



TOWN OF WARREN, RHODE ISLAND

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Office of Town Manager

February 5, 2014

Honorable Warren Town Council
514 Main Street
Warren, RI 02885

Honorable Town Council Members:

Attached for your review is the proposed budget for fiscal year 2014-2015.

This budget uses the best information available as of this date to draft a proposal based on projections of costs and revenues.

It is projected that Health care costs will increase by approximately 9.4 % during FY '14-'15 while the PUC has authorized an electrical rate increase of 12.5%.

The Town of Warren has been preemptively notified of an increase in employer contribution to the Municipal Employees Retirement System for Public Safety from a 25% rate to a 30% rate, while nationally the projected rate of inflation is currently projected to be 1.6% for 2014.

The Town will be required by statute to conduct a full property tax revaluation during fiscal 2014-2015 this item must therefore be funded in the capital budget. Although the final number will not be clarified until the spring, the current best estimate indicates the Ratable Tax Base for Real Estate for FY '14-'15 to remain stable.

The return of some State General Aid (\$50,918.) is anticipated, although noted as a reduction from last year's Governor's Budget Request of \$100,000(this was eventually reduced). A projected 12.7% increase in Restaurant Tax (+\$28,000.) will be of some assistance in revenue as will an increase in projection for Construction Permit Fees (+50%) and Third Party EMS Billing fees (+20%).

A brief summary of some elements of this year's proposed budget includes:

Salaries:

During Fiscal year 2013-2014 the Police Department "serving officers" line item indicated a contractual obligation in raises for a total 3.02%. This proposed preliminary budget shows a 0.5% increase which accounts only for changes in pay grades negotiated in prior collective bargaining agreements. As was the case with USW employees, the current CBA will be negotiated in the course of the budget process or thereafter.

"The Town of Warren is an equal opportunity provider and employer."

USW Local employees' wages in this preliminary budget proposal are a combination of retrospective and prospective negotiated salary increases reflecting three fiscal years. In actuality USW employees will receive a 2.5% salary increase for FY '14-'15.

Budgeted increases for Department Head salaries reflect those approved for other Town employees during the coming fiscal year.

Cost of Government:

The cost of government operations is proposed to increase by 6.8% with the general application of a 1.8% projected consumer price index for 2014 to most operations costs, and the necessary application of known costs to line items relative to electricity (12.5%) and Health Care (9.4%, although that projection is tempered to an approximate 3.3% increase with the assistance of the recent additional employee healthcare co-share system).

Overall the net cost of Town Government is projected to increase by 8.5%.

Education:

This proposed municipal budget recognizes pending legal activity related to the maintenance of effort in funding the Regional School District and the retraction of the aid to education locally via the State funding formula. As well as the School Committee's pre-notification of the Town of Warren that its responsibility by enrollment would increase by 112 students, thereby projecting an increased contribution request of 9.94%.

In order to fairly, responsibly and conservatively prepare the budget (recognizing that the net cost of Town Government would necessarily have to rise by 8.5%) I determined that an 8.5% increase in the Warren contribution to education would be both fair and appropriate given the information currently available.

It is significant to note that this budget line, in and of itself, places the Town of Warren over the 4% "budget cap" imposed by State statute.

Grants and Contributions:

Due to fiscal constraints of this budget many grants and contributions are reduced in the proposed draft budget by 25%. Over the past two years the Town Council increased *Social Services Expenses* as a reaction to more frequent requests for assistance due to the economic downturn and its effect on local families. This Preliminary budget again increases that line item by 1.8%.

The continuation of the negative economy cause the library to be used more frequently and therefore a 3.4% increase to be appropriate.

Debt Service:

Debt service is projected to increase by 7.9% of last fiscal year's budget; this is a result of going out to bond for all capital projects to date and associated cost, rates. This Debt service increase includes authorizing only two capital projects in the FY 14-15 Budget. The \$2,000,000. Waste Water Treatment Facilities Improvement Design and Pre-Construction Project (which is required

by a Consent Decree) and the \$245,000. Full Real Estate Revaluation (which is required by State Statute).

I hereby submit this proposed fiscal 2014-2015 budget to the Town Council for further action and acknowledge the assistance provided to me in its preparation by the Director of Finance and all of the Town staff.

Should you have any questions please feel free to call on me at any time.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas D. Gordon", with a long horizontal flourish extending to the right.

Thomas D. Gordon
Warren Town Manager

AGENDA

1st Budget Workshop
Saturday, March 1, 2014
Town Council Chambers
514 Main Street
Warren, RI
9:00 AM

2014-2015 BUDGET DISCUSSION

| | |
|-----------------|-----------------------------------|
| 9:00 AM | Harbormaster |
| 9:15 AM | Recreation |
| 9:30 AM | Library |
| 9:45 AM | Social Services |
| 10:00 AM | Senior Center |
| 10:15 AM | Tax Assessor |
| 10:30 AM | Municipal Court |
| 10:45 AM | Finance Department |
| 11:00 AM | Town Manager |
| 11:15 AM | Grants & Contributions |

To Include Initial Presentations by Department on Capital Proposals.

AGENDA

2nd Budget Workshop
Saturday, March 8, 2014
Town Council Chambers
514 Main Street
Warren, RI
9:00 AM

2014-2015 BUDGET DISCUSSION

9:00 AM Town Planner

9:30 AM Building Official

10:00 AM Fire Department

10:30 AM Police Department

11:00 AM Sewer Department

11:30 AM Highway Department

12:00 PM Town Clerk

12:30 PM Boards & Commissions

1:00 PM Overall Capital Items

1: 30 PM Miscellaneous/Outstanding Items

1:45 PM Summary

Discussion and action regarding Preliminary Approval

- **To include initial Presentations by Department on Capital Proposals**