

Brookhaven Town Board Proposes Fiscal Initiatives for Long Range Financial Planning

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FARMINGVILLE, NY- Brookhaven Town Councilman Timothy Mazzei and members of the Town Council today outlined a series of fiscal initiatives that would enable the Town to focus on long range financial planning, rather than simply responding to the economic climate at any given time.

"The economic conditions being experienced throughout our country are causing serious impacts here in Brookhaven Town - for our residents, our business, and town fiscal operations," said Councilman Mazzei. "To provide tax stability for our residents, we need to take a multi-year approach to financial planning, changing our fiscal attitudes and behaviors, and consider all of the possibilities the future may bring to our local economy."

As the economic slowdown began to affect Brookhaven finances last year, the Town Board found itself in a position to continually revise the budget in reaction to falling revenues. In 2008, the Town Board undertook a yearlong process to reduce spending, cut waste and find efficiencies within Town government during a time of declining revenues because of the difficult economy. Throughout the year, the entire Town Board instituted over \$14.2 million in savings to fill revenue shortfalls and other deficiencies in the 2008 spending plan.

"As this was occurring, it became apparent that we need to take a broader and long-range planning approach to Brookhaven's finances, rather than the reactionary budgeting that has been done in the past," said Councilman Mazzei. "We need to address declining mortgage revenues and tax receipts, changes in development and land use - and the demands they put on Town services - and find alternative revenue streams to fund those services."

"Long term financial planning combines financial forecasting with financial strategies to identify future challenges and opportunities," said Councilwoman Jane Bonner. "It seeks to identify the causes of fiscal imbalances, and devise solutions to secure financial sustainability."

"By practicing long range financial planning, we will be able to budget properly for broader trends affecting local government - from the national economic crisis to its affect on the state and Suffolk County - and the effects cuts on those levels of government will have on us," said Councilwoman Kathleen Walsh.

Among the initiatives that the Town board is looking into, and planning to enact in the coming months, are:

Three-Year Town Fiscal Plans

Several months ago, Councilman Mazzei spoke with Finance Commissioner Charlene Kagel regarding a proposal for long range financial planning and forecasting. By utilizing three-year plans, the Town will be able to project an expenditure growth, and develop plans to fund those needs.

The Town retained the services of Munistat Services, Inc. to assist in preparing three-year planning services for the Town. Mr. Robert Sikora of Munistat will brief the Town Board the Town Board at the February 24 work session

Creation of Budget Advisory Committee

The Brookhaven Town Budget Advisory Committee will monitor budgetary compliance, identify and communicate potential budget deficiencies to the Town Board before they occur. The committee will be charged with strengthening budgetary control and ensuring fiscal stability, and will bring in top economic thinkers to plan Brookhaven's fiscal future.

Set up similar to Town Audit Committee, the Budget Advisory Committee will consist of representatives from Supervisor's office, Town Council, Finance Commissioner and outside financial advisors. Once in place, the Budget Advisory Committee will provide continual monitoring and oversight of Town finances, as well as implement recommendations of State Comptroller's office.

Capital Budget Cuts

At the request of Councilman Mazzei, the Brookhaven Department of Finance is conducting a review of the 2009 capital budget. The Department of Finance will look for projects that can be scaled back, eliminated, or be

rescheduled. The goal of the review is to reduce the debt payments Brookhaven will have to make on these projects in 2010 and beyond, reducing the impact on the General Town Tax rate.

Explore New Revenue Streams

With declining mortgage tax revenues and declining tax receipts due to slow home sales, foreclosures and declining home values, the Town needs to explore new and sustainable revenue streams. A perfect example is the recent Ash Deal with the Town of Islip. This six-year deal will bring in revenue that is equivalent to a 15% hike in the General Town Tax rate.

These new revenue streams will reduce reliance on mortgage tax revenues and property tax receipts, and provide long-term revenues to stabilize the tax rate for residents.

Debt Management

The Town Board is considering adopting a policy that will control the levels of bonded indebtedness the Town issues and how the Town repays that debt. The policy, which would be adopted by resolution, would mandate that Brookhaven not issue debt that exceeds a predetermined threshold of the aggregate budget appropriation for that year (as recommended by the Budget and Finance Committee). This policy will limit the amount of debt service the Town must pay in any given year.

Financial Reporting

For the fiscal year end 2009, the Town's finance team will prepare the first Town of Brookhaven Comprehensive Annual financial Report (CAFR). This report will increase the level of financial reporting and transparency in Town government than has been the policy in the past.

Councilman Timothy Mazzei speaks with the press during a reporters' roundtable meeting regarding several fiscal initiatives that are being proposed by Town Board members regarding long-term planning for Town finances.

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