Supervisor Lesko Issues Brookhaven's 2011 Budget: "Difficult Decisions During Tough Times"

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Farmingville, NY - On September 30, 2010, Supervisor Mark Lesko issued his 2011 Tentative Budget to the Town Clerk, which was the result of painfully hard decisions to respond to the harsh economic times facing Brookhaven.

"It is with a heavy heart that I submit my 2011 Budget, which includes some of the most difficult policy decisions I have ever had to make," said Supervisor Mark Lesko, "The economic recession has taken its toll on the budget and there is no sign of recovery in the near future. Revenues have plunged to almost unimaginable levels."

Through 2010, aggressive fiscal management has allowed the Town to avoid service reductions and staffing cuts. The 2011 budget has reduced spending to the lowest level since 2002. However, with no indication that revenues will rebound in the near future, the Town must take swift action to avoid future budget gaps and deficits.

Supervisor Lesko's budget also addresses the fact that Town's over-taxed residents cannot withstand increased property taxes. Supervisor Lesko said, "During these difficult times, we simply cannot ask the taxpayers to shoulder the burden of paying more for Town government."

As part of the 2011 budget process, the Town projected that it would be in violation of its 20% fund balance policy by $16 million in 2012 and would face a possible deficit in 2013. In the past, the Town relied on using surplus to plug budget gaps. In his budget, Supervisor Lesko declared, "this practice has to end," emphasizing that "by the end of 2013 we could go broke."

The 2011 balanced budget includes a combination of workforce reductions, reduction of non-essential services, consolidation, cost cutting measures, and capital budget cuts to maintain the required minimum fund balance in the General Fund and not increase the amount of property taxes residents pay. If the cost savings measures in the 2011 budget are adopted, the gap to fund balance policy in 2012 will be significantly mitigated and the budget will be on the road towards structural stability so that its revenues are in line with spending and the Town eliminates its reliance on surplus to balance its budget.

Supervisor Lesko continued, "These are the tough times when elected officials are called upon to make difficult and painful decisions to drastically reduce expenditures so that the Town can weather this economic storm. I do not enjoy making these decisions. They are, however, necessary to ensure the Town's structural fiscal stability and a healthy financial future."

The Town is meeting the goals of the spending cap and tax cap referendums on the ballot in November and this budget begins the process of having the Town comply with a proposed debt management plan, which is also a referendum on the ballot.

An Economy Not Recovering

This will be the fifth year in a row the Town will have the same property tax rate in the General Fund, but over the same time period non-property tax revenues have decreased by 39% and mandated costs such as health insurance and pension costs continue to rise. Mortgage taxes are 74% less than they were in 2004 and are not projected to increase in 2011.

Zero Net Tax Increase

The $260 million budget of the Town of Brookhaven is comprised of six funds. Town property taxes only amounted to 6.4% of an average Brookhaven Town resident's property tax bill in 2010 with school taxes making up the largest percentage. In 2009, the Town portion of the property tax bill was 7% - both the County and School District portions of the tax bill rose while the Town portion decreased in 2010.

The tax rates for the Whole Town General (A) Fund, which is the largest fund, the Part Town (B) Fund, and the Highway Whole Town (DA) and Part Town (DB) Funds have remained frozen in the 2011 Tentative Budget. Residents will see tax reductions in the Streetlighting Special District (SL), which will be reduced by 20%, and the Special...
Refuse District (SR), which will be reduced by 1.3%.

Brookhaven had unprecedented snowfall during the 2009-2010 winter season. Unfortunately, the clean up efforts came with a high price tag. To repay the costs of the snow clean up, there will be a new line on the tax bill for a blizzard repayment, but this will not increase the overall taxes residents pay in 2011.

Workforce Reductions

The Town has made difficult decisions to overcome a project gap to the Town's fund balance policy in 2012. The most painful decision was the workforce reductions. The workforce reductions in the 2011 budget include 94 positions that will be abolished across all departments, which includes defunding 25 vacant positions and eliminating 69 currently staffed positions. Part-time and seasonal budget reductions totaling over $1,000,000 will result in significant additional workforce reductions. In addition, it is estimated that 60-70 employees will take advantage of the New York State Early Retirement Incentive (ERI) and there will be limited backfills of those positions.

Budget Stability Measures

Besides the workforce reductions, Supervisor Lesko proposes a series of Budget Stability Measures that will ensure a fiscally sound budget for both 2011, 2012, and beyond. If these measures are adopted, the Town should achieve structural stability in its budget within the next three years. The measures include:

- A focus on quality and reorganization with the continued monitoring of overtime, the creation of a "Quality Initiative" led by a Quality Board comprised of the unions and management, the elimination of the Division of Vehicle Control with the Departments of Public Safety and Waste Management absorbing its functions, and the exploration of economic development opportunities at Brookhaven Calabro Airport.
- A reduction of unsustainable capital spending by 40% compared to 2010, which will allow the Town to come into compliance with the debt management policy on the ballot in November. The Town will use unspent open space funds of approximately $20 million from 2009 and 2010 to continue to purchase open space and preserve farmland and will also consider the creation of a Town-wide Parks Special District.
- Closure of the greenhouse and compost facility at the Holtsville Ecology Center, closure of the compost operation in Manorville, and closure of the Centereach and Holtsville Pools.
- Elimination of one roadside litter crew.
- No Town showmobiles for at least one year.
- Management employees will be required to contribute to the cost of their health insurance coverage.

Impact of Five Point Fiscal Plan

The Five Point Fiscal Plan announced in January 2010 was successful and, if not implemented, the pain in 2011 would have been much worse. The Plan's original goal was to bridge a potential 2011 gap to fund balance policy of $17 to $19 million dollars, and it successfully resulted in over $20 million of additional revenues and cost reductions. The plan consisted of: additional landfill revenues through new inter-municipal agreements and contracts, restructuring of the cablevision franchise agreement, attrition of workforce, deferral of non-essential capital projects, and Efficiency and Revenue Team initiatives. The success of the Five Point Fiscal Plan, however, only resulted in the Town avoiding violating its fund balance policy for one year in 2011. In sum, the Town was able to delay the devastating effect of the economic recession by one year due to sound fiscal management.

2011 Budget Timeline

Supervisor Lesko presented the 2011 Tentative Budget to the Town Clerk on September 30, 2010, and the Town Board is expected to accept it as the Preliminary Budget at the Town Board Meeting on October 5. A public hearing is scheduled to be conducted on November 4. On November 9, the Town Board will vote and, if passed, the Preliminary Budget will become the official 2011 Adopted Budget.