TOWN OF EAST HAMPTON - FISCAL YEAR 2013-2014

Town Council Budget Policy Statement

GENERAL STATEMENT

The Town of East Hampton is accountable to its citizens for the prudent use of public dollars. The current fiscal health of East Hampton is in good standing, which positions the Town well to address the significant budget challenges ahead. Nevertheless, the slow national economic recovery coupled with projected State budget deficits and potential cuts to municipal aid will strain the ability of local municipalities to provide needed public services. Further, as the Town looks to plan for significant capital projects, it must do so in a manner that does not compromise its financial stability today or in the future.

The 2013-2014 budget must acknowledge the current economic realities while striving to provide needed public services for education, public health and safety, to improve the quality of life of all residents, and to foster economic development. It also will protect and preserve our quality of life and environment by continuing to implement appropriate tools to encourage and manage smart growth. With thoughtful investment in the Town, we can better address long-term challenges regarding municipal and school facilities by working together to identify innovative and cost-effective solutions.

To the best of our ability, Town Council (TC) will enact Town policies and practices that respect and reflect the goals and vision of the residents of East Hampton and protect the peace, health, safety and welfare of the community.

OBJECTIVES

The objectives of this budget policy statement are:

1) To establish the framework for the annual budget process;

2) To foster communication and collaboration with the Board of Finance (BOF), Board of Education (BOE) and Capital Expenditure Committee (CC); and

3) To offer guidelines for the Town Manager, Superintendent and Departments in preparing their budgets for the coming fiscal year.

BUDGET PROCESS

1) The TC, BOE and BOF will meet annually to discuss the budget and Town Council Budget Policy statement in a scheduled Tri-board Meeting on an agreed upon date and time. The TC and Town Manager will set the agenda for such meetings with input from the BOE, BOF and CC. The purpose of Tri-board Meetings is to assess the current economic environment and to set fiscal expectations for the annual budgets to be prepared by the Town Manager and the Superintendent.

2) The budget process shall include residents and taxpayers in the process as early as possible through numerous communication media outlets and to ensure that the budget process is presented in an easy-to-understand format.

2.1. The Town Manager will prepare a Town Annual Report to communicate to residents the services provided in the prior fiscal year, the associated cost/benefits, expenditures, and budget goals for the coming year.

2.2. The Town Manager and the Superintendent will present their respective budgets at a Town Meeting to be held at the East Hampton High School auditorium. Presentation shall include a review of those factors expected to influence their respective budgets, accomplishments in the prior year and goals for the coming fiscal year.

2.3. The budgets presented by the Town Manager and Superintendent of Schools will be detailed and transparent with sufficient information provided.

GUIDELINES

To this end, The Town Council provides the following budgetary guidelines for fiscal year 2013-2014:

Financial Policies

1) All projected revenues and expenditures during the fiscal year shall be internally tested and reported by the Finance Director on a quarterly basis to the TC and BOF.

   1.1. The budget may be adjusted or amended during the budget year. Adjustments of the budget may involve a reallocation of existing and approved appropriations not to exceed the taxpayer approved budget.

   1.2. In the event of a budget surplus at the end of the fiscal year, the Town Manager and Finance Director shall present recommendations to the Board of Finance and Town Council to reallocate such funds consistent with policies, identified priorities and ongoing efforts to improve services to residents.

2) To preserve the Town's fiscal health, flexibility and favorable bond rating, the Town should seek to maintain a fund balance not less than 8-10% of the overall budget.

   2.1. The fund balance shall not to be used for any purposes to lower the annual mill rate or pay for Town operating expenses.

3) Operational budgets should only include actual expenditures to be incurred within the budget year.

Capital Expenditures

1) In order to maintain and improve its infrastructure, facilities, and equipment, the Town should seek to increase capital expenditures to meet our future needs.

2) The Town Council will work with the Town Manager, Board of Finance, Board of Education and the High School Building Committee in a continued effort to move forward and fund State mandated facility improvements to the East Hampton High School. Every effort should be made to preserve and/or improve existing structures to increase the use of space for Town and Community use.

Cost Savings/Revenues

The Town Council believes that identification of cost-savings and new revenues should be a precondition to considering additional expenditures. To this end, in developing FY2013-2014 budget, the Town should:

1) Create a budget that will work within the available revenues and State funds that are expected for the next fiscal year taking into account inflation and current economic conditions.

    1.1. The Council directs that all activities and spending be examined to identify areas for reductions; to identify redundant functions between the Town and School Department; and to identify and analyze functions/services which can be shared within and between the Town government and School Department and with neighboring communities.

    1.2. For departments identified and considered appropriate, apply zero-based budgeting.

    1.3. Should any line item be reduced or eliminated from any Town Manager (submitted) budget prior to its submission to public meeting and then vote, the Town Manager and the Finance Director, in conjunction with the Superintendent of Schools, if applicable, shall prepare a written report for the Town Council, Board of Finance and Board of Education (if applicable) evaluating the short-term and long-term impact on municipal services or initiatives of such proposed budget reduction.

2) The Council will continue to support the Town Manager in union negotiation efforts to realize efficiencies and to mitigate cost increases for taxpayers.

3) Strengthen the Town's efforts to obtain grant funding from federal, state and other sources.

4) The Board of Education is strongly encouraged to participate in State funded initiatives that it has previously chosen not to take part to increase Town revenues.

5) Analyze the Town's charges for licenses, permits, penalties and fees to determine whether they should be increased or new ones instituted while adhering to the principal that fees should not exceed the cost of services provided.

6) Enhance the Town's website as a cost-effective means of delivering information and services, increasing public awareness and encouraging public feedback.

7) Identify savings in energy costs through an energy audit of Town buildings, facilities and equipment and establishment of an Energy Efficiency Plan.

Program Enhancements/Expenditures

To the extent that resources allow, in light of the financial policies stated above and the principle of first identifying cost-savings and new revenues, the following program enhancements, and, if necessary, new expenditures should receive priority in the FY2013-2014 Town budget. Further, any program enhancements requiring new expenditures will be presented with a cost-benefit impact statement.

1) Support expenditures in the areas of new technologies regarding Information Technology, updates to IT security, accounting and management procedures, GPS unit installation on town-owned vehicles, and to increase the availability and speed of broadband service. The intent of such expenditures is to optimize efficiencies in our

municipal operations, improve communication between Town government and Town residents, streamline and coordinate workflow, increase productivity and/or achieve meaningful, long-term cost savings.

2) Engage professional services to conduct an organizational effectiveness and efficiency study of Town departments in an overall effort to assess operations and recommend changes to practices, policies and protocols to improve the quality of service while reducing costs.

   2.1. As a result of such above study, to allow for net staffing increases/changes that are necessary for effective Town governance and while seeking to minimize any increased tax burdens to the community.

3) Review all current professional services and the purchase, lease, or rental of equipment for the purpose of bidding and/or renewing contracts to achieve cost savings and/or improved efficiencies in the Town and school district.

4) Continue to support health and wellness programs, disease management initiatives and quality of life programs to improve employee productivity, employee retention, and employee health to decrease employee absenteeism and costs related to health.

5) Provide support to our Public works department to repair, improve and maintain the Town's streets and sidewalks and enhance its trees and planting strips for traffic calming. Consideration should be given to funding such repairs, improvements, and enhancements from a variety of sources.

6) Provide for the continued support of public safety services (i.e. Police/Volunteer Fire Departments) with regards to training and equipment.

   6.1. To ensure public safety and health by providing support for Emergency Service initiatives for equipment, training, organizational development and planning.

7) Commitment to watershed and environmentally sensitive areas. All precious natural resources should be protected and all plans and projects with this goal should be considered a priority.

8) Support expenditures and resource allocation for appropriate economic development that is consistent with the character of the Town, as is necessary and appropriate, as well as the allocation of municipal resources required for any development including fiscal-positive commercial tax-deferrals.

9) Ensure that Town social services and programs for seniors are funded to meet the needs of the community and to provide staff support to the Commission on Aging. Further to provide funding for the Commission on Aging, and any other agency of the Town as determined by the Town Manager, to implement and execute need assessment surveys in order to gauge, evaluate and improve services.