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Village of Port Henry Dissolution Study

Public Forum – Nov. 19, 2009

Center for Governmental Research

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Purpose of Study

- ▶ Inform residents about advantages & disadvantages of dissolving Village
- ▶ Provide decision-making tool
- ▶ Ensure dissolution plan meets requirements of state law
 - ▶ So Village residents can vote on plan March 2010

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
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CGR's Role from September – December 2009

- ▶ Meetings with Committee
- ▶ "What Exists" report
- ▶ "Options" report
- ▶ Website (www.cgr.org/porthenry)
- ▶ Public presentations
- ▶ Based on Committee decisions, draft dissolution plan
- ▶ Present at public hearing - Dec. 17

Village Board takes remaining steps to March 2010 vote

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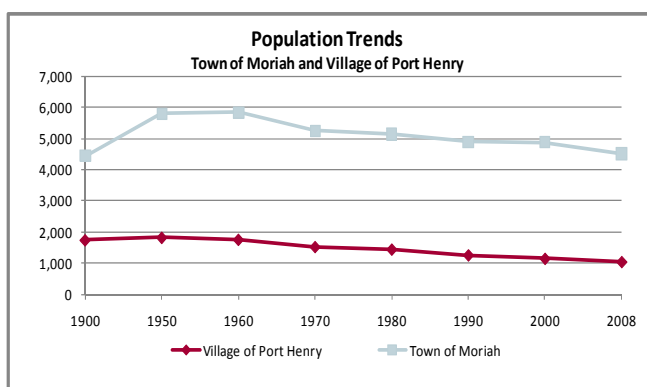
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What We Will Cover Tonight

- ▶ What does dissolution mean?
- ▶ Overview of the Village & Town
- ▶ What services would be affected?
 - ▶ Discussion of options
- ▶ What would the tax impact be?
 - ▶ Discussion of options

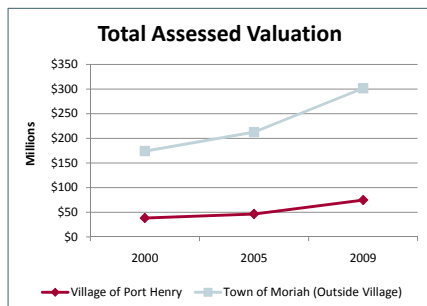
What Exists – Overview (1)

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



U.S. Census Estimates

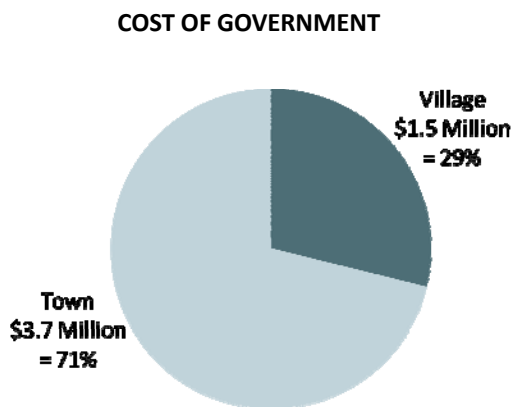
What Exists – Overview (2)



Area	2000		2005		2009	
	Total Assessed Valuation	% of Town wide	Total Assessed Valuation	% of Town wide	Total Assessed Valuation	% of Town wide
TOV	\$135,847,034	78%	\$166,185,490	78%	\$226,860,249	75%
Port Henry	\$38,224,266	22%	\$46,409,064	22%	\$74,671,299	25%
Town wide	\$174,071,300	100%	\$212,594,554	100%	\$301,531,548	100%

What Exists – Overview (3)

- ▶ Combined current budgets = \$5.2 million
- ▶ Of total, Town pays Village \$141,000 for joint sewer operations (Note: Village cost = \$75,845)
- ▶ Village pays \$3,000 to Town for youth programs



What Exists – Overview (4)

- ▶ 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 = \$911,380
 - ▶ Village – \$187,275 (21%)
 - ▶ Town – \$724,105 (79%)

- ▶ Village = 1.2 square miles
 - ▶ Town of Moriah = 65 square miles

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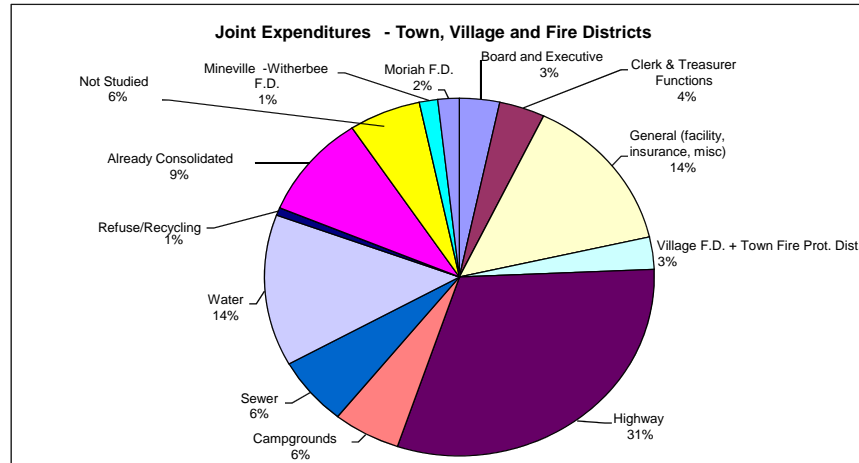
What Exists – Overview (5)

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

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What Exists – Overview (6)



Options to be Reviewed

1. Shared Services

- ▶ Assumes Village does not dissolve

2. Dissolution of the Village

- ▶ Services are shifted to the Town per the Dissolution Plan

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
 - ▶ Only Village has refuse pickup & recycling and sidewalk snow removal – so shared services do not apply

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Shared Services – Identifying Options (2)

- ▶ *Water System Consolidation* - CGR identified as only service area that might yield significant cost savings
 - ▶ **Question:** Would having 1 water filtration plant & water system (instead of 2) be fiscally wise
 - ▶ **Answer:** Town/Village engineers estimate the cost to make change = \$2.4 million
 - ▶ **Conclusion:** too costly to consider

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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”

- ▶ Services are paid for by either:
 - ▶ Town tax
 - ▶ Special district fees

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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 separately
- 2) Town fire or fire protection district cost – separate line on tax bill

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

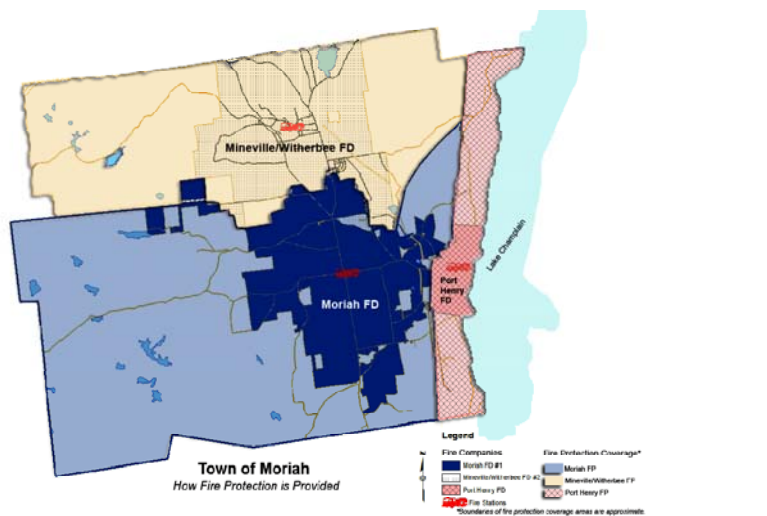
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4 Ways to Impact “New Town” Expenditures

- ▶ **Efficiencies** – Reduce spending on personnel, equipment, insurance etc. by dissolving Village
- ▶ **Reductions in Services** – Eliminate 1 or more Village services when dissolving Village
- ▶ **Special Districts** – Create special districts to continue specific Village services
 - ▶ Result: their costs no longer general government expenses
- ▶ **Fund Balance Usage**– Could choose to use Village general fund balance (\$330,000 as of 6-1-09, projected to be \$205,000 by 6-1-10) to pay for Village debt & obligations

An Issue to First Address – Fire Services



Fire Service Options if the Village Dissolves (1)

Since a Town Cannot Have Its Own Fire Department

1. Village F.D. becomes independent fire company
 - ▶ Town contracts with it to serve Port Henry fire protection district

2. A new Port Henry fire district is created
 - ▶ Alternative "A" – new district contracts with Town to provide services in existing Village
 - ▶ Alternative "B" – new district includes Village + strip of land along Lake Champlain that Village F.D. now serves
 - ▶ Pike option in 2008

Fire Service Options if the Village Dissolves (2)

3. Moriah Fire District expands to incorporate the area now served by the Port Henry F.D.
 - ▶ Could not occur prior to Village dissolution, requires public hearing(s), plus approval by Moriah commissioners

4. Town contracts with existing fire district(s) – Moriah and/or Mineville-Witherbee
 - ▶ To provide fire services to the Port Henry fire protection district

Tax Impact Overview

- ▶ Local property taxes are driven by costs minus other revenues = tax levy
- ▶ Property tax rates are driven by the tax levy & taxable assessed value
- ▶ There are many different cost options upon dissolution of the Village
- ▶ There are no changes in current revenues
 - ▶ In 2010, both Village & Town will receive new sales tax revenues
 - ▶ Village projection = \$28,458; Town projection = \$89,889
 - ▶ If dissolution occurs, new state AIM incentives apply: \$303,600

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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 of general fund balance
- ▶ **Scenario Two** – “Medium” impact due to fewer efficiencies, service reductions, etc.
- ▶ **Scenario Three** – “Low” impact – due to least change

Cost savings to the New Town budget could range from a high of \$340,137 to a low of \$198,932

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Impact on Services – Key Changes Scenario One – “High Impact”

- ▶ If mayor & board eliminated – \$31,964 savings
- ▶ Eliminate sidewalk snow removal (\$6,000)
- ▶ Eliminate refuse pickup & recycling (\$25,500)
- ▶ Lose 1 fulltime person in DPW & sell a truck (\$65,000)
- ▶ Lose 1 fulltime & 1 part-time staff from combined clerk/treasurer offices (\$47,105)
- ▶ Put Village Hall up for sale & save operating costs (\$9,600)
- ▶ Use Village general fund balance to pay off debt on dump truck & ongoing obligations for retirees
- ▶ Add Port Henry street lighting district - at \$0.64 per \$1000 cost
- ▶ Add Port Henry fire or fire prot. district - at \$1.89 per \$1000 cost

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Scenario Two – “Medium Impact”

- ▶ Key Differences from High Impact Scenario
 - ▶ Maintain refuse/recycling in Port Henry – bill as special district charge to taxpayers in former Village
 - ▶ Cost = \$0.57 per \$1,000 assessed value
 - ▶ Maintain sidewalk snow removal in Port Henry – bill as a special district charge
 - ▶ Cost = \$0.13 per \$1,000 assessed value
 - ▶ Only lose 1 fulltime staff in clerk/treasurer function
 - ▶ Keep existing Village Hall to use as Town court/police facility

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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
 - ▶ Also, Village general fund balance to be used as dissolution plan designates
 - ▶ Debt for dump truck/retiree benefits to be special district cost to Village taxpayer of \$0.90 per \$1,000

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Cost Impact of Dissolution – Also Consider AIM

- ▶ Impact of Additional Aid & Incentives to Municipalities
 - ▶ AIM = state unrestricted aid (Town & Village currently 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

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Net Fiscal Change Due to Dissolution

Affects Tax Rate Across Entire Town

▶ **Best case**

- ▶ Changes to “New Town” budget total \$643,737
 - ▶ Assumes \$340,137 maximum savings
 - ▶ Plus, \$303,600 in new AIM revenue
- ▶ “New Town” tax rate = \$9.07 per \$1,000 assessed value

▶ **Worst case**

- ▶ Cost savings of \$198,932
 - ▶ Assumes minimum savings
 - ▶ Assumes no new AIM
- ▶ “New Town” tax rate = \$11.46 per \$1,000

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What Does This Mean to Taxpayers in Village?

- ▶ Current combined Village & Town tax rate = \$16.76 per \$1,000 assessed value
- ▶ Best case after dissolution
 - ▶ \$11.60 per \$1,000 (*reduction of 30.8%*)
- ▶ Worst case after dissolution
 - ▶ \$14.95 per \$1,000 (*reduction of 10.8%*)
- ▶ For home assessed for \$100,000
 - ▶ Current tax bill = \$1,676
 - ▶ After dissolution range of reductions = \$516 to \$181

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What Does This Mean to Taxpayers in TOV?

- ▶ Current Town tax rate = \$8.98 per \$1,000 assessed value
 - ▶ Plus \$1.31 Moriah F.D. or \$1.05 Mineville-Witherbee F.D. or \$1.02 fire protection district
- ▶ Best case after dissolution
 - ▶ \$9.07 per \$1,000 (increase of 1%)
- ▶ Worst case after dissolution
 - ▶ \$11.46 per \$1,000 (increase of 27.6%)
- ▶ For home assessed for \$100,000
 - ▶ Current tax bill = \$898 (plus applicable fire service charge)
 - ▶ After dissolution range of increases = \$9 to \$248

Dissolution Tax Impact Example Best Case: Village & TOV Taxpayers

	Scenario One With AIM					
	Current Village Resident			Current TOV Resident		
	Current Tax	Proposed Changes	Proposed Tax	Current Tax	Proposed Changes	Proposed Tax
Per \$1000 of assessed value						
Village tax	\$ 9.87	\$ (9.87)	\$ -	\$ -	\$ -	\$ -
Town tax	\$ 4.51	\$ (0.17)	\$ 4.34	\$ 4.51	\$ (0.17)	\$ 4.34
Town Highway tax	\$ 2.38	\$ 2.35	\$ 4.73	\$ 2.38	\$ 2.35	\$ 4.73
Town TOV tax (hwy. & general)	\$ -	\$ -	\$ -	\$ 2.09	\$ (2.09)	\$ -
Garbage Collection District tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lighting District tax	\$ -	\$ 0.64	\$ 0.64	\$ -	\$ -	\$ -
Sidewalk Snow Removal District tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service District tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fire District/ Fire Protection District tax	\$ -	\$ 1.89	\$ 1.89	\$ -	\$ -	\$ -
Total Tax Rate*	\$ 16.76	\$ (5.16)	\$ 11.60	\$ 8.98	\$ 0.09	\$ 9.07
* Town taxpayer also needs to add own fire tax						
Tax on Home Assessed for \$100,000	\$1,676	-\$516	\$1,160	\$898	\$9	\$907
Percentage Change in Tax		-30.8%			1.0%	

Dissolution Tax Impact Example

Worst Case: Village & TOV Taxpayers

	Scenario Three Without AIM					
	Current Village Resident			Current TOV Resident		
	Current Tax	Proposed Changes	Proposed Tax	Current Tax	Proposed Changes	Proposed Tax
Per \$1000 of assessed value						
Village tax	\$ 9.87	\$ (9.87)	\$ -	\$ -	\$ -	\$ -
Town tax	\$ 4.51	\$ 1.72	\$ 6.23	\$ 4.51	\$ 1.72	\$ 6.23
Town Highway tax	\$ 2.38	\$ 2.85	\$ 5.23	\$ 2.38	\$ 2.85	\$ 5.23
Town TOV tax (hwy. & general)	\$ -	\$ -	\$ -	\$ 2.09	\$ (2.09)	\$ -
Garbage Collection District tax	\$ -	\$ 0.57	\$ 0.57	\$ -	\$ -	\$ -
Lighting District tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sidewalk Snow Removal District tax	\$ -	\$ 0.13	\$ 0.13	\$ -	\$ -	\$ -
Debt Service District tax	\$ -	\$ 0.90	\$ 0.90	\$ -	\$ -	\$ -
Fire District/ Fire Protection District tax	\$ -	\$ 1.89	\$ 1.89	\$ -	\$ -	\$ -
Total Tax Rate*	\$ 16.76	\$ (1.81)	\$ 14.95	\$ 8.98	\$ 2.48	\$ 11.46
* Town taxpayer also needs to add own fire tax						
Tax on Home Assessed for \$100,000	\$1,676	-\$181	\$1,495	\$898	\$248	\$1,146
Percentage Change in Tax		-10.8%			27.6%	

Key Non-Fiscal Advantages of Dissolution

- ▶ New AIM revenue
- ▶ Eliminate issues of equity between Village & Town
- ▶ Potential to streamline most expensive government service area (Highways/DPW)
- ▶ Potential to reduce future equipment purchases
- ▶ Cost savings due to eliminating duplicate services
- ▶ 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

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Summary & Next Steps

- ▶ Shared Services – no savings identified
- ▶ Village Dissolution – various options
- ▶ Next Steps
 - ▶ Feedback from community
 - ▶ Study Team develops Dissolution Plan
 - ▶ Official Public Hearing on Plan
 - ▶ 7 p.m., Dec. 17, Knights of Columbus
 - ▶ Early 2010 – Village takes steps to put dissolution on ballot
 - ▶ Village voters vote March 2010

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Your Feedback Is Important!

- ▶ Feedback form
 - ▶ Available tonight & on project website
 - ▶ Comments accepted through Dec. 3, 2009

- ▶ For online form & more details, see:
 - ▶ www.cgr.org/porthenry