

Supervisor Romaine Issues 2014 Tentative Budget to Move Brookhaven Forward

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\$252.4 million budget freezes property taxes, decreases reliance on surplus and proposes no employee layoffs

Farmingville, NY - On Monday, September 30, Supervisor Ed Romaine issued his 2014 Tentative Budget to "Move Brookhaven Forward," which he presented to the Town Council during the October 1 Town Board meeting. His \$252,433,859 budget continues to move the Town toward long-term structural balance, decreases the use of surplus to balance the budget and reduces staff through early exit incentive programs. It also includes \$10 million in the Capital for open space acquisitions. This was accomplished despite the continued slow economic recovery, rapidly rising fixed costs (health insurance and pension costs) and an inherited Collective Bargaining Agreement that in 2014 will cost the Town an additional \$3 million.

"I am confident that my 2014 Budget will put Brookhaven Town back on the right track to fiscal responsibility and recovery," said Supervisor Romaine. "There is no way that we can continue with the flawed practices of the past and expect the taxpayer to carry the burden. We must move forward with a strong fiscal plan for the future that despite today's troubled economy, will lead us to a more stable financial position and greatly benefit our residents in the years to come."

Key elements of the 2014 Tentative Operating Budget include:

- **Freezes Town Property Taxes** in the six major funds without a reduction in constituent services, despite significant mandated increases in employee salaries, retirement contributions, and health insurance costs.
- **Decreases reliance on surplus** to balance the budget in five of the six major funds, including a 46.2% reduction in the General Fund.
- **Proposes no Employee layoffs**, but continues to reduce staff through natural attrition and an early exit incentive plan.
- **Exceeds required minimum fund balance levels** in each of the Town's major operating funds, including General and Highway Full Town and Part-Town Funds.
- **Complies with the New York State Tax Levy Cap**, complies with the Town's tax rate cap and spending cap, and is compliant a year early with the Town's debt management policy enacted through public referendum in 2010.
- **Allocates \$10 million for Open Space** acquisitions including \$6 million for purchases in the Carmans River watershed.

Along with the key elements of the Supervisor's Budget, he has presented sweeping initiatives that provide for:

- Renewed investment in technology including the expansion of the newly introduced Mobile App and replacement of our antiquated phone system with VOIP (Voice Over Internet Protocol);
- Expansion of the Town's "paperless" initiative to achieve cost savings;
- Additional staffing in the Building Department to meet increased demand;
- Seasonal staff and equipment for Waste Management to assist and accelerate the lawn maintenance of abandoned structures;
- 15% increase in overtime funding for off-hours investigations by the Town Attorney's office; and
- Continued improvements and expansion of the Town's Parks and Recreation System including the Town's newest

complex in Eastport.

Fund Balance

While the Budget continues to rely upon the application of surplus to address the general mortgage tax decline and increases in employee fixed costs, the amount required to balance the budget has been reduced dramatically in all funds as compared to 2013, and most significantly in the General Fund, where half the amount was required for 2014 versus what was predicted in the 2013 Multi-Year Plan. The 2014 Tentative Budget projects a conservative \$10.5 million in Mortgage Tax revenue, which assumes flat growth compared to 2013 year-end estimates. While Fund Balance in the General Fund is expected to decline 43.4% during the five years between 2009 and 2014, total projected General Fund Balance of \$33.3 million will still be about \$10 million, or 43%, better than the Town's Fund Balance requirement.

Expenditures

Despite an 11% reduction in staffing since 2010, mandated employee benefit costs have skyrocketed and total expenditures in the General Fund are 4% higher than the 2013 Adopted Budget, primarily due to these rising costs. In 2014, the deferred 2011 longevity payment (\$231,682) for White and Blue Collar is due. In addition, for 2014, the 2010 CBA provides for a 5.0% salary increase, or a \$1.8 million added expense to the General and Part-Town Funds. For 2014, the CBA also calls for the discontinuance of the 10% health insurance contribution for those hired prior to January 1, 2011, adding expenses to the General and Part Town Fund of about \$660,000 versus 2013. It is anticipated that nearly \$1 million (all funds) will be saved in 2014 as a direct result of the voluntary exit of employees.

The Capital Budget

The 2014 Capital Budget marks the beginning of a new era in Capital Planning within the Town of Brookhaven. Transparency and rationalization have replaced historical blanket allocations. As part of an initiative that the Supervisor put forth earlier this year known as "pipeline debt reduction," old blanket allocations and completed Capital Projects with unused funds were closed out. In total, over \$10.5 million in pipeline debt has been closed in 2013, resulting in an annual net debt service savings of \$1 million. No longer will projects linger or be provided additional funding without providing realistic cost estimates and timetables for completion.

To emphasize the importance of the Capital Plan, the Supervisor has removed it from the "back of the annual Operating Budget book" and made it a stand-alone document, enhanced with more detailed project descriptions, justifications, and cost estimates. In 2013, he initiated a new approach to prioritize and select Capital Projects for funding. A Capital Project Ranking Form was developed for the Town of Brookhaven which allowed each department sponsored project to be evaluated. These rankings helped the administration make informed decisions to prioritize funding and achieve a commitment to move Brookhaven towards fiscal stability without a tax increase in 2014.

The 2014 Tentative Capital Budget recommends \$50.9 million in new funding across all departments. The Budget increase over the previous year is entirely due to Open Space acquisitions, for which no new funding was provided in 2013.

Moving Brookhaven Forward

Since taking office in December 2012, Supervisor Romaine has lead the Town forward, and maintained a commitment to fiscal discipline both in terms of revenue growth and cost control. In January 2013, Moody's Investors Services and Standard & Poor's Rating Services reaffirmed the Town's bond rating at Aa2 stable and AA+ stable respectively, even though several New York State local municipalities, including Suffolk County, experienced a downgrade. Despite continued economic stagnation, the Town of Brookhaven enjoys a very solid credit rating from both S&P and Moody's.

"There are still challenges to overcome and the rating agencies have made it clear," said Supervisor Romaine. "They will continue to monitor the use of surplus and the Town's ability to move towards a zero use of fund balance. If we cannot find new sources of revenue and reign in spending, we'll have no choice but to cut services or face a property tax increase. The Town simply cannot spend money that it does not have, but I believe with this Budget we have

found a new, sensible fiscal path to follow."

[Click here to view the 2014 Tentative Town Budget.](#)

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