

## **Strategy for Addressing the 0.9% Budget #2 Remand to the Budget Committee**

Now that their petition has won at the 2016 financial town referendum (FTR), the supporters of the 0.9% Budget #2 are being accused of unfairly saddling elected officials with the task of finding reductions that they don't believe should be made. The accusation itself is unfair, inasmuch as elected officials campaigned for the privilege of representing the people, and the people have repeatedly demanded trimmed budgets.

Moreover, the Town Council has held that electors, and even the Budget Committee, have no ultimate authority to set line items in a final way. As the attacks on Budget #3 proved, officials want petitioners to be in the position of opening themselves to attack for proposing changes to line items that the officials have no obligation or intent to follow.

Even so, having given voters a lower-tax option, petitioner Justin Katz promised to offer a strategy and some options to make the lower budget possible without the broadly damaging elimination of services that some political activists are threatening. In general, we would suggest flipping the process. Rather than agonizing over every reduction, officials should begin with reductions well beyond what is needed and add back items that can't be changed or that they do not want to change. Whatever's left on the reduction list when they hit the bottom line is *prima facie* the lowest priority.

The following pages offer over \$1.7 million in possible savings, of which only \$782,895 would actually be necessary to implement. When it convenes to determine line items, the Budget Committee should add to this total any reductions its members might consider and then restore those that are not possible for one reason or another. The next step would be restore additional items according to committee members' priorities.

Priorities are the key. The proposals herein include almost a million dollars of reductions that need not be implemented. Elected officials might choose a different million dollars than we would, but such are the differences in priorities (and authority).

Voters whose own priorities are displaced by the decisions of the Budget Committee and Town Council should remember an important point: The town's budget has never gone down, in our memory, and even a 0.9% increase in taxes is *an increase*. If some town service or grant that you value is no longer funded come July, it was not displaced by small tax increases, but by the town government's priority to maintain the rampant overspending of past years.

Pay and benefits for employees are a good example. Despite voters' choosing a 0.0% tax increase three FTRs ago and 0.9% last year, town officials gave a three-year contract to a new town planner, added a fire marshal position, and provided raises to various employees in and out of labor unions, even as health benefit costs have exploded. Watching the interaction of elected officials and labor unions, one could reasonably conclude that town officials are all too happy to lock in pay and benefits with contracts that taxpayers have no choice but to fund.

If taxpayers decide not to simply add these new costs for government spending to their household budgets, the uncomfortable choices that elected officials must make are the consequence of actions taken by those very same elected officials. Voters' choosing another zero-point-something budget should not have been a surprise.

Similarly, during the past decade, the town has built over \$40 million in new buildings — the bulk of it based on a vote margin of less than 75 voters for three new school buildings in 2004. It is such expenditures that are creating the budget pressure we now feel, not the unwillingness of taxpayers to cover every bit of spending that special interests can push onto their backs.

Another illustrative example of budget pressure is the library grant. When voters approved debt for a new library (again, by a relatively thin margin), few expected a 32% increase in library costs above and beyond the new debt payment. Fewer realized that state law locks in every year's increase as the baseline for the following year. For these reasons, specifically, the town should pursue a waiver to trim the grant's recent increases, much of which was explicitly provided in order to get the new facility up and running, not to be a permanent funding stream.

Now may be the time for Tiverton to reassess the purposes of its government. We agree that a community has a responsibility to its members. Where we differ is in thinking that the town government — which is empowered to confiscate money through taxes — should not be considered the same thing as “the community.”

At this year's FTR, 879 people voted to increase their own taxes by an additional 50-cents per \$1,000 of property value. If their average property is worth \$200,000, then those voters will pay about \$88,000 less in property taxes during the upcoming year. That amount of money given to local non-profit organizations could do wonders fulfilling our obligations to each other as neighbors, all according to our own priorities, not the priorities of whoever manages to take control of local government.

## Possible Reductions to Address 0.9% Budget #2 Remand

### ***Budget Reduction Strategy Summary***

Adjusted discretionary expenditures	\$1,123,389
5% savings on immediately negotiable contracts	\$152,820
25% savings on dispersed expenditures	\$20,659
Savings from holding line items flat (cumulative)	\$288,321
<u>Savings identified in Sousa Budget #3 (cumulative)</u>	<u>\$150,278</u>
<i>Total savings before corrections and priorities</i>	<i>\$1,735,467</i>
<u>Required reductions based on FTR result</u>	<u>- \$782,895</u>
Possible reductions to be restored based on priorities	\$952,572

Note that possible reductions/savings are cumulative from top to bottom so as to avoid double counting, with a minor exception possible depending on which specific line items achieve the 25% savings on dispersed expenditures.

### ***Adjusted discretionary expenditures*** ***\$1,123,389***

Supplies and miscellaneous	
• Total across departments	\$82,440
Capital	
• Town Hall roof	\$67,000
• Senior Center siding and door	\$13,000
• Fire roof at Station 3	\$35,000
• Fire exterior wall Station 3	\$15,000
• Fire heating system Station 1	\$20,000
• Fire Computers	\$19,000
• Police Security and Recording	\$20,000
• DPW Catch basin cleaner attachment	\$65,000
• DPW roof over mechanic's office	\$2,500
• Grinnell's Cesspool	\$5,000
• Fire Rescue 1	\$61,350

This section is the core of the reduction strategy, with items we assess to be plausible to reduce or eliminate, depending upon the priorities of elected officials.

When the Town Council purchased the gas station at Grinnell's Beach (in executive session), they promised there would be no costs to taxpayers (beyond the \$11,000 in lost taxes).

The rescue truck is in need of replacement, but if possible it would be preferable to make the final payment on Rescue 2 this year before undertaking additional debt for Rescue 1.

Town Clerk's Office

- Dept Management Salary (1010-5100) \$1,518
- Recodify Town Code (1010-6953) \$4,000

Town Council

- Town Council Stipends (1020-5114) \$17,300
- Contingency Fund (1020-6890) \$50,000

Town Administrator

- Expense Account (1120-7971) \$200
- League of Cities & Towns (1120-7259) \$8,856

Not only was this payment made in the current fiscal year despite being eliminated in last year's elector petition, but it was increased and should be eliminated this time.

Board of Canvassers

- Board of Canvas Stipends (1030-5114) \$3,600
- Elections (1030-6329) \$10,000

Per the Budget Committee binder.

Town Hall Operating Expenses

- Building Maintenance (1040-7840) \$9,000
- Essex Building Utilities (1040-NEW) \$4,000

In keeping with the elector resolution that passed at the FTR, this building should be sold as soon as possible.

Legal Services

- Litigation (1050-7159) \$20,000
- Labor Counsel (1050-7191) \$5,000

The Budget Committee binder anticipates less need for legal representation in the upcoming year.

Municipal Court

- Bailiff (1960-5170) \$500
- Computer (1960-7533) \$1,500

Probate Court

- Recording Expenses (1970-6950) \$3,000

Code Enforcement

- Salary - clerk NEW (1060-5102) \$36,465
- Salary - part time building inspector (1060-5102) \$18,720
- Automobile Expenses (1060-6913) \$2,000
- Education/Seminars (1060-6928) \$1,060
- Boarding for Buildings (1060-6992) \$1,000

Budget binder indicates less need for this and notes that expenses tend to be reimbursed after a lag time.

Shrinking revenue from this department indicates less activity. The Town Administrator should seek efficiencies, and the Town Council should revisit ordinances and other rules that make building and permitting costly and time consuming.

Planning Department

- Professional/Technical Services (1150-7198) \$1,000
- Education/Seminars (1150-6928) \$1,000
- Publications (1150-7229) \$1,000

As with other employees, the planner's contract mentions education, but all expenses require administrative approval, which is not mandated.

Despite the fact that voters did not fund a full-time planner position, the Town Council approved a three-year contract. Other expenditures for this department should be reduced to the greatest extent possible, and the town should question whether telling people what they can do with their property in the future is really a top priority for town government.

Planning Board

- Professional/Tech Services (1070-7198) \$4,000
- Education/seminars (1070-6922) \$1,000
- Computer Upgrades, Maint. & Equip (1070-7530) \$1,500

Economic Development Commission

- Web Site Maintenance (6200-6948) \$200

As with planning, this commission should not be a high priority and should do its work on a no-cost, volunteer basis.

Tax Assessor

- Education/Seminars (2120-6928) \$1,500
- Publications (2120-7229) \$500
- GIS Web Hosting (2120-6770) \$3,000
- GIS Update/Data Layers (2120-6775) \$3,000

This tool is useful for a variety of purposes, but it isn't clear that it should be a priority and some residents consider it invasive of their privacy.

Treasurer (Treasurer's 2016-2017 Request)

- Department Management Salary (2140-5100) \$1,680
- Education/Seminars (2140-6928) \$500

Police Pension

• Pension Plan - Police (2220-5263) \$100,000

Unfunded Liability Sick & Vacation (2300-5295) \$20,000

Fire Department

• Overtime (3310-5104) \$50,000

• Differential (3310-5105) \$2,500

• Fire Marshall Inspections (3310-5112) \$31,790

• Chief's Seminar (3310-6923) \$2,000

• Water (3310-6914) \$200

• Minor Equipment Replacements (3310-6648) \$7,000

• Station/Building Maintenance (3310-7840) \$7,000

• Medical Director - EMS (3310-6965) \$8,000

The fiscal impact statement for the upcoming year promised \$150,000 in overtime due to shift structure. The department should be held to that.

This position was not funded in last year's budget, and the contract should be renegotiated to return to the practice of inspections during down time.

It is a positive to fully fund the pension account, but the requested funding puts extra money in to accelerate improvement. If the town's needs weren't so great and the taxes already so high, acceleration would be more defensible. Additionally, the town's unrealistic 7.5% discount rate means that pensions are nowhere near as well funded as actuaries state, meaning restructuring the pensions will be unavoidable in the medium-term future. The more money taxpayers place in the fund, the more they'll have to shoulder the fallout from unreasonable retirement giveaways.

Police Department

• Overtime Police (3330-5104) \$25,000

• Sick Leave Buy Back (3330-5150) \$8,000

• Chief's Miscellaneous Expenses (3330-6691) \$1,600

• State Education Mandated (3330-6928) \$5,000

• In-service Training (3330-5498) \$5,000

• Building Maintenance (3330-7840) \$6,500

The budget binder notes that this line item is funded at the high-end estimate. It should be at the five-year average, and this benefit should be targeted for elimination altogether.

The chief's assessment of a need for greater training should be reevaluated.

The police department should strive to achieve some small reduction in anticipated overtime.

Harbor and Coastal Management Comm.

• Basin Mooring Analysis (NEW) \$5,000

• Water quality testing (NEW) \$2,400

Harbor Master

• Uniforms/Clothing (3360-6166) \$150

Library Services (6630-7745) \$31,500

The legal requirement that towns must fund libraries at least at the prior year's amount or risk losing state aid makes increases in the grant a perpetual mandate. The Budget Committee's \$16,500 increase should therefore be eliminated. Additionally, the town should seek a waiver of maintenance of effort requirements for this year (link below). At a minimum the town should seek to reduce the grant by \$15,000, which was the amount last year's petitioner budget increased the grant explicitly to help with setting up the new library. (<http://www.olis.ri.gov/pubs/plstandards/waiverproc.php>)

Health & Human Service Organizations

- Newport County Mental Health Center (6250-7752) \$2,500
- Visiting Nurses - Newport County (6250-7754) \$5,500
- Parents as Teachers (6250-7772) \$500
- East Bay Community Action (6250-7756) \$5,500
- Newport County Women’s Resources (6250-7758) \$500
- The Samaritans (6250-7750) \$500

On principle, some taxpayers object to the use of government to give handouts to charities. In some cases, these charities have millions of dollars in assets and several employees earning six-figure salaries (in one case, the uncle of our congressman). Replacing this funding would be an excellent mission for a local non-profit funded by donations from those who voted for higher taxes.

Agriculture/Conservation Services

- Eastern RI Conservation District (6250-7760) \$500

Other

- Wildlife Rehabilitators Assoc of RI (6250-7764) \$200

Public Works

- Superintendent (5540-5100) \$14,185
- Overtime (5540-5104) \$50,000

A vacant position should be an opportunity for budget savings, not a budgeted salary increase.

This department should be run with the goal of no overtime expenses.

Landfill Operations

- Overtime (5530-5104) \$200
- Landfill equip rent / cover (5530-6442) \$30,000

Building Maintenance

- Tool Replacement (5130-6653) \$2,000

Town Committees

- Historical Society (6250-7762) \$250
- Veterans Plot - Pocasset Cemetery (6250-7766) \$150
- Fire/Rescue Community Training (6250-7770) \$1,250
- Garden Club (6210-8005) \$500
- Historical Cemetery Commission (6210-8000) \$3,000
- Open Space Commission (6210-8015) \$3,400

Some of these committees are similar to the non-profits mentioned above. Others provide services for which the recipients can be expected to pay. Officials should review all of these expenses to evaluate the actual necessity.

Town Committees (continued)

- Arts Council (6210-8010) \$500
- Conservation Commission (6210-8020) \$1,000
- Tree Committee (6210-8030) \$500
- Recycling Committee (6210-8035) \$150
- Fort Barton Park Maintenance (6210-8025) \$3,200

Senior Citizens Service

- Travel Expenses (6110-6921) \$600
- Agency Dues & Development (6110-7225) \$975
- Building Maintenance (6110-7840) \$3,500
- My Senior Center (6110-7530) \$1,200

Beaches

- Beach Expenses (8790-6690) \$500

Summer Recreation

- Directors and Counselors (8830-5181) \$16,500
- Transportation, Fees, Equipment (8830-6629) \$3,500

Winter Recreation (8830-6690)

\$2,500

Maintenance, Supplies, Mowing

- Field Rehabilitation (8840-6630) \$7,600
- Preventive Maintenance (8840-6749) \$8,000

Recreation Coordinator (8830-5114)

\$10,000

***Immediately negotiable***

***\$3,056,410***

Town Clerk's Office

- Staff Salaries - AFSCME (1010-5102) \$155,314
- Longevity AFSCME (1010-5108) \$5,235

The debacle with the summer recreation program last year made clear that the town government is seeking to displace privately owned summer camps in the area with a subsidized offering. Officials should consider whether this is an appropriate priority for government. If there is a community need for low-cost summer activities, a non-profit could seek volunteers and voluntary funding.

Winter recreation activities resemble things that private organizations (such as private schools) do for fundraising. The rationale for forcing taxpayers to displace those private activities is not clear.

Expiring contracts give the town flexibility to seek reductions in the cost of labor. A 5% reduction is reasonable to expect, particularly given opportunity to mitigate the large increase in the cost of health benefits.

Code Enforcement

- Longevity - AFSCME (1060-5108) \$2,318

Tax Assessor

- Staff Salaries - AFSCME (2120-5102) \$57,119
- Longevity - AFSCME (2120-5108) \$3,427

Treasurer (Treasurer's 2016-2017 Request)

- Staff Salaries - AFSCME (2140-5102) \$84,112
- Longevity - AFSCME (2140-5108) \$2,301

Tax Collector

- Staff Salaries - AFSCME (2150-5102) \$57,528
- Longevity - AFSCME (2150-5108) \$3,266

Insurance

- Group Insurance - Health (2190-5260 - 69) \$1,375,507
- Group Insurance - Dental (2190-5270 - 71) \$69,984
- Group Insurance - Life (2190-5272) \$20,323

Fire Department

- Department Management Salary (3310-5100) \$84,936

Police Department

- Records Senior Clerk - 1 (3330-5102) \$45,483
- Control Center Operators - 8 (3330-5102) \$330,905
- Police Secretary - 1 (3330-5102) \$44,586
- Maintenance/Mechanic - 1 (3330-5102) \$45,127
- Clothing Allowance1 (3330-5168) \$10,850

Animal Control

- Animal Control Officer (3330-5102) \$45,483

Public Works

- DPW Clerk (5540-5102) \$36,955
- Maintenance Workers (5540-5101) \$398,521
- Clothing Allowance (Boots) (5540-5168) \$1,350
- Longevity - Union (5540-5108) \$18,722
- Sick Leave (5540-5150) \$15,000
- Uniform Rental (5540-6240) \$4,189

Landfill Operations

- Landfill Workers (2) (5530-5101) \$88,959
- Longevity - Union (5530-5108) \$4,797
- Sick Time (5530-5150) \$4,000
- Clothing Allowance (Boots) (5530-5168) \$300
- Uniforms (5530-6240) \$700

Building Maintenance

- Salaries: AFSCME (5130-5102) \$83,896
- Uniform Rental (5130-6240) \$700

***Widely dispersed expenses*** **\$82,635**

- Phones \$10,950
- Computer & tech \$61,033
- Copy & print \$10,652

The town should seek to limit and consolidate line items that appear under multiple departments, seeking a 25% reduction.

***Holding items flat (cumulative)*** **\$284,071**

This section represents additional line items (or portions of line items) not included above that the town could seek to hold flat to the prior year's budgeted amount.

Capital

- Fire Replace Airpacks & Air Bottles (0980-8980) \$19,000
- DPW - Street Sweeper (0980-8771) \$3,585

Town Council

- Advertising/Ordinances (1020-6954) \$7,000

Town Administrator

- Personnel Services (1120-5101) \$630
- Town-Wide Internet Service (1120-6937) \$100
- Computer Service (1120-7590) \$3,400

Municipal Court

- Computer (1960-7533) \$5,000

Code Enforcement

- Department Management Salary (1060-5100) \$7,000
- Software Maintenance (1060-7530) \$89

Planning Department

- Planner (1150-5100) \$27,850
- Telephone (1150-6935) \$200
- Photocopier Lease (1150-6735) \$230
- Computer Upgrades, Maint. & Equip (1150-7530) \$750

Planning Board

- Comprehensive Plan Ad & Printing (1070-7152) \$2,500
- Subdivision Regulations Advertising (1070-7155) \$500

Zoning Board of Review

- Public Stenographer (1080-7140) \$800
- Personnel Board (NEW) \$500

Tax Assessor

- Department Management Salary (2120-5100) \$1,415
- Printing (2120-6673) \$200

Treasurer

- Consulting Services (2140-7145) \$780
- Computerized Payroll (2140-6980) \$1,030
- Software Maintenance (2140-7530) \$1,000
- Consulting - GASB 45 (2140-7110) \$1,950
- Affordable Care Act reporting (2140-6985) \$3,000

Tax Collector

- Department Management Salary (2150-5100) \$623
- Consulting Services (2150-7145) \$1,000
- Software Maintenance (2150-7530) \$765

Pension Plans

- AFSCME (RI MERS Plan) (2220-5266) \$15,000
- Fire Department (RI MERS Plan) (2220-5262) \$40,000
- TIAA CREF (ER) (2220-5265-67) \$5,252

Fire Department

- Differential (3310-5105) \$1,000
- Paid Holidays (3310-5107) \$5,271
- Educational Allowance (3310-5110) \$3,750
- Heat (3310-6910) \$1,693
- Electric (3310-6912) \$1,301
- Telephone (3310-6935) \$5,000
- Sewer Fee (3310-6911) \$500
- Firefighters Training (3310-6928) \$11,000
- Apparatus Maintenance (3310-7640) \$5,000
- Equipment Service Contract (3310-6443) \$770
- Medical Supplies (3310-6969) \$2,000
- Medical Physicals (3310-6968) \$8,000
- Operation Technology (3310-6931) \$2,500
- Recruiting Process/Promotional Testing (3310-6310) \$500

Police Department

- Chief (3330-5100) \$1,762
- Holiday Pay1 (3330-5107) \$3,354
- Longevity - Union (3330-5108) \$1,264
- State Education Mandated (3330-6928) \$15,000
- Medical Expenses (3330-6969) \$300
- Software Service Contract (3330-6735) \$1,000

Harbor and Coastal Management Comm.

- DEM water quality certificate (NEW) \$300

Harbor Master

- Boat Operations (3360-6690) \$2,000

Street Lights (3380-6745) \$1,500

Public Works

- Nextel Communications (5540-6930) \$500
- On-Site Wastewater Management (5530-7732) \$18,588
- Rubbish/Recycling Collection (5500-6457) \$18,778

Landfill Operations

- Electricity & Propane (5530-6912) \$100
- Engineering Testing Permits (5530-7139) \$15,000

Building Maintenance

- Gas & Motor Oil (5530-7611) \$2,400
- Repairs, Tires. Rental and Expenses (5130-6690) \$1,000

Senior Citizens Service

- Director's Services (6110-5100) \$1,276
- Water (6110-6914) \$15
- Bus Service (6110-6420) \$500

Maintenance, Supplies, Mowing

- Personnel Mowing Services (8840-6459) \$670

***Additional available in Sousa budget*** **\$150,278**

The 1.7% Budget #3 included this amount of additional suggested savings not already accounted for above.