

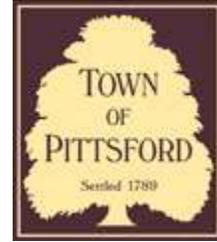
MEMORANDUM

From: William A. Smith, Jr.

To: Town Board

Date: November 13, 2020

Re: Proposed Budget for 2021



Submitted herewith is a revision to the preliminary Town Budget for 2021.

The revised budget proposal holds the Town tax rate flat, with no increase.

After hearing advice and ideas from residents who contacted me or spoke to me about the preliminary budget, and the views of Town Board members, the Town Finance Director and I went to work with the department heads and others, to get us to a budget that holds the line on the tax rate without compromising the services we all depend on, and expect.

We succeeded. The tax rate stays flat into 2021. As a result, Town tax remains proportionally low. Town tax continues to comprise less than nine cents (\$0.09) of every dollar in property taxes paid by Pittsford residents.

Three major factors contribute to the changes from the preliminary budget.

1. Additional actual cost information. Expense estimates for the year ahead begin with understanding actual costs incurred during the current year. We're now two months further along than when we compiled data that went into the preliminary form of budget. Costs actually incurred since then in several categories point to commensurately lower costs going forward. These we took into account.

2. Spending reductions. Given the recent resurgence in the COVID pandemic and its consequences, it's no longer realistic to think that the Town will be able to hold many of the traditional public events that were included in the preliminary budget. The revised budget proposal eliminates funding for the Car Show, a public festival, expenses for bands, an annual "thank you" dinner for members of the Volunteer Boards, and other events.

The cuts reduce the cost-of-living adjustment for employees paid more than \$75,000 per year, to 1% from the 2% originally proposed. Most towns in Monroe County for which we have information are providing a 2% cost-of-living increase to all employees; one has it at 3%. I continue to believe that a COL adjustment for our employees is both justified and well-earned by them, especially for service above and beyond since the onset of COVID. As in the preliminary budget, the revised budget provides for no increase at all for elected officials. Other cuts for 2021

include replacing furniture in the library. Some maintenance items and equipment acquisitions have been deferred as well.

3. Use of Fund Balance. Because of its careful management of Town finances over not just years but decades, Pittsford has adequate reserves, in keeping with the State Comptroller’s guidelines, to help us through economic downturns such as we’re experiencing as a consequence of the pandemic. The budget now proposed will fund our stepped-up neighborhood street and road repaving effort from the Highway Capital Reserve Fund, rather than from contemporaneous revenues to be taken in during the year. Of course, this reduces funds available in that reserve for future road projects. Yet, unprecedented circumstances call for more aggressive measures and we can add back to the highway fund over time. Beyond that the current budget proposal uses an additional \$79,330 to close the gap and keep the tax rate flat.

As a family would do with its savings account, we turn to these funds with care. This is definitely a time when we can be glad we have them to use. The revised budget proposal makes somewhat more aggressive use of fund reserves than originally proposed, to keep the tax rate flat. Yet it retains our municipal “savings account” at a reasonable level, to protect tax stability and protect taxpayers going forward.

There is one item where the revised budget increases funding as compared to the preliminary proposal. The recent resurgence in the pandemic means that Pittsford Youth Services will see at least as great an increase in demand for its services for youth and families as it saw in the early days of COVID this past spring. Therefore I have increased funding to PYS from the preliminary budget. This year the Town funded PYS to the extent of \$57,671. The revised budget proposes funding at \$61,000, in excess of PYS’s request and an increase of 5.8% year-to-year.

Changes from the preliminary budget proposal are detailed in the attached summary sheet.

Major Factors Affecting Budgeting for 2021

In 2020 the Town’s revenues have declined severely because of the COVID-19 pandemic. It will continue to have a similar effect in 2021. Moreover, it presents us with many sheer unknowns.

The points below illustrate the shocks to the budget in 2020, in terms of decreases in expected revenues due to the pandemic:

| | | |
|------------------------------------|-------|--------------------|
| Sales Tax | - 13% | - \$223,211 |
| State Local Street Program (CHIPS) | - 20% | - \$48,374 |
| State Aid to Municipalities (AIM) | - 20% | - \$21,616 |
| Recreation Fees | -173% | - \$240,249 |
| Library Fees | - 66% | - \$29,993 |
| Interest Revenue | - 31% | - \$69,000 |
| Total Revenue Losses 2020 | | - \$632,443 |

It is possible that for CHIPS and AIM funding, the reduction for 2020 will be 100% in either case or both. A 20% reduction represents the best current estimate and is shown in the chart.

In addition to the COVID-related and other revenue decreases detailed above, the Town has incurred unanticipated COVID-related expenses. These include \$75,000 for Plexiglas, technology protective upgrades, sanitizer stands/dispensers, thermometers, soap, gloves, paper products, signage, work pods, masks and the like, and an additional \$184,289 for the Pandemic Time Bank established for our employees and \$34,638 in payment to employees for pandemic-related childcare. Together with other unanticipated expenses for equipment to maintain the brush and leaf pickup uninterrupted as well as road repair, and non-routine vehicle maintenance, these expenses add up to more than \$388,927.

The State's increase in minimum wage alone adds \$170,621 in additional expense for wages in 2021. This does not include increases due to the cascading effects of the minimum wage hike throughout our wage scales.

Looking Ahead

Pittsford's longstanding record of fiscal responsibility and careful budgeting practices have placed the Town in a strong position to meet the fiscal challenges imposed by COVID and other factors, while protecting taxpayers by holding the tax rate flat for 2021.

For another year, this budget for 2021 maintains and improves the essential services that contribute to the quality of life of Pittsford residents. It reinforces my commitment to an aggressive road repaving program, to building stronger neighborhoods, to continual improvement and to services of importance to youth and seniors.

The revised budget proposed for 2021 provides the following, among other features:

- Another \$100,000, in addition to the 2020 increase of \$272,000, to the road repaving and repair budget, totaling \$372,000 in increased funding for road repair since calendar year 2018
- \$100,000 for projects in the Active Transportation Plan
- \$22,000 for Pedestrian Safety and measures to reduce speeding
- \$11,000 for a Crossing Guard at Allen's Creek School
- \$13,500 for new trail maintenance machinery
- Increased funding to Pittsford Volunteer Ambulance
- Funding for the 4.5% increase in medical expenses for Town employees
- Cost of Living Increase of 2% for Town Staff earning less than \$75,000 and 1% for those above it, with no increase for elected officials
- 5.8% increase in funding for Pittsford Youth Services. This represents a total increase in Town funding for PYS since 2017 of 69%.
- Funding for a grant-writer, to help the Town take better advantage of state and other grants, further protecting taxpayers.

Notwithstanding uncertainties in revenues going forward in the era of COVID, the proposed budget for 2021 maintains the increases in funding for senior citizens' programs and services. Funds continue to support lunch and nutrition programs, including the pandemic-friendly Grab-and-Go lunches program and online resources designed for and offered specifically to Pittsford seniors.

Pittsford taxpayers continue to benefit from the forward-thinking of the Town administration and its predecessors. The Finger-Lakes Municipal Healthcare Trust – a statewide model for shared services, initiated by the Town of Pittsford – continues to save the Town substantial additional expense every year. As a result, the increase in medical costs is confined to 4.5% for next year, rather than a multiple of that. Incorporating the Senior Center in the renovated Spiegel Community Center has saved approximately \$100,000 in rent payments annually for the previous Senior facility.

Maintaining the Town's credit rating is no small feat. It is the highest possible -- Triple-A. This is much more than a report card on municipal fiscal management. It represents substantial, ongoing savings to Pittsford taxpayers by keeping down the rate of interest we pay on Town bonds, for such things as the Greenprint, the new Community Center, the Library and the Park and the recent Athletic Field improvements. Pittsford remains not merely the only town in upstate New York to have earned a perfect credit rating, but the only municipality of its size *in the United States* to have a perfect credit rating.

The Town's Greenprint Plan, which I supported and voted to approve in 1996 as a Town Councilman, continues to benefit taxpayers year after year. Not just by its substantial contribution to the aesthetic character of the Town by preserving expanses of open countryside. By preventing development on the lands protected by the Greenprint, we avoid altogether the pressure for additional Town and School services, and the consequent costs that would have been generated if these lands had been developed.

Of the 18 towns in Monroe County, Pittsford still has the 7th lowest town tax rate. If you exclude from the comparison those towns that receive revenues from landfills, and those that have commercial areas much more extensive and intensive than Pittsford's, we're the 5th lowest. And Pittsford provides municipal services that not all of the other lower-taxed towns do, such as leaf pick up, yard debris pick up, a recreation program and a Town-financed library.

Summary

This budget maintains and improves the services that contribute to the quality of life enjoyed by Pittsford residents. It reinforces my commitment to building stronger neighborhoods, to continual improvement and to services of importance to youth and seniors. The budget builds upon a longstanding fiscal record that protects taxpayers and reaffirms the Town's commitment to responsible budgetary practices. The revised budget proposal gives Pittsford a budget in full compliance with the New York State Property Tax Cap -- because there is no increase to the tax rate at all.

Again, I thank those Pittsford residents, representing a broad cross-section of our community, who offered the practical suggestions and advice that influenced our thinking in refining the preliminary budget proposal. Ideas grounded in reality, experience, intelligence and good will have a way of asserting themselves. They're always welcomed by me and our Town staff.

Once more, as well, I thank the Town's new Finance Director, Brian Luke and our capable Town Department Heads for their efforts and analysis in preparing both the preliminary budget proposal and the current proposal for 2021. With their knowledge, skill and work, with residents who care about our community and with their continuing support, Pittsford continues to pave the way toward improving services and infrastructure of Pittsford and in protecting our taxpayers.