

Village of Potsdam Dissolution Study And Dissolution Plan

July, 2011

Report to the Community by the Dissolution Study Committee

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EXECUTIVE SUMMARY

This document constitutes the Dissolution Study and Dissolution Plan created by the Potsdam Dissolution Study Committee as requested by the Village Board.

Background and Context

The Village of Potsdam is located in St. Lawrence County in Northern New York State. The Village is 4.8 square miles in the 103.4-square mile Town of Potsdam. The Town of Potsdam also includes the Village of Norwood which makes up 2.3 square miles of the Town. The Town-outside-Village (TOV) is 96.7 square miles.

The Village Board of Trustees appointed the Village of Potsdam Dissolution Study Committee to oversee a dissolution study. These 15 Potsdam residents come from both the Town-Outside and Village and are working together to present a study that addresses two key questions:

- 1) What would happen if the Village of Potsdam as a municipal entity ceased to exist because voters elected to dissolve the Village? Note – if a Village dissolution vote passed in November, 2011, the Village would officially dissolve on December 31, 2012.
- 2) If the Village does not dissolve, are there opportunities to change how municipal services are delivered that would benefit the Village and Town? Note – since the Village exists as an entity within the Town of Potsdam, the committee is evaluating opportunities within the context of that larger community.

The primary goal of the study is to ensure that Village of Potsdam residents have the information required to be provided by state law so that they understand the implications of voting to dissolve the Village. **An important related goal is to inform the greater Potsdam community about possible options to improve the delivery of municipal services.** Thus, the committee has endeavored to understand the functions of the

Town government as well as the Village government, so that the committee could identify additional shared services or consolidation opportunities beyond those services already jointly shared by the Village and Town. The Committee's recommendations for shared service opportunities and/or functional consolidations are described in the Options Report (Chapter 2 of this document).

The Dissolution Study Committee consists of the following members:

Village Representatives: Michele Arnold; Tim Connolly; Ruth Garner; Cindy Goliber; Eleanor Hopke; Alexandra Jacobs; Mark Lee; Rose Rivezzi; Will Siegfried; and Steve Warr.

Town Representatives: Jack McGuire; Dan Parker; Mario Pusateri; Marie Regan; and Mike Zagrobelny.

The Village of Potsdam requested and received a high priority planning grant to support this study from the New York State Department of State under the Local Government Efficiency Grant (LGE) program.¹ The Village engaged the Center for Governmental Research (CGR), an objective nonprofit policy research firm, to provide technical assistance to the Committee through the process.²

In order to meet the requirements of New York State,³ the Committee must prepare a Dissolution Plan. If Village voters vote to dissolve the Village, the Dissolution Plan, which is the final document in this report, describes in detail how the two governments would merge into one; which existing Village services will be provided by the Town; which costs are to be absorbed by the Town; the fiscal and tax impacts for taxpayers of the Village and the Town-Outside-Village (TOV); and all other relevant aspects of dissolving the Village.

Study Process and Components

The Committee worked over a 15-month period through a sequential process to develop the Dissolution Study and Dissolution Plan. Each key phase resulted in a report to the community as outlined in the following three components:

- **What Exists Report** – describing how the Village and Town currently provide municipal services (Chapter One of this report).

¹ Contract No. T-098824

² CGR is a nonpartisan, nonprofit consulting firm that works with local governments and nonprofit organizations throughout NYS. More information can be found at www.cgr.org

³ New York State Article 19: Dissolution of Villages

- **Options Report** – identifying viable alternatives for delivering the services and functions currently provided by the Village (Chapter Two of this report).
- **Dissolution Plan** – outlining how the functions and services of the Village will be continued, eliminated, or changed if the Village dissolves, and also the fiscal and tax implications of dissolution (Chapter Three of this report).

Public feedback and suggestions were requested at each of the Committee meetings, during three public presentations, and through the project website which posted draft reports, answers to frequently asked questions, meeting minutes, and additional information about the study (www.cgr.org/potsdam).

A referendum to dissolve the Village based upon the Dissolution Plan adopted by the Board will be put up for a vote on November 8, 2011. If a majority of Village voters approve dissolution, the Village would dissolve on December 31, 2012. From that point forward, services in the former Village would be provided by the Town or provided as a special district or eliminated. If Village voters vote not to dissolve, this report provides the committee recommendations of viable shared service and consolidation alternatives for consideration between the Village and the Town going forward.

What the Study and Plan Cannot Anticipate

The Committee, in preparing the Dissolution Plan, can project the effect on the structure of local government of reducing from two entities into one. However, the Dissolution Plan cannot project decisions future elected leaders will make regarding levels of service to be provided. *In the event of dissolution, the Town Board makes final decisions regarding levels of service.* The Committee's Dissolution Plan can only reflect its own judgment about what options would best serve the community if the Village dissolves.

The Dissolution Plan sets the policy and operational expectations if the Village dissolves. It is not intended to be a highly detailed transition implementation document. Detailed implementation would be worked out between the two boards during the 13 month transition period if Village voters vote to dissolve.

Committee Recommended Dissolution Plan Summary

The full Dissolution Plan can be found at the end of this document. Below is a summary of the Committee's recommendations, by topic area, which are reflected in the Plan.

Reconciling staff differences between the Village and the Town: In some functions, Village staff work 40 or 35 hours per week while most Town positions (with the exception of Highway) work 30 hours per week. There are some title differences, while benefits are similar with some cost differences. The Committee recommends that Village administration position hours and salaries be kept at the same level, with the exception of standardizing 3 clerical positions, 1 Code, and 2 Court clerical positions to 30 hours (with associated pay difference) to align with similar Town titles.

Elected Representation: The Village Board and associated expenses will be eliminated. The Committee recommends keeping the Town board at its current size without increased compensation.

Police Services: The Committee recommends creation of a town wide police force. The Committee further requests that a Memorandum of Understanding with the Town for a town wide police department be formalized before the vote on dissolution.

Fire Protection Services: The Potsdam Fire Department incorporates as a separate non-profit corporation to serve the Town fire protection district that includes the former Village. The Committee further recommends increasing expenses by \$20,000 per year to provide the four paid drivers with similar retirement benefits to their current state funded plans.

Rescue Squad: No change to current operations. Town would assume Village building lease obligations.

General Administration: No changes recommended. Village positions could become Town positions with costs allocated town wide.

Buildings: No reduction in number of buildings though specific functions might shift between buildings. Costs allocated town wide.

Courts: No change in service. Would become Town Court with no change in current administrative staff size. The number of justices would go from 4 to 2 (minimum). The two court clerk positions will be reduced to 30 hours a week (from 35 and 40) to align with Town positions. Costs allocated town wide.

Recreation: No change to current services or size of staffing. Costs allocated to TOV.

Community/Economic Development and Planning: Becomes town wide department. Recommend reduction of one full-time position.

Code Enforcement: No change to current staff size. Town vacant position to be filled and the former Village position reduced to 30 hours to align with Town positions. Costs allocated to TOV.

Codes and Ordinances: Little changes required. Special ordinances can be set for former Village as needed.

DPW/Highway: No change to primary highway/DPW operations. Same total staff size. Leaf/brush pick-up service will be eliminated. Town residents may drop off leaf/brush to an area designated by the Town. Street lighting and refuse would be town special districts in the former Village. Village sidewalk policy adopted town wide. Costs allocated to TOV or Town wide consistent with town law and current policy.

Utilities: No change to current staff size. Current Village Water and Sewer operations become special districts which remain self-supporting by service fees as at present. Hydroelectric operations would become part of the new Water/Hydroelectric district in the former Village with the district assuming the cost of operation, hydroelectric debt and associated revenues. The Committee requests that a Memorandum of Understanding with the Town to establish a Water/Hydroelectric District be formalized before the vote on dissolution.

Special Taxing Districts: Former Village would retain some costs through a special taxing district which will include current post-employment obligations. The debt payments for the Arena will be assigned to the Town-Outside Village, which includes the former Village.

Emergency Rescue Squad: Unchanged. Town assumes Village building lease obligations to the Potsdam Volunteer Rescue Squad.

Museum: Town will continue supporting the Museum in the same manner as the Village. Costs will be allocated Town-Outside-Village.

Historian: Will be provided through the Town and this service will continue unchanged.

Airport: Will become Town responsibility with the costs paid by airport fees, revenues and taxes in the same manner as paid by the Village. Costs will be allocated town wide.

Animal Control: Unchanged, town will continue to provide.

Assessor Services: Unchanged, town will continue to provide.

Licensing Services: Unchanged, town will continue to provide.

Vital Records Management: Town will provide this service town wide.

Projected Tax Impact Summarized

Current state legislation provides a CETC incentive (Citizen Empowerment Tax Credit) when local governments consolidate. In Year 1 of consolidation, based on current budget information, the incentive would amount to \$570,000 additional revenue for the overall community, with future increases based upon the projected Year 1 total.

Due to New York State's current budget constraints and the fact that CETC is an annual appropriation of the New York State Legislature, the Committee makes projections both with and without CETC.

Based on Committee recommendations outlined above, the community as a whole will see a projected net savings from dissolution of \$43,674 each year without including CETC incentive funds and \$613,674 with CETC.⁴ The local tax rate impact, with and without CETC, are shown in Table 1.⁵ It should be noted these rates do not include applied fund balance.

⁴ Assumes 100% of CETC used to reduce the tax levy.

⁵ Does not include school, county or utility district taxes.

Table 1

FISCAL IMPACT OF COMMITTEE FAVORED DISSOLUTION OPTIONS			
Village and Town Property Tax Rates, per \$1,000 Assessed Value (Does Not Include Fund Balance)			
	Former Village of Potsdam	Current TOV	Village of Norwood
Townwide (A) and (DA)	\$7.72	\$7.72	\$7.72
Town-Outside General (B)	-	-	-
Town-Outside Hway (DB)	-	-	-
Village	-	-	\$14.09
Former Village Taxing Dist.	\$3.10	-	-
New TOV Fire Protection District	\$1.48	\$1.48	-
TOTAL	\$12.30	\$9.20	\$21.81
Impact of New CETC Tax Credit	\$1.21	\$1.21	\$1.21
TOTAL w/ New CETC Tax Credit	\$11.09	\$7.99	\$20.60

Source: Calculated by CGR

Notes: Does not include fund balance. CETC is Citizen Empowerment Tax Credit. Reflects 2010 tax rates. Village of Norwood includes Town of Potsdam portion.

As summarized in Table 2, without including the CETC incentive, the net savings from dissolution reduces the Village taxpayer’s tax rate to \$12.30 per \$1,000 of assessed value, while the tax rate for the current TOV taxpayer increases to \$9.20 and the Village of Norwood tax rate increases to \$21.81. Including CETC, the Village taxpayer’s tax rate sees a greater reduction to \$11.09, while the TOV taxpayer rate is \$7.99 and the Village of Norwood is \$20.60 per \$1,000 assessed value.

Table 2

Fiscal Impact Comparison Summary			
	Former Village of Potsdam	Current TOV	Village of Norwood
Current (2010) Tax Rates	\$17.67	\$3.20	\$16.34
Committee Favored Options	\$12.30	\$9.20	\$21.81
Committee Favored Options with CETC	\$11.09	\$7.99	\$20.60

Notes: Options calculation does not include use of fund balance. To make an apples-to-apples comparison of options to current tax rates - current tax rates without use of fund balance would be: Village of Potsdam \$19.06; TOV \$4.58; and Village of Norwood \$17.35.

Committee Recommendations for Alternatives to Dissolution

In developing the Dissolution Plan, the Dissolution Study Committee reviewed all functional areas for shared service, consolidation, or improvement opportunities if dissolution does not occur.

The following list includes these recommendations directly from the sub-committee reports, with additional details outlined in the Options Report (Chapter Two of this report).

General

- The Village of Potsdam could contract with the Town of Potsdam to act as their Registrar.

DPW/Highway

- The Town and Village already jointly maintaining Pine Street Arena and share highway equipment.

Courts

- Even if dissolution does not occur, it would be advantageous for both the governments to share one facility for a court. The two municipalities should try to find a common ground and work to share space (if not functionally combining operations) before moving forward with any more renovation or construction projects that would be costly for both the town and the Village.

Utilities

- If the Village does not dissolve, the Committee recommends the Village commit to finding a win-win model under which the Village would sell water and sewer services outside of the Village limits to support economic development opportunities for the area.

Police

- Continued consolidation with the St. Lawrence County Sheriff is recommended wherever shared services are more expedient and efficient. Key areas of cooperation: training, investigations, back-ups, equipment, technology, job improvement, mutual aid, and the Police Academy.
- Revenue is currently tied to fines from Village codes/ordinances violations, adding \$55,000 to Village funds in 2010. Increasing the fines to reflect practical and current costs would not only boost revenues, but is a proven deterrent to violators. Currently, the rate of repeat offenders indicates a failure to change behavior by the fines. An effective fine schedule is necessary.

- Since Code Department is also a law enforcement department, which only enforces 7:30 a.m. – 4 p.m. Monday through Friday, coordinating with them will result in more consistent and efficient code enforcement
- Since preparing for court cases requires so much staff time, it is worthwhile to work more closely with the courts for a comprehensive approach to criminal justice and law enforcement.
- Since Potsdam is a college Village (and based on other similar communities successes), the PPD should establish stronger relationships with college representatives (Administrators, Residential Life, Greek Life, Campus Judicial), students, renters, landlords and neighborhood watch groups to reduce law infractions
- Evaluate all non-mandatory services for efficiencies and priorities
- Continue giving periodic police reports to the Village board
- Continue collaboration with the County Sheriff
- Form a coalition with community groups, civic organizations and college administration to address most-frequent violations
- Evaluate the most recent (Jan 2011) model of dispatch procedures for PVRs for efficiency and success

Fire Services

- The sub-committee recommends that the Village and Town boards consider two options for changing how fire services are currently delivered.

1) The total number of pumpers in the PFD fire station could be reduced by one pumper for an annual average saving of \$10,000/year (20 year useful life, \$200,000 cost new). That is because, under the current arrangement, Village equipment does not respond to calls outside the Village boundary except under mutual aid conditions, and equipment that is not Village owned does not respond to calls inside the Village except under mutual aid conditions. One pumper could be reduced if the fleet were managed as one integrated fleet. The Village and Town could sign an Inter-Municipal Agreement (IMA) to contribute on an agreed upon basis to the cost of equipment, which would permit all equipment to be used anywhere in the district.

2) The Village and Town could, through an IMA, agree to share the cost of the paid fire drivers. Although they would remain Village employees for management purposes, the Town could reimburse the

Village for a pro-rated share of the employee costs. This would permit the paid drivers to drive equipment to an incident anywhere in the district, which will decrease response time outside the Village.

- Formulas used in other towns and Villages for sharing costs have been based on pro-rated shares of actual calls per year, ratios of taxable assessed value for the Village and TOV areas covered by the district, population, and/or some combination of these variables. The sub-committee recommends the ratio of taxable assessed valuation be used as the basis for a Town and Village IMA.
- Under both scenarios, this would distribute the costs and benefits of the integrated fire department across all properties in the district, both inside and outside the Village, and would enable all property tax payers to benefit from any operational efficiencies such as the reduction in the cost of one pumper.

Code Enforcement

- **Functional Merger of the Village and Town Code Departments:** If the Village does not dissolve, a functional merger of the Village and Town Code Departments could provide improved services, savings and efficiencies through one code department. One individual will have department head duties. Sharing an Administrative Assistant would increase time dedicated to field work by trained code enforcement officials and add to the office's efficiency. Sharing one office space could simplify daily work schedules, especially if the assessor's office is in close proximity. Likewise, equipment and supplies would be shared. Under this scenario, Code functions should be separate from Community Development.
- **Co-Locate Town and Village Code Departments:** If dissolution of the Village of Potsdam government does not occur, the Town and Village Code Departments would remain independent departments, but ideally they should be located in the same office. Taking advantage of economies of scale, the likely benefits of a town/Village code department are more effective and efficient delivery of services. Code and Zoning Enforcement Officers would have primary responsibilities to either the Village or Town but could also assist each other when conditions warrant it (i.e. if the "town code official" is slow, he /she could assist the Village code official). Under this scenario, Code functions should be separate from Community Development.

Community and Economic Development

- If the Village is not dissolved, the Town and Village of Potsdam might work together to find a fair and equitable way to create a joint Potsdam Planning & Development Office with a wider scope of vision and an updated mission. The Village Community Development staff would work with the Town staff and officials with a stated philosophy of regional economic and community development, with a defined focus on maintaining neighborhoods and quality of life. The municipalities would keep independent Planning Boards and Zoning Boards of Appeals, but the staff would work for both entities. The Office might provide a wider range of services that would serve residents of both the Village and the Town outside.
- There could be an additional benefit of making Potsdam more competitive in grant applications through cooperation between the Town and Village. For example, joint applications for funding through programs such as the NYS Affordable Home Ownership Development Program or Access to Home might be utilized to boost homeownership opportunities, provide for housing rehabilitation assistance or accessibility modifications. Presently, such programs are not used because individually, the town and Village can't demonstrate significant demand for this funding. By combining efforts, the municipalities would improve access to those types of resources. The same opportunities exist with respect to economic development. For example, the Village has applied for funding through the River Valley Redevelopment Agency for start-up, retention and expansion funds for small businesses. This is a program that could help businesses in the Town outside the Village if both municipalities shared services.
- The benefits to the Village would be financial support for the 2.67 FTEs and the cost of the Planning and Development Office, while the Town would benefit from the services provided as well as a unified vision and staff to assist with development outside Village limits. It would seem best to utilize the space that the Office currently uses and maintain Village employment for the staff.
- Regardless of the outcome of the dissolution vote, all Potsdam residents must come together to re-open dialogue about how best to serve the needs of the entire community. The town and Village should endeavor to create a unified vision for future economic and residential development within the entire township, with careful consideration of the valuable resources unique to each area within the Town and a respect for history and quality of life enjoyed by its residents. At the same time, the vision should respect the current

science of urban and rural planning and economic models that have seen success in comparable areas. Increased cooperation in this area, combined with a broader vision, would go a long way toward making Potsdam a more beautiful and more prosperous place to call home. If the Village were dissolved, this unified economic development plan would do much to signal a fresh start and show how the Town will look out for all Potsdam residents.

Key Documents in This Report

This report is a compilation of the key documents produced throughout the dissolution study, and includes the following:

1. What Exists Report
2. Options Report
3. PowerPoint presentation to the public on June 8, 2011 – to solicit public feedback on the Options under consideration by the Committee.
4. PowerPoint Presentation to the Public - July 20, 2011 – Committee official public hearing on the Committee’s Dissolution Plan for the Village.
5. The Committee’s Dissolution Plan

Additional information, including background documents, can be found on the study website: www.cgr.org/potsdam.