.17%. 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 91.7% funded; the Police plan was 73.6% funded.

Administration (Page 8)

Budget Summary	FY2020 <u>Actual</u>	FY2021 <u>Budget</u>	FY2022 <u>Request</u>	Change <u>(\$ / %)</u>
	\$1,419,342	\$1,430,619	\$1,578,393	\$147,775/10%

Director of Public Works & Facilities Manager

Consistent with the recently passed charter amendments, the proposed budget allocates funds to hire a Director of Public Works. Once that individual is in place they will bring forward recommendations with regard to the Facilities Manager and other operational considerations.

Deer Management

The FY2022 budget proposal continues \$15,000 of support for the deer tail and tag reimbursement program. Restricted funds of about \$1,829 in donations remain for additional tail reimbursements. FY2021 YTD expenditures include \$20,700 for deer tail reimbursements.

Contingency

Maintaining a Contingency of \$50,000 is recommended for FY2022. 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	FY2020 Actual	FY2021 Budget	FY2022 Request	Change (\$ / %)
	\$398,257	\$404,837	\$552,555	\$147,718/37%

RIGL's nine year cycle calls for a full REVALUATION effective December 31, 2021. The State does not provide reimbursement for full revaluation, only for three-year statistical updates.

Fire/ Rescue/ Emergency Management (Page 10)

Budget Summary	FY2020 Actual	FY2021 Budget	FY2022 Request	Change (\$ / %)
	\$338,940	\$310,882	\$349,081	\$38,199/12%

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

Police (Page 11)

Budget Summary	FY2020 Actual	FY2021 Budget	FY2022 Request	Change (\$ / %)
	\$1,082,591	\$1,128,350	\$1,153,698	\$25,348/2%

Wages/Police Chief

The existing pay scale for the Police Chief has been carried forward to FY22 as the Town proceeds through the process of naming a permanent Chief.

Wages/Police Officers

The contract between the IBPO Police Union and the Town was extended to June 30, 2023. The budget amount presented includes a placeholder for a wage reopening discussion for FY22.

Highways & Maintenance (Page 12-13)

Budget Summary	FY2020 Actual	FY2021 Budget	FY2022 Request	Change (\$ / %)
	\$729,742	\$943,594	\$992,322	\$48,728/5%

Maintenance/Facilities Stabilization

The FY2021 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 FY22. As the Director of Public Works position formalizes during FY22 some reorganization around facilities maintenance can be expected going forward.

Maintenance/Landfill Slope

With completion of the West Beach Landfill Slope project, the ongoing slope maintenance program is budgeted here to perform annual maintenance on the slope repair area as needed due to expected erosion.

Harbors (Page 14)

Budget Summary	FY2020 <u>Actual</u>	FY2021 <u>Budget</u>	FY2022 <u>Request</u>	Change <u>(\$ / %)</u>
	\$652,184	\$582,709	\$627,410	\$44,701/8%

Dredging

The FY2022 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.

Restroom Maintenance & Refuse Removal

Expenses related to restroom cleaning and maintenance (Old Harbor Dock, Hospitality Center, New Harbor Restrooms) as well as refuse removal continue to rise both in terms of cost and volume.

Building Official (Page 15)

Budget Summary	FY2020 <u>Actual</u>	FY2021 <u>Budget</u>	FY2022 <u>Request</u>	Change <u>(\$ / %)</u>
	\$239,086	\$300,204	\$266,402	-\$33,802/-11%

The staffing evolution of the Building Official and Inspections functions continues into FY22. The Town has hired a Residential Inspector and continues to explore options for filling the roles of mechanical, electrical, plumbing inspectors as well as zoning enforcement. This budget allows for the flexibility to accommodate a number of possible developments in staffing.

Recreation (Page 16)

Budget Summary	FY2020 <u>Actual</u>	FY2021 <u>Budget</u>	FY2022 <u>Request</u>	Change <u>(\$ / %)</u>
	\$367,637	\$374,077	\$440,539	\$66,462/18%

FY22 restores the proposed operating lines of the Recreation budget to traditional operating levels, which had been reduced for FY21. The Department continues to pursue new ways to serve the recreation needs of all members of the Block Island community.

Particular attention is planned for HEINZ FIELD MAINTENANCE for FY22.

Library (Page 17)

Budget Summary	FY2020 <u>Actual</u>	FY2021 <u>Budget</u>	FY2022 <u>Request</u>	Change <u>(\$ / %)</u>
	\$498,309	\$516,458	\$560,907	\$44,449/9%

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

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 18)

Budget Summary	FY2020 <u>Actual</u>	FY2021 <u>Budget</u>	FY2022 <u>Request</u>	Change <u>(\$ / %)</u>
	\$341,846	\$327,480	\$424,685	\$97,205/30%

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 Town is currently exploring additional options for fulfilling the Town’s continually expanding technology needs. In recognition of those expanding needs and a underfunding of those needs in past years, the FY22 budget proposes a funding level of \$150,000.

Equipment Replacement

With changes to the approach in maintaining and managing Town assets through the Capital Improvement Program introduced in recent years, the EQUIPMENT REPLACEMENT line will be used for replacement of TECHNOLOGY equipment in lieu of the Capital Tax budget. The FY2022 program continues equipment replacement and upgrades Town-wide but is still likely short of the necessary funding level.

License & Maintenance Contracts

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

Charter Changes

Implementation of technology-based changes to the Charter focused on public access will likely require staff, hardware and software resources to implement during the upcoming year. Specific details will be developed in the coming months.

Boards & Commissions (Page 19)

Budget Summary	FY2020 <u>Actual</u>	FY2021 <u>Budget</u>	FY2022 <u>Request</u>	Change <u>(\$ / %)</u>
	\$182,683	\$192,664	\$210,189	\$17,526/9%

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

Community Support (Page 20)

Budget Summary	FY2020 <u>Actual</u>	FY2021 <u>Budget</u>	FY2022 <u>Request</u>	Change <u>(\$ / %)</u>
	\$676,785	\$694,269	\$764,494	\$70,225/10%

Block Island Health Services

Health Services requested funding level of \$400,000 for FY22. The Town has set a priority of supporting the Medical Center's 24/7 current service model on an ongoing basis; to this end Town support of BIHS has increased over \$225,000 in the past ten years. The budget funding recommendation for FY2022 recommends a 9.2% increase for a total of \$338,500 in direct funding, in addition to the facilities support provided by the Town.

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 FY2022 BIVFR budget request totaled \$220,000 which includes rescue payroll, training, vehicle and equipment testing and maintenance, and radio equipment costs. The funding recommendation for FY2022 represents a 15.8% increase for a total of \$208,900.

Additionally, BIVFR requests Fire Alarm call support of \$6,000 in recognition of the ongoing challenges of the fire alarm monitoring functions. This request has been recommended for funding.

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 \$34,800 to accommodate additional support for programming. Funding is recommended at \$26,800, a 16% increase.

Visitors' Center

The FY22 budget proposes \$10,000 supporting operation of a Visitor Center staffed by tourism ambassadors, consistent with the funding level for FY21.

School Support (Page 21)

Budget Summary	FY2020 Actual	FY2021 Budget	FY2022 Request	Change (\$ / %)
	\$5,070,965	\$5,172,384	\$5,272,797	\$100,413/1.9%

Block Island School

The Block Island School requests appropriation of \$5,364,513 in support of the FY2022 budget, an increase of 3.7% from the FY2021 budget. School budget materials are available on the School's website and as a separate handout. www.bischool.net. The budget memo to the Town is under Administration/Finance/Budget - "February 19, 2021 Budget Memo to the Town."

Capital Tax (Page 22)

Budget Summary	FY2020 Actual	FY2021 Budget	FY2022 Request	Change (\$ / %)
	\$817,024	\$543,000	\$665,000	\$122,000/23%

In FY20, 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.

The FY21 budget proposed the use of a transfer from the Infrastructure Fund to support several infrastructure projects of the Town; some of these projects remain open and have been rebudgeted for

FY22 if necessary – deployment of a permanent restroom facility at Mansion Beach (\$175,000), replacement of the transfer station scale (\$128,000) and structural work at the Fire Barn (\$75,000).

For FY22 two additional projects have been proposed for Infrastructure Fund funding – upgrading of electric service at Old Harbor Dock (\$80,000) and the New Harbor Vision Study (\$50,000).

Also included in the Capital Budget as general-funded projects are: Improvements to the Davidson House, replacement of a Highways dump truck, drainage improvements at Heinz Field, and the second year funding of police technology upgrades.

Debt Service (Page 23)

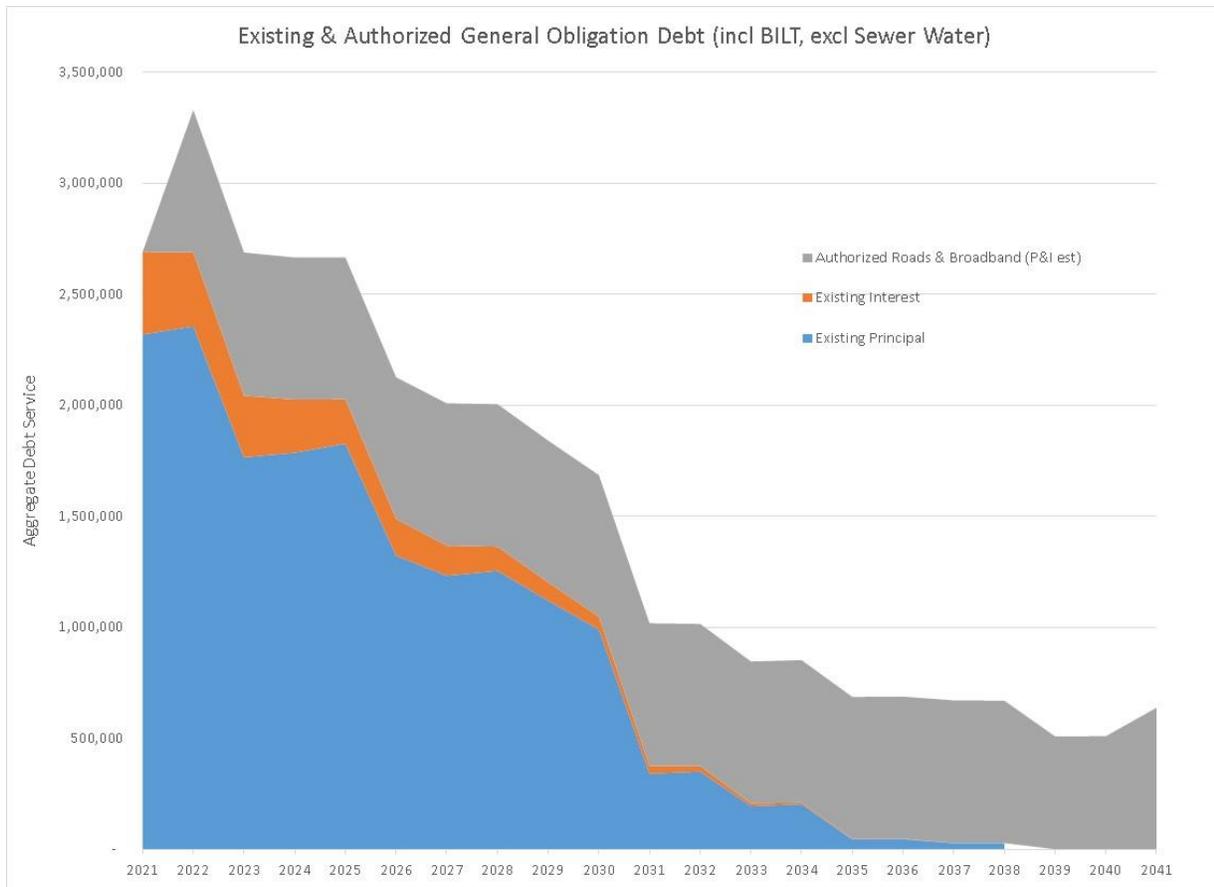
Budget Summary	FY2020 Actual	FY2021 Budget	FY2022 Request	Change (\$ / %)
	\$2,168,777	\$2,394,683	\$2,701,658	\$306,975/13%

In August 2020 the Towns issued \$3.85m of bonds for several projects: \$1.5m for the Thomas Property Town Housing Initiative, \$550,000 for implementation of the Community Anchor Institution (CAI) network connecting community facilities, and \$1.8m related to the acquisition of 2/3 shares of the Block Island Power Company, leading to the establishment of the Block Island Utility District.

With that issuance the Town was also able to take advantage of a refunding of just over \$2m, realizing approximately \$315,000 savings over the remaining life of the bonds.

Net increase in the Town’s debt service from FY21 to FY22 is \$306,975. Debt service is a permitted exception to the RIGL capping the tax levy. The Town will be seeking an exemption of approximately \$205,540 for debt service costs in excess of the cap.

There are two projects for which borrowing has been authorized but not yet issued - \$8m for island-wide broadband and \$2m for road improvements. Below is the annual debt service for existing and authorized but unissued general obligation debt of the Town:



Total Debt Service represents 16% of the general fund budget. Net Debt Service (net of reimbursements by BILT, state Housing Aid, and Thomas Property rents) represents 12% 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, 2019 was \$1,690,405,290, limiting the amount of non-exempt general obligation bonds to \$50,712,159. At January 31, 2021, general obligation bonds outstanding totaled \$17,200,980, including amounts which are exempt from the cap.

Updates on Major Project/Programs/Improvements

The FY2021 work plan included several major projects, COVID delayed and prevented many projects from moving forward, yet did see the following either started or completed during fiscal 2021

West Side Road Sidewalk Improvement Project (RIDOT Funded)

West Side Road Sidewalk Improvement Project was a RIDOT funded construction project. The project was originally scheduled to be complete prior to the summer of 2020, COVID halted the project in late March. The project resumed and was completed during the summer of 2020.

Broadband Deployment

Broadband project continues with contract signed with Sertex Corporation in October 2019, and the hiring of Mission Broadband as Project Manager in January 2021. This project is slated to be completed in fiscal 2022.

Andy's Way

Last June the town was awarded a grant from RI DEM in the amount of \$47,000 with a matching requirement of \$11,750. The Great Salt Pond Committee has provided the generous match to the Town. The Town received a favorable endorsement from the Town's Planning Board and Conversation Commission. The Zoning Board approve the special use permit, and application has been made to CRMC and bid document are in the final stages. It is anticipated this project will be completed in the coming months.

Paving Project

At the Fiscal 2021 Financial Town Meeting, the voters authorized \$2,000,000.00 in bonds for roadway improvements. On March 1, 2021, the Town Council awarded the bid to D'Ambra Construction, Inc. for improvements to portions of Old Town Road, Pilot Hill Road, and Connecticut Avenue/Old Town Road. It is anticipate this project will be completed prior to 2021 winter season.

Town Housing Initiative

The second phase of this project, the renovation of the Thomas house into 3-4 units is in the design phase, target construction will be after the current season which will allow the house to be available for the 2022 season.

Affordable Housing

With the completion of the Cherry Hill Lane project, the Housing Board is in the beginning planning stage of their next project located near E. Searles Ball Housing. The Housing Board is requesting the Council present to the voters at the Financial Town Meeting the authorization of a \$2,000,000 bond.

Library Window Project

Phase 1 was removal and installation of eight windows in the back of library. The project was more involved than first thought because the building integrity was compromised and had to be replaced. The project is almost completed. Phase II, is the replacement of thirty four windows. The building will also be resingled.