



Budget Message - 2021

Effective budgeting relies on two key tools: effective financial trend analysis and reliable revenue forecasting. The Town Budget has traditionally taken a conservative approach to the utilization of both tools. However, preparing the 2021 Budget presents some of the most significant financial challenges faced by the Town in recent years, all tied to the impacts of the COVID pandemic. 2020 saw declining revenues, increased expenses, and significant changes to operational functions. Those impacts affect the analysis of the past year's trends. Likewise, the unpredictability of the course the pandemic will travel, and its future impacts on our local economy, challenge the Town's revenue forecasting. The 2021 Tentative Budget addresses those challenges while maintaining the Town's conservative budgeting practices and protecting the strong financial position the Town has held for the past several years.

The 2021 Tentative Budget is structurally balanced with property tax increases under the state tax cap. In the General Fund, which impacts all taxpayers, the proposed tax rate is unchanged. Across the other major funds which do not impact all taxpayers, such as the Police Fund, the tax rate increase is 2.49%

The proposed Budget funds all employee costs for both union and non-union employees, and maintains a healthy fund balance consistent with the fund balance of previous years. The Budget adjusts for revenue offsets resulting from COVID-related impacts in select areas, including building permit applications, Justice Court and engineering fees. In addition, the budget provides for enhancing the facilities and the services of importance to the community.

The single most significant demand on the 2021 Budget is an 11% increase in the New York State pension fund contribution. After years of declining pension fund contribution increases, in some years as low as 2%, this year's increase represents an additional \$650,000 mandated expenditure for the Town.

In the Tentative Budget, Town staffing remains constant, with one exception. The part-time Town Historian position is made full time. However, the additional costs for the increase are fully funded by the Community Preservation 2% Transfer Tax Fund.

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The Budget does include increases in several overtime and part-time funds, particularly in the areas of Code Enforcement, Bay Constables and Parks and Recreation. The additional demands placed on each of these departments during the past summer season are likely to continue through 2021.

The Tentative Budget continues to provide funding for the Town's ongoing focus on improving critical infrastructure.

The 2021 Tentative Budget provides funding for:

- Continuing the Pay-As-You-Go program for smaller capital projects, thus reducing the cost of additional borrowing
- All ambulance districts and the debt service for the new Southampton ambulance facility
- The Town-wide assessment functions including flyovers and consultant services
- Increases in Public Safety, Fire Protection and Town-wide security enhancements
- Public Safety operations at the newly relocated, centralized base of operations at the Hampton Bays Community Center
- The proposed Westhampton Community Center
- Increased Bay Constable services and equipment replacements
- Maintaining Highway operations at current levels
- Increases for Parks and Recreation programs and facilities

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- Continuing the commitment of up to 20% of the Community Preservation Fund to support water quality projects throughout the Town
- The higher costs associated with work-at-home operations instituted by the Town in order to keep Town operations functioning and to protect both employees and residents.

COVID-related impacts were clearly felt in the loss of revenue in several key areas. Also, the pandemic placed additional demands on several essential town functions, most notably Public Safety. It is likely, that those demands will extend into 2021. The proposed budget includes increases in Public Safety and specifically addresses the increased demand in the critical functions of the Public Safety dispatchers and the Town's ambulance districts.

The impacts of COVID affected the 2020 Budget, and will affect the 2021 Budget. Although there are COVID-related expenses in 2020 for which the Town can seek reimbursement through FEMA, many of the costs are not reimbursable. It is prudent for the 2021 Tentative Budget to increase funding in anticipation of COVID-related expenses. In many instances that need for increased funding results directly from an increase in demand on departments and services. In order to meet that increased demand, fees in some departments have been increased including the Justice Court, the Building Department, and the Engineering Department. The Budget also includes increases in the rental permit fees. In other instances, such as Waste Management, losses in revenue are not COVID-related, but market driven. For example, in the past the Town could "sell" recyclables to offset the operating cost of our transfer stations. The Town now must pay to have much of the recyclable material carted from the transfer stations. Many of our residents rely on the transfer stations for waste disposal and many continue to support recycling as an environmental best practice. In order to continue transfer station operations, the 2021 Tentative Budget includes a fee increase for solid waste disposal.

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Despite the numerous challenges, the 2021 Operating Budget focuses on essential needs and service, maintains conservative budgeting practices and remains committed to maintaining a strong financial position. Likewise, the 2021 Capital Budget sustains critical infrastructure projects and moves forward with other essential capital improvements. In the Police Department, for example, facilities improvement will be continued. A new capital project to improve evidence storage and security at the Police Department Headquarters is included in the Capital Budget. In addition, funding has been incorporated in the 2021 Capital Budget to continue to equip patrol vehicles with computers to improve the efficiency of officers in the field, to upgrade the Bay Constables' fleet, and to provide other software and network enhancements. Ongoing maintenance for the Town's parks and beaches will be sustained and new funding has been provided for the first phase of improvements to the Shinnecock Maritime Park, the Shinnecock Commercial Fishing Dock and several ball fields in the western part of the Town. Municipal Works, which oversees a number of the Town's facilities including Town Hall, the Justice Court, the Community Centers and the Town Transfer Stations and Waste Management facilities, has added funding to support much needed improvements to each of those facilities as well as improvements to the aging Bridgehampton Community House. The Highway Department is provided with a slight increase in funding to maintain highway infrastructure and to address several drainage, sidewalk and bridge reconstruction projects. The Capital Budget funds two Trustees' road ending improvement projects, and it continues to fund improvements to the Town's critical information technology infrastructure. Through the Community Preservation Fund, restorations continue on a number of historic structures throughout the Town. New funding is added to the Capital Budget to advance the restoration of the Tupper Boathouse, the Mulvihill House and the Canoe Place Chapel.

In early March of 2020, the majority of Town employees were required to remain at home. Through the many months of the pandemic we kept essential town operations running effectively. The Town invented new programs to address the needs of our community. Beaches and parks were opened. The public was kept safe and we met the challenges of an early and significant increase to the Town's population – all accomplished while maintaining one of the lowest incident rates of COVID 19 infection in

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the entire state. Nonetheless, the COVID 19 pandemic has changed our personal lives, our family lives and our professional lives in countless ways. Some of those changes will become, as is common to say now, the new normal. The 2021 Tentative Budget reflects that new normal without altering the core mission of local government to provide for public safety, to sustain our quality of life, to protect our natural resources, and to achieve those ends in a financially responsible way that protects both the financial well-being of the Town and the taxpayer.

Thank You.

Jay Schneiderman

Supervisor

September, 2020

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