

# Welcome to the 3rd Annual Newport Financial Review

## “CHALLENGES & PITFALLS”

Sponsored by the  
**Alliance for a Livable Newport  
Financial Committee:**

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# Newport's 2009/2010 Tax Levy Increased 2.88%

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- Over the last 3 years, Newport has had the lowest cumulative tax rate increase of any Rhode Island city or town!
- But! ... continues to be based on ...  
“A Hope and A Prayer” *with a bit of magic thrown in!*



# This Year's Hopes:

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- Three more unions (Fire/NEA/ASME) will accept 0% raises for 2009/2010 (each 1% raise = \$125,000)
- Short-Sided Capital Budgeting Strategies

	<u>07/08</u>	<u>08/09</u>	<u>Budget 09/10</u>
Equipment Capital Spending	\$846,000	\$41,000	\$253,000



# This Year's Hopes (cont'd):

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A. Police Overtime Spending achieves a record low! *(with 7 fewer officers)*

	<u>07/08</u>	<u>08/09</u>	<u>Budget 09/10</u>
Police Overtime	\$724,000	\$633,000	\$556,000

B. Property Abatements are not above the historical average (\$1,000,000) *during a reassessment year.*



# This Year's Prayers:

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- State Funding Holds
  - Motor Vehicle Revenue reduced \$400,000 (\$1.4 million more reductions to come?)
  - Hotel Tax, Meals and Beverage Tax, Gambling Revenue (\$3.6 million at stake?)
- Someone else figures out how to pay OPEB Benefits
  - Reduced Funding by \$1,000,000 for 2010
  - Now Short \$1,500,000 per year in funding



# This Year's Magic:

- City moves \$588,000 from general city expenses to Enterprise Funds (Water, Parking, Eastons Beach)

<b>Enterprise Funds</b>	<b>08/09</b>	<b>Budget 09/10</b>	<b>Dollar Change</b>		
Water	\$581,000	\$978,000	\$397,000	↑	68%
Sewer	\$743,000	\$687,000	(\$56,000)	↓	7%
Parking	\$108,000	\$221,000	\$113,000	↑	105%
Eastons Beach	\$51,000	\$109,000	\$58,000	↑	114%
Maritime	\$33,000	\$109,000	\$76,000	↑	230%
	<b>\$1,516,000</b>	<b>\$2,104,000</b>	<b>\$588,000</b>	<b>↑</b>	<b>39%</b>



# The Future:

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- Required Pension Funding next year to increase over \$1,500,000
- OPEB – not going away - \$1,500,000 short
- Employee Salary and Benefits
  - 1% salary increase = \$200,000
  - Firefighters and Police pay less than 10% of health premiums



# The Future (cont'd):

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- Continued use of Road Repair Account and Bond Issues as General Fund “expense” cushions
- State Funding
  - Motor Vehicles Tax up at least 20% maybe doubling?
  - School Funding Formula – millions at stake?
- Trash Collection Revenue?
  - Enterprise Account Set-up?
  - \$2 million of possibilities



# The Bottom Line:

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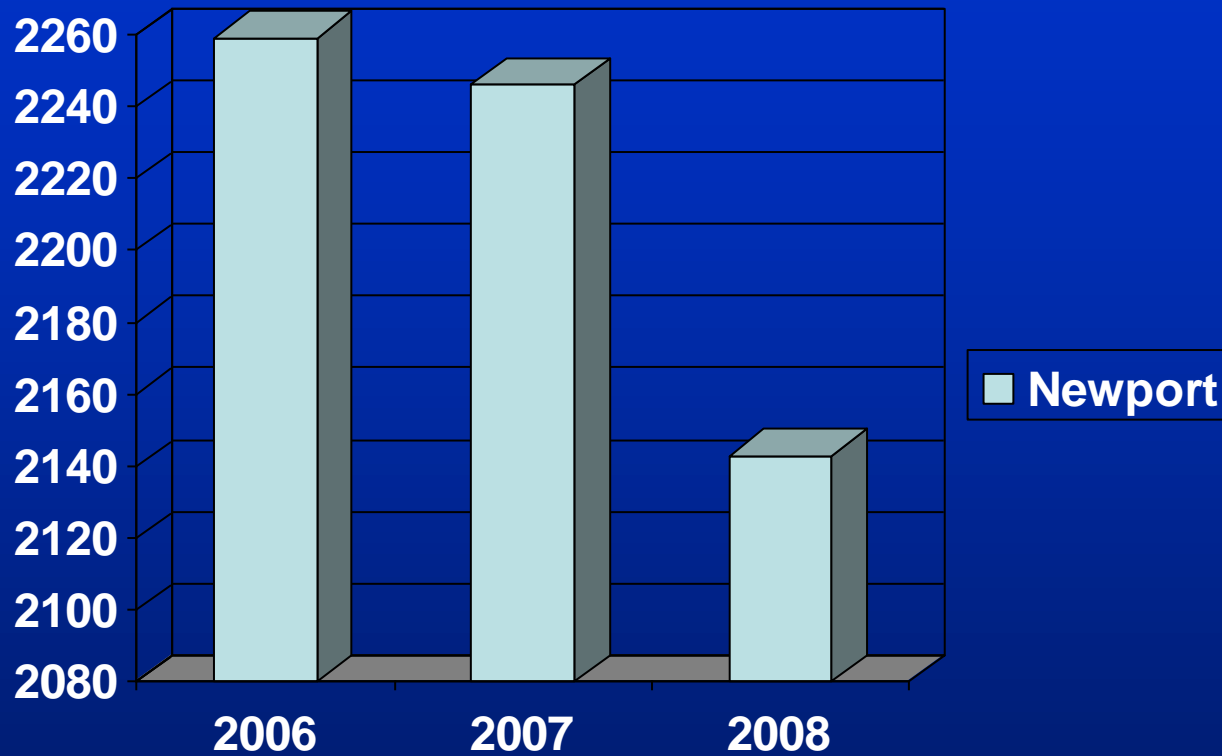
- There's a \$3-\$4 million structural disconnect in Newport's budget
- Some Leaders in city government "Get It" and "Offer Solutions"

*The rest live on hopes, prayers & magic!!*

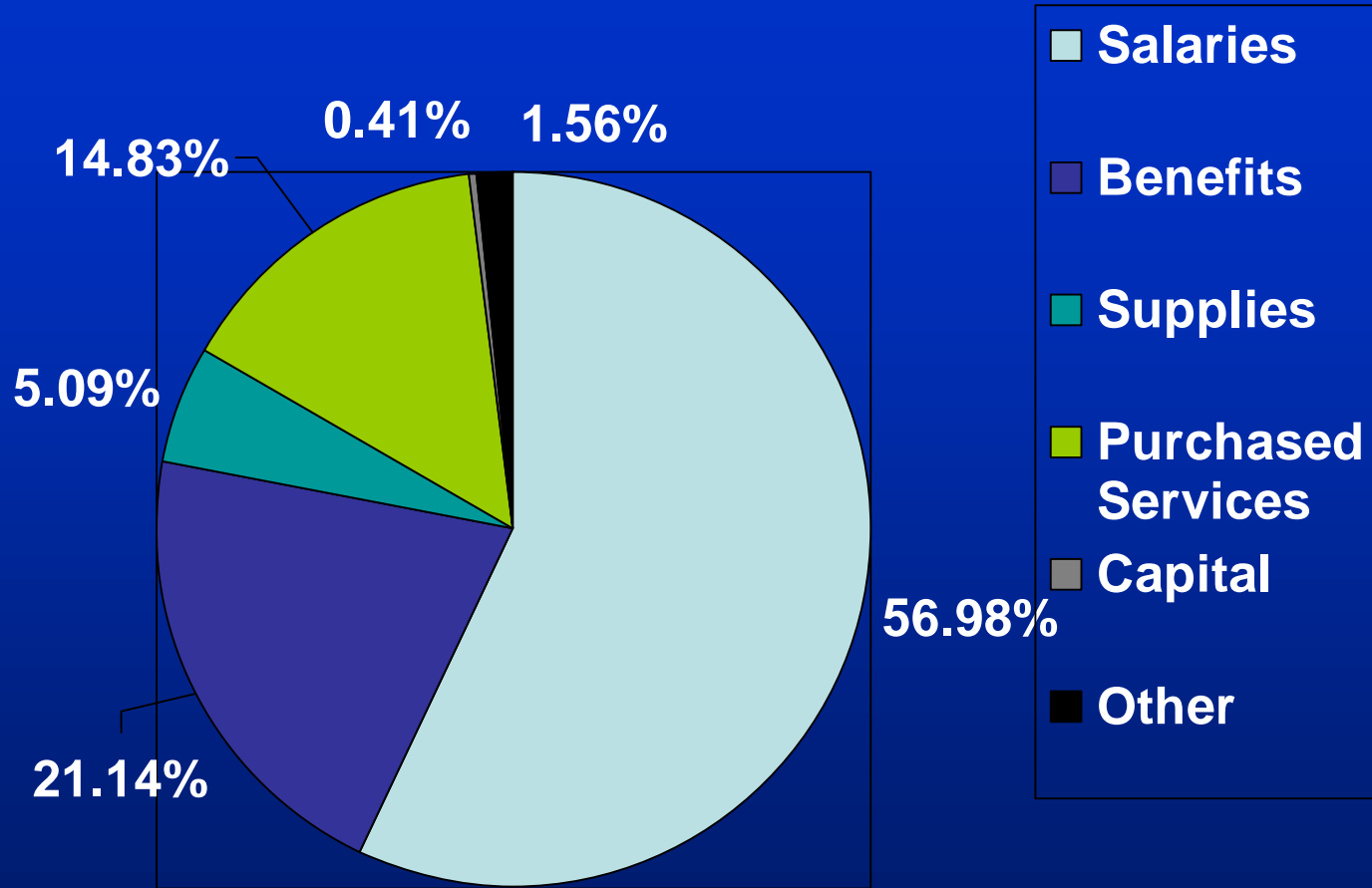


# Education

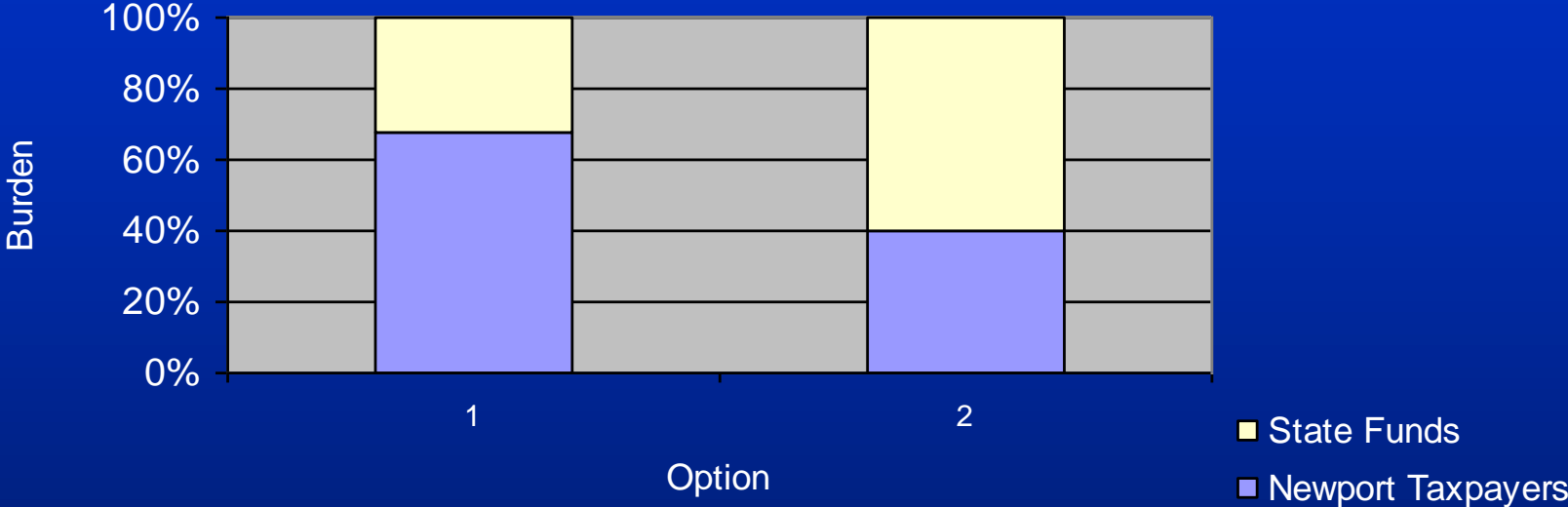
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# FY 2008-09 Budget



# Consolidation Comparison



# Water & Sewer Rate Issues

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- Why are we discussing this?
- The Utilities Department:
  - water enterprise fund
  - water pollution control enterprise fund
  - revenues must equal operating expenses

Revenues = Expenditures

- This Fund has Fixed and Variable Components...



# Water/Sewer Bill Components

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- Customer Charge
- Water Usage Charge
- Sewer Charge
- CSO Charge



# Bottom Line Cost Drivers

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- Daily operation and maintenance
- Unplanned events
- Government mandates
- CSO related
- Beach pollution
- Planned upgrades



# Typical Residential Bill Comparison

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	<u>2009</u>	<u>2010</u>
Customer Charge	\$ 13	\$ 15
Water Usage Charge	\$ 230	\$ 267
Sewer Use Charge	\$ 314	\$ 345
CSO Charge	<u>\$ 140</u>	<u>\$ 144</u>
Total	\$ 697	\$ 771



# Questions?

*Thank you for attending!*

