September 23, 2020

To Brighton Residents and Taxpayers:

Tonight, Town of Brighton Finance Director Paula Parker, Assistant Finance Director Suzanne Zaso and I present the 2021 Town of Brighton Tentative Operating Budget to the Brighton community. Brighton’s fiscal strength is being tested this year like no other by the financial impacts of the COVID-19 virus. In preparing this Tentative Budget, we must reckon with the dramatic loss of revenue this year, particularly sales tax revenue, and recognize that there will also be continuing negative impacts in 2021, and likely beyond. In spite of the burden that is being placed on local governments, as well as local school districts, by the pandemic, Brighton and most municipalities have received little or no federal COVID-19 relief funding thus far. In May, the House of Representatives passed the HEROES ACT, which would have supplemented the original CARES ACT and provided significant aid for state and local governments as well as local school districts, offsetting revenue shortfalls that all municipalities are experiencing. So far, the Senate has not taken any action on the HEROES ACT or any other legislation that would give COVID relief to local municipalities like Brighton, across the United States. Over the years, Moody’s and the New York State Comptroller have recognized that Brighton’s financial position and fiscal management have been responsible and strong, and thanks to that history of prudent management, we do have reserves and fund balances that can help mitigate anticipated revenue shortfalls in 2021. However, it would not be prudent to rely solely on a quick fix when we do not know the scope of the systemic financial issues caused by the pandemic. Through it all, we will continue to strive to meet our twin goals of maintaining Brighton’s financial strength, which at the same time, enhancing the quality of life in Brighton, by prioritizing funding for important infrastructure, equipment and public safety needs, while identifying non-essential services that may have to be reduced or eliminated.

The New York State Tax Cap was enacted in 2012. Although it is sometimes called the “2% Tax Cap,” the actual maximum tax increase is computed for each taxing jurisdiction each year, using a formula that takes into account a number of factors, including growth in assessed valuation, pension costs, and the amount by which taxes for the prior year fell below the cap. Therefore, each year, the
actual tax cap level varies for each municipality and can be greater or less than 2%. In 2021, the Town of Brighton tax cap is 2.4%, meaning that the if the Town’s tax levy, as computed under the formula used for the tax cap, rises by more than 2.4%, the Town Board must take action to override the tax cap. Since 2012, the Town has adopted budgets that have been under the tax cap every year except one, when a significant increase in the cost of fire service in West Brighton necessitated exceeding the cap.

For 2021, the Tentative Budget for the Town Funds proposes a modest 1.02% increase in net spending, an increase of approximately $266,000. However, because we anticipate a significant drop in sales tax receipts in 2021 from budgeted 2020 levels, caused by the pandemic, non-property tax revenues are budgeted to fall significantly, and with almost no increase in assessed valuation of real property, the tax levy for the Town’s Operating Budget is proposed to increase by $592,825 or 3.91%. The Operating Budget tax rate would increase by $0.171 per thousand dollars of assessed valuation from 2020 to 2021, or $34.26 for a home valued at $200,000. Your own tax bill may increase more or less, depending largely on the special districts, such as sewer, water, fire, sidewalk snow plowing and refuse districts that apply to your property, and any changes in the assessed value of your property. This Tentative Budget again balances responsible fiscal management with high quality municipal services for residents of Brighton, and it is important to note that under New York State law, the fact that the Town of Brighton may exceed the tax cap, will not impact STAR or other State tax rebate programs payable to residents.

A few words about Brighton’s budget development process: Even during this time of pandemic, the Town of Brighton continues to go far above and beyond the State’s required procedures for budget development and approval, to ensure that the public has access to the budget process each year and the ability to give input throughout. The development of the Town Budget begins in the Spring of each year, when each Department Head prepares a three year Capital Improvement Plan for their Department, so we can plan ahead for important Town projects and significant capital expenditures. The New York State Comptroller recommends that municipalities prepare a Capital Improvement Plan in order to plan ahead for spending on major infrastructure efforts, equipment and vehicles. Brighton does this every year, looking out over a three-year period to plan and fund capital expenditures far in advance. The 2021 Capital Improvement Plan was unanimously approved by the Town Board on September 9, 2020, and it anticipates continued maintenance and improvements to our basic infrastructure, our streets,
sidewalks and sewers, purchases of trucks and heavy equipment and technology advances for the Town, among other important needs.

While the Capital Improvement Plan was being prepared and reviewed, Town staff had already begun the preparation of the Tentative Budget that is being presented tonight. Each Department Head prepared and submitted a budget request to the Finance Department and the Town Board held two public Budget Workshop meetings during August, at which each Department presented its budget request to the Town Board.

It is important to stress that the submission of this Tentative Budget tonight does not end the public review process; in fact, quite the opposite is true. The Finance Committee will review the Budget in an open meeting and the Town Board will again hold two public hearings to take public comment on the 2021 Tentative Budget, at Town Board meetings on October 14 and 28, at 7:00 p.m. These hearings will be held remotely on Brighton’s cable television access channel Spectrum 1303 and livestreamed on the Town’s YouTube feed, which is available as a link on the Town’s webpage. Copies of the Tentative Operating Budget are available for review in the Town Clerk’s office, the Brighton Memorial Library and online at www.towntofbrighton.org. As is the case with all of Brighton’s Town Board meetings and public hearings, the budget hearings will also be sign language interpreted for the deaf and hard of hearing community. Comments to the Tentative Budget can be submitted at either of the two public hearings, but they can also be submitted by email to the Town Clerk at Daniel.aman@townofbrighton.org, or by mail to Town Clerk Daniel Aman, 2300 Elmwood Ave. Rochester, NY 14618. Comments submitted in writing will be included in the public record of the hearings. Because this Budget is intended to reflect the needs and priorities of the Brighton community, we gratefully acknowledge the efforts of the volunteer members of the Budget Review Task Force and the Sustainability Oversight Committee, both of which are made up of Brighton volunteers who take the time to meet with Town staff and review budget and financial matters with an eye towards financial stability and sustainability.

As I previously mentioned, independent third party analysis continues to confirm the fiscal strength of the Town of Brighton. This week, the State Comptroller issued his Fiscal Stress Monitoring System scores, evaluating the financial strength of every municipality in New York. Brighton again received one of the highest scores, unchanged from last year and indicating no fiscal stress. Moody’s, the national debt rating agency, continues to give Brighton a AA2 credit
rating, one of the highest in New York State. Finally, our independent auditor who audits the Town’s financial statements each year has again found that those financial statements have been prepared in accordance with the Government Accounting Standards Board requirements. However, it is important to note that the COVID pandemic has increased the uncertainty around local government financial condition, and our prudent policies continue to be essential to navigate these uncertain times.

Again this year, one of the most significant challenges that we face in preparing a budget is continued slow growth in Brighton’s tax base, particularly in Brighton’s commercial tax base. Maintaining a balance of residential and commercial tax base is important, because well planned commercial development often places less of a burden on local services than residential development. The total taxable assessed valuation of real property in Brighton increased by only 0.47% from 2019 to 2020, greater than last year, but still less than 1% for the second year in a row. The greater the increase in tax base, the less the tax rate must increase to mitigate the impact of increased costs and reductions in other revenue sources on the overall tax levy. Brighton has used incentive zoning as a framework for considering new commercial development and redevelopment in a way that minimizes impacts on the community while ensuring that such projects pay full property taxes when completed. Incentive zoning has played a major role in allowing Brighton to expand its park system, including most recently the Brickyard Trail. Brighton has been a leader in the entire State in its successful use of incentive zoning and we will continue to use incentive zoning to ensure that projects, like the proposed Whole Foods Plaza on Monroe Avenue, pay full taxes to the Town and mitigate other impacts on the community by providing community amenities that benefit Town taxpayers. Had the Whole Foods project not been stymied by years of frivolous litigation, the increase in Town Assessed valuation could have been much greater, helping to keep taxes down for residential homeowners throughout Brighton.

Property tax receipts are the largest source of Town revenues, but as referenced above, they are not the only source. The Town also receives revenues from mortgage and sales taxes, fees for programs and services, and cable television franchise fees, among other sources. The Town of Brighton, like other towns in Monroe County, receives a portion of sales tax revenues generated from retail sales throughout Monroe County under an agreement among Monroe County, local municipalities and school districts. Sales tax revenues in Monroe County have
grown steadily in recent years, but they have been severely impacted by the COVID pandemic this year. Although the Town made a conservative estimate of sales tax growth in preparing the 2020 Town Budget, forecasting essentially flat sales tax growth, sales taxes in Monroe County have actually fallen dramatically this year, down nearly 12% for August, the most recent month available, and down nearly 8% for the year to date, after starting the year very strong before the pandemic began to affect sales in March. Mortgage tax revenues have been the most volatile source of Town funding, tied to the economic and homebuilding cycles as well as interest rate cycles. Mortgage tax receipts have been relatively strong in recent years, other than a brief but significant decline in the first half of 2018, due to a sudden rise in interest rates. Mortgage taxes are reported semi-annually and we have not yet received a report reflecting the impacts of the pandemic. Although interest rates have fallen and residential property values remain strong, we do not know how severely the pandemic has cut mortgage activity, so we have also budgeted conservatively for this volatile, but significant component of our overall revenues, projecting only a slight increase in 2021. Other revenue sources tend to be relatively stable, but we are concerned with threatened hold backs of state funds for highway work and grants, which could impact cash flow and become permanent if federal pandemic relief for state and local governments and schools is not acted on.

Of course, the reason that increasing other revenue sources is so important to maintaining the financial strength of Brighton is that expenses continue to rise, in many cases at a rate far above the inflation rate. Personnel costs are by far the largest expense for the Town of Brighton, and most local governments. Wages and salaries have continued to grow and employee and retiree health insurance premiums, over which the Town has limited control, may continue to rise even faster. Contributions to the retirement system for Town, which are set by the State Retirement System, will increase by an estimated $300,000 in 2021, due largely to the stock market crash in March, and remain at historically high levels.

The Town of Brighton continues to focus on ways in which we can cut costs by sharing services with other governmental bodies. We partner with other municipalities as members of the Finger Lakes Municipal Health Insurance Trust, a consortium of municipalities that collectively procure health insurance for member employees and retirees. We are also members of the New York Municipal Insurance Reciprocal, which we use to obtain property, casualty and liability insurance. By participating in these organizations, we not only ensure the availability of
insurance coverage, we do so at a cost significantly less than open market rates. However, late in 2017, Monroe County suddenly and without warning terminated a long standing collaboration, under which the County guaranteed and collected property maintenance charges that local towns and villages place on tax bills. The Towns of Brighton and Irondequoit have sued the County to compel it to continue this important program, which not only allowed participating municipalities to work together, but also helped eliminate zombie homes and other property maintenance issues. The Court of Appeals will hear this case shortly, and we are hopeful for a positive outcome. Whether it is obtaining insurance coverage, providing fire service or addressing the continued problem of vacant properties, the Town of Brighton has long partnered with other local governments to provide important services effectively and economically, and we will continue to search for new ways to collaborate in the future.

All of our efforts to reduce spending are far outweighed by the impact of the dramatic COVID induced decline in revenues, combined with the failure of Congress to provide any COVID relief aid to small and moderate sized municipalities like Brighton, and continued increases in mandated spending above the rate of inflation. Therefore, I plan to ask the Town Board to approve this Tentative Budget and take action to authorize a Local Law permitting the budget to exceed the Tax Cap. Developing the Town’s budget is never easy, but in doing so we always focus on listening to our residents and providing the level of service you have come to expect, while always being cognizant of the need to find new ways to control the cost of government. Never has that job been more difficult. We look forward to your input during the two budget hearings in October and we appreciate the efforts of every community volunteer and Town staff member who assisted in the preparation of this Budget.

Sincerely,

William W. Moehle
Town Supervisor

Paula Parker
Director of Finance

Suzanne Zaso
Assistant Director of Finance
Total Net Revenues: $26,361,845

WHERE TOWN BUDGET DOLLARS COME FROM

- 62.2% - Real Property Tax ($15,744,235)
- 2.2% - Intergovernmental Charges ($576,430)
- 3.6% - Mortgage Tax, ($945,000)
- 6.6% - Dept'l. Income, Fees, Sales, Permits ($1,727,980)
- 14.4% - Distributed Sales Tax ($3,800,000)
- 2.8% - All other Revenues ($742,030)
- 1.0% - New York State Aid ($272,095)
- < .1% - Appropriated Reserve Funds ($9,350)
- .2% Federal Aid ($61,500)
- < .1% - Interest Income ($19,000)
- 6.9% - Appropriated Fund Balance ($1,825,000)
- 3.5% - Mortgage, Late Fees on RPT payments ($200,000)

Total: ($16,392,490)
TOWN OF BRIGHTON – 2021 BUDGET
HOW TOWN DOLLARS ARE SPENT

Total Net Appropriations: $26,361,845

- 34.0% - Police Department, $8,959,710
- 27.5% - Highway Operations, $7,241,100
- 8.5% - Public Works, $2,236,865
- 8.3% - Brighton Library, $2,176,655
- 7.4% - General Govt. Support, $1,947,865
- 5.0% - Parks, $1,325,975
- 4.1% - Recreation, $1,084,065
- 1.9% - Town Justices, $505,700
- 1.6% - Town Clerk, $434,920
- 1.7% - Supervisor and Council, $442,990

Total Net Appropriations: $26,361,845
TOWN OF BRIGHTON – 2021 BUDGET

NET APPROPRIATIONS BY EXPENDITURE TYPE

- 49.8% - All Wages, ($13,138,800)
- 26.1% - Employee Benefits ($6,886,165)
- 7.9% - Supplies & Materials ($2,094,380)
- 6.5% - Contractual Services ($1,721,295)
- 1.5% - Utilities & Telephone ($403,455)
- 1.5% - Insurance, & Risk Management ($398,000)
- 2.2% - Equipment and Capital Outlay ($571,600)
- 4.4% - Debt Service ($1.148,150)
- 0% - Interfund Transfers ($ 0)

Total Net Appropriations: $26,361,845
TOWN OF BRIGHTON – 2021 BUDGET

DISTRIBUTION OF ASSESSMENT EXEMPTIONS (for illustration only)

- 79.2% - Total Taxable Value ($3,043,383,368)
- 10.9% Govt, School Owned ($419,831,500)
- 6% - Non Profits Charity/Education, Hospital ($223,942,999)
- 2.5% - Parsonages, Religion, Clergy ($94,289,900)
- 0.6% - Veteran's Exemptions ($22,412,643)
- 0.3% - Aged, Disability, Limited Income ($11,989,134)
- 0.2% - Total of Historic / Railroad ($7,757,069)
- 0.3% - Veterans Exemptions ($22,412,643)
- 0.2% - Total of Historic / Railroad ($7,757,069)
- 0.4% - Agriculture ($242,268)
- 0.6% - Volunteer Fire ($293,900)
- 0.2% - Total of Historic / Railroad ($7,757,069)

Total Assessed Value: $3,843,807,523
Exemptions: $800,490,313
# Local Government Exemption Impact and Payment in Lieu of Taxes (Pilot) Summary

<table>
<thead>
<tr>
<th>Exemption Code</th>
<th>Exemption Name</th>
<th>Statutory Authority</th>
<th>Number of Exemptions</th>
<th>Total Equalized Value of Exemptions</th>
<th>Percent of Value Exempted</th>
</tr>
</thead>
<tbody>
<tr>
<td>12100</td>
<td>NYS - GENERALLY</td>
<td>RPTL 404(1)</td>
<td>10</td>
<td>47,130,700</td>
<td>1.23</td>
</tr>
<tr>
<td>13100</td>
<td>CO - GENERALLY</td>
<td>RPTL 406(1)</td>
<td>179</td>
<td>207,833,800</td>
<td>5.41</td>
</tr>
<tr>
<td>13500</td>
<td>TOWN - GENERALLY</td>
<td>RPTL 406(1)</td>
<td>266</td>
<td>23,427,500</td>
<td>0.61</td>
</tr>
<tr>
<td>13800</td>
<td>SCHOOL DISTRICT</td>
<td>RPTL 408</td>
<td>15</td>
<td>126,725,000</td>
<td>3.30</td>
</tr>
<tr>
<td>13870</td>
<td>SPEC DIST USED FOR PURPOSE ES</td>
<td>RPTL 410</td>
<td>14</td>
<td>5,774,500</td>
<td>0.15</td>
</tr>
<tr>
<td>18020</td>
<td>MUNICIPAL INDUSTRIAL DEV AGENC</td>
<td>RPTL 412-a</td>
<td>4</td>
<td>9,730,900</td>
<td>0.25</td>
</tr>
<tr>
<td>18180</td>
<td>UDC OWNED NON-HOUSING PROJE</td>
<td>MC K UCON L 6272</td>
<td>1</td>
<td>8,940,000</td>
<td>0.23</td>
</tr>
<tr>
<td>21600</td>
<td>RES OF CLERGY - RELIG CORP OWN</td>
<td>RPTL 462</td>
<td>4</td>
<td>777,900</td>
<td>0.02</td>
</tr>
<tr>
<td>25110</td>
<td>NONPROF CORP - RELIG(CONST PR)</td>
<td>RPTL 420-a</td>
<td>36</td>
<td>93,485,000</td>
<td>2.43</td>
</tr>
<tr>
<td>25120</td>
<td>NONPROF CORP - EDUCL(CONST PR)</td>
<td>RPTL 420-a</td>
<td>11</td>
<td>65,377,650</td>
<td>1.70</td>
</tr>
<tr>
<td>25210</td>
<td>NONPROF CORP - HOSPITAL</td>
<td>RPTL 420-a</td>
<td>16</td>
<td>15,901,800</td>
<td>0.41</td>
</tr>
<tr>
<td>25230</td>
<td>NONPROF CORP - MORAL/MENTAL IN</td>
<td>RPTL 420-a</td>
<td>17</td>
<td>7,468,400</td>
<td>0.19</td>
</tr>
<tr>
<td>25300</td>
<td>NONPROF CORP - SPECIFIED USES</td>
<td>RPTL 420-b</td>
<td>22</td>
<td>129,724,849</td>
<td>3.37</td>
</tr>
<tr>
<td>25500</td>
<td>NONPROF MED, DENTAL, HOSP SVC</td>
<td>RPTL 486</td>
<td>4</td>
<td>2,848,800</td>
<td>0.07</td>
</tr>
<tr>
<td>25600</td>
<td>NONPROFIT HEALTH MAINTENANCE</td>
<td>RPTL 486-a</td>
<td>1</td>
<td>484,200</td>
<td>0.01</td>
</tr>
<tr>
<td>26250</td>
<td>HISTORICAL SOCIETY</td>
<td>RPTL 444</td>
<td>1</td>
<td>383,100</td>
<td>0.01</td>
</tr>
<tr>
<td>26400</td>
<td>INC VOLUNTEER FIRE CO OR DEPT</td>
<td>RPTL 464(2)</td>
<td>2</td>
<td>293,900</td>
<td>0.01</td>
</tr>
<tr>
<td>28110</td>
<td>NOT-FOR-PROFIT HOUSING COMPANY</td>
<td>RPTL 422</td>
<td>1</td>
<td>594,500</td>
<td>0.02</td>
</tr>
<tr>
<td>28520</td>
<td>NOT-FOR-PROFIT NURSING HOME OR</td>
<td>RPTL 422</td>
<td>1</td>
<td>11,159,700</td>
<td>0.29</td>
</tr>
<tr>
<td>41001</td>
<td>VETERANS EXEMPTION INCR/DECR</td>
<td>RPTL 458(5)</td>
<td>84</td>
<td>5,932,923</td>
<td>0.15</td>
</tr>
<tr>
<td>41121</td>
<td>ALT VET EX-WAR PERIOD-NON-COM</td>
<td>RPTL 458-a</td>
<td>339</td>
<td>5,948,955</td>
<td>0.15</td>
</tr>
<tr>
<td>41131</td>
<td>ALT VET EX-WAR PERIOD-COMBAT</td>
<td>RPTL 458-a</td>
<td>229</td>
<td>6,660,925</td>
<td>0.17</td>
</tr>
<tr>
<td>41141</td>
<td>ALT VET EX-WAR PERIOD-DISABILI</td>
<td>RPTL 458-a</td>
<td>93</td>
<td>3,547,340</td>
<td>0.09</td>
</tr>
<tr>
<td>41151</td>
<td>COLD WAR VETERANS (10%)</td>
<td>RPTL 458-b</td>
<td>37</td>
<td>293,060</td>
<td>0.01</td>
</tr>
<tr>
<td>41171</td>
<td>COLD WAR VETERANS (DISABLED)</td>
<td>RPTL 458-b</td>
<td>2</td>
<td>29,440</td>
<td>0.00</td>
</tr>
<tr>
<td>41400</td>
<td>CLERGY</td>
<td>RPTL 460</td>
<td>18</td>
<td>27,000</td>
<td>0.00</td>
</tr>
<tr>
<td>41700</td>
<td>AGRICULTURAL BUILDING</td>
<td>RPTL 483</td>
<td>1</td>
<td>60,000</td>
<td>0.00</td>
</tr>
<tr>
<td>Exemption Code</td>
<td>Exemption Name</td>
<td>Statutory Authority</td>
<td>Number of Exemptions</td>
<td>Total Equalized Value of Exemptions</td>
<td>Percent of Value Exempted</td>
</tr>
<tr>
<td>---------------</td>
<td>----------------------------------------</td>
<td>---------------------</td>
<td>----------------------</td>
<td>-------------------------------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>41720</td>
<td>AGRICULTURAL DISTRICT</td>
<td>AG-MKTS L 305</td>
<td>1</td>
<td>182,268</td>
<td>0.00</td>
</tr>
<tr>
<td>41800</td>
<td>PERSONS AGE 65 OR OVER</td>
<td>RPTL 467</td>
<td>178</td>
<td>10,716,064</td>
<td>0.28</td>
</tr>
<tr>
<td>41930</td>
<td>DISABILITIES AND LIMITED INCOME</td>
<td>RPTL 459-c</td>
<td>18</td>
<td>1,273,070</td>
<td>0.03</td>
</tr>
<tr>
<td>41963</td>
<td>HISTORIC PROPERTY</td>
<td>RPTL 444-a</td>
<td>2</td>
<td>65,000</td>
<td>0.00</td>
</tr>
<tr>
<td>47100</td>
<td>Mass Telecomm Ceiling</td>
<td>RPTL S499-qqqq</td>
<td>5</td>
<td>3,840,542</td>
<td>0.10</td>
</tr>
<tr>
<td>47200</td>
<td>RAILROAD - PARTIALLY EXEMPT</td>
<td>RPTL 489-d&amp;dd</td>
<td>6</td>
<td>3,851,527</td>
<td>0.10</td>
</tr>
</tbody>
</table>

Total Exemptions Exclusive of System Exemptions:
- 1,603
- 800,490,313
- 20.83%

Total System Exemptions:
- 0
- 0
- 0.00%

Totals:
- 1,603
- 800,490,313
- 20.83%

Values have been equalized using the Uniform Percentage of Value. The Exempt amounts do not take into consideration, payments in lieu of taxes or other payments for municipal services.

Amount, if any, attributable to payments in lieu of taxes: $503,825

PILOTS SUMMARY

- Industrial Development (COMIDA) $39,180
- County Owned $71,334
- Non-Profit Charitable, Mental HCP $4,322
- Non-Profit Community Services $342,027
- Non-Profit Nursing Homes $43,300