

**CGR**



## **Village of Port Henry Dissolution Study**

*Joint Boards Presentation – Nov. 12, 2009*

**Center for Governmental Research**

Charles Zettek, Jr., V.P. & Director of Government Management Services  
Vicki Brown, Associate Director  
Michael N'dolo, Camoin Associates

### **Purpose of Study**

---

- ▶ Inform Village residents about advantages & disadvantages of dissolution
  - ▶ Provide decision-making tool for residents to determine whether to dissolve Village government
  - ▶ Provide a dissolution plan that meets the requirements of state law
    - ▶ So Village residents can vote in March 2010 to accept or reject the plan
-

## Dissolution Study Steering Committee

---

- ▶ Village of Port Henry
  - ▶ Ernest Guerin, mayor
  - ▶ James Hughes, trustee
  - ▶ Walt Wojewodzic
  - ▶ Joseph Celotti
- ▶ Town of Moriah
  - ▶ Thomas Scozzafava, supervisor
  - ▶ Richard Carpenter, councilman
  - ▶ Charlie Bryant
  - ▶ John Boyea

## CGR's Role from September – December 2009

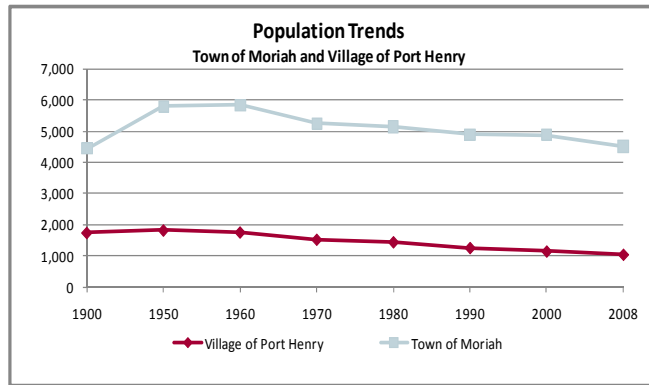
---

- ▶ Meetings with Committee
- ▶ Report on current services – “What Exists” report
- ▶ Identify alternatives to current structure – “Options” report
- ▶ Post key documents on website ([www.cgr.org/porthenry](http://www.cgr.org/porthenry)) & assist with public engagement
- ▶ Present at Nov. 12 (boards) & Nov. 19 (public) presentations
- ▶ Summarize community feedback
- ▶ Based upon Committee decisions on which options to include, draft plan of dissolution
- ▶ Assist Committee at public hearing on final report – Dec. 17

*Village Board takes remaining steps to March 2010 vote*

## What Exists – Overview (1)

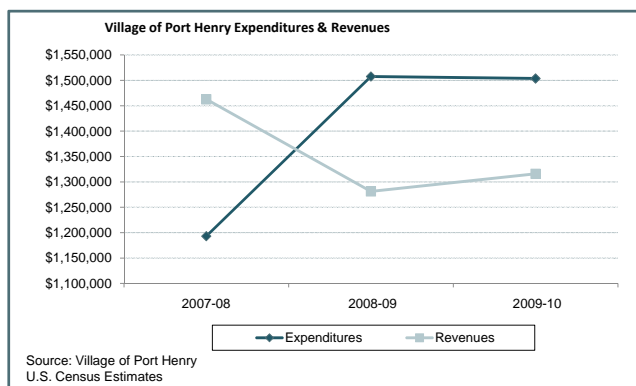
- ▶ Declining population in both Village & Town since at least 1960
- ▶ Village today = 1,050 (23% of Town)
- ▶ Town = 4,500



U.S. Census Estimates

## What Exists – Overview (2)

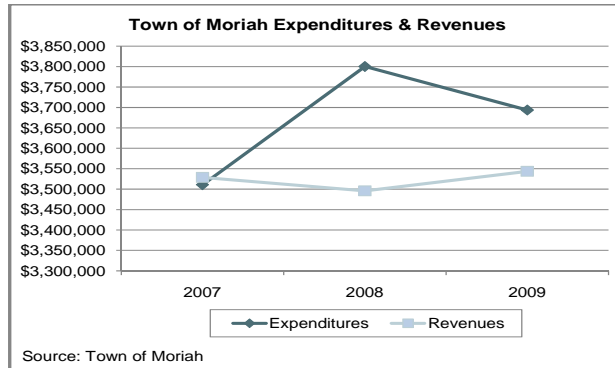
- ▶ VILLAGE - Current fiscal year budgeted revenues do not cover expenses
- ▶ Same situation for actual expenses in 2008-09



Source: Village of Port Henry  
U.S. Census Estimates

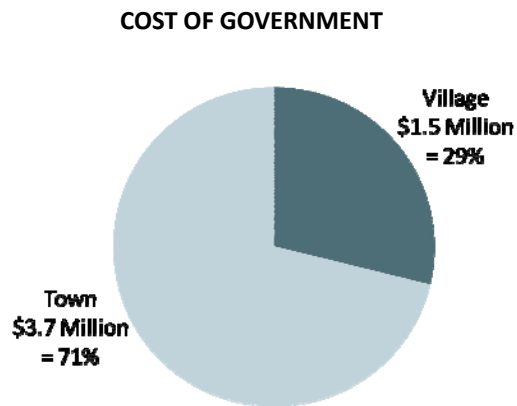
### What Exists – Overview (3)

- ▶ TOWN has more revenues & expenses than Village but similar trend line for current 2009 budget



### What Exists – Overview (4)

- ▶ Combined current budgets = \$5.2 million
- ▶ Of total, Town pays Village \$141,000 for joint sewer operations
- ▶ Village pays \$3,000 to Town for youth programs



## What Exists – Overview (5)

- ▶ Major Services Village Provides to Residents
  - ▶ General government (e.g., boards, clerk, treasurer)
  - ▶ Street maintenance/snow removal (6.5 center line miles)
  - ▶ Sidewalk repair & snow removal / street cleaning
  - ▶ Refuse pickup & recycling
  - ▶ Brush/weeds/tree trimming
  - ▶ Water (e.g., supply, filtration, maintenance of lines)
  - ▶ Sewer – maintenance of system in Village & operation of joint Village/Town treatment plant
  - ▶ Fire department (personnel in department are volunteers)
  - ▶ Code enforcement
  - ▶ Beach/campground (Champ RV Park)

9

CGR *Inform & Empower*

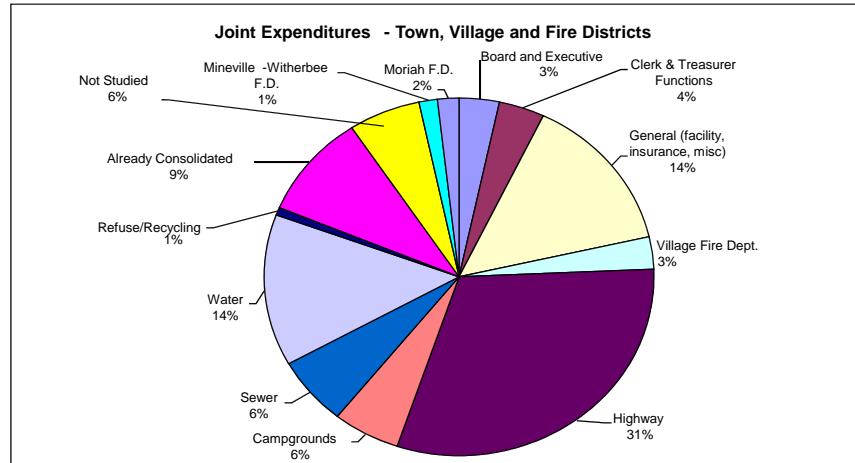
## What Exists – Overview (6)

- ▶ 56 employees in 2008 – (excluding elected boards)
  - ▶ Village – 9 full-time, 1 part-time, 5 seasonal
  - ▶ Town – 24 full-time, 11 part-time, 6 seasonal
  - ▶ 2009 positions cut: Town 1 full-time & Village 2 seasonal
- ▶ Combined employee/retiree benefits in 2008 = \$911,000
  - ▶ Plus unemployment compensation costs
- ▶ Village = 1.2 square miles
  - ▶ Town of Moriah = 65 square miles

10

CGR *Inform & Empower*

## What Exists – Overview (7)



## Options to be Reviewed

### 1. Shared Services

- ▶ Assumes Village does not dissolve

### 2. Dissolution of the Village

- ▶ Assumes services are shifted to the Town

## Shared Services – Identifying Options (1)

---

- ▶ **Question:** *Are there alternatives to current structure short of dissolving the Village?*
- ▶ **Answer:** Key services are already consolidated – police, assessor, court, wastewater treatment, animal control, many types of licenses
  - ▶ Plus, only Village has refuse pickup & recycling and sidewalk repair/snow removal & street cleaning – so shared services not applicable

## Shared Services – Identifying Options (2)

---

- ▶ **Water System Consolidation** - CGR identified as only functional area that might yield significant cost savings
  - ▶ **Question:** Would having only one water filtration plant & water system (instead of two) be fiscally prudent option for community to pursue?
  - ▶ **Answer:** Town/Village engineers estimate the cost to change to one system today is \$2.4 million
  - ▶ **Conclusion:** too costly to consider

## Village Dissolution – Study Team Assumptions

---

- ▶ **For services *already consolidated*** (per pie chart, slide 11)
  - ▶ Assumed no change in cost for services that have already been consolidated
  
- ▶ **For services *not studied*** (per pie chart, slide 11)
  - ▶ Assumed no change in cost for services provided by Town with no/little support from Village (e.g., transfer station, senior citizens and summer youth programs, support for Moriah ambulance)

## What Happens if the Village Dissolves?

---

- ▶ Village services are either:
  - ▶ Picked up by the Town
  - ▶ Dropped
  
- ▶ The way to think about this is to consider the Town as being a combined entity – what we call “New Town”



## Results in Projected “New Town” Expenditures

Projected "New Town" Expenditures			
	General	Highway	Total
Current Town	\$1,681,858	\$617,204	\$2,299,062
Current Town TOV (Town-outside-Village)	\$24,280	\$351,892	\$376,172
Sub-Total – Current Town & TOV	\$1,706,138	\$969,096	\$2,675,234
Current Village	\$464,101	\$312,230	\$776,331
Total – Current Town & Village	\$2,170,239	\$1,281,326	\$3,451,565

Nearly \$3.5 Million Total Excludes:

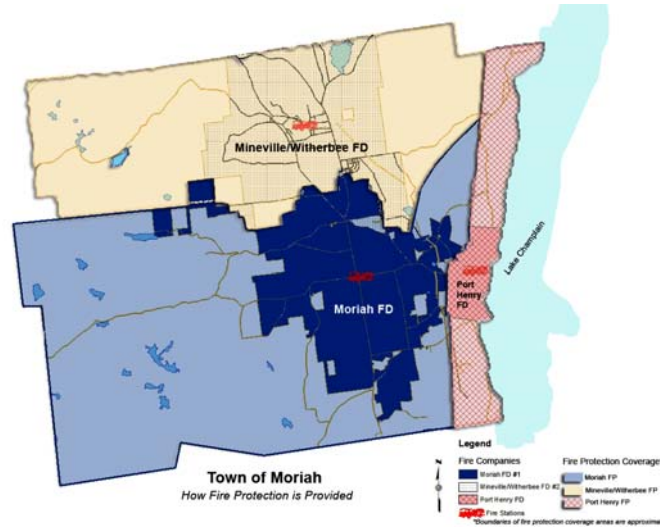
- 1) Water & sewer – billed as separate charges & no impact as result of dissolving Village
- 2) Town fire district or fire protection district charges – separate line on Town tax bill & no impact as result of dissolving Village

*Total expenditures (“New Town + excluded expenses) = \$5.2 million*

## 4 Ways to Impact “New Town” Expenditures

- ▶ **Efficiencies** – Due to reduced spending on personnel, equipment, insurance etc. as result of dissolution
- ▶ **Reductions in Services** – Elimination of a service now provided by the Village
- ▶ **Special Districts** – Services currently provided by the Village that either would or could continue in former Village but as special district expenses instead of general government expenses
- ▶ **Use of Village General Fund Balance** – How to use \$330,000 Village general fund balance to pay for Village debt and obligations

## An Issue to First Address – Fire Services



19

CGR Inform &amp; Empower

## Fire Service Options if the Village Dissolves (1)

- ▶ Under state law, Town could not have Town fire department – 4 options to consider
- 1. Village F.D. becomes independent fire company & Town contracts with company to serve Port Henry fire protection district. Authority to set taxes would rest with Town, which would own assets but lease them, for nominal fee, back to independent fire company.
  - ▶ Autonomy of the Port Henry F.D. would be maintained. The change from what exists is that F.D. would contract with the Town and annual revenues would be provided for an amount that is negotiated. Costs of contract would be levied against property owners in Port Henry fire protection district.

20

CGR Inform &amp; Empower

## Fire Service Options if the Village Dissolves (2)

### 2. A new fire district is created

- ▶ One alternative – Village becomes a fire district & district contracts with Town to provide services in the area currently covered by the Village F.D.
- ▶ Another alternative – Entire area currently covered by the Village F.D. (including fire protection area in the TOV) could become a new district
- ▶ One concern, this approach establishes a new layer of government, which runs contrary to the state's goal of reducing layers of government

## Fire Service Options if the Village Dissolves (3)

### 3. Moriah Fire District (the district closest to the Village) could expand to incorporate the area now served by the Port Henry F.D. This option is problematic because:

- ▶ Town Board action to expand this fire district could not occur prior to Village dissolution, since expansion cannot occur within an incorporated Village
- ▶ Town Board could not vote without first holding public hearing(s)
- ▶ Majority of Moriah fire district commissioners would have to consent in writing to the expansion

## Fire Service Options if the Village Dissolves (4)

4. Village F.D. dissolves and the Town contracts with either one or both of the existing fire districts (Moriah, Mineville-Witherbee) to provide fire services to the Port Henry fire protection district.
  - ▶ Assets of Village F.D. become Town assets, which could be leased to one or both fire districts for a nominal fee.

## Study Team Asked for 3 Different Scenarios

- ▶ **Scenario One** – “High” impact on New Town budget from proposed efficiencies, service reductions, creation of special districts, plus uses general fund balance
- ▶ **Scenario Two** – “Medium” impact due to fewer efficiencies, no service reductions, more special districts would be created, plus uses general fund balance
- ▶ **Scenario Three** – “Low” impact – due to least change
  - ▶ *Note: can “make choices” from different scenarios, but above approach provides the range of overall savings & taxpayer impact*

## Sum of the Savings – Depends on the Scenario

Summary of Year 1 Changes to the "New Town" Budget			
Scenario	1	2	3
Costs Moved To Special Districts	\$114,341	\$167,841	\$179,468
Efficiencies	\$153,669	\$89,569	\$41,464
Reduced Services	\$53,500	\$0	\$0
Use of Fund Balance	\$40,627	\$40,627	\$0
Decrease to "New Town" Budget	<b>\$362,137</b>	<b>\$298,037</b>	<b>\$220,932</b>

Cost savings to the New Town budget could range from a high of more than \$362,000 to a low of nearly \$221,000

## Impact on Fund Balances (1)

### *Water & Sewer – Same All Scenarios*

- ▶ Village Water, Sewer Fund Balances as of June 1, 2009
  - ▶ Water Fund Balance (\$78,000) – stays, along with Village water debt, with new water district created to encompass former Village
  - ▶ Sewer Fund Balance (\$103,000) – stays, along with Village sewer debt, with new sewer district encompassing former Village
  - ▶ Joint Sewer Fund Balance (\$88,000) – no change in how currently used to jointly benefit Village and Town residents

## Impact on Fund Balances (2)

### General Fund Balance

Village General Fund Balance = \$330,000 as of June 1, 2009

- ▶ Scenarios One & Two
  - ▶ Pay off debt remaining on dump truck (\$14,627)
  - ▶ All remaining balance used to pay ongoing obligations for Village retirees receiving health benefits (\$26,000 yearly would cover 12 years)
- ▶ Scenario Three
  - ▶ Fund balance part of special district – used as New Town designates
  - ▶ Debt service for dump truck & retiree liability gets put in debt service district (Cost = \$0.90 per \$1,000 assessed value for Village taxpayer)

27

CGR *Inform & Empower*

## Impact on Services

### Scenario One – “High Impact” (1)

- ▶ Service Reductions
  - ▶ Eliminate sidewalk repair/snow removal & street cleaning (\$28,000)
  - ▶ Eliminate refuse pickup & recycling (\$25,500)
- ▶ Efficiencies
  - ▶ \$65,000 – 1 FTE staff in DPW + sale of truck in combined fleet
  - ▶ \$31,964 – eliminate mayor, Village board, some related costs
  - ▶ \$47,105 – 1 FTE & 1 PT staff from combined Clerk/Treasurer offices
  - ▶ \$9,600 – operating costs saved if sell Village Hall

28

CGR *Inform & Empower*

## Scenario One – “High Impact” (2)

- ▶ Creation of Special Districts (in addition to water & sewer)
  - ▶ Street Lighting in Port Henry
    - ▶ Existing Village residents would have street lighting & would pay for the service (Cost = \$0.64 per \$1,000 assessed value)
  - ▶ Fire District or Fire Protection District for Port Henry
    - ▶ Town cannot, under state law, have a Town Fire Department, but are several options for providing services in Village
    - ▶ The long-term liability (currently \$291,000 outstanding) for new pumper purchased by Village in 2009 would transfer to the new district
    - ▶ Cost (fire district or fire protection district) = \$1.89 per \$1,000

## Scenario One – “High Impact” (3)

- ▶ Other Village Services Continue in Consolidated Government
  - ▶ That involve no efficiencies or creation of special districts. Key examples:
    - ▶ Code enforcement
    - ▶ Beach campground
    - ▶ Support for youth programs, library, and Labor Day celebrations (\$3,000 each) currently budgeted by the Village would become part of the consolidated government expense

## Scenario Two – “Medium Impact”

---

- ▶ Key Differences from High Impact Scenario
  - ▶ Maintain refuse/recycling in Port Henry – billed as special district charge to taxpayers in former Village
    - ▶ Cost = \$0.57 per \$1,000 assessed value
  - ▶ Maintain sidewalk/street cleaning services in Port Henry – billed as a special district charge
    - ▶ Cost = \$0.62 per \$1,000 assessed value
  - ▶ Only 1 staff reduction – 1 FTE in Clerk/Treasurer function
  - ▶ Keep existing Village Hall to use as Town court/police facility

## Scenario Three – “Low Impact”

---

- ▶ Key Differences from Medium-Impact Scenario
  - ▶ Only staff reduction is 1 PT clerk in existing Town
  - ▶ Cost of street lighting in Port Henry becomes a Townwide charge
    - ▶ Would mirror current Townwide allocation of costs for street lighting in the Town-outside-Village



## Cost Impact of Dissolution – 3 Things to Consider

- ▶ Savings to “New Town” budget – as noted, range from low of about \$221,000 to high of about \$362,000
- ▶ Impact on existing revenues
  - ▶ No existing revenues would be reduced or eliminated
- ▶ Additional Aid & Incentives to Municipalities
  - ▶ AIM = state unrestricted aid (Town & Village receive \$78,038)
  - ▶ Additional AIM is incentive for consolidating two governments = \$303,600 in Year 1
  - ▶ With future annual percentage increases from NYS based upon first year’s total AIM of \$381,638

33

CGR *Inform & Empower*

## Net Fiscal Change Due to Dissolution *Affects Tax Rate Across Entire Town*

- ▶ **Best case**
  - ▶ Changes to “New Town” budget total \$665,737
    - ▶ Assumes \$362,137 maximum savings
    - ▶ Plus, \$303,600 in new AIM revenue
  - ▶ “New Town” tax rate = \$8.95 per \$1,000 assessed value
- ▶ **Worst case**
  - ▶ Cost savings of \$220,931
    - ▶ Assumes minimum savings
    - ▶ Assumes no new AIM
  - ▶ “New Town” tax rate = \$11.35 per \$1,000 assessed value

34

CGR *Inform & Empower*

## What Does This Mean to Taxpayers in Village?

- ▶ Current combined Village & Town tax rate = \$16.02 per \$1,000 assessed value
- ▶ Best case after dissolution
  - ▶ \$11.49 per \$1,000 (*reduction of 28.3%*)
- ▶ Worst case after dissolution
  - ▶ \$15.32 per \$1,000 (*reduction of 4.3%*)
- ▶ For home assessed for \$100,000
  - ▶ Current tax bill = \$1,602
  - ▶ After dissolution range of reductions = \$453 to \$70

## What Does This Mean to Taxpayers in TOV?

- ▶ Current Town tax rate = \$8.98 per \$1,000 assessed value
  - ▶ Plus \$1.30 Moriah F.D. or \$1.10 Mineville-Witherbee F.D. or \$0.90 fire protection district – rates not impacted by dissolution
- ▶ Best case after dissolution
  - ▶ \$8.95 per \$1,000 (*reduction of 0.3%*)
- ▶ Worst case after dissolution
  - ▶ \$11.34 per \$1,000 (*increase of 26.3%*)
- ▶ For home assessed for \$100,000
  - ▶ Current tax bill = \$898 (plus applicable fire service charge)
  - ▶ Range after dissolution = reduction of \$3 to increase of \$236

## Dissolution Tax Impact Example

### *Best Case: Village & TOV Taxpayers*

Per \$1000 of assessed value

Village tax  
 Town tax  
 Town Highway tax  
 Town TOV tax (hwy. & general)  
 Refuse / Recycling Collection District tax  
 Lighting District tax  
 Sidewalks / Street Cleaning District tax  
 Debt Service District tax  
 Fire District or Fire Protection District tax

Total Tax Rate

Tax on Home Assessed for \$100,000  
 Percentage Change in Tax

Scenario One With AIM					
Current Village Resident			Current TOV Resident		
Current Tax	Proposed Changes	Proposed Tax	Current Tax	Proposed Changes	Proposed Tax
\$ 9.13	\$ (9.13)	\$ -	\$ -	\$ -	\$ -
\$ 4.51	\$ (0.17)	\$ 4.34	\$ 4.51	\$ (0.17)	\$ 4.34
\$ 2.38	\$ 2.23	\$ 4.61	\$ 2.38	\$ 2.23	\$ 4.61
\$ -	\$ -	\$ -	\$ 2.09	\$ (2.09)	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ 0.64	\$ 0.64	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ 1.89	\$ 1.89	\$ -	\$ -	\$ -
\$ 16.02	\$ (4.53)	\$ 11.49	\$ 8.98	\$ (0.03)	\$ 8.95
\$1,602	-\$453	\$1,149	\$898	-\$3	\$895
-28.3%			-0.3%		

## Dissolution Tax Impact Example

### *Worst Case: Village & TOV Taxpayers*

Per \$1000 of assessed value

Village tax  
 Town tax  
 Town Highway tax  
 Town TOV tax (hwy. & general)  
 Refuse / Recycling Collection District tax  
 Lighting District tax  
 Sidewalks / Street Cleaning District tax  
 Debt Service District tax  
 Fire District or Fire Protection District tax

Total Tax Rate

Tax on Home Assessed for \$100,000  
 Percentage Change in Tax

Scenario Three Without AIM					
Current Village Resident			Current TOV Resident		
Current Tax	Proposed Changes	Proposed Tax	Current Tax	Proposed Changes	Proposed Tax
\$ 9.13	\$ (9.13)	\$ -	\$ -	\$ -	\$ -
\$ 4.51	\$ 1.72	\$ 6.23	\$ 4.51	\$ 1.72	\$ 6.23
\$ 2.38	\$ 2.73	\$ 5.11	\$ 2.38	\$ 2.73	\$ 5.11
\$ -	\$ -	\$ -	\$ 2.09	\$ (2.09)	\$ -
\$ -	\$ 0.57	\$ 0.57	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ 0.62	\$ 0.62	\$ -	\$ -	\$ -
\$ -	\$ 0.90	\$ 0.90	\$ -	\$ -	\$ -
\$ -	\$ 1.89	\$ 1.89	\$ -	\$ -	\$ -
\$ 16.02	\$ (0.70)	\$ 15.32	\$ 8.98	\$ 2.36	\$ 11.34
\$1,602	-\$70	\$1,532	\$898	\$236	\$1,134
-4.3%			26.3%		

## Key Non-Fiscal Advantages of Dissolution

---

- ▶ Advantages
  - ▶ New AIM revenue
  - ▶ Eliminate issues of equity between Village & Town
  - ▶ Potential to streamline most expensive government service area (Highways/DPW) through restructuring
  - ▶ More cost-efficient use of equipment, and potential to reduce future equipment purchases
  - ▶ Cost savings due to eliminating duplicate services (e.g., board, some savings in clerk/treasurer function, insurances)
  - ▶ Opportunity to focus as community on capitalizing on major assets (beaches/campgrounds) for economic development

## Key Non-Fiscal Disadvantages of Dissolution

---

- ▶ Loss of identity as Village (would become hamlet of Port Henry)
- ▶ Other disadvantages could result for some residents if some services (e.g., sidewalk snow removal, refuse pickup & recycling) were eliminated and become responsibility of individual property owner
- ▶ Town Board determines service delivery levels not specified in the dissolution plan

## Summary & Next Steps

---

- ▶ Shared Services – no savings identified
- ▶ Village Dissolution – various options
  
- ▶ Next Steps
  - ▶ Meeting for the Public – 7 p.m., Nov. 19, Knights of Columbus
  - ▶ Study Team Develops Dissolution Plan
  - ▶ Official Public Hearing – Study Report & Plan
    - ▶ 7 p.m., Dec. 17, Knights of Columbus
  - ▶ Early 2010 – Village takes steps to put dissolution on ballot
  - ▶ Village voters (approximately 650) vote on dissolution

## Questions ?

---

- ▶ Q&A – Board Members
  
- ▶ If Questions After This Meeting, Contact CGR:
  - ▶ Charles Zettek Jr. (585) 327-7068; [czettek@cgr.org](mailto:czettek@cgr.org)
  - ▶ Vicki Brown (585) 327-7071; [vbrown@cgr.org](mailto:vbrown@cgr.org)
  
- ▶ Resource
  - ▶ Website: [www.cgr.org/porthenry](http://www.cgr.org/porthenry)