

**Presentation by the Study Committee
to the 12/15/11 Public Forum**

Options for the Future for the Village of Painted
Post and the Town of Erwin:
Report to the Community

Study Committee Members

▶ **Committee members and affiliation:**

- ▶ Philip Roche – Committee Chair and Town resident
- ▶ Pat Alderson – Village resident
- ▶ Bill Hallinan – Village resident
- ▶ Michael McCaig – Village resident
- ▶ Joseph Reilly – Town planning board and Town resident
- ▶ Bill Scheidweiler – Deputy mayor and Village resident
- ▶ Charles Stebbins – Village resident
- ▶ Wes Strzegowski – Town boards and Town resident
- ▶ Bill Wood – Village resident
- ▶ *Ad hoc members: Mayor Roz Crozier, Supervisor Dave Erwin, Chelsea Robertson (Southern Tier Regional Planning)*

Tonight's Agenda

- ▶ Review of Study Objectives
- ▶ Process/Timeline Dates
- ▶ Review of 10/27 Public Forum Highlights
- ▶ Answers to Questions Raised since the 10/27 Public Forum
- ▶ Next Steps
- ▶ Project website is <http://www.cgr.org/paintedpost/>

Overall Study Objectives

1. Develop a report that gives options for addressing the serious fiscal challenges facing the Village
2. In particular, identify opportunities for cost savings and improved service between the Village and Town
3. Consider all options:
 - ▶ Shared services
 - ▶ Consolidation of certain functions
 - ▶ Full consolidation of the Village and Town if the Village were to dissolve

Key Process/Timeline Dates (1)

- ▶ January 2011 – Project Started
 - ▶ October 20, 2011 – Joint Boards presentation of draft Report
 - ▶ October 27, 2011 – First Public Presentation of draft Report
 - ▶ December 15, 2011 - Second Public Presentation of draft Report
 - ▶ By end of December 2011 – Deliver Final Report the Boards

 - ▶ IMPORTANT – THIS IS ONLY FIRST STEP of 3 STEPS – see next slide
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Key Process/Timeline Dates (2)

- ▶ Important Steps for Moving Forward
 - ▶ Completing this report is only the first step
 - ▶ **Step 1** – deliver this completed report to the Boards
 - ▶ **Step 2** – the Boards have to decide whether or not to take any actions
 - ▶ Both the Village and Town Boards will have to vote on any shared services or consolidation of functions
 - ▶ The Village Board would have to approve proceeding with a dissolution vote unless it received a valid petition
 - ▶ **Step 3** – The Village cannot dissolve unless a majority of Village voters approve the dissolution at a referendum
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Options Decisions – Overview (1)

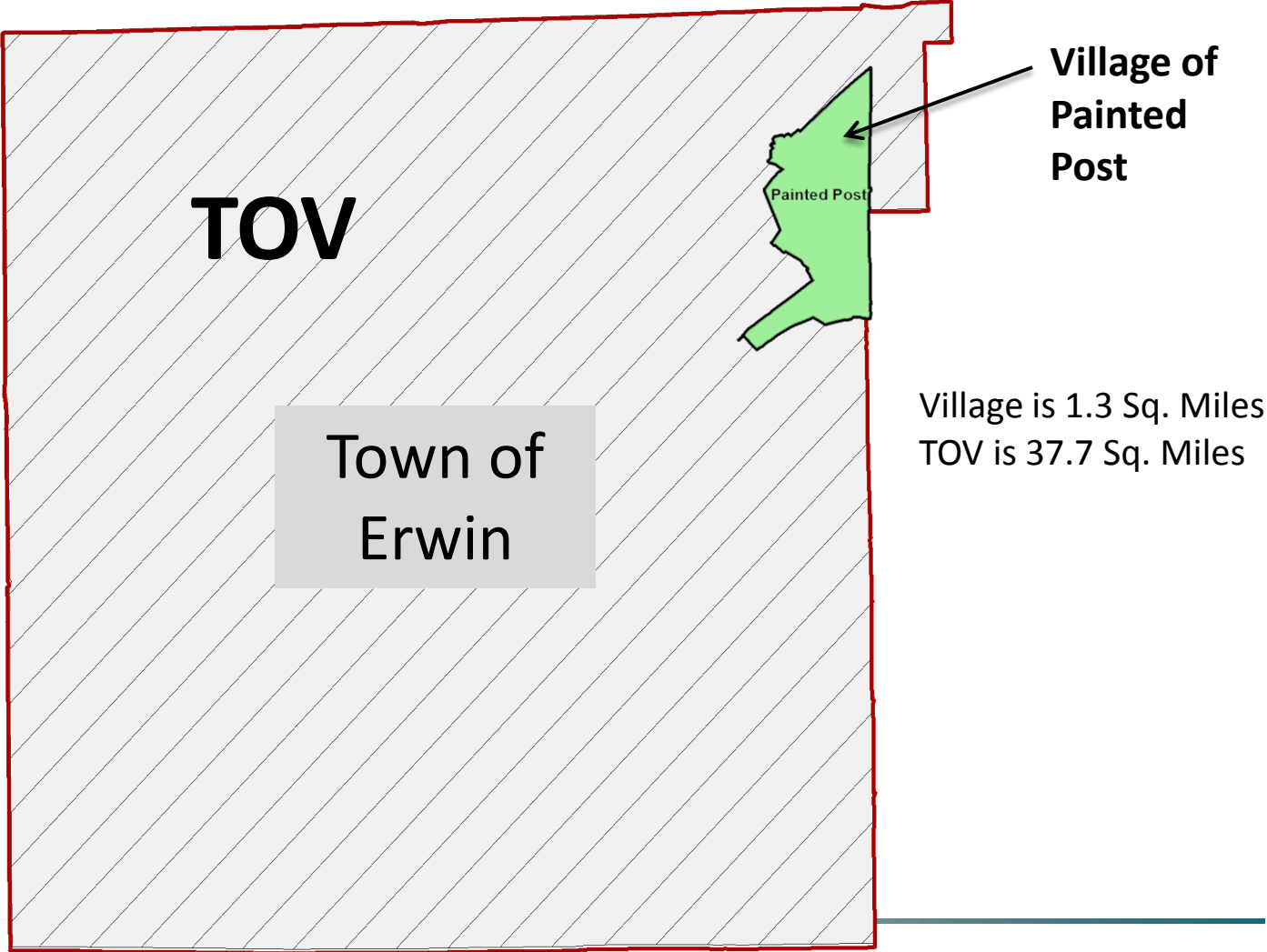
- ▶ There were a handful of major option decisions the Committee had to address
- ▶ The choice of options depends on the strategy used:
 - ▶ shared services approach or the
 - ▶ functional consolidation approach or the
 - ▶ full consolidation through dissolution approach

Options Decisions – Overview (2)

- ▶ Key differences between the approaches:
 - ▶ ***Shared services***: both governments perform a function but share people, facilities and/or equipment. Example – DPW sharing equipment and personnel. Two governments, two sets of employees.
 - ▶ ***Functional consolidation***: One government provides the services for both. Example – Village DPW operations consolidated into the Town. Two governments but one set of employees and equipment.
 - ▶ ***Full consolidation***: Would occur if the Village dissolves – i.e. there would be one government instead of two. One government and one set of employees and equipment.

Summary of
Committee Findings and
Recommendations –
Abbreviated from 10/27/11 Public
Presentation

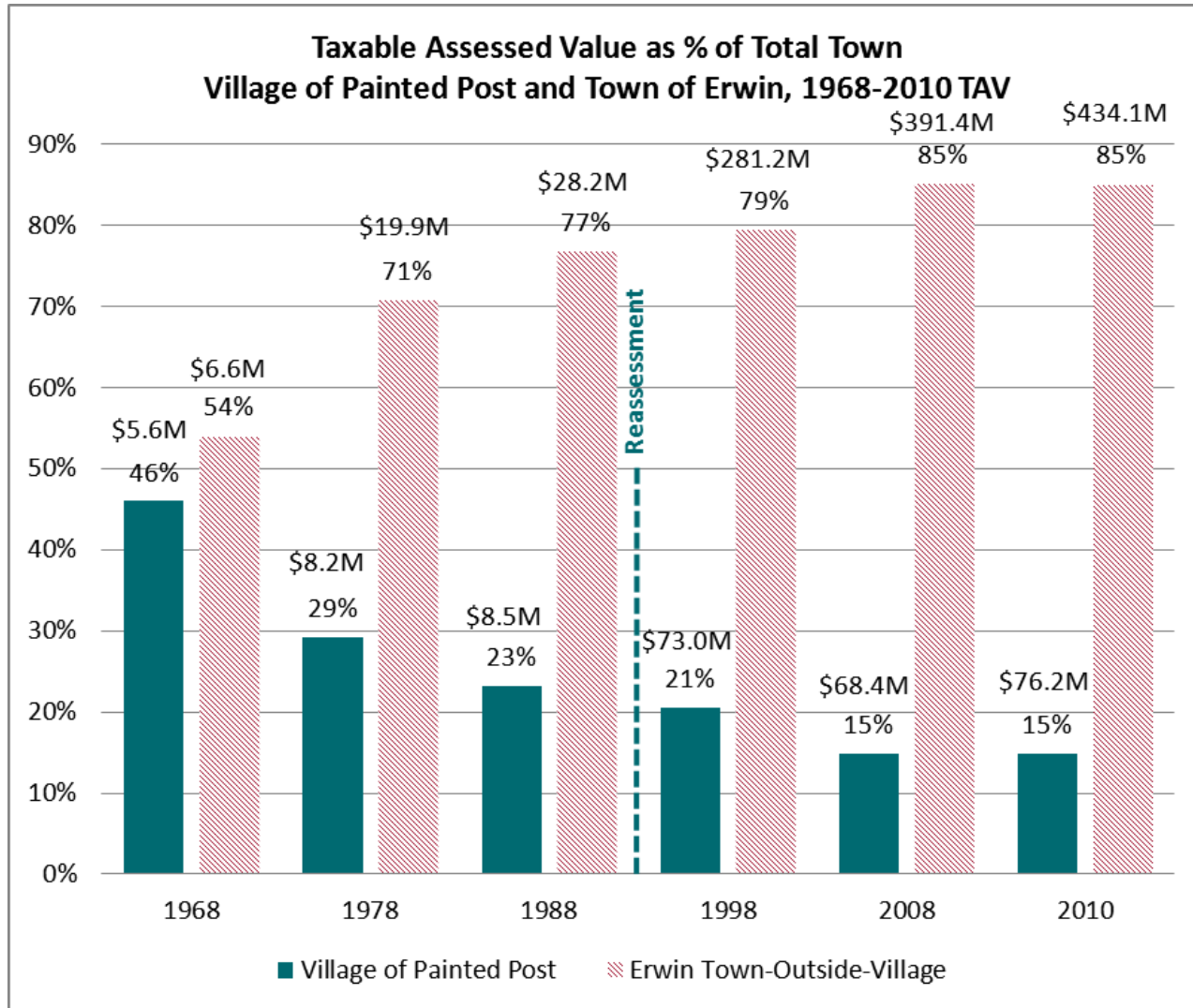
The Town, the Village and the Town-Outside-Village (TOV)



Fundamental Fiscal Imbalance in the Village

- ▶ Painted Post shares many of the same problems with other villages across the state
 - ▶ Increasing Costs
 - ▶ Increasing mandated costs: pensions, water quality, etc.
 - ▶ Increasing operational expenses: fuel, insurance, etc.
 - ▶ Deferred infrastructure costs: water system, fire vehicles, etc.
 - ▶ Flat tax base not likely to grow at same rate as costs
 - ▶ Lack of new construction
 - ▶ High % of tax-exempt property
 - ▶ Landlocked boundaries
 - ▶ The Village is essentially built-out
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Taxable Assessed Value History



Where Savings Can Be Found

- ▶ Direct immediate cost reductions:
 - ▶ Eliminate costs of Village Board
 - ▶ Consolidate Administrative functions
 - ▶ Consolidate DPW/Water/Sewer functions
- ▶ Longer term capital cost savings:
 - ▶ Eliminate equipment duplication
 - ▶ Integrate water and sewer systems
- ▶ Additional new revenues – State consolidation incentive funding (Citizens Empowerment Tax Credit – CETC) if Village dissolves

Other Important Considerations

- ▶ Village facing at least \$3 - \$4 million in water infrastructure costs
- ▶ No change on Village fire services – would become a separate fire district if Village dissolves
- ▶ Potential no change in Village police services – assumes continuation of existing Village police department services funded by a separate police district charge:
 - ▶ Could be a district of just the former Village, or
 - ▶ Could be expanded district into a portion of the Town
- ▶ Baseline plan projects minimal impact on current Village services. To meet future budget constraints, services might be changed.

Potential Sale of Water

- ▶ Committee cautions against using potential water revenue as a long term solution – the fundamental imbalance of costs to property tax base will continue
- ▶ Sale of water not yet a reality
- ▶ Duration and amount of sales unknown
- ▶ If/when water revenues are received Committee recommends they be used for water infrastructure improvements (current estimated need \$3-\$4 million)

Moving Forward (1)

- ▶ Village and Town Boards could immediately initiate agreements for key **functional** consolidation:
 - ▶ Administrative functions
 - ▶ DPW/Highway/Water/Sewer
 - ▶ If Village were to pursue **full** consolidation of the two governments:
 - ▶ Village Board could develop a complete dissolution plan to put before the Village voters
 - ▶ Basics of a dissolution plan, including financial and tax rate impacts, are provided in this report
 - ▶ As a more complex alternative, the Village and Town Boards could develop a consolidation plan to be voted by both Village and Town voters
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Moving Forward (2)

- ▶ Fiscal Impacts if the Village were to dissolve:
 - ▶ **Full Consolidation** model assumes the Village dissolves
 - ▶ All current Village general fund costs would either:
 - ▶ go to the **Town** (i.e. become part of the Town tax bill), or
 - ▶ be kept as a **special district tax** on the **former village**
 - ▶ All current Village general fund revenues would go to the Town **except** for loss of the Utilities Gross Receipts Tax
 - ▶ The Town would be eligible for \$565,000 ***on-going annual*** CETC grant (Citizens Empowerment Tax Credit) from the state. ***New money*** subject to annual state budget appropriation

Summary of Expense and Revenue Changes

Summary of Expense and Revenue Changes	
Description	Amount
Elimination of Village Board and related expenses	\$ (5,175)
Elimination of NYCOM Dues	\$ (1,200)
Administration Cost Reduction	\$ (74,000)
DPW Cost Reduction	\$ (154,000)
Total Expense Reduction	\$ (234,375)
Loss of Gross Utilities Receipt Tax revenue	\$ 15,000
TOTAL Net Property Tax Increase or (Decrease)	\$ (219,375)
Additional Revenue - CETC Incentive from NYS	\$ (565,069)
TOTAL GROSS PROPERTY TAX Increase or (Decrease)	\$ (784,444)

Note: The loss of GURT is a tax reduction to Village utility customers but negatively affects property tax calculations. The CETC revenue will be used to further reduce the property taxes. For that reason, it is shown as a negative number in this chart.

Full Consolidation/Dissolution Tax Rate Impact

Full Consolidation/Dissolution Tax Rate Impact Summary		
Current 2011 Tax Rates		
	Village	TOV
Townwide	\$2.78	\$2.78
TOV	-	\$2.60
Village	\$17.74	-
Total	\$20.52	5.38*
Projected Tax Rates after Dissolution		
Townwide	\$6.09	\$6.09
Former Village Debt District	\$0.56	-
New Fire District in Former Village	\$1.30	-
Police District in Former Village	\$4.32	-
Street Lighting District in former Village	\$1.08	
Total	\$13.35	\$6.09*
Impact of additional cost savings to Offset TOV tax increase**	\$12.64	5.38*
Impact of CETC	\$1.11	\$1.11
TOTAL Tax Rate including application of CETC	\$11.53	\$4.27*

*Current and projected TOV tax rates shown here do not include applicable fire district or special district taxes.

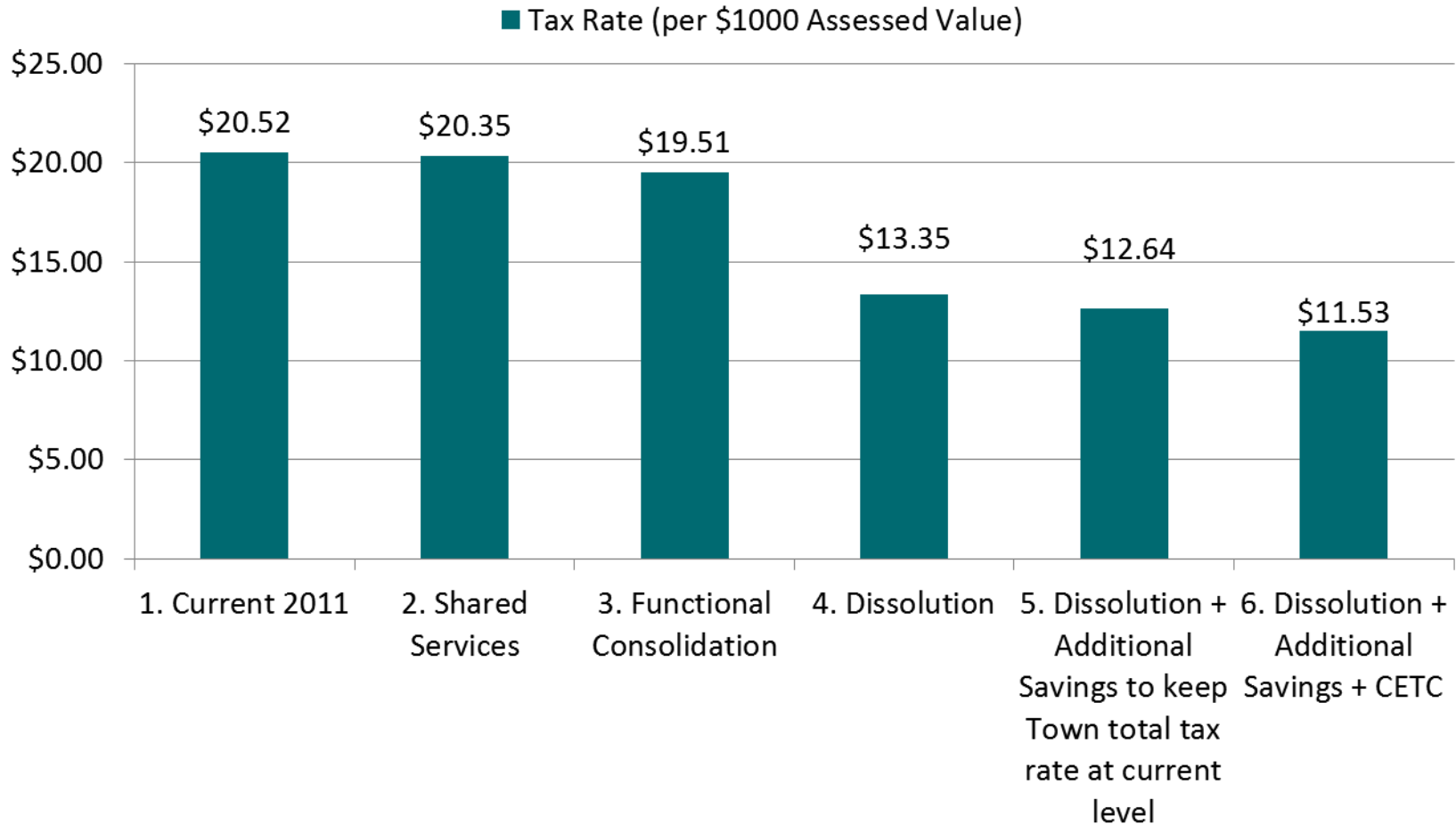
**Additional cost reductions of \$363,700 would be necessary to offset the projected TOV tax rate increase.

Impact of Options on Village Tax Rate (1)

Impact of Options on Village Tax Rate	
Option	Tax Rate (per \$1000 Assessed Value)
1. Current 2011	\$20.52
2. Shared Services	\$20.35
3. Functional Consolidation	\$19.51
4. Dissolution	\$13.35
5. Dissolution + Additional Savings to keep Town total tax rate at current level	\$12.64
6. Dissolution + Additional Savings + CETC	\$11.53

Impact of Options on Village Tax Rate (2)

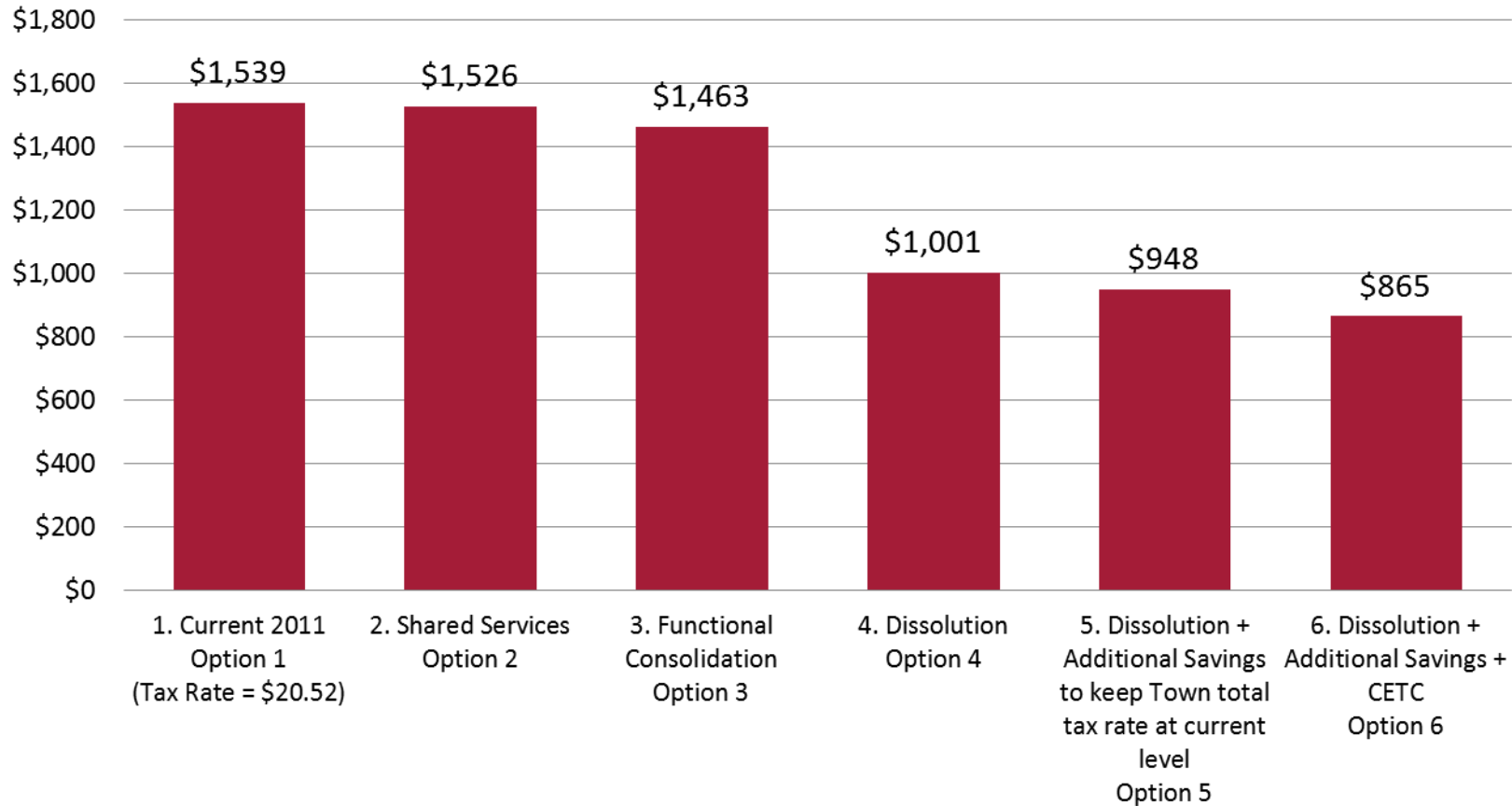
Impact of Options on Village Tax Rate



Impact on Property Taxes for \$75,000 Property

Impact of Options on Village Property Taxes

■ Property Tax for Village Property with TAV of \$75,000



Additional Benefits for the Community

- ▶ Cost increases spread over a larger tax base (whole Town)
- ▶ Greater operational efficiencies (e.g. no more lifting Town plow when it goes through the Village)
- ▶ Greater purchasing power (combined volumes and reduced duplication through standardization – e.g. software systems, equipment, etc.)
- ▶ Integrated town-wide planning and economic development approach to regional problems and opportunities (such as water sales)
- ▶ Planned approach to consolidation as a long term objective will foster a smooth transition process

Answers to Questions
Raised at the 10/27 Public Forum
or Submitted Since Then

Q & A (1)

Q. Will the name Painted Post continue if the Village dissolves?

A. Yes.

- ▶ Painted Post is its own Zip Code. Won't change unless the Postal Service changes it
- ▶ Can be a hamlet called Painted Post just like Gang Mills and Coopers Plains
- ▶ Signs can say "Painted Post" or "Welcome to Painted Post"

Q & A (2)

Q. Who gets to vote?

A. For Village Dissolution:

- ▶ First, Village Board has to vote to put the dissolution referendum to a public vote
- ▶ Second – only voters officially registered by the Board of Elections as village voters can vote on the Village dissolution. Voters who live outside the Village but in the Town of Erwin are not eligible to vote on the Village dissolution

For shared services or functional consolidation:

- ▶ The Village and Town Boards are responsible for voting to share services or consolidate functions. These actions are not voted on by the general public

Q & A (3)

Q. When would a Village dissolution vote happen?

A. As of right now, no vote has even been called for. The next steps are:

- ▶ First, the Village Board has to decide what recommendations of the report to pursue
- ▶ Second, the Village Board would have to decide if it wants to put dissolution up for a vote. Alternatively, it would have to proceed if the Village Board is served with a valid petition to call for a village dissolution vote

If the Board does call for a dissolution vote, it then has to determine the date of the vote. Typically, the vote will be on a regular village or local, state or national election day.

Q & A (4)

Q. Do Town voters get to vote as to whether or not to expand the Police District into the Town?

A. Yes. The Village Police District could not expand into the town unless voters in the expanded district vote to accept the district. This is because the costs of the additional police services would become a district tax

- ▶ Special state legislation will be needed to create the police district
- ▶ The state legislation would determine who would vote on creation of the district – the options are property owners (similar to water districts) or registered voters (similar to a dissolution or general election vote)

Q & A (5)

Q. What happens if the state cannot afford to pay extra the consolidation incentive (CETC)?

A. In order to address this question, financial projections are made both with and without the CETC

- ▶ The tax rate projection tables in the report clearly show the savings to taxpayers even if there is no CETC
- ▶ CETC is subject to annual appropriations in the state budget like all other state funding to villages and towns
- ▶ Top state leaders pushed for consolidation of local governments and provided incentive funding in state budgets since 2007. In 2011, the highest amount ever was budgeted for incentive funding despite the serious state fiscal crisis.

Q & A (6)

Q. What happens to Village taxes if property values grow – won't that solve our property tax problem?

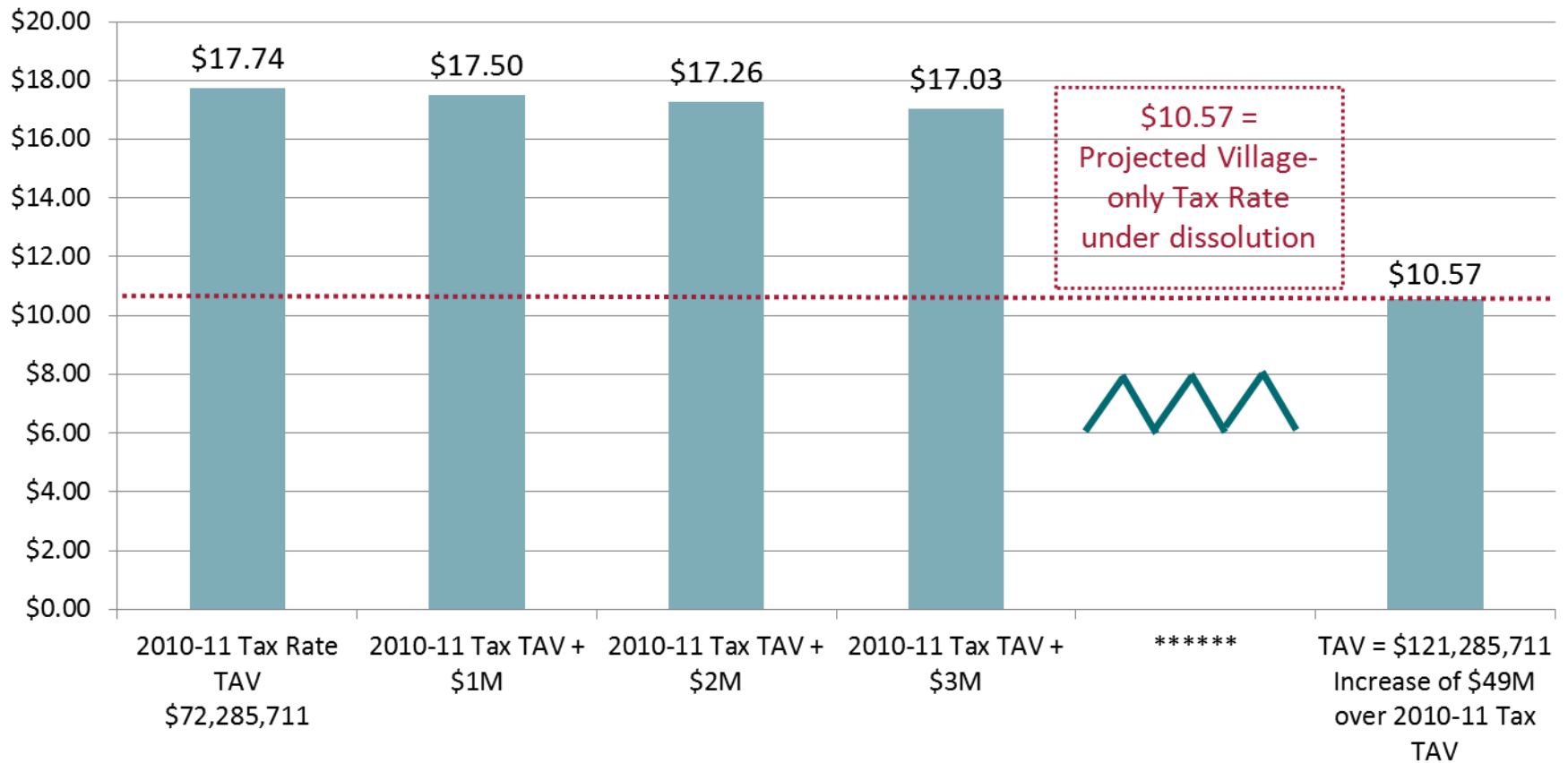
A. Growing taxable property values will help, but proportionally not as much as the recommendations in the report

- ▶ For each \$1 million in growth of taxable assessed value, taxes would be reduced about 24 cents per \$1,000 initially (declines over time as the TAV increases if the tax levy is held steady at the 2010/11 figure)
 - ▶ At a minimum, the study estimates that tax rates would be reduced by \$7.17 if the Village dissolves
 - ▶ Taxable property would have to grow by \$49 million (an increase of 67% of the TAV used to calculate the 2010/11 tax rate) in order to produce the same tax savings as Village dissolution (see next graph)
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Impact of Growth of Property Value in Village

Impact of Increasing TAV on Village Tax Rate

■ Tax Rate for Village (not including the townwide tax rate)



Q & A (7)

Q. How much will my taxes go up to make the water system improvements described in the report?

A. The amounts vary greatly depending on many variables:

- ▶ The actual cost. Projections now are \$3-\$4 million
- ▶ If the Village can get grants or low interest loans
- ▶ Taking conservative assumptions:
 - ▶ The Village has to borrow \$3 million
 - ▶ The Village interest rate is 2% for 30 years
 - ▶ Under these assumptions, village properties would see an increase in costs of about \$2.10 per \$1,000 per year in Year 1, declining to \$1.32/\$1,000 by Year 30

Q & A (8)

Q. Could the sale of fracking water reduce or eliminate the cost of water system improvements to Village taxpayers?

A. Yes. However, the Committee strongly recommends against assuming fracking water revenues will be an ongoing source of revenues to offset village costs

- ▶ To offset debt costs from previous example, fracking revenues of \$160,000/year would fully offset the increased tax burden

Q & A (9)

Q. I understand the Village could use fracking water revenue to pay for any village expense, but the Town could not. True?

A. That is correct. If the Village dissolves, the former village will become a separate town water district.

- ▶ Under current state law, the Town cannot use excess water revenues to fund other Town general fund expenses
- ▶ The State legislature is currently considering relaxing this requirement.
- ▶ Villages can use excess water fund revenues to fund general fund expenses. However, the Committee points out that the Village has \$3-\$4 million in needed water improvements

Q & A (10)

Q. Will TOV taxpayers have to pay for the Village water improvements?

A. No. Village water improvements will be paid entirely by village water district users.

Q & A (11)

- Q.** If the Village starts selling water for fracking, and then dissolves, who benefits from the sale of water from the former Village water system?
- A.** There are a couple of possible alternatives, that depend on timing:
- ▶ If the Town and the Village take steps to set up an integrated water system through an IMA before any dissolution, then the distribution of fracking sales revenues should be negotiated and incorporated into the IMA. Since the Village has huge water system capital needs, it is reasonable to anticipate that fracking sales generated from the Village water system will be dedicated to the Village water system capital improvements

ANSWER CONTINUED ON NEXT PAGE

A. (Continued)

- ▶ If the Village dissolves, a Village water district would be created. The allocation of fracking sales revenue kept in the Village water district could be the same as was allocated to the Village under the IMA
- ▶ If the Village were to dissolve prior to an IMA creating a single integrated water system, fracking revenues generated by the water district would stay in the district. Note – under current Town law, Towns must treat district costs and revenues as separate and distinct funds that cannot be commingled with other Town operations, as discussed in Q & A # 9

Comments/ Questions/ Suggestions

Full documents and details available on the study website:
<http://cgr.org/painted post>

Village of Painted Post & Town of Erwin Study CGR
Exploring shared service & consolidation options

HOME ABOUT THE STUDY CALENDAR DOCUMENTS PRESS RELEASES FAQ

What's New
Last Updated 10-18-11

- [Oct. 27 Public Meeting Press Release](#)
- [Preliminary Findings Report 4-21-11](#)
- [Village & Town Budget Summary FY 2011](#)
- [Next Committee Meeting](#)

EMAIL STUDY TEAM SIGN UP FOR EMAIL ALERTS

ABOUT THE STUDY

The Study The Study Team Timetable