THE CHALLENGES WITH LOCAL GOVERNMENT REORGANIZATION

New York State Local Governments

- **Towns**: Article 5-B of the Town Law
- **Villages**: Article 19 of the Village Law
- **Fire Districts**: Town Law sections 170-82.
- **Fire Protection Districts**: Town Law sections 170 & 183
- **Commissioner-Run Special Districts**: Article 13 of the Town Law
- **Town Special Districts**: Town Law Article 12
- **Miscellaneous Districts**
Article 17-A: The Government Reorganization and Citizen Empowerment Act

Improves upon the former procedure by:
1. Establishing uniform, simplified, and streamlined consolidation and dissolution procedures;
2. Clarifying and defining the petition process and petition form;
3. Authorizing counties to abolish entire units of local government;
4. Removing all pecuniary or property qualifications for signing petitions and voting on propositions; and
5. Instituting a uniform signature requirement.

General Municipal Law Article 17-A

- Replaces sections of Town and Village Law regarding consolidation and dissolution.
- Government Reorganization
  - Board Initiated
  - Voter Initiated
- Allows board flexibility to set dates to vote and implement.
- Sets a lower threshold for voter-initiated reorganization.

Board-Initiated Reorganization

- The reorganization process starts when a plan is endorsed by the governing body
- Before the enabling legislation is voted on, the Board develops a plan to present to voters
- Creation of the Plan (recommended):
  - Form a Study Committee
  - Develop Study of Existing Conditions and Costs
  - Develop Dissolution/Consolidation Plan
  - Develop Alternatives Plan
  - Present Dissolution/Consolidation Plan to Voters
Voter-Initiated Reorganization

- Petition Presented to Municipal Clerk.
  - Lesser of 10% of voters in the municipality or 5,000 signatures, or
    - 20% of voters where there are 500 or fewer registered voters.
- Municipality Votes on Dissolution or Consolidation.
- If Voters Approve Referendum, a Plan is Developed.
- Plan Subject to Permissive Referendum.
Outcomes

- The Plan is Subject to Permissive Referendum
- If Referendum Passes:
  - Municipality creates plan and is reorganized per plan.
- If Referendum Fails:
  - Reorganization will not take effect.
  - Reorganization process may not be initiated for the same purpose for four (4) years from the date of the referendum.
- If Plan Permissive Referendum Fails:
  - Reorganization will not initiate.

Voter Initiated Dissolution Votes

25% APPROVED

1. Spackenkill (V), Dutchess County – Voted Down
2. Port Chester (V), Westchester County – Voted Down
3. Byram (V), Westchester County – Voted Down
4. Katonah (V), Westchester County – Voted Down
5. New Rochelle (V), Westchester County – Voted Down
6. Eastchester (V), Westchester County – Voted Down
7. Pelham (V), Westchester County – Voted Down
8. Greenburgh (V), Westchester County – Voted Down
9. North Salem (V), Westchester County – Voted Down
10. Elmsford (V), Westchester County – Voted Down
11. Pelham Manor (V), Westchester County – Voted Down
12. Scarsdale (V), Westchester County – Voted Down
13. Rye (V), Westchester County – Voted Down
14. Pound Ridge (V), Westchester County – Voted Down
15. North White Plains (V), Westchester County – Voted Down
16. Mount Kisco (V), Westchester County – Voted Down
17. Yorktown (V), Westchester County – Voted Down
18. North Salem (T), Westchester County – Voted to Dissolve
19. White Plains (V), Westchester County – Voted Down
20. Ardsley (V), Westchester County – Voted Down
21. Hartsdale (T), Westchester County – Voted to Dissolve
22. Eastchester (T), Westchester County – Voted to Dissolve
23. Scarsdale (T), Westchester County – Voted to Dissolve
24. Pelham (T), Westchester County – Voted to Dissolve
25. Elmsford (T), Westchester County – Voted to Dissolve
26. New Rochelle (T), Westchester County – Voted to Dissolve
27. Mount Kisco (T), Westchester County – Voted to Dissolve
28. Scarsdale (T), Westchester County – Voted to Dissolve
29. Pound Ridge (T), Westchester County – Voted to Dissolve
30. North Salem (T), Westchester County – Voted to Dissolve

Board Initiated Dissolution Votes

54% APPROVED

1. Speculator (V), Hamilton County – Voted Down
2. Pick (V), Wyoming County – Voted to Dissolve
3. Port Henry (V), Essex County – Voted to Dissolve
4. Seneca Falls (V), Seneca County – Voted to Dissolve
5. Potsdam (V), St. Lawrence County – Voted to Dissolve
6. Perry (V), St. Lawrence County – Voted to Dissolve
7. Edwards (V), St. Lawrence County – Voted to Dissolve
8. Champlain (V), Jefferson County – Voted to Dissolve
9. Malone (V), Franklin County – Voted to Dissolve
10. Malone (V), St. Lawrence County – Voted to Dissolve
11. Chateaugay (V), St. Lawrence County – Voted to Dissolve
12. Prospect (V), Orneida County – Voted to Dissolve
13. Harrison (V), St. Lawrence County – Voted to Dissolve
Citizen Empowerment Tax Credit

- Additional annual aid to cities/towns/villages/counties, equal to 15% of combined amount of real property taxes levied by all municipalities involved in reorganization, not to exceed $1 million.
- No application or deadline; reorganized municipality gets an annual payment.
  - Reorganization must have occurred on or after 4/1/07.
  - At least 70% must be used for property tax relief and rest for general municipal purposes.

Example of Possible CETC to Towns (based on 2015 OSC reports)

<table>
<thead>
<tr>
<th>Entity</th>
<th>2010 Population</th>
<th>2015 RPT Levy</th>
<th>15% RPT Levy</th>
<th>2010 Village Population</th>
<th>% Village Population</th>
<th>Annual Credit Received by Towns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Town A</td>
<td>4,668</td>
<td>$625,422</td>
<td>$93,813</td>
<td>0</td>
<td>0%</td>
<td>$0.00</td>
</tr>
<tr>
<td>Town B</td>
<td>3,145</td>
<td>$134,500</td>
<td>$20,175</td>
<td>443</td>
<td>4.1%</td>
<td>$39,346</td>
</tr>
<tr>
<td>Town C</td>
<td>12,883</td>
<td>$2,345,369</td>
<td>$351,805</td>
<td>10,493</td>
<td>95.9%</td>
<td>$931,955</td>
</tr>
<tr>
<td>Village</td>
<td>10,936</td>
<td>$5,440,243</td>
<td>$816,036</td>
<td>10,936</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Lessons Learned

- Municipal reorganizations can save up to 20 percent on local taxes
- Household tax reductions of almost 15 percent can be achieved through shared services
- Level of service is often unchanged through service cooperation
- There exists a lack of local capacity to achieve municipal reorganization
What are the challenges?

Some of the Challenges to Reorganization

- Timing
- The Public
- Public Boards
- Selective Information
- Special Districts
- Public Safety
- Non-Voting Municipality
- Taxes/Assessments
- Selling Property
- Employment Issues

Timing is Everything

- Different Fiscal Years
- Board Elections
- Referendum Date
- Date of Reorganization
- Legal Process
- Voter Petition
The Public

- Voter Confusion
- Misinformation
- Connection to Place
- At Risk Populations

Public Boards

- Politics as Usual
- Process Hangs on their Vote
- Divided Boards
- A Problem Official

Selective Information in the Media

- Misinformation
- Unfamiliarity
- Inaccurate Conclusions
- Unfavorable Tone
- Overly Selective
- Unbalanced Reporting
- Blurred Lines
Special Districts

- Multitude of Types
- Time Constraints
- The Legal Issues
- Fire Departments

Public Safety

- Police District?
- Countywide or Discontinue
- Job Loss
- Union Issues
- Town-Wide Department

Non-Voting Municipality (Village Dissolution)

- Obligation to a Dissolution Plan
- Acquisition of Property
- Unwilling to Take on Problems
- Left Holding the Bill
- DEC Regulations
- Land Use Issues
Assessment/Taxes

• Consolidation of Municipalities
• The Equalization Rate
• Sales Tax Revenue
• Property Assessment

Property Disposal

• Publicly Purchased Property
• Parkland
• Gifting
• Municipal Vehicles/Supplies
• Contracts

Employment Issues

• Job Loss
• Job Transfers
• Civil Service
• Union Powers
Examples from Reorganizations

Towns of Fine and Clifton

Clifton-Fine: Project Summary

- In 2014 a consolidation study of two towns into a single municipality commenced
- Combined population of the towns was 2,247 in 2014; while the land area was a combined 320 square miles, larger than all but 3 towns in the state
- Both town boards initiated the consolidation process upon completion of the study
Clifton-Fine: Consolidation Challenges

- Navigation and coordination between two town governments
- Loss of services and identity for Clifton due to its smaller size
- Savings is purely on the backs of employees
- Loss of employment in area with few opportunities
- Equalization tax rates are different

Clifton-Fine: Results

- Taxpayers in Clifton would see a 15% decrease and Fine would see a 31% decrease in town taxes
- Delivery of highway service would remain the same
- Taxpayers in Clifton would see a 3% decrease and Fine would see a 5% decrease in county taxes
- Reduction to 2 full-time and 6 part-time elected officials as well as 12 full-time and 14 part-time employees
- No vote was offered to the electorate due to the Clifton Town Board voting 3-2 against consolidation
Seneca Falls: Project Summary

- Shared building & services study determined most savings for village taxpayers would come from dissolution vs. shared service
- Net annual savings of $706,000 town/village
- Village savings of $8.11 per $1,000 AV, or $810.69 for village home assessed at $100,000

Seneca Falls: Challenges

- 2008 shared building/service study revealed a potential savings if village dissolved
- Study also found that a majority feels their Village taxes are too high
- Historic preservation concerns in village
- Village prefers to retain police protection whereas town does not want a town wide police force

Seneca Falls: Outcome

- All functions and services become a town responsibility
- Buildings and other assets to the town
  - If unnecessary, sold to pay village debt
- Fire district with 2 companies
- Town-wide police department
- Special districts for lighting, water and sewer
- Goal: Unified zoning code, maintain historic area strategies
Seneca Falls: Results

- Final Count: 1,198 for and 1,112 against
- Village government ceased on 12/31/11
- Tax impact on a home assessed at $100,000:
  - Village: $882.31 (-$810.69)
  - Town: $718.43 (+$439.02)
- 2012 Town Tax rate $6.02/1000

<table>
<thead>
<tr>
<th>TOV</th>
<th>Village</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Rate per $1,000 AV</td>
<td>$1.63</td>
</tr>
<tr>
<td>Tax Rate Becomes</td>
<td>$7.18</td>
</tr>
<tr>
<td>Net Change</td>
<td>+$5.55</td>
</tr>
<tr>
<td>Percent Change</td>
<td>157%</td>
</tr>
</tbody>
</table>

Hermon: Project Summary

- Village Board organized a Dissolution Study in 2014.
- Objective: to develop a detailed Dissolution Study that answers questions that Village and Town of Hermon residents have about the dissolution process, impacts of dissolution, and how dissolving would affect residents and local governments.
Hermon: Results

- Referendum held October 27, 2015
- Out of 110 votes cast, 95 voted for dissolution
- Dissolved December 31, 2016
- Special districts set up for water, sewer, and lighting
- The Village is exempt from DEC water withdrawal permitting, the new hamlet as part of the town will be subject to it

<table>
<thead>
<tr>
<th>TOV</th>
<th>Village</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Rate per $1,000 AV</td>
<td>$7.48</td>
</tr>
<tr>
<td>Tax Rate Becomes</td>
<td>$7.54</td>
</tr>
<tr>
<td>Net Change</td>
<td>$0.06</td>
</tr>
<tr>
<td>Percent Change</td>
<td>+0.01%</td>
</tr>
</tbody>
</table>

Richville: Project Summary

- Board initiated a municipal reorganization study in 2015 to explore the benefits of village dissolution
- Most services have already been turned over to the Town of De Kalb
- The village only had $65,000 in expenditures for 2015
Richville: Results

Due to these tax impacts, the Study Committee recommended that the Village not move forward with dissolution.

<table>
<thead>
<tr>
<th>“Before” 2015 Tax Rates</th>
<th>“After” Post Dissolution Tax Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Village</td>
</tr>
<tr>
<td>County</td>
<td>6.41</td>
</tr>
<tr>
<td>Residential</td>
<td>6.41</td>
</tr>
<tr>
<td>Port Town</td>
<td>6.41</td>
</tr>
<tr>
<td>Village</td>
<td>6.41</td>
</tr>
<tr>
<td>Town-Churchville</td>
<td>5.17</td>
</tr>
<tr>
<td>Town-Churchville Historic</td>
<td>5.17</td>
</tr>
<tr>
<td>Town-Only</td>
<td>5.17</td>
</tr>
<tr>
<td>Total</td>
<td>31.48</td>
</tr>
</tbody>
</table>

Village of Port Henry

Port Henry: Project Summary

- Voter initiated dissolution of the village in 2015 by petition
- Referendum held in October 2015 and passed by 19 votes
- The village dissolved on March 31st, 2017
- Village residents looking at up to a 45% tax reduction
- A savings of up to $8.73 per $1,000 assessed value
Port Henry: Results

- Determined how to reallocate funds for fire protection
- Created 2 fire protection districts and a fire district and then combined them
- Disbanded garbage
- Minimized sidewalk maintenance
- Water and sewer district creation
- How do you tax for districts that currently do not exist?
- Village has collected taxes to end of June, but town will pick up duties on March 1st, logistically difficult

Village of Keeseville

- Vote passed to dissolve one village within 2 towns in 2 different counties
- Village government walked away and the town governments of Chesterfield (Essex County) and AuSable (Clinton County) had to take the reins
- Issues with lack of maintenance for public buildings and water and sewer infrastructure
Keeseville: Results

- Lacked replacement equipment for everything – nothing was being maintained before; worse after vote
- With one side housing the sewer facilities and the other side housing the water facilities; shared districts were still needed
- Employee transfers and public properties are still being worked out

Mastic Beach: Project Summary

- Currently undergoing the dissolution process
- Vote just passed to dissolve after only 6 years in existence
- The village was set up as tax neutral and no services were ever implemented; there will be no savings to the tax payers
- This is an example of a municipality dissolving in order to receive services, not unlike a village that can no longer support itself (staff, infrastructure, services)
Mastic Beach: Results

- No results yet as they have yet to declare a dissolution date.
- Potential Impact: Before After
  - Combined Property Tax and Charges: $196.97 $240.36
  - Garbage Pickup Fee: $300.00 $345.00
  - Total: $496.97 $585.36

NYS DOS Resources

- The Reorganization of Local Government (PDF, 4 pages)
- The New N.Y. Government Reorganization and Citizen Empowerment Act (PDF, 42 pages)
- The New N.Y. Government Reorganization and Citizen Empowerment Act: A Summary of the Process for Consolidation and Dissolution (PDF, 21 pages)
- The Citizen’s Guide to Petitioning for Local Government Consolidation or Dissolution (PDF, 15 pages)

DOS LGS Funding Opportunities

- Local Government Efficiency (LGE) Grant
  - Annual Deadline through the CFA
- Citizen Reorganization and Empowerment Grant (CREG)
  - Continuous Submission, Monthly Review
- Municipal Restructuring Fund (MRF)
  - Continuous Submission, Triannual Reviewed
May 10, 2017

Division of Local Government Services

(518) 473-3355 Division of Local Government
(518) 474-6740 Counsel’s Office
(800) 367-8488 Toll Free

Email: localgov@dos.ny.gov
Website: www.dos.ny.gov
www.dos.ny.gov/fg/index.html