

Final Report
Wellsville Town-Village Municipal Study

*Discussion of Organizational Form Options, Joint Budget and
Service Delivery Summary*

With Recommendations for Action

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Executive Summary

Purpose

This report was prepared for the members of the Municipal Study Committee appointed by boards of the Town and Village of Wellsville, New York. It is the final report of a three-phase project initially intended to examine the potential for town-village consolidation and increased service cooperation or consolidation between the Town and Village of Wellsville. The report is designed to address this question: "If tax rates are high in the Village of Wellsville, what can be done to address the problem?"

Review of Phase II Report Findings (pages 2-3)

The project's Phase II report was structured to answer the following questions: (1) Are real property taxes in the Village of Wellsville in fact excessive? And (2) If taxes are excessive, what factors lead to higher tax rates? In the Phase II draft report the consultants used a selected comparison group of 24 similar villages in New York State to address these questions. Tax rates in Wellsville were high relative to the comparison group, but overall homeowner costs for village services and public utilities was the third lowest of the 25 villages.

Revenues. Wellsville's high property taxes were linked to: a relatively low property tax base, the presence of exempt group facilities, and the absence of sales tax sharing with towns and villages in Allegany County.

Expenditures. Spending sources for high tax rates were linked to: the ongoing costs of mandated landfill closure, higher than average police costs (linked in part to the absence of county sheriff road patrols in Allegany County), and higher than average general government service costs.

Organizational Options (pages 4-8)

The following options are discussed as a means of forming a single governance/administrative unit from the existing Town and Village of Wellsville: village dissolution, formation of a coterminous town-village, and charter as a city.

Analysis of Combined Town Village Revenues and Expenditures (pages 8-24)

A detailed fiscal analysis was conducted which paired current budgeted expenditures and revenues for the village and town. This analysis is limited to the village general fund which determines the village tax rate and the relevant town funds for similar services. Village finances for electric, water and sewer funds were excluded from the analysis because they are funded primarily from user fees. The combined analysis, which is designed to assess potential cost and revenue impacts of the coterminous town-village option, is presented in Table A-1 of Appendix 1. This combined analysis is discussed in detail in the text of the report.

Summary of Options and Fiscal Impacts (pages 25-33)

Expenditure and Revenue Summary. Approximately \$75,000 of possible cost reductions were identified. This represents about 2% of combined total expenditures. Half of these projected saving could be achieved without combining the two units of government and half were related to the elimination of specific town offices and other cost reductions attributable solely to the merger

of the two governments. Specific cost analysis was limited to areas where both the town and village have separate ongoing activities. Most of the projected cost savings were in General Government expenditures. Highways, Bridges and Sidewalks (and related services) is the other area with significant service delivery by both the town and the village. Expenditures in this area were found to be at or below a current benchmark for maintaining local roads at their current level of repair.

Options and Fiscal Impacts. Tax impacts were calculated for seven organizational and policy options. These options are summarized in Table 8 (page 29) and in the text (pages 27-32). Town and village tax rate changes were assessed for: forming a coterminous town-village, village dissolution, service consolidation, seeking village charter as a city, seeking combined town-village charter as a city, eliminating the taxation of village property for town highway equipment and snow removal costs, and county sales tax sharing.

All of the options evaluated assumed that the current level and quality of services would continue to be provided in the town and the village. In addition, it was assumed that no new special districts would be formed for any of the proposed options. Each option had distinct tax rate implications:

Coterminous Town Village (page 30). The creation of a coterminous town-village would lead to new single tax rate (\$15.33 per thousand dollars of assessed valuation) that would be a large decrease for village property owners and a large increase for town property owners.

Village Dissolution (page 30). This option would have an impact very similar to the coterminous town-village option. However the new combined tax rate would be slightly higher, due to the loss of state aid (\$15.85 per thousand dollars of assessed valuation).

Service Consolidation (page 31). Under this scenario, both town and village tax rates would decrease modestly. Combined Village rates would drop by about \$.25 and town outside village rates by about \$.10 per thousand dollars of assessed valuation.

Village Chartered as a City (page 31). If the Village of Wellsville were chartered as a city and sales tax revenues appropriated for city use, tax rates for village taxpayers would drop significantly, decreasing by about \$21.75 per thousand dollars of assessed valuation from current overall rates, and town outside village tax rates would increase by about \$5 per thousand dollars of assessed valuation.

Town-Village City Charter (page 32). If the town and village were jointly chartered as a city the new single tax rate (\$4.71 per thousand dollars of assessed valuation) would be significantly lower than current rates for both the the village and town outside village areas. Overall village rates would decrease by about \$18.20 per thousand dollars of assessed valuation and town rates would decrease by about \$3.05 per thousand dollars of assessed valuation.

Town Snow Removal and Equipment Tax on Town Outside Property (page 32). If town snow removal and highway equipment costs were moved to town outside village funds for taxation, Village tax rates would drop by about \$1.28 per thousand dollars of assessed valuation and town outside village tax rates would increase by about \$1.37 per thousand dollars of assessed valuation.

County Sales Tax Sharing (page 33). If the county shared half (1.5 percent on sales) of the 3% county wide tax with municipalities on the basis of population, village tax rates would drop by about \$5 per thousand dollars of assessed valuation and town outside village tax rates would drop by about \$3 per thousand dollars of assessed valuation.

Recommendations for Action

Recommendations for action were proposed in seven areas:

- ❑ **Change of Administrative/Governance Structure.** Given the implied town outside village tax rate, the current flux of state aid arrangements and the minimal cost saving benefits identified, the committee does not recommend that a change to coterminous town-village form or village dissolution be pursued at this time. The committee does believe that the village or the town and village should begin initial explorations to obtain charter as a city. This would include discussions with our state legislative delegation and a determination from the state attorney general regarding the need for county approval.
- ❑ **County Sales Tax Sharing.** County policy regarding the sharing of sales taxes can have important impacts on local economic health. Villages like Wellsville are centers with key public services and infrastructure and are the location of employment generating industrial and commercial property. County sales tax sharing with villages will help hold down the tax burden on property that serves as an employment base for broader areas of the county and that stimulates activity in other sectors of the local economy. The sharing of sales taxes with such local governments can also serve to help balance the extra public service load shouldered by these communities as the examples detailed in the report highlight. The village should petition the county to share sales tax revenues with the village. There are compelling county interests to do so.
- ❑ **General Government Administration.** There appears to be room for administrative office streamlining within the Village of Wellsville. There also seems to be room for reduced staffing in the town administrative structure. It is recommended that the Village initiate an internal task force to look at the potential for creating a single front office structure. As a part of this task force review the village should examine in more detail the potential for creating a village administrator or manager and improved computerization. If there is the potential for cooperation, town officials could join as a partner in this process and look at administrative needs for both municipalities jointly.
- ❑ **Planning and Zoning.** It is recommended that the town and village discuss the potential avenues for increased cooperation in land use planning.
- ❑ **Police.** In the Phase II report the consultants recommend that the village request a management study from the New York State Bureau of Municipal Police (BMP) to explore needed staffing levels and service provision within the Allegany County law enforcement context. Such a study has already been requested. Some detailed suggestions to guide this study are included in the recommendations.
- ❑ **Code Enforcement.** It is recommended that the town and village examine the potential for a joint or cooperative code enforcement activity.
- ❑ **Streets, Highways and Sidewalks.** It is recommended that the town and village develop a means of annually or semi-annually reviewing the opportunities for cooperation in highway service provision, facilities, equipment and manpower. The town and village should also meet and develop a phased plan for moving town highway equipment and snow plowing costs to the town outside village portion of the town budget.
- ❑ **Sanitation.** It is recommended that, if permitted under existing labor law, the village review the costs of providing trash removal "in-house" with current private vendor prices.

Union Contract

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Wellsville Town-Village Municipal Study

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Delivery Summary*

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Introduction

This report was prepared for the members of the Municipal Study Committee appointed by boards of the Town and Village of Wellsville, New York. It is the final report of a three-phase project intended to examine the potential for consolidation and/or increased service cooperation or consolidation between the Town and Village of Wellsville. The village board initiated the study in the fall of 1996 in response to a petition for village dissolution being circulated in the community. While the petition drive failed to garner adequate signatures, the board decided to proceed with a study to examine some of the issues raised by the public. The village and town boards appointed members to a joint town-village committee to oversee the study and then report back to the community.

The project's first phase turned the focus of the study from the purely technical requirements needed to support a dissolution referendum to broader issues of services, taxes and the cost of village government. The Phase I report indicated that there has been a history of concern over the cost of local government services in Wellsville, the general level of taxation, and the effects of service costs and taxes on the vitality of the private sector and the village's residential attractiveness.

This is the final report of the Town-Village Municipal Study commissioned by the Wellsville Village Board in December of 1996. The report is designed to address this question: "If tax rates are high in the Village of Wellsville, what can be done to address the problem?" This is the final of three questions outlined by the town-village study committee to guide the project (see *Review of Phase II Report Findings*, below).

The report contains five major sections. First, the findings from the Phase II report are reviewed. Second, alternatives to the current town-village organizational form are introduced. Third, a summary analysis of the combined town-village revenues and expenditures is presented with service by service commentary on areas where there appears to be joint service delivery opportunities. The fourth section contains an evaluation of the fiscal impacts of the organizational options and several other policy choices available to the community. Recommendations for future action are reviewed in the reports final section.

Review of Phase II Report Findings

In Phase I of this project the municipal study committee and project consultants refined the scope of work and identified three questions to guide the study.

- (1) Are real property taxes in the Village of Wellsville in fact excessive?
- (2) If taxes are excessive, what factors lead to higher tax rates?
- (3) If tax rates are high, what can be done to address the problem?

The consultants reported on questions (1) and (2) in the Phase II Draft Report, *Wellsville Town-Village Municipal Study, Section 1: Comparative Data Analysis (December 15, 1997)*. In the Phase II draft report the consultants used a selected comparison group of 25 similar villages in New York State to address these questions. The Phase II findings are summarized in the paragraphs below.

Are Property Taxes Excessive? The Consultants found mixed evidence on this question when examining the comparison group. Equalized tax rates on real property in the Village of Wellsville were the highest in the comparison group of municipalities. When the costs paid by a typical homeowner are examined for all public services a different picture emerges. When overall homeowner costs for village services and public utilities are considered, the Village of Wellsville had the third lowest average bill among the comparison group.

If tax rates in the Village of Wellsville are high, why? Even though homeowner public service costs in Wellsville appear to be modest overall, the source of high property tax rates is important and was explored. High property tax rates can depress housing values and hinder business retention and expansion within the community.

Tax Structure and Revenues. There appear to be several tax structure factors, which contribute to higher tax rates in the Village of Wellsville. First, for a given level of public services, the larger the overall tax base per capita the lower the tax rate required to support services. The Village of Wellsville appears to have a relatively low property tax base among comparison group villages. This was reflected in two measures, the median value of owner occupied housing and the total taxable full value of real property per capita. Second, while the Village of Wellsville is in the "middle of the pack" of comparison group communities (in terms of the value of exempt property), there are factors that make exempt property a contributing factor to higher overall tax rates. In particular, other work has demonstrated that Wellsville has been the location of a disproportionate share of state group home facilities without compensation for loss of tax base and related service cost increases. Third, there is evidence from the comparison group that the distribution of sales taxes by county governments has important impacts on the village tax rate and the overall property tax rate paid by property owners in villages. Villages in counties that distributed sales tax revenues had lower tax rates on average in the range of \$3 per thousand dollars of assessed valuation and lower overall average tax rates (e.g. combined village, town, county and school rates) of over \$1 per thousand.

Service Costs. Only services and costs in the General Fund determine the property tax rate for the Village of Wellsville. The major public utility services (water, sewer, and electricity) are managed through other funds and are paid for almost entirely out of user

fees. Preliminary analysis of services paid for out the General Fund identified several areas where service costs are an issue.

Police Services. Wellsville's police expenditures per capita were above average among the comparison group villages. An overview of comparative staffing levels and wage and benefit packages did not provide conclusive evidence regarding the source of higher than average police costs in relation to the project comparison group. The overall salary and benefit package for Village of Wellsville police officers does not appear to be excessive with respect to other comparison group communities. With several exceptions, Wellsville appears to provide an overall compensation package that is similar to many other communities in the comparison group and solidly in the middle of the distribution. The unique service provision arrangements in Allegany County should be considered in evaluating Wellsville's police service costs and needs.

Other Community Services. Other Community services include expenditures for garbage collection and disposal, drainage and storm sewers, housing and community development, natural resources and activities intended to improve the general environment. Higher than average costs in the Other Community Services category appear to be driven in part by the landfill closure costs. Landfill closure costs represent 5% of the general fund budget and \$.90 tax rate per thousand dollars of assessed value.

Public Works Wages and Benefits. Analysis of labor agreement data for communities in the comparison group indicate that, on balance, the Village of Wellsville appears to have a modest "in the middle of the pack" wage and benefit package for public works employees.

General Government: Governance and Administrative Costs. General Government includes expenditures for executive, legislative, judicial, and financial operations. Comparison figures indicate that Wellsville has above average per capita costs for general government. The summary data used in this report does not provide an adequate basis for identifying the potential sources of Wellsville's cost differences from the comparison group villages across the detailed spectrum of activities included in the general government category.

Level of Tax Impacts Identified. The Village of Wellsville's 1996 equalized rate was estimated to be \$6.89 per thousand above the comparison group average rate. In the Phase II report, sources for approximately \$2-\$4 of this difference were identified. Other sources were identified without dollar estimates of their impact.

Organizational Options

As a part of this project the consultants were asked to consider the benefits of forming a single administrative unit for local governance and service delivery for the Town and Village of Wellsville. This does not imply that forming a single political/administrative unit is the best avenue to pursue. The overall goal is a set of local government institutions that best serve the needs and interests of local citizens. In this report we will note service delivery and administrative changes that can be accomplished within the current town-village framework. To a significant degree, there are real differences between the service delivery needs for Town of Wellsville outside village areas and those areas within the Village of Wellsville. These different service areas are linked to distinct groupings of citizens. The local political administrative structure needs to provide a means for these groups to ensure that differences in their service needs are accommodated. In this section the options for forming a single political/administrative unit are discussed. Three options are considered: village dissolution, charter as a city, and creation of a coterminous town-village.

Village Dissolution

Historically, several factors have contributed to village dissolution in New York. First, dissolution usually takes place in New York's smaller villages. Fifteen of the 19 villages dissolved since 1950 have had less than 1,000 population at the time the village went out of existence (see Table 1 below). All but one of the villages in Table 1 were in the bottom half of the village size distribution. In the case of smaller villages, the leadership pool in the community is often stretched to the point of inadequacy. Elected positions become difficult or impossible to fill. Maintaining both a town and village government in this case becomes very difficult. These smaller villages often do not provide a much broader level of service than the associated town. As a result, citizens often find that dissolution will have minimal impact on the service delivery package that they receive.

Second, in other cases significant financial distress was a key factor in a village dissolution. For example, the Village of Rosendale in Ulster County at the time of dissolution in 1977 had an average per capita income of about \$6,000. The village water system needed extensive improvements and construction of a sewer system was considered essential for public health and safety. After Rosendale's dissolution taxes went up for former town outside village residents and down for former village residents. Ticonderoga, the largest village to dissolve, is representative of a third factor or situation. In this case the town already provided a large component of services that villages typically provide. For example, the town had been providing and producing police services townwide for over 20 years as well as water and sewer services. There had been no village police department during this period leading up to dissolution. The Town outside village population at the time of Ticonderoga's dissolution was equal to the population in the village.

Table 1
Village Dissolutions in New York State since 1950
*By Year with Population at the Time of Dissolution**

Village (Town, County)	Year of Dissolution	Population at Dissolution	% Change
1. Downsville (Colchester, Delaware)	1950	720	24%
2. Amchir (City of Middletown, Orange) **	1968	523	---
3. Prattsburg (Prattsburg, Stueben)	1972	765	11%
4. Fort Covington (Fort Covington, Franklin)	1975	983	1%
5. Rosendale (Rosendale, Ulster)	1977	1,220	18%
6. Friendship (Friendship, Allegany)	1977	1,285	4%
7. Savannah (Savannah, Wayne)	1979	636	6%
8. Elizabethtown (Elizabethtown, Essex)	1980	607	-22%
9. Bloomingdale (St. Armand, Essex)	1985	608	13%
10. Woodhull (Woodhull, Stueben)	1986	315	1%
11. Pine Hill (Shandaken, Ulster)	1986	216	-13%
12. Holcomb (East Bloomfield, Ontario) ***	1990	790	-17%
13. East Bloomfield (East Bloomfield, Ontario) ***	1990	541	-8%
14. Pine Valley (Southampton, Suffolk)	1991	1,486	40%
15. Westport (Westport, Essex)	1992	539	-12%
16. Ticonderoga (Ticonderoga, Essex)	1993	2,770	-6%
17. Schenevus (Maryland, Otsego)	1994	513	-18%
18. Fillmore (Hume, Allegany)	1994	455	-19%
19. Mooers (Mooers, Clinton)	1995	467	-15%

*Sources: The "Year of Dissolution" was taken from: *Municipal Code Manual: Counties, Cities, Towns, Villages, School Districts, Fire Districts, & Independent Special Purpose Units in New York State*. Albany: State of New York Office of State Comptroller, Division of Municipal Affairs, Bureau of Municipal Research, 1997 (pages 42-43). "Population at Dissolution" represents the most recent decennial census total count, taken from United States Bureau of the Census, Census of Population and Housing (various reports). "% Change" was calculated by the author using the two most recent (at the time of dissolution) decennial census counts (same source).

**The Village of Amchir was incorporated in 1964 and annexed to the City of Middletown in 1968

***Holcomb and East Bloomfield were merged to form the Village of Bloomfield in the Town of East Bloomfield.

Table 2, below shows the village population size distribution. The Village of Wellsville is at the upper end of the population size distribution (in the largest 25%) among New York's villages. Wellsville is much larger than any New York village that has been dissolved. Ticonderoga, the largest village dissolved in New York to date, was half the size of Wellsville. At the time of dissolution Ticonderoga was under significant fiscal stress from the loss of a large industrial production facility.

Table 2
Population Size Distribution of New York's Villages

Population Size	Number	Percent Of Total	Cumulative Percent
Less than 600	101	18%	18%
600-1,100	95	17%	35%
1,101- 2,000	118	21%	56%
2,001-3,600	99	18%	74%
3,601- 8,000	100	18%	92%
8,001 - 50,000	45	8%	100%
Total	558	100%	

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. Currently village dissolution means a loss of state aid, both general purpose aid and CHIPS highway aid. The remaining options, incorporation as City or the coterminous town-village, do not lead to a loss in state aid (they may mean an increase in state general purpose aid and CHIPS highway aid) and other access to other local revenues. The Village of Wellsville produces a compliment of services that are not currently being provided by the Town of Wellsville. Dissolution would necessitate the creation of a new special district or other arrangements to continue the provision of these services.

Coterminous Town-Village

The consultants were asked to assess the best avenue to form a single political/administrative unit. Douglas R. Kingsley Associates completed a more extensive study of this topic for the two municipalities in 1973. The Kingsley Report contained the recommendation that some form of government consolidation to achieve a single administrative unit was desirable. After examining a variety of forms, the report concluded that village incorporation of the entire town outside village area was the best option. The New York Department of State (1996) lists full annexation of the town outside village area as one of three options for creating a coterminous town-village. The analysis to date, and work from other communities leads the consultants to suggest that this remains a viable option for achieving a single administrative unit. In the next section of our report, the “combined” option is built around this coterminous administrative form.

A variety of factors recommend the coterminous option. This option can be achieved without any change in existing state statutes or assurances from legislative leaders. Other studies of comparable town-village combinations have tended to recommend the coterminous form or city status. For example, recent studies of the Town and Village of Messina in St. Lawrence County and the Town of Highlands and the Village of Highland Falls in Orange County recommended the coterminous option. This in part acknowledges the existing administrative and organizational capability that would have to be recreated after dissolution of a larger village. The annexation-coterminous form maintains flexibility and accountability (See the Kingsley' Wellsville report for a discussion of form and the need to maintain special districts, etc.).

Charter as a City

The village could pursue a state charter as a city either singly or as a joint town-village solution. The most recent charter was granted to the City of Rye in 1940. In recent years there have been at least two initiatives to create new cities. City charter legislation was considered by the legislature in 1988 for the Village of Solvay (1990 population 6,717) in Onondaga County, and in 1989 for the combined Village of Newark (population 9,849) and Town of Arcadia (town outside population 5,006) in Wayne County. The bill for the City of Solvay was never considered by the full Legislature because the local assemblyman sponsor did not request that the bill be reported out of committee. The bill to create the City of Newark-Arcadia was introduced and passed by both houses, but vetoed by Governor Cuomo. Cuomo's veto cited numerous technical defects and indicated that he would enthusiastically support a properly redrafted bill. A redrafted bill was never submitted.

The process, potential, and roadblocks to charter as a city are covered in detail in other reports (see for example Baynes and Porter, 1987, and Larson, 1991). A few key issues will be discussed here. There are substantial financial benefits to the village if a city charter could be obtained from the state legislature. These benefits would be in addition to the service delivery savings from cooperation outlined in the next section of the report. The new City of Wellsville could obtain four primary fiscal benefits: authority to preempt a portion of the current sales tax levied by the county in the village, elimination of town property taxes in the village, the potential for increased state general purpose aid and state payment of court personnel costs. These fiscal benefits will be evaluated in the summary of options and fiscal benefits following the next section.

Merger

It is important to note that there is no general state statute that permits or sets out guidelines for a process to merge two local governments. The Blue Ribbon Commission on Local Government Consolidation, convened during the last years of the Cuomo administration, recognized the need for such a law and drafted initial language. Senator Larkin from Orange County initially sponsored the proposed law. No sponsor was found in the assembly. Despite the discussion in Albany about local government consolidation there has been no effort to redraft or introduce state legislation of this kind. Interested

local governments are left to seek passage of a special bill sponsored by their senator and assemblyman to achieve a merger.

In the next section a combined town village financial analysis will be developed. This analysis will permit the consideration of two options. Additional cooperation and service delivery changes within the existing town-village framework will be discussed. The next section will also permit focus on comparison of the current town and village political/administrative structure with the coterminous town-village option.

Fiscal and Service Delivery Profile

This section provides an overview of services, revenues and expenditures for the Town and Village of Wellsville. The revenue and expenditure items are based on budgeted figures for the Town's 1998 fiscal year and the Village's 1998-99 fiscal year. A detailed item by item review is provided in this section followed by a summary of the combined analysis in the next section. Except where noted, the figures discussed below are in *Detail Chart of Combined Revenue and Expenditure Analysis: For the Village General Fund and Associated Town Funds*, which is separated as Appendix 1, Table A1 to this report.

Overview, Assumptions and Qualifications

There is no one perfect method for doing this kind of budget analysis. Over a dozen similar studies of New York State local governments were reviewed in searching for a format to use in this report. These studies vary greatly in their approach. What is most important is that the method used is clear so that unforeseen errors or desired changes in method or assumptions can be easily corrected or calculated. The format for this report was developed to achieve this goal. The consultants chose to use budgeted figures (not actual expenditures) for the most recently available budget year. Some argue that a multi-year average would be a better base for this kind of analysis because it smoothes out the effects of one-time and unusual expenditures or revenues. This is an important concern, but using multi-year averages makes it much more difficult for any reader of this report to compare with available town and village budgets and other financial records. The most recent annual budget figures were used to facilitate this kind of comparison.

How is Table A1, Appendix 1 organized? The village's general fund budget was used as a basic structure for Table A1. Town financial items from all major funds (except water, sewer and lighting districts) were then paired with appropriate village items. Some detail was eliminated (particularly from the village's budgeted expenditures). There is some rearranging of the sequence of appropriations to facilitate better summary expenditure categories. Account code numbers were included in the spreadsheet to facilitate comparison with budget documents. Every attempt was made to include town fund codes as a part of account codes.

Consistent with the findings from Phase II, no analysis of water, sewer or electric funds are included here. The report focuses on those service areas and expenditures that are paid for out of funds that impact the property tax rate. With some minor exceptions,

public water, sewer and electric services are produced solely by the village. Water and sewer services are extended into town outside village areas under the authority of town special districts. Town customers pay their water and sewer bills directly to the village. While there are important inter-jurisdictional issues regarding these utilities there is no duplication in service provision. A change in government form to the coterminous option presents an important concern for the water and sewer utility rate to current town special district customers. They would either revert to the current village rate structure or pay the prevailing higher outside village rates. The analysis presented here would be unaffected by this decision.

The *simple total* figures (on the right side of Table A1, Appendix 1) are, in most cases, a simple total of town and village expenditures or revenues. In some instances a simple total would constitute double counting. For example an amount for the town police contract is already reflected in total village police expenditures. In such cases the *simple total* is adjusted to eliminate such double counting.

The *combined total* figures (on the right hand side of the Table A1, Appendix 1) provide initial suggestions and estimates of where joint service delivery or expense elimination might be possible. The potential for service delivery changes and cost reduction are discussed section by section below, along with recommendations for action. Many of the service changes and cost reductions in the combined option can be achieved while maintaining two separate units of government (the Town and Village of Wellsville). For each of the proposals for joint service delivery and/or administration, examples exist in other New York local governments.

Brief descriptions of service or expenditure areas are provided below. These descriptions indicate “how” the service is currently provided. Areas where there is potential for cooperation or consolidation of service production are noted. Unless noted below “simple total” amounts are a “simple” total of town and village amounts on the same line. “Combined” total amounts are the simple total amount unless the “Simple %” is less than 100. If the simple percents are less than 100 there is an explanation of how the amount was calculated in the sections below.

In this report we make the distinction between *provision* and *production* of public services. A local government decides to provide a public service. Once the decision to provide the service has been made, the government has a variety of ways to assure the service is produced for residents and property owners. The service may be produced “in-house” with municipal employees, equipment and materials, by another local government or public agency under contract, or by a private individual or profit or not-for profit organization. Local governments vary in the bundle of services that they provide for citizens. These differences often represent important distinctions in service needs and citizen preferences.

For example, the Village of Wellsville *provides* public water services for all residents and other commercial and industrial customers within the village. This public water service is *produced* in-house with village staff, equipment, etc. The town of Wellsville does not *provide* public water services to all town residents. For some grouping of property owners the town *provides* water service using special districts. The town contracts with the Village of Wellsville to *produce* this service for special district property owners.

General Government

1010 Governing Board

The reduction from two to one governing board is one of a small number of changes discussed below that would reduce costs only if a coterminous town-village or other single unit were formed. Eliminating one governing board is assumed to reduce governing board costs by 50%. It is conceivable that under the coterminous option both boards would continue, the town board meeting only once a year to approve and note needed changes in the actions and policies of the village board. If this were the case a small increase would have to be included for the “shadow” town board members.

1110 Justice

There is currently a justice and acting justice in the village and a town justice. The town and village courts already share common space and support staff. The two courts share a common court facility housed in the Village Police Department’s building. A recent vacancy in the town court clerk position has led to joint use of a single clerk and computing environment by the two courts. It is assumed that the current caseload warrants the existing number of justices, and any further administrative consolidation would not reduce the justice staffing level. It is assumed that there is no significant opportunity for additional savings in this service area.

1210 Executive

The reduction from one to two governments under the coterminous option would lead to the elimination of the town supervisor position (or the creation of a very minimal role for the town supervisor as noted under governing board). A 50% reduction in executive costs is assumed if a coterminous town-village were formed.

General Administrative Including: 1325 Clerk Treasurer/Town Clerk, Budget and Payroll, 1362 Tax Collection

General administrative and management tasks are part of the basic or crosscutting functions of local government. These cross-cutting administrative functions include: budget development, accounting and financial reporting, personnel, records management, property assessment, tax collection, administration of permits, etc. There is great variety in how towns and villages assign these general administrative tasks to different personnel and how much it costs to do these tasks. There are also real differences between local governments in the kind or quality of these administrative services and tasks.

Comparative information was collected to better assess the general administrative personnel costs for the Village and Town of Wellsville. This additional information was collected for four of the 25 comparison group villages used during Phase II of this study. Each of these villages (Bath, Hamilton, Penn Yan and Tupper Lake) has a municipal electric utility in addition to public water and sewer systems. The Village of Bath also operates a natural gas utility. The goal in collecting this information was to identify how these other villages organized their offices to accomplish the central administrative (Clerk-treasurer) and utility office tasks for the village. These tasks include: budget development, accounting and financial reporting, personnel, records management, clerk to the village board and planning and zoning board, administration of permits, registrar of

vital statistics, secretarial/clerk assistance to the public works department, property tax billing and collection, and utility billing and receipt of payment. Table 3 below summarizes key information for the five villages. All five of the villages in Table 3 utilize the town's assessment role (instead of estimating separate village assessments), bill utility customers monthly, collect or receive property taxes, and use county services to send out property tax bills (except Wellsville).

Table 3
1998 Village Administrative Staffing and Total Salary Comparison
For Five Comparison Group Villages with Electric Utilities

	Wellsville	Hamilton	Bath	Penn Yan	Tupper Lake
1990 Population					
Village	5,241	3,790	5,801	5,248	4,087
Town Outside Village	2,875	2,090	5,949	2,205	2,090
Utility Customers (billed monthly)					
water	2,300	1,500	2,800	2,300	3,000
sewer	2,300	1,500	2,800	2,300	2,700
electric	2,600	1,500	4,000	2,300	3,200
gas	-	-	3,500	-	-
Village Staffing:					
Village Manager		1			
Clerk-treasurer	1			1	
Deputy Clerk Treasurer	1				
Clerk			1		0.25
Treasurer			1		1
Deputy Treasurer			0.5	1	0.25
Deputy Clerk			0.5	1	
Utility Billing Supervisor	1		1	1	1
Utility Accountant			2		
Utility Billing Clerk or Typist	2		2	4	
Account Clerks		3	2		2
Public Works Secretary	1	-	1	1	
Salary Totals Include:					
Planning & Zoning Sec.	Yes	Yes	No	0.5	Yes
Registrar	Yes	Yes	Yes	Yes	No
Total positions	6	4	11	9.5	4.6
Salaries and wages	\$202,577	\$119,047	\$268,406	\$219,752	\$79,620
Per Capita	39	31	46	42	19
Per Customer	84	79	66	96	27

3

Each of the five villages has computerized utility billing, budget preparation, and personnel/payroll functions. All five villages, except Wellsville, have fully computerized general ledger accounting or bookkeeping. Wellsville has a partially computerized accounting system for the general fund and fully automated accounting for utilities (electric, water and sewer funds). Several villages noted that accounting requirements for electric utilities are different. Electric utilities are regulated by the New York State Power Authority and have to track the value of assets. They also use a different accrual basis than the state comptroller requires for other municipal funds. Electric utilities also operate under a different set of uniform account codes. As a result municipal electric utilities have particular accounting software requirements.

The Village of Wellsville is equal to the average for the number of employees and has above average total salaries and wages (30%) for the group as a whole (if we exclude the Village of Bath from our averages because of its significantly larger customer base and additional utility service). If we look at salaries and wages per capita (again excluding Bath) Wellsville is about 20% above the group average. It is still difficult to say with certainty that Wellsville has above average service costs among this group of comparable communities. There may be significant differences in the experience level of existing office personnel, in the level or kinds of service provided (e.g. length of business hours, etc), or other factors.

Two of the comparison group villages have administrative differences that are worth noting. The Village of Hamilton has a Village Manager/Administrator. The administrator oversees all the major administrative and clerical functions of the village. In contrast to other villages in the comparison group, Hamilton's office has 3 account clerks in a unified office that shares all general office tasks under the manager's supervision. This contrasts with the more typical pattern for villages that have an electric utility. In most cases, the clerk-treasurer's office is somewhat distinct or separate in operation from the utility billing/administrative office. This may be a contributing reason for the small number of total administrative staff in Hamilton and lower per capita (or per customer) administrative salaries and wages. These lower figures may also be related to the Village of Hamilton's size in terms of total permanent population. Hamilton is the host community for Colgate University and college students are included in the census population count.

Approximately thirty villages in New York State have adopted the village manager form of government. There is not a single listing of the duties of a village manager because the specific duties and responsibilities of a village manager are set out in the local law creating the office. In some villages the village manager is appointed by the board of trustees to serve as village clerk or clerk-treasurer. A copy of the Village of Hamilton's local law creating the Village Administrator position is included in Appendix 2.

The Village of Tupper Lake began sharing a staff person with the Town of Altamont in January of this year. The town created the position of half-time town administrator (formerly a supervisor's bookkeeper position). The person filling this job was appointed on a half time basis to fill an opening as Village Clerk in the Village of Tupper Lake.

This reduced the staffing level in both governments and created an administrative link between the two offices.

Table 4 contains comparable information for the towns that each of these villages is in. Information was collected on the staffing and salary costs for a similar complement of administrative task for these towns. Utility billing and collection was not relevant for the towns and, as a result related items are excluded from Table 4. The Town of Wellsville has an above average level of staffing and salary costs for the sample of towns. The costs are about 30% above average on a per capita basis. This difference is somewhat overstated because of the unusually low administrative costs for the Town of Milo. The low figure for Milo is, in part, because the Town Supervisor handles all budget development and financial record keeping and reporting for the town. All other towns in the sample have at least a half-time paid staff person handling these tasks. This demonstrates yet another way that rural governments vary in the accomplishment of basic administrative tasks and functions. Often elected officials take on tasks handled elsewhere by paid local government staff.

As a general rule, the other four towns in the comparison group appeared to have a higher level of computerization of administrative functions than the Town of Wellsville. All but one of the other four towns had automated accounting/bookkeeping functions and software for the various records management tasks of the town clerk.

Table 4
1998 Town Administrative Staffing and Total Salary Comparison
For Five Comparison Group Villages with Electric Utilities

Village Town Name	Wellsville Wellsville	Hamilton Hamilton	Bath Bath	Penn Yan Milo	Tupper Lake Altamont
1990 Population					
Village	5,241	3,790	5,801	5,248	4,087
Town Outside Village	2,875	2,090	5,949	2,205	2,090
Town Staffing					
Town Budget Officer		1			
Assistant		1			
Town Clerk	1	1	1	1	1
Deputy Clerk	0.5	0.5	0.9	0.25	0.6
Town Administrator					0.5
Supervisor's Sec/Bookkeeper		0.5	1		
Tax Collector	0.5		0.4		
Registrar of Vital Statistics	Yes	Yes**	Yes	Yes	Yes
Total positions	4.0	2.0	3.3	1.3	2.1
Salaries and wages					
Per Capita	\$70,250	\$42,809	\$63,286	\$24,200	\$59,266
	24	20	11	11	28

** Town of Hamilton does not include staff income for Registrar of Vital Statistics

Appendix 2 contains an article written by Pasqualino D'Imperio that outlines the process and savings involved in consolidating financial functions in the Town and Village of Ossining New York. Mr. Pasqualino was the Treasurer for the Village of Ossining at the time of the merger. While the two local governments were much larger than the Town and Village of Wellsville, there are a number of similarities. Even with the purchase of new computer equipment to accommodate the merger, the two communities were able to save 20% of their combined financial administrative costs in the first year of the consolidation. The two governments took their time and were able to accomplish the financial merger and savings through retirements alone. Additional saving are anticipated overtime with further staff retirements.

Combined Total: Based upon the above discussion, it may be possible to trim 25 to 30% of existing village and town administrative salaries. A rate of 25% was used in development of the combined total.

Recommendation for Action. There appears to be room for administrative office streamlining within the Village of Wellsville. There also seems to be room for reduced staffing in the town administrative structure. The examples of the Town of Altamont and the Village of Tupper Lake and the Town and Village of Ossining indicate that a joint town-village administrative office arrangement may offer further savings. Since all of the town and village administrative offices are currently housed in the same building, effective administrative changes that maintain the current quality of service could be realized with minimum disruption for citizens and without additional citizen costs for travel to administrative offices.

It is recommended that the Village initiate an internal task force to look at the potential for creating a single front office structure. The task force should include staff and governing board members much like the committees that have been used effectively to promote service cooperation and cost savings in other areas. D'Imperio suggests an approach, used by others, that begins with listing and outlining, in some detail, the tasks performed by both current offices and the secretary to the public works superintendent. This task list then provides a base for looking at staffing needs and finally developing a plan for change. If needed the town and/or village may want to retain a consultant to advise on the development of a detailed plan and implementation.

As a part of this task force review the village should examine in more detail the potential for creating a village administrator or manager. This would involve more detailed discussions with other local governments utilizing this structure and a review of their overall administrative structure. This kind of process should not be put on a fast track. D'imperio noted that it's a slow process and time should be taken to answer all relevant questions and concerns.

The assessment and integration of computerized record keeping should be a component of this overall review. A common or integrated software process for tasks like budgeting and accounting and financial reporting could streamline information management and reduce multiple data entry. It would also be important to review the investment management practices and performance of all involved administrative units.

If there is the potential for cooperation, town officials could join as a partner in this process and look at administrative needs for both municipalities jointly. A plan could be

put in place that worked cooperatively with existing personnel and potential future retirements. Any degree of administrative consolidation could occur in this area either with or without the formation of a single local government.

If both governments were to participate a private, independent audit of both local governments should be performed.

1355 Assessment

The Village uses the town assessment role for property taxing purposes. Since assessment is already provided and produced town wide by a single assessment office and paid for from the town wide tax levy the combined option assumes no savings.

1420 Attorney

It is assumed that if a single coterminous town-village were formed there would be a reduction in the need for legal counsel to draft local laws and advise on other matters. A 25% reduction is assumed.

1440 Engineer

No change in the existing need for engineering services for existing village functions are anticipated. There were no town expenditures in this area.

1450 Elections

No change in expenditures for elections is assumed.

1620 Municipal Building

Both town and village offices are currently housed in the same building. No change in building maintenance costs is anticipated. Under the coterminous town-village, the town would no longer pay the village facility rental. A reduction under town costs here would be counterbalanced with a village revenue reduction leading to no overall net change in property tax burdens. Because of the purpose of this analysis, no decrease is noted under *Combined Total*.

1910 Insurance

A variety of factors influence municipal insurance rates including existing loss experiences. General liability rates are determined in part by population, road mileage, adjusted total expenditures, and other factors. Property, equipment and automobile coverage are affected by the value of assets. Reductions in assets and employees, along with a continued favorable loss experience would lead to reductions in municipal insurance overtime. Both the town and village have experienced reductions in insurance costs over the last several years. This has been a general trend in the municipal insurance market.

Assuming no significant change in existing personnel or assets, several insurance professionals estimated that a single local government that replaced the existing Town and Village governments could lead to a 10 to 15% decrease in current combined insurance costs (excluding Worker's Compensation costs). A reduction of this magnitude could be achieved through a reduction in public official's liability and other changes due to consolidating the two policies. A 10% reduction in insurance was assumed in the *Combined Total* and would only be realized under the formation of a single coterminous town-village. Reductions in budget and assets could lead to a larger reduction in

insurance premium regardless of whether the two governments were combined. It is assumed that a single government would not lead to a reduction in Workers Compensation under current arrangements with Allegany County.

1920 Municipal Association Dues

With the formation of a coterminous town village, dues to the Association of Towns *could* be dropped. With no change in form association dues would remain the same.

1989 Economic Development-Circuit Rider

The need for downtown revitalization will persist. No change in this expenditure area is anticipated.

1990 Contingency

Town and village contingency amounts were not analyzed for their conformance with recommended percentages. It is assumed that they are close to or below the comptroller's recommendation. A small change may be warranted based on the total change in appropriations due to cost savings in other areas. No reduction is included in the *Combined Total*.

8010 Zoning and 8020 Planning

In general minimal reduction in planning and zoning costs are assumed. A joint town-village planning board could be formed under existing state law. For a variety of reasons cooperative-planning activities would be beneficial for future economic and land use development. Total costs are reduced by the elimination of the town planning board and associated costs. This assumes the formation of a joint planning board and related activities.

The town currently has no zoning. If the town decided to implement zoning, a joint town-village Board of Zoning appeals could be formed. Again no significant reductions in cost are likely. If a coterminous town-village were formed then there would be changes. Most likely some minimal zoning regulations would be extended to current town-outside village areas. No significant cost reductions would follow this action.

Recommendation for Action. As noted above, a joint town-village planning board would lead to minimal savings. It is recommended that the town and village discuss the potential avenues for increased cooperation in land use planning. A long-term goal could be the formation of a single or joint planning board. This has proved to be an effective cooperative step for a number of town-village combinations.

Police

A single department already produces police services in the Village of Wellsville. The town initially proposed a contract for a minimal level of service in the town outside village area for 1998 but has since declined to sign a contract with the village. Hence there are no saving to be achieved through police consolidation. The *Combined Total* for police costs shows no reduction from current expenditures.

Simple Total: In calculating the simple total amount for Police, the associated proposed town expenditures totaling \$17,501 were not included. All of these expenditures represent proposed contractual amounts with the Village Police or Fire Departments and

are included in village expenditures. To include the town amount in the total would be double counting.

The Phase II report indicated that, relative to comparison group communities, expenditures for the Village of Wellsville police department were relatively high. In the Phase II report, the overall wage and benefit package was compared with other departments in the comparison group. Wellsville's wage and benefit package was found to be in the middle of the road of comparison group communities. The Phase II report also emphasized that Wellsville's police department lacked the backup of County Sheriff Department road patrols and faced the increased staffing burden caused by the presence of a number of special state facilities in the village. A survey of police departments from the Phase II comparison group villages was conducted to explore some of these potential causes for higher per capita costs. The survey results are summarized in tabular form in Appendix 2 to this report.

According to the survey tabulations, Wellsville's police department provides a higher than average level of service and has an above average demand for service among the departments responding. A summary of the evidence from the survey for 1997 information is listed below:

Level and Quality of Service:

- While nine of the 21 departments had a youth/dare officer, Wellsville's officer is the only one of the 9 departments committed near full time to this important task. (Questions 5&6)
- Fifteen of the 21 departments have an officer assigned as an investigator. But Wellsville was one of only 10 departments that assigned the officer for investigations for over 90% of their assignment. (Questions 7&8).
- The village of Wellsville had qualified officer instructors for the broadest range of topics, increasing departmental capability and facilitating lower training costs. (Question 32&33)
- Wellsville's Police Department is one of two out the 21 departments in the survey that is accredited through the New York State Law Enforcement Accreditation Program. Of the over 500 law enforcement departments in the state there are only 59 (15 villages) that have passed and maintained accreditation. New York's accreditation program was developed by local law enforcement officials to: increase efficiency and effectiveness in of law enforcement agencies, promote increased coordination and cooperation among these agencies, insure appropriate training of personnel, and promote public confidence in law enforcement. This voluntary program has proven to reduce departmental and municipal risk and improve administrative and operational effectiveness. (Questions 35 &36)

Demand for Service

- The number of criminal cases and misdemeanors handled by the Wellsville department was almost double the average for the sample, the number of violations (excluding vehicle and traffic) and the number of calls for service were also almost double the average for responding departments. (Questions 9,10, and 11)

- The Wellsville Police Department was one of the seven departments in the sample of 21 that regularly provide courtroom security. (Question 17)
- Wellsville was one of only nine (of 21) departments in the survey that had holding cells for prisoners. Among those with holding cells Wellsville detained over 217 prisoners in 1997, well above the group average of 137. (Questions 12 & 13)
- The Village of Wellsville was one of only four villages (out of 21) that was in a county where there was no sheriff's road patrol in their service area. Similarly, Wellsville was one of only 3 department out of 21 that reported not having backup from the County Sheriff's Department. (Questions 19 & 20)
- Wellsville was among the eight departments out of 21 that had a hospital in their jurisdiction. All of these departments reported that they were often called to assist with patients. In five of these eight communities, including Wellsville, the hospital did not have their own security and depended almost solely on the village police department for security problems. None of these departments were compensated for their time by the hospital or other agency. (Questions 22,23,24 & 25)

This survey evidence provides some of the service-based reasons for higher than average police service costs in the Village of Wellsville. The Wellsville department is an anchor for law enforcement services in its region of the county. The police force serves the law enforcement needs of a population much greater than the village. A large volume of traffic and people that frequent the village daily form the department's demand. For example, while the Village's 1990 population is roughly 10% of Allegany County's population, the 1992 Census of Retail Trade Statistics indicate that the retail sales in the Village are 40% of the county total.

Recommendation for Action: In the Phase II report the consultants recommend that the village request a management study from the New York State Bureau of Municipal Police to explore needed staffing levels and service provision within the Allegany County law enforcement context. Such a study has already been requested. As a result of this study's analysis the consultants recommend that the BMP be asked to evaluate several key concerns:

- Staffing requirements needed to serve the law enforcement needs of the Wellsville community.
- Staffing needs associated with serving the law enforcement needs of the town outside village population.
- The role of the Wellsville department in the complement of county law enforcement agencies. Does the county's limited functions imply the need for a larger village force and is some form of county reimbursement appropriate given the village department's role?
- The Wellsville Police Department appears to provide a unique and needed dispatching resource in the southern half of Allegany County. It would be valuable for the BMP to investigate and comment on dispatching in the County and the role of the Wellsville Police Dispatching/Communications resource in the area.

- The consultant recommends that the Bureau of Municipal Police draw other members of the law enforcement community into the study and its recommendations. It may be useful to begin now to recruit representatives from the County and/or the Town to participate in the scoping and review of that study effort when the time comes.

Fire Control

The Wellsville Fire Department serves the combined fire safety and fire control needs of the Village and Town of Wellsville. This is another example of a single service production unit serving the service needs of both local governments. The *Combined Total* assumes no change in this service area.

Simple Total: in calculating the simple total for Fire Control, the town contract amount (\$ 58,500) was not included. Total Fire Control expenditures for the village includes this amount. To include the town amount in the total would be double counting.

Other Health and Public Safety

3510 Animal Control

A town animal control officer already provides this service on a town-wide basis. It is assumed that the existing service is meeting the needs of town and village residents.

3620 Code Enforcement (General Government)

Actual savings are not clear without further analysis. Currently both town and village have a part-time code enforcement officer. This is an area where joint service delivery may provide improved service delivery for both local governments. A single officer, firm, or another local government could be hired under contract with both municipalities singly or jointly. If the coterminous option were pursued a single code enforcement service would be required.

Recommendation for Action: It is recommended that the town and village examine the potential for a joint or cooperative code enforcement activity. It is not assumed that this would lead to reduced costs, but possibly improve service.

4020 Registrar

The discussion and recommendations in the section above on general administrative potential apply to considerations about the registrar function. Both the town and village offices provide registrar services. It is important to note that personnel costs for registrar services in the village were reduced after budget passage 1998/99 from \$12,000 to \$8,000.

4540 Ambulance

A single provider already provides ambulance and emergency medical service town-wide at reasonable public cost. No change in this arrangement would be required if a coterminous town-village option were pursued.

Streets, Bridges & Sidewalks

Irwin (1992) published total per mile costs or expenditures needed to be able to “hold your own” for local roads in New York State. Spending at or near Irwin’s suggested levels is needed to permit local government to keep the overall condition of roads at a fairly constant quality, neither getting better nor worse. Irwin’s benchmarks were developed by operating highway staff and confirmed through a series of comparisons with many local highway officials. Table 5 compares the total expenditures per mile for the Town and Village of Wellsville with Irwin’s benchmark per mile costs. Based on changes in the cost of materials, personnel and equipment, Irwin’s benchmark figures should be somewhat higher for 1998 highway spending. Irwin established different spending benchmarks for different kinds of municipalities with different road and street requirements. The figures in Table 5 indicate that 1998 spending in the Village of Wellsville is at the level that would maintain roads in their current condition in 1992 dollars. Spending for 1998 in the Town of Wellsville is about 12% below the recommended 1992 spending level suggested by Irwin to maintain roads in their current condition. Irwin’s spending benchmarks would suggest that the Town of Wellsville would need to increase spending in order to continue to maintain town roads in their current condition. Total annual highway costs in Table 5 were taken from the budget summary in Table A1, Appendix 1. Village spending for Shade Trees was omitted from total annual village cost for streets. For the town, about \$145,000 of highway fund debt service was added to highway services for purposes of this calculation.

Table 5
Spending on Streets and Highways
In the Town and Village of Wellsville for 1998
Compared with Spending Benchmarks

	Village of Wellsville	Town of Wellsville
Total annual costs*	\$ 615,292	\$609,938
Miles of roads	24.43	55.73
Per mile costs	\$ 25,186	\$10,945
	For Larger Villages	For Rural Towns
Irwin's Spending Benchmarks		
Per mile of road (1992 figures)	\$ 25,000	\$ 12,500

* Because of budget organization, fringe benefits on related personnel are excluded from these total costs. Preliminary estimates indicate that that if Irwin’s benchmark costs are adjusted for inflation to 1998 amounts and rough estimates of fringe benefits are included in total costs the results are very similar. Village costs are roughly equal to the benchmark (within 5%) and town costs are between 10 to 15 percent below the benchmark.

The per mile spending figures in Table 5 confirms the findings from Phase II. In the Phase II report, village spending for streets was below the average for the comparison group. Overall village spending in this area is at a level needed to maintain existing

street conditions and town spending appears to be somewhat below needed levels. As a result the *Combined Total* for spending on all the streets, bridges and sidewalks spending categories was continued at 100% of the *Simple Total* of the two governments. Some additional comments on particular service areas are listed below. There is already substantial cooperation in street and highway service provision (as in many other areas).

5010 Street Administration

1640 Garage

During the last two years officials from the town and village board and staff from both governments assessed public works facility needs in some depth. This joint work led to an agreement in February of 1997 for the town to share in the use of the village's salt storage facility. The town's salt storage facility was no longer viable. This working group also explored the potential for other combined public works space. They focused on a joint maintenance facility and concluded that in the short run the cost of new construction could not be justified based on the limited operating savings that would accrue.

5110 Street Maintenance

5111 Vehicle Maintenance

As noted above under GARAGE, the potential for joint vehicle maintenance has been assessed and found to be too costly in the short run. The town and village have individually developed multi-year schedules of equipment replacement needs and reviewed them together. As a result they recently purchased a new loader to be used jointly by the two governments. The two governments are now preparing for a joint backhoe purchase. No other equipment sharing opportunities are on the immediate horizon. Both departments have agreed to continue to look for joint equipment opportunities. In a few years a joint grader purchase may be an opportunity.

One difficulty in the joint equipment arrangement is the continued inclusion of the equipment item for town highways in the townwide budget. This has been a difficulty in town-village equipment sharing in other communities. Under current arrangements, village residents are already sharing in the cost of town equipment investment through townwide property taxation. Overtime a remedy should be developed to eliminate this double payment for village residents or to develop a written agreement that appropriately increases the expected share of town investment in joint equipment arrangements.

5140 Brush & Weed Control

5142 Snow Removal

Winter road maintenance tasks varies significantly between the village and town outside village areas. Village snow removal requires trucks that can negotiate a tighter turning radius, while town trucks are larger and set up for higher speed plowing. The two maintenance plans call for different mix applications of the materials (sand, salt, etc.) used to improve traction and de-ice local roads. These and other differences imply the need to maintain somewhat distinct winter road maintenance activities for roads in the town outside and village service areas. A coterminous town-village option would need to provide for these different service provision needs in the two areas.

The town continues to include snow removal costs in its townwide budget. As a result village residents pay for town outside village snow removal and village snow removal costs. Overtime this double payment should be corrected by moving town snow removal costs to the town outside village portion of its budget.

5410 SIDEWALKS, 8140 STORM SEWERS, 8170 STREET CLEANING, 8540 FLOOD & EROSION CONTROL, 8560 SHADE TREES

This cluster of services and activities are unique to the village. Any cooperative or coterminous town-village organization would not eliminate the need to keep these distinct services for the village area. The need for these services may extend to higher density town outside village development adjacent to the village.

Recommendation for Action: As prices and service delivery conditions change so will the opportunity for cooperation in this and other areas. The town and village should develop a means of annually or semi-annually reviewing the opportunities for cooperation in highway service provision, facilities, equipment and manpower. This could take the form of a regularly scheduled meeting, or the request that the Village Department of Public Works and the Town Highway Department meet annually to formally discuss these opportunities and report annually or semi-annually to their respective boards. Such a report would include equipment investment plans, etc. The town and village should also meet and develop a phased plan for moving town highway equipment and snow plowing costs to the town outside village portion of the town budget. This will eliminate a fiscal difficulty in negotiating future joint investments in equipment and other forms of cooperation.

Airport

The airport has been sustained as a townwide activity. Change to a coterminous form would not make a significant change in this area. Interviews with local business leaders, as a part of this project, indicated that the town should be cautious in making further investments in the airport.

Recreation, Youth & Aging

The town provides this cluster of services, with some minor exceptions, on a townwide basis. No duplication is represented by these services. They could be provide on a similar basis under the coterminous town-village option. The *Combined Total* is assumed to be 100% of current expenditures.

Sanitation

8160 Refuse and Garbage

This expenditure area shows the cost of village collection and disposal costs for refuse and garbage. This service is produced in-house with village staff and equipment. The town currently allows residents and other property owners to arrange for pickup with private haulers in the town outside village areas. Proximity to neighbors, etc, often lead to differences in sanitation services between denser village areas and more open town

areas. However some villages do contract with private haulers as well. No change in costs is assumed unless further analysis indicated that village residents prefer a change to private haulers or town residents a change to village pickup. No change in service arrangement would have to follow from change to a coterminous option.

Recommendation for Action: The village public works department has looked at other sanitation options in the past. If permitted under existing labor law, this may be a good juncture to again compare how the cost to village residents of producing the service in-house compares with private hauler prices, assuming a similar level of service. Businesses and other non-residential customers that don't use the village service currently pay for it in property taxes.

8161 Landfill

Under any future town-village scenario the costs associated with the closure and clean-up of the old land fill will continue to be shared by town and village residents for a number of years. Given the planned cost scheduled for this activity costs should begin to taper off (i.e. drop below FY 1995-96 levels) in six years. Major clean-up costs should end in thirty years with only modest maintenance expenses of three to five thousand dollars at the site thereafter. Village officials appear to be taking all reasonable measures to manage these costs under guidelines specified by the state. Total costs would be the same under the coterminous town-village option.

Simple Total: in calculating the simple total for Landfill costs, the town-village contract amount (\$77,174) was not included. Total Landfill expenditures for the village includes this amount. To include the town amount in the total would be double counting.

Fringe Benefits

No change was assumed in fringe benefit costs. It is important to note that town Worker's Compensation cost are paid for directly in the county tax rate on town property. As a result these costs do not appear in the town budget.

Interfund Transfers

Interfund transfers were assumed to remain constant. This expense category is included to maintain the integrity of the town budget figures in calculating an overall total.

Debt Service

Debt service commitments were assumed to remain unchanged in the combined budget scenario.

Revenues

With the exception of village transfers for fire services and landfill costs from the town, simple totals of non-tax revenue items were calculated and used for the *Combined Total*. These two transfers were excluded from combined and simple revenues totals to match the exclusion of related expenditures.

State Aid

A3089 General Purpose Aid

The creation of a coterminous town-village *could* change general-purpose state aid. The historic basis for estimating changes in general purpose state aid was the differential payments made to towns, villages and cities on a per person basis. By law the state general revenue sharing payments are no longer calculated based on the per capita formula. The law regarding state aid payments now uses the historic distribution amounts as a base but does not include the per capita calculation in determining the actual amounts distributed. As a result if municipalities change their form, any change in general purpose state aid would only result from special legislation changing the aid for that municipality. There is currently a special Commission on State General Purpose Aid reviewing the allocations. They are required to develop a new basis for distributing aid by December of 1998. In the calculation of *Combined Total* a conservative assumption was used: there would be no automatic change in state general purpose aid with a change in status to coterminous. Under previous provisions there would have been a significant increase with a move to the coterminous form.

A3501 Chips (Comprehensive Highway Improvement Program)

State Highway aid is based on a complicated calculation that is not published in full form. However one element in the allocation is a per lane mile rate that is different for counties, cities, towns and villages. Change to the coterminous town village form could lead to an increase in state highway aid (similarly for charter as a city). General state aid for highways is administered through the Comprehensive Highway Improvement Program (CHIPS). The CHIPS program has two components, an operation and maintenance portion and a capital improvements portion. These two programs are allocated on the basis of local road mileage. The CHIPS allocation is covered in section 10-c of the Local Highway Law. Table 6 below shows the lane mile allocations by municipal type. Villages receive roughly 3 times the amount received by towns per lane mile. Cities received roughly double the village allocation per lane mile. Table 6 shows the change in this state aid factor for different municipal types.

Table 6
Allocation of State CHIPS Funding by Municipal Type for FY 1997/98

Municipal Type	CHIPS Allocation per Lane Mile of Road
County	\$ 369
City	1,308
Town	217
Village	637

The inclusion of the rates from Table 6 in the formula relationship is not straightforward but villages clearly receive more CHIPS Aid. For example, while the Town of Wellsville has more than twice the road mileage of the village it receives about 2% less in Chips aid than the village. The per lane mile rate budgeted by the Village is roughly 2.31 times the rate budgeted by the town. Officials at the Department of State would decide how former town road mileage would be treated if a coterminous town-village were formed. State DOT officials that oversee the aid calculation process could offer no guarantee if there would be an increase with a change to coterminous town-village form because of the complicated nature of the formula. A conservative estimate of no change in CHIPS Aid was used in *Combined Total* under the coterminous arrangement.

Summary of Options and Fiscal Impacts

The purpose of this section of the report is to summarize the combined fiscal picture of Town and Village of Wellsville and the implications of this information in assessing alternatives. The summary begins with an overview of the expenditure analysis and service delivery. After this overview each major political/administrative option for change will be assessed. In addition to these options several other key tax impact issues will be reviewed.

Expenditure Summary

The detailed expenditure analysis in the previous section of the report is summarized in Table 7 below. The summary represents only village general fund expenditures and the equivalent town service expenditures. The expenditures included are those that impact property taxes, the focus of this report. Town and village services are combined into eight broad categories. These eight service areas, plus fringe benefits and interfund transfers, and debt service make up the whole of combined town village expenditures. Neither the town nor village allocates fringe benefits to service areas for budget purposes so for ease of comparison they were not distributed in this analysis. Town expenditures and revenues were matched to village amounts from detailed accounting information in over five funds. In order to present a fiscal picture that balanced revenues and expenditures in accordance with budget practices, a residual amount of interfund transfers are included in total town expenditures.

Table 7
Combined Summary for the Town and Village of Wellsville
Budgeted Expenditures for Town and Village Fiscal Years Beginning in 1998

Appropriation	Village Budget 1998-99	Town Budget 1998	Simple Total	Combined Total
1. General Government	333,372 13%	273,042 18%	606,414 15%	530,611 14%
2. Police	808,783 31%	17,501 1%	808,783 20%	808,783 21%
3. Fire Control	146,100 6%	58,500 4%	146,100 4%	146,100 4%
4. Other Health & Public Safety	27,526 1%	39,630 3%	67,156 2%	67,156 2%
5. Streets, Bridges & Sidewalks	638,109 24%	465,232 30%	1,103,341 27%	1,103,341 28%
6. Airport	0%	73,443 5%	73,443 2%	73,443 2%
7. Recreation, Youth & Aging	2,675 0%	141,903 9%	144,578 4%	144,578 4%
8. Sanitation	299,867 11%	77,174 5%	299,867 7%	299,867 8%
9. Fringe Benefits & Transfers	345,650 13%	230,908 15%	576,558 14%	576,558 15%
10. Debt Service	31,050 1%	174,988 11%	206,038 5%	206,038 5%
Total Expenditures	2,633,132 100%	1,552,321 100%	4,032,278 100%	3,922,728 100%

One objective of looking at town and village spending patterns is to identify areas where both governments are performing similar activities. There are many ways that the Town and Village of Wellsville cooperate and coordinate in providing public services to area citizens, organizations and businesses.

General Government. In the Town and Village of Wellsville, General Government includes expenditures for: the governing board, chief executive (mayor and supervisor), justice, clerk and clerk treasurer, tax assessment and collection, municipal attorney, ordinance related costs, engineer (limited), elections, municipal building maintenance, portions of insurance, central data, municipal association dues, other property expenses, office supplies and economic development, etc. The spending areas can be viewed as basic governance costs and administrative services that provide for the basic or central operation of local government, supporting direct services to citizens. A variety of possible cost reductions were identified in this area.

The proposed cost reductions represent 13% (approximately \$75,000) of current town and village costs in this area. The cost reductions identified are of two kinds. Reductions that can be achieved without forming a single town-village government and those costs that can be achieved only by the formation of a single town-village government. Of the total savings roughly half, about \$38,000 fell in each category. Thus the projected savings in general government appropriations that could be achieved only through creating one coterminous town-village government is approximately \$38,000. The savings were achieved through: elimination of the supervisor and town board expenses, reductions in insurance expenses, reductions in attorney expenses, and a reduction in municipal association dues. Most of the reductions achievable that do not require the formation of a single government were connected to the operation of the town and village administrative offices.

Public Safety (Police, Fire and Health & Other Public Safety). Sometimes spending patterns hide instances where governments are working together to efficiently provide public services. This is true in Public Safety Services for the Town and Village of Wellsville. The Village Police Department is the sole law enforcement agency in the town. The town and village both expend dollars for Fire Control. Spending from both governments goes to support one service delivery organization, the Wellsville Fire Department. In a similar way, the Wellsville Ambulance corps provides service in the town and village with revenues coming from townwide property taxes. There are several areas that cooperation in Other Public Services (e.g. code enforcement) can be explored, and they are covered in the recommendations in the last section. Because of existing coordination and cooperation in this area there were no reductions in spending related to consolidation or cooperation in service delivery.

Streets, Bridges & Sidewalks. Both the town and the village provide highway maintenance and related services. Both governments provide these services with their own manpower and equipment. In this service area, the two departments have taken significant steps to look at available options for streamlining and cooperation. As a result of these efforts the two governments have entered into agreements to share both equipment and space. More extensive cooperation has been examined and found not to be cost effective at the current time. In the analysis above, established benchmarks for evaluating expenditures per mile of local road were used. Using these benchmarks, the town was found to be spending at a level under that which is needed to maintain current road condition, while the calculations indicate that the village is spending at a level that is appropriate to maintain roads in their current condition. As a result, it is assumed that efforts by the town and village to pursue efficient cooperation have been successful and no significant additional savings through cooperation are likely to be available. This is consistent with the Phase II report finding that the village of Wellsville had highway expenditures below the comparison group average.

It is important to note that there are significant differences in the service conditions and provision needs for road services between the village and town outside village areas. These difference require different maintenance practices (winter and summer), different equipment configurations and manpower skills. These differences would have to be accommodated even if the two departments were to be combined.

Airport. The town airport is maintained by the town and supported through user fees and other non-property tax revenues. Since the town operates the airport there are no savings available from combining activities with the village.

Recreation, Youth and Aging. This cluster of services is provided almost totally by the town. Since consolidation of these services has already taken place at the town level there are no further savings available from combining efforts with the village.

Sanitation. A large share of sanitation expenditure are for the jointly funded cleanup costs of the closed landfill site. The remaining costs are for regular trash removal sanitation service in the village. Town residents contract directly with private haulers for trash removal. The village could discontinue this service and have residents contract directly for trash removal with private haulers. It is unclear whether this would lead to higher or lower service costs for village tax payers. Privatization of this service could provide a benefit for village businesses and other organizations who do not use the service but pay for it in their taxes.

Revenue Summary

Existing non-property tax revenues were assumed to be constant and unchanged in any combined or coterminous scenario. These projections are included in total below and in detail in Table A1, Appendix 1 following detail expenditure information.

Options and Fiscal Impacts

In this section seven organizational and policy options will be reviewed. These options are based primarily on the analysis of appropriations and revenues discussed above and shown in detail in Appendix 1, Table A1. The seven options and their associated tax rates implications are summarized in Table 8 below. Column A in Table 8 shows summary information for the 1998/99 General Fund Budget for the Village of Wellsville. Column B has summary information for the Town of Wellsville 1998 Budget. It is important to note that the appropriations, revenues and appropriated fund balance amounts in Column B represent town totals across the major funds used in this analysis (the four major general and highway funds and town outside village fire protections fund). Columns A and B provide a baseline against which to compare the tax rate implications for the seven organizational and policy option presented in Columns 1-6. Column C has summary information for the "simple" total of fiscal items in column A and B. This simple total represents the non-redundant revenue and expenditure totals for the combined town and village budgets. Each of the policy options will be discussed in a separate section below.

**Table 8: Tax Rate Calculations for Various Town- Village Organizational and Policy Options
Calculations Based on Current Budget Estimates, Town 1998 & Village 1998/99**

	A	B	C	1	2	3	4	5	6
	Village General Fund	Town*	Simple Total of Current Operations	Coterminous Town- Village	Service Consolidation Only**	Village City Charter	Town-Village City Charter	Move Town Tax for Items 3&4 Outside Village	County Sales Tax Sharing
Village and Townwide Rates									
Appropriations	2,633,132	1,552,321	4,032,278	3,956,475	2,614,260	2,597,660	3,933,990	2,614,260	2,614,260
Revenues	547,971	325,889	767,579	767,579	547,971	2,375,669	2,778,047	547,971	1,023,836
Appropriated Fund Balance	101,564	151,667	253,231	253,231	101,564	101,564	253,231	101,564	101,564
Amount to be raised by tax	1,980,697	770,916	3,011,468	2,935,665	1,964,725	120,427	902,712	1,964,725	1,488,860
Assessed Valuation	104,962,374	191,473,620	191,473,620	191,473,620	104,962,374	104,962,374	191,473,620	104,962,374	104,962,374
Village Tax Rate/1000	18.87				18.72	1.15		18.72	14.18
Townwide Tax Rate Per/1000	4.03	4.03			3.93	0.00		2.90	3.83
Village Plus Townwide Rate/1000	22.90				22.65	1.15		21.62	18.02
New Single Rate				15.33			4.71		
Town-Outside Village Rate/1000									
Amount to raised by tax		242,867		0	242,867	1,013,783	0	458,093	-
Assessed Valuation		86,415,205		0	86,415,205	86,415,205	0	86,415,205	86,415,205
1998 Tax Rate/1000		2.81		0.00	2.81	11.73	0.00	5.30	0.00
Town Fire Protection									
Amount to raised by tax		58,500		0	58,500	58,500	0	58,500	58,500
Assessed Valuation		93,138,812		0	93,138,812	93,138,812	0	93,138,812	93,138,812
1998 Tax Rate/1000		0.63		0.00	0.63	0.63	0.00	0.63	0.63
Total Town Rate - Outside		7.46		0.00	7.37	12.36	0.00	8.83	4.46

*The initial town figures in column B for appropriations, revenues and appropriated fund balance are those constructed in Appendix A Table A-1 as comparables for village expenditures. They will not lead directly to the calculation of the townwide rate listed directly below. These figures need to be split up to calculate the townwide and town-outside rates listed in the column below.

**The initial figures (before adjustments specific to this option) in column 2 for appropriations, revenues and appropriated fund balance are for villages (from Column 1). Appropriations are adjusted for a decrease in administrative costs.

Coterminous Town-Village (Column 1)

The Coterminous town-village option assumes the creation of a single political/administrative unit through the annexation of all town outside village area to the Village of Wellsville. The single coterminous tax rate \$15.33 per thousand of assessed valuation, is based on approximately \$76,000 in estimated general government cost savings. About half of these savings are based on the reduction of dual elected officials and other costs that are related solely to the elimination of one government. The other half of these savings are based on assumed reductions in administrative staff through a consolidated or joint village office and better administrative coordination or consolidation of town and village offices. This change assumes that all services to town and village residents would be maintained at current levels. This option leads to a decrease in tax rate for village residents (from \$22.90 to \$15.33 per thousand dollars of assessed valuation), and a large increase for town outside village taxpayers (from \$7.46 to \$15.33 per thousand of assessed valuation). For purposes of this analysis no change was assumed in state general purpose aid or state highway aid. It is uncertain whether there would be an increase in state general purpose aid. Under current law, which may be revised at the end of this year, a special bill would have to be introduced to set state general purpose aid. Based on recent precedent general purpose aid would likely be held harmless (no change from the total of previous town and village amounts) for the new coterminous unit, or slightly increased. There would be a probable but difficult to estimate increase in state highway aid (CHIPS) as town road mileage became village road mileage which is reimbursed at a higher rate.

Village Dissolution (Column 1)

Column one provides an approximate financial scenario for village dissolution with the exception of state aid, which would be significantly lower. Under current law, village dissolution would result in a loss of all state general purpose aid to the village and a loss of CHIPS aid because village street mileage would be treated as town road mileage which is reimbursed at a lower rate in the current formula. The coterminous scenario (Column 1 in Table 8) is a fair approximation for the village dissolution option if services to residents and other property owners were preserved at their current levels, including police services and differences in street services currently provided to village residents and no special districts were formed in the former village area.

The lower state aid amounts would lead to a higher tax rate (than under the coterminous option). The loss of state general purpose aid (which in reality is tapered down over a five year period) if eliminated totally in the first year would lead to a combined tax rate of \$15.85 per thousand relative to \$15.33 per thousand under the coterminous option. With a revised, lower CHIPS allocation the Village Dissolution tax rate would be still higher than the \$15.85 estimated here. These results are consistent with those reviewed

for other similar studies. After dissolution (or formation of a coterminous town village) and without creation of special district arrangements to mirror the old town –village governance arrangements, tax rates drop for former village residents and increase for former town outside village residents. While a similar level of service is assumed in calculating these costs, dissolution arrangements do not guarantee that current services will continue to be provided by the town after a village dissolution. In part, future service provision is dependent upon the dissolution resolution that is voted on and in part by town board decisions and policy in the future. This scenario only looks at changes in the current year assuming the same level of service to residents and property owners and no new special districts.

It could be argued that there might be greater administrative savings from the dissolution of the village than have been assumed in these calculations. If this were the case, those additional administrative saving would be achievable as well under the coterminous option or under the next scenario “Service Consolidation Only.” This being the case the state aid differentials would still make Village Dissolution a higher tax rate option than either the coterminous option or the service consolidation option.

Service Consolidation Only (Column 2)

Most administrative and public service coordination and consolidation opportunities can be achieved without merging the involved local government units. In this case about half the dollar savings of the changes identified for the coterminous option can be achieved without combining the two governments. These savings, totaling about \$38,000 were all of an administrative nature in the General Government appropriation area. The only cost savings from option 1 (coterminous) not included here are those related to: eliminating one of the governing boards and a chief executive (mayor or town supervisor), eliminating one local planning board(costs for the stipends for board members, etc), reduced municipal attorney fees, and reduced general insurance costs. Under this option both the town and village remain as a local government units. Village tax payers would see a reduction in combined town and village taxes from \$22.90 to \$22.65 per thousand dollars of assessed valuation. Town outside village residents would see a drop in their total town tax rate (excluding special districts) from \$7.46 to \$7.37 per thousand dollars of assessed valuation.

Village Chartered as a City (Column 3)

Villages or other local governments, as noted earlier in this report, may be granted a charter as a city by approval of the state legislature and the governor. The transition from village to city carries a number of benefits that were discussed earlier in this report. A portion of these benefits are estimated and included in the calculation of tax rates in column 3 of Table 8. Charter as the City of Wellsville would permit the new city to preempt 1.5% of the current 4% Allegany County sales tax for taxable sales within the village of Wellsville. Allegany County estimated its 1998 sales tax revenue to be \$12,220,000. The most recently published Census of Retail Trade (1992) indicates that approximately 39.8% of Allegany County’s retail sales take place in the village of Wellsville. Using this proportion, it is estimated that a City of Wellsville could receive approximately \$1.8 million in sales tax revenue during the current fiscal year. In

addition, as a city, the state would pick up court personnel costs, and village property would no longer be subject to town taxes.

These factors would combine to almost eliminate the property tax in the current Village of Wellsville. Village taxpayers would see a decrease from a combined town and village rate of \$22.90 to a single city rate of \$1.15 per thousand dollars of assessed valuation. If spending for the Town of Wellsville remained at current levels with current fire district cost sharing, the tax rate for town outside village property owners would increase from \$7.46 to \$12.36 per thousand dollars of assessed value.

A number of factors would lead to adjustment in the city rate estimated above. There would be some increase in CHIPS aid based on differences in the formula for villages and cities. The new City of Wellsville would have to negotiate maintenance arrangements the roughly 3 miles of state road in the city. Bridges formerly maintained by the town would now be the responsibility of the city leading to an increase in maintenance costs. There would be some adjustments in mortgage tax receipts based on revised sharing arrangements.

It is unclear if there would be any changes in state general-purpose aid. General-purpose aid arrangements are much more generous for cities than villages at the current time. For example, the City of Mechanicville (1990 population, 5,249) will received \$317,567 in general purpose state aid in 1998. During the same year Wellsville (1990 population, 5,241) will receive \$98,465 in general purpose state aid. Mechanicville gets 323% more than Wellsville with almost equal populations to serve. Presumably some adjustment would be in order.

Town-Village City Charter (Column 4)

Given the large increase in Town of Wellsville tax rates that follow village incorporation as a city it is worth considering the implications if the town and village combined were to be chartered as a city. The coterminous scenario (column 1) is used as a starting point. Tax rate changes were estimated for this "City of Wellsville" in column 4 of Table 8. This alternative leads to a single tax rate of \$4.71 per thousand of taxable assessed value for current town and village taxpayers. A 10% increase from the village only case above in sales tax revenue was assumed due to town outside village retail sales. The pickup of town and village court personnel costs by the state was also assumed. As with the village only scenario, the maintenance of state highways would have to be negotiated. In this case the ownership and maintenance of approximately 6 miles of county road and county bridges would also have to be negotiated with the county.

Town Snow Removal and Equipment Tax on Town Outside Property (Column 5)

In accordance with the Highway Law, the Town of Wellsville taxes village real property for the cost (purchase, repair and maintenance) of town highway equipment ("Item 3" of a town highway budget) and the cost of snow removal ("Item 4"). The Highway Law also allows towns to reach agreements with villages for the provision of highway services to villages and use "in or by" villages of town highway equipment. The town and village have entered into agreement for the joint purchase/use of a loader and anticipate the potential for other joint equipment sharing in the future. The taxation of village property for predominantly town outside village equipment and snow removal purposes can

complicate this cost sharing and efficient initiative. In column 5 of Table 8, the town and village tax rates are estimated for limiting town appropriations for equipment and snow removal to town outside village property. Service Consolidation Only (Column 2) changes are used as a base for calculating the impact of this change.

This change would reduce combined town-village tax rates on village property from \$22.65 to \$21.62 per thousand of assessed valuation. An increase in the total rate for town outside village property from \$7.46 to \$8.83 per thousand of assessed value would result.

County Sales Tax Sharing (Column 6)

Employment location figures for several large employers surveyed for this study indicate that the county has a strong interest in addressing Wellsville's property tax rate level. These figures indicate that for about 1,600 employees of facilities in the Village of Wellsville, 38% resided in the county but outside the Town and Village of Wellsville. This contrasts with only 36% residing in the town and village, the balance residing out of county or out of state.

Given the importance of Wellsville as an employment center and the residential distribution of employees, it is in the interest of Allegany County to explore sharing a portion of sales tax revenues with the Village of Wellsville to help ameliorate pressure on property taxes. County policy regarding the sharing of sales taxes may have important impacts for local economic policy. If villages, like Wellsville, tend to be centers with key infrastructure and the location of employment generating industrial and commercial property, then county sales tax sharing with villages may help hold down the tax burden on property that serves as an employment base for broader areas of the county. The multi-county comparison figures from the Phase II report indicate that such sharing by the county does not necessarily lead to commensurate increases in county tax rates.

Column 6 in Table 8 shows the town and village tax rate impacts of county sales tax sharing. It is assumed that the county would share half of the original 3% (1.5% of county sales tax revenues with the towns and villages in the county based on the percent of county population. The figures in Column 6 assume Column 2 (Service Consolidation Only) as a base for comparison. The sharing of sales tax revenues will lead to a reduction in the combine town village rate from \$22.65 to \$18.02 per thousand dollars of assessed value. It is assumed that the town portion of sales tax sharing would be applied to the town outside tax rate. This level of sales tax sharing would lead to the total elimination of the town outside tax rate and leave enough additional sales revenue for a small reduction in the townwide rate. The total rate for town outside property would drop from \$7.37 to \$4.46 per thousand dollars of assessed value with this level of sales tax sharing. If the county shared 1.5 of 4.0% county sales with towns and villages based on assessed valuation the town and village would receive about 50% more in sales tax revenues and could lower property taxes further.

Recommendations for Future Action

The Village and Town of Wellsville have initiated a significant volume of cooperative activity in the production of local public services. The initiative for service cooperation has come from both elected governing board members and staff of the two municipalities. Below are a series of recommendations for future action that build on this history of cooperative activity. The Village is also an important center for economic activity in Allegany County. The County should be sensitive to this role in structuring county fiscal policy. Several recommendations for action are included which relate to the village and its role in the county and region.

Change of Administrative/Governance Structure

Recommendation for Action. Under existing state law the most readily achievable change in political/administrative form would be a move to a coterminous town-village. This could be pursued through the normal annexation process, with a proposal to annex the entire town outside village area to the Village of Wellsville. While state law exists governing the annexation process, the precise form of the enlarged town-village governance and administrative structure would be a point of negotiation and discussion (presumably during the annexation process). There are four existing coterminous town villages in New York. The structure of administration, governance and service provision in these four governments could be examined as a benchmark for the Wellsville case. But any action to change form should be approached cautiously. As we have noted in the body of this report there are real differences between the service delivery needs for Town of Wellsville outside village areas and those areas within the Village of Wellsville. These different service areas are linked to distinct groupings of citizens. Any change in the local political administrative structure needs to provide a means for these groups to ensure that differences in their service needs are accommodated.

Most of the potential improvements in service delivery and administration identified in this report could be pursued without a change in the current town and village form of government. The change in tax burden (without special arrangements that limit the tax burden for particular services to existing village residents) for town outside village residents makes it unlikely that they would provide the necessary support to approve an annexation initiative. Given these considerations, the current flux of state aid arrangements and the minimal cost saving benefits identified, the committee does not recommend that a change to coterminous town-village form be pursued at this time.

Seeking legislative approval of a City charter would have significant financial benefits under current financial arrangements but is heavily dependent upon the support of the villages assemblyman and state senator. Previous initiatives of this kind in the last ten years have not been totally unfruitful. The Larson, 1991 report in Appendix 2 gives an example of a recent town-village initiative for a city charter that was nearly successful. This option may be worth pursuing if positive support can be gained from these legislators. Legal advisors on this topic are unclear whether county approval of such a request is needed. If a city charter were to be pursued, Baynes and Porter recommend that an opinion from the Attorney General be obtained regarding the need for county

approval. No specific law lays out this requirement. Pursuit of a city charter by the village without inclusion of the town would have significant negative tax impacts on town outside village arrangements. Current changes being considered in state general purpose aid suggest that local officials take a wait and see approach on this option. It would be worthwhile to investigate the receptivity of the state legislative delegation.

County Sales Tax Sharing

Recommendation for Action. The Village of Wellsville has a distinct and somewhat unique role in Allegany County's economy, both public and private. Wellsville serves as an important employment center within the county. The residential distribution of employees that work in Wellsville indicates that it is in the interest of Allegany County to explore sharing a portion of sales tax revenues with the Village of Wellsville to help ameliorate pressure on property taxes.

In the public sector, the village serves as a key location and service providing resource which benefits county residents beyond its borders. The Wellsville Police department is an anchor for law enforcement services in its region of the county. The police force serves the law enforcement needs of a population much greater than the village. A large volume of traffic and people that frequent the village daily form the department's demand. For example, while the Village's 1990 population is roughly 10% of Allegany County's population, the 1992 Census of Retail Trade Statistics indicate that the retail sales in the Village are 40% of the county total.

The Village also serves as host to a variety of public facilities that increase the demand for village service provision including police. A targeted analysis of state-sponsored, exempt, community facilities for individuals with mental and developmental disabilities was recently published (see *Deinstitutionalization: a \$2 billion windfall* published by New York State Conference of Mayors-NYCOM, 1997 Albany, NY). This report discusses the reduction in state costs associated with the Deinstitutionalization of individuals from mental health and developmentally disabled institutions and the increased financial burden to local governments. It is estimated that the state is saving over two billion dollars per year and between \$53,000 to \$92,000 per person placed in a community facility per year. The report found that these community facilities were disproportionately concentrated in cities and villages when compared to the populations of the counties they reside in. The report contains a list of the most overburdened host communities, those communities in New York that have a disproportionate share of community residences for the disabled compared with the communities share of county population. The Village of Wellsville is listed as 35th on this list of 66 communities. While the village has 10 percent of Allegany County's population, it contains 29% of the county's community residences. NYCOM argues that there are negative fiscal impacts on host communities associated with the unequal distribution of community residences. NYCOM suggests a state program of Payments in Lieu of Taxes (PILOTS) to ameliorate the fiscal impact of increased exempt property and service provision costs in host communities.

County policy regarding the sharing of sales taxes can have important impacts for local economic policy. Villages like Wellsville are centers with key public services and infrastructure and are the location of employment generating industrial and commercial property. County sales tax sharing with villages can help hold down the tax burden on property that serves as an employment base for broader areas of the county and that stimulates activity in other sectors of the local economy. The sharing of sales taxes with such local governments can also serve to help balance the extra public service load shouldered by these communities as the examples above highlight. The multi-county comparison figures from this study's Phase II report indicate that such sharing by the county does not necessarily lead to commensurate increases in county tax rates. Figures in this report indicate that such sharing could have a significant impact, lowering village tax rates. The village should petition the county to share sales tax revenues with the village. There are compelling county interests to do so.

General Government Administration

Recommendation for Action. There appears to be room for administrative office streamlining within the Village of Wellsville. There also seems to be room for reduced staffing in the town administrative structure. The examples of the Town of Altamont and the Village of Tupper Lake and the Town and Village of Ossining indicate that a joint town-village administrative office arrangement may offer further savings. Since all of the town and village administrative offices are currently housed in the same building, effective administrative changes that maintain the current quality of service could be realized with minimum disruption for citizens and without additional citizen costs for travel to administrative offices.

It is recommended that the Village initiate an internal task force to look at the potential for creating a single front office structure. The task force should include staff and governing board members much like the committees that have been used effectively to promote service cooperation and cost savings in other areas. D'Imperio suggests an approach, used by others, that begins with listing and outlining, in some detail, the tasks performed by both current offices and the secretary to the public works superintendent. This task list then provides a base for looking at staffing needs and finally developing a plan for change. If needed the town and/or village may want to retain a consultant to advise on the development of a detailed plan and implementation.

As a part of this task force review the village should examine in more detail the potential for creating a village administrator or manager. This would involve more detailed discussions with other local governments utilizing this structure and a review of their overall administrative structure. This kind of process should not be put on a fast track. D'imperio noted that it's a slow process and time should be taken to answer all relevant questions and concerns.

The assessment and integration of computerized record keeping should be a component of this overall review. A common or integrated software process for tasks like budgeting and accounting and financial reporting could streamline information management and reduce multiple data entry.

If there is the potential for cooperation, town officials could join as a partner in this process and look at administrative needs for both municipalities jointly. A plan could be put in place that worked cooperatively with existing personnel and potential future retirements. Any degree of administrative consolidation could occur in this area either with or without the formation of coterminous town-village.

Planning and Zoning

Recommendation for Action. As noted above, a joint town-village planning board would lead to minimal savings. It is recommended that the town and village discuss the potential avenues for increased cooperation in land use planning. A long-term goal could be the formation of a single or joint planning board. This has proved to be an effective cooperative step for a number of town-village combinations.

Police

Recommendation for Action: In the Phase II report the consultants recommend that the village request a management study from the New York State Bureau of Municipal Police (BMP) to explore needed staffing levels and service provision within the Allegany County law enforcement context. Such a study has already been requested. As a result of the Phase III analysis the committee recommend that the BMP be asked to evaluate several key concerns:

- Staffing requirements needed to serve the law enforcement needs of the Wellsville community.
- Staffing needs associated with serving the law enforcement needs of the town outside village population.
- The role of the Wellsville department in the complement of county law enforcement agencies. Does the county sheriffs Department's limited functions imply the need for a larger village force and is some form of county reimbursement appropriate given the village departments role?
- The Wellsville Police Department appears to provide a unique and needed dispatching resource in the southern half of Allegany County. It would be valuable for the BMP to investigate and comment on dispatching needs in the County and the role of the Wellsville Police Dispatching/Communications resource in the area.
- The committee recommends that the Bureau of Municipal Police draw other members of the law enforcement community into the study and its recommendations. It may be useful to begin now to recruit representatives from the County and/or the Town to participate in the scoping and review of that study effort when the time comes.

Code Enforcement

Recommendation for Action: It is recommended that the town and village examine the potential for a joint or cooperative code enforcement activity. It is not assumed that this would lead to reduced costs, but possibly improved service.

Streets, Highways and Sidewalks

Recommendation for Action: As prices and service delivery conditions change so will the opportunity for cooperation in this and other areas. The town and village should develop a means of annually or semi-annually reviewing the opportunities for cooperation in highway service provision, facilities, equipment and manpower. This could take the form of a regularly scheduled meeting, or the request that the Village Department of Public Works and the Town Highway Department meet annually to formally discuss these opportunities and report annually or semi-annually to their respective boards. Such a report would include equipment investment plans, anticipated staffing changes etc. The town and village should also meet and develop a phased plan for moving town highway equipment and snow plowing costs to the town outside village portion of the town budget. This will eliminate a fiscal difficulty in negotiating future equipment purchases and other forms of cooperation.

Sanitation

Recommendation for Action: The village public works department has looked at other sanitation options in the past. If permitted under existing labor law this may be a good juncture to again compare the cost to village residents of producing the service in-house with private hauler prices, assuming a similar level of service. Businesses and other non-residential customers that don't use the village service currently pay for it in property taxes.

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