

Potential Opportunities for Sharing or Merging Program Services For the Town and Village of Liberty, New York

Introduction

The Hudson Group and its associates, Barton and Loguidice and Pattern for Progress present this report to the Joint Study Committee representing the Town and Village of Liberty in fulfillment of Task 3 of our study of Shared Municipal Services for the Town and Village of Liberty: *Potential Opportunities for Sharing or Merging Program Services* .

Task 3 calls for a detailed analysis of the information about each of the governmental program functions of the Town and Village developed in tasks #1 and #2. to identify potential opportunities for sharing or merging selected program services of the two governments, as well as dissolution of the Village and relinquishing all services to the Town government.

Under the terms of the contract between the Town of Liberty and The Hudson Group, the consultant has met and is working with a Joint Study Committee appointed by the Town and Village throughout the study. The Joint Study Committee has been appointed to oversee this consulting study, to provide assistance in obtaining information and agreement on all phases of the study and analysis, to receive interim reports and to provide guidance during the course of the study. The consultant is submitting this report to the Joint Study Committee, which after review and discussion at a public meeting will report its recommendations to the Town and Village Boards.

Summary and Highlights ¹

The Town of Liberty, in collaboration with the Village of Liberty has retained consultants to examine opportunities to reduce the cost of government by sharing or merging services through inter-municipal cooperative agreements while retaining separate governments, and also to examine financial benefits that could be realized by consolidating the Village and the Town into one government. The objective of this examination is to moderate and reduce the property tax burden levied on the residents and businesses of the Town and Village to finance government services.

This study is funded through a grant from the NYS Department of State under its Shared Municipal Services Incentive Grant Program.

The Consultant, The Hudson Group, and its associates, Barton and Loguidice and Pattern for Progress has presented a report to the Joint Study Committee representing the Town and Village of Liberty in fulfillment of Task 3 of the study.

This Task 3 report entitled: *Potential Opportunities for Sharing or Merging Program Services* presents a detailed analysis of the information about each of the governmental program functions

¹ Selected references from Consultants' Task 2 Report

of the Town and Village and identifies potential opportunities for sharing or merging selected program services of the two governments, as well as dissolution of the Village and relinquishing all services to the Town government. This report is based on a detailed review of the Town's 2008 budget and the Village's 2007-2008 budget and the Village's 2007 budget, annual reports and related information provided as well as interviews with selected local officials and key staff.

Under the terms of the contract between the Town of Liberty and The Hudson Group, the consultant is working with a Joint Study Committee appointed by the Town and Village throughout the study. The Joint Study Committee has been appointed to oversee this consulting study and to provide guidance during the course of the study. The consultant is submitting this Task 3 report to the Joint Study Committee. The Joint Study Committee, after review and discussion at a public meeting, will report its recommendations to the Town and Village Boards.

Highlights of the Task 3 Report

Potential opportunities for sharing or merging program services are examined under 2 options:

- Option I: Merge Selected Program Functions With the Town Government, but Leave the Village Government in Place
- Option II: Dissolve the Village Government and Transfer all Program Function and Services to the Town Government

The opportunities identified for all options assume that the continuity and quality of service is unchanged.

Estimated tax savings for a Village residence valued at \$150,000 associated with these Options are illustrated on pages 7 and 8.

Option I: Merge Selected Program Functions with the Town Government, but Leave The Village Government in Place

1. Opportunities for cost reduction and property tax savings identified by the consultant by leaving the Village government in place and merging only selected functions with those of the Town are attainable, but modest.
 - b. Cost reductions and increased efficiencies in managing program operations by merging the Village and Town Public Works functions are attainable. Closing the Village barn and eliminating several staff positions would yield lower costs. The contribution to a lower tax levy for Village residents would be modest. (See page 7).
 - c. Merging the Village and Town Justice Courts would generate only minor cost reductions and probably no reduction in the Village property tax levy.

- d. Leaving the Village in place would not eliminate the Village tax delinquency problem.
- e. The Town and Village would not qualify for the substantial increase in State aid provided by the recently enacted State AIM incentive provisions to encourage municipal consolidation.

Option II: Dissolve the Village Government and Transfer all Program Functions and Services to the Town Government

1. A graphic illustration of possible transfers of services to the Town is shown on page 20A.
2. The current (fiscal year 2007-2008) Village property tax levy of \$2,586,916.00 would be eliminated, resulting in a savings of this amount. Village residents would no longer pay a property tax to the Village government each year. (See pages 7 and 8).
3. The cumulative tax delinquency burden borne by Village taxpayers, currently at \$328,933, would be eliminated, resulting in estimated savings in excess of \$100,000 annually. The County makes the Town whole on delinquencies each year.
4. A total of 44 full-time and 19 part-time Village jobs would be eliminated were the Village to be dissolved. The consultant estimates that 33 of these full time and 6 of these part time positions would be transferred to the Town to administer the several Village program functions that would have to be merged with comparable Town functions to assure continuity of services. The consultant does not assume that the Town would be required to hire the Village incumbents now employed in the positions to be transferred, but would be required to adhere to provisions of the State Taylor law governing the treatment of organized public employees affected by changes in municipal government programs. Consultant assumes also that reductions in Village employment affected by the dissolution can be mitigated in part with a schedule for discharging those incumbents not re-employed by the Town by phasing the elimination of their positions over a two to four year period, relying in part on normal attrition and retirements.
5. Village programs eliminated but needed to assure continuity of services would be transferred to the Town government, adding the cost of those services to the Town budget. Taking into account some savings and cost reductions that have been estimated would be associated with efficiencies involved in the transfers, those increased costs to the Town would be relatively minor for some functions, and for others substantial. The most substantial of these increases would be:
 - a. Police Department. \$1,556,896 of which \$1,470,376 would be financed with Town property taxes, as they are now with Village property taxes.(Eliminating the Village 911 emergency call service function and transferring

this function to the County 911 emergency call service program would reduce costs and is assumed in this analysis).

- b. Public Works. \$798,639, all of which would be financed with Town property taxes, as they are now with Village property taxes.

Taken together, these two program transfers would require an increase in the Town property tax levy of \$2,269,015 to finance them at current 2008 budgeted costs. This would entail an increase in property taxes for all Town taxpayers, including those of the dissolved Village.

The consultant's Task No. 2 paper identifies opportunities that could be employed to offset most of this increased tax levy. These include: (a) a shift in the Town's current practice of financing its

Water and Sewer Districts in part with property taxes, and in part with user charges. A shift by the

Town to finance all of these costs with user charges would decrease the Town's current property tax levy by approximately \$979,251; and (b) a recent change in State law involving Aid and Assistance for Municipalities (AIM) would entitle the Town to a permanent State aid payment of \$953,654 if the Village were to be dissolved in 2008, and could reach one million dollars annually if the combined tax levy of the Town and Village were to rise above the current year level at some near future date when dissolution actually becomes effective.

6. Other current year Village program services transferred to the Town under a Village dissolution option would be provided as they are now.
 - a. Solid waste management needs of the current Village residents would continue to be met employing the same system as now provided by the Village. Costs would be financed with the present type of user fee structure. New property tax levies would not be required. Consultant suggests the Town consider formation of a Sanitation District for this function.
 - b. Water supply and Sewer services for Village residents would be merged with the Town's Water/Sewer Department. Charges to customers would be based on metered usage, and costs would be financed with user fees as they are at present. Modest reductions in Water and Sewer rates are attainable with this merger. New property tax levies would not be required.

- c. Village and Town Code Enforcement would be consolidated, with the addition of a part time officer and approximately \$8,000 to the Town budget. Added cost to be financed with property tax revenues.
- d. The Village Justice Court would be merged with the Town Justice Court. One full time Judge and one full time Clerk would be added to the Town Court to adjudicate the increased workload shifted to the Town Court. Increased costs would be partially offset with the increased fine and bail forfeiture revenue generated by the added caseload.
- e. The Village Attorney position would be eliminated and the legal workload transferred to the Town Attorney, with the modest increase in Town costs supported with property tax revenues.
- f. The Village Board and Clerk functions would be eliminated, and the governance and administrative support functions assumed by the Town Board and Town Clerk / Finance functions. The associated modest increase in Town general fund costs would be financed with property tax revenues.
- g. Current Village debt service costs of \$369,310 shifted to the Town are virtually all attributable to past Village debt incurred for water and sewer system improvements. These costs would continue to be financed by the Town with revenues generated by user fees charged for the transferred Village Water and Sewer functions, as they are now. No new property tax levies would be required to finance this transferred debt.

Estimated Tax Savings Associated With Alternative Opportunities

Savings in Village property taxes paid by Village residents would differ with each opportunity. In all instances, significant savings would accrue to Village residents. The savings in Village taxes would be offset to some degree by higher Townwide taxes, and the spreading of current Town-Outside-Village taxes on a Townwide basis.

To Illustrate.

Option # 1. Merge the Village Highway program with the Town Public Works program.

A Village residence valued at \$150,000 pays a Village tax of \$1,848. Savings due to the merger would be

\$571. The increased Town-wide tax levy to the Village taxpayer to pay for the annual cost of the merged public works program would reduce the savings to \$177.

A Town residence located outside the Village valued at \$150,000 would pay an additional \$169 in Town-wide taxes, but save \$94 in current Town-Outside-Village taxes for a net increase of \$75.

Option # 2. Dissolve the Village and transfer all program services to the Town.

A Village residence valued at \$150,000 currently pays \$1,848 in Village taxes. Village tax savings would be \$1,848. The increased Town-wide and TOV tax levy to pay for the transferred services would reduce the savings to the Village taxpayer to \$1,107.

A Town residence located outside the Village valued at \$150,000 would pay an additional \$516 in a Town-wide tax levy, but save \$94 in current Town-Outside-Village taxes for a net increase of \$422.

Option # 3. Dissolve the Village and transfer all program services to the Town. Add the new AIM State payment to the Town, conditioned on Village dissolution.

A Village residence valued at \$150,000 currently pays \$1,848 in Village taxes. Village tax savings would be \$1,848. With the AIM State payment to the Town to off-set the increased Town and TOV levy required to pay the cost of the transferred services, net savings to the Village taxpayer would amount to \$1,315.

A Town residence located outside the Village valued at \$150,000 would pay an additional \$308 in a Town-wide tax levy, but save \$94 in current Town-Outside-Village taxes for a net increase of \$214.

Option # 4. Dissolve the Village and transfer all services to the Town; create a Town Police District to serve only former Village residents; assess former Village residents a tax levy to pay the annual costs of the Police District services.

A Village residence. valued at \$150,000 currently pays a Village tax of \$1,848. Net savings to the Village taxpayer would be \$364.

A Town residence located outside the Village valued at \$150,000 would pay an additional \$208 Town-wide tax levy, but save \$94 in current Town-Outside-Village taxes for a net increase of \$114.

- Estimates are based upon 2007-2008 Village and 2008 Town-wide and Town-Outside-Village assessed values, property tax levies, and tax rates as shown here.

	Assessed Value	Property Tax Levy	Tax Rate
Village of Liberty	\$131,783,720	\$2,586,916	19.630
Town-wide Liberty	\$449,805,945	\$2,888,666	6.422
Town-Outside-Village	\$317,841,011	\$1,076,319	3.386

A Village residence market-valued at \$150,000 when adjusted by the 2007 equalization rate of 62.75 produces a taxable assessment of \$94,125.

Property Tax Parity

Townwide property revaluation is desirable to provide greater parity to Village property owners as compared with those property owners in the Town outside the Village, whether or not the Village is dissolved. The failure to revalue property assessments since 1995 results in Village property owners paying more than their fair share of School District, Townwide and County property taxes. This is due principally to the relative changes in property values in the Village compared with property values in the Town outside the Village that has occurred during the ensuing period. A revaluation of all taxable property in the Town would remedy the disparity.