

Supervisor Romaine's 2016 Operating and Capital Budgets Adopted by Town Board

posted on 11/23/2015 1:48:00 PM

Farmingville, NY – Brookhaven Town Supervisor Ed Romaine's 2016 Operating Budget was adopted by the Town Board during a public hearing at the November 19 Town Board Meeting. The spending plan reduces overall spending by over \$800,000 will have no net increase on the Property Tax Levy for the Full Town Tax Districts and complies with the New York State Tax Cap. In addition, the budget provides a 20% funding increase for protecting the Town's environmental resources, and increases funding for Public Safety, Law and Enforcement, Assessment, and Audit and Control. The total 2016 adopted Capital Budget, including prior year carry forwards, but excluding a one year extraordinary investment for the Landfill's operations, is \$62.2 million, \$1.5 million less than the Total Capital Budget in 2015. Newly funded capital projects for 2016 include development of the Selden Athletic Complex project and the need for a new dock for the Cherry Grove community on Fire Island.

"The development of the 2016 Tentative Operating Budget presented quite a challenge as a result of the unprecedented low New York State Tax Levy Cap increase of 0.73%. Despite such obstacles, the 2016 Tentative Operating Budget continues the implementation of my "Three Point Plan" and strategic financial goals established in 2012 to achieve structural balance; reduce the burden of debt, increase non-property tax revenues, and maintain minimum fund balance requirements," said Supervisor Romaine.

"This Capital Budget continues my commitment to select and fund only the most critical public improvement projects that will ensure public safety, provide for constituent services, minimize future costs, and enhance revenue growth," said Supervisor Romaine. "In 2015, the Town Board continued to support my efforts to reduce 'pipeline debt' through the close out of over \$12 million in capital budgets for projects either completed or not going forward, in addition to the \$15.7 million closed out in previous years. These efforts have resulted in reducing the 2016 Tentative Budget carry-forward of prior year unencumbered budgets by \$5.3 million, or 20.5%."

Highlights of the 2016 Tentative Operating Budget include:

- Complies with the New York State Tax Levy Cap, the Town's Tax Rate and Spending Caps, and the Town's Debt Management Policy;
- Complies with the Town's Fund Balance Policy;
- Achieves no net increase in the Property Tax Levy for the Full Town Tax Districts;
- Reduces Town Wide Expenditures by \$803,000;

- Moves further towards structural balance in the four major funds through reduced reliance on the Application of Fund Balance (exclusive of debt reserve), using \$2.35 million instead of \$8.0 million in 2015 to balance the budget, or 71% less;

- Establishes a 2016 spending budget for Highway Snow Removal of \$5.178 million, representing an increase since the 2013 Adopted Budget of \$2.58 million, or 99%, and for the first time budgeted cost recovery billings to other municipalities, yielding a net tax levy impact of \$5.0 million;
- Provides a 20% increase in spending for the continuing protection of the Town's environmental resources; and

- Increases funding for Public Safety, Law and Enforcement, Assessment, and Audit and Control.

"The 2016 Tentative Operating Budget supports increases in staffing for Code Enforcement, Investigations, Building Inspectors, Litigation Attorneys, Assessment Personnel, and Internal Auditors, which supports my commitment to improving the quality of life in the Town of Brookhaven, and ensuring financial accountability to the taxpayer," said Supervisor Romaine. "These increases in staffing were primarily funded through the full payoff in 2015 of the New York State Retirement Debt in the amount of \$8.4 million, which was one of my primary goals upon taking office in 2012."

Town Wide Departmental Revenues Town-Wide Departmental Revenues in the 2016 Tentative Budget are \$3.6 million higher than the 2015 Adopted Budget, excluding the transfer of the Consolidated Highway Improvement Program (CHIPs) Grant to the Capital Fund and the one-time Sale of Property. These increases reflect the Town's successful efforts in growing Regional Recycling Revenues, Tipping Fee increases at the Landfill, and volume

increases for various fees, such as Cablevision Franchise, Planning Applications and Fire Prevention. Mortgage Tax Receipts continue to disappoint, with an all-time low in 2014 of \$8.9 million. August 2015 Year-to-Date actual receipts are slightly better than August 2014, and expected to be around \$9.4 million for the year. Therefore, the 2016 Budget for Mortgage Tax Revenues has been reduced from the 2015 Adopted estimate by \$600,000, to \$10 million.

Town Wide Operating Expenditures Town Wide Expenditures have decreased in the 2016 Tentative Budget versus the 2015 Adopted Budget by \$803,000, excluding the CHIPs Grant transfer to the Capital Fund, and net of Debt Reserve. Total Employee Costs increased \$1.7 million Town-Wide, or 1.4%, offset by a reduction in Contractual Spending of \$3.2 million, or 3.2%. The 2016 Tentative Operating Budget fully funds COLA and longevity requirements contained in all Union Collective Bargaining Agreements, while keeping Town Board salaries flat for the seventh year in a row.

Through enhanced oversight of Capital Projects, the Town has eliminated an additional \$12 million in "Pipeline Debt" in 2015, in addition to the \$16 million eliminated in the previous two years. This has enabled the growth in Debt Reserves, along with enhanced Bond Interest Premiums, and allowed for an overall reduction in Debt Service costs in 2016 of \$3.3 million through the Application of Debt Reserve.

General Fund Operating Expenditures The Full Town General Fund's 2016 Total Expenditures are only 0.19% higher than 2015 Adopted Budget, or \$217,148. This was accomplished through a reduction in Contractual Spending of \$920,870, or 3.8%, offset by increases in Employee Costs and Debt Service (net of Debt Reserve) of \$384,307 and \$753,711 respectively.

General Fund Balance – Full Town The General Fund Balance projection for year end 2016 is a healthy \$38.9 million, or 32.8% of 2016 Total Expenditures. The Town's General Fund Balance requirement is 20% of Total Expenditures, yielding an excess fund balance amount of \$15.2 million. The Application of Fund Balance in the 2016 Tentative Budget is only \$500,000, versus \$3.1 million in the 2015 Adopted Budget, or 84% less. In addition, the 2016 Tentative Budget proposes to utilize \$1.3 million of Debt Reserve to reduce Debt Service interest cost.

In 2015, the Town paid off its New York State Retirement System debt in the amount of \$8.4 million, of which \$4.7 million was the General Fund's liability, and was paid from Fund Balance Reserves, reducing the overall balance by that amount. The payoff of the New York State Retirement Debt yielded over \$1.0 million in annual savings Town Wide, of which the General Fund benefited by approximately \$560,000.

In the wake of Operating Surpluses in the two General Funds for fiscal year 2014, both bond rating agencies affirmed the Town's high investment grade credit ratings, and Moody's Investor Services gave the Town an outlook of Positive, from Stable, following Standard and Poor's Positive outlook designation from the previous year. Moody's noted in its report earlier this year that "The town has a strong management team which...incorporates strong formal policies, including minimum reserve policies across major operating funds to ensure long term financial stability. The town also incorporates advanced budgeting practices, including maintaining a multi-year revenue and expenditure operating forecast in addition to a multi-year capital plan."

2016-2020 Capital Plan The Total 2016 Tentative Capital Budget, including prior year carry forwards, but excluding a one year extraordinary investment for the Landfill's operations, is \$62.2 million, \$1.5 million less than the Total Capital Budget in 2015. Newly funded capital projects for 2016, excluding the Landfill projects, increased \$3.3 million over 2015, primarily related to the development of the Selden Athletic Complex project and the need for a new dock for the Cherry Grove community on Fire Island.

Key new programs funded in the 2016 Tentative Capital Budget include:

- \$23.3 million for Road Improvements, Drainage, Traffic Safety, Salt Sheds, Other Facilities, and Machinery & Equipment, which is partially funded through the Consolidated Highway Improvement Program (CHIPs);
- \$7.3 million for Park Improvements and Equipment;
- \$6.8 million for Open Space Preservation and Land Acquisition;
- \$3.0 million for General Services, Information Technology and Town Hall Facilities Improvements; and
- \$1.6 million for Special District Improvements.

Division of Public Information * Office of the Supervisor

One Independence Hill • Farmingville • NY 11738 • Phone 631-451-6595