

Final Report of Tiverton Casino Subcommittee to Town Council - prepared for Town Council meeting 12.11.17

The Tiverton Casino Subcommittee had its last meeting on November 29, 2017. The original charge to the Subcommittee was to develop a plan for allocation of gaming revenue from the casino, develop a Host Community Agreement (HCA) with Twin River-Tiverton, and address other issues regarding the casino.

As explained in the Subcommittee Report presented to the Town Council on June 26, 2017, the HCA was addressed first because it was time-sensitive. Further, the HCA was divided into two parts: the HCA-Development and the HCA-Operations.

The Subcommittee worked on drafting the HCA-Development and, in lieu of a report, presented the draft to the Town Council at the Council's August 15, 2017 meeting with a recommendation to approve the Host Community Agreement – Development. At that meeting the Town Council gave a conditional approval of the HCA-Development.

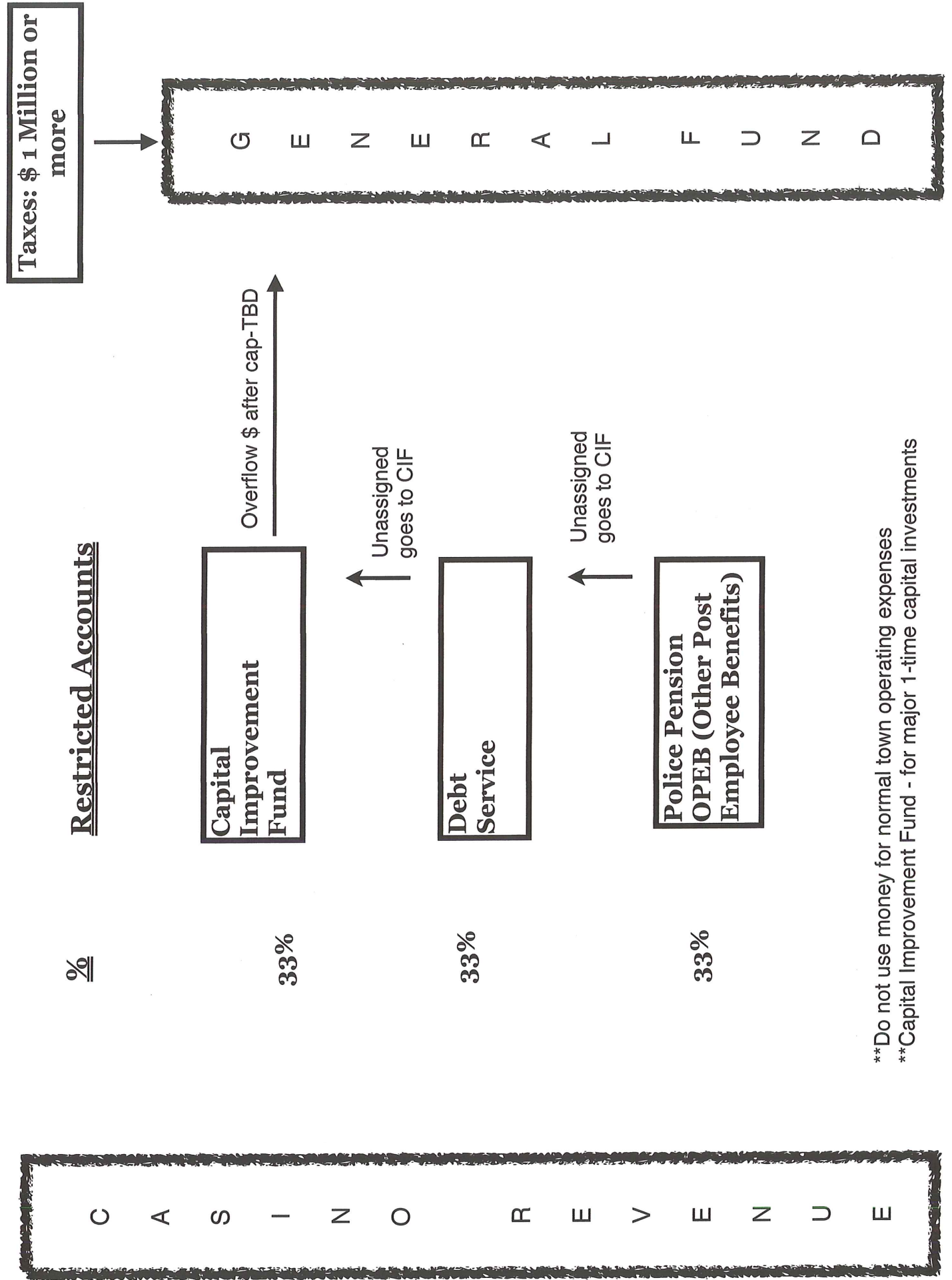
The Subcommittee continued to work on the HCA-Operations and began work on possible options for allocating casino revenue. The Subcommittee did not meet in August (as planned) but also was unable to meet in September.

The October and November meetings were focussed on subjects to be included in the HCA-Operations document; review of samples of Lincoln Town ordinances; discussion of Capital Improvement Fund Models; draft recommendations for Casino Revenue, Dispersal Categories; and possible Advisory Committee.

Because the charge to the Subcommittee was clearly to make recommendations only (i.e., decisions were explicitly left to the Town Council), the Subcommittee feels that it has discharged the tasks as directed. An HCA-Operations draft has been submitted to the Town Council for the December 11, 2017 meeting. Hours of operation, licensing ordinances, and assessment of property taxes – while discussed at the Subcommittee meetings were left to be determined by the Town Council under guidance of the Solicitor.

Allocation of casino revenues, including several models with percentages and categories of revenue disbursement, were also discussed at Subcommittee meetings. The Subcommittee felt that the discussion should be brought to a wider arena, in part to obtain more input from the Council and the public. Nonetheless, the Subcommittee has provided backup materials which may be helpful in generating discussions about monies and possibility of creating an advisory committee.

Use of Gaming Revenue Models: Capital Improvement Fund Model



**Do not use money for normal town operating expenses

**Capital Improvement Fund - for major 1-time capital investments

Use of Gaming Revenue Models: Debt Service Focus Model

C A S I N O R E V E N U E

% Restricted Accounts

Capital Improvement

15%

← Unassigned goes to CIF

Debt Service

66%

← Unassigned goes to CIF

Police Pension

15%

Taxes: \$ 1 Million or more



G E N E R A L F U N D

**Provide tax relief by using casino money to reduce debt & liability
 **Monies spent using casino revenue will offset what is now taken from General Fund, therefore rate will go down

Use of Gaming Revenue Models: 1/3 Flex Model

C A S I N O R E V E N U E

%

Restricted Accounts

YR 1

Property Tax Relief
Critical Capital Projects
Restricted Interest-bearing
Cash Reserve

33%

YR 2

Economic Development Initiative
Critical Capital Projects
Restricted Interest-bearing
Cash Reserve

33%

YR 3

Supplement Cash Reserves
Critical Capital Projects
Restricted Interest-bearing
Cash Reserve

33%

Taxes: \$ 1 Million or more



G E N E R A L F U N D

**Provides immediate tax relief and emergency reserve
**Build up capital reserve fund - interest can be used for capital projects

Use of Gaming Revenue Models: 4-Way Split Model

C A S I N O R E V E N U E

% Restricted Accounts

25% Debt Service

25% Capital Equipment

30% Infrastructure Maintenance [drainage/paving/IT]

20% Reserve Fund/Rainy-Day Fund [Emergency/Funding changes]

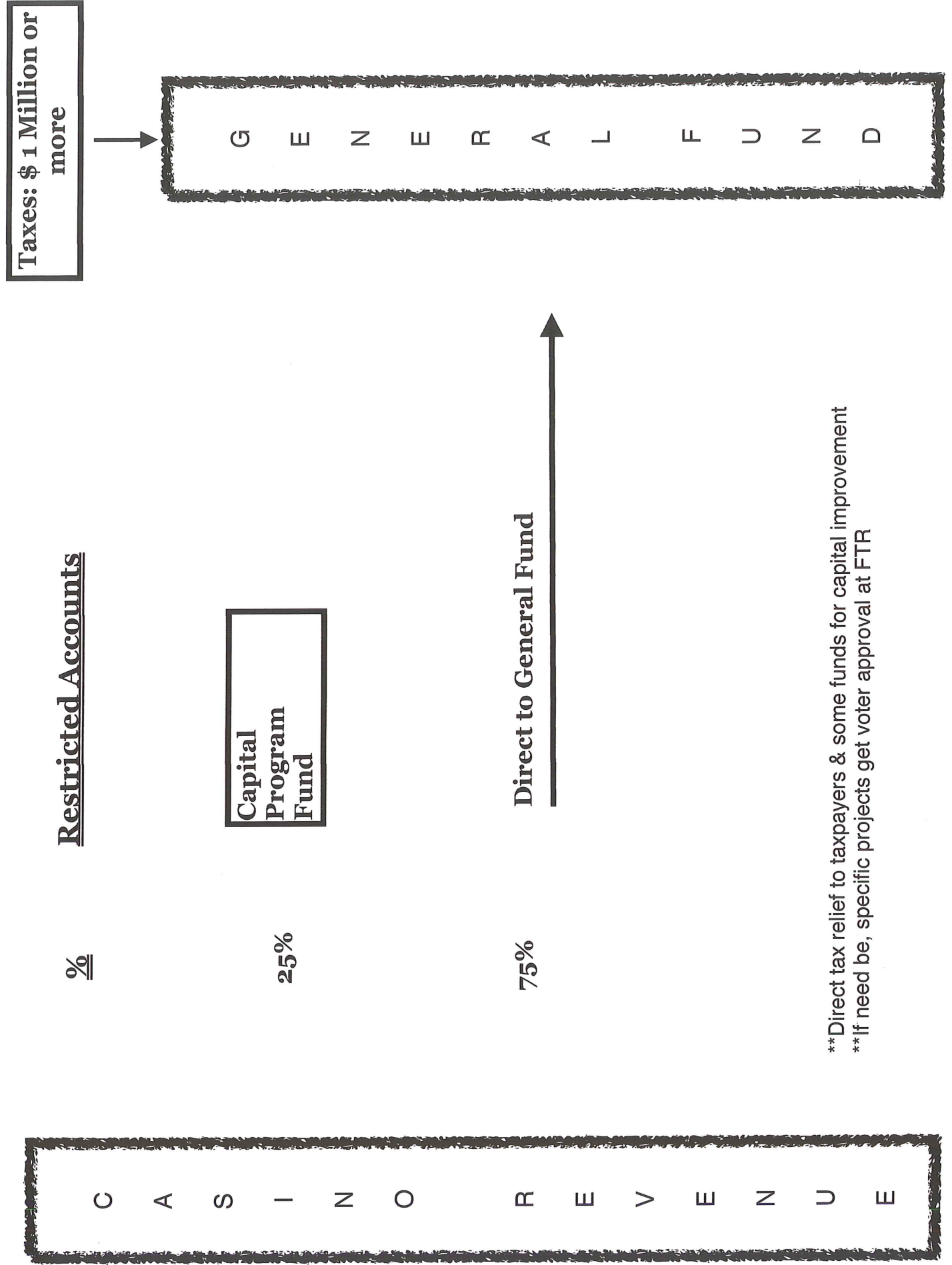
Taxes: \$ 1 Million or more



G E N E R A L F U N D

**Use to pay down interest on big ticket items
 **Charter requires 3% reserve - we could increase the % to improve bond rating

Use of Gaming Revenue Models: 25/75 Split Model



**Direct tax relief to taxpayers & some funds for capital improvement
***If need be, specific projects get voter approval at FTR

Tiverton Casino Sub-Committee: Considerations and Recommendations for Casino Revenue - Presented to Tiverton Town Council 12.11.17

The Tiverton Casino Sub-Committee drafted five models of possible casino revenue disbursement in order to generate discussions, comments, questions from Town Council members and the public. The models were based on suggestions from citizens, town officials, discussion among committee members and others.

Components were put into similar diagrams for ease of comparison. The models were purposefully kept simple in order to focus on basic ideas of disbursement. As discussions and public input continue, we expect the models will evolve, become more specific, generate further models, and/or be removed from discussion.

Commonalities of the 5 Models:

- All models target capital improvements - %s range from 15% to 33%
- Most models provide short- and long-term tax relief
- All models make use of restricted accounts
- Suggested categories for revenue use vary – different focus for different models, but there are overlapping categories (e.g., debt service)

Considerations/Recommendations:

1. First step - *before any money is allocated* - there should be a 'Needs Assessment' for the Town as a whole. It is difficult to allocate amount or percentage of money when there is no understanding/consensus of town needs (immediate-critical/short-term, long-term) and how much the needs will cost
2. It is not recommended to use casino revenue for operations (e.g., payroll and/or benefits)
3. Consider a 'cap' for Capital Fund. Alternately, an account restricted for a certain number of years could accomplish similar goal

4. Will need suggestions re addressing debt service (more specific ideas or what debt we can/cannot reduce with no penalty incurred). Models suggested reducing debt service, but often were not specific - input from Town Treasurer would be useful
5. Use Hierarchy of Plans to help with short- & long-term goals: The Comprehensive Town Plan; the Town Council Goals; the School Committee Facilities Evaluation Plan
6. Ask for opinions on what money should NOT be used for
7. At this point, consider all suggested categories for gaming revenue. This will help narrow discussion re plus & minus of proposals and will generate a better understanding of what people mean when they argue for a particular category
8. Generate specific questions for Solicitor, Treasurer, Tax Assessor
9. Could use charter revision or ordinance to allocate gaming – *Solicitor recommends charter revision with specific percentages included in the revision and then put to the voters for decision
10. Extend an invitation to Joe Almond, Lincoln Town Manager, to public forum to explain how Lincoln came up with a plan to allocate revenue - and the results they have realized over the past several years
11. In order to generate a Town-wide needs assessment, consider appointing an Advisory Board which could be focussed on the specific task(s) of providing a list of short-term & long-term expenditure suggestions, estimated costs of the suggestions, and, possibly, feedback on some of the models proposed. If useful, the Board (or some members) could meet quarterly/semi-annually which would provide continuity over changing administrations and address changing economic circumstances. A more complete proposal is listed as Casino Revenue Advisory Board (CRAB)

Tiverton Casino Sub-Committee: Recommendation to the Town Council re formation of an advisory board - Presented to Tiverton Town Council 12.11.17

The Tiverton Casino Sub-Committee formulated five models of possible ways to disburse casino revenue based on input from several sources. While the sub-committee discussed many points about these models, it was clear that many issues still needed to be addressed (e.g., definitions, needs assessment of capital projects, priorities list, specific ideas re debt service).

At this point we believe that a more focussed committee might be useful to advise the Town Council and the public regarding best practices on how to use casino revenue and the different options available to reach the town's short- and long-term goals. Of equal importance, an advisory board could be important by providing continuity as administrations change and as economic circumstances mandate adjustments in town priorities.

Suggestions:

Town Council creates a Casino Revenue Advisory Board (CRAB) - committee is time-limited & focussed on specific tasks set by TC

- 1) critical to analyse needs of Town (school & municipal) *before* committing any funds. Create priority list of 5-10 projects
- 2) cost out/estimate expense of needs & priorities
- 3) use # 1& 2 to propose a % or \$ amount from casino revenue and which projects to fund short- & long-term (or delay)

Use a Hierarchy of Plans to guide the short-term & long-term goals -

the Comprehensive Community Plan; the Town Council goals; the School Committee Facilities Evaluation Plan. Use the modeling template devised by TA/Treas/Tax Assessor to project tax reduction

Committee membership – 3-5 members

appointed by Town Council (length of term to be determined)
electors of the Town

some background in business/finance/development

cannot be members of any other Town committees, commissions, or
boards

important for members to listen to different viewpoints & to work
towards resolution

once the Board has completed their initial task(s), they could meet
on a quarterly/semi-annual schedule to update priorities, assess
progress, make adjustments

DIVISION 2. PURCHASING*

Sec. 2-106. Competitive bidding.

(a) Before any purchase of or contract for supplies, materials, or equipment is made on behalf of the town, where the amount of the purchase contract shall exceed \$2,500.00 such contract shall be awarded by:

- (1) Competitive sealed bidding pursuant to G.L. § 45-55-5;
- (2) Competitive negotiations pursuant to G.L. § 45-55-6;
- (3) Noncompetitive negotiations pursuant to G.L. § 45-55-7 and § 45-55-8;
- (4) Use of state bid list or other regional public bid list when the purchasing officer determines that said bid price is the lowest price available.

(b) The town administrator shall be designated as the purchasing officer.

(c) A contract may be awarded for a supply, service or construction item when under published regulations the purchasing officer determines in writing that there is only one source for the required supply service or construction item.

(d) Procurement not to exceed an aggregate amount of \$2,500.00 may be made in accordance with small purchase regulations promulgated by the town. Procurement requirements shall not be artificially divided so as to constitute a small purchase under this section.

(e) The council shall have the power to reject any and all bids and at its discretion may direct the purchasing agent to advertise for new bids.

(Code 1967, § 2-4; Ord. of 3-13-00)

Secs. 2-107—2-120. Reserved.

DIVISION 3. CAPITAL IMPROVEMENTS

Sec. 2-121. Definitions.

The following words, terms and phrases, when used in this division, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Capital improvements project means the type of project or acquisition that fits within one or more of the following categories:

- (1) Acquisition or interest in land.
- (2) The acquisition, construction or lease of buildings or other structures, including preconstruction planning, survey, engineering and architectural costs.

*State law reference—Municipal Purchasing Act, G.L. 1956, § 45-55-1 et seq.

- (3) The improvement, expansion or reconstruction of existing buildings or facilities, not including normal maintenance and repair work.
- (4) Construction or reconstruction of highways, sidewalks and utility lines, including preconstruction planning, survey and engineering costs.
- (5) The purchase of items of equipment of nonrecurring nature which have a cost of at least \$2,000.00 and a useful life in excess of three years.

Code 1967, § 7A-1)

Cross reference—Definitions generally, § 1-2.

Sec. 2-122. Participating agencies and officials.

Not later than September 1 of each year, the following town agencies and officials shall submit requests for capital improvement projects to the town administrator:

- (1) Town council;
- (2) Town clerk;
- (3) Police department;
- (4) Fire department;
- (5) Highway department;
- (6) Town treasurer;
- (7) Building inspector;
- (8) Conservation commission;
- (9) School committee;
- (10) Board of canvassers;
- (11) Fogland beach commission;
- (12) Grinnell's beach commission;
- (13) Housing authority;
- (14) Zoning board of review;
- (15) Parks and recreation;
- (16) Wastewater management commission;
- (17) Water commission;
- (18) Industrial commission;
- (19) Tax assessor; and
- (20) Any other town agency, official or department having need for capital acquisitions as defined by section 2-121.

(Code 1967, § 7A-2; Ord. of 2-14-00)

Casino scenarios

Denise Saurette <treasurer@tiverton.ri.gov>
To: Paul McGreevy <administrator@tiverton.ri.gov>

Wed, Nov 1, 2017 at 3:33 PM

After consultation with our financial advisors, using Casino revenue for bond debt service reduction may not yield the maximum benefit desired.

Having just refinanced all of our debt service, we are not only limited to a 10 year call option, we have state support for both our school & library bonds, which currently are at low interest rates. To retire debt right now, we would establish an escrow account, remove the debt service payments from the operating budget, and draw the payments from the escrow. There would be no immediate interest savings. Furthermore, the majority of the town's debt service is supported by the State, whether School housing aid at 30%+ or OGIS construction aid at 60%+, so we would not be realizing 100% of the benefit.

How do we get the most bang for our buck? – Let TWT pay for our roads, our capital purchases, our police pension, and mitigate our OPEB liability.

The most savings would come in the form of – paying for capital equipment, instead of leasing. Investing in the Police Pension / OPEB funds where accounts are earning and growing at rates in excess of the rates we are paying on debt or earning on General Fund revenues.

Denise G. Saurette

Town Treasurer

401-625-5323

