

Town of Westerly

Town Manager's Proposed Budget

presentation to the

Board of Finance

Tuesday, March 6, 2018



BUDGETARY THEMES

Last Year's Budgetary Themes:

- Fiscal Stability
- Transparency

BUDGETARY THEMES

This Year's Budgetary Themes:

- Personnel Investment
- Infrastructure Investment

BUDGETARY THEMES

This Year:

- **Personnel Investment**
 - Professional Development
 - Training
 - Licensing and Certifications
- **Infrastructure Investment**
 - Funding for roads, sidewalks, drainage
 - Step-up funding for Year 2 of 3 of Vehicle Replacement Plan program



MAKING US STABLE

FINANCIAL STABILITY

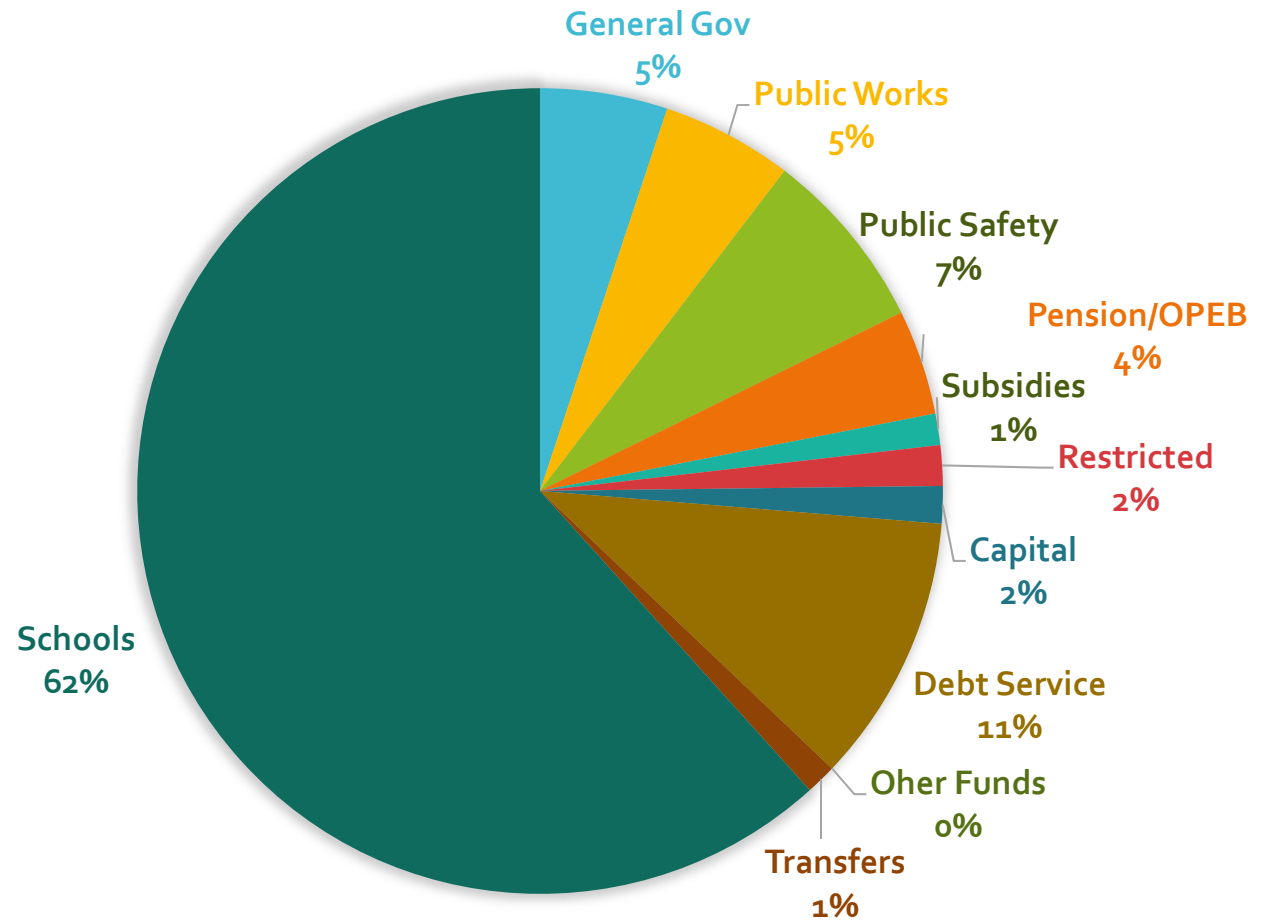
This budget addresses:

- Fully funding ADC for police pension
- Fully funding ADC for police OPEB
- No use of fund balance (Town or Schools)*
- Modest grand list growth
- Appropriate funding of general operations



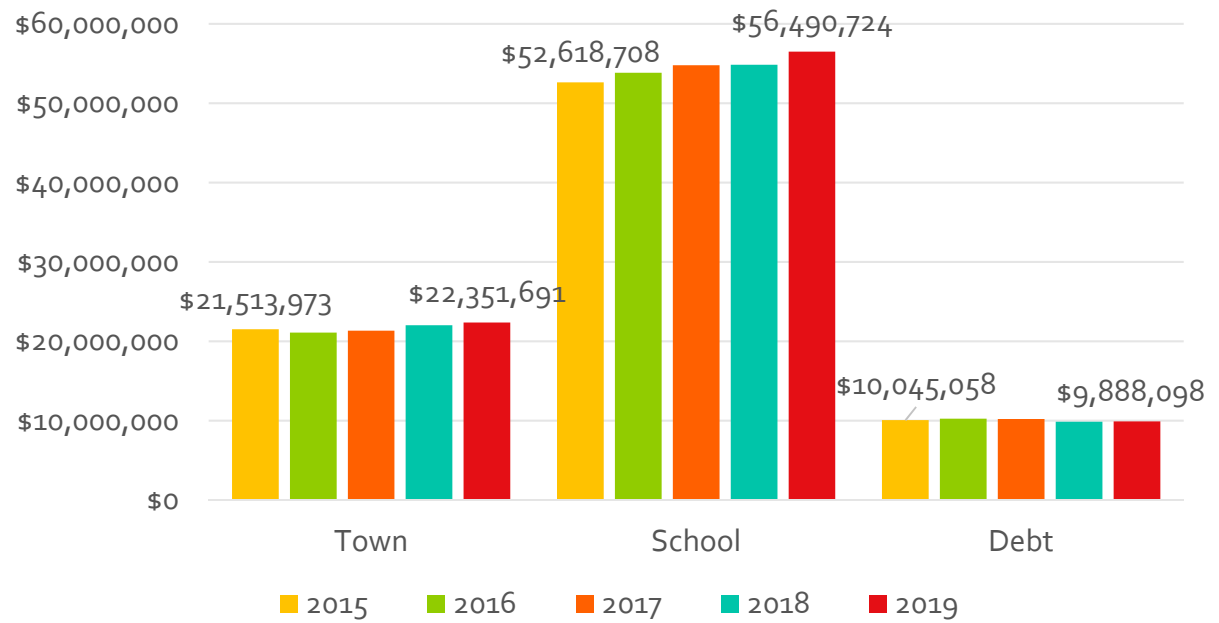
Expenditures

Overview



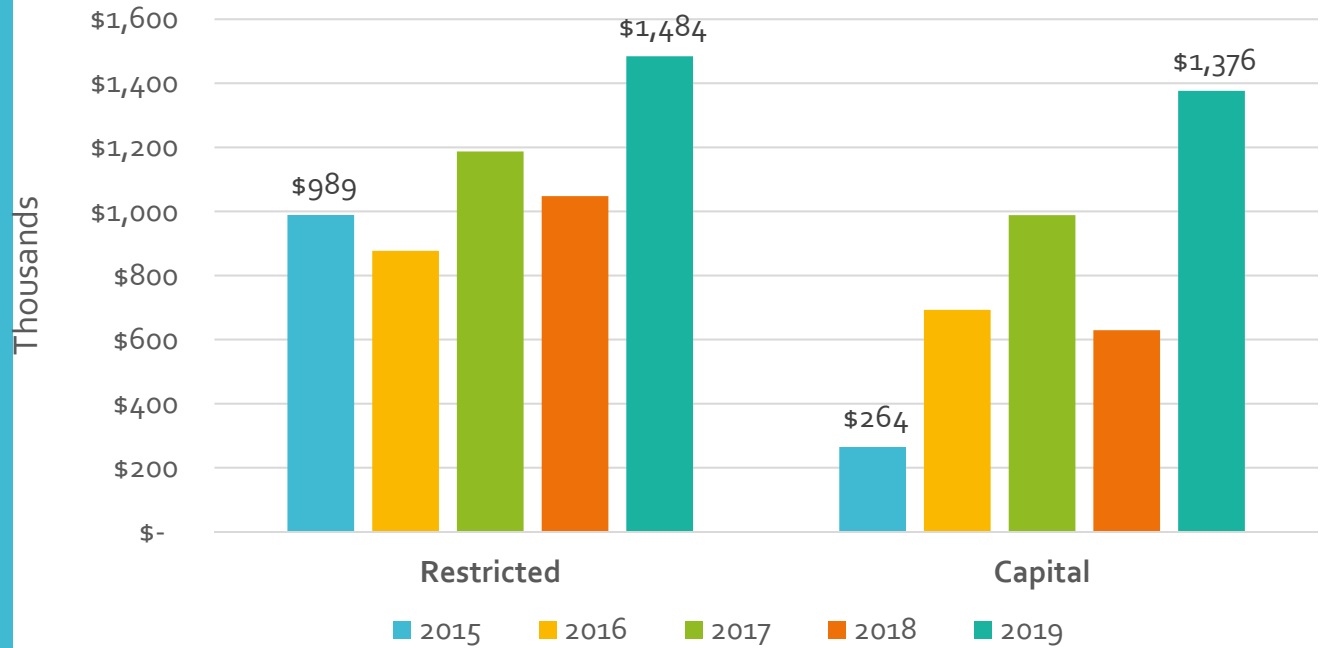
Overview

5-Year Expenditure Trends



Overview

5-Year Budget Trends



Highlights

- Fully funding the ADC for police pension and police OPEB (...and then some)
- Making more transparent insurance, transfers
- Dept. Head & staff professional development
- Final consolidation of DPW

Staffing

Positions for Performance (positions affected)

- Town Manager (1)
 - Asst. Town Manager
- Development Services (2)
 - Asst. Planner
 - Admin. Asst. (P/T)
 - Zoning Enforcement Officer (P/T)
- Utilities (1)
 - Asst. Director of Public Works - Utilities
- Police (2)
 - Lieutenant
 - Animal Control Officer (P/T)
- Recreation (1)
 - Program Coordinator
- Public Works
 - Admin. Asst. (P/T to F/T)

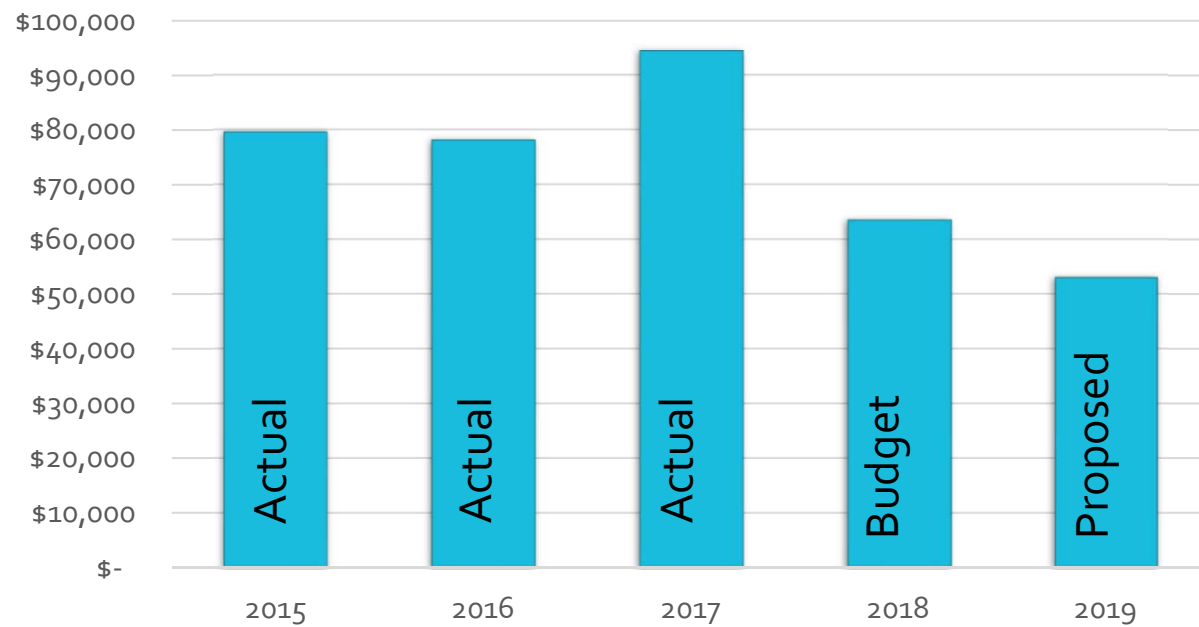


Department Budgets

General Government

Town Council (down 18.14%)

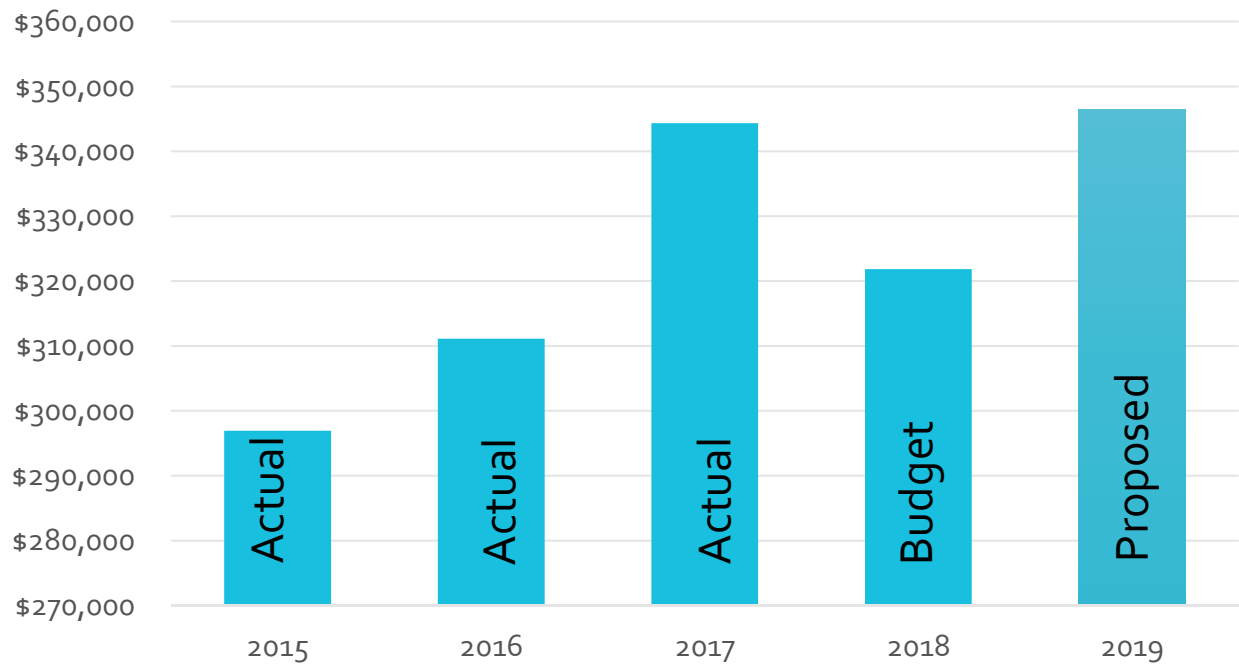
- Removed "advertising" to Town Clerk



General Government

Town Clerk (up 7.66%)

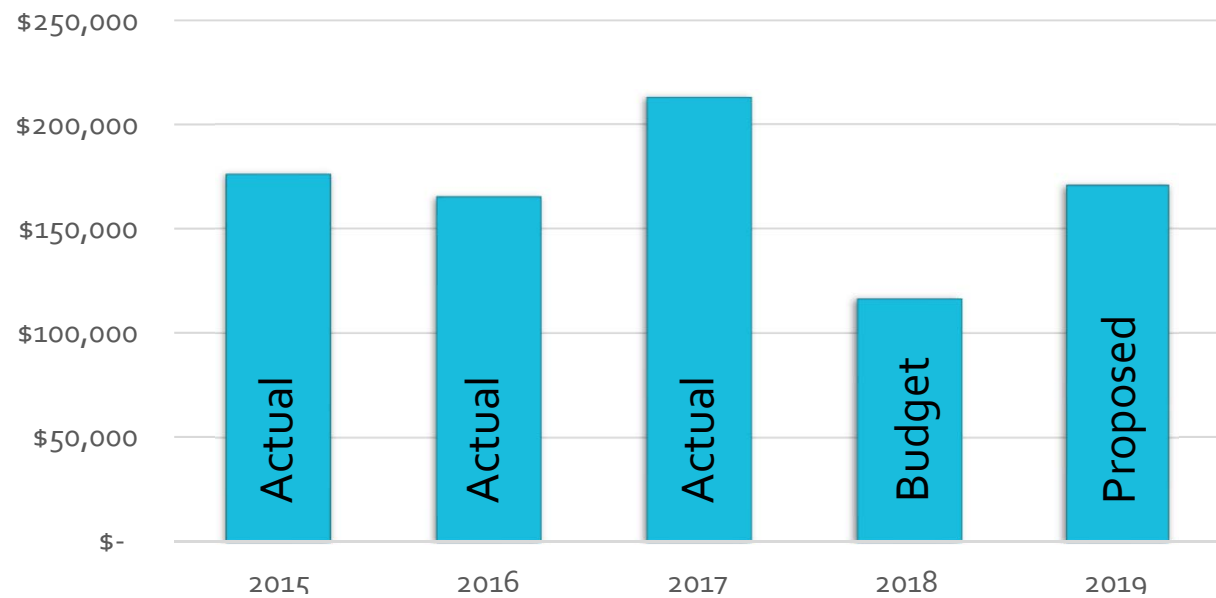
- Added "advertising" from Town Council



General Government

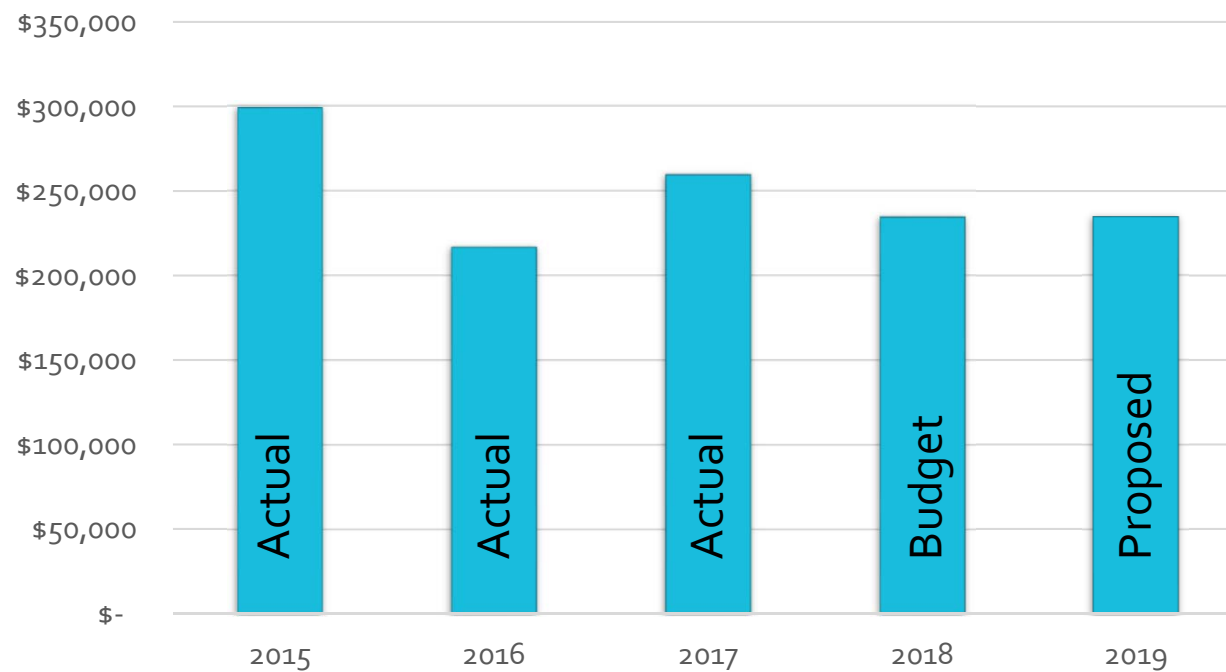
Board of Canvassers (up 46.60%)

- Bi-annual inclusion of election costs



General Government

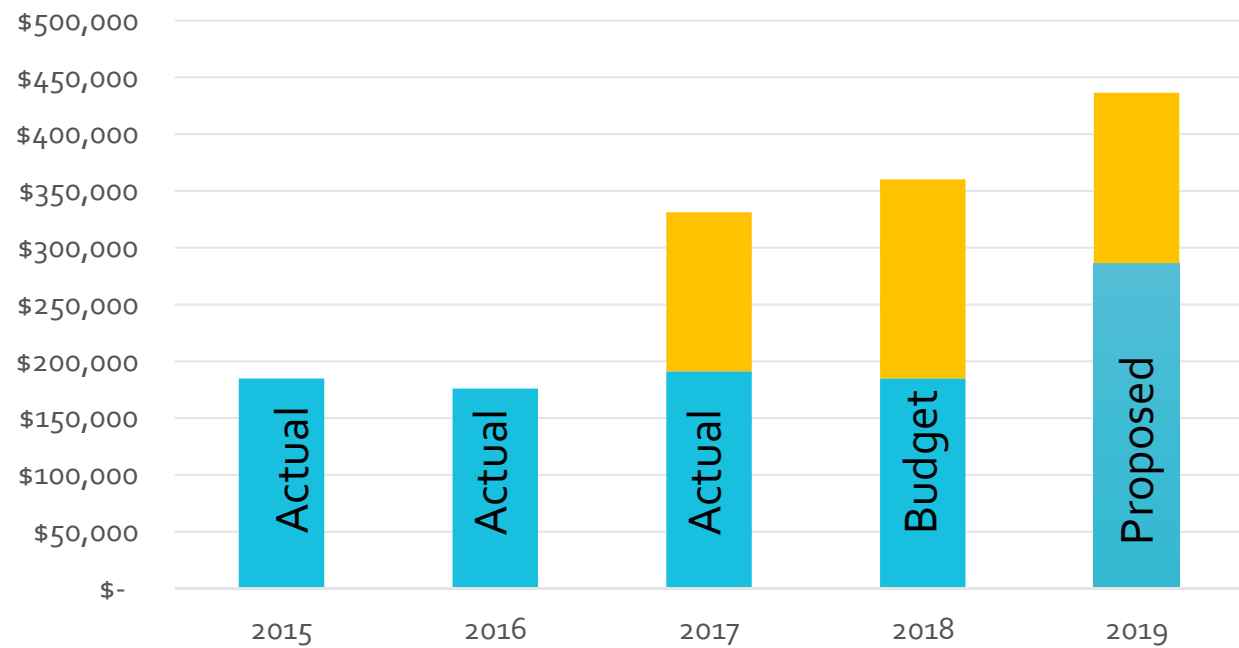
Legal Services (no change)



General Government

Town Manager (up 21.18%)

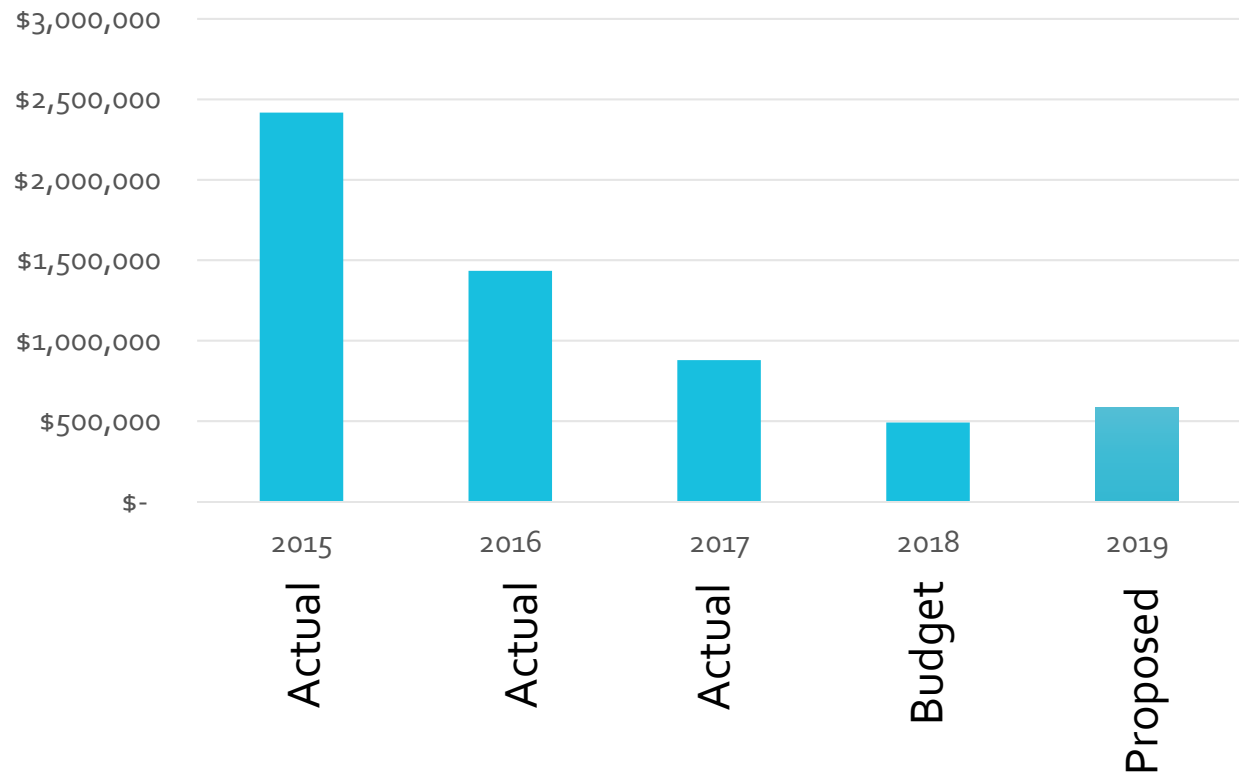
- Increase in professional development for Dept. Heads
- Decrease in contingency
- Addition of Assistant Town Manager



General Government

Finance (up 19.24%)

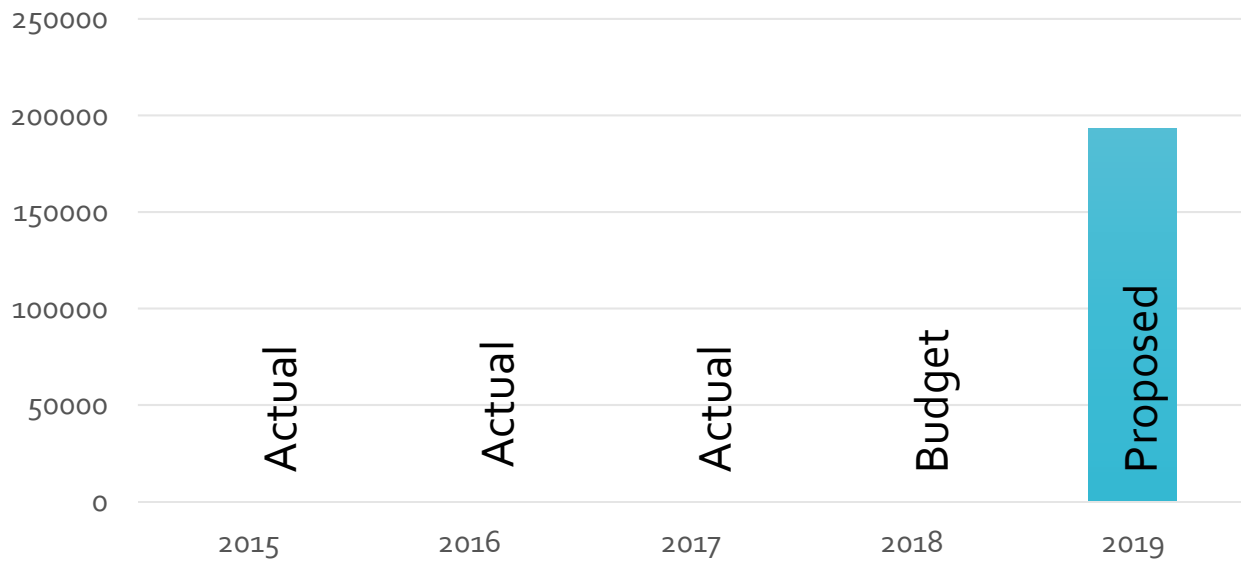
- Funding for full, separate Finance Department
- Budgetary separation of Tax Collection



General Government

Tax Collector

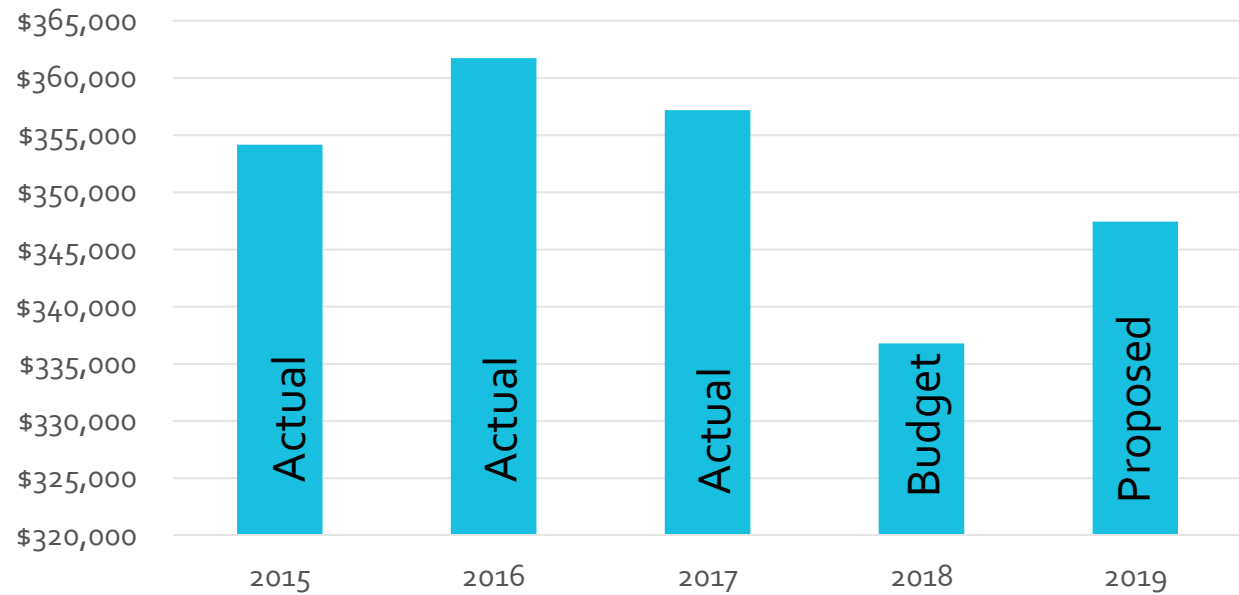
- Budgetary separation of Tax Collection



General Government

Assessment Administration (up 3.13%)

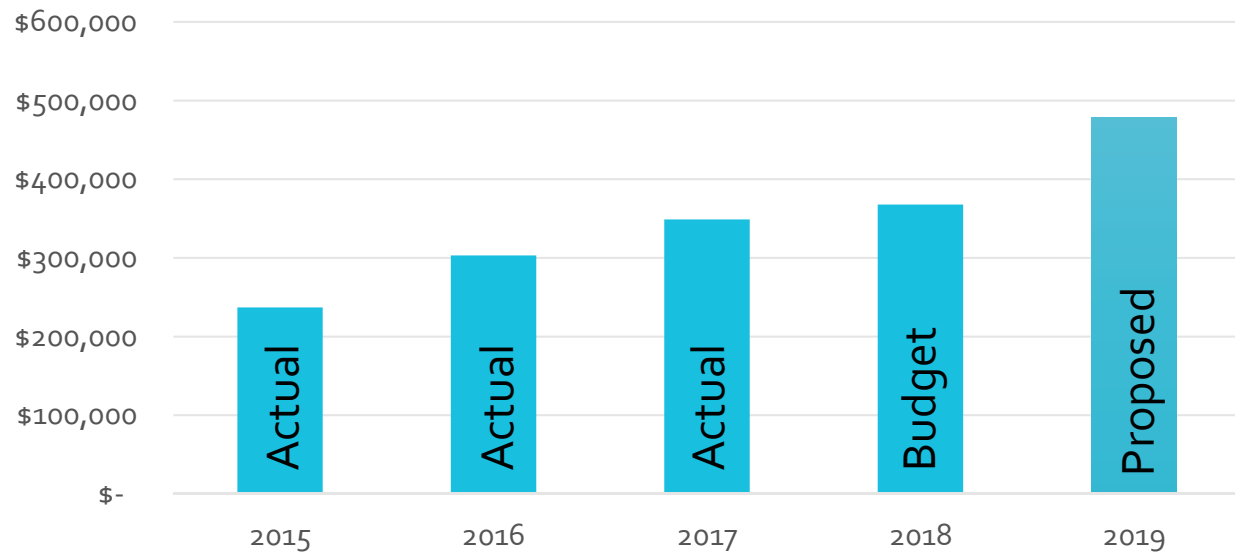
- Reclassification of staff for Workers' Comp
- Office equipment replacement



General Government

Information Technology (up 30.80%)

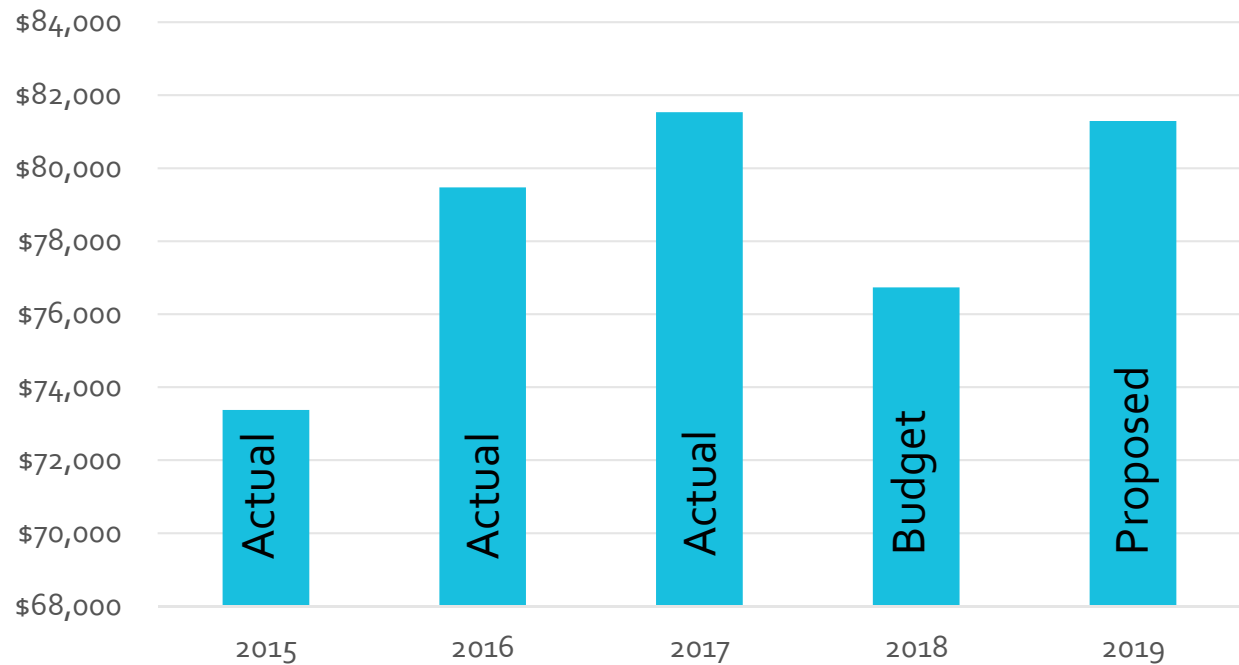
- Reflects all Town software/hardware costs



General Government

Probate Court (up 5.39%)

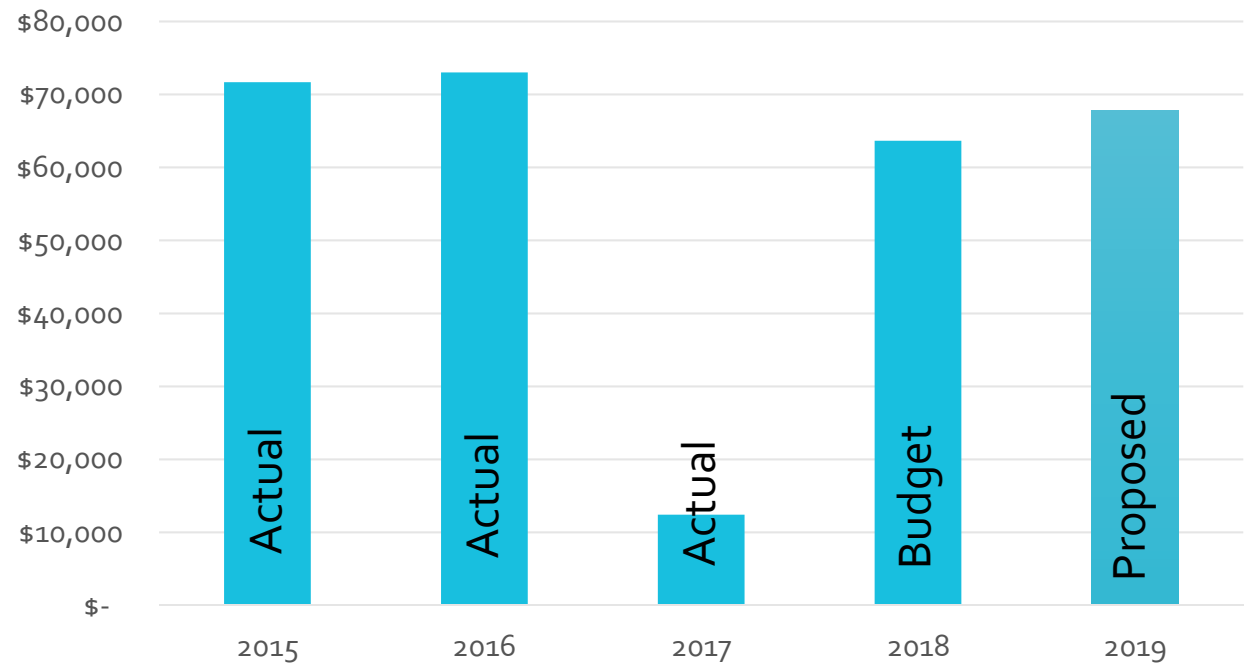
- Reflects annual increase to judge pay
- Reflects increase in employee benefit costs



General Government

Municipal Court (up 4.80%)

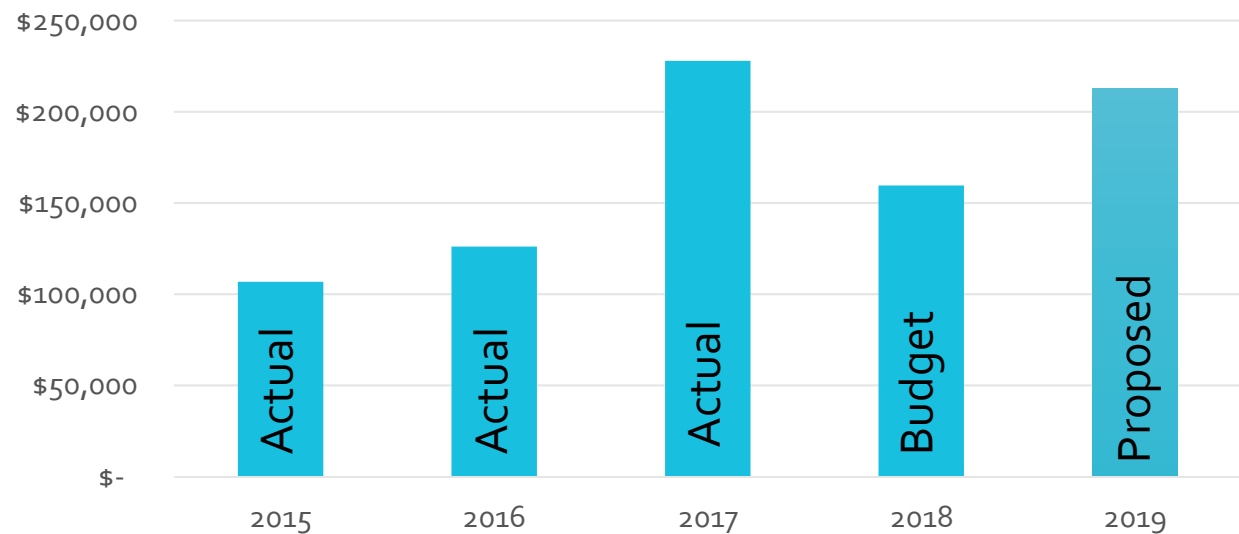
- No changes



General Government

Human Resources (up 41.13%)

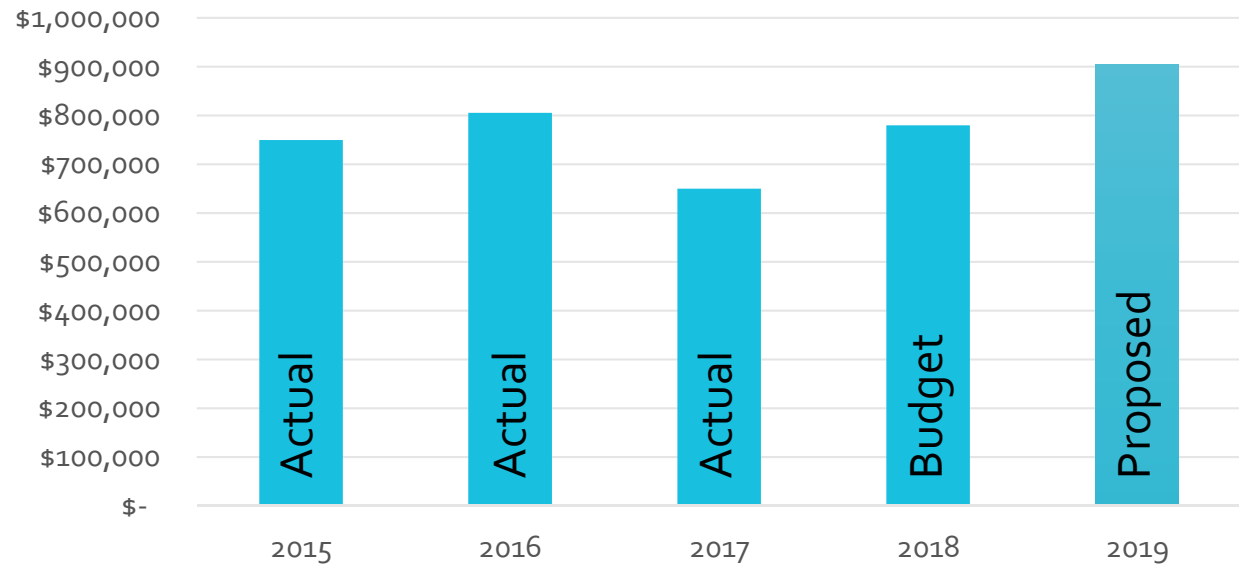
- Reflects re-organized department due to Finance Dept. changes
- Assumes all payroll functions and responsibilities
- New tuition reimbursement program



General Government

Development Services (up 12.35%)

- Additional staffing (Asst. Planner, Admin., ZEO)
- Contractual Services off-set by revenue



Recreation & Beach

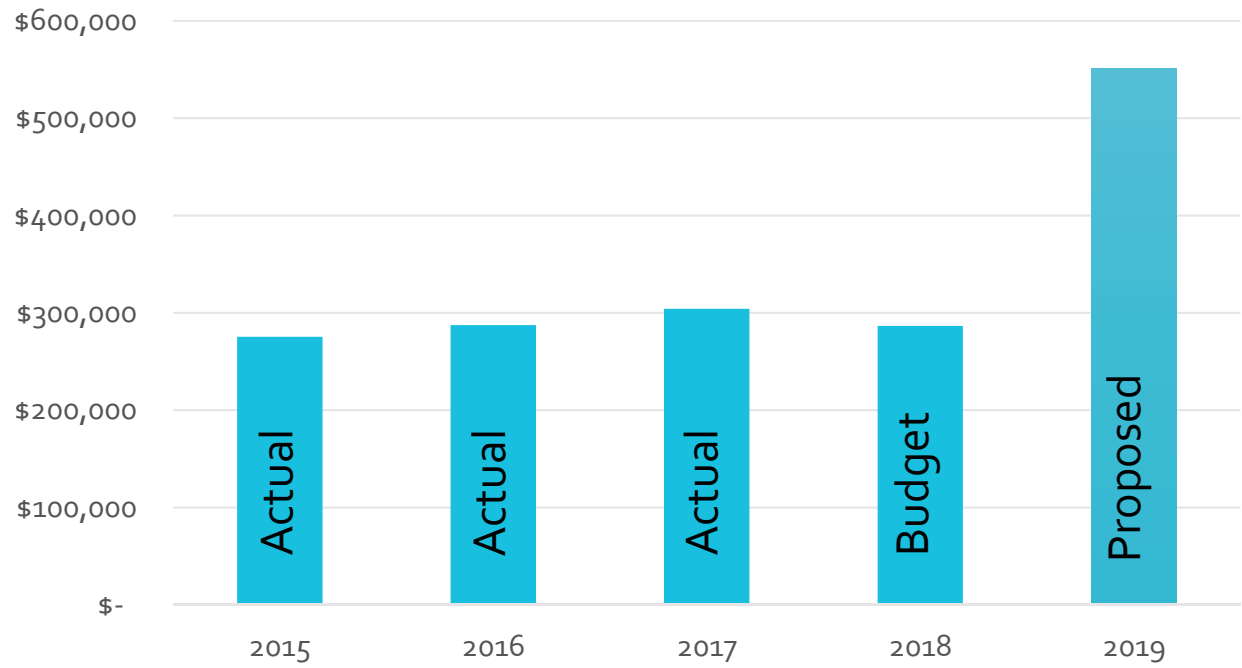
Recreation & Leisure

Combined Recreation and Beach to reflect single department, director, staff, and coordination of all recreation and leisure activities for the Town

	FY18	FY19	Change
Recreation	\$ 286,484	\$ 550,588	(\$ 54,356)
Beach	\$ 318,460		

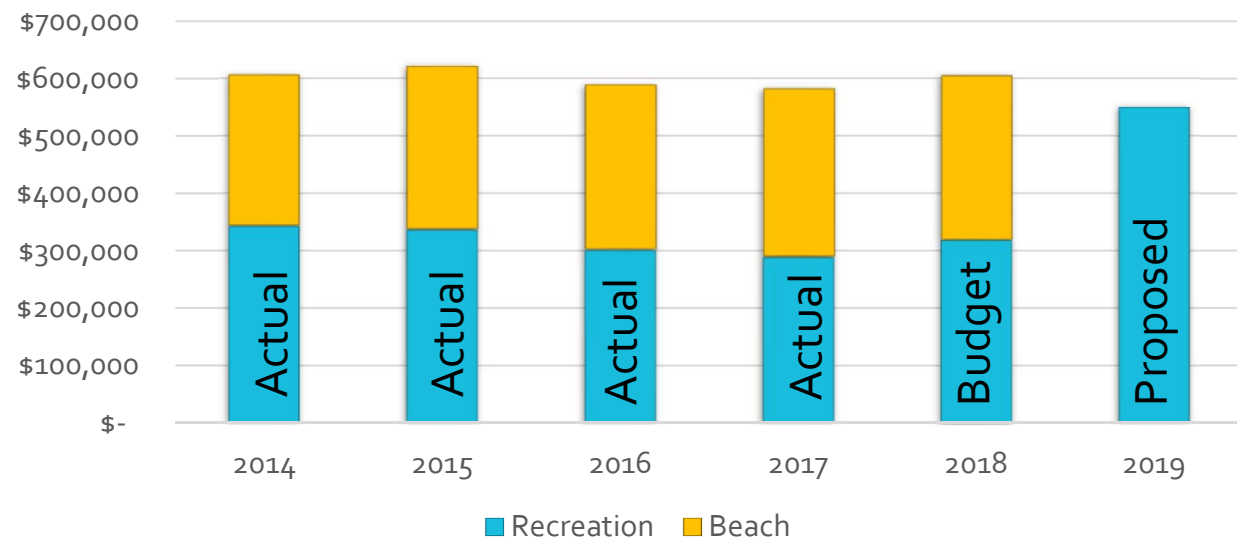
Recreation & Leisure

Recreation & Leisure



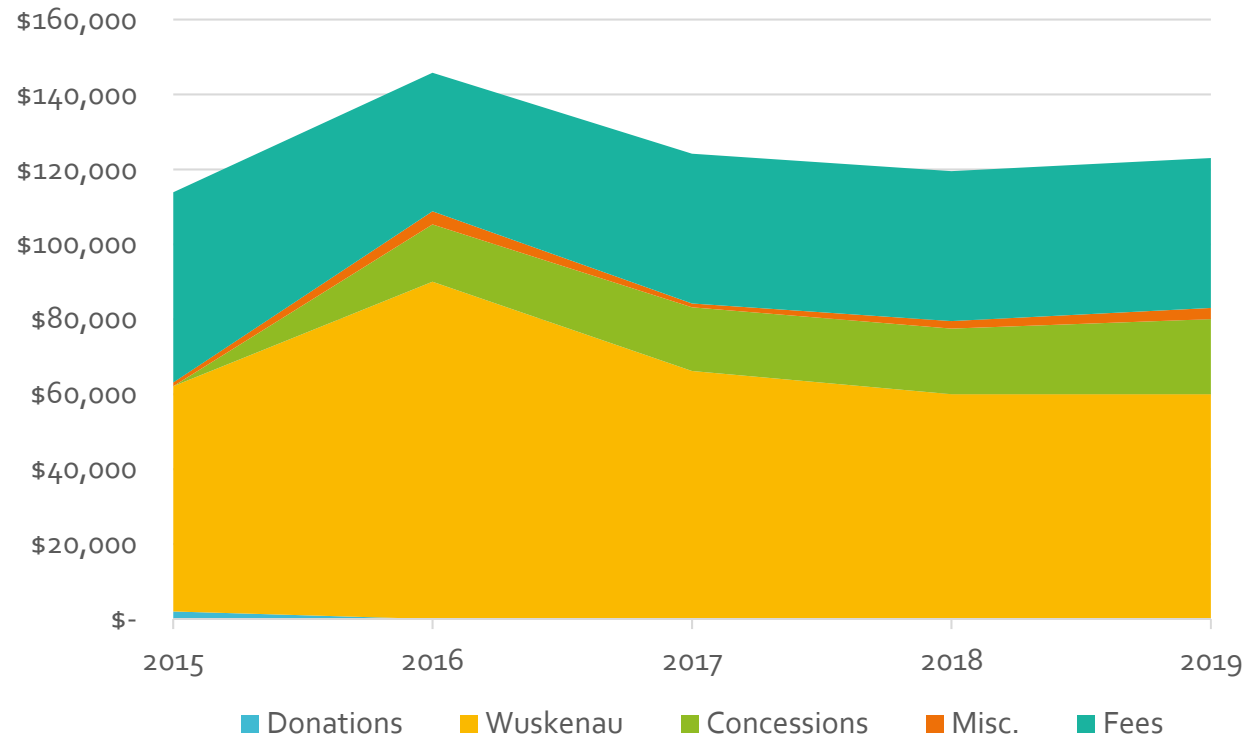
Recreation & Leisure

Combined Chart



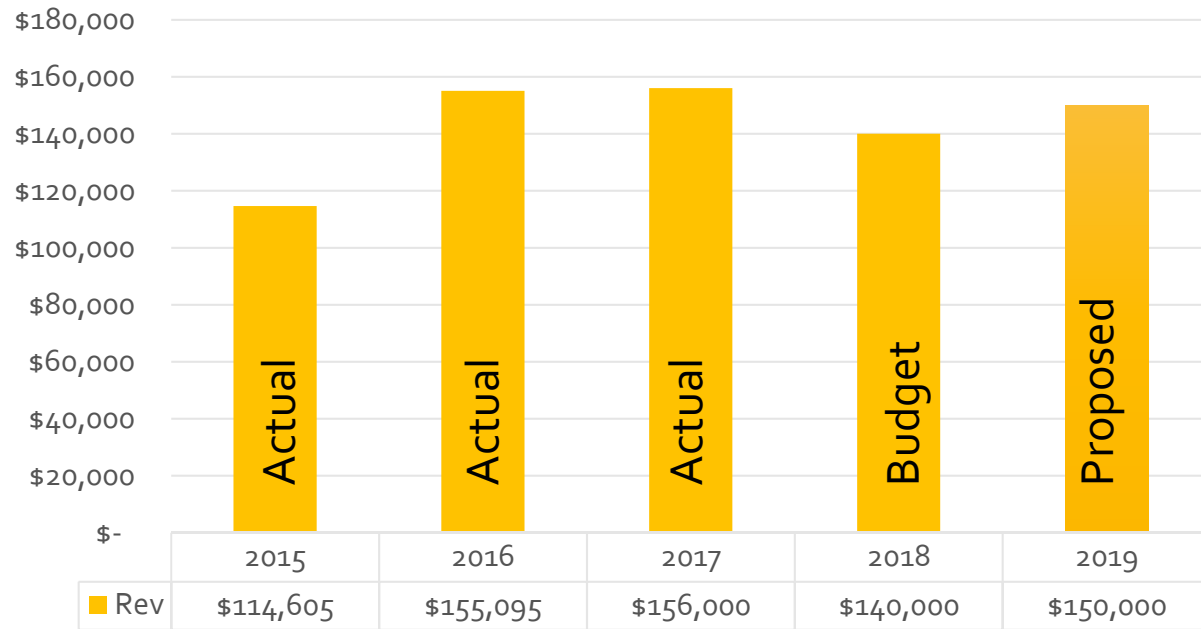
Recreation & Leisure

Revenues



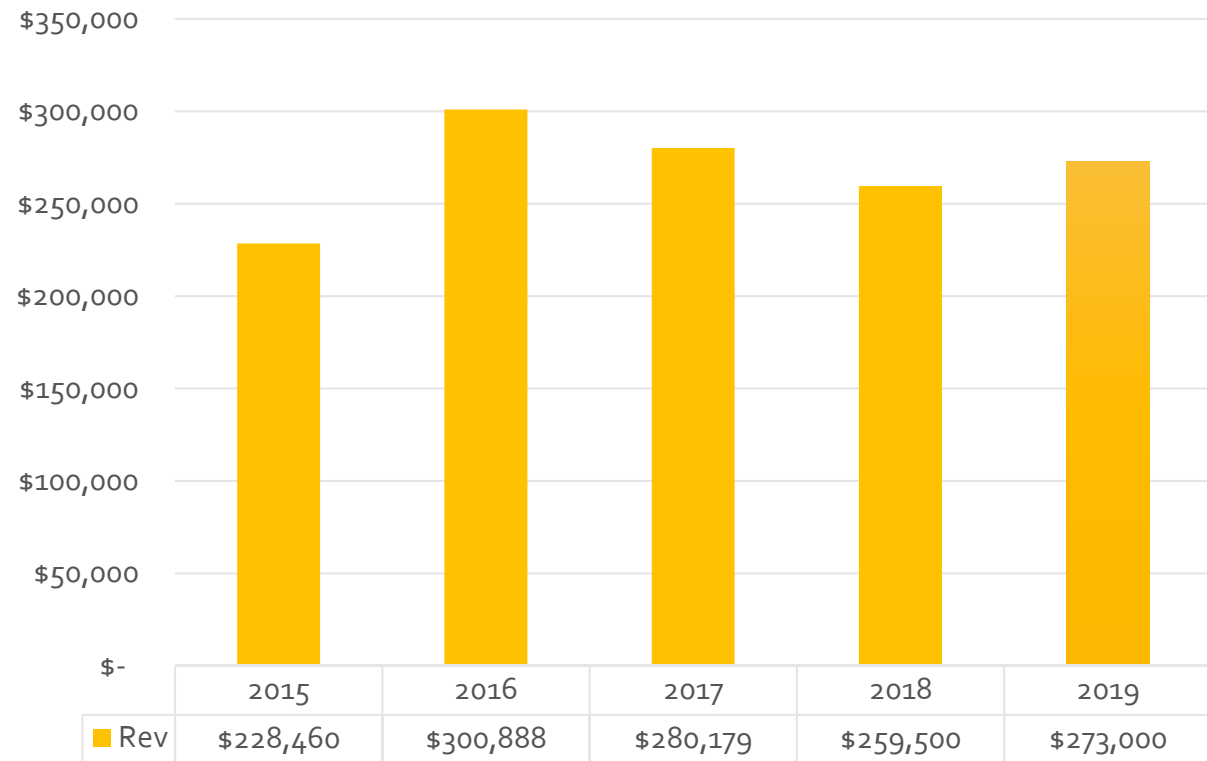
Recreation & Leisure

Revenues – Town Beach Parking



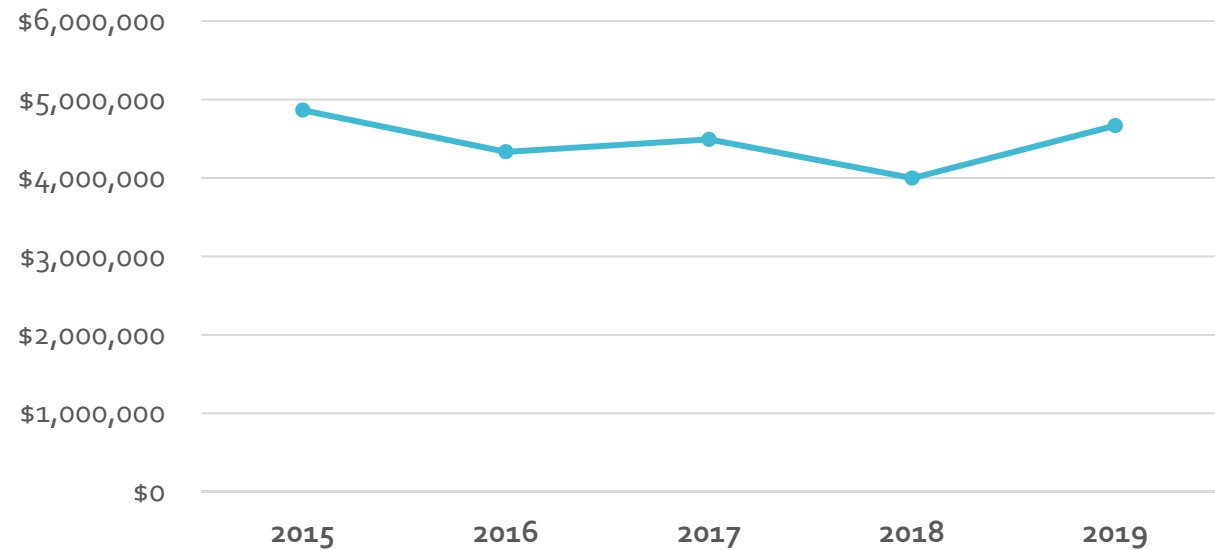
Recreation & Leisure

Total Revenues



General Government

Total General Government 5-Year History



Contributing Factors:

- \$94,417 increase in Finance - staffing
- \$112,769 increase in IT - hardware/software
- \$99,484 increase in DDS – staffing and prof. dev.



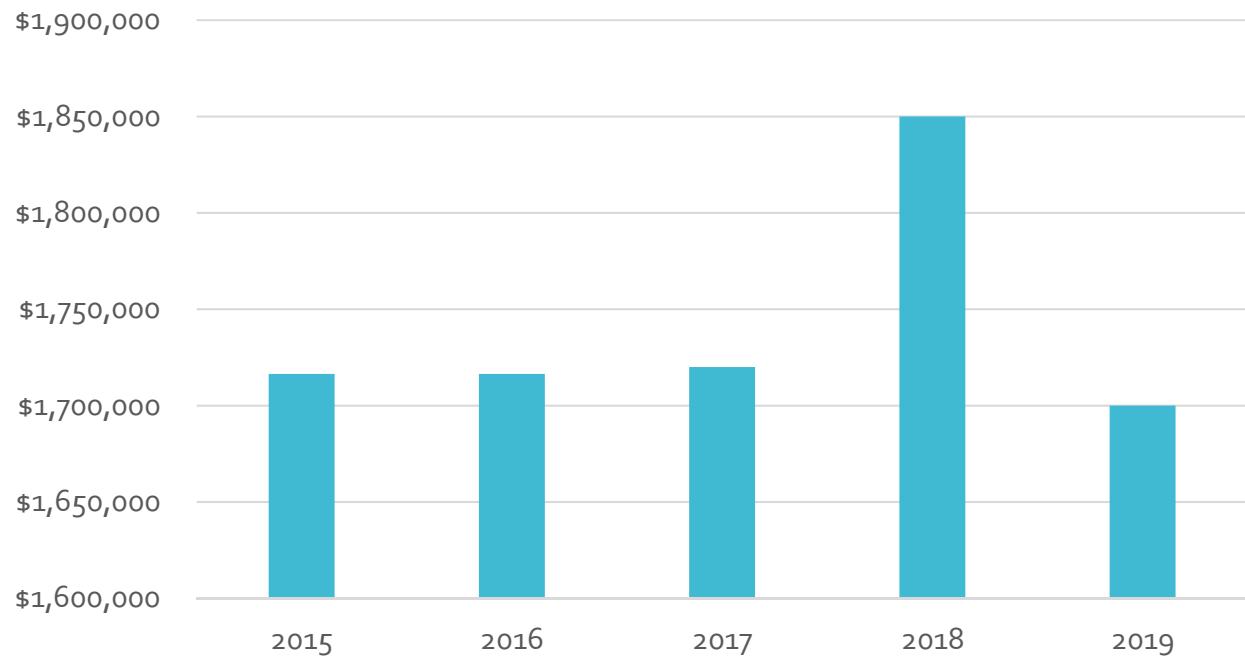
Retirement & OPEB

[Link to actuarial reports](#)

Pension & OPEB

Police Pension Funding (fully funding the ADC)

- Reflection of 7.25% LTROR
- Additional funding of \$89,800 over ADC

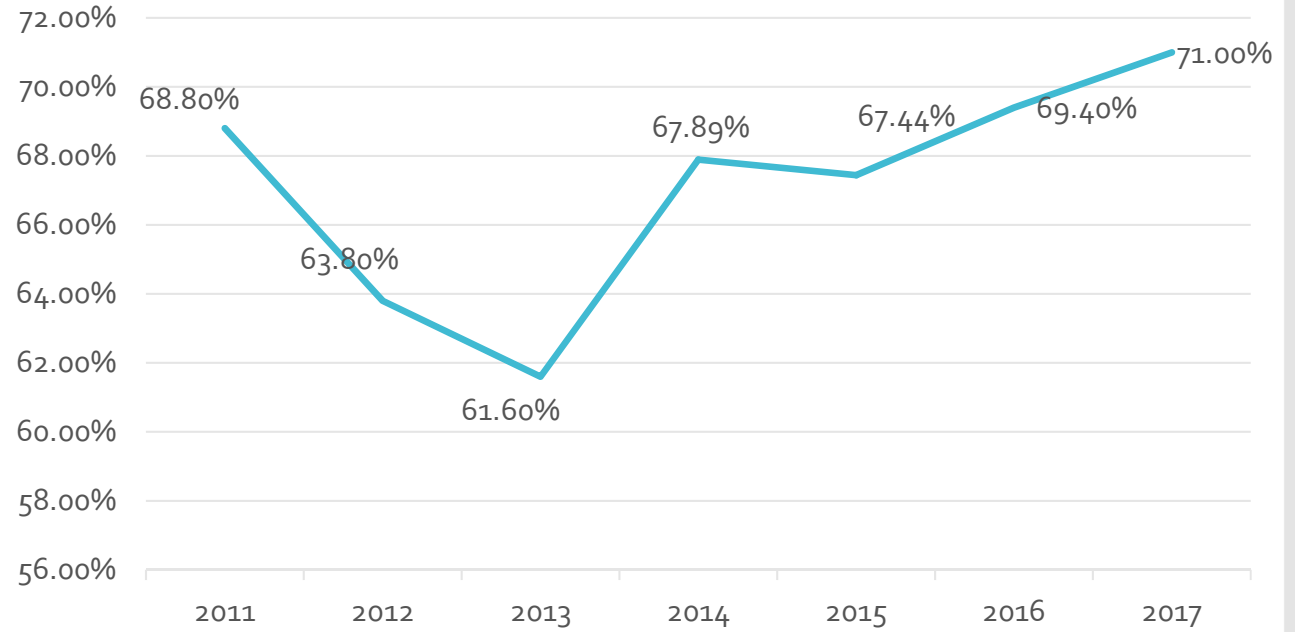


Contributing factor for decrease:

- Investment returns

Pension & OPEB

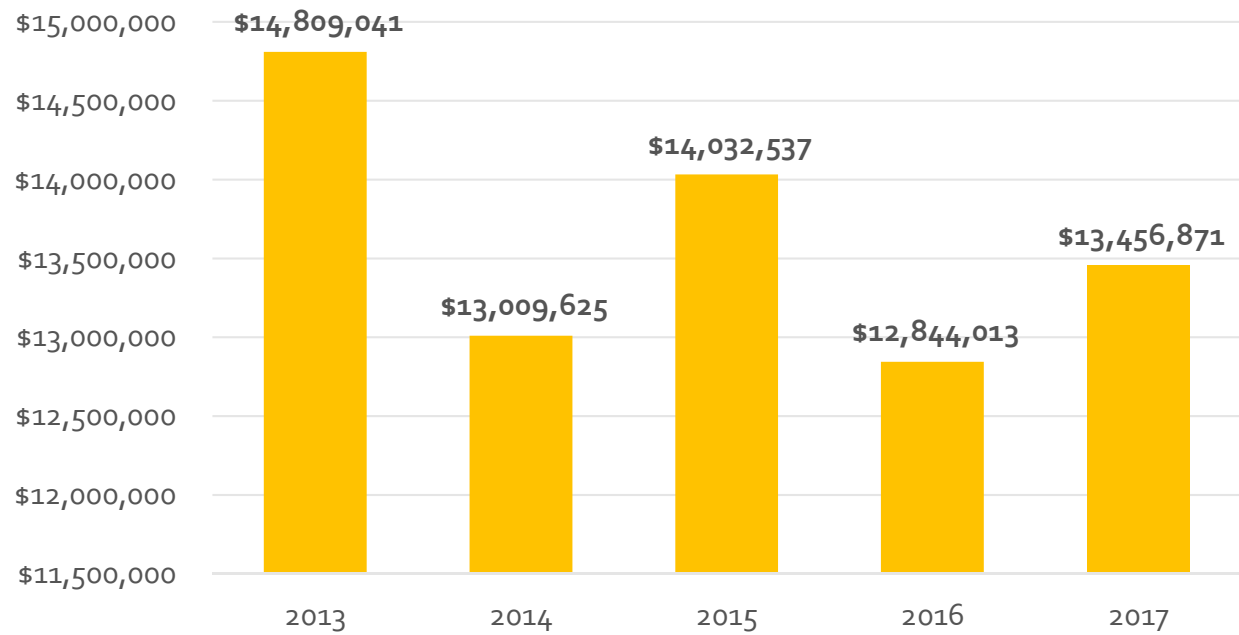
Police Pension funded level



Pension & OPEB

Police Pension unfunded accrued liability

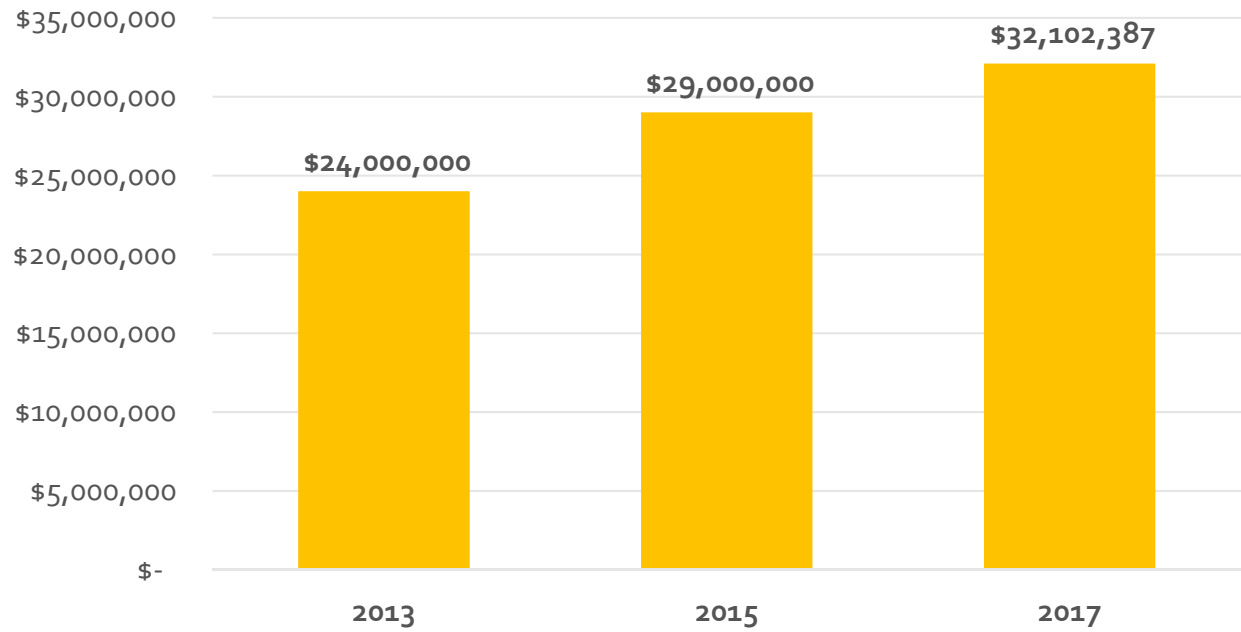
- Difference of liability (cost) & value of assets (fund)



Assumes one year reduced amortization schedule and LTROR

Pension & OPEB

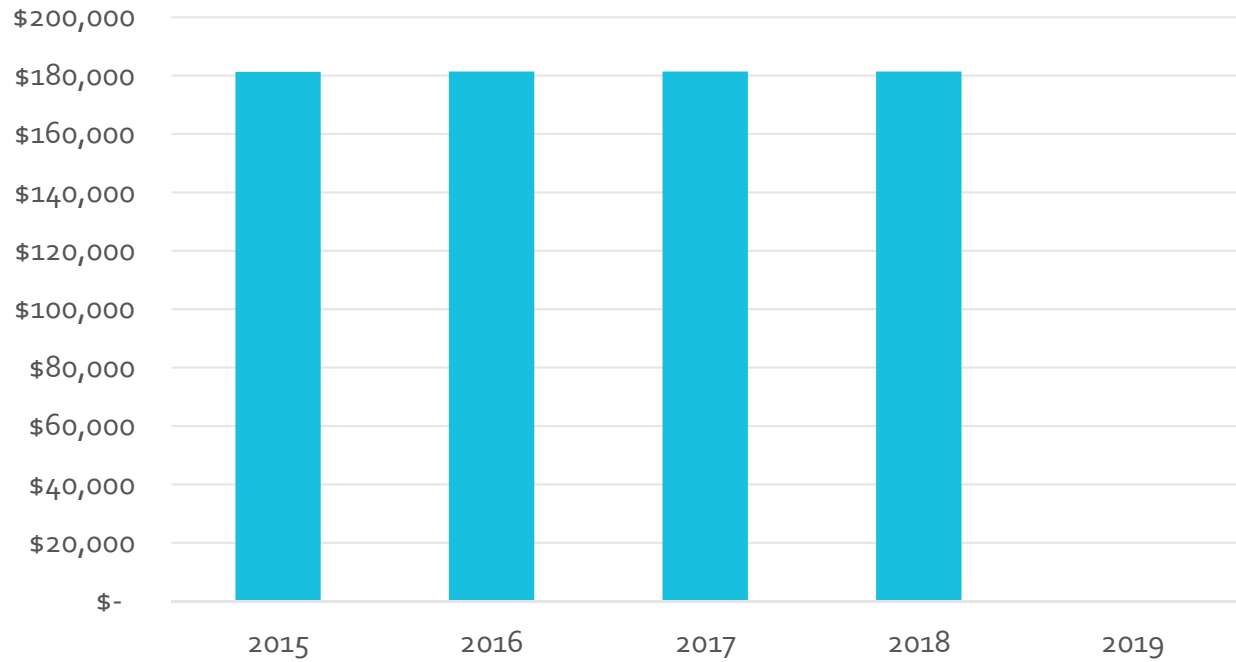
History of Assets



Pension & OPEB

MERS (Municipal Employee Retirement System)

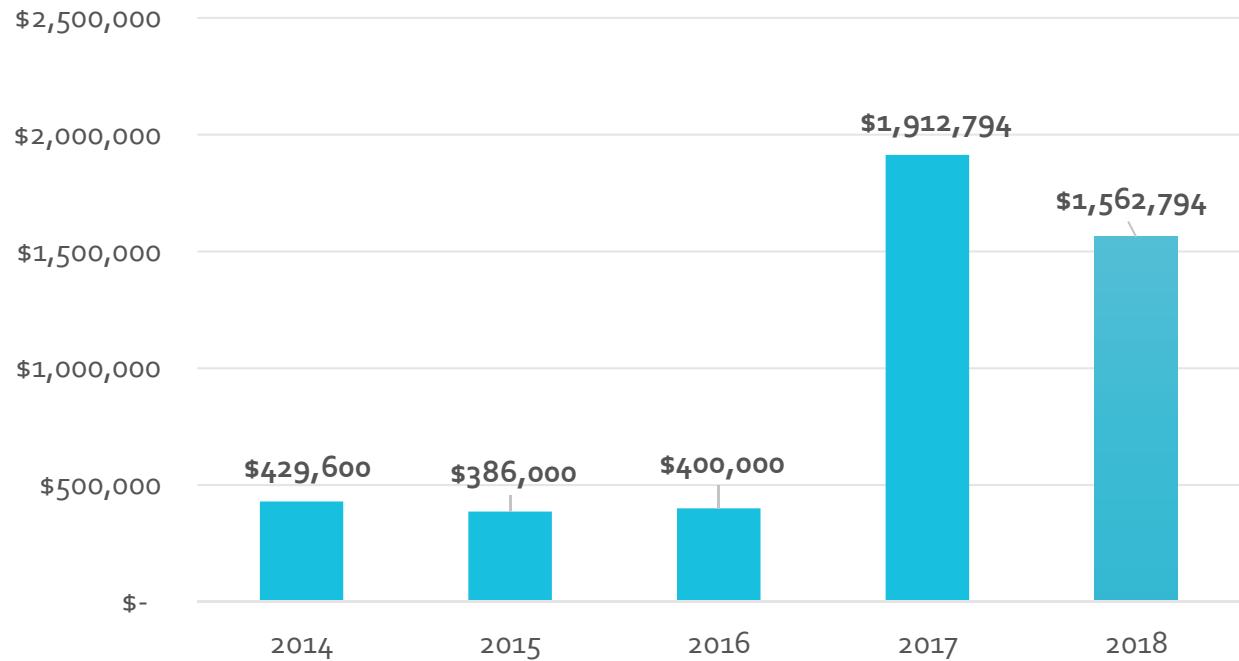
- No more payments



Pension & OPEB

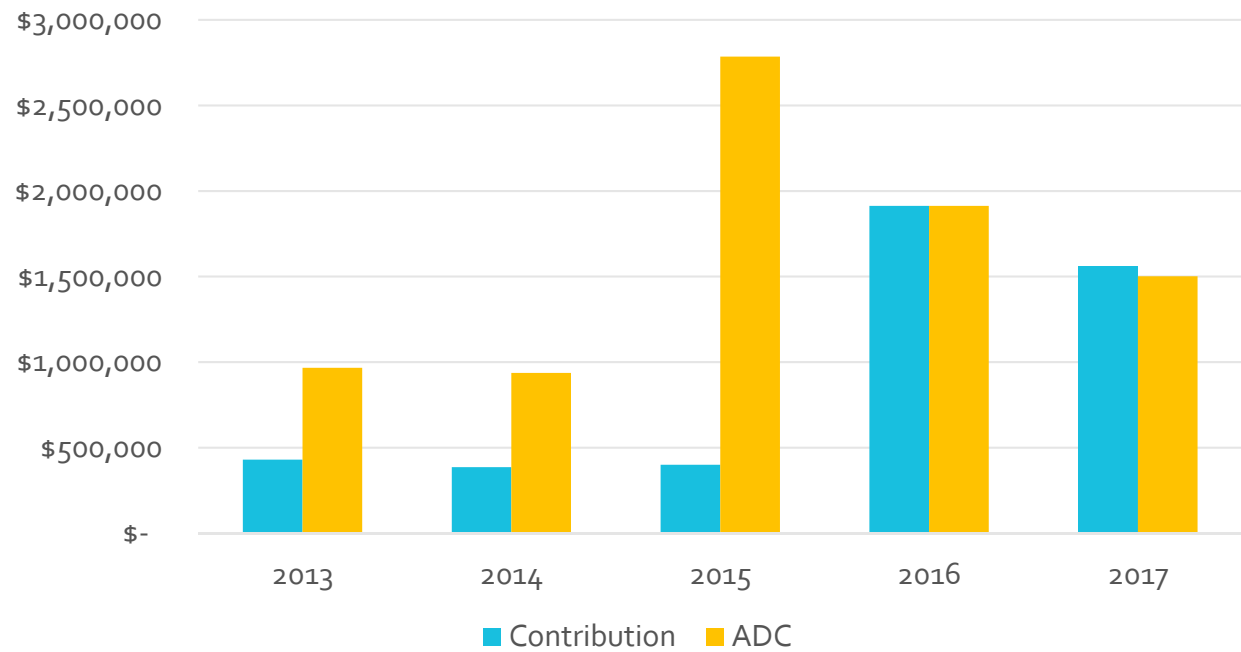
OPEB funding (fully funding the ADC)

- Reflection of 7.25% LTROR
- Additional funding of \$61,729 over ADC



Pension & OPEB

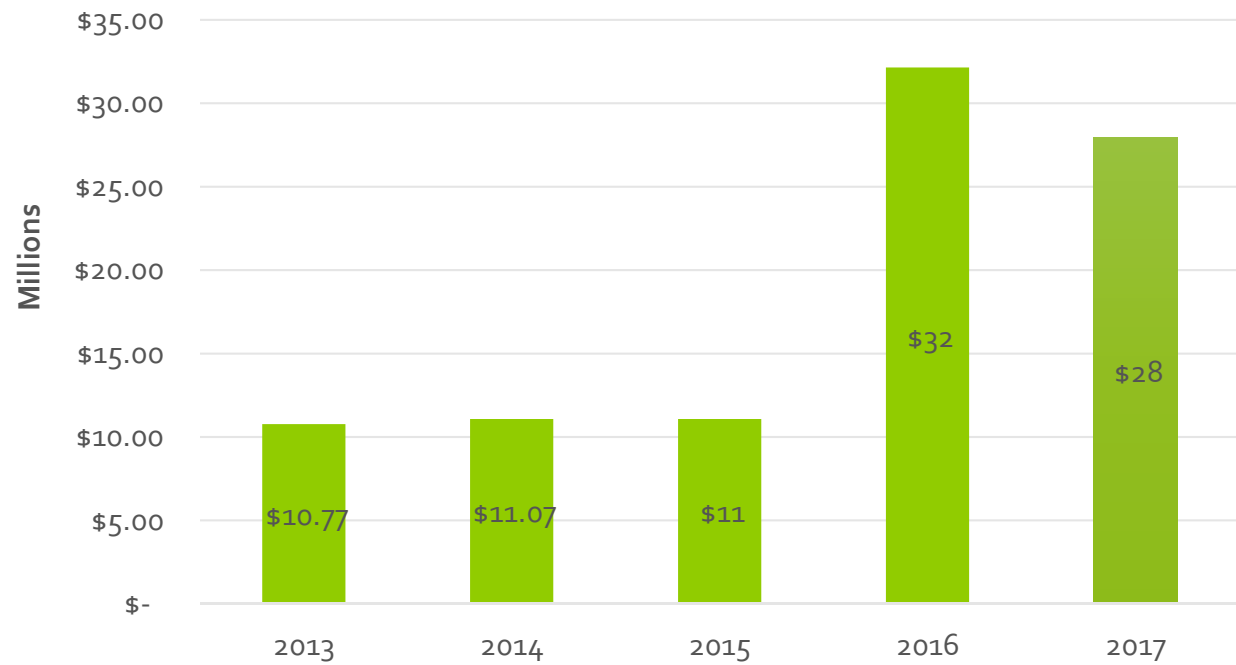
History of ADC vs. Town Funding



Pension & OPEB

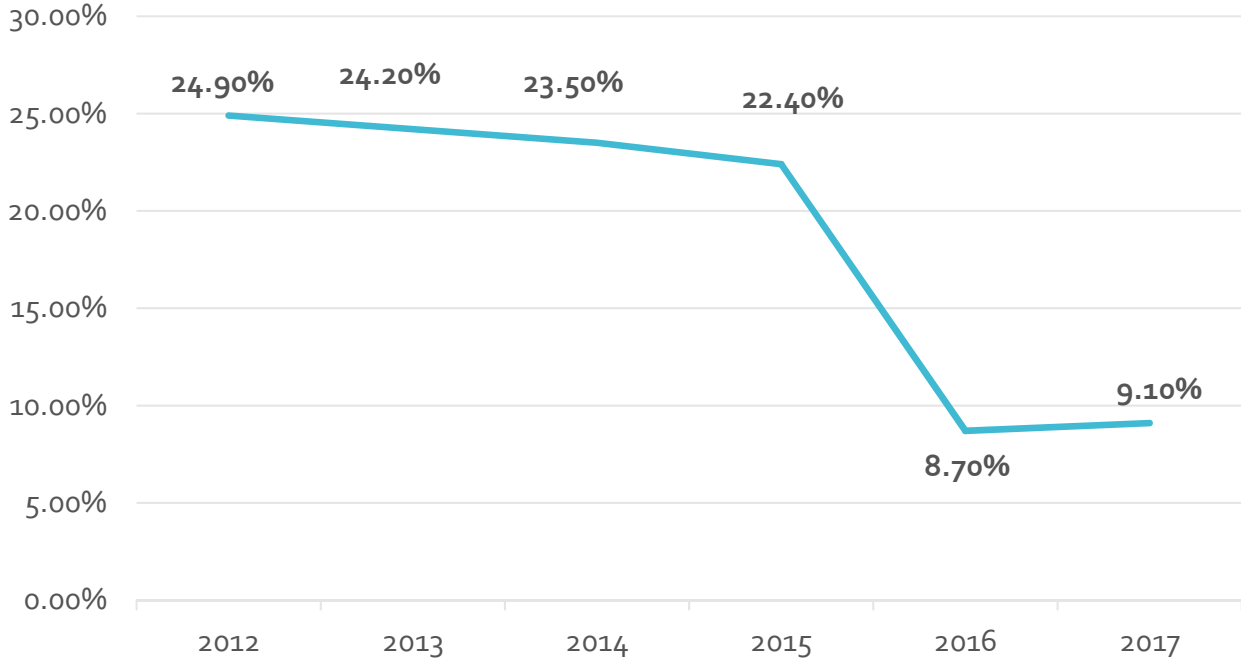
OPEB unfunded accrued liability

- Difference of liability (future cost) & value of assets (fund)



Pension & OPEB

OPEB funded level



Pension & OPEB

How OPEB has been turned around

OPEB Liabilities	FY17
Beginning of Year	\$ 44,714,347
Costs & Interest	\$ 2,585,357
Changes in Benefits Terms	(\$ 11,013,747)
Changes in Assumptions	\$ 383,434
Diff. b/w Expected & Actual	(\$ 5,228,968)
Benefits Payments	(\$ 691,914)
Net Change in Total OPEB liability	(\$ 13,935,838)
TOTAL OPEB LIABILITY (year end)	\$ 30,748,509

Pension & OPEB

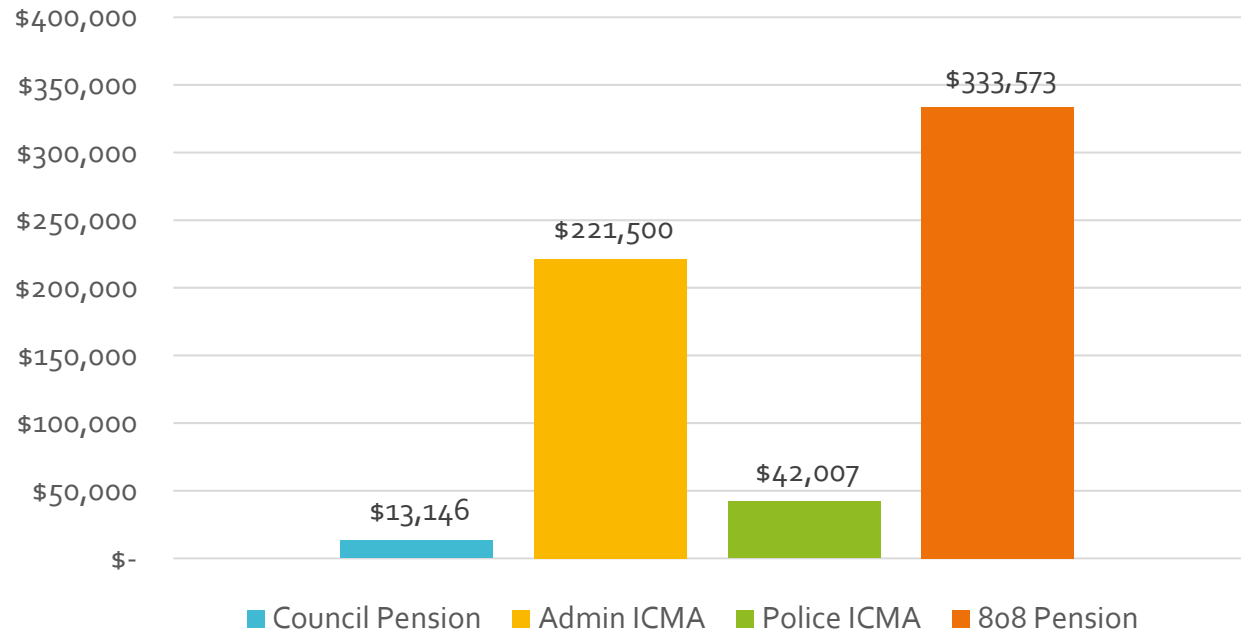
How OPEB has been turned around

OPEB Assets	FY17
Beginning of Year	\$ 2,842,937
Contributions (EE & ER)	\$ 400,000
Net Investment Income	\$ 271,666
Benefits Payments	(\$ 691,914)
Trust Admin. Expenses	(\$ 22,640)
Net Change in Plan Net Position	(\$ 42,888)
TOTAL PLAN NET POSITION (YE)	\$ 2,800,049

Liability – Year End	\$ 30,748,509
Net Position – Year End	\$ 2,800,049
NET LIABILITY – Year End	\$ 27,948,460

Pension & OPEB

Other employer-contributed retirement accounts

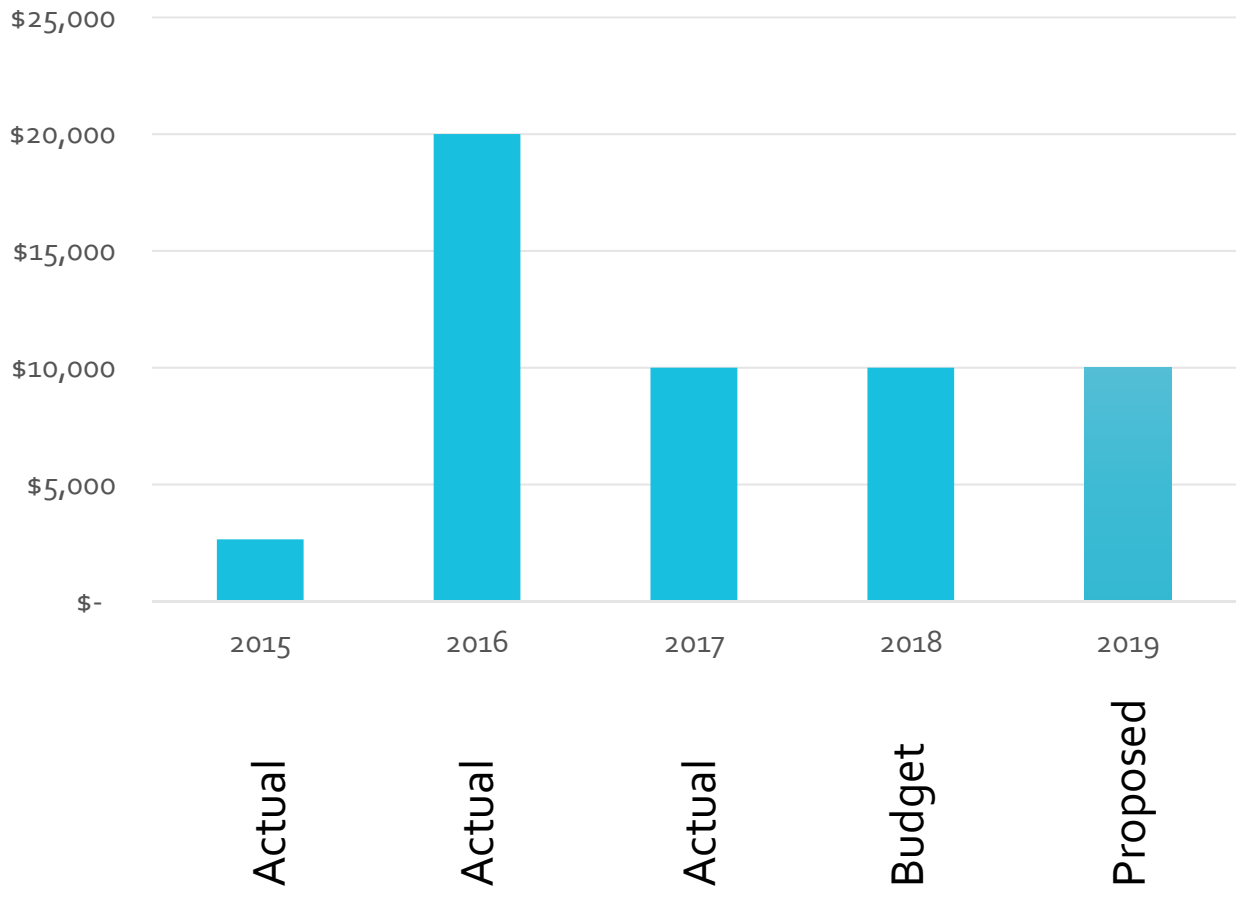




Land Trust & Conservation

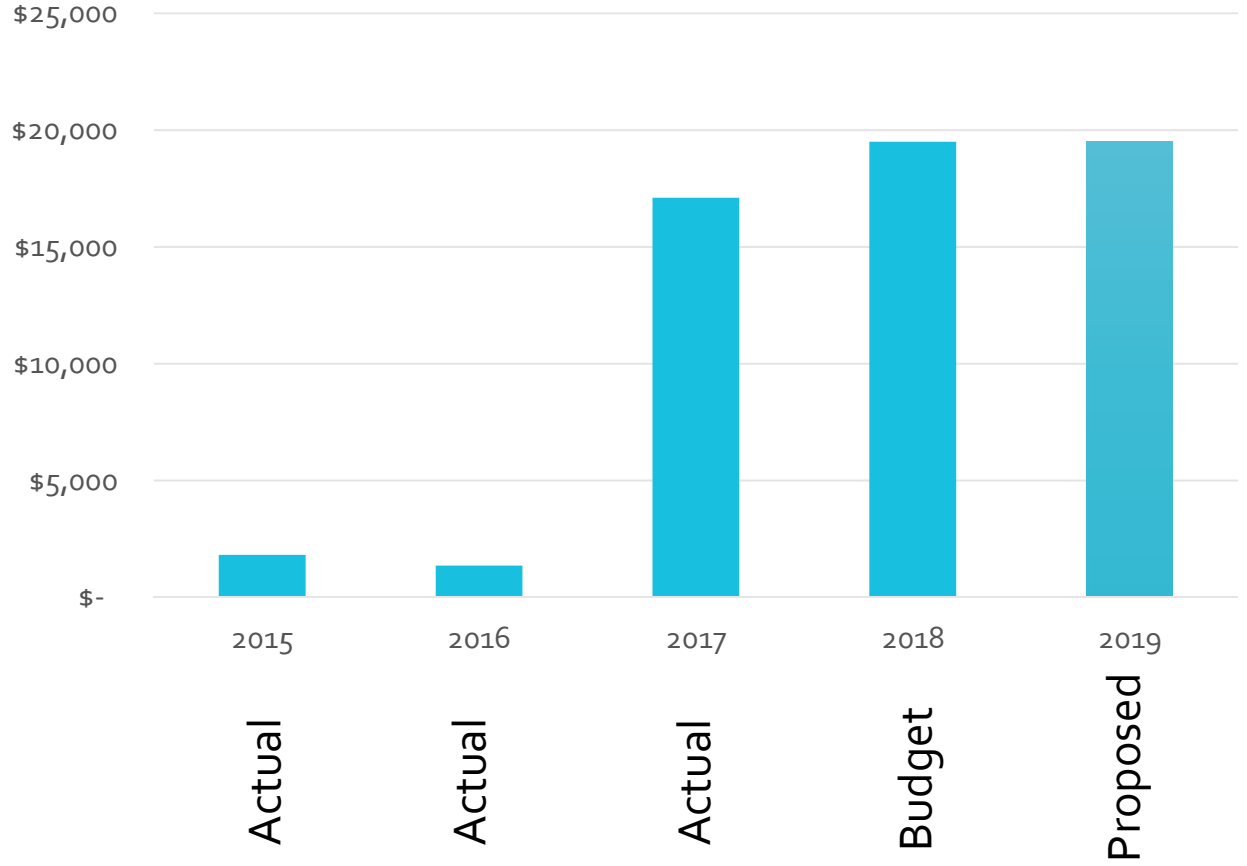
Land Trust & Conservation

Municipal Land Trust



Land Trust & Conservation

Conservation Commission



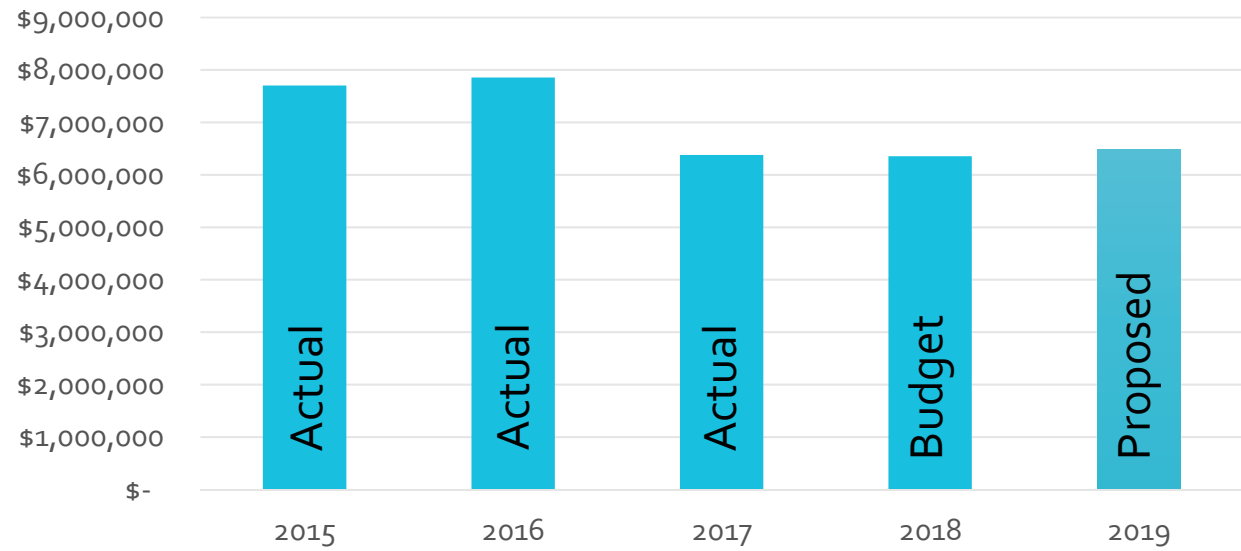


Public Safety

Public Safety

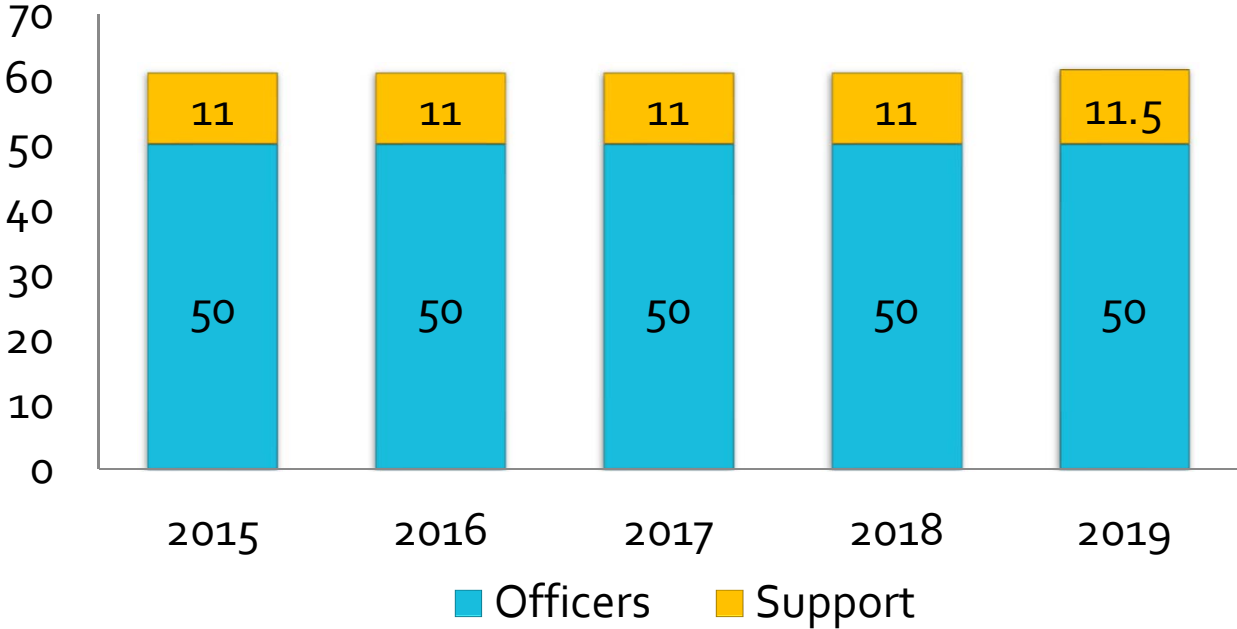
Police Department (up 1.96%)

- Addition of Lieutenant (position increase)
- Addition of P/T ACO



Public Safety

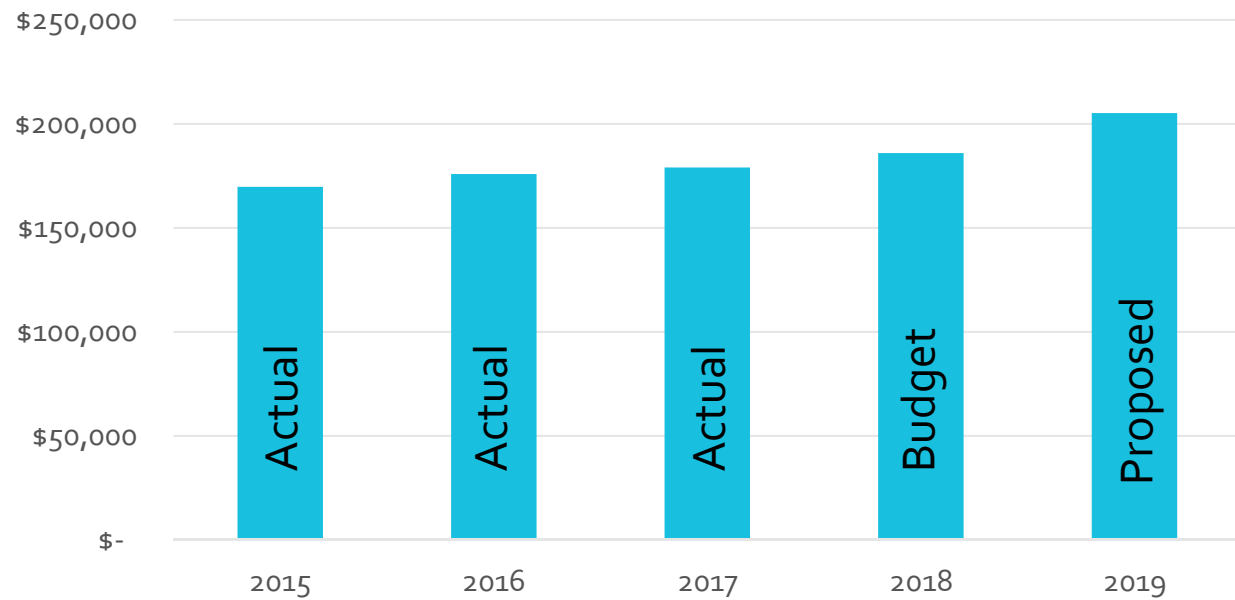
Police Department Staff



Public Safety

Police Technology (up 10.38%)

- Computer replacement plan
- Software/hardware





Public Works

Public Works

Final Consolidation

- Buildings & Grounds now Building Maintenance
 - Buildings & Grounds eliminated
- Highways & Drainage now Highway & Grounds Maint.
 - Highways & Drainage now eliminated
- Streetlighting now Utilities
 - Streetlighting now part of Utilities
- Recreation Maintenance eliminated
 - Consolidated into Highway & Grounds Maintenance
- Equipment Maintenance remains as-is
- Snow & Ice remains as-is

Public Works

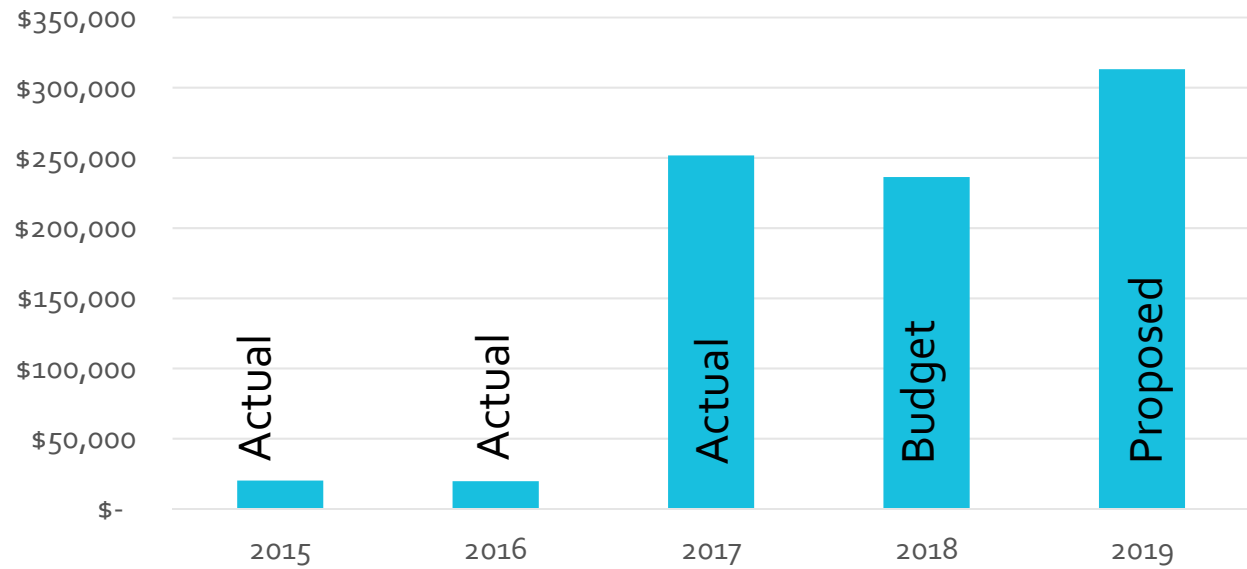
Final Consolidation - reasoning

- All mechanics now fall under Equipment Maintenance
- All laborers now fall under Highway & Grounds Maint.
- All custodians now fall under Building Maint.
- All natural gas, water, electricity falls under Utilities

Public Works

Administration

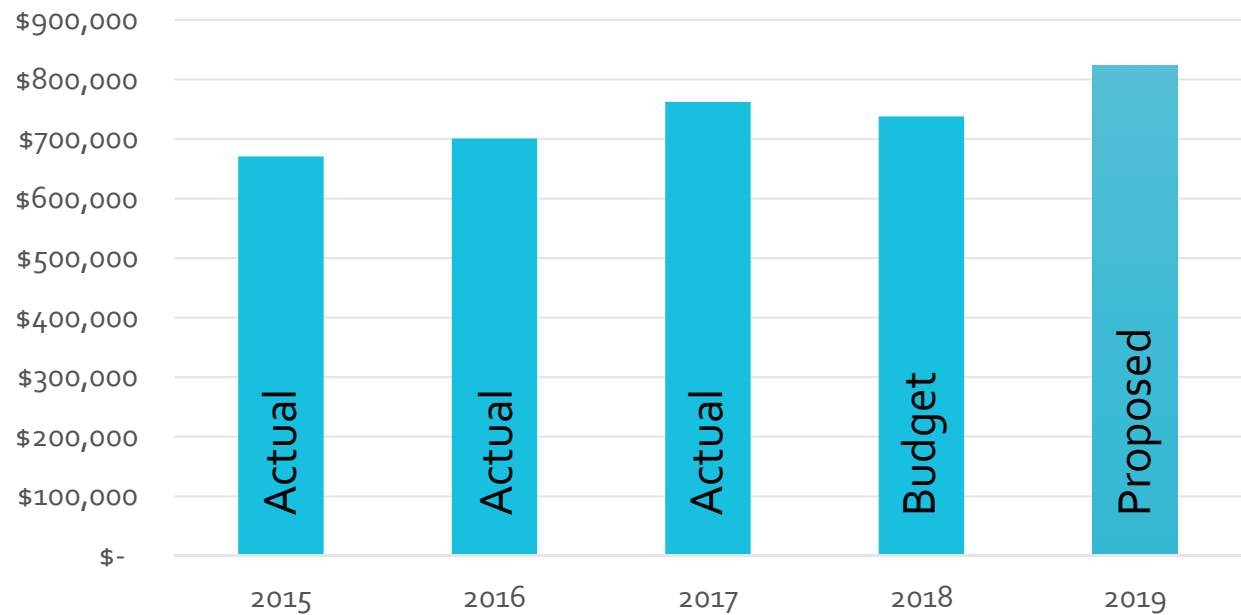
- Includes allocation of DPW Admin. Assts.
- PT Administrative Assistant to F/T
- Related health insurance costs



Public Works

Building Maintenance

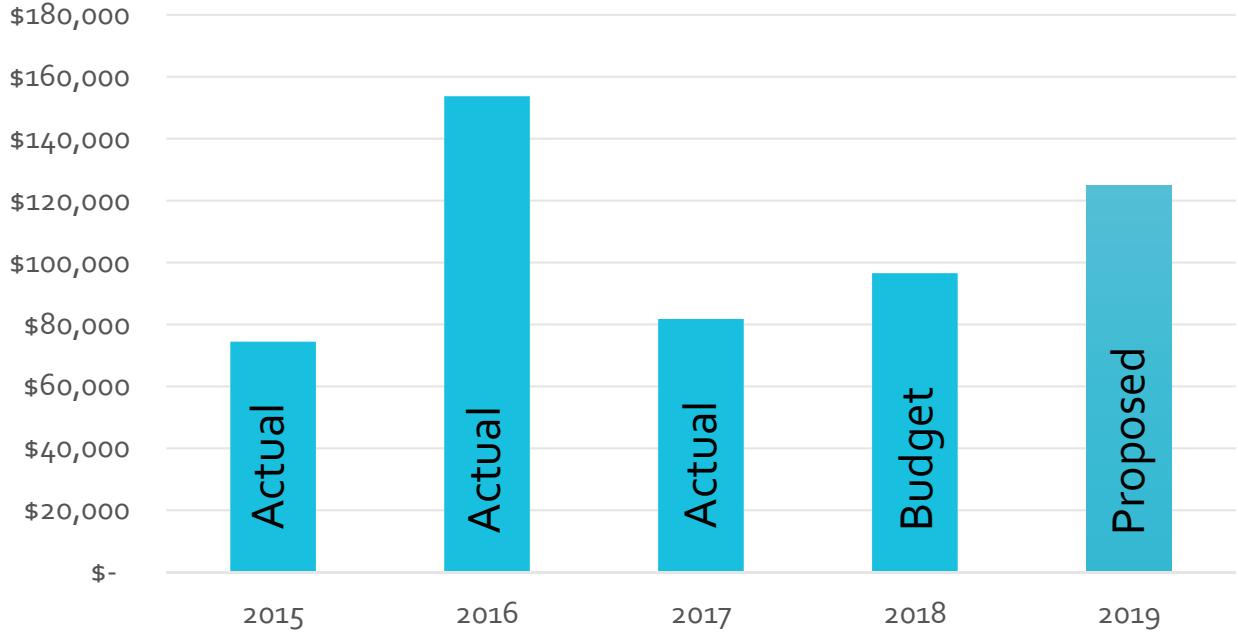
- Reflects all transfers from other depts. regarding the maintenance of buildings
- Increase 2nd shift custodian from PT to FT



Public Works

Engineering (up 7.14%)

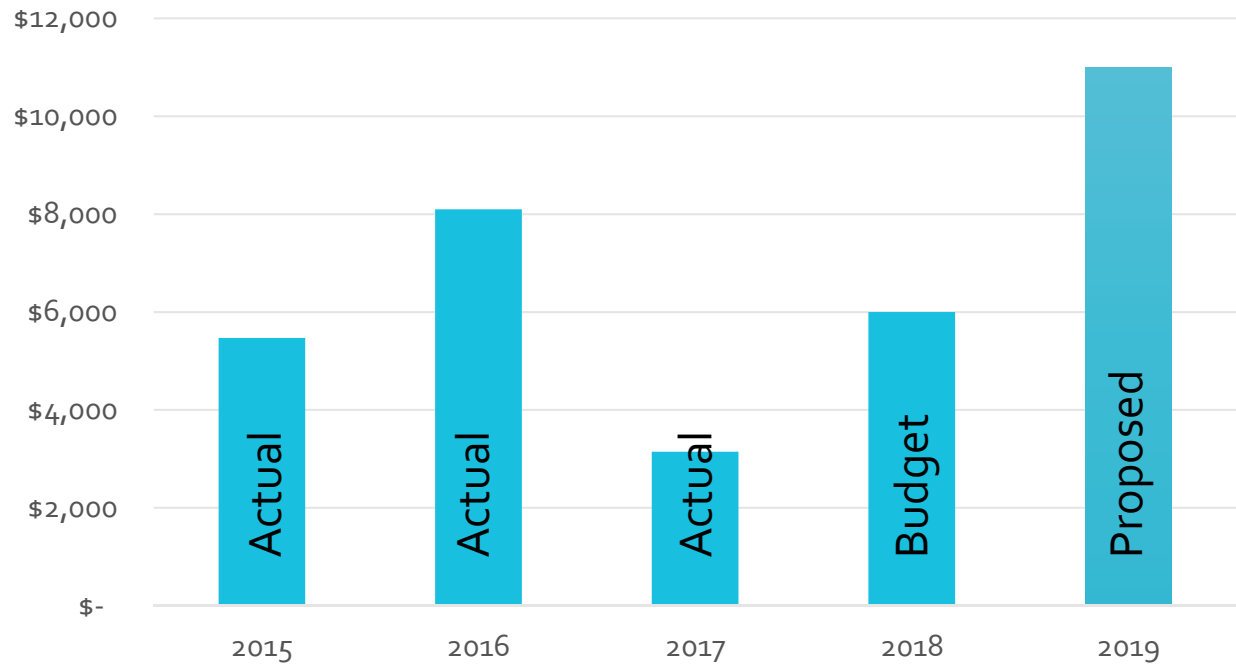
- No significant changes



Public Works

Tree Warden (up 83.33%)

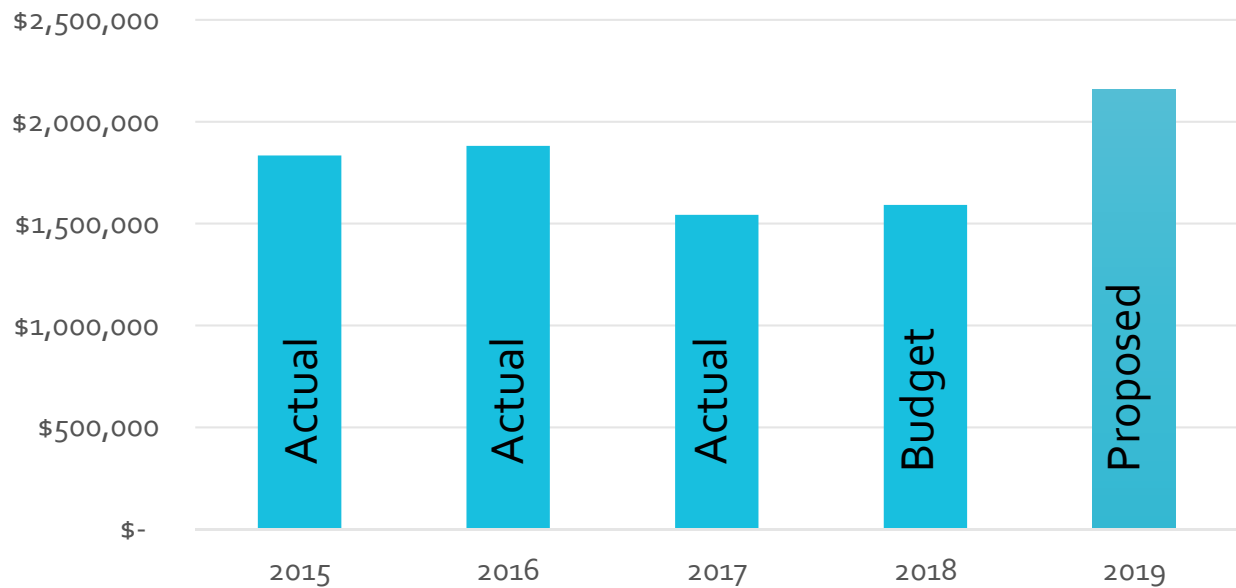
- Increase due to actual tree clearing cost



Public Works

Highway & Grounds Maintenance

- Reflects all transfers from other depts. Regarding the maintenance of highway and grounds (formally recreation maintenance and beach maintenance)

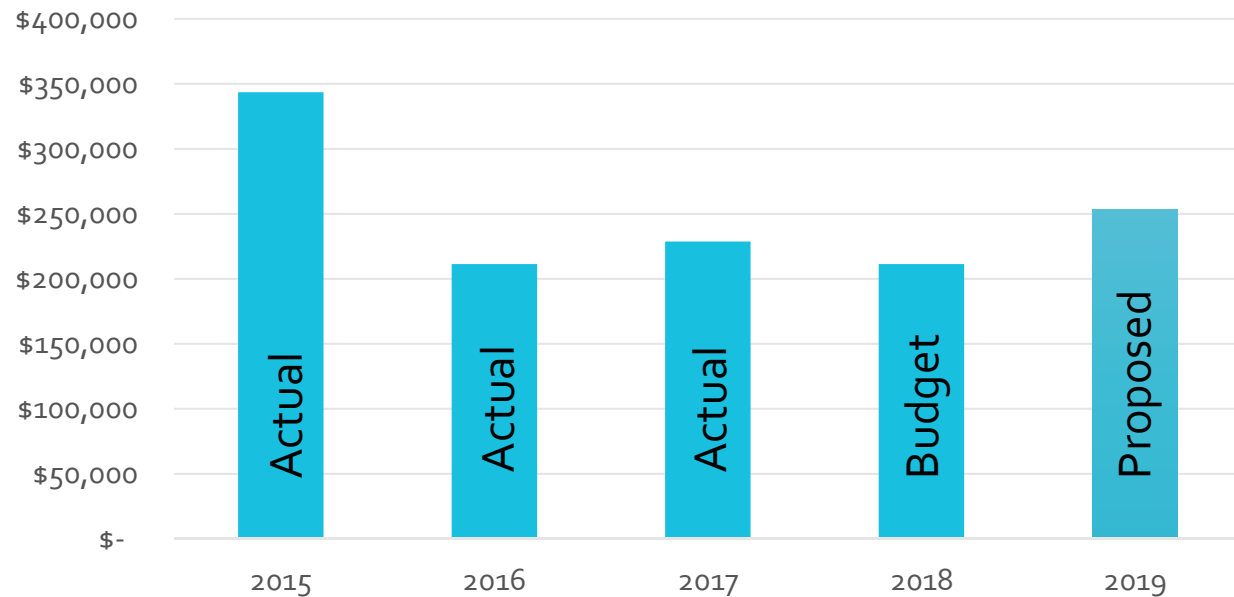


**Prior years do not reflect recreation maintenance and beach maintenance costs.*

Public Works

Snow & Ice (up 19.87%)

- Make fund an operating fund, not a 50% fund
- Motor vehicle parts increase (plow blades, spreaders, etc.)



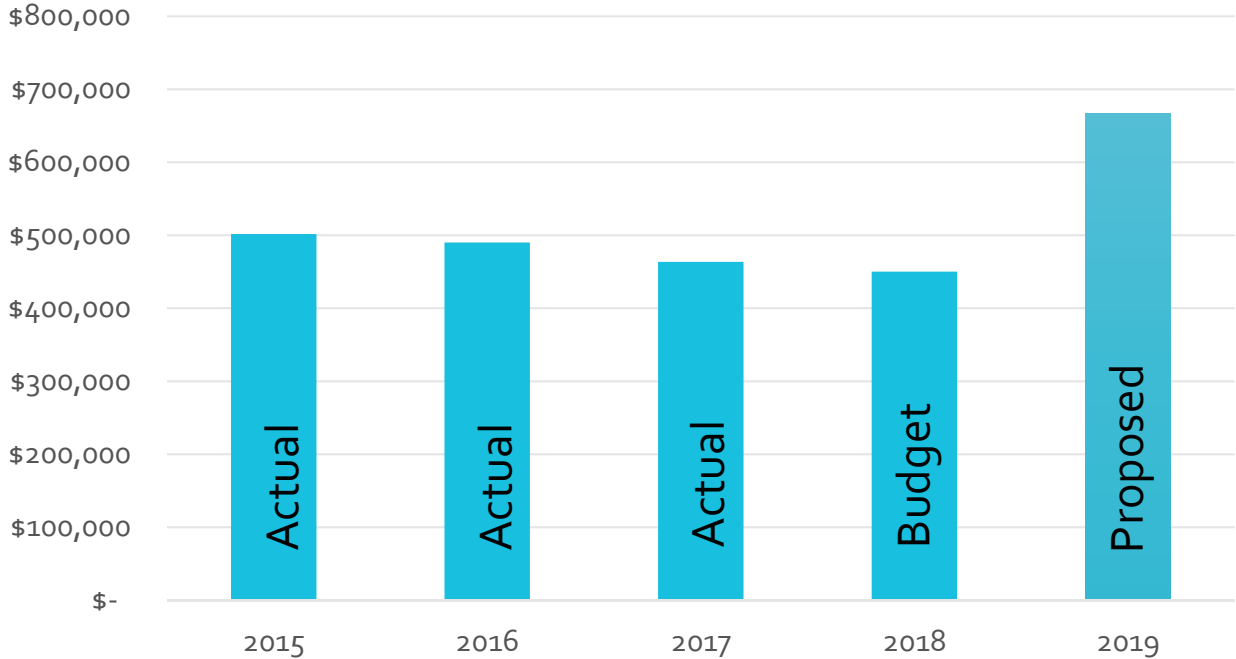
Amount spent from Restricted Account – Snow & Ice

2014	2015	2016	2017	2018
\$50,000	\$50,000	\$25,183	\$34,253	\$53,983

Public Works

Utilities

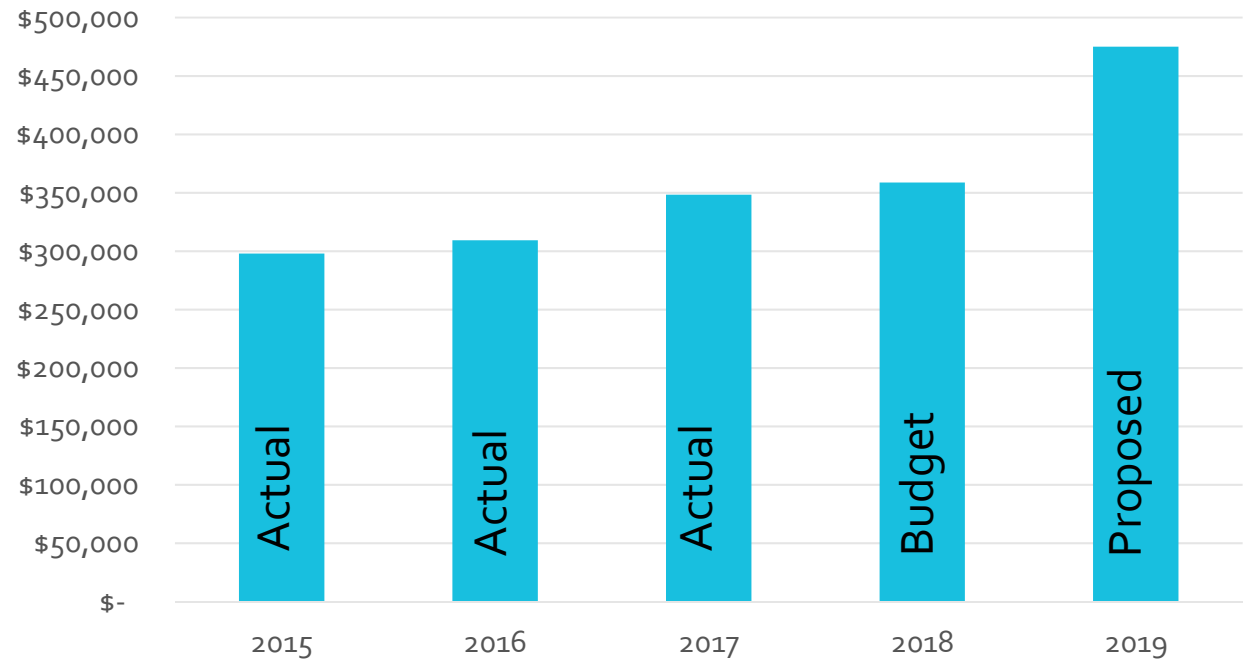
- Includes natural gas, water, electricity for buildings, & electricity for street lighting



Public Works

Equipment Maintenance

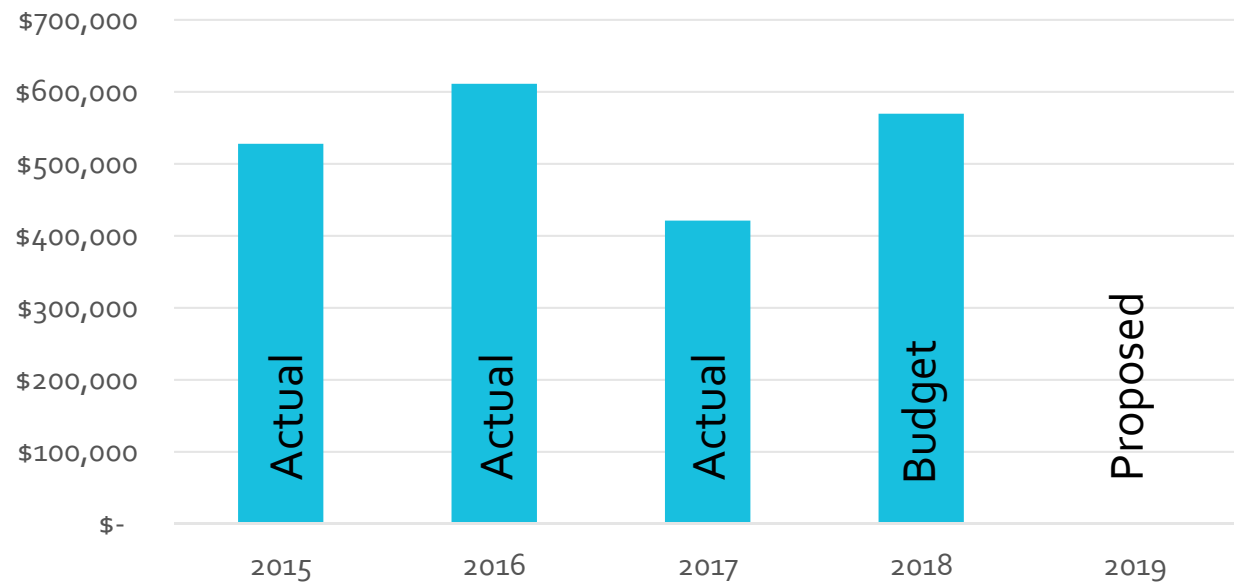
- Reflects all transfers from other depts. regarding the maintenance of vehicles and equipment



Public Works

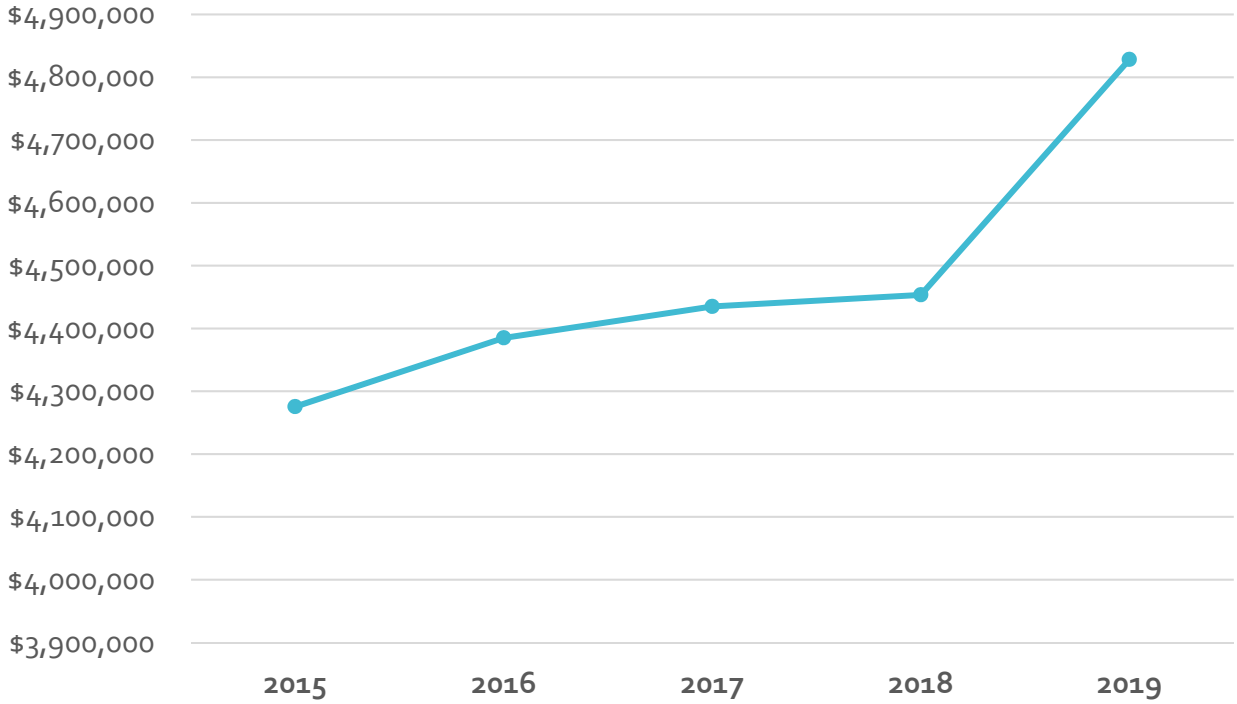
Parks & Recreation Maintenance

- Eliminated budgetarily
- Consolidated into Highway & Grounds Maintenance





Total Public Works 5-Year History



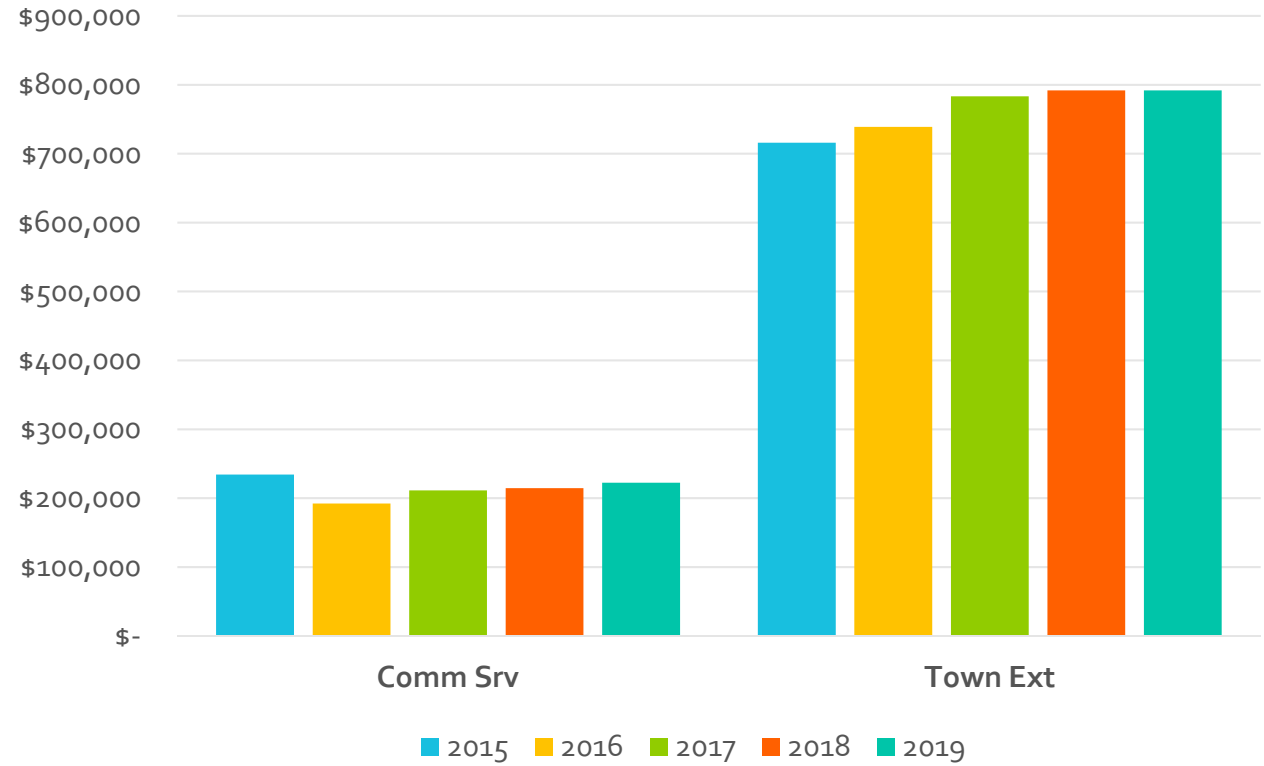
Increase is due to transfers in from other non-DPW budgets, insurance costs.



Subsidies

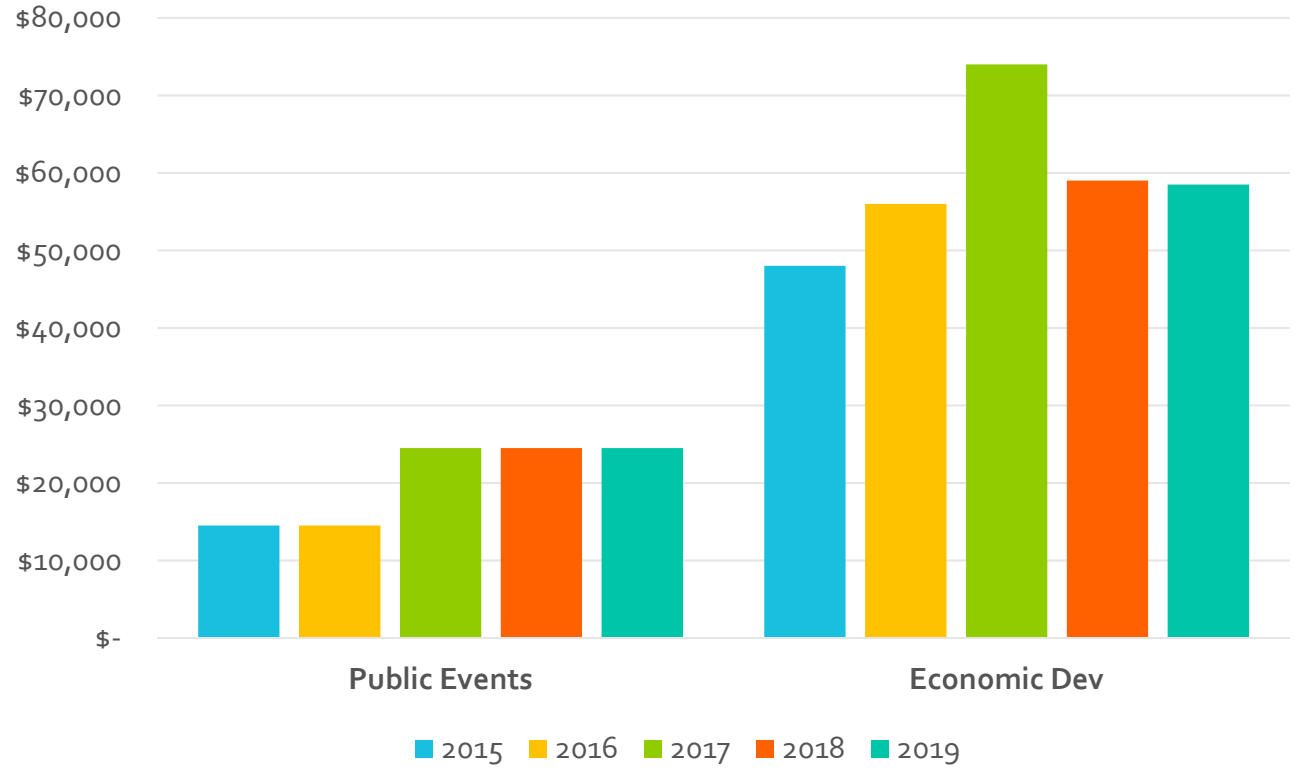
Subsidies

TM Level Funded



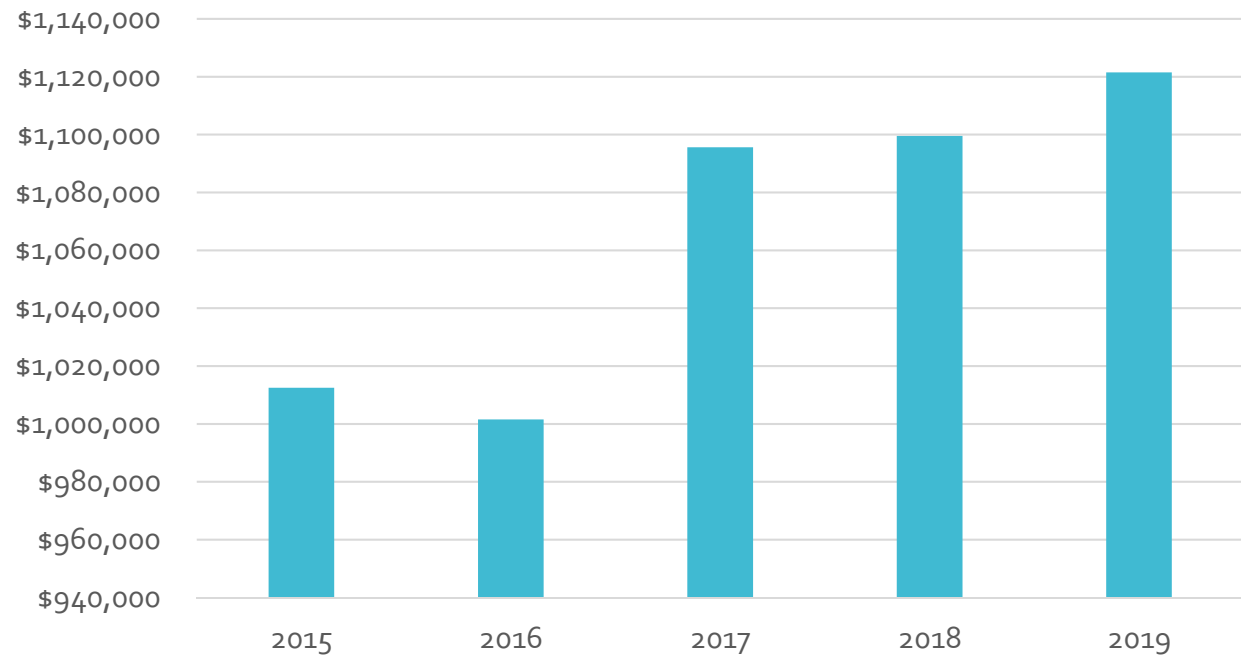
Subsidies

TM Level Funded



Subsidies

Total Subsidies





Enterprise Funds

Animal Shelter

Sanitation – Transfer Station

Water

Sewer

Why Have Other Funds?

- Better accountability
- Better able to track revenues & expenses
- Better able to track actual Town expense (cost to taxpayers)
- Use the fund as it is intended (enterprise)

What is an Enterprise Fund?

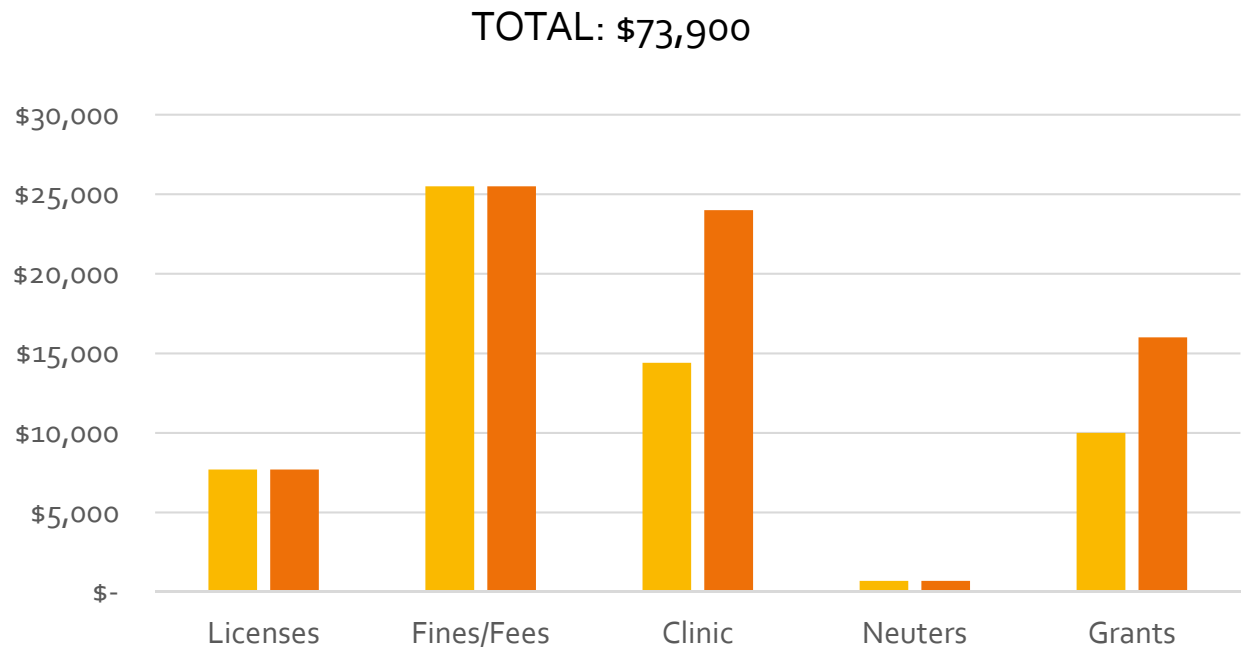
- Proper fund for “business-like” activity
- Revenues are accounted for in the fund, not GF
- Expenditures are accounted for in the fund, not GF
- Revenues off-set expenditures
- General Fund support, if necessary, to balance fund
- Not required for revenues to completely off-set expenditures



Animal Shelter Fund

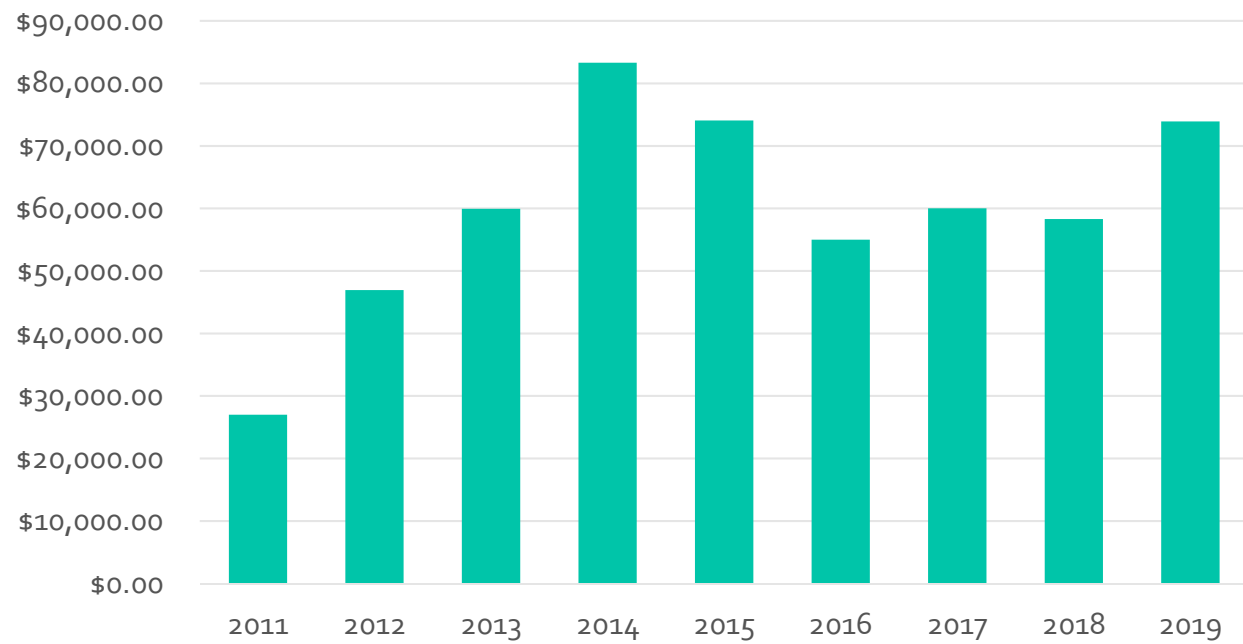
Animal Shelter Fund

Revenues



Animal Shelter Fund

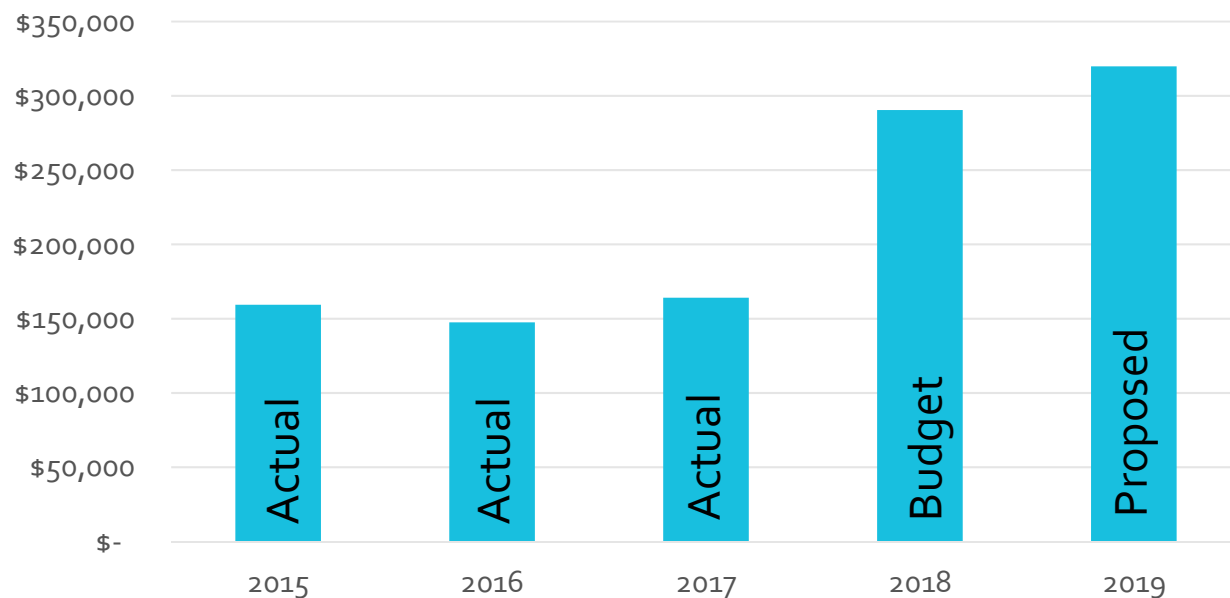
Historical Revenues



Animal Shelter Fund

Expenses *(not apples to apples)*

- Final step pay increase of Shelter Coordinator
- Allocation of custodian added from DPW



2018 is when enterprise fund was created and all relevant expenses were included in fund account

Animal Control Fund

True Cost Calculator & Cost Per Household

	FY2015	FY2016	FY2017	FY2018	FY2019
Revenues	\$74,062	\$55,000	\$60,000	\$58,300	\$73,900
Expenses	\$159,342	\$147,513	\$164,104	\$290,429	\$319,760
Difference	(\$85,280)	(\$92,513)	(\$104,104)	(\$232,129)	(\$245,860)

Households	9,500				
Cost Per House	\$8.98	\$9.74	\$10.96	\$24.43	\$25.88

2018 is when enterprise fund was created and all relevant expenses were included in fund account

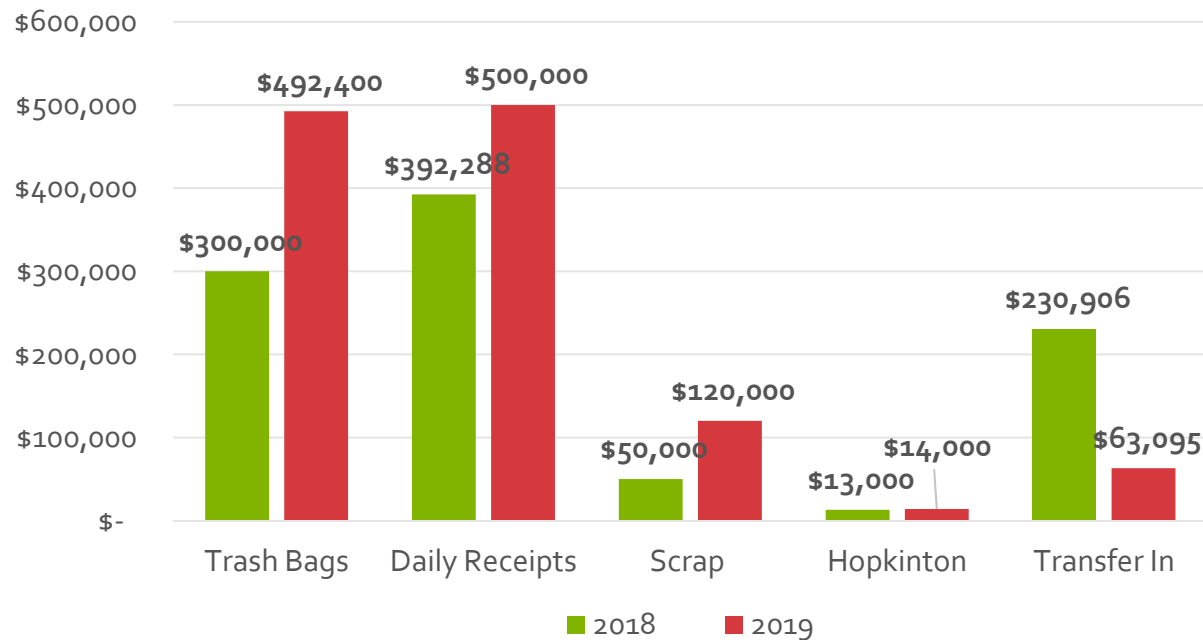
Prior years included a GF transfer to support that is not reflected in revenues prior to FY18 and did not reflect the true cost to operate the facility.



Sanitation Fund

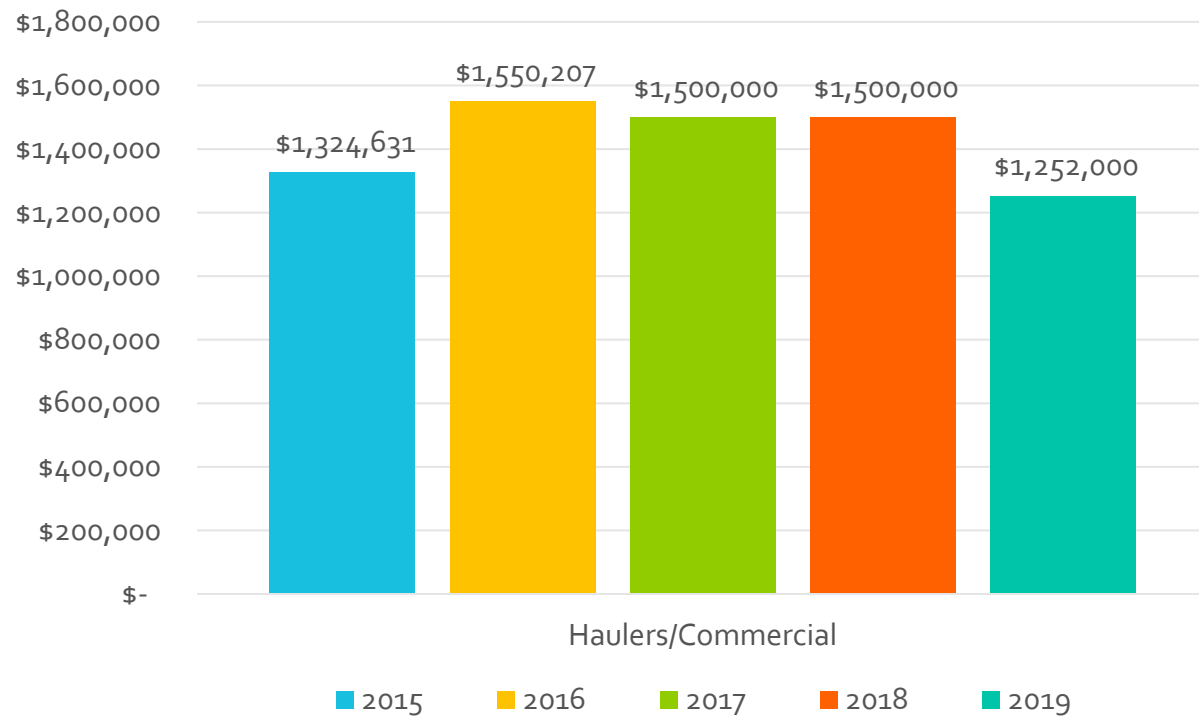
Sanitation Fund

Revenues



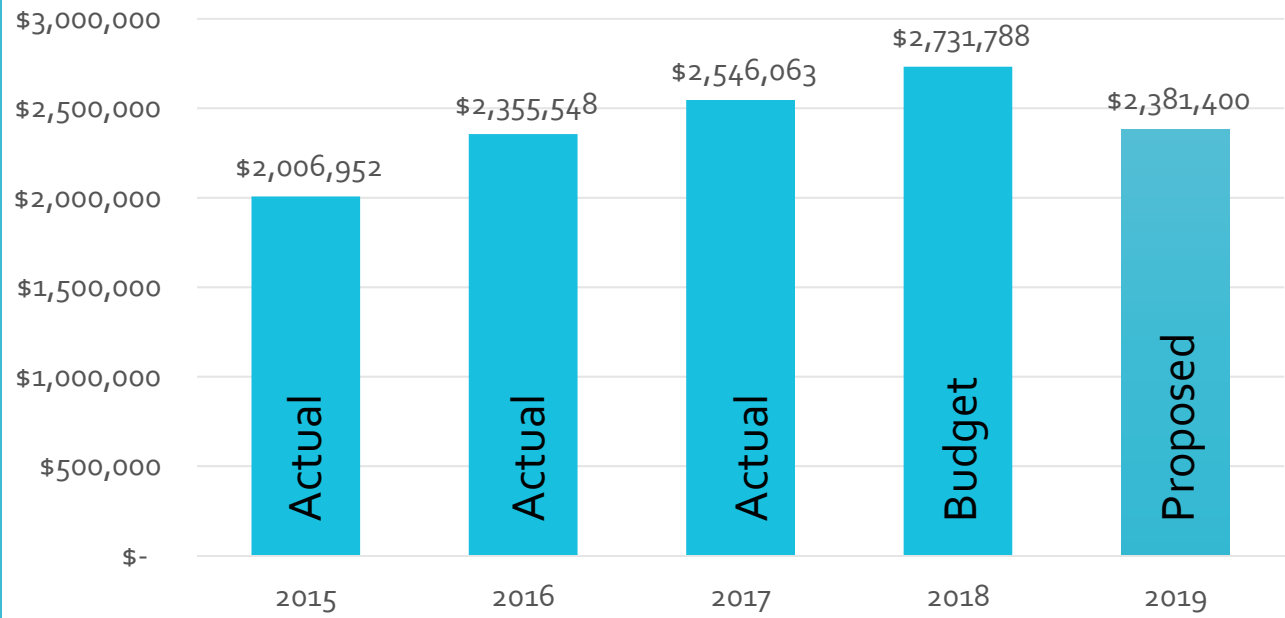
Sanitation Fund

Revenues – Haulers/Commercial



Sanitation Fund

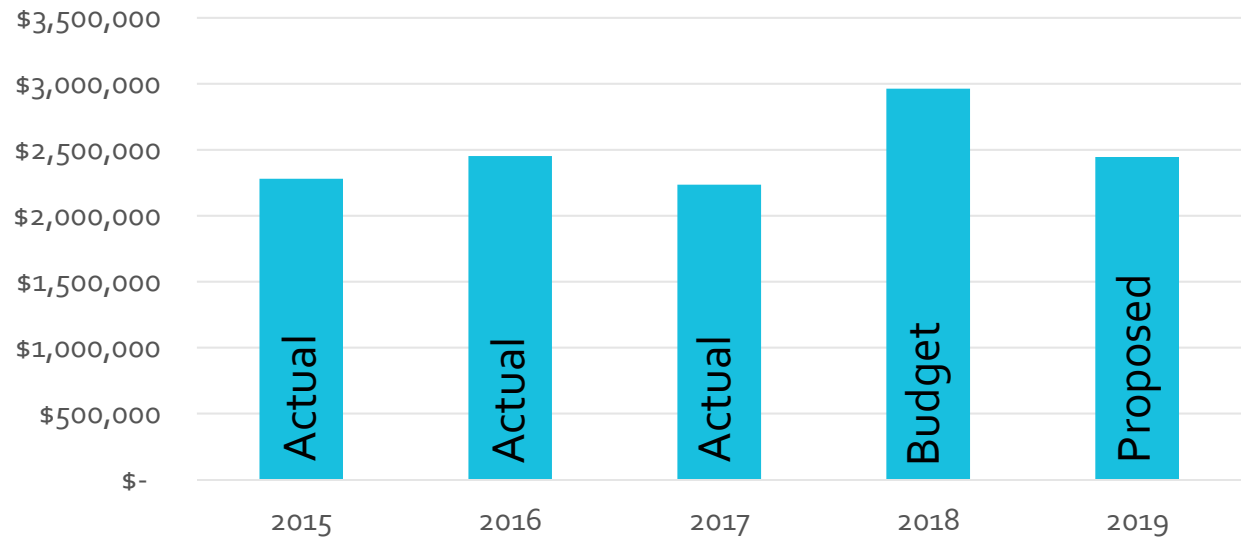
Total Revenues



Sanitation Fund

Expenditures

- Elimination of Heavy Equip. Operator position (vacant)
- Reduction in disposal costs due to decreased input
- Reduced line items to actual historical limits



Sanitation Fund

True Cost Calculator & Cost Per Household

	FY2015	FY2016*	FY2017	FY2018	FY2019
Revenues	\$2,006,952	\$2,335,548	\$2,266,712	\$2,500,194	\$2,381,400
Expenses	\$2,279,873	\$2,451,842	\$2,322,815	\$2,500,194	\$2,444,495
Difference	(\$272,921)	(\$116,294)	(\$56,103)	(\$285,694)	(\$63,095)

Households	9,500				
Cost Per House	\$28.73	\$12.24	\$5.91	\$30.07	\$6.64

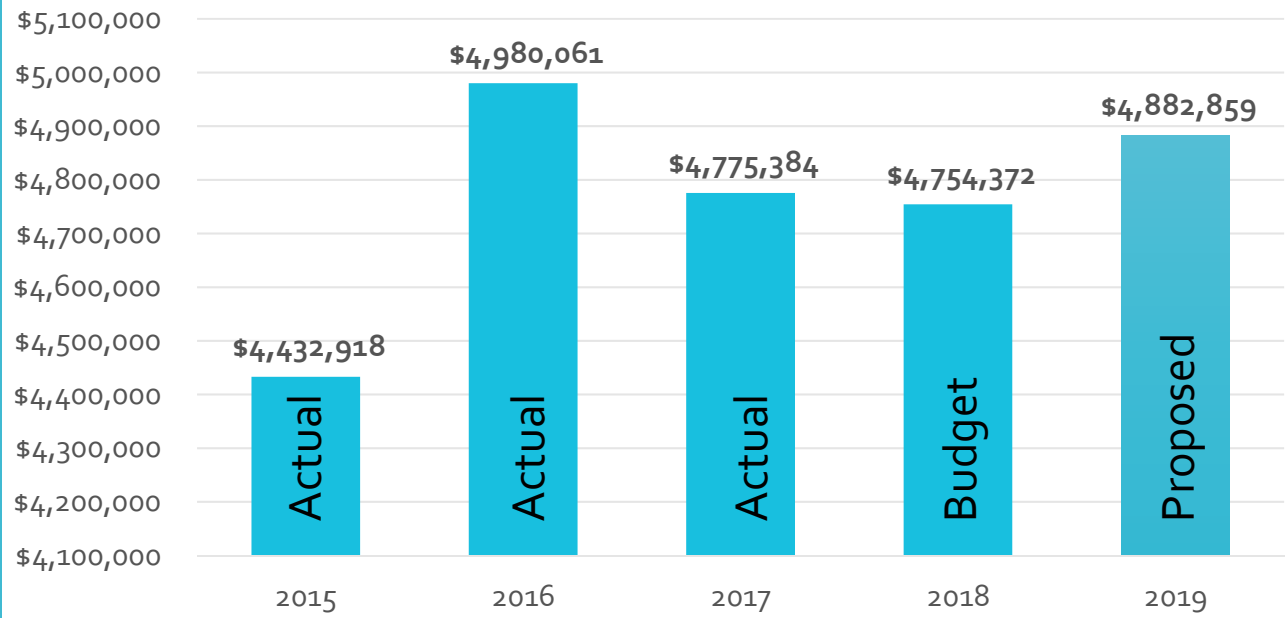
FY2018 & FY2019 reflects "transfer in"



Water Fund

Water Fund

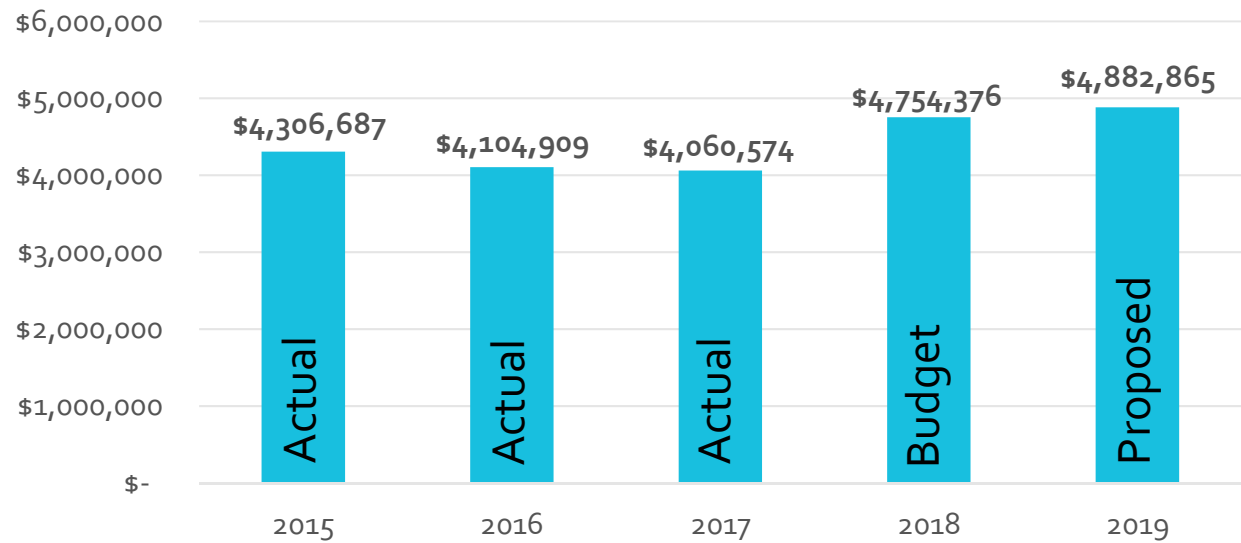
Total Revenues



Water Fund

Expenditures

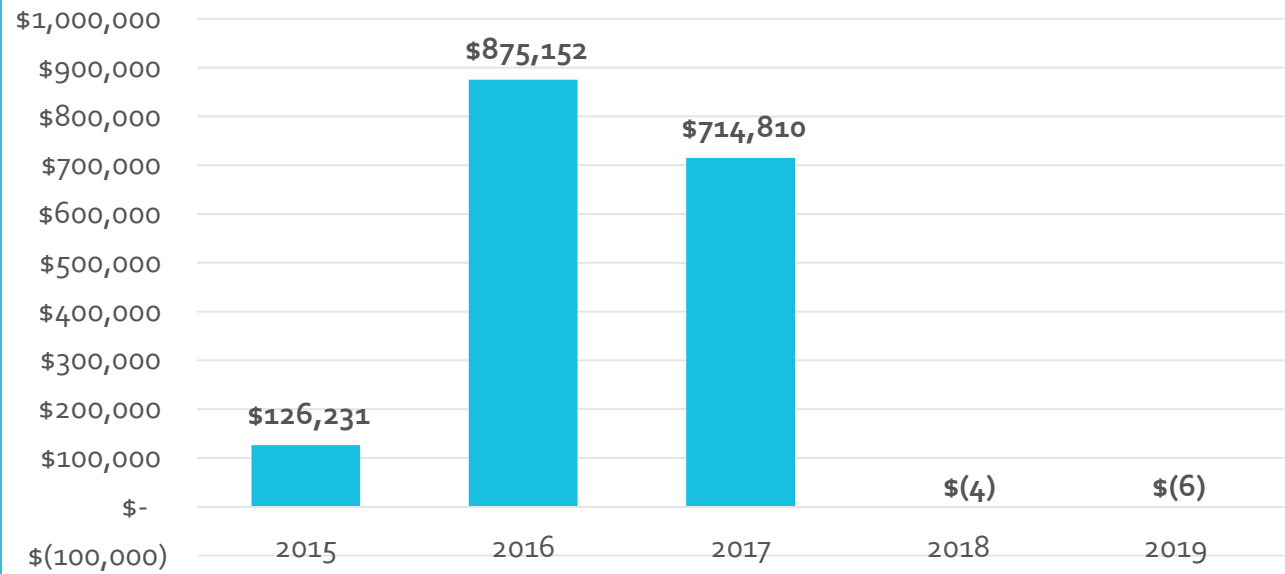
- Increase allocation of P/T Admin. Asst. to F/T
- Reflection of Town Finance Dept. staff costs
- Increase in VRP (correction)



Water Fund

Fund Performance

- Difference between revenues and expenditures



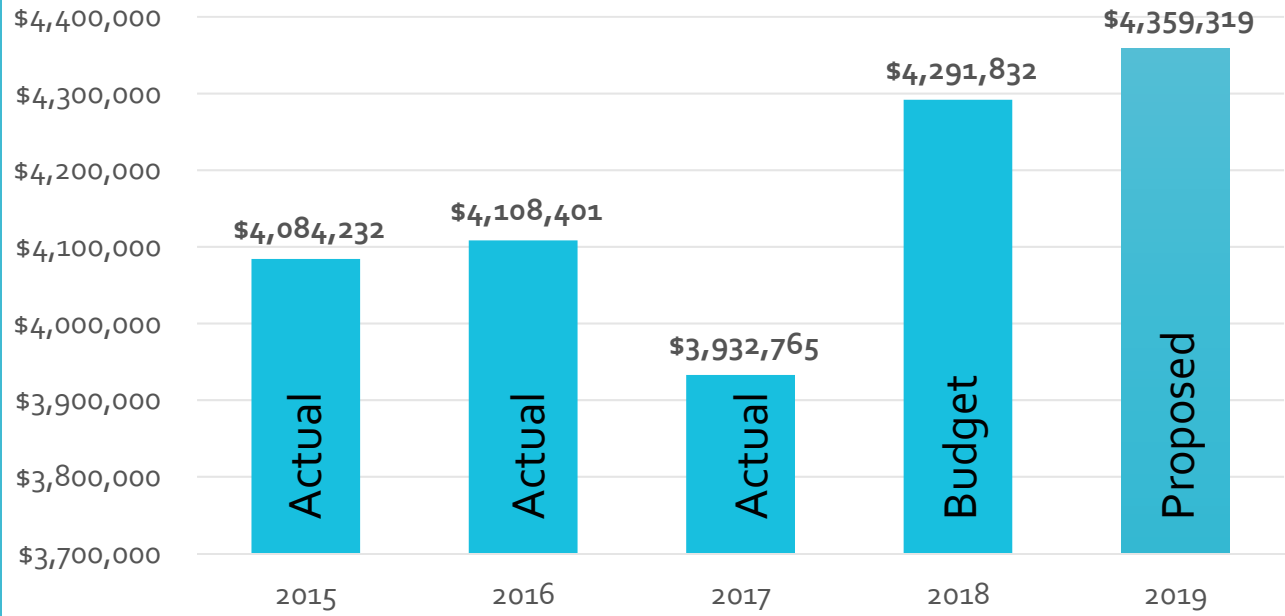
**Inverse of negative balance*



Sewer Fund

Sewer Fund

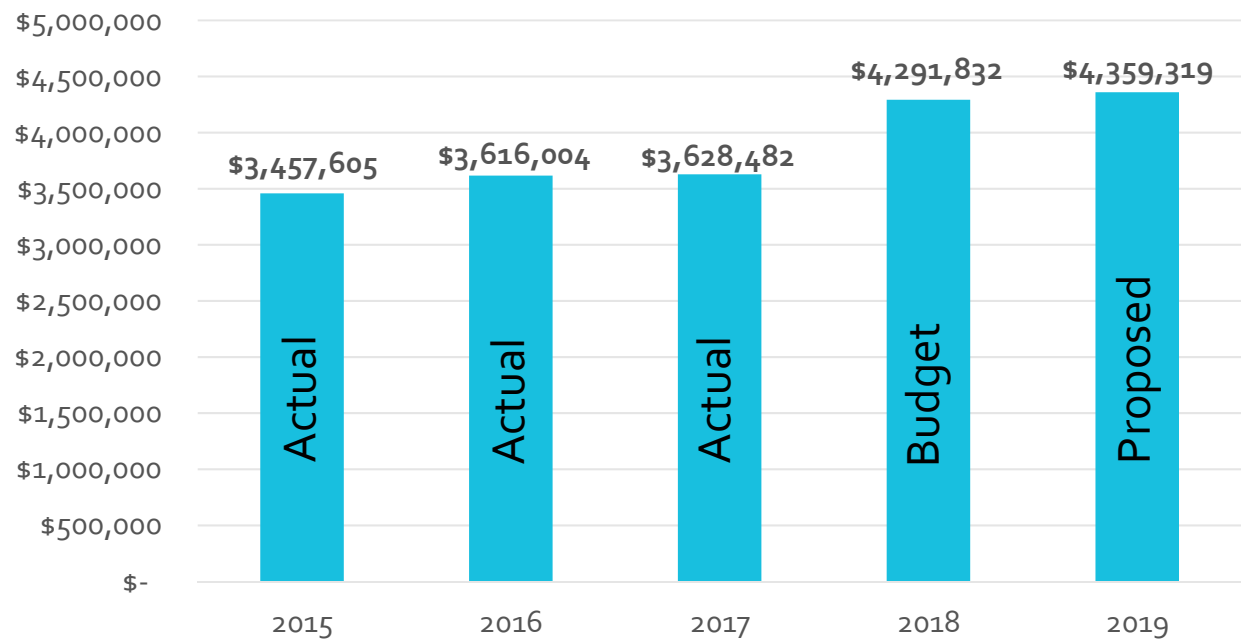
Total Revenues



Sewer Fund

Expenditures

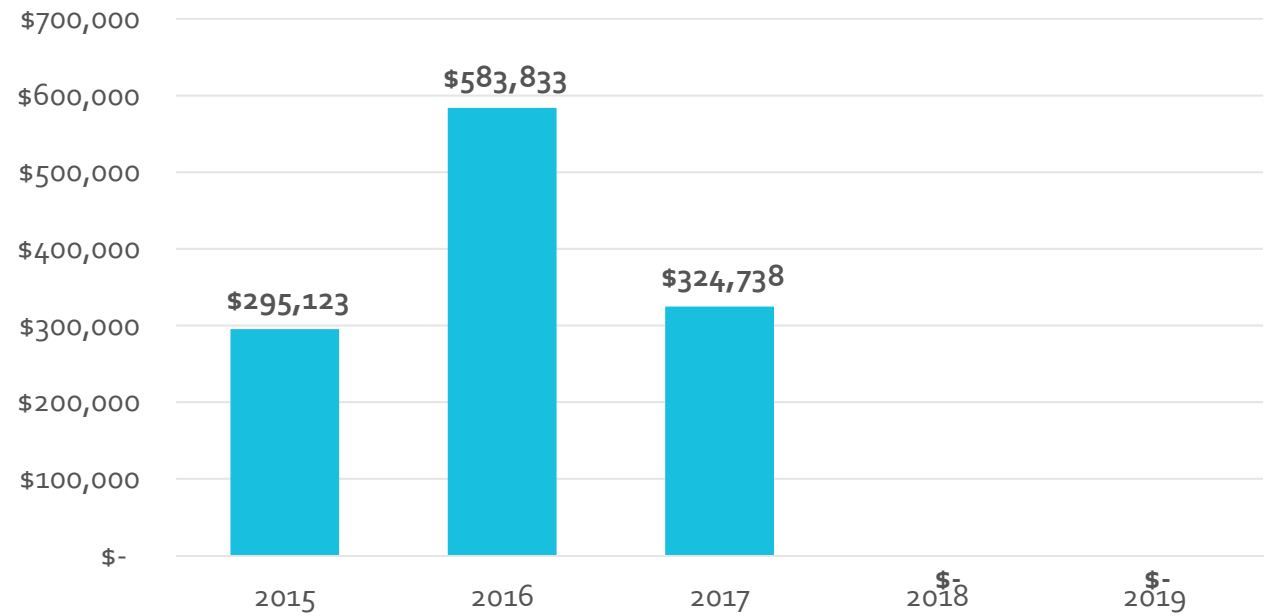
- Reflects new sewer plant contract & capital
- Increase in principal and interest on sewer bond




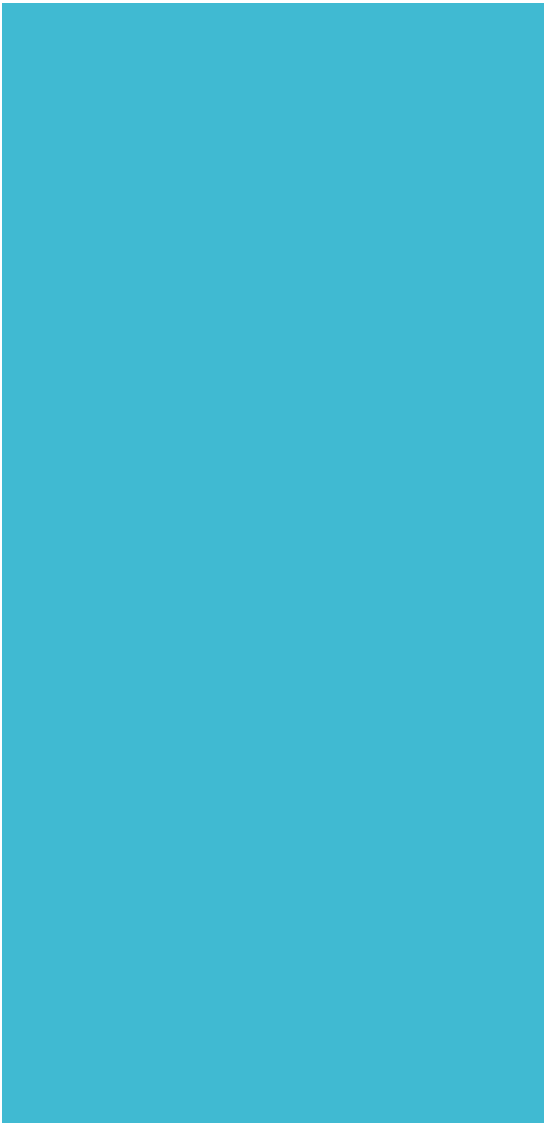
Sewer Fund

Fund Performance

- Difference between revenues and expenditures



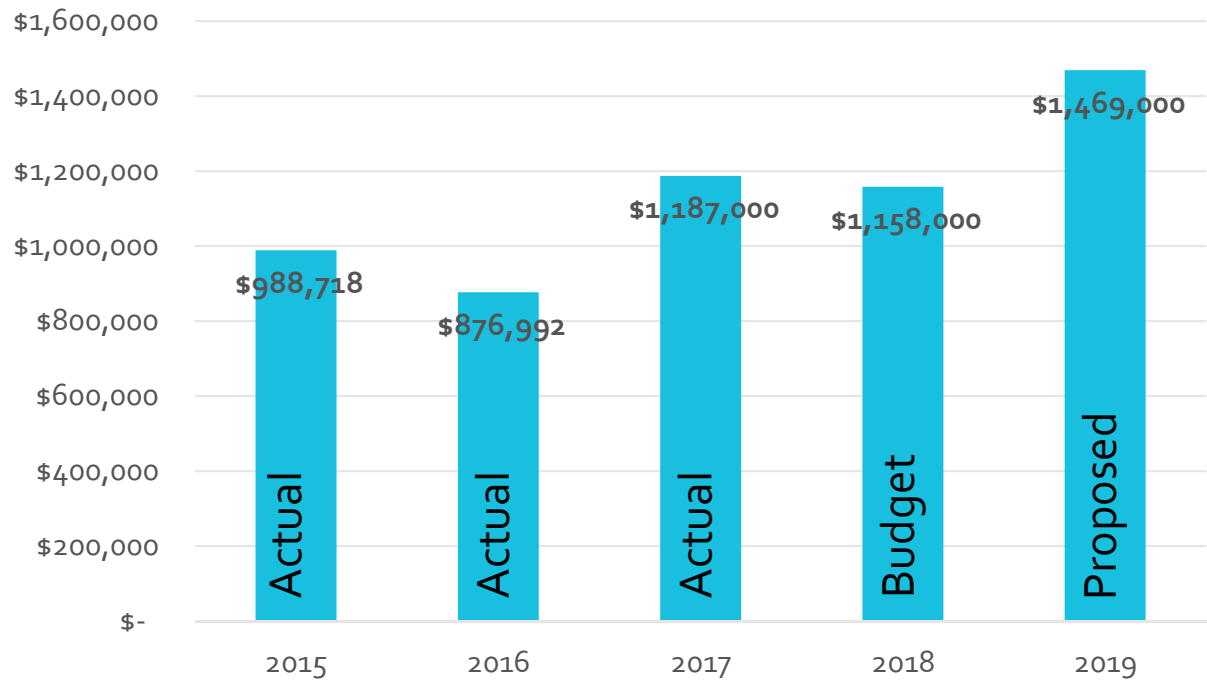
**Inverse of negative balance*



Restricted Programs

Restricted Programs

5-Year Restricted Programs Expenditures



Restricted Programs

Mainstays:

• Road Improvements	\$500,000
• Sidewalk Replacement	\$150,000
• Drainage Improvements	\$100,000
• Revaluation	\$100,000
• Snow & Ice	<u>\$ 90,000</u>

TOTAL \$940,000

Restricted Programs

Priorities:

• Higher Education Contribution	\$ 75,000
• Stormwater Phase II	\$ 75,000
• Police Retirement	\$ 25,000
• Employee Retirement	\$ 25,000
• Mosquito Control	\$ 25,000
• 350 th Anniversary	\$ 15,000
• Police Vests	<u>\$ 8,000</u>

TOTAL \$248,000

Restricted Programs

Important:

• Parking Study	\$ 25,000
• Upgrade IT	\$ 25,000
• Beach Concerts	\$ 25,000
• Security Cameras	\$ 16,000
• Loader Tires	\$ 16,000
• GIS Improvements	\$ 15,000
• Downtown Lights	\$ 15,000
• Solid Waste Lisc. Fee	<u>\$ 1,000</u>

TOTAL

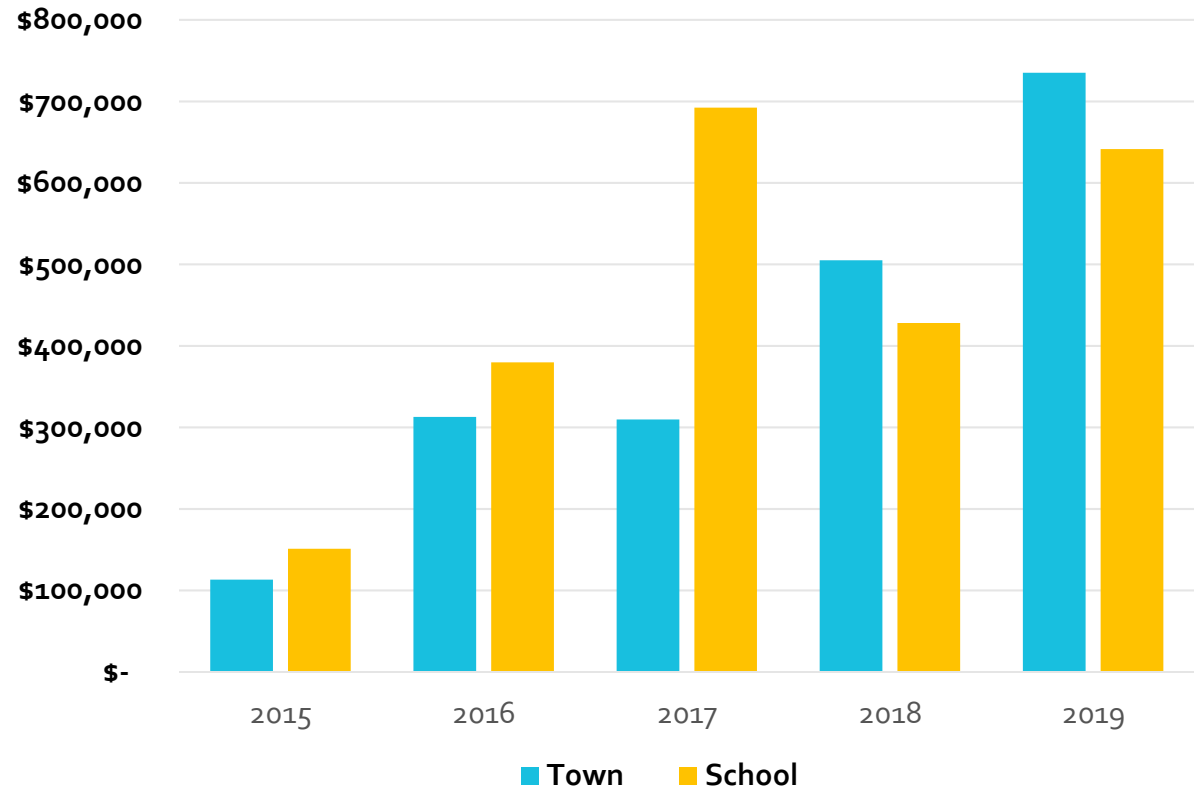
\$138,000



Capital Improvements



5-Year Capital Improvement Expenditures



Capital

Town

- Vehicle Replacement Plan (Year 2 of 3) \$ 362,624
- Senior Center Improvements \$ 100,000
- B&G Improvements \$ 75,000
- Computer Replacement Plan \$ 67,320
- Police Radio Replacement Plan \$ 60,000
- Adult Day Center Improvements \$ 40,000
- Police MDT Replacement Plan (Year 2 of 3) \$ 30,000

TOTAL **\$ 734,944**

Capital

Schools

• Fire Suppression System	\$ 270,000
• Babcock Hall Parking Lot	\$ 90,500
• WiFi Upgrade WHS & Elem.	\$ 85,764
• Tower St. Parking Lot	\$ 75,660
• Buses & Mini Van (lease cost)	\$ 69,500
• Computer Replacement Plan	<u>\$ 50,000</u>

TOTAL **\$ 641,424**



REVENUES

Where Does Our Revenue Come From?

- State Aid
- Taxes
- Licenses & Permits
- Fines & Penalties
- Use of Property & Money
- Other Sources (Miscellaneous)
- Programmatic
 - Recreation
 - Transfer Station
 - Animal Shelter



State Aid

Revenue – State Aid

- PILOT
 - Up to 27% of designated tax exempt properties* *(subject to appropriation)*
- Property Valuation Statistical Update Program
 - Reimbursement for mandated property valuation updates
- Aid to Local Libraries
- Motor Vehicle Excise Tax Phase-Out
- Public Service Corporation Tax
- Hotel Local Tax (5% hotel tax)
- Local Meals and Beverage Tax (1% tax on gross receipts)

Revenue – State Aid (Town)

- PILOT
 - 2017 Revised = \$159,333
 - 2018 Adopted = \$161,199
 - 2018 Revised = \$161,199
 - 2019 Proposed = \$164,915
- State Library Aid
 - 2017 Revised = \$318,145
 - 2018 Adopted = \$318,145
 - 2018 Revised = \$318,791
 - 2019 Proposed = \$315,893

Revenue – State Aid (Town)

- Motor Vehicle Excise Tax Reimbursement
 - 2017 Revised = \$220,009
 - 2018 Adopted = \$220,009
 - 2018 Revised = \$220,009
 - 2019 Proposed = \$220,009
- Public Service Corporation Tax
 - 2017 Revised = \$292,589
 - 2018 Adopted = \$283,383
 - 2018 Revised = \$283,383
 - 2019 Proposed = \$283,383

Revenue – State Aid (Town)

- Hotel Tax
 - 2017 Revised = \$644,215
 - 2018 Adopted = \$658,943
 - 2018 Revised = \$699,339
 - 2019 Proposed = \$771,977
- Meals & Beverage Tax
 - 2017 Revised = \$896,534
 - 2018 Adopted = \$941,508
 - 2018 Revised = \$932,932
 - 2019 Proposed = \$997,692

Revenue – State Aid (Town)

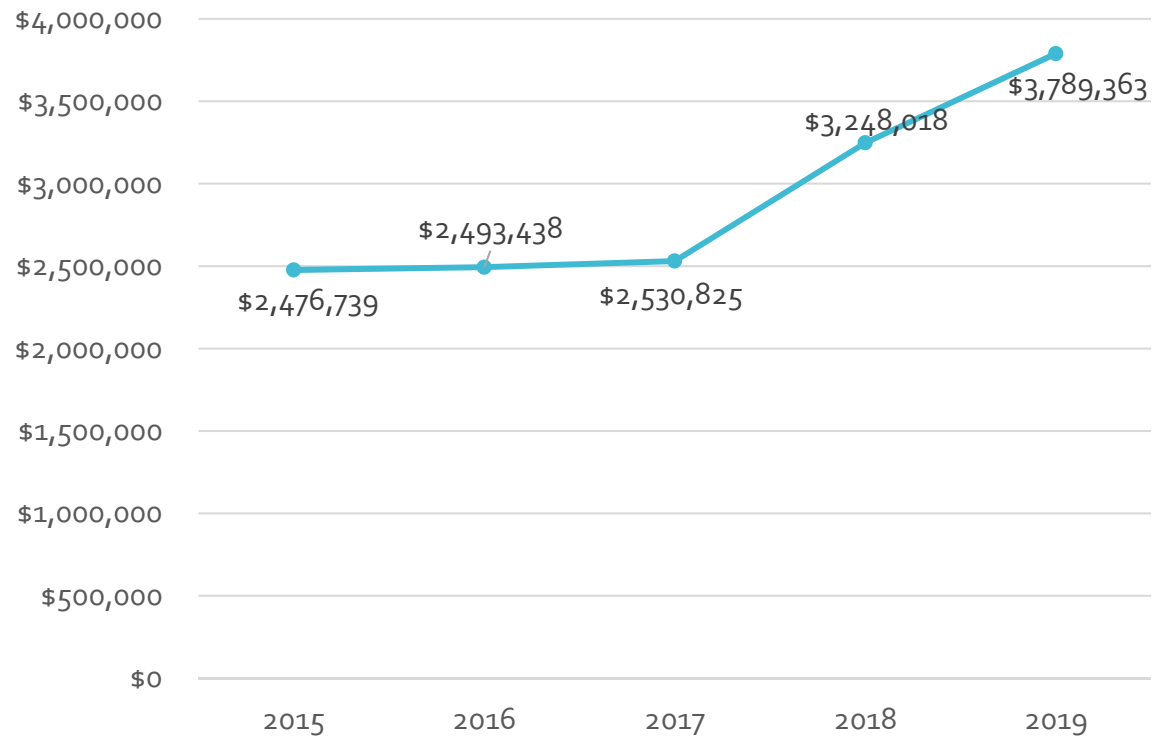
- Total Appropriated State Aid
 - 2017 Revised = \$697,487
 - 2018 Adopted = \$1,299,993
 - 2018 Revised = \$1,332,364
 - 2019 Proposed = \$1,736,311 (**\$403,948**)
- Total Shared Taxes State Aid
 - 2017 Revised = \$1,833,338
 - 2018 Adopted = \$1,883,833
 - 2018 Revised = \$1,915,654
 - 2019 Proposed = \$2,053,052 (**\$137,397**)

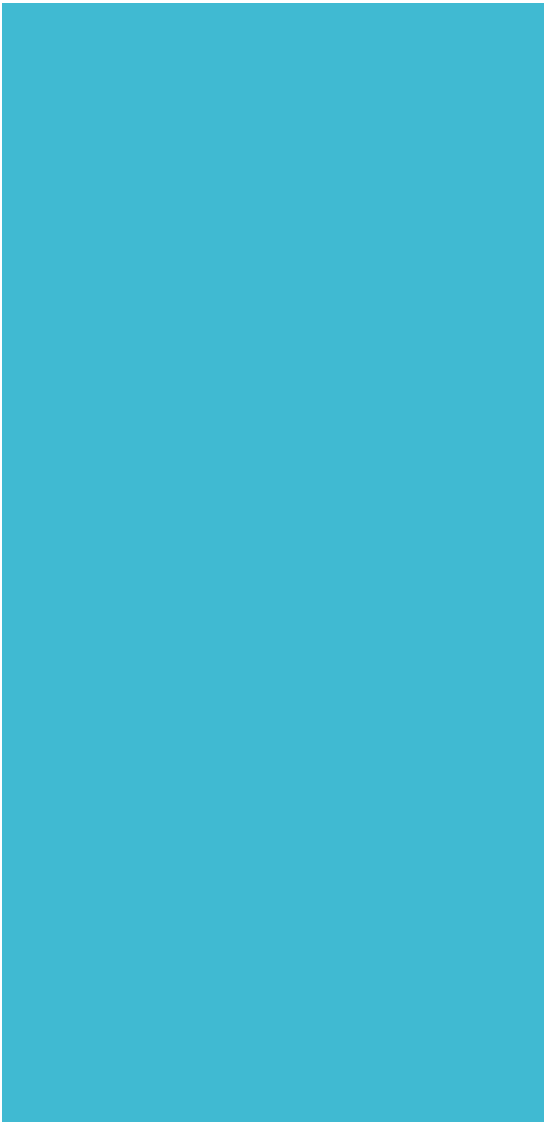
Revenue – State Aid (Town)

- Total Appropriated & Shared State Aid
 - 2017 Revised = \$2,530,825
 - 2018 Adopted = \$2,617,685
 - 2018 Revised = \$3,248,018
 - 2019 Proposed = \$3,789,363 (**\$541,345**)

Revenue – State Aid (Town)

5-Year State Aid Revenue History

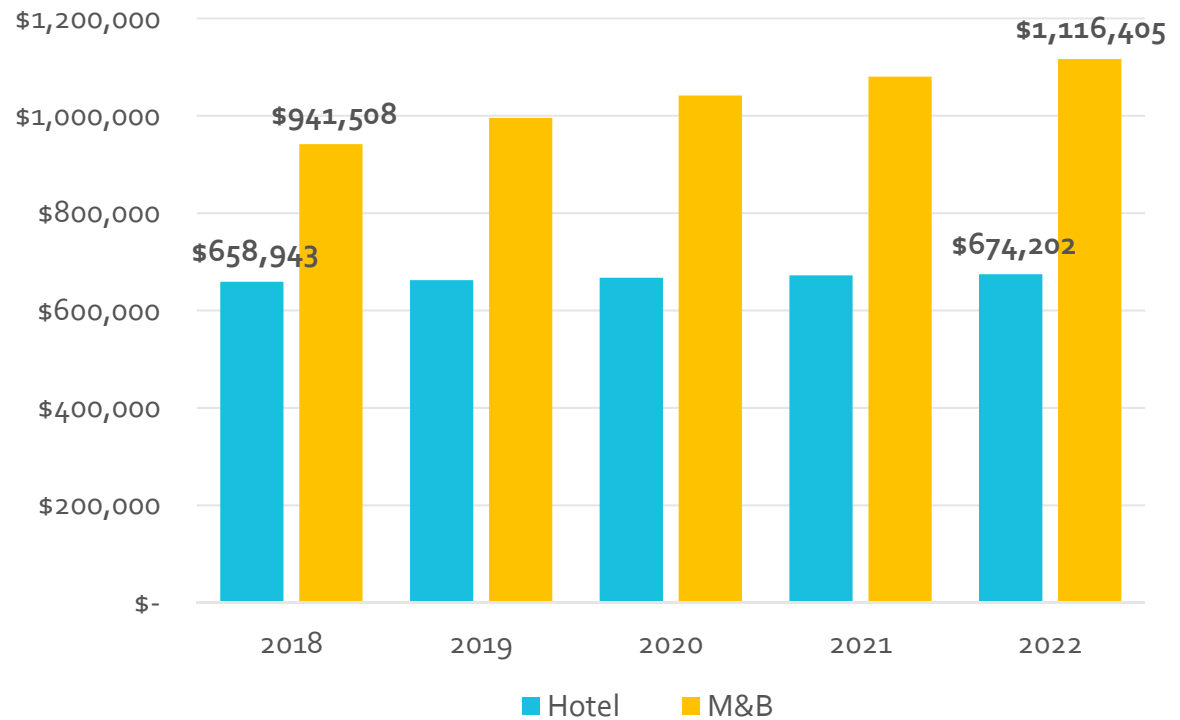




State Aid: Looking Ahead

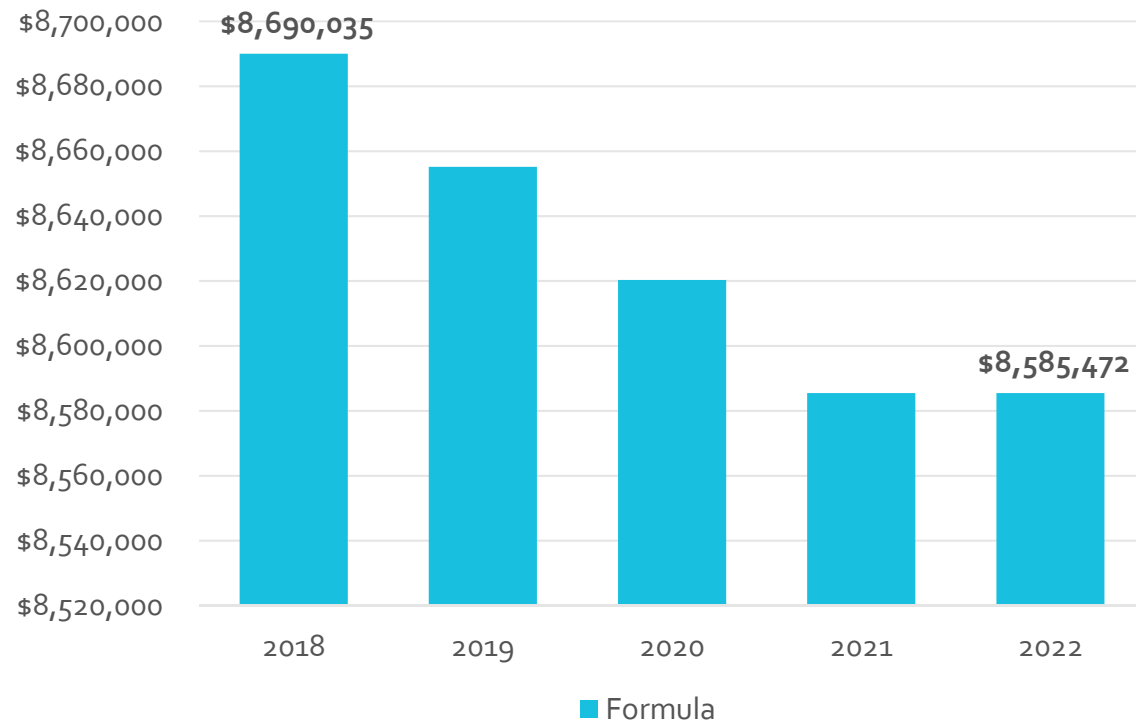
Revenue – State Aid (Town)

5-Year Forecast for Hotel and M&B Tax



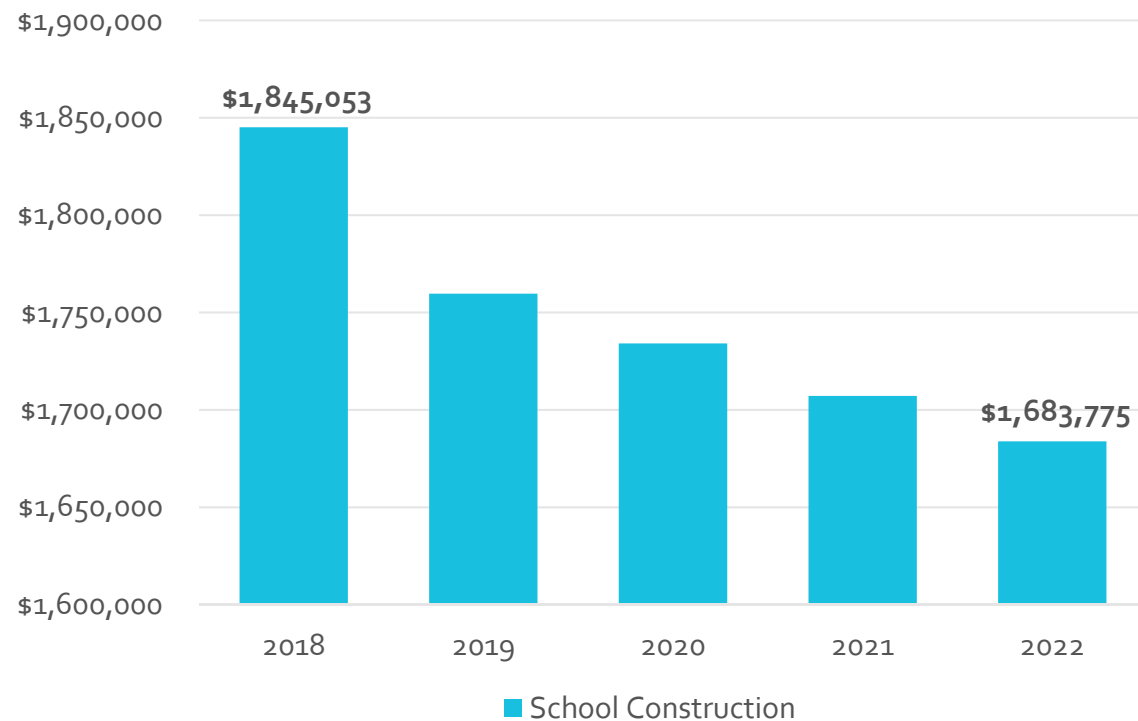
Revenue – State Aid (Town)

5-Year Forecast for Education Aid



Revenue – State Aid (Town)

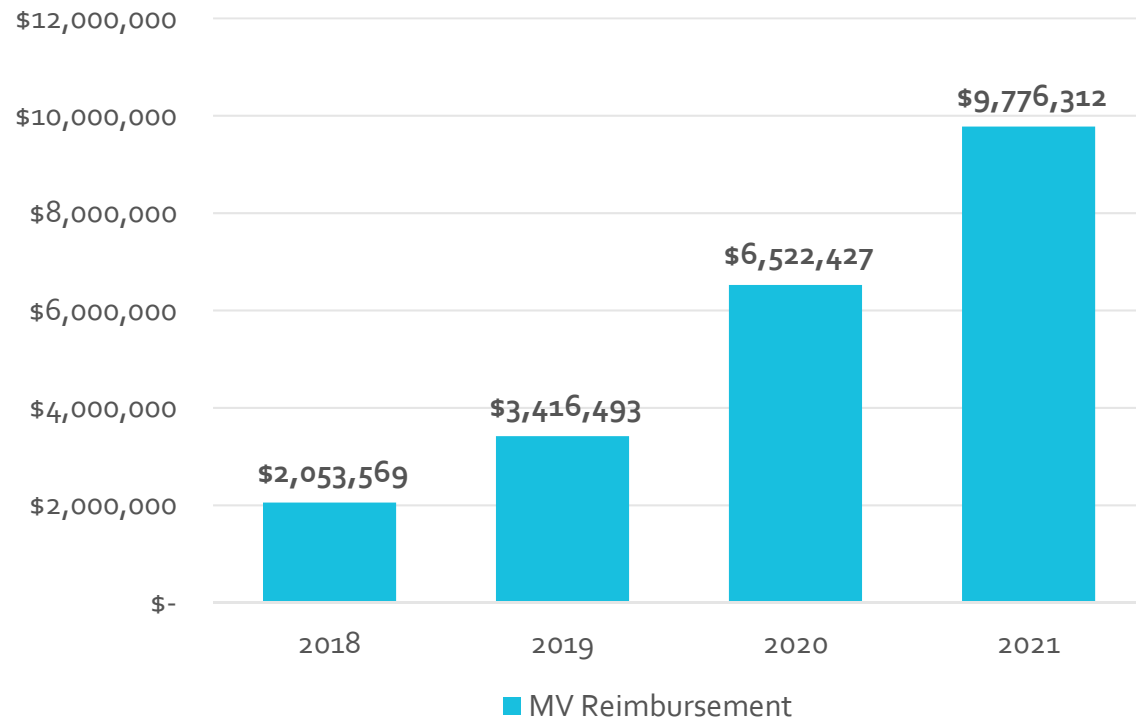
5-Year Forecast for Education Aid



School Construction Aid includes projects completed as of 6/30/16, as reported in districts' FY 2017 housing aid submission. Does not anticipate possible project completions after 6/30/2016. Projection will be updated in September 2017. Does not include projects funded with the School Building Authority funds.

Revenue – State Aid (Town)

5-Year Forecast for MV Phase-Out Aid

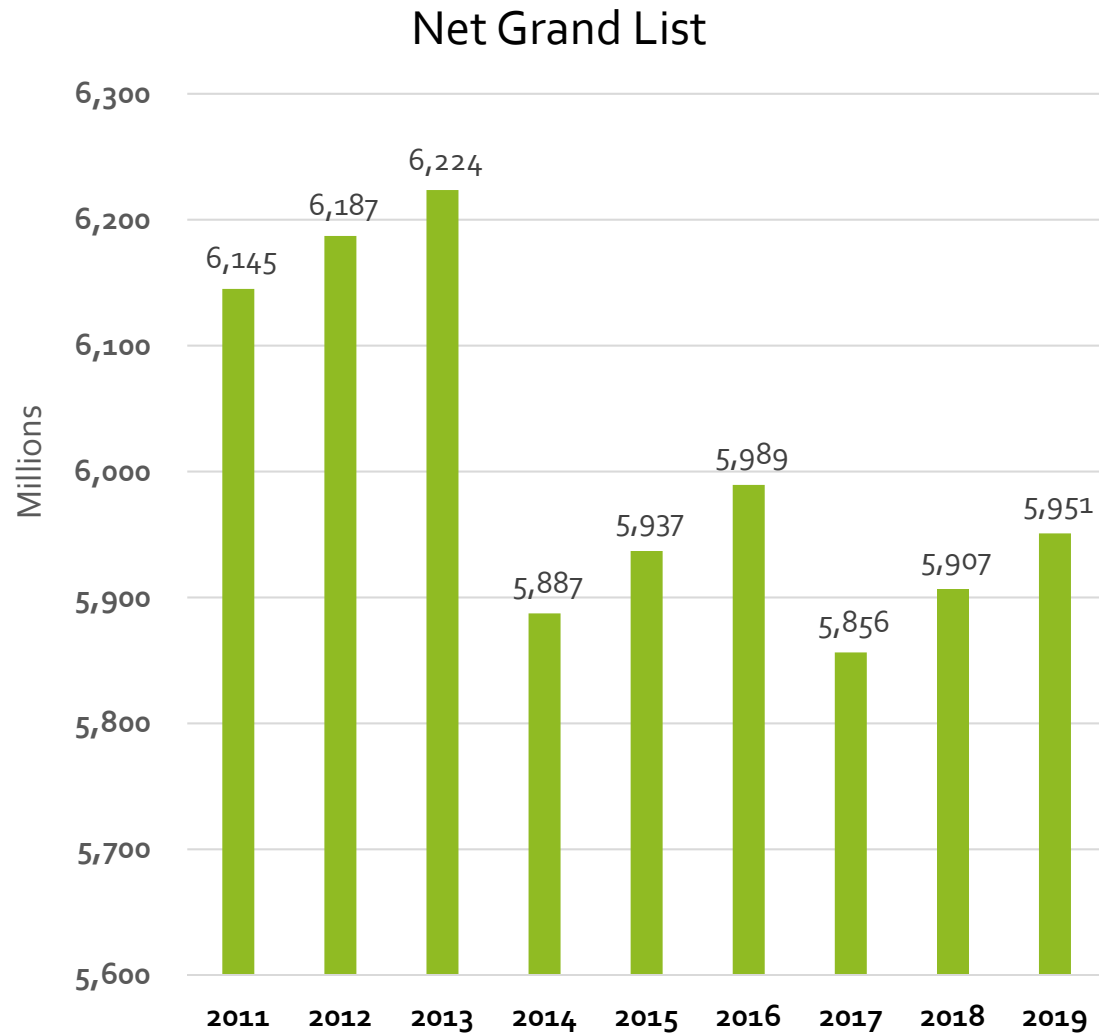


Estimates last updated on 5/30/17. Estimates based on FY 2017 base year and vehicle data. Final legislation specifies use of FY 2018 base year and vehicle data. Actual aid amounts will vary from estimates due to such things as future growth (or contraction) in the motor vehicle and trailer excise tax base.



Taxes

GRAND LIST



**Interim revaluation calculates a 6% increase this year and estimates another 6+% next year. Westerly should anticipate a 10% grand list increase next year.*

RITOP 5 - NET GRAND LIST

Town/City	RE	C/I	Tangible	TOTAL
Providence	\$ 6,892,251,346	\$ 3,257,306,634	\$ 944,577,698	\$ 11,564,081,123
Warwick	\$ 5,905,667,728	\$ 2,216,165,300	\$ 519,849,116	\$ 9,281,925,129
Cranston	\$ 4,984,078,379	\$ 1,330,925,572	\$ 333,609,803	\$ 7,092,748,076
Newport	\$ 4,537,722,807	\$ 1,269,435,939	\$ 130,135,183	\$ 6,020,920,669
Westerly	\$ 4,950,871,078	\$ 650,711,800	\$ 119,592,185	\$ 5,886,768,240

Town/City	Year-Over-Year Change
Providence	0.41 %
Warwick	(0.99 %)
Cranston	(0.29 %)
Newport	0.11 %
Westerly	0.52 %

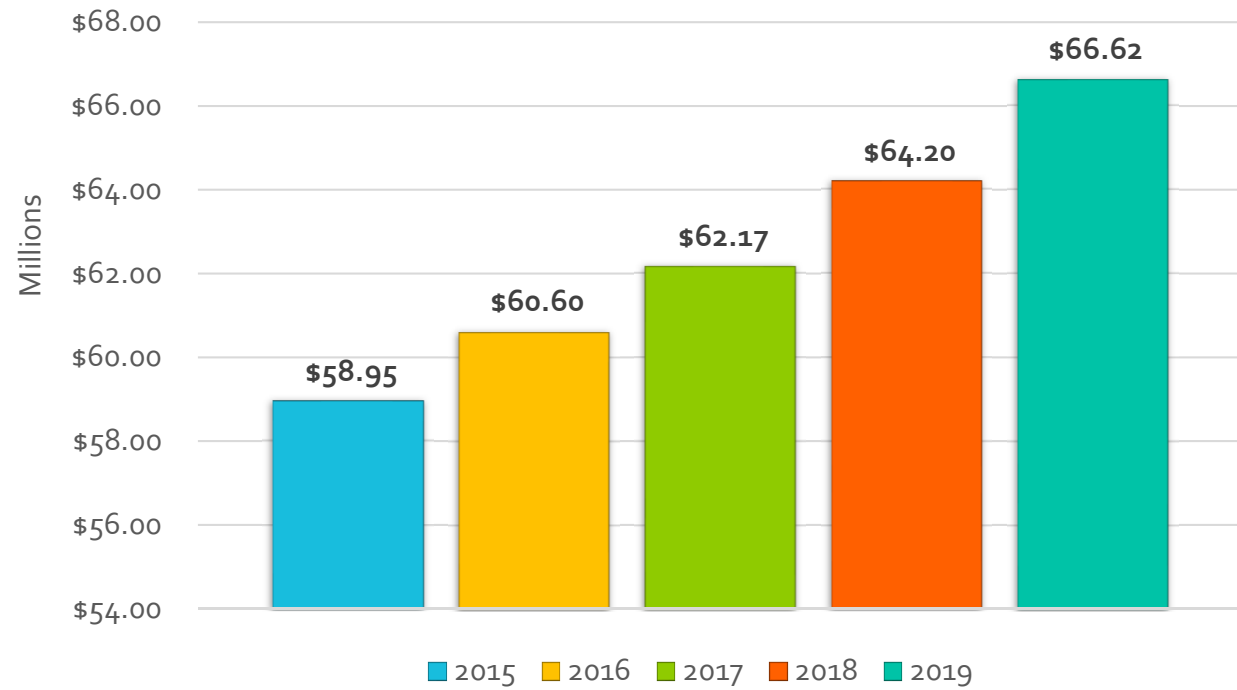
Local Taxes

- Real Estate Tax
- Motor Vehicle Tax
- Personal Property Tax
- Delinquent Tax Collection

Local Taxes

Real Estate Tax

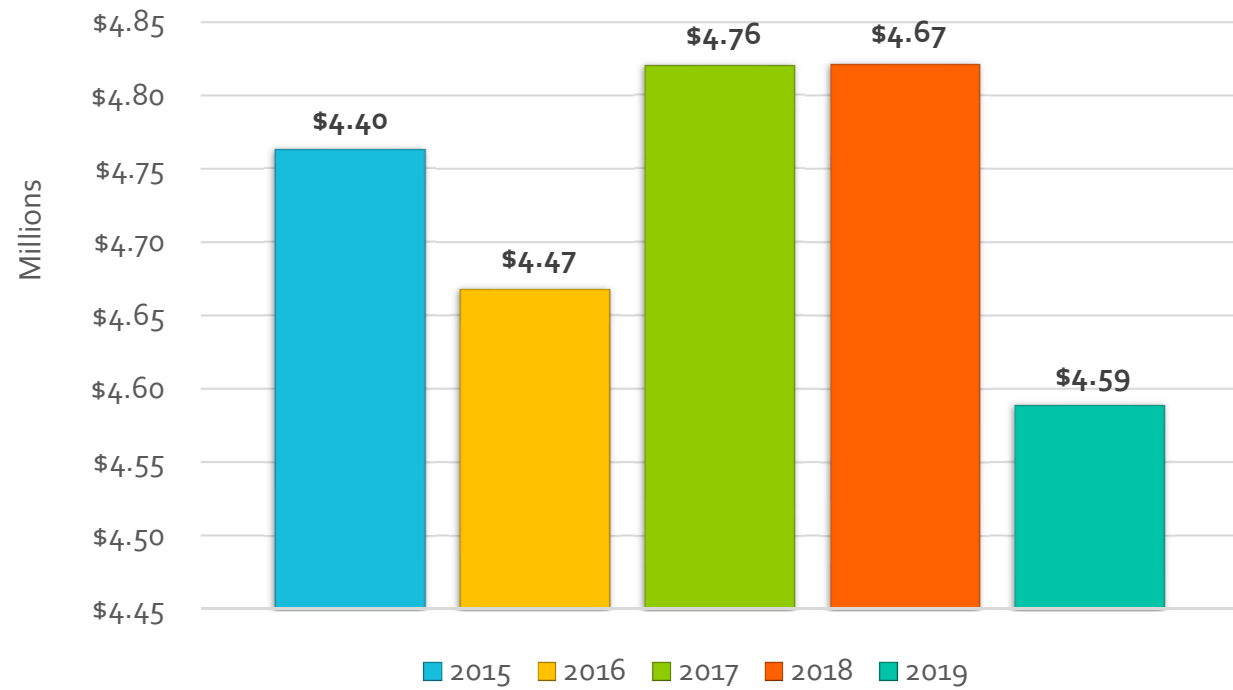
5-Year History



Local Taxes

Motor Vehicle Tax

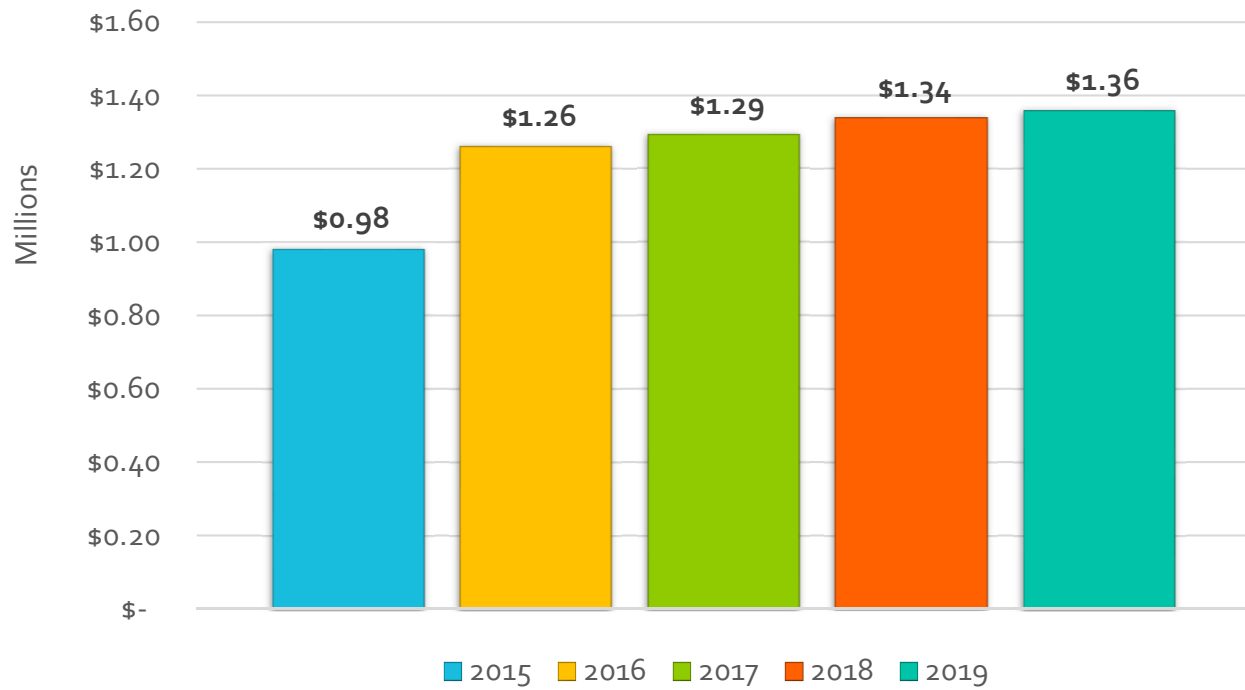
5-Year History



Local Taxes

Personal Property Tax

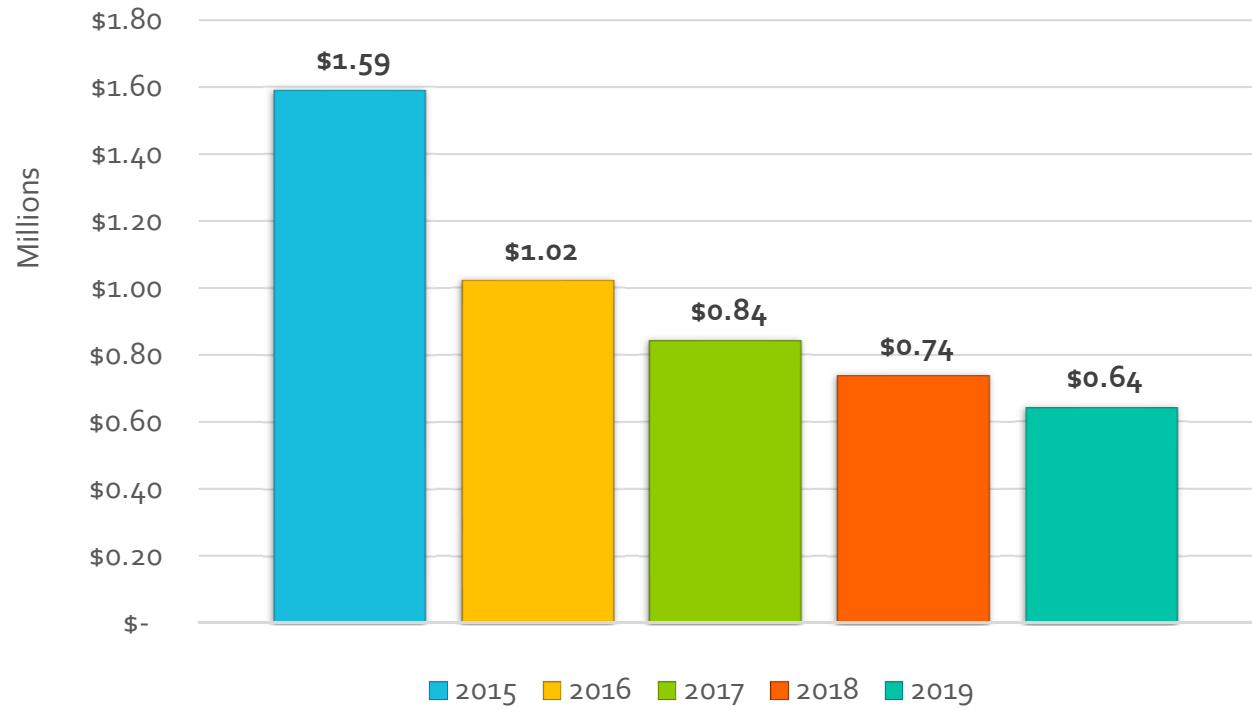
5-Year History



Local Taxes

Delinquent Tax Collection

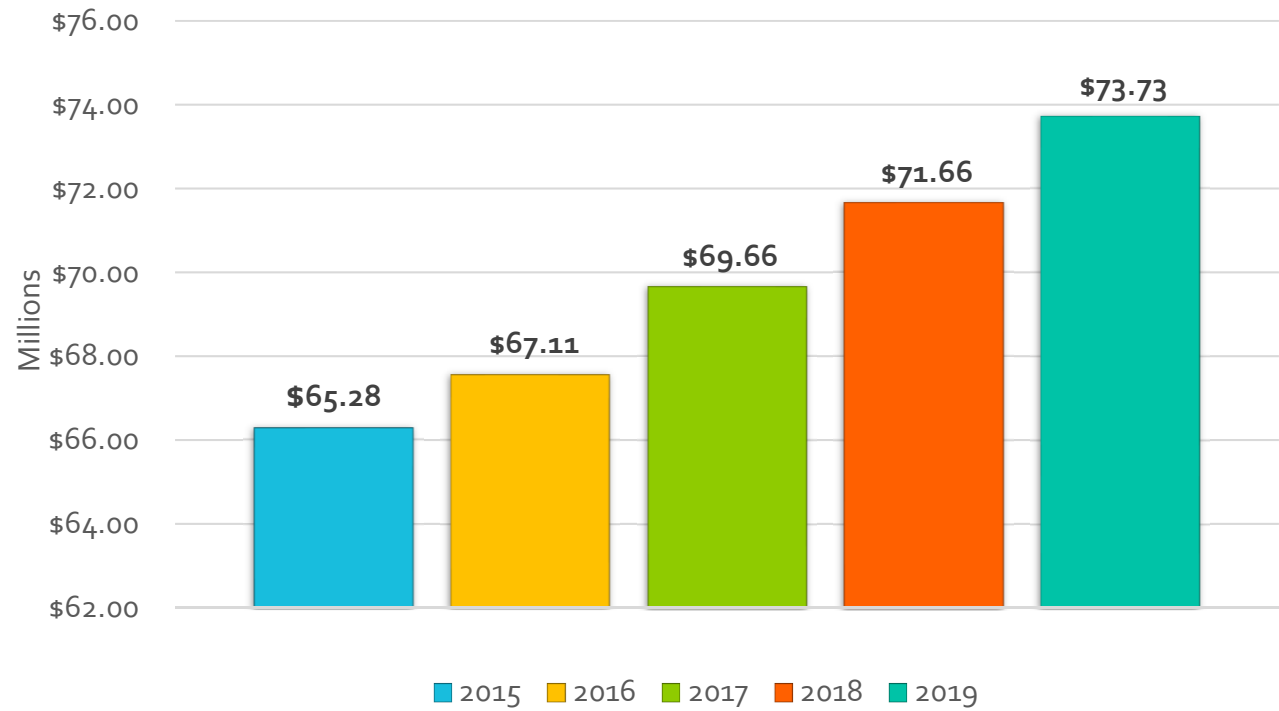
5-Year History



Local Taxes

Total General Property Taxes

5-Year History

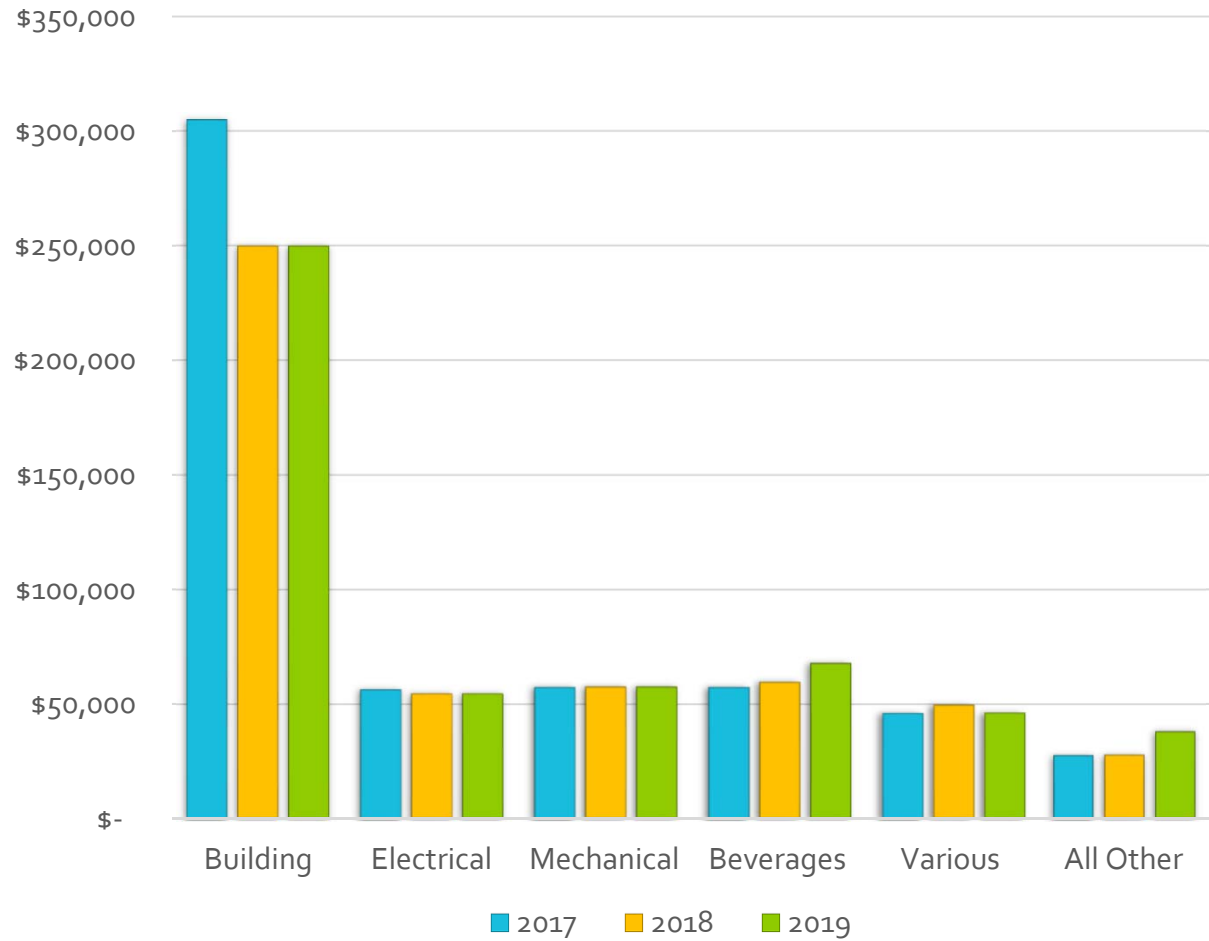




Non-Tax Revenues

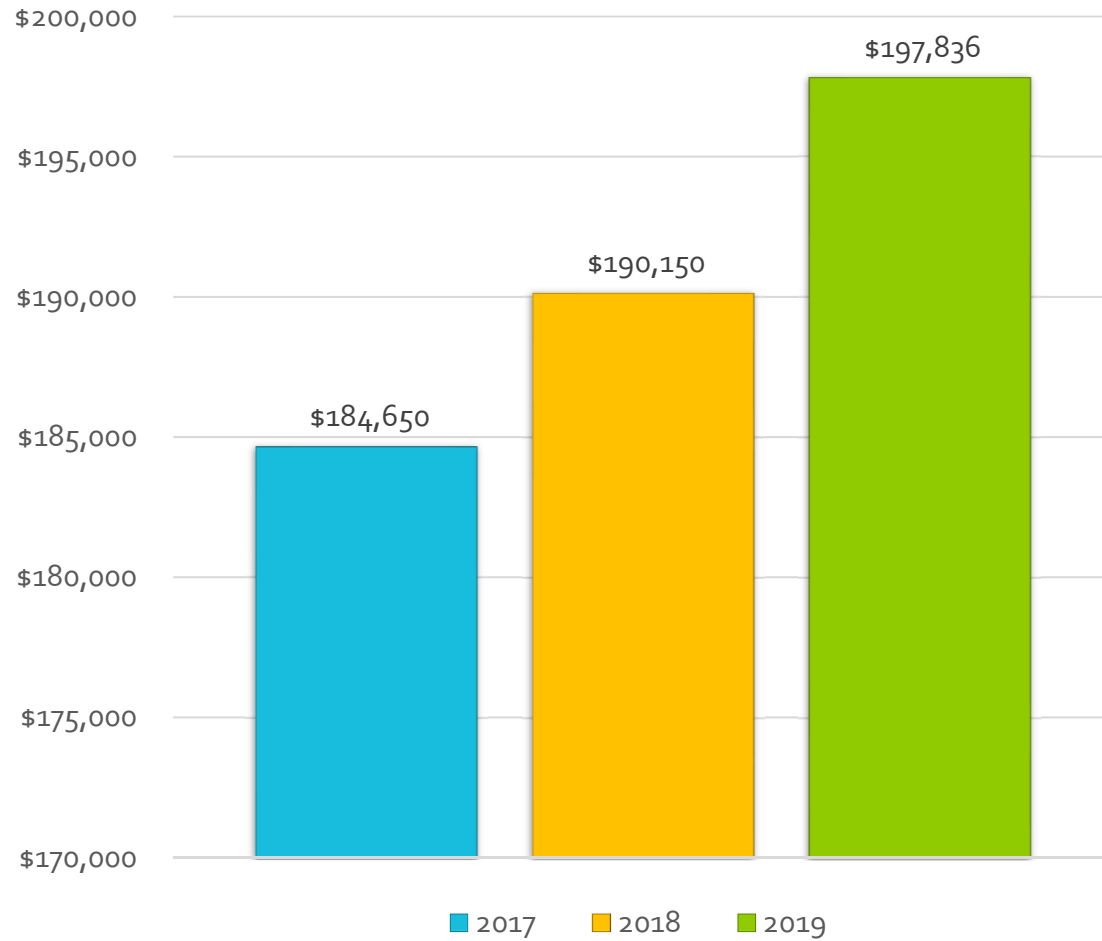
Non-Tax Revenues

Licenses & Permits

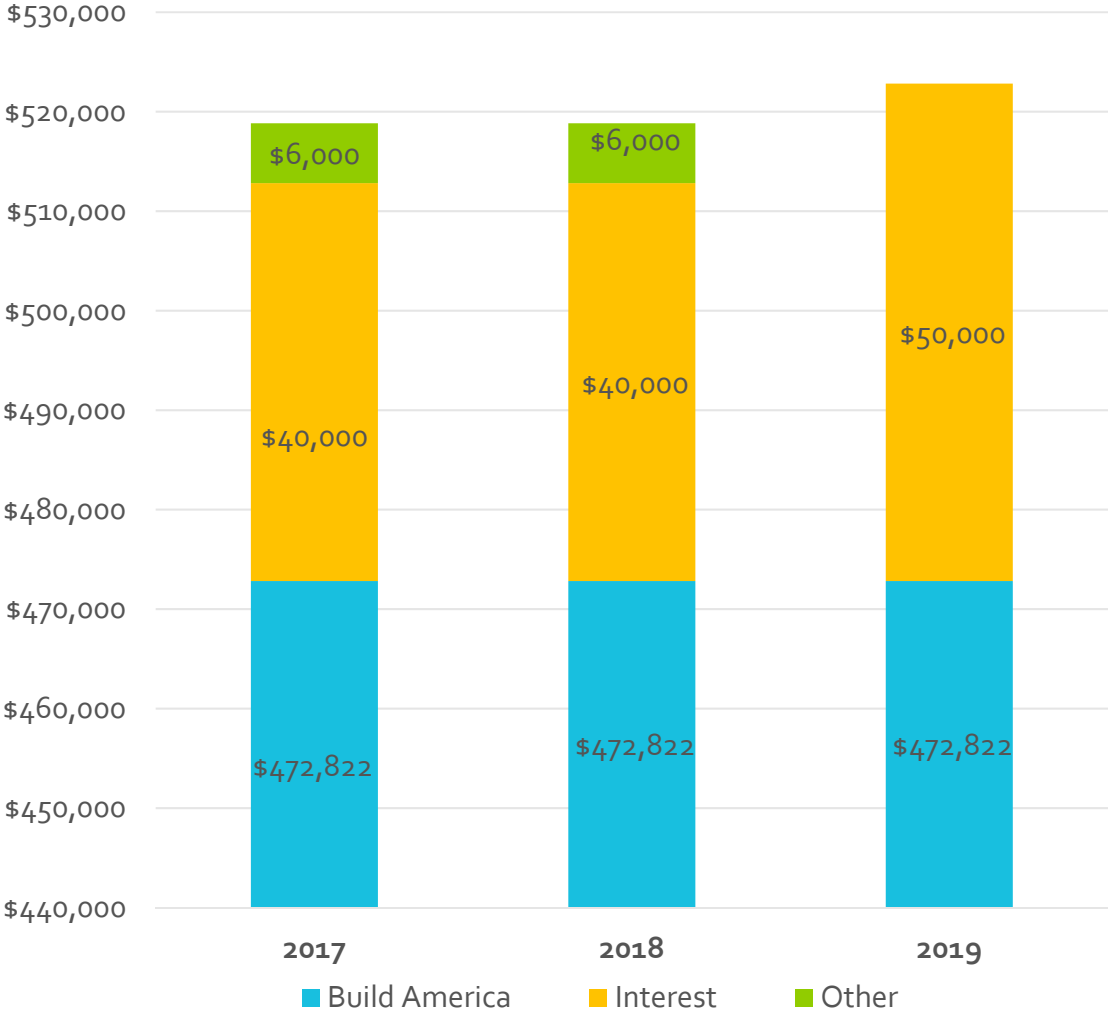


Non-Tax Revenues

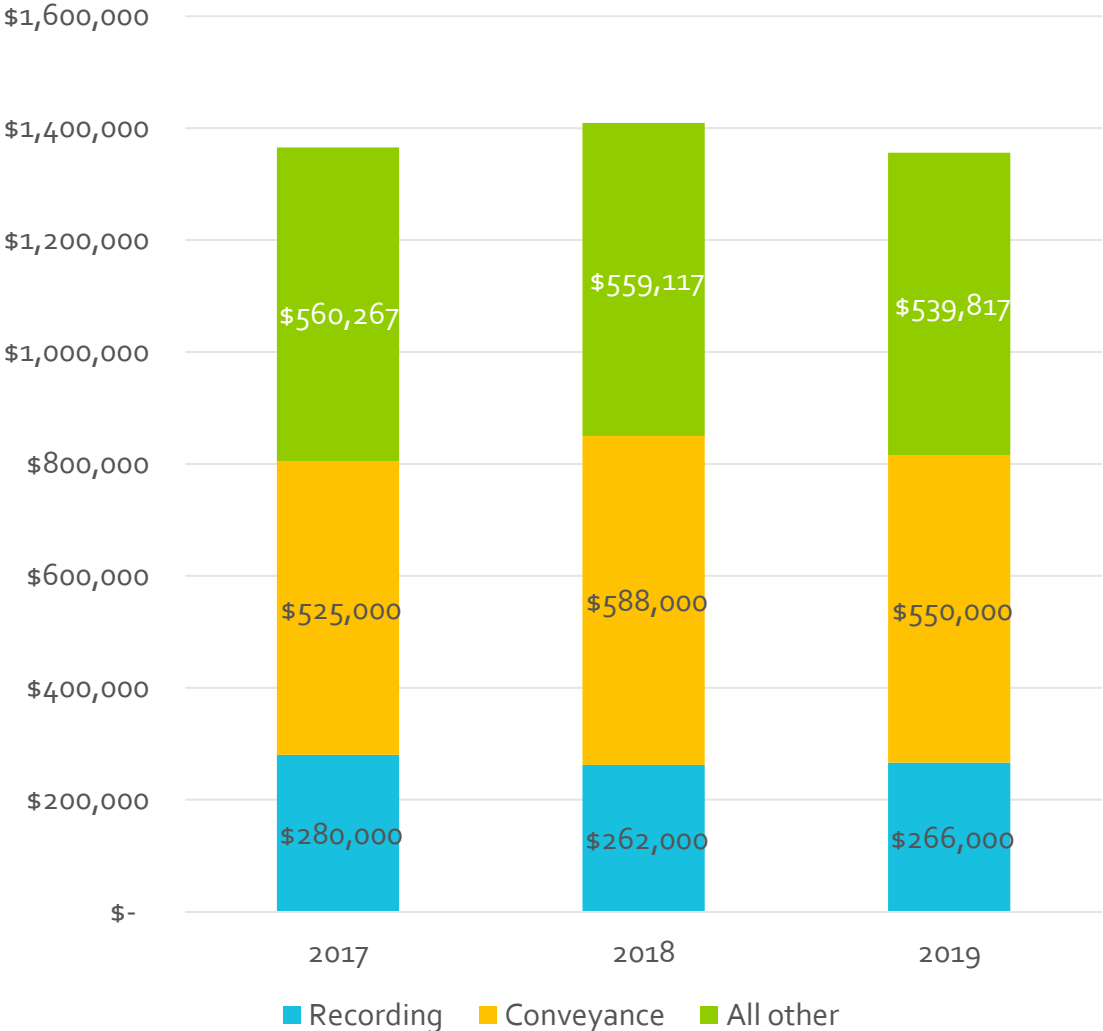
Fines & Penalties



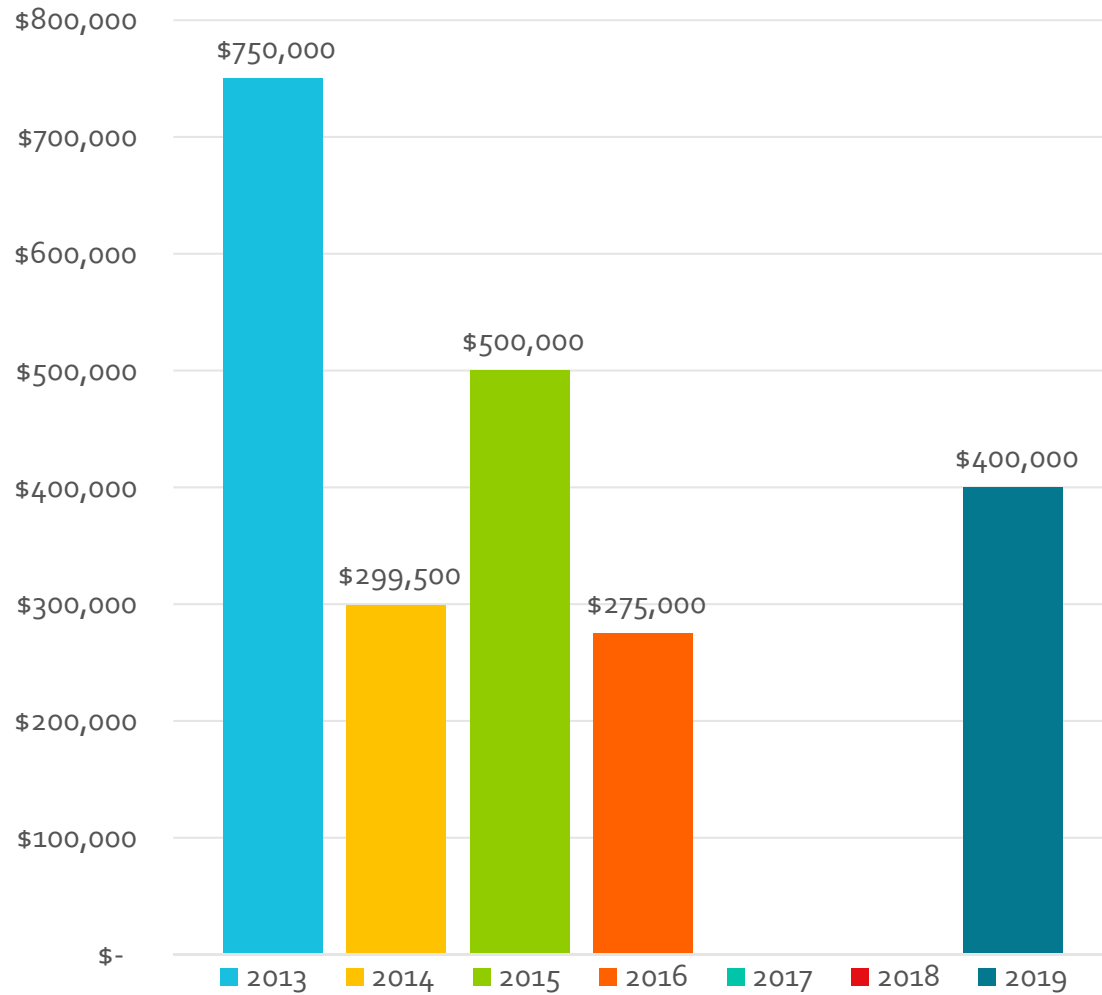
Non-Tax Revenues



Non-Tax Revenues

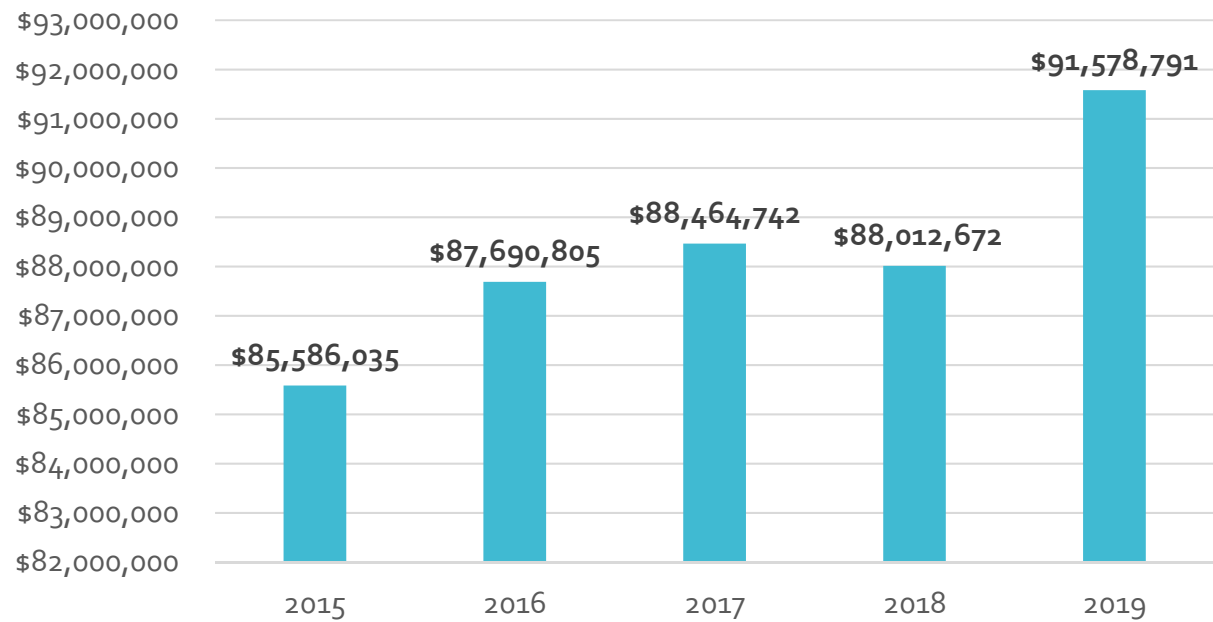



Use of Fund Balance



2019 represents use of prior year surplus

Total Revenue





Summary & Review

Summary

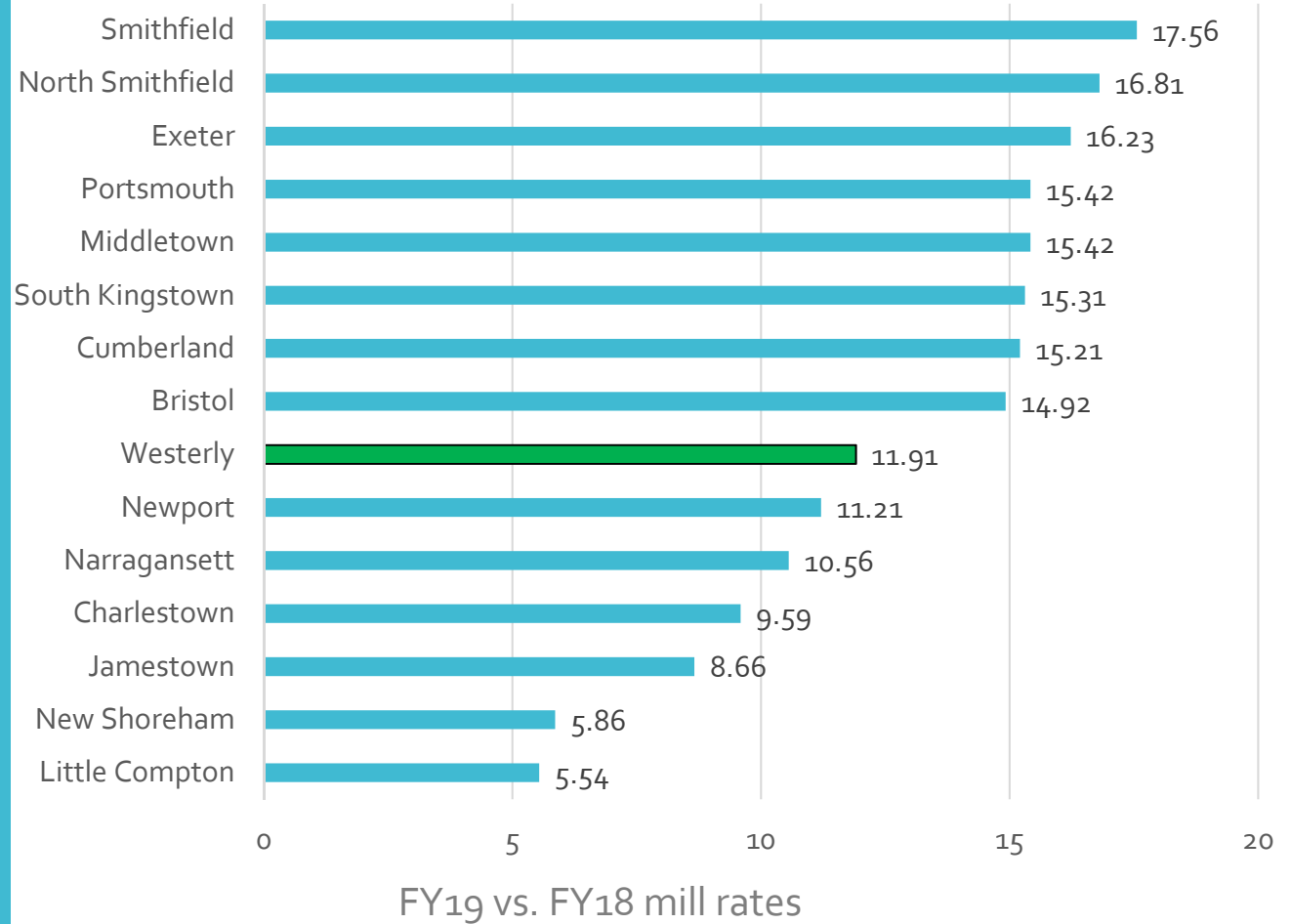
Town Appropriations	\$ 35,088,067
School Appropriations	<u>\$ 56,490,724</u>
TOTAL	\$ 91,578,791
FY17-18 Total Appropriations	<u>\$ 88,413,872</u>
Difference	\$ 3,164,916
Total Budget Change	3.58 %

TAX IMPACT

FY 2018 Mill Rate	11.59
Proposed FY 2019 Mill Rate	11.91
Difference	0.32
Percent Change	2.72 %

Mill Rate Comparison

Statewide Mill Rate Comparison



*Newport Commercial Tax Rate is 15.55

*Narragansett Commercial Tax Rate is 15.84



Immediate Action

Recommendation on budget reduction so as not to use fund balance.

Pre-Budget Action

Pre-Pay Capital & Restricted

- Use of Prior Year Surplus
- Through year-end transfers
- Pre-pay capital & restricted for FY19
- Eliminate use of fund balance and funding for items in FY19 budget
- Decrease tax rate increase by 0.11 mills

Pre-Budget Action

Recommendations for Pre-Pay

• Recreation Equipment	\$19,000	} Restricted
• L90 Loader Tires	\$16,000	
• CCRI Payment	\$75,000	
• Upgrade IT Townwide	\$25,000	
• Adult Day Center	\$40,000	} Capital
• Senior Center Improvements	\$100,000	
• School Fire Suppression	\$270,000	
• School Parking Lots	<u>\$166,000</u>	
TOTAL	\$711,000	

Pre-Budget Action

Effect of Recommendations

• FY17 Fund Balance	\$14.49M
• FY17 Year-End Surplus	\$1.4M
• Use of FY17 Surplus	(\$711,000)
• Total FY17 Year-End Surplus	\$700,000
• Total FY17 Year-End Fund Balance	\$15.19M

TM FY19 Budget	\$91.576M	11.91	
Less Pre-Pay	(\$.700M)	0.116	
Revised FY19 Budget	\$90.876M	11.79	1.73%
Change in total budget		2.79 %	

THANK YOU

Upcoming Schedule:

- Thursday 3/8 General Government
- Tuesday 3/13 Public Safety, Public Works, Debt
- Thursday 3/15 Enterprise Funds (*Water, Sewer, Sanitation, Shelter*)
- Tuesday 3/20 Restricted, Capital, Subsidies, and Revenues

- Thursday 3/22 Review and Finalize Recommendations (*TM Absent*)
- Tuesday 3/27 Public Hearing (*Town Hall*)