



Cornell University

**North Hornell
Municipal Options Study**

March – 2004

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The Local Government Program

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Executive Summary

Two previous studies in 1974 and 1992 assessed municipal options and the potential for consolidation of governments and public services for the Village of North Hornell and surrounding local governments. Both former studies recommended some form of merger of the City of Hornell and the Village of North Hornell. Based on continued interest, the North Hornell village board appointed a 10-member citizens committee in 2000. After conducting a citizen survey and a voter poll, the village board decided to restudy municipal options with strong support from village residents.

This report provides an updated financial and service delivery comparison of five options for the Village of Hornell.

1. Retain the existing forms of government and make no new cooperative service delivery changes.
2. Form a Coterminous Town-Village of North Hornell
3. Retain the existing form of village government and increase contracting with the City of Hornell for certain services.
4. Dissolve the village (with the Town of Hornellsville assuming village functions), and
5. Merge the Village of North Hornell and the City of Hornell.

The service delivery activities of the city, village, and town are summarized focusing on the areas where intergovernmental service provision already exists. Then, a financial provide of each of the five options is presented. The financial and service delivery analyses are summarized (Table 7, page 20) followed by a discussion of implementation options.

Option 5, Merger with the City of Hornell, is the only option which would lead to a reduction in annual residential costs. It is also the only option which leads to improvements in service delivery. Differences in costs and service delivery need to be balanced against impacts on local control. Both Dissolution (Option 4) and Merger (Option 5) would result in a loss of local control for current village residents in public decision-making.

Citizen preference for local government organization and service delivery is the ultimate criteria and must be used to judge the results presented in this report. Local citizens and their elected representatives have the right to choose local arrangements that best meet public service needs and preferences. In some cases, citizens prefer to maintain a smaller local government unit to preserve community character and more direct accountability and access to public officials – even if costs are higher.

Table of Contents

Introduction _____	1
Intergovernmental Service Delivery: Village of North Hornell, Town of Hornellsville, City of Hornell _____	2
Opportunities for Service Cooperation _____	3
Financial and Service Delivery Comparison of Key Options _____	4
Option 1: Retain Village of North Hornell – No Service Delivery Changes _____	4
Option 2: Form Coterminous Town-Village of Village of North Hornell	6
Option 3: Retain the existing form of village government and increase contracting with the City of Hornell for certain services _____	9
Option 4: Village of North Hornell Dissolution - with the Town of Hornellsville assuming Village Service Delivery _____	11
Option 5: Merging the Village of North Hornell and City of Hornell ____	14
Summary of Alternatives _____	18
Alternatives for Implementation _____	21
References _____	22
Appendix _____	1

North Hornell Municipal Options Study

Introduction

In 1992, a study assessing the potential for consolidation of governments and public services was conducted for the City of Hornell and the Village of North Hornell by staff from the Southern Tier Central Regional Planning and Development Board (with a grant from the Appalachian Regional Commission). This effort examined how City and Village municipal services are delivered, what they cost, what duplication exists, and what areas could be consolidated and improved upon. Four alternative methods for consolidating services were examined. A similar study was conducted in 1974. The 1974 study, which produced several reports, was conducted by Economic Consultants Organization, Inc. under contract with the Southern Tier Central Regional Planning and Development Board.

Both former studies recommended some form of merger of the City of Hornell and the Village of North Hornell. These recommendations were based on a comparatively lower cost of services for North Hornell citizens under merger with the City of Hornell. This general recommendation was not implemented following release of the 1974 or 1992 reports. There have been a number of changes in service delivery in the intervening years since the 1992 report.

Based on continued interest, the North Hornell village board appointed a 10-member citizens committee to consider the need for further assessment of the village's options in 2000. To determine the desire of village residents for further efforts, the citizen's committee commissioned a simple one-question survey of village residents in the spring of 2001. Two-thirds (66%) of village residents responded to the survey. Among those responding, two-thirds (66%) indicated that they "support the purpose of the study" *to clarify any and all future options available to North Hornell Village residents*. In 2002, the village board asked voters if they were willing to spend village tax dollars to support such a study. Voters supported village funding for the study by a similar two-thirds majority. This report is designed to bring updated research information and implementation options for evaluation by the citizens committee, the village board, and, ultimately, the citizens of North Hornell.

The purpose of this report is to provide an updated, and revised financial and service delivery comparison of the four options for the Village of North Hornell considered in the 1992 study. These options were to:

1. Retain the existing form of village government and increase contracting with the city for certain services,
2. Dissolve the village (with the Town of Hornellsville assuming village functions),

3. Merge the village and city governments, and
4. Retain the existing forms of government, and make no service delivery changes.

A fifth option, forming a coterminous town-village from the existing Village of Hornell, will also be included in the comparison.

The report has four sections. In the next section, the service delivery activities of the city, village, and town are summarized. The summary focuses on the areas where intergovernmental service provision already exists. In section three, a financial profile similar in form to the 1992 analysis is presented. The financial and service delivery analyses are summarized in section four. Implementation options are discussed in the report's final section.

Citizen preference for local government organization and service delivery is the ultimate criteria that must be used to judge the results presented in this report. Local citizens and their elected representatives have the right to choose local arrangements that best meet public service needs and preferences. In some cases, citizens prefer to maintain a smaller local government unit to preserve community character, and have more direct accountability and access to public officials, even if costs are higher. Research evidence indicates that informed local choice helps improve the overall efficiency of and effectiveness of local public services in the United States.

Intergovernmental Service Delivery: Village of North Hornell, Town of Hornellsville, City of Hornell

The Village of North Hornell has extensive service delivery relationships with its local government neighbors. Some of this intergovernmental service delivery has existed from the time the village was incorporated. Existing cooperation is summarized below with a final section detailing the primary areas where further cooperative activity has the most potential.

Public Works. From its inception, the Village of North Hornell's water and sewer services have been linked to the City of Hornell. North Hornell maintains a water distribution system which delivers treated water from the City of Hornell to the village's residential and commercial users. Users in the village are metered and are billed by the City of Hornell, directly based on consumption. Based on a 1997 consultant study, the village has completed a number of capital projects to improve the distribution system. Village public works personnel install and repair service connections and fire hydrants. Capital and operating costs of the water distribution system within the village are expensed out of the general fund.

The Village of North Hornell owns the sewer collection system within the village. All village sewer flow is treated at the City of Hornell treatment plant. The main sewer line serving the village was extended north to the

edge of the Village of Arkport in 1976 to provide sewer service to the Crowley Dairy facility. The balance of Arkport remains without public sewers. The Village of North Hornell sewer collection system is financially supported by a quarterly village fee of \$38 (in 2003). The agreement extending the line north to Arkport resulted in a moratorium on treatment charges for village users for 40 years ending in 2016. It is unclear if the village moratorium on treatment charges will continue after 2016. Also as a part of the 1976 agreement, the City of Hornell pays for the maintenance and operation of North Hornell's pump station. Any repairs exceeding a \$1,000 "to the intercepting sewer line, pump station or force main of the village" will be shared by the city and village in proportion to flows from the village and those from outside the village.

In street and sidewalk maintenance, North Hornell participates in a variety of routine sharing of manpower, materials and equipment with the town and the city. For example, the village uses the town chipper in cleaning up limbs and vegetative debris. The village also uses the town salt storage facility and gravel from the town-owned gravel mine.

Public Safety. The Village of North Hornell Fire Company serves the village and portions of the Town of Hornellsville outside the village through a fire protection district contract with the town. Most fire fighters in the department reside outside the village. The City of Hornell Fire Department currently does dispatching for the North Hornell Fire Company as it does for seven fire companies and two ambulance companies in the region. Upon the request of the North Hornell Department, the City of Hornell Fire Department began doing fire drills and fire inspections at the grade school located in the village in 2002.

By contractual agreement, the City of Hornell provides emergency medical services to the Town of Hornellsville. The Town contract includes the Village of North Hornell. The city has provided emergency medical services in the village area for 30 years. The city provides emergency services with a 2 minute response time.

The village has three appointed part-time police officers who all serve as full time officers in other local departments. This link with other full time departments provides valuable cooperation.

Public Schools. The Village of North Hornell is already linked to the City of Hornell through the Hornell City School District. This enlarged city school district includes the whole of the village. A district grade school is located in the village.

Opportunities for Service Cooperation. The area of paving and street and sidewalk maintenance constitutes the largest budgeted service area in the village where significant opportunities for service sharing exist. Either the Town of Hornellsville or the City of Hornell are potential contractors, but the street services provided by the city are more consistent with village needs. Policing services is another area of service cooperation

opportunity. In 2003, the Village of North Hornell asked the City of Hornell for a proposal to provide full time policing services in the village. The village did not react favorably to the city's proposal.

Financial and Service Delivery Comparison of Key Options

As noted in the introduction, the purpose of this report is to provide an updated, and revised financial and service delivery comparison of four options for the Village of North Hornell considered in the 1992 study, and a fifth option identified by the village special study committee (listed as option two, form a coterminous town-village). These options are:

1. Retain the existing forms of government and make no cooperative service delivery changes.
2. Form Coterminous Town-Village of Village of North Hornell
3. Retain the existing form of village government and increase contracting with the city for certain services,
4. Dissolve the village (with the Town of Hornellsville assuming village functions), and
5. Merge the village and city governments

Results for options 1-5 are presented below.

Option 1: Retain Village of North Hornell – No Service Delivery Changes

Homeowner Cost Impacts. Substantial service delivery integration exists between the Village of North Hornell, the Town of Hornellsville and the City of Hornell. While other initiatives have been considered in recent years, it is important to assess the financial profile of maintaining current service delivery arrangements “as is.” Column 2 in Table 1 below shows the current local public service costs for a typical North Hornell residential property. The total in column 2 indicates that a typical home owner paid \$3,795 in fiscal 2003 for local public services. These figures are based on a residential property with a taxable assessed value of \$87,000, the estimated median value of residential housing.¹ Residents with lower or higher property values will experience different public service costs. Using the assumption on Table 1, a homeowner with an assessed value of \$60,000 would have village public service costs of \$2,876. Similarly, one with an assessed value \$150,000 would have village public service costs of \$5,939.

¹ This figure was arrived at by taking the median value of housing in the village as reported in the U.S Census of population for the year 2000 and inflating the median value by 10% per year. About 50% of the single family homes in North Hornell should have an assessed value below \$87,000 and fifty percent should have an assessed value which is greater.

**Table 1: Current Homeowner Public Service Costs
for the Village of North Hornell**

Item	1 2003 Tax Rate	2 Village Current	3 Adjusted Tax Rate	4 Village- Current plus Sewer Treatment Charges and Elimination of PILOT Payments
Sewer Charge (A)		\$152		\$ 372
Water Charge (B)		418		418
Garbage (C)		264		264
Property Tax (D):				
Village	5.29	460	7.79	678
Town	1.80	156	1.80	156
City		-		-
County	10.27	894	10.27	894
School	16.67	1,450	16.67	1,450
Total Taxes & Fees		\$3,795		\$ 4,232
Difference (4)-(2)				\$ 438

A = Column 2 Village rate is a charge for maintaining the village collection system. Column 4 adds treatment costs that will not be added to homeowner costs until 2016.

B = Based on average usage of 19,000 gallons/quarter

C = Private Vendor rates for trash removal vary in the Village; based on a common vendor charging \$22/mo pick-up fee for maximum of six bags per week

D = Based on assessed value of \$87,000 for a single family home in 2003. Established using census median value of housing in the village in 2000 with a 10% annual growth rate in the value of housing for 2001-03. All Column 1 tax rates based on fiscal years ended in 2003

Changes in Service Delivery. In this option, service delivery in the village would stay the same. No changes or new intergovernmental arrangements are proposed.

Transition Costs. In this option, there are no transition costs to consider because there are no major intergovernmental adjustments in service delivery.

Future Considerations. A number of influences will shape village finances and service delivery over time. These influences include the state and regional economy, policy changes by state decision makers, and the actions of the villages intergovernmental partners. All regular state aids (excluding one time grants and payments) represent about two percent of total annual budgeted revenues for the village. Hence, state aid cuts are unlikely to have a direct impact on budgeted revenues. Major budgetary impacts from the state are more likely to come from changes in retirement contributions or regulatory/mandated cost increases to service delivery.

There are two factors in the current village financial picture that may have important impacts in the medium term (10 to 15 years). One involves the

moratorium on sewer fees in the village, and a second involves payments from the City of Hornell for a previous annexation. As noted earlier, village residents currently pay no sewer fees for treatment. The moratorium on these fees is set to expire in 2016.

In 1994, a portion of the Village of North Hornell was annexed to the City of Hornell. This area, west of the Route 36 corridor, was developed into a retail center. The total area annexed was about a tenth of a square mile and reduced the overall size of the village from .7 to .6 square miles, or a 14% reduction in total village land area. As a part of the annexation agreement, the Village of North Hornell received a payment in lieu of taxes – PILOT - for 20 years. The PILOT agreement calls for increasing payment to the village until 2015. The schedule for these payments is included as Appendix Table A1. Each year, the pilot payments increase at a rate of 5% per year until 2015. The total twenty year proceeds to the village from the pilot agreement will be \$1,851,696. An additional \$1,316,943 remains to be paid to the village in the coming years.

Column 4 in Table A1, contains the estimate of current public service costs in the village, assuming no PILOT payment (and limited contractual proceeds from property taxes) and assuming that homeowners paid sewer user fees for treatment. These two factors would raise estimated annual public service costs to \$4,232, an increase of \$438 for the typical property owner. The village tax rate would increase 47% from \$5.29 to \$7.79 per thousand dollars of assessed valuation. The impact of these changes is likely to be more significant in total dollars in the years 2015 and 2016.

Option 2: Form Coterminous Town-Village of Village of North Hornell

The New York Department of State (1998) lists three options for creating a coterminous town-village: (1) creation of a new town coterminous with an existing village, (2) creation of a new village coterminous with the boundaries of an existing town containing no villages, and (3) extension of village boundaries through annexation to the full extent of the town area surrounding a village. In the case of the Village of North Hornell, option (1) is the alternative that considered here. It would require a special bill to be sponsored by the area's senator and assemblyman. These representatives usually require a sense of local consensus about such initiatives. State law requires a minimum population of 500 for village incorporation. Given the current population of North Hornell (851), we cannot develop a rationale for the need for such change in structure that would provide justification for dual incorporation. There are currently five coterminous town-villages in New York State. These five units are listed in Table 2 along with their county and 2000 total population count.

Table 2: Coterminous Town-Village Units in New York State

Coterminous Town-Village	County	Creation Date	Total 2000 Population	Land Area Sq. Miles
East Rochester	Monroe	1981	6,650	1.4
Green Island	Albany	1899	2,278	0.7
Harrison	Westchester	1975	24,154	16.8
Mount Kisco	Westchester	1977	9,983	3.1

There are no clear state financial incentives for the village to form a coterminous town-village. The historic basis for estimating changes in general purpose state aid was the differential payments made to towns, villages and cities on a per capita basis. By law, the state general revenue sharing payments are no longer calculated by the per capita formula. The law regarding state aid payments now uses the historic per capita distribution as a base but does not include the per capita formula in determining the actual amounts distributed. As a result if municipalities change their form to coterminous, any change in general purpose state aid would only come from special provisions changing the aid for that municipality as well. Similarly, the CHIPS allocation formula (state highway assistance) for town road mileage is substantially lower than that for villages. Hence, there would be no anticipated increase in Chips allocation with movement from a village to the coterminous form.

The coterminous Town-Village of North Hornell would not pay town taxes to the Town of Hornellsville but would have to provide some services previously provided by the town. These services would include: justice court, real property assessment, clerk records functions, dog control, and base contractual ambulance coverage. In part, these additional expenses would be offset by: court based revenues, clerks fees, dog control fees and other revenues.

Homeowner Cost Impacts. Table 3 contains a comparison of current homeowner costs in the Village of Hornell in comparison with cost changes under formation as a coterminous town-village. These calculations do not include transitional costs which would include: one time legal fees, financial system changes and software costs, and possibly some capital costs (court facility and office space, etc.). It is assumed there would be no additional costs for the village for tax collection or elections. The homeowner costs for the new coterminous town-village of North Hornell exceeds the costs of the previous town and village tax rates combined. The combined town and

village tax rate of \$7.09 per thousand dollars of assess valuation increases to a single conterminous rate of \$8.00. This results in an increase of about \$79 in total homeowner costs for the median value of housing. The coterminous option, as calculated here, remains more expensive at both lower and higher property values. It is expected that the difference would be greater if transition costs were included in the estimate.

Table 3: Comparison of Current Homeowner Public Service Costs for the Village of North Hornell with Cost Under Option 2 – Formation of Co-terminous Town-Village

Item	1 2003 Tax Rate	2 Village -- Current	3 Adjusted Tax Rate	4 Coterminous Town-Village
Sewer Charge (A)		\$ 152		\$ 152
Water Charge (B)		418		418
Garbage (c)		264		264
Property Tax (D):				
Village	5.29	460	8.00	696
Town	1.80	156		
City		-		-
County	10.27	894	10.27	894
School	16.67	1,450	16.67	1,450
Total taxes & fees		\$3,795		\$ 3,874
Difference (4)-(2)				\$ 79

A=Village rate is a charge for maintaining the village collection system.

B = Based on average usage of 19,000 gallons/quarter

C = Private Vendor rates for trash removal vary in the Village; based on a common vendor charging \$22/mo pick-up fee for maximum of six bags per week

D = Based on assessed value of \$87,000 for a single family home in 2003. Established using census median value of housing in the village in 2000 with a 10% annual growth rate in the value of housing for 2001-03. All Column 1 tax rates based on fiscal years ended in 2003

Changes in Service Delivery. In this option, it is assumed that service delivery in the coterminous town-village would stay the same. No changes or new intergovernmental arrangements are proposed except those that would be needed to take over former Town of Hornellsville functions (emergency services' base contract with City of Hornell, appointed or contract assessment, etc). It assumed that all other contractual and service delivery arrangements would remain intact, including the service arrangements with the City of Hornell and the North Hornell fire company.

Transition Costs. In this option, there would be some transition costs for legal services, financial and administrative changes and operating and capital costs associated with creating a new justice court.

Future Considerations. The potential for tax increases (outlined in Option 1 for future treatment charges for North Hornell residents and increases associated with the end of the PILOT agreement) will remain under the transition to a coterminous town-village of North Hornell.

Option 3: Retain the existing form of village government and increase contracting with the City of Hornell for certain services

Two service areas hold potential for additional service contracting between the Village of North Hornell and the City of Hornell. Additional services could be “contracted out” in public works and in policing.

Contracting for police services makes sense only to achieve broader coverage and to access the expanded resources of a full-time police agency. Current policing costs are modest in the village because of the low administrative overhead and the low wage structure of hiring part-time officers that serve full time in other agencies. It is unlikely that the village could achieve cost savings to achieve the *current level of service* through direct contracting with another police agency. In 2000, the village approached the City of Hornell regarding contracting for *expanded 24/7 police coverage*. The city provided an annual estimate of \$105,000 for full time police coverage. This estimate is used for police service contracting with a 5% growth factor over the two intervening fiscal years.

Three areas within public works services have the potential for increased contracting: 1) operating the water distribution system (the village buys treated water from North Hornell), 2) operation of the sewer collection system (treatment is already done by the City of North Hornell), and 3) street maintenance (winter and summer). Street maintenance would include: pothole patrols – permanent patching in the summer and temporary in colder months, sign maintenance, storm sewer inlet maintenance and periodic street sweeping. Also included is the cost of winter snow and ice control of village streets and sidewalks.

Homeowner Cost Impacts. The impacts of contracting out police and public works services are presented in Table 4. The results of three alternatives are included in the table. First, the combined effect of contracting out police and public works services is presented, followed by contracting for police only and public works only. Contracting out for both service areas leads to an increase in annual costs of about \$57, based on increased village taxes. If police services alone are contracted out the cost increase is much higher to \$4,201 per year and increase of \$406 per year. If only public works services are contracted, then total public sector costs actually decrease to \$3,445 per year for a savings of \$349 annually.

Table 4: Comparison of Current Homeowner Public Service Costs for the Village of North Hornell with Cost under Option 3 – Contract for Service with the City of Hornell

Item	1 2003 Tax Rate	2 Village -- Current	3 Adjusted Tax Rate	4 Contract Services with City of Hornell
Sewer Charge (A)		\$ 152		\$ 152
Water Charge (B)		418		418
Garbage ©		264		264
Property Tax (D):				
Village	5.29	460	5.95	518
Town	1.80	156	1.80	156
City		-		-
County	10.27	894	10.27	894
School	16.67	1,450	16.67	1,450
Total Taxes & Fees		\$ 3,795		\$ 3,852
Difference (4)-(2)				57
Total – Police Only				\$ 4,201
Difference (4)-(2) Police				406
Total – Public Works Only				\$3,445
Difference (4)-(2) Public Works				(349)

A =Village rate is a charge for maintaining the village collection system.

B = Based on average usage of 19,000 gallons/quarter

C = Private Vendor rates for trash removal vary in the Village; based on a common vendor charging \$22/mo pick-up fee for maximum of six bags per week

D = Based on assessed value of \$87,000 for a single family home in 2003. Established using census median value of housing in the village in 2000 with a 10% annual growth rate in the value of housing for 2001-03. All Column 1 tax rates based on fiscal years ended in 2003

Changes in Service Delivery. As noted above, contracting out police services to the City of Hornell represents a dramatic increase in the level of services provided to residents in the Village of North Hornell. This new contract would assure round the clock police coverage and availability 365 days a year. Currently the village provides sporadic coverage which amounts to, at best, several single shifts of coverage per week, with no programmatic direction or targeted coverage.

In contrast, the public works contracting proposed would “mirror” or replicate the level and type of service currently provided in the Village of North Hornell. Contracting for these additional public works services raises the question regarding “what additional services would remain for the village staff to perform?” The figures used here assume a total elimination of the current village public works staff and capacity. In most small to medium sized local governments, the public works staff performs a bundle of services utilizing a varied fleet of equipment. Pulling apart pieces of that bundle may make it extremely inefficient to provide the parts that remain to

be provided in house. It is also important for the local community to consider if a minimal staff is needed to ensure local interests are met, monitor the activities of other municipal contractors providing services for the village, and fill in the inevitable gaps that remain when the bulk of public services are contracted out.

Most governing boards are not prepared to and do not want to engage in the day to day management of contractors that are performing service related tasks for their municipality. This set of contracts would leave the village with only one staff position, the village Clerk-Treasurer. If this option were pursued, thought should be given to expanding or modifying the role of Clerk-Treasurer, or maintaining a single public works position to have a core employee to handle both current responsibilities as well as contract management and oversight tasks. Such personnel would lead to an increase in costs and tax rates over those reflected in Table 4. It assumed that all other contractual and service delivery arrangements would remain intact, including the service arrangements with the City of Hornell and for the North Hornell fire company.

Transition Costs. In this option, there would be some transition costs for legal services, financial and administrative changes. If the balance of public works tasks were contracted out, then most of the current equipment would be surplus, as well as the current public works facility. The village may or may not want to keep this facility. It would not be needed by the City of Hornell in providing the services by contract.

Future Considerations. The potential for tax increases outlined in Option 1 for future treatment charges for North Hornell residents and tax rate increases associated with the end of the PILOT agreement will remain with additional contracting with the City of Hornell.

Option 4: Village of North Hornell Dissolution - with the Town of Hornellsville assuming Village Service Delivery

Historically, several factors have contributed to village dissolution in New York. First, dissolution usually takes place in New York's smaller villages. Nineteen villages have been dissolved since 1950. Fifteen of the 19 villages have had less than 1,000 residents at the time the village went out of existence. Secondly, significant financial distress has most often been a key factor in village dissolution in other cases of larger villages. Previous studies show that village dissolutions, in general, lead to higher tax rates for former town—outside village residents and lower rates for former village residents.

In the case of smaller villages that choose to dissolve, the leadership pool in the community is often stretched to the point of inadequacy. Elected positions become difficult or impossible to fill. In many previous cases, the smaller villages often provided a level of service that is not much different than the surrounding town. In these cases, citizens find that dissolution will have minimal impact on the services that they receive. Several good

references exist on the legal and technical process of village dissolution, including the New York Department of State and the New York Conference of Mayors. This process will not be discussed in the report.

Table 5 contains a summary of Annualized Residential Costs for current village property owners if the Village of North Hornell were dissolved. Under this option, the Village tax rate is eliminated and there are a variety of revenue and expenditure impacts on various town funds.

Homeowner Cost Impacts. Table 5 contains a summary of Annualized Residential Costs for current village property owners if the Village of North Hornell were dissolved. In this analysis, it is assumed that arrangements after dissolution should be structured to provide, as nearly as possible, the services that were previously provided to North Hornell citizens and property owners. Secondly, it is assumed that, to the extent possible, those who benefit from services should pay for them. To accomplish this “benefit” principle, it is assumed that at least four new special benefit districts would need to be formed for police, water, sewer and lighting. The boundaries of each of these districts would mirror the existing boundary for the Village of North Hornell. Town Fire Protection District #2 would also have to be reconfigured to accommodate the former village area. Other services and their associated costs and revenues are allocated to existing town funds.

Overall, dissolution of the Village of North Hornell leads to an increase in annual residential costs of about \$261. These costs for former village residents are based on a slightly higher overall overlapping tax rate and an increase in sewer charges for effluent flows with the dissolution of the village. The increases in costs for dissolution are larger for higher valued residential property and somewhat less for lower valued residential property. Increased costs for lower valued property remain well over \$200 for the entire range of reasonable housing values. Table A2 in the Appendix shows the composition of the overall town, part-town and district tax rate burden that would be levied on the property of the former Village of North Hornell. Table A3, also in the Appendix, shows the assumptions made regarding each line item from the 2002-03 Village of North Hornell budget under village dissolution and their allocation to various town funds. The Appendix contains a Dissolution Summary with a discussion of assumptions about changes in staffing and other key revenue and expenditure items.

Table 5: Comparison of Current Homeowner Public Service Costs for the Village of North Hornell with Costs Under Option 4 – Village Dissolution

Item	1 2003 Tax Rate	2 Village -- Current	3 Adjusted Tax Rate	4 Village Dissolution Town Service Provision
Sewer Charge (A)		\$ 152		\$ 372
Water Charge (B)		418		418
Garbage ©		264		264
Property Tax (D):				
Village	5.29	460		-
Town	1.80	156	7.55	657
City		-		-
County	10.27	894	10.27	894
School	16.67	1,450	16.67	1,450
Total Taxes & Fees		\$3,795		\$ 4,056
Difference (4)-(2)				\$ 261

A = Column 2 Village rate is a charge for maintaining the village collection system. Column 4 adds treatment costs

B = Based on average usage of 19,000 gallons/quarter

C = Private Vendor rates for trash removal vary in the Village; based on a common vendor charging \$22/mo pick-up fee for maximum of six bags per week

D = Based on assessed value of \$87,000 for a single family home in 2003. Established using census median value of housing in the village in 2000 with a 10% annual growth rate in the value of housing for 2001-03. All Column 1 tax rates based on fiscal years ended in 2003

Changes in Service Delivery. The Village of North Hornell produces a compliment of services that are not currently being provided by the Town of Hornellsville. Dissolution would necessitate the creation of a number of new special districts to continue the provision of the level of services enjoyed by village residents. Some services or aspects of services would be in jeopardy, even with the creation of four new special districts. Village residents would encounter longer travel time to transact business at the Town Hall in Arkport in comparison with the former Village Hall in the center of North Hornell. Hours of service are comparable in the Town Hall. The town does not provide sidewalks, curbing or enclosed drainage on town roads. The village sidewalk system is incomplete but the village has enhanced the amount of enclosed drainage in recent years. Efforts to maintain or improve sidewalks, enclosed drainage and/or curbing would probably not be expected under town management of the former village area without an additional special district to provide these services.

Transition Costs. In this option, there would be some transition costs for legal services, financial and administrative changes. Arrangements would need to be made to sell or transition the current village hall and public works facility and several other village owned parcels to town ownership. This would be true of existing village reserve and fund balances at the end of the last fiscal year before dissolution took place. These kinds of issues, regarding the disposition of village assets, would be taken up in the petition for dissolution.

Future Considerations. The potential for tax increase outlined in Option 1 for future treatment charges for North Hornell residents will be realized sooner under this option because of the village's dissolution. Possible tax rate increases associated with the end of the PILOT agreement with the City of Hornell are unclear under this arrangement. In this analysis, we assume that the full amount of the PILOT payment will be transferred to the Town of Hornellsville, but that is not a guarantee. Village residents currently pay no sewer user fees for treatment. It is assumed that the moratorium on sewer fees in the village would end for former village residents upon dissolution of the village. As noted earlier, the moratorium on these fees is set to expire in 2016 if the village continues as a municipal corporation.

Option 5: Merging the Village of North Hornell and City of Hornell

There is no specific provision in state law granting local governments the power to "merge," or no outlining steps to assess or accomplish a merger. A number of other states have a state merger statute which provides a clear process for two or more local governments. The state Blue Ribbon Commission on Local Government Consolidation, created under former Governor Cuomo, concluded that the lack of a merger law was one of few legal barriers to the further consolidation of services and government units in New York. Former Assemblyman Jake Gunther and Senator William Larkin, with various co-sponsors, have submitted a similar bill a number of times in recent years following the recommendation of the final report of the Blue Ribbon Commission in the early 1990s. In the 2003, legislative session the Gunther/Larkin bill was modified in committee, passed on the floor of the senate and died in the state Assembly (*Bill # 1806—A of 2003, Short Title: Local Government Merger Law, sponsored by Sens. Larkin, McGee, Rath, Breslin, DeFrancisco, Farley, Kuhl, Stachowski, and Wright*). Governor Pataki noted the need for a merger statute in his budget submitted to the legislature in 2004. It is anticipated that a slightly modified version of the Gunther/Larkin bill will be proposed in the current legislative session.

In this section, it is assumed that if the village board of North Hornell wanted to pursue a merger with the City of Hornell (with the concurrent support of the Hornell City Council), a special state legislative bill would be needed. It is also assumed that a special or local merger bill could be structured to allow the two communities to follow a process and structure very similar to the proposed general merger statute. Senator Kuhl represents Steuben County and was a co-sponsor of the proposed merger law in the 2003 legislative session.

The Gunther/Larkin merger law is well structured to give all involved municipalities, citizens and property owners ample time and opportunity for public input. The statute calls for the creation of a merger study committee to examine the issues. The study committee examines the full range of legal, fiscal and service delivery implications, including issues related to

municipalities and districts that will not be a direct party to a potential merger. The merger committee produces one or more reports to the involved municipalities as needed or required. If it deems appropriate, the committee may, in consultation with the involved local governments, develop an overall merger plan to return to the municipal boards for consideration. The law also makes provision for the adoption of “ancillary” agreements which are needed or desired in order to make the transition fair and efficient, etc. A final merger plan is returned by the committee to the communities for a required joint public hearing and a vote of each individual municipal board. If both boards support the proposed merger plan, then a citizen referendum on the plan is held in both communities at the next general election. Only if a majority of both municipal boards and a majority of voters in both communities concur will the merger plan be implemented as law.

Homeowner Cost Impacts. Table 6 contains a summary of Annualized Residential Costs for current village property owners if the Village of North Hornell were merged with the City of Hornell. Overall, consolidation of the Village of North Hornell with the City of Hornell leads to a *decrease* in annual residential costs of about \$52. These costs for former village residents are based on a higher overall overlapping tax rate and reduced cost for garbage removal and water and sewer services. As single family housing values increase above the median calculation, the amount of savings decreases. The breakeven point is for housing values of greater than \$96,000. For residential property values above this point, annualized residential costs are slightly higher under consolidation. For example, for a house valued at \$100,000, the increased costs under consolidation are about \$22. Conversely, as housing values decline below the median calculation, the savings under consolidation continue to increase above the amount shown in the table. The Appendix contains a Summary of Consolidation discussion of assumptions about changes in staffing and other key revenue and expenditure items.

Changes in Service Delivery. Merger with the City of Hornell would lead to several key increases in the level of service delivery in comparison with those currently provided in the Village of North Hornell. Police services would increase from very part-time patrol coverage to full service 24 hour police protection with regular patrols. The city police department provides: quality of life complaint investigation and follow-up, an estimated “emergency response time” of 2-3 minutes, an investigations unit, a Drug Enforcement Program, regular house checks and business checks, and a DARE program. The City of Hornell has a department of 22 full time sworn officers with six officers per platoon per shift. The department’s new facility provides improved investigation support and increased in-service training opportunities. The department does safety education, child restraint seat education, advice on home security, and traffic control/enforcement.

Table 6: Comparison of Current Homeowner Public Service Costs for the Village of North Hornell with Costs under Option 5 – Village Merger with the City of Hornell

Item	1 2003 Tax Rate	2 Village -- Current	3 Adjusted Tax Rate	4 Merger with the City of Hornell
Sewer Charge (A)		\$ 152		*****
Water Charge (B)		418		\$ 219
Garbage ©		264		65
Property Tax (D):				
Village	5.29	460		
Town	1.80	156		
City	14.42	-	12.81	1,114
County	10.27	894	10.27	894
School	16.67	1,450	16.67	1,450
Total Taxes & Fees		\$3,795		\$3,742
Difference (4)-(2)				\$ (52.30)

*****= Included in property taxes

A = Column 2 Village rate is a charge for maintaining the village collection system. Column 4 adds treatment costs that will not be added to homeowner costs until 2016.

B = Based on average usage of 19,000 gallons/quarter

C = Private Vendor rates for trash removal vary in the Village; based on a common vendor charging \$22/mo pick-up fee for maximum of six bags per week

D = Based on assessed value of \$87,000 for a single family home in 2003. Established using census median value of housing in the village in 2000 with a 10% annual growth rate in the value of housing for 2001-03. All Column 1 tax rates based on fiscal years ended in 2003

Fire Prevention and Control services would also be enhanced by a merger with the City of Hornell. The city provides 24 hour fire coverage with full-time employees and a maximum response time of 2 minutes. The city has merged fire, code enforcement and emergency medical services. These tasks are all accomplished by 23 fulltime employees: all fire academy graduates, all EMTs – most at the paramedic level. Each fire firefighter receives over 100 hours of training per year. These characteristics translate into improved response time by a more highly trained fire department. The city is already providing emergency medical services to the village under a contract with the Town of North Hornell. The city would not need any of the fire equipment currently owned by the Village of North Hornell. The City's trained force would also constitute an upgrade to a full time, trained staff for code enforcement in the village area.

Public Works service delivery improvements would result from a merger with the City of Hornell. The city has a single annual fee for solid waste (garbage) removal. Households can put out an unlimited amount of trash for this annual fee, including large items of furniture and major appliances. The city has a regular crew that spends a portion of its time (seasonally) picking up and chipping yard waste on demand. In comparison, the village does a single limb pickup in the spring. The city also does stump removal in the public right of way. The city does regular street sweeping and also has a regular program to maintain and expand curbing on city streets. These

service enhancements represent an increase in public works services in comparison to those currently received by Village of North Hornell residents.

Administrative Services - Village residents would encounter longer travel time to transact business at the City of Hornell administrative offices in comparison with the former Village Hall in the center of North Hornell. However, the city has a full-time business office (8:30 a.m. to 4:30 p.m. five days a week) which is an increase in service availability compared to the part-time village office hours.

Planning and Economic Development - The City of Hornell has a full time planning director and the Hornell Industrial Development Agency & Business Improvement District. These city services are not currently available to North Hornell residents, potential business startups, etc.

Transition Costs. In this option, there would be some transition costs for legal services, financial and administrative changes. If the two municipalities decided to pursue the special or local merger bill, outlined above, there would be some additional expenses for report development, legal services, referenda voting, etc. If a merger were recommended, the merger proposal would include detailed provisions on the sale or transition of the current village hall, public works facility and several other village owned parcels. This would be true of existing village financial assets (reserves and fund balances) and debts at the end of the last fiscal year. The merger proposal would also provide for ancillary agreements for the transition of other inter-municipal arrangements, including Town of Hornellsville financial impacts and services, fire district adjustments, etc. The Gunther/Larkin proposed merger law has provisions for the creation of Hamlet or other designation to help preserve a sense of community place for areas like North Hornell. Some assets could be set aside for special community investments or the creation and maintenance of a North Hornell community center, perhaps in the current village hall building. The proposed merger bill would provide the potential for a variety of flexible options to help maintain important community characteristics and/or landmarks.

Future Considerations. The potential for tax increases outlined in Option 1 for future treatment charges for North Hornell residents, and the end of the PILOT agreement with the City of Hornell will be eliminated under this option. The merger process would delineate how future PILOT payments would be dealt with and future treatment charges have already been reflected in the financial scenario presented in Table 6. As noted earlier, the moratorium on sewer treatment fees is set to expire in 2016 if the village continues as a municipal corporation. The proposed merger law provides a lot of flexibility in helping to address related problems. In the development of a merger plan, for example, the village's PILOT payments or a portion of them could be directed to the Town of Hornellsville as a transition to account for the loss of tax revenue.

While the city fire department could cover the Village of North Hornell, going beyond the village would constitute a significant change in service because of the lack of hydrants. These conditions require different equipment and methods of bringing water to fight fires. The merger committee would have to explore options for addressing some of the town outside village fire needs. Perhaps the Arkport and South Hornell Departments could expand to cover the area outside the village now covered by the North Hornell fire district.

A principle concern for North Hornell residents will be the effect of a merger on real estate values. The average or median value of housing is significantly lower in the City of Hornell in comparison with the Village of North Hornell. An initial examination of the data would indicate that much of this differential is due to broad differences in the composition of the housing stock between the two municipalities. Table A4 in the Appendix contains a data summary on housing age and values from the 2000 Census.

While the City of Hornell has a substantial amount of housing stock in the upper end of the house price range (by some measures more than the Village of North Hornell), the large proportion of the City's housing is in the lower end of the range (in part, based on the relative age of housing in many city neighborhoods). However, this is a subject that should be examined in more depth if a joint merger committee is formed. Most research work evaluating the impact of community or name designation on real estate values has been associated with the creation of "new communities." As noted earlier, if community name is an important element in preserving real estate values, the proposed merger law provides for the use of "hamlet" or other designation to help preserve a distinctive sense of place.

Summary of Alternatives

As noted in the introduction, citizen preference for local government organization and service delivery is the ultimate criteria that must be used to judge the results presented in this report. Local citizens and their elected representatives have the right to choose local arrangements that best meet public service needs and preferences. In some cases, citizens prefer to maintain a smaller local government unit to preserve community character and more direct accountability and access to public officials even if costs are higher. Table 7 below summarizes the results for the five options for the Village of North Hornell discussed in this report.

In Table 7, total homeowner costs are presented for each option along with changes in service delivery, and changes in local control. Table 7 is designed to help summarize the more detailed information presented with each option. Option 5, Merger with the City of Hornell is the only option which would lead to a reduction in annual residential costs for the median valued single family home. It is also the only option which leads to

improvements in service delivery. Differences in costs and service delivery also need to be balanced against the options' impacts on local control for residents of the Village of North Hornell. Both Dissolution (Option 4) and Merger (Option 5) would result in a loss of local control for current village residents in public decision-making. In both Option 4 and 5, current village residents would be a small part of all voters in a larger municipality. The city of Hornell is larger in total population than the Town of Hornellsville, but the former village area may have its own representative on the city council if option 5 were pursued.

Characteristic	Option 1 Village Current	Option 1 Village Current Constrained	Option 2 Co-terminus Option	Option 3 Contracting with the City of XXXX	Option 4 Village Dissolution	Option 5 Merger with the City of XXXXX
Annual Homeowner Cost	\$3,795	\$4,232	\$3,874	\$3,852	\$4,056	\$3,742
Increase or Decrease from Current Village Costs	\$0	\$438	\$79	\$58	\$261	-\$52
Change in Service Delivery:						
General Administration	No Change	No Change	No Change	No Change	Decline	Mixed
Police	No Change	No Change	No Change	Improvement	No Change	Improvement
Fire	No Change	No Change	No Change	No Change	No Change	Improvement
Emergency Medical	No Change	No Change	No Change	No Change	No Change	No Change
Water	No Change	No Change	No Change	No Change	No Change	No Change
Sewer	No Change	No Change	No Change	No Change	No Change	No Change
Solid Waste	No Change	No Change	No Change	No Change	No Change	Improvement
Streets & Sidewalks	No Change	No Change	No Change	No Change	Decline	Improvement
Change in Local Control for Current Village Residents:	No Change	No Change	No Change	No Change	Decline	Decline

Alternatives for Implementation

For each of the options outlined above potential implementation steps are suggested below for the Village of North Hornell.

1. *Retain the existing forms of government and make no cooperative service delivery changes.* No immediate steps are required.
2. *Form Coterminous Town -Village of Village of North Hornell.* If this option is attractive, the village board should contact their legislative delegation to discuss interest in a special or local bill for creating a coterminous government structure. This report does not provide any clear evidence that would help make a case for such legislation to the local assembly and senate representatives.
3. *Retain the existing form of village government and increase contracting with the city for certain services.* To initiate contracting discussions, the village board or mayor should contact the City of Hornell and open discussions about specific contracting options. The Village of North Hornell has done this effectively in the past. The cautions about in-house staffing from the section on this option should be noted in examining additional contracting out in the public works area.
4. *Village dissolution (with the Town of Hornellsville assuming village functions).* The process for village dissolution is spelled out in the applicable sections of Village Law including Article 19. Village dissolution may be initiated either by act of the village board or by initiative petition of the village residents. A plan for dissolution must be developed that describes the disposition of property, etc. and must accompany a proposition for dissolution that is put before the voters. Details on the process and the creation of a dissolution study committee can be found in the publication entitled, *Village Dissolution*. Published by the New York Department of State (see references).
5. *Merging the village and city governments.* The process for pursuing this option is detailed in the section above on Option 5. The village board and the City of Hornell council would need to pass resolutions requesting that their senator and assemblyman sponsor a special or local bill permitting the two communities to follow the process outlined in the Gunther/Larkin bill (discussed above) or a successor to that proposed law. If the local legislators were supportive and successful in getting a local bill passed in the senate and assembly and signed by the governor, then the two communities could develop a joint merger study committee.

The committee could then develop a merger plan for review and possible approval by both municipal boards. If the city and the village governing boards approved the proposed merger plan, it would then go the voters of both communities. If a majority of voters in both communities approved the plan, then the merger would be implemented. The merger process provides for ancillary agreements to address the needs of other local governments and districts affected by the merger.

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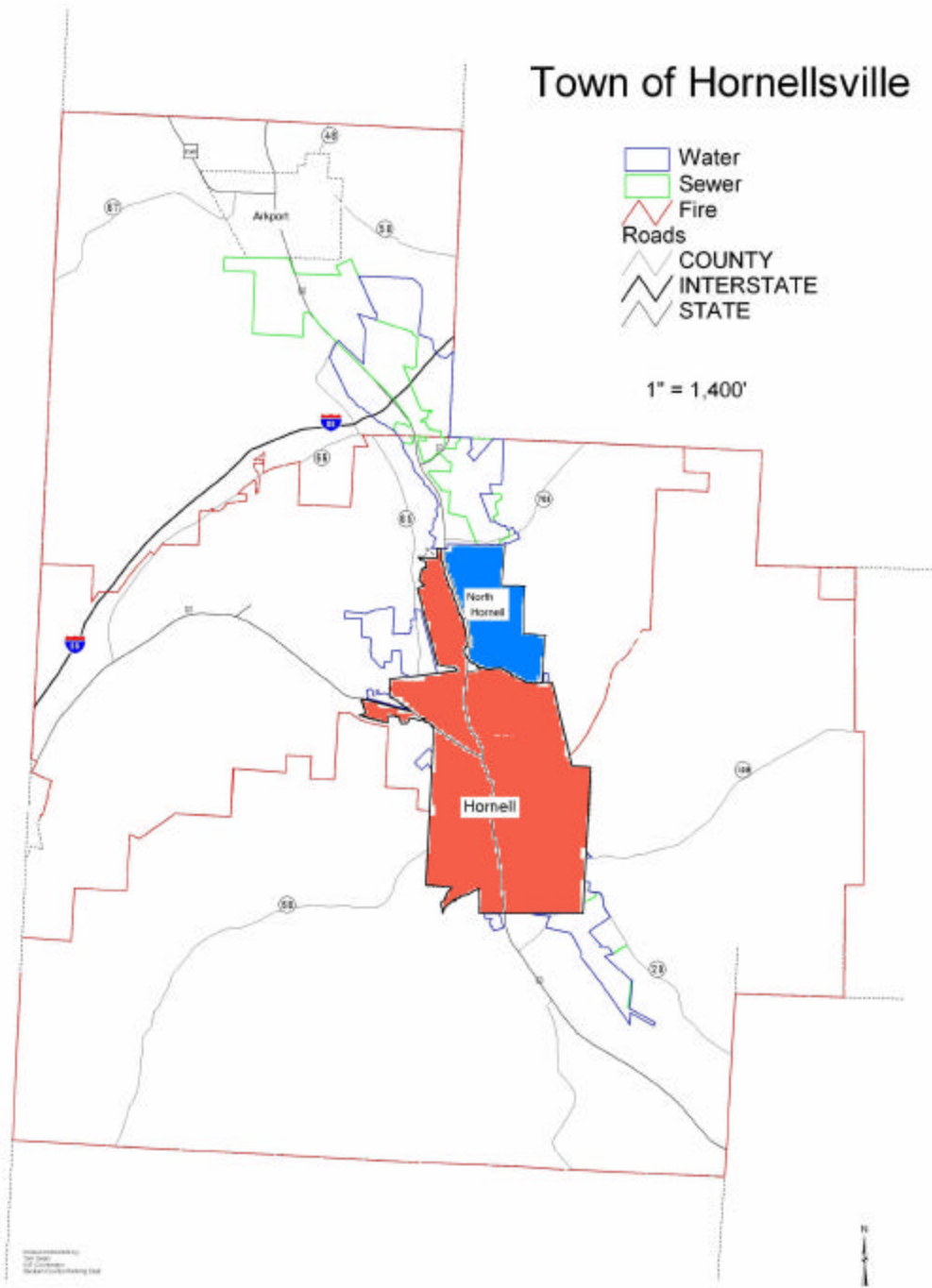
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Appendix

Contents:

1. Map of the Town of Hornellsville
2. Documents Reviewed
3. List of Persons Interviewed or Contacted
4. Table A1: Schedule of Payments in Lieu of Taxes, PILOT, for Annexation To City of Hornell for Retail Development – AB Shopping Center
5. Table A2: Town Tax Rates for Option 4: Dissolution
6. Table A3: Assumptions Regarding Allocation of Village Functions to Town Funds
7. Dissolution Summary
8. Merger Summary
9. Table A4: Comparison of Age and Value of Housing Stock between the Village of North Hornell and the City of Hornell for 2000 Census of Housing

Map



Other Documents Reviewed

1. City of Hornell Annual Financial Reports 2001, 2002, 2003
2. Contracts and letters regarding sewer fees, infrastructure maintenance between the Village of North Hornell and the City of Hornell
3. Contract and letters regarding previous annexation of land and PILOT payments to the Village of North Hornell and the Town of Hornellsville
4. Village of North Hornell Annual Budgets 2001, 2002, 2003
5. Village of North Hornell Police activity reports
6. Village of North Hornell consultant reports on water and sewer infrastructure
7. Annual Report of the Steuben County Real Property Tax Service Agency for the Fiscal Year 2002
8. Town of Hornellsville Annual Budgets 2001, 2002, 2003

List of Persons Interviewed or Contacted

Marilyn Heers, Clerk-Treasurer, Village of North Hornell

Greg Zdanowski, Public Works Superintendent, Village of North Hornell

Tom Vondracek, Public Works Department, Village of North Hornell

Mark Smith, Police Officer in Charge, Village of North Hornell

Steve Terry, Mayor, Village of North Hornell

Frank A. Libordi, Chairman of Citizens Committee, Village of North Hornell

Ken Isaman, Councilman, Town of Hornellsville

Sheryl Isaman, Town Clerk, Town of Hornellsville

Lois York, Supervisor's Bookkeeper, Town of Hornellsville

Robert Parada, former Supervisor, Town of Hornellsville

Ray Kring, Highway Superintendent, Town of Hornellsville

David Weeks, Assessor, Town of Hornellsville

Edward J. Castellana, Self-Insurance Administrator/Risk Manager, Steuben County

Donna P. Hatch, Director, Steuben County Real Property Tax Service Agency

Thomas E. Sears, GIS Coordinator, Steuben County Planning Department

Greg Heffner, Director, Steuben County Planning Department

David D. Oakes, Superintendent of Public Works, City of Hornell

Heather Reynolds, Director, Planning Department, City of Hornell

Tolly Pelych, Chamberlain, City of Hornell

Paul Crowe, Chief of Police, City of Hornell

Shawn Hogan, Mayor, City of Hornell

Vicki Dempsey, Assessor, City of Hornell

Vincent Kelly, Fire Chief, City of Hornell

John Bartow, Staff, New York State Department of State

Harry Willis, Counsel, New York State Department of State

Teresa Rossi, Staff Counsel to State Senator John R."Randy" Kuhl

Steve Casscle, Staff Counsel to State Senator William Larkin

Table A1: Schedule of Payments in Lieu of Taxes, PILOT, for Annexation To City of Hornell for Retail Development – AB Shopping Center

Lease Year	Pilot Amount	Village Amount	Town Amount		
1996	\$ 160,000	\$ 56,000	\$ 24,000		1
1997	\$ 168,000	\$ 58,800	\$ 25,200	5.0%	2
1998	\$ 176,400	\$ 61,740	\$ 26,460	5.0%	3
1999	\$ 185,220	\$ 64,827	\$ 27,783	5.0%	4
2000	\$ 194,481	\$ 68,068	\$ 29,172	5.0%	5
2001	\$ 204,205	\$ 71,472	\$ 30,631	5.0%	6
2002	\$ 214,424	\$ 75,048	\$ 32,164	5.0%	7
2003	\$ 225,136	\$ 78,798	\$ 33,770	5.0%	8
2004	\$ 236,392	\$ 82,737	\$ 35,459	5.0%	9
2005	\$ 248,212	\$ 86,874	\$ 37,232	5.0%	10
Total:	\$ 2,012,470	\$ 704,364	\$ 301,871		
2006	\$ 260,623	\$ 91,218	\$ 39,093	5.0%	11
2007	\$ 273,654	\$ 95,779	\$ 41,048	5.0%	12
2008	\$ 287,337	\$ 100,568	\$ 43,100	5.0%	13
2009	\$ 301,704	\$ 105,596	\$ 45,256	5.0%	14
2010	\$ 316,789	\$ 110,876	\$ 47,518	5.0%	15
2011	\$ 332,628	\$ 116,420	\$ 49,894	5.0%	16
2012	\$ 349,260	\$ 122,241	\$ 52,389	5.0%	17
2013	\$ 366,723	\$ 128,354	\$ 55,009	5.0%	18
2014	\$ 385,059	\$ 134,771	\$ 57,758	5.0%	19
2015	\$ 404,312	\$ 141,509	\$ 60,647	5.0%	20
Totals:	\$ 5,290,559	\$ 1,851,696	\$ 793,583		

Table A2: Town Tax Rates for Option 4: Dissolution

Impacts on 2003 Tax Rates with Village of North Hornell Dissolution

	Amount to Be Raised by Tax 2003	Tax Rates Per \$1,000 of Assessed Valuation		
		Townwide	Actual 2003	North Hornell Area after Dissolution
Townwide				
General Fund	125,805	0.9023	0.9023	0.9023
Highway Fund	30,765	0.2207	0.2207	0.2207
Town Worker's Comp. Charge	20,527	0.1472	0.1472	0.1843
Part-Town				
North Hornell Worker's Comp. Charge	11,596		0.5222	0.0000
General Fund - Town outside Village	0		0.0000	0.0006
Highway Fund -Town outside Village	278,179		2.8640	1.8599
Fire District #2	20,163		0.5897	1.0802
New North Hornell Area Districts After Dissolution				
Lighting District				0.5854
Water District				2.0268
Sewer District				0.0000
Police District				0.6946
Total Town and Special District Rates in North Hornell Area after Dissolution				7.5549

Table A3: Assumptions Regarding Allocation of Village Functions to Town Funds
Village of North Hornell
2002-03 General Fund Budget

		Adopted	Dissolution	
	Account	Budget	Transfer to	
Account Description	Code	2002-03	Other Funds	Description of Transfer
<u>Appropriations</u>				
Legislative Board P.S.	A1010.1	4,000	0	
Mayor P.S.	A1210.1	2,400	0	
Deputy Mayor	A1210.1	200	0	
Mayor C. E.	A1210.4	600	0	
Clerk-Treas P.S.	A1325.1	21,951	0	
Deputy Clrk-Treas	A1325.1	150	0	
Clerk-Treas Equip	A1325.2	2,000	0	
Clerk-Treas C.E.	A1325.4	3,000	0	
Attorney P.S.	A1420.1	4,000	0	
Attorney C.E.	A1420.4	500	0	
Engineer	A1440.4	15,000	15,000	To water district
Election P.S.	A1450.1	300	0	
Election C.E.	A1450.4	50	0	
Public Works Admin	A1490.1	34,377	34,377	To Split Water District (.33)& Highway TOV (.66)
Public Works Assistant	A1490.1	21,009	0	
Public Works Labor	A1490.1	2,400	0	
Public Works Admin C.E	A1490.4	920	920	To TOV Highway
Buildings Equip	A1620.2	3,000	0	
Buildings C.E.	A1620.4	20,000	5,000	To Fire District #2
Unallocated In	A1910.4	11,000	0	
Contingency	A1910.4	12,000	0	
Municipal Dues	A1920.4	600	0	
Cornell Study	A1989.4		0	
Code Book Pub	A1989.4	2,500	0	
SUB-TOTAL:		161,957	55,297	
Police P.S.	A3120.1	10,500	10,500	To Police District
Police Crossing Guard	A3120.1	2,674	2,674	To Police District
Police Equip.	A3120.2	250	250	To Police District

Table A3: Assumptions Regarding Allocation of Village Functions to Town Funds-cont.

Village of North Hornell
2002-03 General Fund Budget

		Adopted	Dissolution	
	Account	Budget	Transfer to	
Account Description	Code	2002-03	Other Funds	Description of Transfer
<u>Appropriations</u>				
Police C.E.	A3120.4	2,000	2,000	To Police District
Fire Dept. Equip.	A3410.2	4,800	4,800	To Fire District #2
Fire Dept. C.E.	A3410.4	8,000	8,000	To Fire District #2
Fire Dept. Pumper	A3410.4		0	To Fire District #2
Fire Dept. C.E.	A3410.4	700	700	To Fire District #2
Animal Control	A3520.4	1,000	1,000	To TOV General
Safety Inspection	A3620.1	2,500	2,500	To TOV General
SUB-TOTAL:		32,424	32,424	
Public Health Officer	A4010.1	250	0	
Registrar	A4020.4	50	0	
SUB-TOTAL:		300	0	
Street Maintenance Equip	A5110.2	42,162	42,162	To TOV Highway
Street Maintenance	A5110.4	14,838	14,838	To TOV Highway
ST. Maintenance CHIP	A5110.4	12,000	12,000	To TOV Highway
Snow Removal	A5142.4	3,500	3,500	To TOV Highway
Street Lights	A5182.4	13,000	13,000	To Lighting District
Transportation HAT	A5680.4	1,000	1,000	To TOV Highway
SUB-TOTAL:		86,500	86,500	
Library CE	A7410.4	5,000	5,000	To TOV General
Zoning Officer P.S.	A8010.1	250	0	
Zoning Officer C.E.	A8010.4	50	0	
Storm Sewers C.E.	A8140.4	2,500	2,500	To TOV Highway
Common Water	A8350.4	5,000	5,000	To Water District
SUB-TOTAL:		12,800	12,500	
NYS Retirement	A9010.8	1,200	600	(Remaining benefit costs allocated
Social Security	A9030.8	7,613	3,807	between TOV Highway (.66) and
Health Ins.	A9060.8	13,378	6,689	Water District (.33))
SUB-TOTAL:		22,191	11,096	

Table A3: Assumptions Regarding Allocation of Village Functions to Town Funds-cont.

**Village of North Hornell
2002-03 General Fund Budget**

		Adopted	Dissolution	
	Account	Budget	Transfer to	
Account Description	Code	2002-03	Other Funds	Description of Transfer
<u>Appropriations</u>				
Capital Res Village Equip	A9550.9	3,000	3,000	To TOV Highway
Capital Res-Street	A9550.9	3,000	3,000	To TOV Highway
Capital Res-Fire Equip	A9550.9	3,500	3,500	To Fire District #2
Capital Res-Water	A9550.9	10,000	10,000	To Water District
Capital Res Ins	A9550.9	2,000	0	
SUB-TOTAL:		21,500	19,500	
Stat Bond PR Fire	A9720.6	30,000	30,000	To Fire District #2
Stat Bond Int Fire	A9720.7	8,925	8,925	To Fire District #2
Appropriation TOTALS:		376,597	256,242	
<u>Revenues</u>				
Int. & Pen. RPT	A1090	1,000	1,000	To TOV General
Payment in lieu of Taxes	A1080	75,048	75,048	To TOV Highway
Sales Tax Dist. by CO	A1120	85,000	85,000	To TOV Highway
Utilities Gross Receipts	A1130	16,000	0	<i>Not levied by towns</i>
Clerk Fees	A1230	100	100	To TOV General
Fire Prot Other Gov	A2262	19,000	0	<i>Not transferred to Fire District(double counting)</i>
Interest & Earnings	A2401	2,000	2,000	To TOV Highway
Permits,other	A2590	600	600	To TOV General
Justice Receipts	A2610	50	50	To TOV General
Sale of Equip.	A2665	1,000	1000	To TOV Highway
Insurance Recovery	A2680	0	0	
State Revenue Sharing	A3001	3,854	3,083	Taper (80%) to TOV General
Mortgage Taxes	A3005	3,500	3,500	To TOV General
Other Gov-Star	A3089	90	90	To TOV General
Gov. Aid FD Radio	A3089	0	0	
Consolidated Higwy Aid	A3501	12,000	6,116	To TOV Highway
Statutory Bond	A5720		0	
Revenue TOTALS:		219,242	177,587	

Dissolution Summary

Detail of Analysis for Option 4: Village of North Hornell Dissolution

Town of Hornellsville Assuming Village Service Delivery

Summary

There are a number of ways to construct this option. The most important thing is to be clear about the assumptions. In this analysis it is assumed that arrangements after dissolution should be structured to provide, as nearly as possible, the services that were previously provided to North Hornell citizens and property owners. Second, it is assumed that, to the extent possible, those who benefit from services should pay for them. To accomplish this “benefit” principle it is assumed that at least four new special benefit districts would need to be formed. The boundaries of each of these districts would mirror the existing boundary for the Village of North Hornell.

The four special districts proposed are: street lighting, public water supply, public sewer, and policing. Three of these districts will be supported by a property tax levy to mirror their current revenue base. The village sewer function would continue to be supported on a fee basis under the new district arrangement. However, since the village would not exist, we assume that the North Hornell sewer district residents would have to pay the standard effluent fees to the City of Hornell and no longer be exempt. Current budgeted lighting costs were allocated to the proposed lighting district. In a similar manner current policing costs were allocated to the police services district. It is assumed that the part-time use of police officers will be maintained with comparable number of hours of service and level of service. It is also assumed that these officers will be deployed from the current village hall/fire station in North Hornell. Current costs for maintaining water services were allocated to a proposed water district including contributions to reserves (with the exception of the allocation a reduced number of public works employees). The costs of these services were previously supported by property tax revenues as well.

The current Village of North Hornell volunteer fire company serves a town fire protection district north and west of the village. In this option we assume that the fire company will now serve a town area that encompasses the old district plus the area of the former Village of North Hornell. Thus the service area would be the same, but the fire company would need to be reconstituted to serve a new, enlarged town fire protection district.

Tax Rates

Table A1-1 shows the composition of the overall town and part-town and district tax rate burden that would be levied on the property of the former Village of North Hornell. The rates are broken into three groups: town-wide, part-town, and new North Hornell Area Districts (after Dissolution). The estimates for dissolution are contained in the last column, headed *North Hornell Area after Dissolution*. The rates in this column were calculated based on the detailed adjustments in revenues, expenditures and service area noted in Table A1-2 (see below).

Expenditures

Table A1-2 shows the assumptions made regarding each line item from the 2002-03 Village of North Hornell budget under village dissolution. Items of expenditure (appropriations) are assumed to either no longer be needed or assigned to a specific town fund or district. Revenues as well are assigned to specific town funds or districts unless they are assumed to go to zero under village dissolution.

It is assumed that all administrative and public works functions would be taken over by the Town of Hornellsville. All public services would be provided out of existing facilities owned by the Town of Hornellsville. No increases are assumed for administrative office functions and one member of the existing village public works staff would be added to the town highway department in order to handle the increased workload. Currently the town highway department does no water or sewer maintenance work and has no licensed or experienced staff in this area. An experienced staff member from the village or someone with comparable knowledge of water, sewer, etc. would be required to support existing village water and sewer functions or it would need to be contracted out. It is assumed that the village hall and the village public works facility would no longer be needed for town service provision. It is assumed that the new fire company/fire protection district would have some additional expense for facility costs either as the principle occupant of their current location (the North Hornell Village Hall) or a new one.

Revenues

State Aid. General state aid for highways is administered through the Comprehensive Highway Improvement Program (CHIPS). Aid calculations are very complex and one component is determined on the basis of local road mileage. Villages receive roughly 3 times the amount received by towns per lane mile in this aspect of the calculation. For estimation of aid changes, we use a simple percent growth in town Chips Aid. The village's road mileage is about one tenth of the town's mileage, so we assume a ten percent growth in town Chips aid from the state.

Upon dissolution the village's general purpose aid will be eliminated not transferred to the town. The state usually permits a taper off of general purpose aid at 20% per year for five years. We assume a twenty percent reduction in general purpose aid for the tax rate calculations. Depending upon the interpretations of current decision maker's, town general purpose aid may increase slightly. Regardless of this interpretation, the net loss of general purpose aid would be higher in future years.

Utilities Gross Receipts Tax. The Village of North Hornell levies the utilities gross receipts tax. This is optional for villages, but towns do not have authority to levy the tax.

Merger Summary

In the merger option the village's taxable assessed value was added to the taxable assessed value for the City of Hornell in recalculating the City tax rate for the fiscal year ending in 2003. A number of revenue and expenditure adjustments were made which also impacted the final City of Hornell tax rate calculated in the text. These adjustments are summarized below.

Reductions to 2003 City of Hornell Tax Levy

Pilot Payment to North Hornell		\$ 75,048
General Purpose Aid*	9%	73,881
Chips Aid**	13%	20,418
Total Reductions		\$ 169,347

* based on a 9% increase in population from village

** based on a 13% increase in road mileage from village streets

Additions to 2003 City of Hornell Tax Levy

Assessment Services		\$ 5,055
Police Services		105,000
Public Works		54,625
Street Lighting		13,000
Loss of Library Contribution		5,000
Elections and other misc.		1,400
Total Additions		\$ 184,080

Combined City of Hornell Property tax Levy

City of Hornell Property Tax Levy - 2003		\$ 2,413,921
Total Reductions		169,347
Total Additions		184,080
Combined Levy		\$ 2,428,653

Final Tax Rate Calculations

	Taxable AV	Levy	Tax Rate per \$1000 of Assessed Value
City of Hornell	167,412,597	2,413,921	14.42
Village of North Hornell	22,205,855		
Combined	189,618,452	2,428,653	12.81

Table A4: Comparison of Age and Value of Housing Stock between the Village of North Hornell and the City of Hornell for 2000 Census of Housing

Characteristics	City of Hornell		Village of North Hornell	
	Number of Houses	Percent	Number of Houses	Percent
Single-family owner-occupied homes	1,641	100.0	261	100.0
Year Structure Built				
1999 to March 2000	19	0.5	1	0.3
1995 to 1998	21	0.5	4	1.2
1990 to 1994	27	0.7	8	2.4
1980 to 1989	81	2.0	7	2.1
1970 to 1979	325	7.9	8	2.4
1960 to 1969	193	4.7	36	10.8
1940 to 1959	511	12.5	128	38.3
1939 or earlier	2,923	71.3	142	42.5
Housing Value				
Less than \$50,000	1,001	61.0	26	10.0
\$50,000 to \$99,999	570	34.7	175	67.0
\$100,000 to \$149,999	30	1.8	42	16.1
\$150,000 to \$199,999	27	1.6	14	5.4
\$200,000 to \$299,999	13	0.8	4	1.5
\$300,000 to 499,999	0	0.0	0	
\$500,000 to \$999,999	0	0.0	0	
\$1,000,000 or more	0	0.0	0	
Median Value (in dollars)	\$45,700		\$72,600	

Source: 2000 Census of Population and Housing, Bureau of the Census, United States Department of Commerce