

DISSOLUTION PLAN OF THE VILLAGE OF POTSDAM

RECOMMENDED BY THE VILLAGE OF POTSDAM DISSOLUTION STUDY COMMITTEE

APPROVED BY THE COMMITTEE ON JULY 27, 2011

This document was created with funds provided by the New York Department of State under the Local Government Efficiency Grant Program – Contract No. T-098824

This document sets forth, in detail, the Recommended Dissolution Plan of the Village of Potsdam as developed and approved by a Dissolution Study Committee. This Plan addresses the specific Plan requirements set forth in General Municipal Law (G.M.L.) §19-1903. Following submission of the Recommended Plan to the Village Board, it will be the Village Board's responsibility to adopt a Dissolution Plan and present a dissolution referendum to Village voters on November 8, 2011. If approved by a majority of the qualified voters, the Village of Potsdam will be dissolved at midnight on December 31, 2012.

The Dissolution Study Committee was comprised of both Village and Town representatives, and incorporates feedback provided to the Committee from both Village and Town boards and the general public. The facts used to develop this Plan are presented in the complete Dissolution Study Committee Report that accompanies this Plan.

This Plan has been developed with the expectation that if dissolution of the Village is approved by voters that the succeeding Town government will follow the Plan as set forth in this document and subsequently adopted by the Village Board. This Dissolution Plan represents the Committee's own judgment about how to serve the community if the Village dissolves, **however it cannot project decisions future elected leaders will make regarding levels of service to be provided, as the Town Board is under no obligation to follow this Plan, except as noted for Village laws and ordinances.**

The elements of the Plan are set forth below in the sequence identified in G.M.L. §19-1903.

1) The Disposition of the Property of the Village

- a. All real property improved or not improved will, unless otherwise noted, become the property of the Town of Potsdam. Village owned Water, Hydroelectric, Sewer and Streetlight facilities and assets will be assigned to their respective districts. The Town will take title to the Village real property with the understanding that the Town will honor all existing agreements or other arrangements between the Village and other users of Village property. Real property transferred to the Town will be done without consideration¹ and

¹ "Without consideration" means a complete transfer of Village property to the Town without cost to the Town.

the Town will, at its option, prepare any and all deeds for the Village to execute prior to the date of dissolution. A listing of Village owned land and buildings appears below. An inventory of equipment appears in the Appendix to this Plan. For those Village non-property assets that are currently shared between the Village DPW and Water, Hydroelectric and Sewer operations, the Town will determine how to allocate those assets between the Town and the new Water/Hydroelectric and Sewer Districts.

Table 1

Village Owned Property		
Parcel ID	Street Name	Property Use
64.042-2-33	35 Clough St	Vacant Residential Lot
64.050-4-7	24 Walnut St	Vacant Residential Lot
64.059-11-25	2 Park St	Museum
64.060-2-27.111	Pioneer Dr	Industrial Park
64.042-4-20	115,120 Lower Cherry	Sewage Plant
64.050-1-17	37 Clough St	Vacant Residential Lot
64.050-5-1	93 Lower Cherry St	Sewage Plant
64.050-5-47	Lower Cherry St	Vacant Lot
64.057-1-19.1	43,43 1/2 Pine St	Pine Street Arena, Sandstone Park
64.058-4-32.1	5 Raymond St	Water Treatment Plant & HydroElectric
64.058-4-36.1	Raymond St	Village Park
64.058-4-51	3 Island St	Village Park
64.058-4-56	3 Elm St	Parking Lot
64.058-4-62	8 Elm St	Parking Lot
64.058-6-15.2	5 Mechanic St	Vacant Residential Lot
64.059-5-16	1 Leroy St	Cubley Park
64.059-11-10.1	2 Park St	Civic Center Complex
64.059-11-11	42 Main St	Fire Station
64.059-11-12.1	40 Main St	Parking Lot
64.059-13-12	6 Waverly St	Parking Lot
64.066-2-19.1	23 Maple St	Vacant Industrial Lot
64.066-3-9	1 Island St	Fall Island Park
64.066-3-10	5 Island St	Hydro Dam Lot
64.066-5-2	23 Main St	Parking Lot
64.066-5-4	3 Riverview Dr	Ives Park
64.067-5-32	Cedar (off) St	Vacant old Water Towers
64.073-2-1	81 Clarkson Ave	Water Tower
65.001-2-31	221-229 Sh 11B, 142,	Village Airport
65.003-1-38	Sh 11B	Village Dump
65.053-1-8	194 Elm St	Village Airport
64.050-4-30	21 Washington St	Vacant Residential Lot
64.050-5-24	Riverside Dr	Vacant Residential Lot
64.058-2-20	1 Maynard St	Vacant Residential Lot
64.058-4-23.1	15 1/2 Market St	Parking Lot
64.058-4-40.1	6 Raymond St	Parking Lot
64.066-1-15	Maple St	Park
64.066-5-3	31 Hamilton St	Urban Renewal
64.067-8-3	29 Hamilton St	Urban Renewal
64.068-4-1	198 Main St	Pump Station
65.001-2-31./1	Hatch Rd	Hangar Leased
65.001-2-31./3	Hatch Rd	Hangar Leased
65.001-2-31./4	Hatch Rd	Hangar Leased
65.001-2-31./5	Hatch Rd	Hangar Leased

- b. Title to the Village owned property currently supporting the Village water, hydroelectric and sewer systems will transfer to the Town's newly created Special Improvement Districts to serve the Water/Hydroelectric and Sewer districts.
- c. Personal property and other fixed assets of the Village, not sold prior to dissolution, will be owned and used by the Town as long as the Town deems them to be useful. Personal property owned by the Village at the time of dissolution will become the property of the Town. Personal property will mean and include office equipment, furniture, motor vehicles, tools, parts inventory, furniture and any other item commonly considered to be personal property.
- d. Upon dissolution of the Village all its records, books and papers will be deposited with the Town Clerk and will thereafter become part of the Town records.

2) Outstanding Obligations

a. Retired Employees

The Village currently provides benefits to retired employees at a cost of \$426,000 per year. The cost of retiree expenses will be assigned to the new special district of the former Village as part of its outstanding obligations.

b. Village Debt

- i. The Village currently has recurring obligations for Water, Hydroelectric and Sewer and capital improvements which will be assigned to the specific districts and paid for, as current, by the utility users or, in the case of Hydroelectric, revenues from sale of power. Thus there will be no net change and no net shift between taxpayers for Village Water, Hydroelectric or Sewer debt.
- ii. The Village portion of the recreation arena debt will be assigned to the Town and will be added to the Town-Outside-Village (TOV) costs (net cost shift of debt service of \$64,378 per year until 2025.
- iii. Any existing agreements will transfer to the Town.

c. Levy and Collection of the Necessary Taxes and Assessments

Upon dissolution, the Town will be responsible for collection of the tax levy and collection of the necessary taxes and assessments, in accordance with the Plan.

3) Transfer or elimination of public employees

If the Village of Potsdam is dissolved, all existing contract agreements with current Village employees will terminate on December 31, 2012 and uniformed and civilian employees will cease to be employees of the Village because it will no longer exist. During the transition year or later, the Town would create new positions consistent with the Plan to be able to continue to provide services to the portion of the Town covered by the former Village. While the Committee believes it is to the advantage of the Town to hire former Village employees into these positions, the Town is under no obligation to do so, outside of the requirements of Town hiring policy and Civil Service law. During the transition year, current Village employees will have the opportunity

to apply for the new positions created by the Town. Of course, former Village employees may not wish to apply for Town positions.

The Plan for current Village positions is as follows:

- a. The following six positions will be eliminated:
 - i. Mayor
 - ii. 4 Trustees
 - iii. 1 Economic Development Office position
- b. The four paid drivers positions assigned to the Potsdam Fire Department will be eliminated by the Town, with the expectation that the newly created non-profit fire corporation that replaces the Village Fire Department will create similar positions.
- c. The Town will create new full and/or part-time positions which will be similar to positions currently provided for in the Village budget and filled by Village employees, except for those positions noted above. The Town may choose to create new positions/titles/job descriptions, or use current Town titles/job descriptions when creating new positions.
- d. The following six positions will see a reduction in hours compared to current Village positions in order to align with similar full-time positions/titles in the Town:
 - i. Three administrative clerk positions reduced to 30 hour work week
 - ii. One Code Enforcement Officer position reduced to 30 hour work week
 - iii. Two Court Clerk positions reduced to 30 hour work week

4) Agreements Between the Village and the Town in Order to Carry Out the Plan for Dissolution

Necessary agreements (e.g., transfer of titles on property and equipment) between the Village and Town are specified in applicable sections of this Plan. Formal agreements or memoranda of understanding between the Village and Town are not in place as of the finalization of this document.

5) Village Laws and Ordinances

All local laws, ordinances, rules, and regulations of the Village of Potsdam in effect on the date of dissolution of the Village, will remain in effect for a period of two years following the dissolution. These may be enforced by the Town Board within the limits of the dissolved Village. After the period of two years, the Town Board will have the power at any time to amend or repeal such local laws, ordinances, rules, and regulations.

The following current Village laws *will not become part of Town law* because the Village will no longer exist, thus the laws are no longer relevant, or the laws have been superseded by laws passed in later years.

Chapter	Article	Title of Law
153	I	Taxation – Utility tax
153	II	Taxation - Business investment exemption
153	V	Taxation -Termination of Village status as assessing unit
153	VI	Taxation - Empire Zone abatement
4		Administrator
17		Empire Zone
18		Elections
7		Annexations
27		Local laws – adoption of
52		Salaries and compensation

The following current Village laws *will be re-written* as Town laws with no substantive revision, with the exception of defining the application of the law within the boundaries of the former Village.

Chapter	Article	Title of Law
80		Dogs and other animals
124		Peace and Good Order
153	VIII	Exemptions for improvements
142	I	Solid waste — general provisions: definitions of solid waste, yard waste, etc.
142	II	Solid waste — administration.
102		Food service processing
128		Peddlers, solicitors and transient merchants
161		Trees
168	II	Vehicles and Traffic — traffic regulations
168	III	Vehicles and Traffic - parking
168	IV	Vehicles and Traffic — public parking lots
168	VI	Vehicles and Traffic — metered parking
168	VII	Vehicles and Traffic — traffic violations bureau
168	X	Vehicles and Traffic - schedules
70		Bonfires
156		Taxi
134	I	Rental — general provisions: definition of family and R1
134	II	Rental — applications
134	III	Rental — inspection and revocation
134	IV	Rental — review board
94	I	Fire prevention and Building Code — administration and enforcement: fees, etc.

The following current Village laws *will be reconciled with current Town laws of a similar nature* in order to preserve the intent of the law within the boundaries of the former Village:

Chapter	Article	Title of Law
63		Amusements
98		Flood damage and protections
142		IV Solid waste - recycling
153	III	Taxation - Veterans exemption
153	IV	Age exemption
153	VIII	Taxation — increase in veterans tax exemption
134		Rental housing safety
90		Fair housing
110		Housing Standards
132		Records — public access
94		Administration and Enforcement of the NYS Uniform Fire Prevention and Building Code
149		Swimming pools
180		Zoning
72		Unsafe buildings
104		Games of chance
69		Beaches
165		Abandoned vehicles

The following current Village laws *relating to districts will be re-written as Town laws* which will apply to the newly created districts:

Chapter	Article	Title of Law
84		Electric services - municipal
87		Sewer
xx		Fire districts
43		Police services, special
173		Establishment of Water Rates
145	II	Sidewalks—general provisions
114		Hydrants
10		Appearance tickets –for village codes and laws
1		General provisions – village codes and ordinances
173	II	Water – water rents and rates

NOTE – the Town will create a Water district for the former Village that will incorporate the current Village hydroelectric operation, including all associated assets, operations, costs, obligations and revenues.

6) Continuation of Village Functions or Services by the Town

This section describes how Village functions or services will continue if the Village dissolves, but also how government services will change due to merging two governments into one. The Town Board will be responsible for providing the functions or services described below:

- a) Upon the dissolution of the Village of Potsdam, the Town of Potsdam will provide services to or by the area formerly incorporated as the Village of Potsdam in accordance with this Plan.
- b) The Village Board of Trustees will be eliminated. All expenses associated with personnel for this function will be saved since the Town will assume legislative responsibility for the former Village with no additional pay for its Town Board members. The size of the Town Board will not change.
- c) The position of Village Mayor will be eliminated and personnel-related costs will be saved.
- d) Court services will transfer to the Town. The number of justices would go from 4 to 2 with an associated increase in justice hours to absorb the combined workload. Two court clerk positions will be reduced to 30 hours a week (from 35 and 40). Costs for the Court will be allocated town wide.
- e) Police protection services will be provided town wide through a newly created Town Police Department. Costs will be allocated town wide. It is requested that a Memorandum of Understanding with the Town be formalized before the vote on dissolution.
- f) Water, hydroelectric and sewer services for former Village properties and service recipients will be maintained. The Town will create and establish by resolution a Special Improvement District to be known as the Potsdam Water District (Town water district #2) and the Potsdam Sewer District (Town sewer district #2) as provided by Articles 12 and 12A of Town Law and assume the responsibilities of the new Districts. The Water District will include operations, assets, costs, obligations and revenues associated with the Village Hydroelectric operations. Costs for the Water, Hydroelectric and Sewer Districts will continue to be met by user fees and/or sales revenues within the bounds of the districts. Existing Village water, hydroelectric and sewer fund debt will revert to the District users and continue to be paid for through the user fees and/or sales revenues.
- g) Street lighting services in the former Village will be maintained as part of a special taxing district and paid for through a special district tax.
- h) Refuse services in the former Village will be maintained as part of a special taxing district, whereby the Town will obtain a single refuse company to service all properties in the same manner as currently provided by the Village. Refuse services will be paid directly to the refuse company per current procedures, with any associated district costs paid for through a special district tax.
- i) Village streets, highways, roads, alleys, sidewalks, storm sewers, etc. will be included in the Town highway and road system and be operated and maintained by the Town as a Town-

Outside-Village (TOV) expense. Residents will see essentially no change in provision of services with the exception of the elimination of brush and leaf pick-up collection. Town residents may drop off leaf/brush to an area designated by the Town.

- j) Municipal association dues associated only with the Village will be saved.
- k) Assessor services are provided by the Town and will continue unchanged.
- l) Animal control services are provided by the Town and will continue unchanged.
- m) Licensing services are provided by the Town and will continue unchanged.
- n) Vital records management in the community will be handled by the Town and this service will continue unchanged.
- o) Historian services will be provided through the Town and this service will continue unchanged.
- p) Museum. The Town will continue supporting the Museum in the same manner as the Village. Costs will be allocated to the Town-Outside-Village.
- q) Fire services will be provided by the Potsdam Fire Department which will be incorporated as a separate non-profit corporation to serve the Town fire protection district that includes the former Village. The costs will be allocated to the properties within the Fire Protection District and will include an estimated \$20,000 increase per year above current costs to cover the loss of New York State retirement benefit accruals for the four current paid drivers should they become employees of the new corporation. Costs of fire protection will be paid by a special district tax.
- r) Emergency Rescue services in the community will not be affected by dissolution. The Town would assume Village building lease obligations to the Potsdam Volunteer Rescue Squad.
- s) Recreation services will remain unchanged with costs allocated to the Town-Outside-Village (including the former Village of Potsdam).
- t) Community and Economic Development services will be provided by the Town and become a town wide service. The department will be reduced by 1 full-time position. Costs will be allocated town wide.
- u) The Airport will become a 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.
- v) Code enforcement will be provided by the Town with costs allocated to the Town-Outside-Village.
- w) Except as specified in the section "Laws and Ordinances," Village laws and ordinances will be retained for at least two years after Village dissolution. The Town will plan to adopt or

revise relevant Village laws and ordinances, in accordance with the Laws and Ordinances section, as soon as is practical after dissolution.

7) Fiscal Analysis of the Effect of Dissolution

a) Village Fund Balances

Upon an affirmative vote to dissolve in November 2011, but prior to the effective date of dissolution, the Village of Potsdam will use any remaining general fund balance (which totaled \$1.5 million in General as of 5-31-09) to benefit Village tax-payers during the final budget year for the seven month period from June 1, 2012 to December 31, 2012. Any remaining fund balance will be transferred to the Town upon dissolution of the Village.

There will be no change in how the Village's water, hydroelectric and sewer fund balances will be used to benefit district utility service users.

b) Change in Revenues as a Result of Dissolution

- i. *Village Revenues that will transfer to the Town:* Upon dissolution, all revenues the Village now receives in state aid, consolidated highway improvement program (CHIPs) funding, mortgage tax, sales tax, court fines, franchise fees etc. will become Town revenues, with the exception of the Gross Utilities Receipts Tax as noted below.
- ii. *Loss of the Gross Utilities Receipts Tax (GURT).* Towns are ineligible to receive GURT which represents \$130,000 in revenue to the current Village. This reflects an approximate 1% savings on electric and telephone bills for former Village utility-rate payers.
- iii. *Additional revenues due to state incentives:* If the Village dissolves, the consolidated community will be eligible for a Citizen Empowerment Tax Credit (CETC). The CETC for consolidating the two governments is projected to be \$570,000 per year. This Plan assumes 100% of CETC funding will be used for reducing property taxes.

Note: The Dissolution Study Committee recognizes that CETC is an annual appropriation of the New York State Legislature and as such is subject to budget constraints. Thus, in the tables below, we show the fiscal/tax rate impact on taxpayers both with and without CETC.

c) Tax Impacts of Dissolution

The fiscal impact of all the changes in this Plan is summarized below. Both fiscal and tax impacts are based on Village 2010-11 and Town 2010 revenues and expenditures.

Current Tax Rates (using 2010-11 fiscal information):

Table 2

Potsdam: Current (2010) Village and Town Property Tax Rates, per \$1,000 Assessed Value (includes use of Fund Balance)			
	Village of Potsdam	TOV	Village of Norwood
Townwide	\$2.25	\$2.25	\$2.25
Town-Outside General	-	-	-
Town-Outside Hway	-	\$0.19	-
Village	\$15.43	-	\$14.09
Fire	-	\$0.76	-
TOTAL	\$17.67	\$3.20	\$16.34

Source: St. Lawrence County Real Property Tax Service Agency

Notes: Reflects 2010 tax rates. Excludes special district taxes. Village of Norwood includes Town of Potsdam portion only.

The anticipate savings to the community upon Village dissolution are as follows:

Table 3

Dissolution Net Expense Change Summary	
Amount	Description
\$ (77,520)	Elimination of Village Board related expenses (inc benefits)
\$ (1,000)	Elimination of NYCOM dues
\$ (20,167)	Reduced exp. from adjusted hours-4 admin. positions from 35 to 30 hr/wk
\$ (10,000)	Reduced exp. From adjusted hours 2 court derks to 30 hr/wk
\$ (11,476)	Reduced exp. From adjusting CEO from 40 to 30 hr/wk
\$ (73,511)	Elimination of 1 FTE in Economic Development dept (inc benefits)
\$ 20,000	Increase for Fire retirement costs
\$ (173,674)	Total Net Expenditure Change

Taking into account the savings itemized above, and making other adjustments for moving expenses and revenues between Town, Village and the utility districts, including the loss of the Gross Utilities Receipts Tax revenue of \$130,000, the net savings of dissolving the Village is \$43,674 per year. Including the CETC incentive of \$570,000 the total annual savings of dissolving the Village of Potsdam is \$613,674 per year.

Summary: Tax Impact With / Without New Citizen Empowerment Tax Credit

The information below summarizes, based on 2010-11 budget information, the tax impact of dissolving the Village. The tables below exclude county, school recycling, and fire taxes because none are affected by dissolution. It is important to note that the tax tables below do not include the use of fund balance, while the current tax rates above include applied fund balance. Fund balance is not applied in the projections below because the future size of fund balances and how they would be applied are subject to a high degree of uncertainty.

Table 4

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.

A summary of the fiscal impact is presented in the following table:

Table 5

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.

(Note: In order to estimate the potential tax impact that applies to any specific property, take the assessed value of the specific property, divide it by 1,000, and then multiply the remaining number by the estimated tax rate for either the Village or TOV (with and without CETC).

Projected Cost of Dissolution

While it is not possible to accurately project the costs associated with the process of dissolving the Village of Potsdam, the primary costs are anticipated to be legal fees, accountant costs for the transition and audit, and potential unemployment expenses for eligible Village employees not hired by the Town, and accumulated compensated absences for current Village employees.

For Potsdam, this would include any changes to existing contracts that the Town would become responsible for, setting up the town special districts and making any revisions to town

ordinances as described in the dissolution plan. We estimate the cost of transition at \$325,000 to incorporate the above, the bulk of which are costs for accumulated compensated absences.

Other communities have estimated costs up to \$100,000 primarily to implement the transactions and requirements outlined in the final dissolution plan, excluding accumulated compensated absences. However, actual dissolution costs incurred by the four villages where dissolution was approved in 2010 will not be available until 2012. Costs associated with the dissolution process are one-time expenses and may be paid from the Village's current general fund balance during the transition. Therefore, these costs are not included in the tax-impact projections presented in this Plan.

8) Other Matters Desirable or Necessary to Carry Out the Dissolution

The Dissolution Study Committee considered the question: "Are there alternatives to current government structure short of dissolving the Village?" The Dissolution Study Committee reviewed all functional areas for shared service opportunities and identified three opportunities for functional consolidation between the Town and Village that would result in efficiency savings if the Village does not dissolve: Code Enforcement, Courts, and a town wide Planning & Development Office.

In addition, the Committee identified several improvement opportunities to current operations which are detailed in the Committee document entitled "Potsdam Options Report." The Committee presented this report at a public meeting held June 8, 2011. This document is part of the full Dissolution Study Committee Report and Plan available at www.cgr.org/potsdam.

APPENDIX – LISTING OF VILLAGE EQUIPMENT