

Considerations for a Consolidated Batavia – Town or City?

The Center for Governmental Research’s review of the advantages of having a consolidated Batavia be a town or city are summarized below. The summary is based on CGR’s review of information published by New York State¹, our analysis of revenue and cost differences and discussions with the joint City/Town Study Committee.

Overview

Towns are independent municipal corporations, but are subject to the requirements of Town Law, set forth by the State Legislature. Town Law clearly sets forth specific limits and guidelines for how town government can be organized and administered.

Cities are independent municipal corporations governed primarily by the Municipal Home Rule Law enacted by the State Legislature in 1963. Each city is independently created by the State Legislature, and is governed by the independent city charter granted by the State Legislature. A city’s charter forms the legal basis for the operation of the city, along with city codes and local laws. As such, there is substantial flexibility for each city to determine the guidelines for how it is organized and administered.

Chapter VI, City Government, and Chapter VII, Town Government, from the Local Government Handbook (<http://www.dos.state.ny.us/lgss/pdfs/Handbook.pdf>) provide a useful comparison of the differences between city and town structures and requirements.

Comparison

The following table presents, in abbreviated form, a comparison of the relative advantages for each of these two forms of government, broken down by: Governance Structure, Revenue Considerations, Cost Considerations and Other Considerations.

Governance Structure

CITY	TOWN	MEASURABLE IMPACT
1. Size of governing body completely flexible - set by charter.	1. If consolidated as a town, Batavia would be a First Class town. Number of Council members set at 4 or 6.	
2. Top elected leader type can be set by charter, e.g. strong mayor, weak mayor, etc.	2. Supervisor with duties set by Town Law.	
3. Manager form of government can be set by charter.	3. Town may appoint a Town Manager.	
	4. Other elected officials: Town Justice(s), Town Highway Supervisor and Town Clerk (the latter two can be appointed as	

approved by referendum)

Revenue Considerations

CITY	TOWN	MEASURABLE IMPACT
1. State Aid - Per Capita - Much more generous State formula. Actual in 2008: \$1,585,680	1. State Aid - Per Capita - Actual in 2008: \$31,957.	Clear and large benefit as a City, hard to assess impact if a town.
2. State AIM Consolidation Incentive - same if town or city. Estimated \$790,000 for the consolidated entity.	2. State AIM Consolidation Incentive - same if town or city. Estimated \$790,000 for the consolidated entity.	State AIM Consolidation Incentive would go to the new entity regardless of whether city or town.
3. Gross Utilities Receipts Tax - cities can impose. 2009 estimated revenue for City: \$285,000.	3. Towns cannot impose a Gross Utilities Receipts Tax.	Estimated additional \$50,000 + GURT if assessed as a city.
4. Court Fines/Fees. Cities receive all V&T violation revenues. City receives rental revenue from State Judicial System for city court.	4. Towns receive a portion of Vehicle & Traffic violation revenues, but keep town fines.	Estimated range of loss = \$10,000 - \$20,000 annually if Town court becomes City court.
5. Sales Tax. Cities have pre-emption authority in counties that collect sales tax. New agreement with County runs through 2018, at which time City could pre-empt.	5. Towns cannot pre-empt, are subject to County discretion as to sales tax distribution.	Estimate of potential impact awaiting results of 2007 Census data, however, with growth of retail in the Town as an increasing percentage of County total, assume city pre-emption is a benefit.
6. CHIPS/Highway Funds. Cities subject to a larger percentage of total CHIPS funding, allocated by number of lane miles.	6. Towns receive CHIPS funding based on slightly different allocation formula.	In Consolidation - both entities held harmless at current levels. Future amounts might change depending on city or town formula.
7. Cities are authorized to levy a tax of up to 3% on restaurant, hotel and amusement receipts. City of Batavia currently does not do this.	7. Towns do not have this authority.	Potential size unknown, but a potential source of revenue. However, this would be a new tax.

Cost Considerations

CITY	TOWN	MEASURABLE IMPACT
<p>1. Court system - city courts are run by the State Judicial System. No personnel costs to the city. City receives court rental revenues.</p>	<p>1. Towns responsible for paying for costs of the town courts. Town budgeted cost in 2009 - \$104,000.</p>	<p>Large impact. If consolidated entity becomes a city, assume savings of \$104,000. If it becomes a town, the state would no longer reimburse the city for personnel expenses (\$421,000 in 2009-10) and non-personnel expenses (\$31,500 in 2009-10). In addition, the County would no longer receive reimbursement from the state for maintaining and operating the city court in the County Courthouse (\$61,233 in 2009-10) and would no longer reimburse the County for security costs (\$162,900 in 2009-10). Estimated total of impact exceeds \$675,000.</p>
<p>2. Fire services - cities run their own fire departments and tax for them as a general city expense - a component of the tax levy.</p>	<p>2. Towns cannot run fire departments. They contract for delivery of fire service through a fire protection district (cost added to town tax levy), or have services provided by a fire district (separate on tax bill).</p>	<p>No immediate cost impact on consolidated entity as the three fire service providers would continue as is until a longer term shared services plan is developed.</p>
<p>3. Employee Costs and Benefits - the city has higher union scale wages (\$1.00 - \$8.00) more per hour. Health care coverage benefits and time-off vary by contract.</p>	<p>3. Town benefits not quite comparable to city's.</p>	<p>There are minor benefits differences. CGR has developed an estimate for the financial impact of normalizing benefits in a single entity – approximately \$72,000.</p>

Other Considerations

CITY	TOWN	MEASURABLE IMPACT
<p>1. Cities are subject to state's constitutional debt limits. Cities outside NYC can levy an amount equal to no more than 2% of the five-year rolling average full valuation of taxable property in the city (with some exemptions for debt service and certain other things).</p>	<p>1. Town is not subject to constitutional debt limits.</p>	<p>Hard to assess any impact of this in concrete terms, but City currently well below its limit.</p>

ⁱ New York State Department of State Local Government Handbook, 5th Edition; 21st Century Local Government, Report of the New York State Commission on Local Government Efficiency & Competitiveness, 2008 and supporting material; relevant sections of Town Law.