

## BUDGET MESSAGE 2020

The 2020 Budget is a cost to continue budget focused on five main objectives.

- Maintain, and in some cases improve, the level of municipal services provided to the community.
- Control increases in expenditures by focusing on those that are contractually required.
- Adjust for decreases in anticipated revenues>
- Continue to commit to investments to maintain and improve Town infrastructure.
- Remain within the State mandated 2% Tax Levy Cap.

The 2020 Budget meets those objectives, is structurally balanced, and provides the taxpayer with a tax rate reduction of nearly 6%.

### CONTROLLING COSTS.

#### Expenditures

The principal expenditure for the Town, as is the case with most organizations, is employee costs. Those costs, for municipalities, increase from year to year based on multiyear contractual agreements with union employees and comparable annual increases for non-union employees. The overall expenditure increase in the 2020 Budget averages approximately 3% across all departments. As a result, the overall expenditures in the 2020 Budget equate to a 3% increase, comparable to a standard cost of living increase.

Also, the 2020 Budget includes three (3) new positions - one position in the Community Preservation Fund (CPF) Department and two positions in the Parks Department. An environmental specialist position is added to CPF and one maintenance mechanic and one recreational activities coordinator in the Parks Department. There is no tax levy increase resulting from these new positions. **The costs associated with these new positions are offset by increases in fund revenues and do not require an increase in the tax levy.** The cost for the additional CPF position is funded through the 2% transfer tax and the two Parks department positions are funded by increases in beach permit revenues.

#### Revenue

Approximately 30% of the Town's revenue is generated from sources other than the tax levy such as building permits fees, beach permit fees, fines collected resulting from code violation, etc. These revenue sources are variable and must be forecast for the coming year. Mortgage tax revenue, as one example, is projected in the budget and the Town has always projected very conservatively. In 2015, 2016 and 2017, the actual mortgage taxes collected were higher than those projected helping the town increase its fund balance and offset

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## NOTES:

unanticipated expenditures that occur in a fiscal year – storm recovery costs as an example. In 2018, the actual mortgage tax revenue was lower than the projected amount. The 2020 Budget anticipates that downward trend to continue once the annual 2019 revenues are tabulated. The projected revenues in the budget from this source must be adjusted accordingly through cost savings, fund balance transfer and taxes. The 2020 Budget makes those adjustments.

Likewise, revenues from the Town’s waste management operations have declined. The Town is committed to the fundamental waste management principles of reuse, reuse, recycle. Likewise, revenues from the Town’s waste management operations have declined. Unfortunately, as many already know, the bottom has fallen out of the market for some recyclables. The Town has for the past many years been able to “sell” collected recyclables such as cardboard, paper and metal to offset the cost of the waste management operations. Currently, however, the Town must “pay” for some of these recyclable materials to be removed from the transfer stations. From the perspective of a budget, what was once a revenue is now an expenditure.

A third area seeing reduction in revenue is the Town’s Justice Court. Of course, the Justice Court is still generating revenue but that revenue stream is not keeping pace with increases in operating costs. This decrease in anticipated Justice Court revenues is significant.

As is the case with mortgage tax revenue, the reduced revenue in the waste management operations and in the justice courts require budget adjustments through cost savings where possible, fund balance transfers where feasible and tax increases where necessary.

#### Tax Stabilization

No budget message addressing cost control is complete without addressing the taxes and assessment, the cost to the taxpayer. In 2005, the Town adopted a full evaluation assessment methodology based on market value for those properties that were not assessed as new construction or based on improvements. This approach to assessment is essentially a more equitable approach but over time some inequities have surfaced especially for taxpayers on a fixed income and for moderate income taxpayers whose increasing property value, the basis of their property tax, began to outpace income increases.

In response to this emerging pattern, the Town Board approved a 2 year moratorium on any upward changes in the assessed value for all properties assessed based on market trend. New construction and property improvement will continue to affect assessed value during this moratorium period. In addition, the Town Board has written to both Senator LaValle and Assemblyman Thiele to enlist their support for state legislation that would fix a 2% tax cap on properties assessed based on market trend.

A more structured approach and predictability to tax patterns is needed. The moratorium and the proposed change in the law would result in that needed predictability. The moratorium will impact the tax rolls in 2021 and 2022. Hopefully, the legislation we have requested will be implemented within that 2 year moratorium window. In the current year, however, many residents whose properties experience an upward

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valuation based on market trend analysis may have expected a tax increase in 2020. The nearly 6% tax rate reduction in the 2020 Budget will effectively eliminate any increases in taxes for the average taxpayer resulting from market trend valuation.

IMPROVING SERVICES

Staffing

As mentioned previously, the 2020 Budget proposes 3 new positions – one position in the Community Preservation Fund (CPF) Department and two positions in the Parks Department. An environmental specialist position is added to CPF; and, one maintenance mechanic and one recreational activities coordinator in the Parks Department

The increased demands placed on our Parks Department is the direct result of the improvements made to our Parks facilities and to the increased recreational program options offered to the community. Beach attendance is up. Use of the Town parks and its related facilities – ball fields, courts, etc. is up. And, registration in the year-round programs offered by the department has increased.

PARKS DEPARTMENT REVENUE STATISTICS

Overall beach permit sales up 9.7%
Overall Daily Sales up 14.7%
Ponquogue Beach Daily Sales up 33%
Programming revenues up 12%

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*In both cases, the cost of these two new positions is offset by the increases in beach permit revenue. So, the new positions do not impact the tax levy or the tax rate.*

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The 2020 Budget also continues to fund the currently vacant assistant town attorney position. However, the budget elevates that position to Deputy Town Attorney which serves both a legal and a managerial role. This position's focus will be on quality of life, public safety and code enforcement issues thereby strengthening support for and coordination of these issues as well as to serve as direct liaison to the justice court and the police department. This organizational change coincides with the centralization of all public safety staff at the Hampton Bays Community Center which the Town has now acquired.

#### Law Enforcement

The 2020 Budget continues to make investments in law enforcement. Although there are no staffing increases in this budget for the police department, the Town continues to invest in new technologies, improved communications systems and facilities improvements that will enhance its operational effectiveness.

Likewise, this budget continues to invest in code enforcement. The most substantial investment is the relocation of the entire public safety department to the recently purchase Hampton Bays Community Center. One half of the center building had been leased from the owner over the past many years and has been the home of our Senior Program as well as the meeting place for community groups and Town meetings. That portion of the building will continue to serve those functions. The south wing of the building will be reconfigured to house all public safety staff (code enforcement, fire marshal, and animal control), the office of the director of public safety, attorney's office, and administrative support staff. The reconfigured building will also include a general purpose meeting room for both official and community meetings eliminating the need to disrupt the senior programs for such meetings.

The cost to purchase this facility and its reconfiguration is reflected in the Annual 2020 Capital Budget. It has added significantly to our capital budget total as compared to years past. However, the Town has been making a hefty lease payment for the portion of the building that houses the Senior Program. The debt service on the capital borrowing the Town needs to do in order to purchase this building is roughly equivalent to the lease payment the Town had been making, resulting in offsetting costs. However, the Town now owns and controls all approximately 13,000 sf of the building as compared to only leasing approximately 9,000 sf at effectively the same cost, a smart investment for the Town and the community.

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Investments the Town is making in public safety and law enforcement are producing results. Our police department has had remarkable success in reducing major crimes and drug trafficking. In addition to the major crimes statistics cited below, the Southampton Police Department has removed over 300 bags of heroin from the community and been instrumental in

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reducing the number of opioid related deaths. To date in 2019 there has been only one opioid related death as compared to 19 in 2017. And, the PD has affected 21 Narcan rescues in 2019. Likewise, the Department of Public Safety has increased engagement in addressing a broad ranges of quality of life issues.

**PD MAJOR CRIME STATISTICS**

	7/26/16 -	7/26/17 -	7/26/18 -	% of Change
	7/26/17	7/26/18	7/26/19	
of				
<b>Total Major Crimes</b>	<b>442</b>	<b>367</b>	<b>235</b>	<b>-47%</b>

**PUBLIC SAFETY STATISTICS**

	1/1/2018 to 8/31/2018	1/1/2019 to 8/31/2019	% of Change
Notices of Violation	640	827	<b>+22%</b>
Appearance Tickets	104	152	<b>+31%</b>
New Investigations	1706	2138	<b>+20%</b>
Follow Up Investigations	898	1651	<b>+45%</b>

Adding to the capital investments cited earlier, the 2020 Capital Budget includes replacing a nearly 30 year old HazMat vehicle, funding for police replacement vehicles, and highway and water district equipment. The men and women of these departments, and others, can do the work they do and achieve the results they have achieved because the Town commits to supporting them by providing the tools needed to do their work.

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Community Programs

The 2020 Budget continues to support a number of not-for-profit agencies and programs that bring great value to the community. Many of these programs work hand-in-hand with law enforcement, public safety and our schools. Mental Health Awareness Programs, the South Fork Behavioral Initiative, Youth and Human Service Programs, the SYS Recreation Center Program, the Family Service League and Veterans Affairs Program, and many other similar programs provide a network of support and services that improve the quality of life for countless members of our community.

INFRASTRUCTURE

Over the past several years, the Town has made significant investment in its long neglected infrastructure. Improvements included our parks and beaches (Ponquogue Beach, Hot Dog Beach and the Ponquogue Pier as examples) the Town Hall facility, fueling stations, compost facilities, roads and our community centers among others. These projects and others continue as part of the 2020 Capital Program. The value of these investments can be seen in the increased use especially of our recreational facilities by residents and visitors to our community. The quality of these facilities brings an economic vitality to the community from which we all benefit. However, the bulk of the 2020 Capital Program focuses on three major projects.

The first, the purchase and renovation of the Hampton Bays Community Center, has been discussed and described earlier.

*The next largest capital investment the 2020 Capital Budget makes is in the Hampton Bays Water District.*

The next largest capital investment the 2020 Capital Budget makes is in the Hampton Bays Water District. After very careful review of the water district’s infrastructure by both the Water District’s consulting engineer and an outside engineering firm employed by the Town Board, a set of immediate infrastructure improvement actions have emerged as part of a 10 year maintenance and modernization plan. These immediate actions include improved water filtration at some well locations, main extensions and tank rehabilitations. The 2020 Capital Program finances the initial year of a 10 year maintenance and modernization program. All of the projects in this initial year require immediate attention to assure clean and safe drinking water to those residents and businesses serviced by the Hampton Bays Water District.

The third large project funded within the 2020 Capital Program is the construction of the Southampton Ambulance Facility. The current structure is inadequate for the current operations of this vital community service and needs to be replaced.

Water Quality

Perhaps there is no more important “infrastructure” to our community than the coastal and inland waterways that surround us and the ground water that is the single source of our drinking water. The Town has invested heavily in assuring that this vital infrastructure is protected and remains clean and safe. The Town’s investment in the water quality program, funded through the Community Preservation

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Fund, is reflected in the Community Preservation Fund section of the 2020 Capital Budget. The water quality program undertakes two kinds of projects: large scale projects such as the drainage and sewer project in Westhampton Beach, aquatic restoration in Mill Pond, and the water quality management plan for Mecox Bay; and, smaller scale residential septic replacement projects. To date the fund has supported nearly \$8.5 million in large scale water quality improvement projects. The program has also funded 28 residential advanced waste water treatment systems and there are another 108 such residential systems awaiting approval from the Suffolk County Department of Health.

The largest contributor to harmful algae blooms in the East End's bays has been found to be effluent septic systems. Nitrogen from those septic systems has been fueling the growth of algae blooms for decades. Advanced waste water treatment system remove that harmful nitrogen.

Combined with other water quality strategies, the water quality program may be contributing to noticeable changes in water quality. In his 2019 State of the Bays address, Dr. Chris Gobler of Stony Brook University's School of Marine cited 2018 (as) the first in 12 years that there was not a brown tide in Shinnecock Bay — a "reversal of a decadal trend."

The final budget printed document is over 2000 pages long. It is detailed and comprehensive. A budget message cannot address all of that detail. Nonetheless, the Town has long been committed to providing the public with a level of transparency in its budget document that accounts for every expenditure and every source of revenue. The budget is structurally balanced, conservatively prepared, and takes special measure to protect the Town's strong record of fiscal soundness. The budget goes through a public review process where members of the Town Board and members of the community can suggest changes and changes can be made. The budget is formally adopted on or before November 20, 2019. I am confident that this proposed budget and the valued input from Board members and the community will result in a budget that will provide sound fiscal guidance for 2020.

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Jay Schneiderman, Supervisor.

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