



Village of Potsdam Comprehensive Review Report

**Financial Restructuring Board
for Local Governments**

June 13, 2018

Table of Contents

Table of Contents	2
Overview	3
Background	3
Fiscal Eligibility and Stress	3
Demographic and Socioeconomic Profile.....	4
Organization and Finances	5
Organizational Profile	5
Budget Profile.....	7
Findings and Recommendations	9
Shared Services	9
Efficiencies	16
Workforce	20
Village Dissolution	22
Economic Development	26
Fiscal Performance and Accountability	28
Conclusion and Next Steps	29
Appendix A – Letter and Resolution from the Village of Potsdam	30
Appendix B – Resolution Approving the Village of Potsdam	32

Overview

The Village of Potsdam is a large upstate village in St. Lawrence County. With a population of 9,428 as of the 2010 Census, it is the 43rd most populous village in New York State and the second most populous village in St. Lawrence County. 2016 expenditures of \$10.4 million were the 75th most of villages in the State and the second of villages in the County.

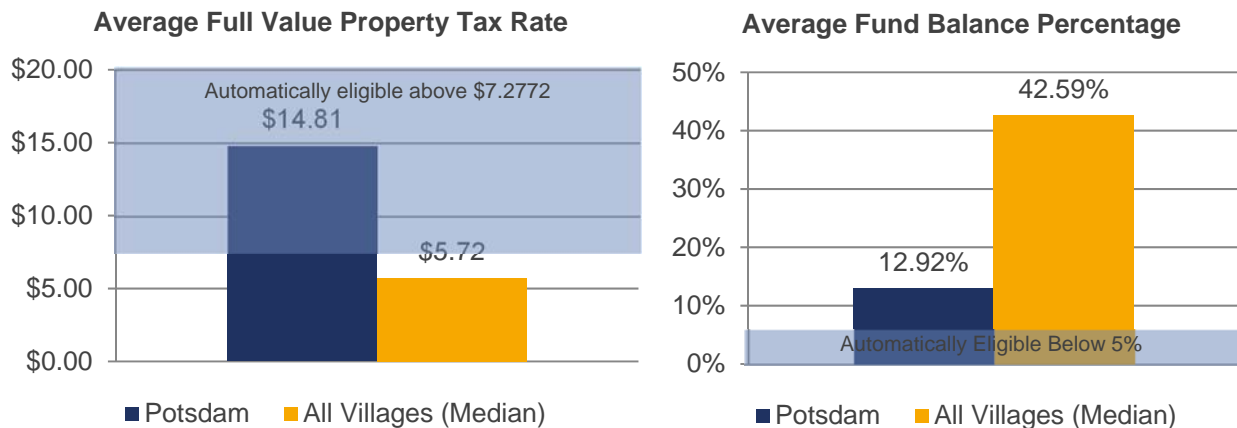
The Village Board of Trustees adopted, and the Mayor concurred with a resolution requesting a Comprehensive Review by the Financial Restructuring Board (see Appendix A). On June 29, 2017, the Financial Restructuring Board approved this request for a Comprehensive Review with Resolution No. 2017-12 (see Appendix B).

This Comprehensive Review first gives some background on the Village's fiscal eligibility and demographic profile. It then provides information on the organization and finances of the Village. Finally, it presents the Comprehensive Review's findings and recommendations.

Background

Fiscal Eligibility and Stress

The Village of Potsdam is automatically considered a Fiscally Eligible Municipality because its Average Full Value Property Tax Rate (2011-2015) of \$14.81 per \$1,000 is above \$7.28 per \$1,000 – the 75th percentile for all municipalities. This is the 199th highest for villages.



The Office of the State Comptroller's (OSC) Fiscal Stress Monitoring System gives the Village of Potsdam a Fiscal Rating of "No Designation" with a score of 3.3 percent for 2017 (a local government would receive a designation with a score of 45.0 percent or higher). The negative factor contributing to this score is an operating deficit in one of the last three fiscal years.

OSC's Fiscal Stress Monitoring System gives the Village of Potsdam an Environmental Rating of "Susceptible Environmental Stress" with a score of 30.0 percent (a local government receives a designation with a score of 30.0 percent or higher). Negative environmental factors contributing to this score include: a 1.6 percent decrease in home values from 2011-2016, low median household income, and a high unemployment rate in 2016 (9.8 percent).

Demographic and Socioeconomic Profile

The Village's population grew 0.03 percent from 2000 to 2010 to 9,428. This growth is more than the 1.1 percent population loss experienced by the typical village over that same period.

The Village of Potsdam's median household income in 2016 was \$36,300, which is less than the typical village's median household income of \$52,750.

The Village's median home value of \$108,700 is less than the median home value of the typical village of \$132,650. Its property value per capita in 2016 was \$21,054, and its four-year average change in property value increased by 3.1 percent. The Village's child poverty rate is 31.0 percent, and the unemployment rate of the surrounding county is 6.9 percent.

Population Change

2010: 9,428



2000: 9,425

Organization and Finances

Organizational Profile

The Village of Potsdam is governed by a Mayor and four Village Trustees. The Mayor is elected to a four-year term, which expires in 2019, and the trustees are also elected to four year terms. There was large turnover on the Board of Trustees in 2018, where one member stepped down due to health reasons, one left the Village, and one's term expired.

The position of Village Justice no longer exists because the Village dissolved the office of Village Court Justice. The town court began hearing the Village's cases in 2015.

The organizational chart provided by the Village shows there are four major department areas: Police, Public Works, Water/Sewer/Hydro, and Fire.

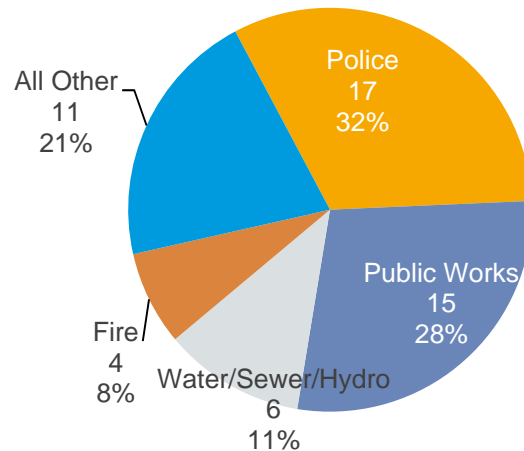
At present, the Village has 53 full-time-equivalents (FTEs). The two largest departments are Police and Public Works. The Police Department has the most FTEs with 17. The Public Works Department employs 15. The remaining 21 FTEs are disbursed among Water/Sewer/Hydro (6), Fire (4), Clerical (3), Code Enforcement (2), Recreation (2), Clerk/Treasurer (1), Museum (1), Planning and Development (1), and Administration (1).

The Civil Service Employees Association (CSEA) represents 28 employees in the following departments: Fire, Public Works, Sewer, Hydro, Recreation, and the Civic Center. Under the current agreement, employees hired after January 2002 contribute five percent to their health insurance premiums. Those hired before 2002 contribute nothing.

The Teamsters Union represents 13 employees in the Police Department. Employees hired after June 2001 contribute five percent to health insurance premiums, and employees hired after June 2011 contribute ten percent to health insurance premiums.

The following chart depicts the cost of living adjustments (COLAs) for the various bargaining units over recent years.

**Village of Potsdam
Full-Time Equivalents**

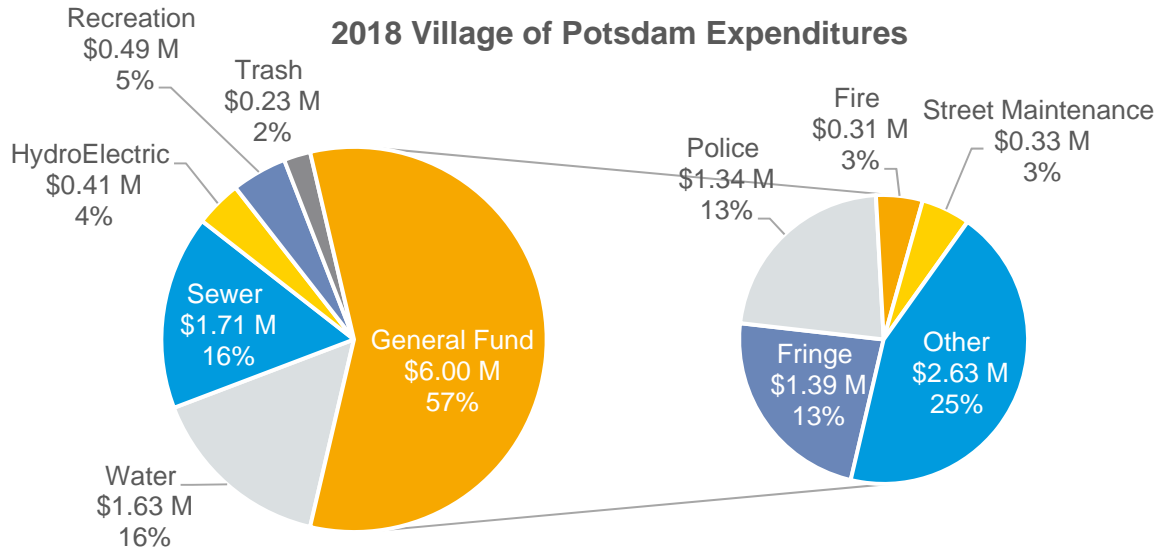


Village of Potsdam Labor Contracts

Union	Employees	Contract Details	Expiration Date	% Salary Increases					
				2014	2015	2016	2017	2018	2019
Civil Service Employees Association Local 1000, AFSCME, AFL-CIO	Fire, Public Works, Sewer, Hydro, Recreation, Civic Center	Current	Expires: 5/31/2019	2.0	2.0	2.0	2.0	2.0	-
Teamsters Local 687 International Brotherhood of Teamsters	Police Department	Current	Expires: 5/31/2019	2.0	2.0	2.0	2.0	2.0	-

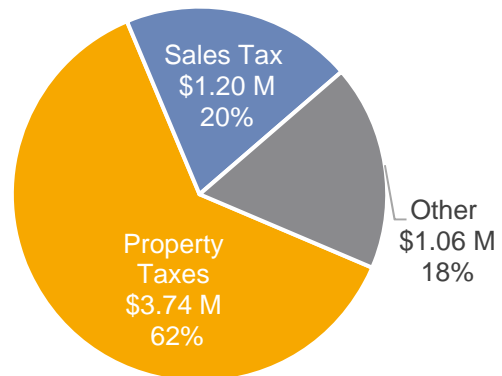
Budget Profile

The Village's fiscal year 2018 adopted All Funds budget appropriations total \$10.5 million. The budget represents a 1.4 percent increase from the 2017 adopted budget. The largest appropriation categories for the General Fund are fringe benefits, police, fire, street maintenance, and back-office administration for Village departments. Fringe benefits and police expenditures are the largest categories, accounting for 23.4 and 22.8 percent of appropriated General Fund expenditures in 2017, both about 13.0 percent of the all funds budget respectively.



Approximately 62 percent of the revenues for the Village are from property taxes. The adopted budget's levy of \$3.7 million increased 6.2 percent over the prior year. Since 2012, the Village has exceeded its property tax cap every year.

2018 Village of Potsdam Revenues (General Fund)



Ongoing Budget Pressures

The Village did not receive a fiscal stress designation per the State Comptroller's Fiscal Monitoring system in 2016. However, this was not the case a year prior. In 2015, the Village of Potsdam received a “Significant Fiscal Stress” score due to the culmination of a series of unfortunate circumstances with both the Village’s East and West hydro dams.

The Village’s General Fund balance decreased by nearly 75 percent between 2012 and 2015 because of hydroelectric dam complications that forced the Village to make transfers from its General Fund to its Hydro Fund.

Since 2015, the current administration has done its best to replenish the General Fund balance by creating internal efficiencies that cut costs while providing the same level of service, sharing services, and by estimating revenues conservatively. Some examples are the dissolution of the Village’s justice court, participation in a county-wide fuel purchasing cooperative, and a shared sand purchasing agreement with the Town of Potsdam that will create thousands of dollars in savings.

Fiscal Stress and General Fund Balance (2012-2016)		
Year	Designation	Fund Balance
2012	-	\$1,000,306
2013	No Designation	\$728,035
2014	Susceptible Fiscal Stress	\$404,578
2015	Significant Fiscal Stress	\$324,777
2016	No Designation	\$735,042

The Village’s FY 19 Budget included modest changes from FY 2018. Total General Fund appropriations increased by 1.43 percent, from \$6,004,416 to \$6,090,007 and the tax levy increased by 2.3 percent, which exceeds the Village’s property tax cap, as it typically does. The all funds budget totals \$10.6 million, a less than one percent increase from FY 18.

The East and West Hydroelectric Dams

The Village operates two hydroelectric dams located on the Raquette River in the Village’s Southwest corner. The excess revenues created by the dams (when functioning properly) have traditionally been used to offset property tax increases and fund some general operations of the Village. However, since 2008, each of the dams have suffered their own set of complications that led to the delayed opening of one (the West Dam) and the continued stagnation of the other (the East Dam).

Although the Village’s West Dam is operational, the East Dam lies dormant as the current administration works to secure funding sources for the dam’s refurbishment.

Findings and Recommendations

After a thorough review of the Village’s operations, the Board identifies findings and recommendations in the following areas: shared services, efficiencies, workforce, dissolution, economic development, and fiscal performance and accountability.

Shared Services

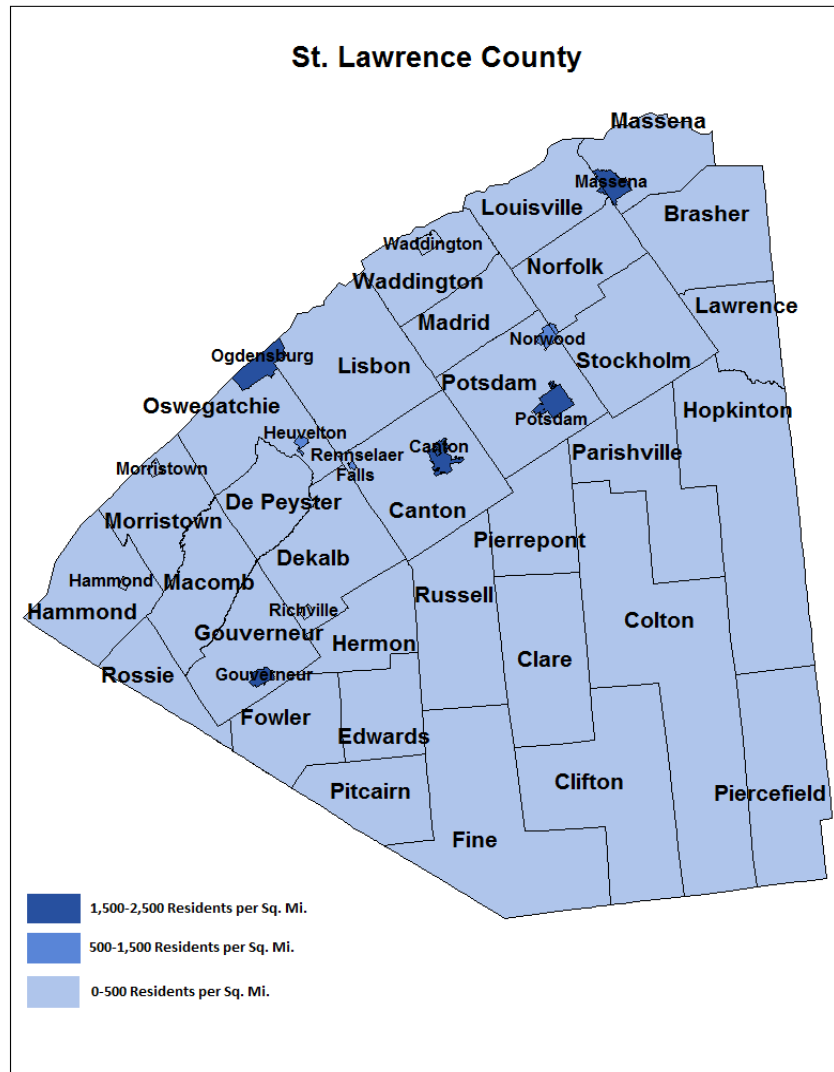
Regional Government Context

As of the 2010 Census, St. Lawrence County had a population of 111,944 and was the 21st most populous county of the 57 counties outside of New York City. With a land area of 2,680 square miles, it is the largest county. With a population density of 42 residents per square mile, it is the 52nd most densely populated county.

The County is governed by a 15-member County Legislature. Other elected officials include a County Clerk, Sheriff, District Attorney, Treasurer, and Coroner. As of 2015, the County had total expenditures of \$194 million, which is the 25th highest for counties, and total expenditures per capita of \$1,731, which is the 45th highest for counties.

Within the County, there are one City, 32 towns, 12 villages, 17 school districts, 16 fire districts and more than 100 town special districts and other entities.

The Village of Potsdam is completely within the Town of Potsdam, which is located in the middle of St. Lawrence County.



Survey of Shared Services

The Board worked with the Village and its neighboring municipalities to conduct a survey on the services they provide in order to discover opportunities for further shared services. The Village and its surrounding governments were asked to briefly describe current shared service arrangements in each service/function area and to identify any obstacles or opportunities for additional shared services.

Below is the summary of the results identifying which services are provided by each municipal entity.

Index of Municipal Services Provided				
Service / Function	St. Lawrence County	Potsdam School District	Town of Potsdam	Village of Potsdam
Police	X			X
Dispatch/E-911	X			X
Fire				X
Ambulance/EMS				
Tax Collection/Treasurer	X		X	X
Tax Bill Printing	X			
Tax Foreclosure	X			
Assessing			X	
Personnel/HR/Civil Service	X			
Payroll/Time & Attendance	X	X	X	X
Purchasing	X	X	X	X
Budget/Finance	X	X	X	X
Code Enforcement			X	X
Building/Zoning/Planning	X		X	X
Park Maintenance	X		X	X
Animal Control	X		X	
Plowing	X		X	X
Paving/Street Maintenance	X		X	X
Lighting/Traffic Controls	X		X	X
Sanitation/Garbage	X			
Water	X		X	X
Wastewater/Sewer	X			X

Solar Panels on Town Land

The Town of Potsdam owns about 25-30 acres at a vacant former landfill that presents an opportunity for the Village of Potsdam to achieve energy savings. The Town Supervisor is considering a proposal to allow the Village of Potsdam to erect solar panels on the Town-owned

land for a negotiated fee. The proposal is in its infant stages and the Town and Village are evaluating the feasibility of the proposal.

If both governments decide to proceed, the Village and the Town should use existing State resources, where applicable, to execute this project. OGS has issued centralized “backdrop” contracts for Solar Power Purchase Agreements in various regions across the State. These contracts allow Contractors awarded a Master Contract to be prequalified to bid on specific projects that will be let by Authorized Users (such as municipalities, school districts, or State agencies) at a later date through the use of a Project Definition and Mini-bid Process.

As part of the procurement, OGS created a model Power Purchase Agreement, which can be tailored by an Authorized User to fit its situation. In addition, NYPA is a partner in the procurement as the consulting expert and they will assist Authorized Users through the Mini-bid Process to ensure that Authorized Users are protected as they engage and contract with solar providers.

It is likely that the Village would incur some initial start-up costs, such as the cost of the solar panels and the cost of connecting the panels to the grid. In addition, there would also be some annual costs, such as the cost of the annual fee charged by the Town and the cost of the routine maintenance the panels require. However, it is expected that the monetary benefits would outweigh the costs. As a result of this proposal, the Village would be able to draw more energy from renewable resources (as it does with its hydroelectric dams) and draw less from traditional and costly energy sources. This in turn could create energy savings for the Village while providing a benefit to the environment.

This proposal is still in early stages of development and remains under evaluation by both governments. However, the Village and the Town should continue to develop potential costs and benefits for the venture, and proceed if warranted by both governments.

Police Department Dispatch

The Village Police Department staffs its police dispatch with four full-time dispatchers, each serving 12-hour shifts, which costs approximately \$140,000 (excluding fringe benefits). The benefits of having trained personnel in the police dispatch office are that dispatchers are readily available for emergencies in the downtown and local citizens like having the presence, especially with SUNY Potsdam, Clarkson University, and Canton-Potsdam Hospital located in the Village. However, the Village has acknowledged that this service comes at a high cost to the taxpayers that could be partially avoided if it were to enter into an agreement with the County to take over dispatching services.

Transferring dispatch services to the County presents a separate set of challenges for both the Village and the County. The Village would need to equip its police cruisers with the necessary equipment to communicate with County dispatchers, among other minor technical additions. For instance, the Village would need to make upgrades to its radio tower and install an auto-dialer in the dispatch office downtown, which together are expected to cost approximately \$15,000 in initial up-front costs. Because the Village sits in a geographically isolated valley, it also expects that police cars would need to be outfitted with repeaters to strengthen radio signals from more remote areas of the Village. Estimates for the repeaters, along with other miscellaneous additional costs, are not available at this time.

Without cost estimates for these items, it is difficult to estimate all of the one-time equipment costs of the Village. However, even if these equipment costs totaled \$50,000, allowing the County to take over dispatch would still save the Village at least \$100,000 in the first year and full savings from salaries and fringe benefits, an estimated \$220,000, annually thereafter. This presence, however, would reduce annual savings going forward.

The downside to this solution is that Village would no longer have a dispatcher downtown. But the Board believes that Potsdam could achieve the same level of police presence by deploying an officer downtown during times of high activity, such as Friday and Saturday nights, when there is the most college student activity.

As with its other villages, the County expects to maintain the same level of dispatch service for Potsdam. The County would have some logistical costs, such as the cost of an extra dispatcher and the cost of additional overtime that may be necessary in some cases. However, discussions with the County revealed that the County Legislature and County Administrator believe that dispatching is an as-of-right service the County should offer to its villages and is willing to bear the additional costs of providing it accordingly. This extra staffing would affect savings estimates yet still provide significant annual savings to the taxpayer.

Recommendation: The Board recommends that the Village transfer dispatching to the County of St. Lawrence. If the Village agrees to abide by and implement this recommendation, the Board may, in its sole discretion, award a grant of up to \$250,000 to assist the Village and the County with implementing such action. 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 most the total members of the Board.

Village of Potsdam and SUNY Potsdam Police Cooperation

Potential for Shared Services

The New York State University Police structure is a confederation of separate campus police departments with a loose connection to the Central SUNY Commissioner. The Commissioner may set policing standards and the mission of its departments, but it is up to each individual police department to execute the mission, such as creating a budget and managing its staff. The officers of a single SUNY police department are accountable to that campus' police chief, who is accountable to the vice president of a campus, who is accountable to the president, who then is accountable to the Chancellor.

If a municipality were to inquire about expanding current shared services with a SUNY police department, it would most likely not be a SUNY-wide endeavor. The municipality (in this case, the Village of Potsdam) would need to work with the department on the campus itself. In doing so, a SUNY police department would need to reconcile the issues discussed below.

Obstacles

The “Federalist Structure” of New York State Government - New York State University Police do not share services with municipalities because of “the federalist structure” of local government in New York State. In general, there is a succession to sharing services or deferring a service to another governmental entity. A village may defer a service to a town, the town to a city, the city to the county, and (eventually) the county to the State. It is not clear where SUNY lies in this

hierarchy. Ultimately, the State police could be impacted, however, that would not be until after the service devolved at multiple preceding local government levels.

Statute limits the policing power of SUNY police officers - Outside of his or her jurisdiction, a SUNY police officer may only enforce the law against second and third level crimes (misdemeanors and felonies) outside of his or her jurisdiction. A SUNY officer cannot enforce the law against violations or level one crimes. This is because Chapter 454 of the Laws of 1998, which created the SUNY police, only allows SUNY police to enforce traffic violations on a SUNY campus itself.

SUNY police officers have a different policing strategy - The SUNY Police mission differs from the mission of a typical municipal police department. The SUNY police organization places a heavy emphasis on restorative justice and community policing. Simply put, State University police departments are more focused on policing in campus settings and train officers accordingly, which differs from traditional municipal officers.

Keeping all of the above in mind, wide-spread/universal shared police services between a SUNY campus and a municipality is still possible if it were championed by a local SUNY campus president. However, the obstacles discussed herein would present challenges. The Board will continue to encourage local governments and SUNY's campuses to work together and recommends SUNY work on helping remove some of the obstacles to these agreements.

Sand Hauling

The Village continuously explores and implements shared services actions. Most recently, the Village negotiated a shared sand purchasing agreement with the Town of Potsdam, which the Village expects will help save thousands of dollars each year. Instead of salt, the Village uses sand for its roads during the winter. In the past, the Village purchased sand at State prices from a seller approximately 25 miles away. The Village's trucks are not large enough to make hauling sand on its own from this distance cost-effective. Thus, the Village is forced to rely on private contractors with larger trucks to haul the sand from the distributor to the Village.

Rather than using a private contractor, the Village purchases sand from the Town (at the State bid price) and hauls the sand from the Town to the Village. Under this new agreement, the Town will lend its trucks to the Village to help haul the sand from the Town (approximately three miles away), and the Village would lend its trucks to the Town during the Winter, when the larger Town trucks are equipped with plows and sand spreaders to plow the more rural areas of the Town. The Town typically equips its trucks with plows and spreaders earlier than the Village because it has a larger area to plow. During this time, the Village would lend its trucks to the Town to help with projects that would otherwise require repurposing the Town trucks equipped with a plow and spreaders.

The shorter distance from the Village to the Town sandpit makes this a more cost-effective option for two primary reasons. First, the Town has offered to allow the Village to use its larger Town trucks (free of charge) to haul a portion of the sand, which equals less trips back and forth. Second, the proximity of the Town's sandpit (three miles away) versus the private distributor (25 miles away) would allow the Village to also use its smaller trucks to haul sand at a lower cost. Even if the Village must make multiple trips, travelling three miles instead of 25 will save money on fuel costs and staff hours.

Village and County Shared IT

Per Board conversations with both the Village of Potsdam and St. Lawrence County, it appears neither municipality is ready to enter into a shared services agreement for systems or back-office IT storage. The Village recently purchased and finished integrating a new IT system, and is not interested in changing to another new system at this time. However, the Village would be interested in the future when the license for the newly implemented system expires.

In addition, the County Administrator does not believe the County is equipped to absorb back-office IT from all its villages. Thus, it is developing plans to make this an option for villages. It is unclear when the County will be prepared to begin working with villages to consolidate its IT services. Shared back-office IT is typically classified as low-hanging fruit in the shared service spectrum and it is important that villages and counties continue to pursue back-office IT shared services.

Recommendation: The Board recommends 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. 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 and its neighboring governments with implementing such shared services plan. 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.

Shared Services Actions and Opportunities

A local government's primary responsibility is to deliver services for the benefit and well-being of its residents. With limited resources and rising costs, all local governments must continually look to partner with one another to find efficiencies and eliminate duplicative functions.

Although some actions have been taken, several additional opportunities for the Village and its neighboring municipalities to pursue shared services remain. As a previous chart aptly displays, there is significant duplication of services among the Village of Potsdam and its neighboring municipalities. Some of the most promising opportunities for shared services are explored below.

Local Government Efficiency Grant Program

If the Village of Potsdam would like to pursue additional shared services opportunities, the State offers competitive grants through the Local Government Efficiency Grant Program (LGEG) for planning or implementing a local government efficiency project, including sharing services, functional consolidation, and regional service delivery. The maximum grant for an implementation project is \$200,000 per municipality/\$1 million per grant. The maximum grant for a planning project is \$12,500 per municipality/ \$100,000 per grant. Planning projects require a 50 percent local match, and implementation projects require a 10 percent local match. If a planning project is later implemented, the local match for implementation is offset by the amount of the local match for the planning project.

LGEG is administered by the Department of State. More information on grant requirements and how to apply is available at <https://www.dos.ny.gov/lg/lge/index.html>.

County-Wide Shared Services Initiative

Through Part BBB of Chapter 59 of the Laws of 2017, the FY 2018 State Budget empowered citizens and local leaders to control the cost of local government through the creation of the County-Wide Shared Services Property Tax Savings Plans Initiative. The initiative consists of two rounds, one beginning September 2017 and the other beginning in September 2018, and requires each county to convene a shared services panel consisting of local government leaders within the county, the goal of which is to create property tax savings plans that benefit taxpayers.

Per the law, plans should include actions such as the elimination of duplicative services; shared services, such as joint purchasing, shared highway equipment, shared storage facilities, shared plowing services, and energy and insurance purchasing cooperatives; reduction in back office administrative overhead, and/or better coordination of services. The State will match the first year of savings from new shared services actions in approved plans.

The FY 2019 State Budget continues the County-Wide Shared Services Initiative by authorizing the panels to continue to convene until 2020 and continues to match the first year of net savings from new shared services actions. Furthermore, the law was expanded to allow counties to invite fire districts and fire protection districts to participate in addition to their current authorization to invite school districts and BOCES to participate. The FY 2019 State Budget includes a \$225 million appropriation to match the first year of qualified net savings from new shared services actions within approved local plans from 2017-2021.

34 counties submitted shared services plans in 2017 projecting savings of over \$200 million in net savings from all of the actions identified by each county. All of the plans, including the latest guidance from the Department of State can be found on its website https://www.dos.ny.gov/lq/countywide_services.html.

St. Lawrence County submitted a shared services plan in September of 2017, which included a shared fuel purchasing cooperative that will save the Village of Potsdam thousands of dollars in fuel costs.

Efficiencies

Hydro Dams

The Village's Hydro Electric Fund currently operates at an annual deficit of approximately \$130,000 and relies on annual transfers from the General Fund to stay balanced. The deficit is attributed to operational costs, payment of debt service, and lower than expected revenues because of the dormant East Dam. Since 1983, the Village has used the East Dam (currently not operational) and the West Dam, which became operational just as the East Dam suffered a catastrophic failure in 2015, to produce power that is sold to National Grid. The power revenues were used to cover the expenses associated with the Dam and to offset property tax increases.



In the early 2000s, the prior Administration decided to construct the West Dam. The Administration was focused on providing another sustainable and viable funding stream that could be used to offset property taxes and generate even more revenue. However, project complications delayed its opening and resulted in millions of dollars in unintended costs for the Village.

Originally, the Village had contracted a Canadian company to supply the turbines for the generator in the West Dam. However, after the Village made up-front payments, the company did not deliver the turbines for the project. The Village won a multi-million-dollar lawsuit against the company but does not expect it will be able to collect the money due to inherent legal complications of collecting damages from foreign corporations. The next supplier for the Village delivered turbine blades that

were defective and had to be replaced. Once replaced, there were several technical issues that delayed the project further.

The dam finally began operating in 2015 and has generated approximately \$137,000 in revenue each year. However, one of the gearboxes in the East Dam suffered a catastrophic failure a week into West Dam operations. The Village hired a local contractor to repair the gearbox, and it initially appeared to solve the issue. However, after a week of operation, the replaced gearbox failed along with the simultaneous failure of a second in the East Dam. Since then, neither turbine in the East Dam has been repaired and the West Dam continues to generate power alone.

The current Village administration is committed to repowering the East Dam and is working with the New York Power Authority (NYPA) on a rehabilitation effort so the East Dam can finally resume operations. It is unclear when the rehabilitation work will begin. NYPA and the Village originally intended to rehabilitate the East Dam with a design-build contract but are now opting for a different approach. Under a design-build contract, the Village of Potsdam would have paid a single contractor to both design/identify the work that needed to be done and then the selected contractor would have completed it accordingly. However, after discovering the contractor that NYPA referred did not have dam repair experience, the Village has decided to utilize a traditional contract that requires the Village to work with separate contractors to identify repairs and then work with an additional contractor to complete them. While this approach will extend the Village's timeline for drawing power from the East Dam, the benefit is that the Village will receive multiple estimates and have multiple experts evaluate the repairs needed.

According to the Village, NYPA expects the project to cost about \$2.0 million, although this figure is expected to change as it receives bids from actual contractors. Once the project is completed, additional operational costs would be minimal because the Village believes it has enough staff at present to maintain both the East and West Dams.

The Village would remote net meter the East Dam, as it does with the West Dam, to supply power to Village buildings and claim remote net metering credits for excess power produced by the dams. However, the Village is waiting for the results of a hydrology study of the Raquette River's water flow in the area of the two dams. NYPA requested the study after voicing concerns about the viability of two dams utilizing water from the same source to produce power. Water flow will dictate how much power, and thus revenues, an additional dam could generate.

Of the current \$2.0 million estimated cost of the project, Assemblywoman Addie J. Jenne has made a commitment to secure \$250,000 in State and Municipal Facilities Program (SAM) grant funding, and the Village has received \$750,000 in Community Development Block Grant (CDBG) funding through the Regional Economic Development Council 2017 awards program.

Potential Dam Funding Streams	
Source	Funding
Assemblywoman Addie J. Jenne SAM Grant	\$250,000
Community Development Block Grant (CDBG)	\$750,000
*New York State Power Authority (NYPA) Loan	Remainder

The remaining funding would be supplied by NYPA at an interest rate of four percent. The revenues from the rehabilitated East Dam would be used to balance the Hydro Fund. As mentioned above, the Hydro Fund currently relies on an annual transfer from the General Fund of \$130,000 to keep it balanced.

There is not enough information, at this time, to determine the definitive costs and benefits of the project and whether it is in the Village's overall best interest to repower the East Dam. The Board will continue to work with the Village as more information, analysis, and a clearer bottom line picture become available.

LED Lighting

Converting streetlights and indoor lights from existing metal halide or high-pressure sodium lighting technology to more modern Light Emitting Diodes (LEDs) could reduce energy draw and thus energy costs for the Village. LEDs have been shown to produce energy savings of 60 to 70 percent. On average, LEDs last longer, up to 100,000 hours or over 20 years, require less maintenance and attention compared to their older counterparts, and offer improved lighting quality. Therefore, conversion to LED lights could benefit the Village through reduced wattage draw as well as lowered average annual maintenance costs.

In October 2015, Governor Cuomo signed Chapter 495 of the Laws of 2015 (“the Streetlight Replacement and Savings Act”), which established the procedures for the transfer of street light systems ownership from a utility to a municipality. The procedure requires all utilities to establish a process to facilitate the transfer of ownership. The price of the transfer is negotiated between the municipality and the utility, and the municipality files an application with the Public Service Commission which includes an inventory of street lights including numbers, location, and lighting type and a statement including anticipated financial impacts and any plans to retrofit the fixtures with energy efficient lighting.

Additionally, in the 2018 State of the State Governor Cuomo announced a State-wide Smart Street Lighting Program to convert 500,000 streetlights to LED technology by 2025. The New York Power Authority (NYPA) will lead this interdisciplinary and interagency initiative with the New York State Energy Research and Development Authority, the Department of Public Service, the Department of Environmental Conservation, and the Department of State and other State agencies to offer a one-stop-shop solution for municipalities to replace inefficient streetlights with LEDs and provide technical expertise on design, procurement and construction, along with financing and guidance on Internet of Things devices that allow streetlights to function as part of a Smart City. NYPA will also explore modifications to existing street lighting utility tariffs to allow for greater cost savings from lighting conversions. This program has the potential to reduce energy consumption annually across the State by 482 gigawatt hours (the equivalent of 44,770 households), save taxpayers \$87 million annually, reduce greenhouse gas emissions and improve the quality of light and safety of communities across the State.

Whenever State assistance is available, the Village should seek help for projects that would benefit from such guidance and expertise. Given the Village has considered switching to LEDs in the past, it should utilize the resources available from the Smart Street Lighting Program.

Parking meters

The Village generates approximately \$29,000 in revenue from its parking meters each year. Currently, the rate for parking on village streets is 20 cents per hour. The Village could increase parking revenues by revising its rate structure. The changes could be minimal, such as a small rate increase. Additional revenues from a revised fee structure could be used to fund the costs of new and modernized meters that cut maintenance costs and the overall costs of providing parking.

The Village also has an opportunity to improve the profitability of its parking system by replacing its meters. The current meters are outdated and require constant maintenance to remain operational. Various cities, towns, and villages throughout the country are installing new “smart meters” that are cost-effective and more efficient.

Although this is a small percentage of the Village’s tax levy, the opportunities to improve the Village’s parking meter system should not be ignored. Such meters would need to be able to withstand harsh winter weather conditions, make transactions easy for consumers, and be as affordable as possible.

Recommendation: The Board recommends that the Village upgrade its parking meter infrastructure. 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 the action. The specific structure and conditions of any 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.

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 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.



Workforce

Potsdam Volunteer Fire Department

The Village of Potsdam provides fire protection to the Village and Town with a combination of paid drivers and volunteers. Technically speaking, two separate and distinct corporate entities provide fire protection services in the Village.

There is the Village of Potsdam, which owns the fire house, three trucks, and pays four drivers; and the Potsdam Fire Department, a volunteer fire company and membership corporation, which supplies additional personnel to respond to fires in both the Village and the Town, and owns separate trucks that are driven to Town fires. Both the Town and the Village contract with the fire company to provide personnel and apparatus to each municipality. It is important to make the distinction between the two because the procedures for responding to a fire are different for the Village versus the Town Outside of the Village (TOV).

The Potsdam Fire Department provides fire protection services for residents in the Village of Potsdam, a portion of the Town of Potsdam, Clarkson University, SUNY Potsdam, and Potsdam International Airport from a centrally located fire station in the Village. The Department consists of a total of 45 volunteers and four full-time paid drivers. Most notably, the four full-time paid drivers only respond to fires in the Village.

At any given time, there is one paid driver on call in the firehouse prepared to drive a truck to a fire within the Village. If there is a fire in the Village, the driver at the fire station takes the truck to the location of the fire while the volunteers drive directly to the location of the incident/fire. If there is a fire in the TOV, the paid Village driver will move the Town trucks outside the firehouse, but they do not drive the truck to the fire location. Instead, the volunteers pick up the truck and then drive the apparatus to the scene of the fire.

Having paid/permanent drivers constantly in the firehouse for village fires has produced significantly faster than average response times. The National Fire Protection Association, which sets standards for adequate response times for volunteer departments, has established the standard response time of nine to ten minutes for urban and suburban areas in the United States. The Village of Potsdam responds to fires in about three minutes.

However, the faster than average response times come at a cost to the Village that could be unsustainable in the future. Including salaries and overtime, the cost to the Village for these four paid drivers was approximately \$250,000 in 2016. The Village could reduce these costs by allowing volunteers to drive the trucks instead of paid fire drivers.

As noted above, the Town depends on volunteers to drive the trucks to fires, which are most likely in more rural locations. The Village of Canton, a similar village in size and demographics to the Village of Potsdam, uses a fire department composed of 42 volunteer fire fighters to provide fire protection services to the Village and some parts of the Town. The average response time for the Canton Fire Department is 8.45 minutes, which meets the standard set forth by the NFPA.

The Potsdam Fire Department is similar to the size of Canton's department.

The Village of Potsdam may be able to continue to provide adequate coverage while lowering the burden of its tax payers by eliminating paid driver positions. Before doing so, however, it must be positive that it has an adequate number of firefighters to provide adequate fire protection.

Recommendation: The Board recommends that the Village continue to implement workforce actions, that will lower the Village's annual cost structure. 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 workforce actions. The specific structure and conditions of any 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.

Village Dissolution

The Board finds that the Village administration and residents should consider dissolution as an option to address the taxes imposed solely on the Village residents. Dissolution represents a viable option for any village experiencing fiscal stress, given adequate preparation and the ability of the Town to fulfill necessary services would need to be analyzed prior to any village efforts. The State offers resources to plan and implement a village dissolution. In addition, residents would annually benefit from additional tax credits provided after village dissolution.

Village of Potsdam and Town of Potsdam

The Town of Potsdam is governed by a Supervisor and four other members of the Town Board. Other elected Town officials include: the Clerk, Justice, and Highway Superintendent.

The Village of Potsdam and the Village of Norwood are the two villages located in the Town of Potsdam; The Town of Potsdam is twice the size of the Village of Potsdam in terms of population and property value. It is also more than twice the size of the Village. The Village population doubles when SUNY Potsdam is in session.

	Village of Potsdam	Town of Potsdam
Population	9,428	16,041
Area (sq. miles)	4.5	101.4
Property Full Value	\$194.3M	\$535.1M

Even with this significant size difference, the Village and Town are very similar demographically.

	Village of Potsdam	Town of Potsdam
Population Change (2000-2010)	0.03%	0.53%
Median Household Income (2016)	\$35,163	\$51,116
Median Home Value (2016)	\$108,700	\$105,700
Property Value Per Capita (2016)	\$21,054	\$34,006
Child Poverty Rate (2010)	31.0%	21.4%
Change in Child Poverty Rate (2000-2010)	10.2%	-3.3%

	Village of Potsdam 2016 Expenditures		Town of Potsdam 2016 Expenditures	
	\$ (in millions)	%	\$ (in millions)	%
General Government	1.4	13.3	0.8	20.4
Public Safety	1.8	17.1	0.4	10.0
Transportation	1.2	11.5	1.5	38.6
Social Services	0.0	0.0	0.0	0.0
Culture and Recreation	0.4	3.6	0.2	5.8
Sanitation	1.1	10.6	0.0	0.5
Employee Benefits	2.3	22.0	0.7	17.2
Debt Service	0.8	7.4	0.1	2.6
Other	1.5	14.4	0.2	4.9
Total	10.4	100	3.9	100

Dissolution Grants and Incentives

State law provides two options for initiating the dissolution process – a resolution of a village board or a petition by village electors. Appendix C contains a summary of the reorganization process prepared by the Department of State.

If either the Village board or its electors would like to pursue dissolution, the State offers assistance with planning and implementing of dissolution through the Citizens Re-Organization Empowerment Grant program. The State also offers annual incentive aid through the Citizen Empowerment Tax Credit program

Citizens Reorganization Empowerment Grants

The Citizens Re-Organization Empowerment Grant program (CREG) provides assistance to municipalities for the costs associated with studies, plans, and implementation efforts related to local government re-organization activities, including dissolution and consolidation.

These as-of-right grants provide funding of up to \$100,000 for local governments to cover costs associated with planning and implementing local government re-organization activities. Expedited assistance is given to local governments that have received a citizen petition for consolidation or dissolution.

Services for which grant proceeds may be used towards include:

- **Re-Organization Planning:** A re-organization plan or agreement provides the blueprint for the disposition of a local government’s property, services, and obligations. To develop such a plan or agreement, local government leaders and citizens need to have a full understanding of the current services and responsibilities of the local government. Developing consolidation agreements or dissolution plans require considerable data gathering, analysis, and discussion. A re-organization study will form the foundation for a consolidation agreement or dissolution plan.

- **Expedited Re-Organization Assistance:** When the electors of a local government have filed a petition that requires a referendum on the question of local government re-organization, such local government is eligible for expedited re-organization assistance to cover costs associated with the development and dissemination of information to the electors prior to the required referendum. If the referendum is approved, the project will lead to a re-organization plan which provides the blueprint for the disposition of a local government entity’s property, services, and obligations.
- **Re-Organization Implementation:** If it is determined that re-organization is in the best interest of the local government entity, the implementation of the dissolution plan or consolidation agreement will proceed. The complexity of a re-organization implementation is often dependent on the complexity of the local government entity and the consolidation agreement or dissolution plan. Implementation may need to include legal services, capital improvements, transitional personnel and other necessary items related to re-organization implementation.

CREG is administered by the Department of State. More information on grant requirements and how to apply is available at <http://www.dos.ny.gov/>.

Citizen Empowerment Tax Credit

If the Village of Potsdam dissolves, the State will pay additional annual assistance to the Town of Potsdam through the Citizen Empowerment Tax Credit (CETC). For cities, towns, or villages that consolidate or dissolve, these tax credits provide an annual aid bonus to the surviving municipality equal to 15 percent of the newly combined local government’s tax levy, with a maximum award of \$1 million dollars annually. At least 70 percent of such amount must be used for direct relief to property taxpayers. Currently, 21 towns and their residents are benefitting by nearly \$4.3 million annually for 21 village dissolutions.

A sample calculation of what the CETC could be for the Village of Potsdam and Town of Potsdam is as follows:

Sample Calculation of CETC	
Village of Potsdam Tax Levy (2017)	\$3,522,000
Town of Potsdam Tax Levy (2017)	\$1,598,000
Combined Levy	\$5,120,000
15% of Combined Levy	\$768,000

The actual amount of CETC will be determined by the Division of the Budget by calculating 15 percent of the combined amount of real property taxes levied by the Village and Town in the local fiscal year before the local fiscal year in which the dissolution occurred. For example, if the Village dissolved on December 31, 2018 (village fiscal year 2019 and town fiscal year 2018), CETC would be based on the amount levied by the Village in fiscal year 2018 and by the Town in fiscal year 2017.

The Town would start receiving the CETC in the State fiscal year following the State fiscal year in which the dissolution occurs. For example, if the Village dissolved on December 31, 2018, this

would be in State fiscal year 2019 (which began April 1, 2018). CETC would be paid in September 2019 (State fiscal year 2020).

It is important to note that CETC would be in addition to existing Aid and Incentives for Municipalities (AIM) funding. After dissolution, the Town would receive CETC as well as both the Town's and Village's AIM funding.

Economic Development

FY 2019 State Budget Actions Will Assist the Village's Economic Development Climate

The FY 2019 State Budget continues a number of initiatives that will grow the economy within the Village of Potsdam and the surrounding North County region. This includes supporting locally-driven priorities for economic development and bolstering some of the State's most vital forms of infrastructure.

Transportation Capital Program

The FY 2019 State Budget continues to fund \$21.1 billion for capital improvement of highways, bridges, rail, aviation infrastructure, non-metropolitan Transportation Authority transit, and Department of Transportation facilities throughout the State. This includes the continuation of three initiatives: BRIDGE NY, PAVE NY, and the Extreme Weather Infrastructure Hardening Program.

- The BRIDGE NY program provides \$1 billion to replace, rehabilitate and maintain State and local bridges over a five-year period.
- The PAVE NY program provides \$1 billion to State and local paving projects over a five-year period and is distributed according to the Consolidated Local Street and Highway Improvement Program (CHIPs) formula. The Village of Potsdam will receive \$20,231 in FY 2019 as part of this program.
- The Extreme Weather Infrastructure Hardening Program provides \$500 million to further improve conditions on State and local roads and bridges, as well as provide resiliency to roadways that are particularly susceptible to weather events.

Clean Water Infrastructure

The FY 2019 State Budget continues the effort to improve water infrastructure in the State through the Clean Water Infrastructure Act. The Act provides \$2.5 billion for local governments to help address water emergencies, pay for local infrastructure, construction projects, underwrite land acquisition for some water protection and investigate and mitigate emerging contaminants of drinking water. This investment will provide protect public health, safeguard the environment, and preserve the State's water resources. These projects will improve the quality of and safety of municipal drinking water distribution, filtration systems, and wastewater treatment infrastructure.

Regional Economic Development Councils

To build on the success of the Regional Economic Development Council (REDC) and Upstate Revitalization Initiatives, the FY 2019 State Budget continues this locally-driven economic development approach for a seventh round of REDC awards. Round VII of the Regional Council Initiative included \$750 million to be split competitively among each of the State's ten regions.

During the 2017 awards process, the following projects within the Village of Potsdam were awarded a total of \$965,000 in funding:

- \$750,000 for rehabilitating its East Dam Hydro-Electric Generating Plant.
- \$215,000 for rehabilitating the mixed-use buildings in the Village's downtown.

Land Banks and Community Revitalization

In recent years, municipalities have sought to address problems associated with blight from vacant and abandoned buildings through the creation of municipal land banks. New York State authorized the creation of up to 10 such land banks through Chapter 257 of the Laws of 2011. This authorization was expanded to a total of 20 land banks through Chapter 106 of the Laws of 2014, and then expanded to a total of 25 land banks through Chapter 55 of the Laws of 2017. In New York State, municipalities must first submit an application to create a land bank to Empire State Development (ESD).

Land banks are not-for-profit corporations that may be able to more efficiently return vacant, abandoned, or tax delinquent properties back to productive use. They have several powers such as the ability to dispose of property under negotiated terms, to sell properties for non-monetary compensation, to retain equity in properties, to purchase tax liens, and special bidding privileges when purchasing properties at a tax foreclosure auction. Land banks allow municipalities to have a more efficient and streamlined process for property redevelopment and community revitalization. This in turn reduces the social and economic consequences of blight within a municipality.

Currently, there are 25 approved land banks (the maximum under current law) in New York State: Albany County Land Bank Corporation, Allegany County Land Bank Corporation, Broome County Land Bank Corporation, Buffalo Erie Niagara Land Improvement Corporation, Capital Region Land Reutilization Corporation, Cattaraugus County Land Bank Corporation, Chautauqua County Land Bank Corporation, Chemung County Property Development Corporation, Finger Lakes Regional Land Bank Corporation, Greater Mohawk Valley Land Bank Corporation, Greater Syracuse Property Development Corporation, Kingston City Land Bank, Livingston County Land Bank, Nassau County Land Bank Corporation, Newburgh Community Land Bank, Niagara-Orleans Regional Land Improvement Corp, Ogdensburg Land Bank Corporation, Oswego County Land Bank Corporation, Rochester Land Bank Corporation, Suffolk County Land Bank Corporation, Sullivan County Land Bank Corporation, Steuben County Land Bank Corporation, Tioga County Property Development Corporation, and the Troy Community Land Bank, and the Wayne County Land Bank.

The Board finds that the Village of Potsdam should consider working with the County and other neighboring municipalities to join an existing regional land bank that could serve as a tool for combatting blight in the most affected areas of the region.

Fiscal Performance and Accountability

Multi-Year Financial Plans

Multi-year financial plans can be an important tool for local government leaders. These plans project a local government's revenues and expenditures for several years into the future based on reasonable assumptions. This allows local officials to not only see the current fiscal situation but also see the fiscal situation over the next few years. This empowers local officials in two ways.

First, it enables local officials to avoid creating future problems with a current action. For example, using a one-time revenue source to fund an ongoing program would not show an impact in the current year, but could have a significant impact in future years, when the one-time revenue source is no longer available.

It also empowers local officials to address future problems today. As projected revenues seldom exceed projected expenditures, local officials can start to make decisions today to address out-year gaps. By proactively addressing future issues, the impact to the local government, its residents, its taxpayers, and its workforce can be lessened.

OSC has developed an extensive set of resources for local governments on multi-year financial planning. This includes a tutorial, a guide, and a template, which are all available on OSC's website <http://www.osc.state.ny.us/localgov/planbudget/index.htm>. These are designed to make it as easy as possible for local governments to develop multi-year financial plans.

The Board has available funding to assist fiscally-stressed local governments with multi-year financial planning on a reimbursement basis. Eligible local governments that meet the requirements may be eligible for a reimbursement equal to the lesser of (1) 50 percent of the cost of engaging in multi-year financial planning with the assistance of an external advisor, which may be increased to up to 100 percent of such cost upon approval by the Chair of the Board, or (2) \$12,500.

The Village of Potsdam does not currently have a multi-year financial plan. For the reasons outlined above, the Board finds that the Village should develop a multi-year financial plan.

Conclusion and Next Steps

The Board may, in its sole discretion, award any of the following grants:

- The Board recommends that the Village transfer dispatching to the County of St. Lawrence. If the Village agrees to abide by and implement this recommendation, the Board may, in its sole discretion, award a grant of up to \$250,000 to assist the Village and the County with implementing such action.
- The Board recommends 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. 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 and its neighboring governments with implementing such shared services plan.
- The Board recommends that the Village upgrade its parking meter infrastructure. 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 action.
- The Board 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 Board recommends that the Village continue to implement workforce actions, that will lower the Village's annual cost structure. 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 workforce actions.

The specific structure and conditions of any 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.

Appendix A – Letter and Resolution from the Village of Potsdam



VILLAGE OF POTSDAM

Civic Center - Park Street - P.O. Box 5168 - Potsdam, NY 13676

Phone (315) 265-7480

Fax (315) 265-3149

September 20, 2016

To Whom it May Concern:

On September 19, 2016 the Village of Potsdam adopted a resolution asking the Financial Restructuring Board to undertake a comprehensive review of the Village of Potsdam.

I would hereby request that a comprehensive review of the finances and operations of the Village of Potsdam be completed.

If you have any questions, please do not hesitate to contact me.

Sincerely,



Reinhold J. Tischler
Mayor



VILLAGE OF POTSDAM

Civic Center - Park Street - P.O. Box 5168 - Potsdam, NY 13676

Phone (315) 265-7480

Fax (315) 265-3149

RESOLUTION

Trustee Warr Moved and Trustee Hopke Seconded a resolution requesting a Comprehensive Review by the NYS Financial Restructuring Board based on the fact that The Village of Potsdam is considered a Municipality deemed fiscally eligible for such a review.

AYES 4

(Mayor Tischler)

(Trustee Warr, Hopke & Sheehan)

NAYS 0

CERTIFICATION

I, LORI S. QUEOR, clerk of the Village of Potsdam, County of St. Lawrence and State of New York, DO HEREBY CERTIFY that the above is a true and exact copy of a Resolution duly passed by the Village of Potsdam Board of Trustees at their Regular Meeting held on September 19, 2016.

A handwritten signature in cursive script, reading "Lori S. Queor", is written over a horizontal line.

LORI S. QUEOR, VILLAGE CLERK
VILLAGE OF POTSDAM, NEW YORK

Appendix B – Resolution Approving the Village of Potsdam

Financial Restructuring Board for Local Governments

RESOLUTION No. 2017-12

APPROVING THE REQUEST FOR A COMPREHENSIVE REVIEW FROM THE VILLAGE OF POTSDAM

WHEREAS, pursuant to New York State Local Finance Law section 160.05(2), the Financial Restructuring Board for Local Governments (the "Board") must find that the Village of Potsdam (the "Village") is a Fiscally Eligible Municipality because it has an average full value property tax rate of \$14.812 per \$1,000, which is greater than the average full value property tax rate of seventy-five percent of counties, cities, towns, and villages with local fiscal years ending in the same calendar year as of the most recently available information; and

WHEREAS, pursuant to New York State Local Finance Law section 160.05(3), 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, the Board 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 restructuring the operations of the fiscally eligible municipality (the "Comprehensive Review"); and

WHEREAS, the governing body of the Village with the concurrence of the Village's chief executive has requested that the Board undertake a Comprehensive Review of the Village;

NOW THEREFORE BE IT RESOLVED that the Board agrees to undertake a Comprehensive Review of the Village in accordance with New York State Local Finance Law section 160.05(3).

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

No. 2017-12

Dated: 6-19-17



Appendix C – Summary of Government Reorganization Process



The Reorganization of Local Government:

A Summary of the Government Reorganization Processes

General Municipal Law Article 17-A provides a unified process for the consolidation and dissolution of local government entities. The process is applicable to towns, villages, fire and fire protection districts, special improvement districts, other improvement districts created pursuant to Articles 11, 12, 12-a or 13 of Town Law, and other districts created by law. It excludes school districts, city districts, or special purpose districts created by counties under County Law.

Under Article 17-A of General Municipal Law there are two different methods for local governments to consider: Board-Initiated or Citizen-Initiated. The process for either consolidation or dissolution is the same. The following is a brief outline of the processes found in Article 17-A.

Procedural details may be found in the Department of State publications:

- *The New N.Y. Government Reorganization and Citizen Empowerment Act*
- *The New N.Y. Government Reorganization and Citizen Empowerment Act: A Summary of the Process for Consolidation and Dissolution*

Andrew M. Cuomo
Governor

Cesar A. Perales
Secretary of State

VOTER- INITIATED REORGANIZATION

Article 17-A of General Municipal Law provides a process for voters to petition for a public vote on consolidating or dissolving their local government. Only voters registered in the local government entity may sign consolidation petitions, or serve as the contact person for the petition [§757(3)].

Unlike a board-initiated reorganization, in a voter-initiated process the consolidation agreement or dissolution plan will not be developed until after the referendum on whether to consolidate or dissolve passes. The plan must contain the same information as one prepared in a board-initiated process. Once a proposed plan is prepared by the governing bodies, voters have the opportunity to conduct another petition drive to require a second referendum, this time on the plan itself. If that drive is successful and another referendum is held, it too must pass in order for the reorganization to take effect.

If the governing bodies are unable or unwilling to prepare and approve a reorganization plan, five voters who signed the original petition may bring a C.P.L.R. Article 78 action in state Supreme Court. Depending on its findings, the court may refer the matter to mediation or issue an injunction compelling the governing bodies to act. If the governing bodies still fail to act, the court may appoint a judicial hearing officer to develop and approve a plan [§764].

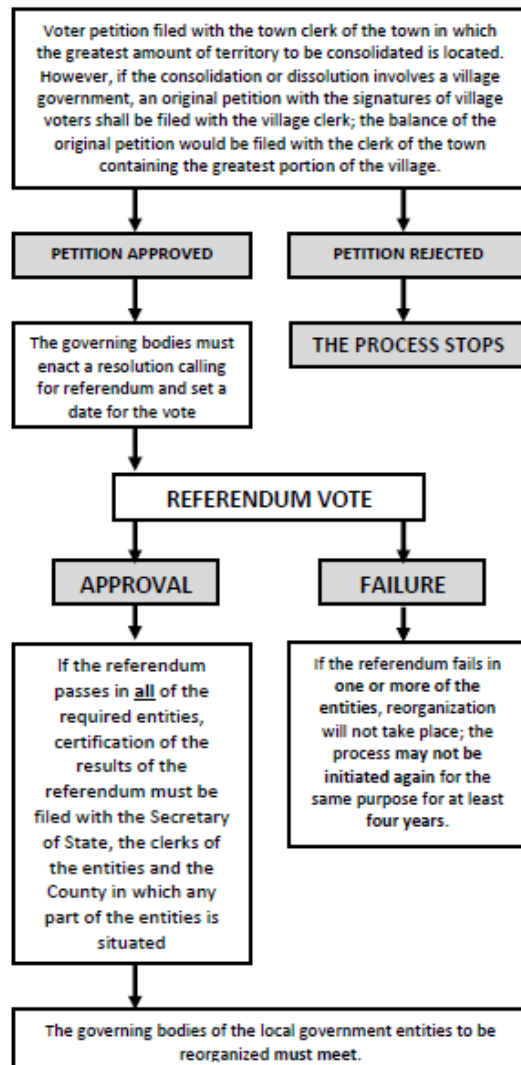
A petition must contain, for each governmental entity to be consolidated or dissolved, the signatures of 10 percent of the registered voters in that entity or 5000 signatures, whichever is less. However, if a governmental entity to be reorganized has 500 or fewer registered voters, signatures of at least 20 percent of the voters are required.

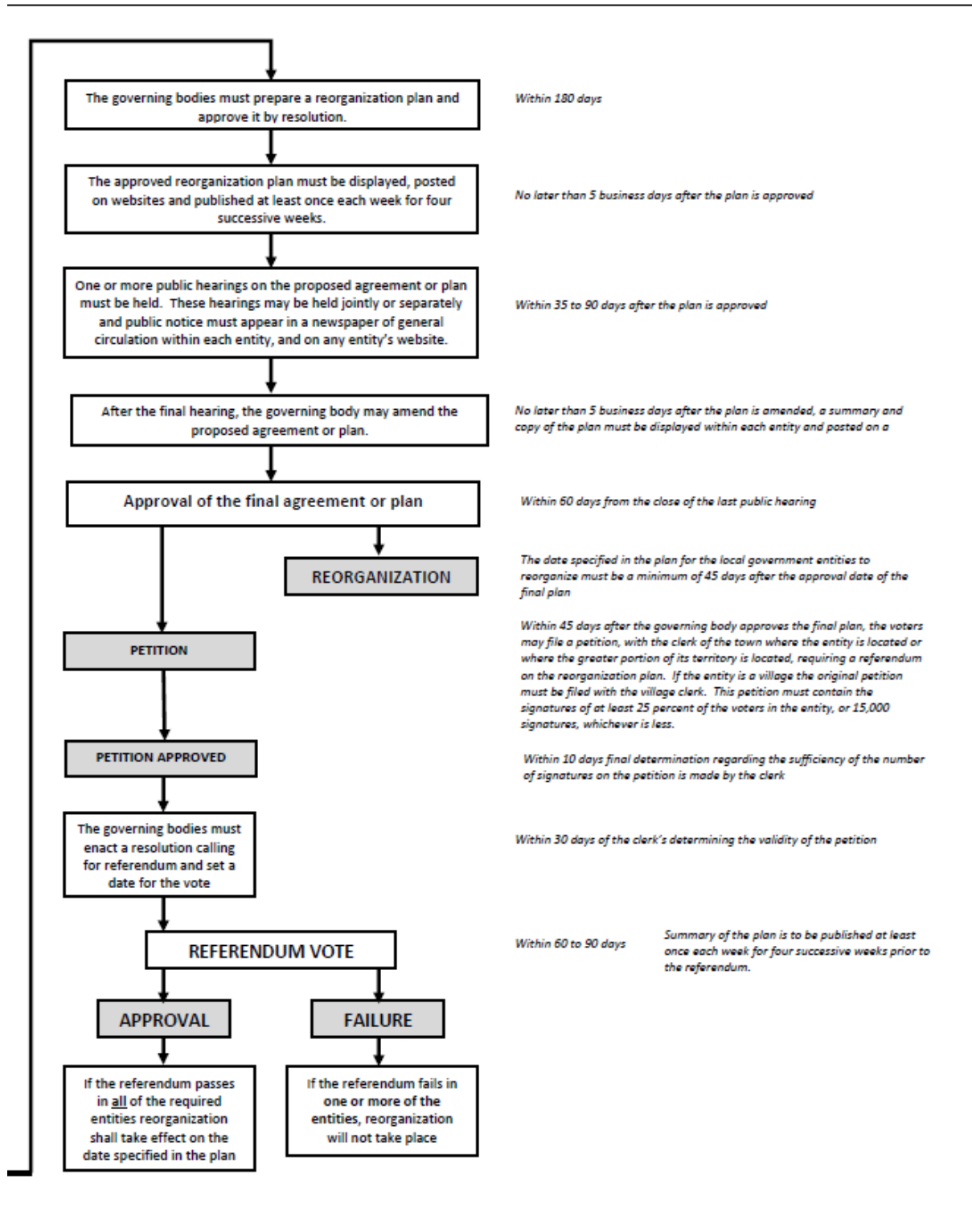
Within 10 days final determination regarding the sufficiency of the number of signatures on the petition is made by the clerk

Within 30 days of the clerk's determining the validity of the petition

Summary of the petition is to be published at least once each week for four successive weeks prior to the referendum. Within 60 to 90 days

Within 30 days of certification of the results





BOARD-INITIATED REORGANIZATION

The statutory process, when initiated by the governing body of the participating local government entities, begins with a resolution by the governing bodies endorsing a proposed joint consolidation agreement or dissolution plan.

However, the process of reorganization may start many months before the statutory process begins. With a board initiated reorganization process the board(s) may conduct a study to determine the possible impacts associated with reorganization. As outlined in the previous section, by taking the time to study the impacts of reorganization, both the governing body and the public will be able to evaluate the impacts of reorganization before making the decision to reorganize.

