

# State of the town

1-17-17

EVERY DAY BRINGS OPPORTUNITY

# Introduction

- George Burns once said that the key to a good sermon is to have a good beginning and a good ending and to have the two of them as close together as possible.
  - I'll attempt to do that tonight so we can get on with business.
- “Every day brings opportunity.” This is my company’s tag line. I also believe this is relevant because our town is starting in a good overall position but there’s always room for improvement-in many areas.
- In getting ready for this presentation, I created an outline of strengths, weaknesses, opportunities and threats.
- Many of my comments are at a high level. I apologize in advance if I didn’t hit a topic that you feel is important. Due to the time constraint of the meeting, I would ask that you email me or any councilor to discuss or ask questions and make future recommendations about the state of the town.

# First few days

- In the first few days after being sworn-in, we've had two retirement announcements: Dennis Finlay and Bob O'brien. Before I move along, I'd like to thank both gentlemen for their service to the town.
- Dennis has served... for 29 years
- Bob has served...for 23 years
- I know I speak for the entire council by extending both of these gentlemen best wishes for a happy and healthy retirement.
- The school committee has started a search and we've begun our process of finding a replacement for Dennis.

# Our town

- In one sense, the town is a community that has a rich history, hanging-on to country charm-the reason so many people have set-down roots here.
- In another paradigm, Smithfield is a \$70 mm business with 21,000 stakeholders. As such, it's imperative that we work together to find the best solutions possible, being mindful that government cannot solve every problem.
- In all, the town is a vibrant community with a very strong economy.
- It's my belief that the town can benefit from a robust plan of public engagement.
  - The council has agreed that we can be proactive in reaching out to the community.
  - We publicly ask for your help by serving on a board or commission in addition to our outreach. Currently, Financial Review Commission and Asset Management need additional volunteers and the personnel board is not functioning at all. We are looking to fill these boards with volunteers, as-stated in the town charter.
  - Over the course of the next two years, I ask for your patience and your help. We can use constructive support and active participation/attendance at meetings.

# Growth and Development

- One thing we know is that people are going to continue to move here and businesses are going to set up shop here. It's my desire to ensure that we maintain our heritage and balance that with a good place to live and work.
- It's imperative that every resident download a copy of the town's comprehensive plan in order to understand its role as a guiding document. That doesn't mean that this document is carved in stone permanently. In fact, just the opposite, I believe that it is a living, breathing document. The document was a collaboration with our town planner, planning board and others.
  - Specifically, this document provides a long-range guide for the Town's future with a comprehensive look at the community as a whole. It assesses historic and current trends, presents the vision residents have for the town and provides the framework for reaching that vision. The framework incorporates goals, policies and actions that are short-term, mid-term and long term in nature. These focus on the following elements:
    - Land use, including maintaining & improving village character of the town
    - Housing, including affordable housing
    - Economic development
    - Community services and facilities
    - Natural resources
    - Cultural resources
    - Conservation, open space and recreation
    - Circulation

# Growth and Development

- When I read this document back in November, I made notes on many of its 300+ pages.
- I also learned that there was virtually no resident participation in its most recent ammendment, however this document has enormous power and scope in determining the future of what our town will look and feel like.
- The village concepts that are being proposed now are not just for economic development but also to help us meet a strategic goal of promoting a safe and connected community.
- Last week, we had our first work session as council and each of us put forth three topics that we'd like to see adopted and/or worked-on.
- Using that conversation as a touchstone for future planning, I'd like to see us forge an economic development plan, collaborating our own Economic Development Commission, with our Chamber of Commerce and Bryant, including other talented people who can give something back to the community.
- I envision the council not only getting out to neighborhoods but also visiting businesses to let them know we appreciate them being here and discuss ways we can help them thrive and grow.
  - As a means to that end, we can and must explore reducing our tangible tax rate.

# Goals and objectives of council members

- PS
  - Public engagement
    - TO NEIGHBORHOODS, coffee shops, PTA's, Business academy
  - Fiscal changes to budgeting
  - Careful attention to building and traffic
- ML
  - Attention to roads
  - School facilities/condition and attention to fields
  - Also, engagement in community
- AL
  - Maintain quarterly meetings, with the school department and committee
  - Building and zoning: Clarify procedures for obtaining permits & approvals to open a new business
- MC
  - Introductory training workshops for members of boards and commissions
  - Seconded Councilman Lawton's road repairs, school repairs
- SA
  - Strategic 10 year plan (economy, schools, etc), led by town manager. Worcester, MA example
  - Rec facilities (Willow tennis courts), Deerfield, Sports complex
  - Boards & commissions-filling vacancies and assessing what their our members experiences have been and establish a youth commission
  - Extend office hours for town hall for 1 evening per month

# Traffic

- Mitigation efforts are underway to alleviate traffic issues: congestion, aggravation, accidents, further aggravation, delays at peak times, even more aggravation.
- Further traffic consideration is vital with the amount of changes to the comprehensive plan, especially in areas with small roads and inadequate infrastructure.
  - One potential solution is to have a greater amount of participation in town meetings and work with the planning board and our town planner with respect to traffic.

# Growth and development

- Villages, especially Esmond could be a more walk-able community. With period lighting and improved/new sidewalks, I submit to the council that we reach out to this neighborhood this winter regarding this issue. I will be reaching-out to our Smithfield House of Representatives, specifically Greg Constantino on this one.
- Smithfield's population has been level for years but it goes without saying that development has increased and will continue to grow. Large commercial development does need to demonstrate economic impact statements which give us a fair assessment of how we can benefit from big projects.
- In many respects, development is a hot-button issue. It addresses the need for additional property tax revenue and at the same time it could forever change the look and feel of the town.
  - Again, this underscores the need for an understanding of the town's comprehensive plan.

# Fiscal condition

- Rating agency S&P describes our budgetary process as “adequate” with slight operating deficits in the general fund & at the total governmental fund level in fiscal 2015
  - Very strong budgetary flexibility with an available fund balance of 16% of operating expenditures
  - Very strong liquidity with total government available cash at 34%
  - Adequate debt and contingent liability position, with debt service carrying charge as 3.2% of expenditures but a large pension and Other Post Employment Benefits (OPEB) liability and lack of comprehensive plans to sufficiently address all long-term obligations.
  - Our bond rating could be lowered if the town were to experience a sustained or substantial weakening of budgetary performance, leading to a deterioration of reserves and constrained liquidity. We could also suffer a lower the rating if the town’s long-term liabilities continue to rise, particularly pension and OPEB costs, leading to downward budgetary pressure.
- One big thing that has become apparent to me. Our Capital Improvement Projects should be uploaded to Excel and prioritized into four groups:
  - Urgent/Important, Urgent/not important, NU/I, NU/NI
  - More about that in the budgeting items, forthcoming
- In 2007, Auditor General Ernie Almonte completed a fiscal performance review of the town. Roughly 11 of 45 recommendations have been implemented.
  - One recommendation was to add was an audit committee. To-date this has not happened. The council should give the Financial Review Commission this audit role.

# FY 2018 Operating Budget Process

- A deficiency that is apparent in many areas of the town is maintenance. Specifically we need to establish a Maintenance program every year that reflects our equipment, buildings, roads etc.
  - Asset review commission can identify and prioritize
    - In February 2013, Chairman Henry Cipriano, Jr. & the commission issued a detailed report with respect to schools, fire stations, DPW/Animal Control, Senior Center. Some mitigation has taken place on items deemed serious: High School Track. However, many items have been pushed-off for a variety of reasons that I'm not aware of.
    - I'm proud to announce we have some residents who have offered their time to volunteer on the asset review commission.
    - Each department should work with Financial Review Commission and the town manager to review this report & other areas that have become important & urgent and they should be addressed accordingly in the budget.
  - Capital Improvement Program addresses some of the larger projects but this also addresses additional needs outside of general maintenance and buildings, such as vehicles etc. The Financial Review Commission needs to complete a study of this.

# Public safety

- As a resident for 47 years, I cannot tell you how grateful I am for our police and fire department. I am always so impressed by their professionalism and they are an incredible asset to our town.
- I supported the new police station addition. This project was sorely needed. Those who toured the station, were on the committee, especially the members of the Financial Review Commission were instrumental in creating a detailed and comprehensive study.
- Currently the Fire feasibility task force is working with our council liaison, Mike Lawton. There is without question a need in town for proper fire protection. Our chief gave us an example of that in a well-prepared report just recently.
- This is a much more complex decision, however, than one police station. In my opinion due to the costs of upgrading our current stations, which desperately need attention and a potential new station, including apparatus and additional staff, we need to be extra diligent in our approach. Our current stations look beautiful from the exterior but the inside tell a different story.

# Fire feasibility task force

- What I'm trying to wrap my arms around is that in the process of looking at annual audits, our fire fighter count has increased 25% in the past ten years, from 40-52. The most difficult decision I have to reconcile is how we can afford additional fire fighters at a new station in town.
- Bonding that may come before taxpayers complicates things because it not only costs an additional 30% for interest and bond issuance, it increases the same pension costs (funded with increased payroll) which we're struggling with now. Page 111 of the audit confirms this. The math behind our overtime adds further to issues and the math is the fence that separates the fiscal reality from what is practical.
- Again, common sense is paramount for taxpayers and councilors alike. The council has a fiduciary duty to make prudent decisions with resources while protecting our residents and workers.
- I think if anyone has seen me work, especially at something of this magnitude, I have to ask many questions and I can't be pushed into a quick decision. My head has to hit the pillow at night, knowing that we're all in this for all the right reasons.

# JH pension plans and OPEB funding

- Pension funding will continue to be a persistent challenge and requires the vigilant monitoring, expertise of actuaries, finance director, and collaboration with Financial Review Commission.
  - The biggest headwind we face fiscally, is increasing liability of pension plans.
  - This is highlighted in the Standard & Poor's report, as well as Moody's.
    - This cannot be overlooked as these two firms have the ability to potentially downgrade our credit-which costs us more in interest on new bond issuance-which is something that many departments are looking for.
- Other Post Employment Benefits (OPEB) are also something that cannot be ignored.
  - Will go up substantially in 2018, under new regulatory provisions.
  - Increasing four-fold to \$25,000,000 in 2018, when all liabilities need to be recorded using a full accrual basis, this doesn't mean all these liabilities are due next week, or even next year. But, the accrual gives a more accurate picture of our long-term financial picture.
  - Currently, we're not fully funding our annual required contribution. Page 85 of audit report

# Taxes

- Smithfield has a very high tangible tax rate (3) and car tax rate (13)
  - Our high tangible tax rate will not attract business, in-fact several new businesses to town have been shocked by the tax.
- One potential solution is to increase development in an unbridled fashion to offset rising liabilities and costs. However, that becomes a chicken and egg scenario. As we build-out a community in each and every corner, we lose history, increase density and traffic. While we may operate better-fiscally, we over-burden our roads along with risking that we lose our culture.
  - The importance of treating symptoms cannot be overlooked here.
  - The treatment of a problem is more important than treating a symptom.
- Strictly from a taxation perspective, In our attempt state-wide to be inclusive with affordable housing, I fear that we've lost our way with respect to current residents-many who have lived here for decades and who can no longer afford to live here due to higher property and car taxes.
- So again, too much development too soon will create imbalances. I would like to look back at our decisions over the next twenty and thirty years and be happy that we made the right decisions, not just an expedient one for the sake of balancing current taxes, our debt obligations and budgets.

# DPW

- The council toured the DPW facilities and buildings and grounds. Overall, I was very impressed with how well the town has kept its equipment in good shape.
- However, the buildings are tired, worn-out, and inadequate.
- Selection of new DPW director is an ongoing process
  - The job posting is public, in many places.

# Schools

- Smithfield High School's report card for 2016 has fallen to 18<sup>th</sup> in the September issue of RI Monthly, with respect to AP exams, Percent at/above proficiency, NECAP, SAT & graduation rate
- We have an opportunity here, with a new administration to allocate our resources to improve our schools.
  - If we don't use our resources as wisely as possible, we run the risk of the growth center absorbing our children, through a planned community-which could stifle innovation.
    - We're seeing the seeds of this already being planted-with "pathways" for students being planned. Many teachers can attest to this: not just one's that live in town.
    - Indeed, we need to be cognizant of the fact that when teachers cannot teach and must answer what THEY HAVE done, we're treating a symptom. If the problem is that we're trying to fix schools, that's a symptom of a greater problem, specifically-that some "authority" knows better than what two parents know.
  - The DNA of some of the issues lie at a higher level than our town. The school committee is infinitely better equipped to handle these issues than I am. The school department does however, make up over half the cost of our current budget and RIDE and our school department are looking for additional investments in the schools which will require additional bonding. All of this is happening with a declining enrollment.

# Historic preservation

- The commission this year is creating a Smithfield Archive Project (a central archive with Greenville Library) for dates and history of
  - Family accounts, genealogy and probate records
- Plaque program for houses (historic homes), “embossing” the rich history of the town
- Strengthening relationships between all departments and other commissions (conservation and land trust), so we don’t lose historic structures.
- Creating an inventory of historic buildings.
- Website, looking for help with digital database and Greenville Public Library and the town as well.
- Smithfield reconnaissance report. Blackstone Valley Corridor Commission.
  - Put Esmond Village on national historic register.

# Land Trust and conservation

- Guided walks and enjoy properties
- Trail clearing
- Mowry Farm art festival

# Other items: Sports advisory committee

- I would think the council would welcome seeing a short term and longer-term plan (1, 3, 5, 10 years) of what all the programs would like to see, with respect to:
  - Costs from the town
  - Facilities

# Challenges in 2017

- School re-configuration
- Senior tax freeze
  - In addition to looking at the feasibility of changing a current ordinance, the council will consider prior work from the Financial Review Commission and comments from former State Auditor General, Ernie Almonte from 2007.

# In closing

- Author Anthony Esolen say, “What’s NOT practical in all that we’re doing is to lapse into thinking that a solution that will work for one people in one culture must necessarily work for all” . We must instead look at the principles that will characterize any solution regardless of circumstances. We can look to our schools for this implementation.
  - A well-governed community “will promote the material and moral prosperity of its citizens.”
- What does all this mean? It’s my belief that our greatest strength are the people of the town. In becoming interdependent on each other to make decisions, we’ll need Courage, patience and discipline. These attributes must be in the forefront of our minds on a daily basis. One step at a time, one day at a time, Smithfield will continue to get better.
- We’re all Sentinels. It’s time we come together as one team.
- In JFK’s words, “Let us not seek the republican answer or the democratic answer but the right answer. Let us not seek to fix the blame for the past. Let us accept our own responsibility for the future.
- Finally, I would be remiss if I didn’t part with one final thought: Go Patriots!
- Thank you.