Supervisor Mark Lesko Issues 2012 Tentative Budget, Freezing Taxes...Three Years in a Row
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**Budget freezes taxes and cuts spending by $2.7 million**

*Includes "Jumpstart Brookhaven," a new program to stimulate job creation*

Farmingville, NY - On Thursday, September 29, 2011, Supervisor Mark Lesko issued his 2012 Tentative Budget, "Freezing Taxes...Three Years in a Row" at the Town Board work session. "Freezing Taxes...Three Years in a Row" freezes taxes in the General Whole Town and Part Town funds, Highway Whole Town and Part Town funds, and Streetlighting District, and cuts taxes by 1.32% in the special refuse fund. This budget also continues the Town's fiscal record of spending cuts, cutting spending by $2.7 million. Spending has been reduced by 26.5% since 2009 in the General Fund. "Freezing Taxes...Three Years in a Row" complies with the State's 2% tax cap, as well as the Town's tax, spending, and debt management caps.

The 2012 Tentative Budget also includes service reductions in light of revenues continuing to plummet due to the lingering effects of the economic recession and increasing fixed costs like health insurance and pensions continuing to escalate.

This budget introduces a new creative program, "Jumpstart Brookhaven," which will reduce building and planning fees on shovel-ready projects that already have approvals from the Town. Jumpstart Brookhaven has the potential to create thousands of jobs.

"The Town continues its commitment to hold the line on property taxes because our residents simply cannot shoulder the burden of additional taxes," said Supervisor Mark Lesko, "The Town of Brookhaven still finds itself awash in the near perfect storm of a struggling economy, a battered housing industry and frozen credit markets. This reality continues to directly impact Brookhaven's budget. As a result, we continue to drastically cut spending, and in this economy we had to make fiscally responsible decisions."
Supervisor Lesko continued, "The Town must adopt a budget that reflects budgetary discipline the likes of which the Town has not experienced in our 356 year history. Our fiscal record over the last two years gives me confidence that we are up to the challenge."

Independent rating agencies have recognized the Town's fiscal discipline over the past two years. Since 2009, the Town of Brookhaven has received eight affirmations of its credit rating from Standard and Poor's ("S&P") and Moody's. Just a few weeks ago, the Town received its most recent affirmation of its AA+ credit rating from S&P and its Aa2 rating from Moody's.

**Plummeting Revenues**

Unfortunately, the national and local economy remains stagnant and most indicators and projections show that a recovery will not take hold until 2013 or afterwards. In the past, landfill revenues far exceeded budget. For example, in 2004 the landfill produced a surplus of $8 million above its budget, which rose to $10.3 million above budget in 2007. In 2011, the surplus above budget is projected to be roughly $109,000; a 99% reduction of revenues above budget in just four years. The outlook is also bleak for mortgage tax revenues - this revenue stream has fallen 73% in just seven years and mortgage taxes are projected remain flat at $10 million.

**Increasing Fixed Costs**

While revenues continue to fall, the Town's fixed costs continue to increase at an alarming rate. Pension costs have increased 42.4% in our general fund since 2009 and are expected to increase by 16.3% in 2012 alone. The Town is projecting a 9.7% increase in health insurance costs for 2012.

**Spending Cuts**

The Town has been able to address plummeting revenues and rising fixed costs in the past through drastic spending cuts - 26.5% since 2009.

The 2010 budget included a 10% reduction in part-time employee costs and a 20% reduction in seasonal employee costs. The Town introduced its own exit incentive in May 2010 and New York State offered an early retirement incentive later in 2010. In total, the Town's workforce has been reduced by 95 employees since January 2010, a 9% reduction in the Town workforce over two years.

In late 2010, the Town was able to reach an agreement with two of its three bargaining units to extend their collective bargaining agreements (CBA's). The extension of the CBA's will save the Town at least $25 million over the life of the contract through no raises for the years 2011-2013, health insurance contributions, a health insurance buyback, and a two-week lag payroll spread out over two years.

The Town has been successful in reducing overtime 18% since 2008 in the Whole and Part Town funds through the Overtime Project and by utilizing a lock box approach where overtime is administered quarterly by resolution.

In order to come into compliance with the Town's new debt cap, the Town Board approved a 2011 Capital budget of $40.5 million, down from $63.5 million in 2010. This represents a 36% decrease in capital spending in just one year. The 2012 Tentative capital budget reduces that amount further to $39.1 million.

**Tax Freeze**

Like the two budgets before it, the 2012 budget freezes taxes in the Town's five major funds. Taxes are being decreased 1.32% in the Special Refuse District, a savings of $5.00 per household. The Town will need to repay the blizzard note that was unanimously authorized by the Town Board earlier this year, which was necessary to repay the staggering costs associated with record snowfalls last winter. This will appear as a "Blizzard Note Repayment" line on the tax bill. As a result of the Town holding the line on taxes, the Town's portion of the property tax bill decreased from 6.4% in 2010 to 6.2% in 2011, while the school district and County portions increased.

**Tough Choices**
The drastic reduction in spending was accomplished in the 2012 through difficult service reductions. These reductions include:

- Defunding nearly all vacant positions.
- Elimination of three management positions.
- An additional week of lag payroll for management and elected officials in 2012.
- Across the board cut in part-time employee costs, as well as reductions in seasonal employee costs.
- 22% reduction in funding for the Supervisor's office from 2010, or $210,000.
- 50% reduction in salaries for appointed board members and bingo inspectors.
- Cuts to the Supervisor's and Town Council's public information budgets.
- No supplemental funding to youth bureau agencies.
- Elimination of the Town's Park Ranger program.
- Hours of operation at Town beaches and pools of July 4th through Labor Day.

In addition to service reductions, the budget also includes programmatic efficiencies through the Quality Initiative. One of the Quality Initiative's main projects is the reinvention of the Jitney program. By computerizing records, establishing waiting lists, and utilizing GPS and routing software, the Town will be able to provide better and more efficient Jitney service.

**Use of Surplus**

The Town has had to grapple with the economic storm over the past few years, and has used a healthy amount of its rainy day fund to balance the budget. The Town has consistently used less surplus than originally budgeted over the past few years. In 2010, the Town used 92% less surplus than originally budgeted, or $2 million instead of $23.6 million. In 2011, the Town budgeted $14 million in General Fund surplus and estimates using no more than $11.5 million. The 2012 Budget assumes the use of $14.6 million in General Fund surplus, which will leave a healthy fund balance in compliance with the Town's fund balance policy. The Supervisor has warned in the past that continued reliance on surplus is unsustainable in the long run and urges the Town Board to engage in an open and honest discussion about government costs and services in light of the financial reality the Town faces.

**Creating Jobs**

Supervisor Lesko has introduced several programs to foster economic growth in the Town. Accelerate Long Island, which has become an island-wide effort, will connect research conducted at Long Island's world class institutions with entrepreneurs and venture capitalists to create high-tech companies. The Blight to Light program is intended to spur new economic growth by redeveloping vacant, graffiti-ridden eyesores in the community and turn them into new sustainable communities where people can live, work, and play. In addition, the Town's Industrial Development Agency (IDA) has been able to create or retain over 2,100 jobs in Brookhaven since 2009.

In the 2012 budget the Town introduces "Jumpstart Brookhaven", which will reduce building and planning fees for large revitalization projects already approved to ensure they get shovels in the ground in 2012. It is estimated that Jumpstart Brookhaven can create more than 1,600 construction jobs and between 1,400 and 4,000 permanent jobs in the Town.

**Budget Schedule**

The Town Board will consider a resolution to make Supervisor Lesko's 2012 Tentative Budget the 2012 Preliminary Budget at its meeting on Tuesday, October 4. There will be a public hearing on the 2012 Preliminary Budget on November 10, 2011. The Town Board is scheduled to vote on the 2012 Budget on November 17 at 5:00 p.m. The Town must adopt the 2012 Budget by November 20, 2011.