

## **Information about the Upcoming Dissolution Referendum**

On February 19, 2013, the residents of the Village of Middleburgh will vote in a special referendum whether or not to begin the dissolution of the Village government and Fire Department. A petition for the initiation of this plan was submitted for action by Gary Hayes in October 2012, would be implemented one month after the special referendum if the referendum results in a yes vote.

Please note that this proposed plan is *not* for consolidation. Consolidation is separate issue not covered by the aforementioned plan. Instead, this plan would eliminate the departments within the Village rather than combining them to similar Town-based departments. The effects of dissolution would have the most significant effects on the residents of the Town but due to the type of petition submitted by Mr. Hayes, they are not allowed to vote on this issue. This petition and its signatures are available for review at the Village Hall at 309 Main Street. The overall scope of the plan as proposed would be to dismiss all departments and agencies overseen by the Village.

The following departments would be dissolved:

*Village Department of Public Works, Planning Dept., Zoning Dept., Codes Enforcement, Building Dept., Middleburgh Youth Commission, Village Board, Village Clerk, Middleburgh Fire Dept., Middleburgh Area Business Association, Village Ethics Committee, Revitalization Committee*

The following are a series of estimates based on Mr. Hayes's plan. Because of the nature of state law, if the majority of the people of the Village vote yes, the estimates are inflexible. In other words, a vote to dissolve one part of the Village dissolves all and must be carried out.

Normal plans for municipalities to dissolve include a long study period. Between the status quo and eventual dissolution is a long period of properly consolidating the constituent portions of local government and services. This is a five to ten year process under good conditions. The plan as presented by Mr. Hayes would be rushed through in just six months, causing the Village and Town to hire outside and expensive consultants to finish what normally takes ten or twenty times as long to accomplish.

The following is a breakdown of potential effects of dissolution:

### **Department of Public Works**

Presently, the Village DPW is largely intertwined with the Town DPW. Dissolution does not appear to allow the cost-effective savings that consolidation might offer. The result of dissolution is more likely to cut services than to reduce expenditures, according to an expert from the New York Council of Mayors. This reduction of services would impact both Village and Town residents.\

In January 2009, the Village and Town commissioned a study by Barton and Loguidice Engineers to review the effects of integrating the Village and Town DPW. The study concluded:

*While the casual observer might be quick to state that these two departments duplicate most services and could therefore easily be merged into a single, smaller, operation, it's obvious to the trained eye that neither department contains much "fat" and maintaining the same level of service with fewer people or less equipment will take a great deal of innovation and time to implement.*

*While the goal of achieving additional taxpayer savings with no reduction in the level of service*

*is possible in this situation, it is more likely to occur in small incremental steps over a period of time.*

Village DPW equipment would be sold or donated to the Town of Middleburgh. The workers of the Village DPW would either be laid off or placed on the Town payroll. The sidewalk work within the current DPW would become a special taxing district within the Town government, creating a new layer of government in its place.

The overall plan would find \$35,698 in savings by eliminating the Village DPW head. There may be a small gain in streamlining administration. The Barton and Loguidice study cites this at \$500-\$1,000 per year.

The plan would also require Village employees not laid off to assume similar pay as their Town DPW counterparts. The cost of this would eat up most of the savings with a \$25,850 hike in salary costs, combined with \$2,000 in Social Security and \$2,000 in state retirement. The Town would also lose \$6,000 in revenue from rent per year.

Combined with lowered service potential, this plan does not save nearly as much money as a gradual consolidation, which the Engineers estimate could save an additional \$18,000 to \$25,000 annually. The actual savings from the dissolution process would be between \$348 and \$848.

### **Middleburgh Fire Department**

We would like to keep our fire protection within the community. However, dissolution under this plan would not allow that. Within three months of the beginning of dissolution, the Middleburgh Fire Department would begin to be redistricted into its surrounding counterparts, which the Town of Middleburgh could contract with for additional cost. Its trucks and equipment would either be sold to pay for the cost of consultants or donated to the Schoharie, Huntersland, and West Fulton Fire Departments.

The membership and leadership of the Fire Department would be dissolved approximately six months into the process and allowed to join the other departments. The remaining assets, including the firehouse, would deactivate and be prepared for demolition or sale. The skeleton of the MFD's administration would continue until the total dissolution in April 2016.

### **Sewer, Water, Lighting, and Cemetery Departments**

These departments cannot be broken down into constituent parts. Because of that, the responsibilities of these will be handed over to the Town of Middleburgh, which would either continue to operate them as separate districts or change them as they see fit.

Due to the small number of employees and operations, savings would be minimal. The work that was done by the Village Water Department would be taken over by a proposed Town Water Department. These would require the establishment of special taxing districts in the current Village boundaries, which would tax separately and form a new layer of taxation for Village residents. Without an administrator to run the department, a new employee would have to be hired separately or existing employees given raises. A new administrator would be required to have two licenses: one to repair breaks and another for water testing, currently done by the Village. These employees paid the prevailing Town rate rather than the lower Village rates, increases expenses by \$2,845 annually, increasing water rents by 4%. There would be an annual loss of \$2,845. There would be a slower response time to water breaks.

### **Middleburgh Youth Commission**

The Village of Middleburgh is the primary parent of the Youth Commission, which partners

with the Towns of Fulton, Middleburgh, and Blenheim. The Youth Commission operates the Village pool and youth activities during the summer and this employs about ten young people each year.

If the Village of Middleburgh dissolved, the major funding for the Youth Commission would go with it. While the other municipalities could pick up this cost, it would then remove any potential savings. The one way to save money on an immediate dissolution would be to close or reduce the youth programs. If the other municipalities cannot cover the costs of the Commission, it would be shut down. Certainly, Middleburgh residents could save money by dismantling youth programs but this would be a catastrophic loss for our local young people.

## **Code Enforcement**

With the dissolution of the Village government, so would the Building and Code Enforcement Departments be dismantled. This would require the Town government to cover the area currently managed by the Village under current Town laws. Of course, these could be changed to create a new layer of bureaucracy to cover the Village separately. Any savings derived from closing one department would be offset by the additional workload on the remaining entity.

State civil service laws dictate that this job would become a full time one. The Town would have to pay approximately twice the hourly wage and would have to cover health insurance, neither of which the Village nor Town do currently. This would create a significant increase in the cost for the Town government.

The current salaries and expenses for both current Code Enforcers tally to \$19,200. However, after dissolution, salary would increase to \$40,000 and insurance costs would be \$6,196. An advantage is that one person would be doing the job currently done by two. However, it would be more expensive. Village residents would have to go through the more stringent Town zoning and codes. There would be an annual loss of \$20,800.

## **Village Government**

The Village would remove its own layer of government by early 2016. In this, the current Village Clerk, Assistant Clerk, and Village Board would be dissolved. The workload of the Village Board would be placed upon the Town Board and Village laws would be repealed. The debt of the Village government would be assumed by the Town. The small salaries of the Village Board would be transferred to the Town Board.

The additional workload on the Town Clerk would necessitate either hiring additional personnel or increasing pay scales of present Town employees to compensate for the new duties.

The Village would also dismantle its emergency response planning, which ran civil and volunteer efforts immediately after Hurricane Irene for both the Town and Village governments. The Emergency Action Plan which notified Village residents before Hurricane Sandy would also be repealed.

The Village would not be able to apply for grants or take in other streams of non- property tax revenue. These include state aid, some CHIPS funds, and others. These account for almost half of the Village's income and most would be non-transferrable to the Town government in the event of dissolution. The costs involved in this would fall on the Town taxpayer.

The newly formed Business Association may have to dissolve, as its parent is the Village. Most Village businesses and some in the Town have joined or will shortly. Village funding of Miracle on Main Street would cease.

The Municipal Building would continue to be maintained by the Town government until it was sold or demolished. This would see a small savings of \$7,500 annually. The Village attorney's position would be merged with the Town attorney's, saving about \$1,438 annually.

*Adjusting the Tax Rates*

Assuming a possibility of the higher end of cost savings, such a swift dissolution would come with various costs attached with it. Engineering a workable dissolution plan over six or seven months would require extensive assistance from expensive consultants to finalize details and assure that functions are either carried out or eliminated.

**The residents of the Village would continue to be taxed twice.** At the moment, the residents pay a lower within-Village Town tax than the rest of the Town. That would be raised to an equal footing with the Town rates once the Village is dissolved. The residents of the Village would also pay a separate bill for the Cemetery and Lighting districts.

<i>Current Village Budget:</i>	<i>\$761,707</i>
<i>Current Village Property Tax Revenue:</i>	<i>\$369,656</i>
<i>Current Town Budget:</i>	<i>\$1,038,998</i>
<i>Current Town Property Tax Revenue:</i>	<i>\$707,605</i>
<i>Final annual savings:</i>	<i>\$74,831</i>
<i>Town Budget after Dissolution:</i>	<i>\$1,654,174</i>
<i>Town Property Tax Revenue after Taxation:</i>	<i>\$1,322,781</i>
<i>Special District Taxation after Dissolution</i>	<i>\$70,000</i>

Cost Breakdown of Dissolution Process. (-) represents savings, (+) represents additional spending to cover dissolution costs.

*2013-2014 Fiscal Year*

<i>Village</i>	<i>Town</i>
Consulting fees: +\$70,000	Consulting fees: +\$30,000
In-house consulting: +\$10,000	In-house consulting: +\$10,000
Special dissolution elections: +\$400	
<i>Total: +\$80,400</i>	<i>Total: +\$40,000</i>

*2014-2015 Fiscal Year*

<i>Village</i>	<i>Town</i>
DPW savings: -\$35,698	Rent: +\$6,000
Rent: -\$6,000	Insurance: +\$30,982
Insurance: -\$30,982	In-house consulting: +\$10,000
In house consulting: +\$10,000	DPW Adjustments: +\$25,850
Consulting: +\$50,000	Consulting: +\$50,000
<i>Total: -\$12,680</i>	<i>Total: +\$122,832</i>

*2015-2016 Fiscal Year*

<i>Village</i>	<i>Town</i>
Codes Enforcement: -\$10,300	Consulting: +\$20,000
	In-house consulting: +\$10,000

	Codes Enforcement: +29,800
<i>Total: -\$10,300</i>	<i>Total: +\$59,800</i>

*2015-2016 Fiscal Year*

<i>Village</i>	<i>Town</i>
	Consulting: +\$20,000
	In-house consulting: +\$10,000
	Remaining Village Costs: \$665,976
<i>Total: 0.00%</i>	<i>Total: +\$695,976</i>

*Final: By the 2020-2021 Fiscal Year*

<i>Village</i>	<i>Town</i>
	Consulting: -\$120,000
<i>Total: 0.00%</i>	<i>Total: -\$120,000</i>

<i>Year</i>	<i>Village Tax Rate</i>	<i>Town Inside Village Rate</i>	<i>Total Tax for Village Residents</i>	<i>Town Outside Village Rate</i>
<i>2012-2013</i>	.855%	.309%	1.164%	.660%
<i>2013-2014</i>	1.040% (+21.6%)	.326% (+5.6%)	1.366% (+16.6%)	.696% (+5.6%)
<i>2014-2015</i>	1.011% (-2.7%)	.379% (+16.4%)	1.390% (-0.22%)	.810% (+16.4%)
<i>2015-2016</i>	.987% (-2.4%)	.396% (+4.45%)	1.383% (-1.19%)	.866% (+6.91%)
<i>2016-2017</i>	0.162% (-83.79%)	1.032% (+160.60%)	1.194% (-13.67%)	1.032% (+19.17%)
<b><i>Final</i></b>	<b>.162% (-83.79%)</b>	<b>.955%(+209.06%)</b>	<b>1.117% (-4.04%)</b>	<b>.955% (+44.70%)</b>

*Does this Save Money?*

The short version is yes, there is a small savings made as small area of overlap are eclipsed. However, while expenses are cut significantly in some areas, the resulting loss of non-tax revenue places most of that burden back on the taxpayer. Due to the fact that the Town and Village are currently taxed at different rates, bringing the two together into a single Town rate would work for the people of the Village by reducing their overall property tax by 4.04%, but most of the cost is placed onto the residents of the Town, who pay 44.70% more. Meanwhile, Village water rates would go up 4%, eating

up much of the tax savings.

This plan in some ways is optimistic regarding inflation and natural increases in cost and maintenance. This does not include gradual pay raises for the Town and Village employees or the increasing costs of insurance (up 11% last year in the Village), additional state retirement costs (up 30% last year), or social security (up 4.3% last year). Adding in these natural increases *could* easily negate any potential savings. However, since they are not set in stone (even though they are inevitable) they are not included in the cost estimates.

*What Does this Mean for My Tax Bill?*

Assuming a baseline house value of \$100,000, this is what the dissolution plan would do to your annual tax bill. Additional costs compared to current rates are next to the figures. When the plan is completed the average Village taxpayer will save \$49 a year. The average Town taxpayer would pay \$295 extra per year.

<i>Year</i>	<i>Village Residents</i>	<i>Town Residents</i>
2012-2013	\$1,164.00	\$660.00
2013-2014	\$1,366.00 (+\$202.00)	\$696.00 (+\$30.00)
2014-2015	\$1,390.00 (+226.00)	\$810.00 (+\$150.00)
2015-2016	\$1,383.00 (+\$219.00)	\$866.00 (+206.00)
2016-2017	\$1,194.00 (+\$30.00)	\$1,032.00 (\$372.00)
2017-2018	\$1,117.00 (-\$49.00)	\$955.00 (+295.00)
<b>Total additional five year costs</b>	<b>\$618.00</b>	<b>\$1,053.00</b>

*Timeline*

<b>Vote on Dissolution</b>	February 19, 2013
<b>Establishment of a Dissolution Plan</b>	September 15, 2013
<b>Beginning of Dissolution Process</b>	October 1, 2013
<b>Begin of Dissolution of the Village Department of Public Works and Middleburgh Fire Department</b>	January 1, 2014
<b>Codes Enforcement and Building Department Dissolution</b>	July 1, 2014
<b>Planning and Zoning Departments Dissolution</b>	July 1, 2015
<b>Water and Sewer Departments Dissolution</b>	January 1, 2016
<b>Transfer of Debt to the Town of Middleburgh</b>	March 1, 2016
<b>Dissolution of the Remainder of the Village Agencies and Accounts</b>	April 1, 2016
<b>Completion of Adjustments in Town</b>	2020 - 2021