

Financial Restructuring Board for Local Governments

RESOLUTION No. 2017-08

AMENDING THE COMPREHENSIVE REVIEW REPORT AND AUTHORIZING  
GRANTS FOR THE VILLAGE OF OWEGO

WHEREAS, pursuant to New York State Local Finance Law section 160.05(3), the Financial Restructuring Board for Local Governments (the "Board"), upon the request of a fiscally eligible municipality, by resolution of the governing body of such municipality with the concurrence of the chief executive of such municipality, may undertake a comprehensive review of the operations, finances, management practices, economic base and any other factors that in its sole discretion it deems relevant to be able to make findings and recommendations on reforming and structuring the operations of the fiscally eligible municipality (the "Comprehensive Review"); and

WHEREAS, pursuant to New York State Finance Law section 54(10)(t)(ii), the Board may award funding under the Local Government Performance and Efficiency Program to fiscally eligible municipalities for financial restructuring and related purposes, as determined by the Board; and

WHEREAS, on February 24, 2015, the Board approved Resolution No. 2015-10 agreeing to undertake a Comprehensive Review of the Village of Owego (the "Village") in accordance with New York State Local Finance Law section 160.05(3); and

WHEREAS, the Board subsequently undertook a Comprehensive Review of the Village; and

WHEREAS, on June 20, 2016, the Board approved Resolution No. 2016-04 approving the report on the Comprehensive Review of the Village (the "Comprehensive Review Report") and all of the findings and recommendations therein; and

WHEREAS, ongoing conversations between the Board and the Village have generated additional recommendations as set forth in Attachment A attached hereto

that (A) (i) the Village continue with Phase 2 of its Waste Water Treatment Plant reconstruction and improvement plan, (ii) if the Village agrees to abide by and implement such recommendation, the Board may, in its sole discretion, award a grant of up to \$425,000 to ease the burden on the sewer system ratepayers until revenues from the Waste Water Treatment Plant reconstruction and improvement plan begin to materialize, and (B)(i) the Village continue to implement additional efficiency actions that will lower the annual cost of providing specific services, and (ii) if the Village agrees to abide by and implement such recommendation, the Board may, in its sole discretion, award a grant to assist the Village with implementing such efficiency actions; and

WHEREAS, the Comprehensive Review Report should be amended to incorporate these additional recommendations as set forth in Attachment A attached hereto; and

WHEREAS, the Comprehensive Review Report contains a recommendation that the Village, in conjunction with its governmental neighbors, develop and implement a shared services plan that will lower the annual cost of providing specific services and address the inherent duplication of services via multi-governmental jurisdictions; and

WHEREAS, the Comprehensive Review Report states that if the Village agrees to abide by and implement the recommendation contained in the immediately preceding recital, the Board may, in its sole discretion, award a grant to assist the Village with implementing such efficiency actions; and

WHEREAS, the Board acknowledges that the Village would be abiding by its recommendation in the Comprehensive Review Report to develop and implement a shared services plan that will lower the annual cost of providing specific services and address the inherent duplication of services via multi-governmental jurisdictions if the Village dissolves its justice court;

NOW THEREFORE BE IT RESOLVED that the Board agrees to amend the Comprehensive Review Report by including the recommendations contained in Attachment A attached hereto; and

BE IT FURTHER RESOLVED that the Board authorizes a grant of up to \$425,000 to ease the burden on the sewer system ratepayers until revenues from the Waste Water Treatment Plant reconstruction and improvement plan begin to materialize, which grant shall be subject to the terms of a contract entered into between the New York State Department of State and the Village; and

BE IT FURTHER RESOLVED that the Board authorizes a grant of up to \$100,000 to the Village for dissolving its justice court, which grant shall be subject to the terms of a contract entered into between the New York State Department of State and the Village.

This resolution shall take effect immediately and remain in effect until modified, replaced or repealed by resolution of the Board.

No. 2017-08

Dated: 6-19-17

A handwritten signature in black ink, consisting of a stylized, cursive name followed by a horizontal line extending to the right.

## Efficiencies

### Wastewater Treatment Plant

In previous years, the Village accepted and treated septic waste from haulers in return for payment. This revenue stream was used to offset the Village's Wastewater Treatment Plant overhead and upgrade costs and ultimately helped reduce the net impact on sewer rates and bills. By order of the State Department of Environmental Conservation (DEC) under a State Pollutant Discharge Elimination System (SPDES) permit, the Village had to undertake a significant upgrade project to the Plant (Phase 1, \$4.5 million) in order to meet environmental standards.

The upgraded system, however, is not capable of treating septic waste in nearly the same volume as the old system, and the digesters at the plant were not upgraded as part of the plan. The Plant's digesters are 52 years old and are nearing the end of their lifespan. Therefore, the Village is beginning another project (Phase 2) to upgrade the digesters and allow the Plant to receive additional septic waste. Upon consultation with its engineers, the Village has opted for a \$9.3 million Phase 2 project that will allow the Village to accept up to 11.7 million gallons of septage per year. At maximum capacity, this would yield about \$585,000 in annual revenue.

In November 2016, the Village of Owego Board of Trustees approved a motion to finance Phase two of its partial reconstruction and improvement of the Village Waste Water Treatment Plant and digesters by issuing bonds to pay for the improvements. The reconstruction and improvements will allow the Village to accept more waste, and thus increase revenues and potentially ease the tax burden of the Village's residents. In addition, the revenues will be used to decrease the amount residents have to pay for water in the Village of Owego. Currently, the Village uses an Equivalent Dwelling Unit (EDU) sewer rate system that may be over-or under-charging some households because EDUs are not based on consumption. The Village is forced to use the EDU concept because the company operating the water system for Owego will not release usage data to the village.

Current sewer rates are high (\$133 per dwelling unit) per quarter, and the Village Administration believes that with this upgrade and potential added revenue, rates could potentially fall 40 or more percent in the coming years, providing much needed relief to ratepayers in the economically-needy Village. However, the Phase 2 upgrade could take over 2 years before it is fully operational.

Recommendation: The Board recommends that the Village continue with Phase 2 of its Waste Water Treatment Plant reconstruction and improvement. If the Village agrees to abide by and implement this recommendation, the Board may, in its sole discretion, award a grant of up to \$425,000 to ease the burden on the sewer system ratepayers until revenues from the new Plant begin to materialize. The specific structure and conditions of such grant, which would be developed in consultation with the Village, and any other aspects of such grant would be subject to an affirmative vote of a majority of the total members of the Board.

The Board further recommends that the Village continue to implement additional efficiency actions that will lower the annual cost of providing specific services. If the Village agrees to abide by and implement this recommendation, the Board may, in its sole discretion, award a grant to assist the Village with implementing such efficiency actions. The specific structure and conditions of any



## Village of Owego - Attachment A

such grants, which would be developed in consultation with the Village, and any other aspects of such grants would be subject to an affirmative vote of a majority of the total members of the Board.