

Re: Lewiston Feasibility Study

Present: Town of Lewiston Sup. Newlin; Council Members Bax, Edwards, Johnson & Palmer. Town Atty. Leone; Deputy Town Atty. Koryl, Eng. Lannon and Town Clerk Brandon.

Village of Lewiston Mayor Soluri; Trustees Collesano, Geiben, Marra & Winkley.

Also present: Graham Goy of CRA Engineers; 2 press reps and 2 residents.

Supervisor Newlin opened the meeting and welcomed the Village Board as we examine the feasibility study provided by our joint engineers from CRA Engineering.

Graham Goy presented those in attendance with copies of the Lewiston Feasibility Study and the Lewiston Supporting Material.

Graham Goy: If there is anyone who does not know the background of this, this is the feasibility study of Lewiston. The Village in cooperation with the Town will retain a consultant to conduct a feasibility study to examine in detail the potential cost savings, efficiency and improved levels of service associated with consolidating service delivery and potentially merging the two municipalities.

I would like to thank the Supervisor and the Mayor and their staffs for their cooperation etc. Referring to the study under Approach: Obtained financial information from the Town & the Village. We interviewed staff and following the interviews we went back to the individuals and ascertain that the information was correct. Resulting from that we released two documents that contain the financial situation of the Town and the Village. We have not released the feasibility report because we thought we should get the feedback from this meeting. Emphasis was put initially that we should look at shared services. Nobody said that it had to be shared or look at a merger, but people said what shared services could create. Currently, there are shared services for police, courts and assessor and they are not featured in this presentation. The important thing all the way through was people stressed labor reduction can only occur from an attrition basis. No way could we look at this in terms of experiencing any savings by taking people out of current positions. This created a problem simply because it is very difficult to remove costs without removing labor. Both the Village and the Town have many costs in terms of buildings, equipment and personnel. The big difference between the Village and the Town is the Village is operating on multifunctional personnel doing different tasks. In the Town it is different as they have a Water Dept., WWPC, Highway Dept., Recreation Dept. When it comes to trying to effectively transferring people and work from the Village DPW it becomes impossible because you just can't pull a water person etc out. The exception might be the Inspectors Office. We couldn't see any further savings through shared services. Before we talk about the merge scenario or the possibility we are mindful of the number of people currently employed and more importantly how many of those people are eligible for retirement by 2020. It is indicated that in the two communities there are 12 administrative jobs and 55 operation staff. These are full time people. No part time staff. With 20 years and age 62 by 2020 it is possible that 45% of the existing operational staff and 66% of the administrative staff will be gone. When we talk about attrition this is the scenario. It does not mean it will. When we talk about merge, dissolution, consolidation this is the financial study from our point and we are not saying you should do one or another but what we have tried to point out is that there no savings in our opinion of the shared services approach but there could be if the residents decide to vote in favor of the merged community.

If the Village were to cease operations in a 2-3 year period immediately it is realistic that \$80,000 could be immediately saved. That is a conservative \$80,000...not a stretch \$80,000.

In year 2 there is a further \$63,000 Village administration expenses which could be \$80,000. You could argue it could be a year one savings but looking at it on a

conservative side that over a 2 year period we think it could be \$143,000. Again, no personnel involved in those figures.

What is the future of the 2.....this where there is an opportunity for the reduction of labor but only if a person decides to leave momentarily. The administrative positions are based that the building is no longer their responsibility. On the operational management side it would be realistic to think that there would be a highway dept., water and DPW so the management of the existing DPW in the Village could be through attrition. The laborer position relates to the Village and that is the total of a laborer who spends a lot of his time on the upkeep of the Village Hall. There is the expenditure items of what we think could be saved over a period of time. \$80,000 in year one, \$63,000 year two; \$255,000 at some point in time. In addition to that if the Town and Village were to merge New York State is currently offering an incentive to municipalities and the Town would be eligible to apply for 1/3rd of the 15% of the existing Village tax levy which would allow them to receive another \$327,000 per year. That is calculated on 1M per year and there is no indication at present that would come to you for years to come.

In the summary form, we now have a saving in here of \$80,000 and in year 2, a saving of \$63,000 and additionally in year 1 & 2 of \$127,000 so immediately there is \$270,000 which is available to either reduce the rates or at the discretion of the Board to decide what they want to do with it. The future opportunities at this time is the attrition. What would happen in terms of the \$270,000 against the property tax reduction? I have taken a guess at \$200,000. If it were \$200,000, \$210,000 that would be at the discretion of the Board.

If that were to occur it would allow you to reduce the existing property tax in the Village from \$6.27 per thousand to \$4.81. That would bring it down by 23% and on an average assessment value of \$150,000 the savings per individual would be \$219.00 per year. With the \$255,000 there would be cost associated if there was a merger. However, Town residents need to benefit somewhere and it would not be equitable for the Village residents to benefit and the Town residents not to benefit. The \$255,000 plus the \$17,000 is available for the Town Board at their discretion to put back towards Town residents for improving services etc. Using this as a conservative figure we have not taken into account the sale of any assets so if the Town decided in a longer term to sell the Town Hall or the Village Hall and remove any of the assets that is additional income. I didn't take into consideration anything of cost avoidance....so if you merge all of the equipment and vehicles from the Town and the Village it is likely that any purchase that might be needed in 2 years time could be avoided. We have not made any estimates with any additional operational savings that could come from the sale of the two municipalities working together. The \$200,000 is a low figure.

Sometime this week we will release the draft final report. Beyond that the Board decision will be required as to what you intend to do beyond this. This feasibility report is not telling you to do anything. It was just something that both of you wanted to talk over with the residents and now you need to decide if you want to continue or just close the feasibility study. If you want to pursue beyond this point you are required in the Village law to present a dissolution report and the costs associated with that. There is a list of 8 criteria which is half of that report and basically makes sure that any information is gathered and recorded so that when the residents of the Village are asked to make a decision they have all of the information. The transfers of assets, income collected negotiations etc.

In addition, there is a requirement to form a study committee which must have at least 2 town representatives for the purpose of an impartial committee that will look at the reports and show that the dissolution report is completed so that the 2 Boards can decide if they want to go through with the dissolution or if the residents say they don't want the service.

How will we pay for all of this? Fortunately, Lewiston is in an able position because NYS is looking favorable on any governments that are moving in the direction of consolidation and because you have already done the study. We have been told by the State that it strengthens your likelihood to the next stage which is a grant the maximum sum of \$200,000 per community. With 10% matching funds with the Town & Village would be required to match the \$200,000 with the \$20,000 and on the basis that you have already spent \$80,000 with matching funds in the SSMI and that brings your liability down to \$16,000. What we need is a detailed work plan to put into the application and then by September 23rd we have to put the application in with the

additional funding. If it is not in by September 23rd the chances are you “missed” the boat. It has to be supported by all resolutions by both the Town and the Village. You can put the application in before September 23rd but you must have the resolutions in by October 31st. The notes you have basically tell you about the implementation grant aim and calculations and there is a listing of personnel for the Town and the Village so that you can check the numbers that you have seen. Additionally, there are some expenditure items and lists of all items in terms of the \$80,000 and the \$63,000 so you can look at them and questioned them.

Newlin: Town residents especially are worried about the difference in taxation. The Town even with its district tax which is about \$3.00 per 1000 and Village is just over \$6.00 per 1000 tax. They are worried that if we merge and with the Town having good reserves and with an increase in our bond rating....what is the upside for a Town resident who is worried about taking on what they may perceive are liabilities of the Village. What can we tell them?

Graham Goy: The upside as I see it is I think that through the merging of the operations you will be able to take costs out of the operations with people that have been served in the Town at the moment. I can't see any reason why the figures that I have given you that there wouldn't be an opportunity to pass savings on immediately to the Town residents. If you remember there was the \$200,000 initially and if this attrition occurs you would take the existing cost of the operations which would be the rate for the garbage fee or however you would want to pass it on to those residents. You have the opportunity all the way through the implementation round to match the \$200,000 in terms of comparing yourself without carrying the consolidation or dissolution with the debt reduction.

Newlin: Does the Village and the Town residents both vote on the dissolution. (The Village residents only.)

Soluri: I want to talk about the next grant and the necessity of it. Also, this committee of several reps. I am not certain whether I want to go after the next grant. Also, about the feasibility of having 2 people from each Board continue the discussion and also the possibility of consolidating some departments with perhaps getting started with the smaller departments. I don't think the public is aware this could happen. We need to get their reaction to all of this.

Graham Goy: The importance of getting additional information....this was feasibility study. This is where there was a scenario where is it feasible for both the Town and the Village could take a step forward and yes there is. It makes perfect sense that the Town & Village working together because over a 2-3 year period leading to dissolution if it occurred that it would make sense to start merging and thinking about how you are going to do this, operate etc. What is not possible in my opinion is were you to gain any savings you are spending at the moment by trying to use that approach without a merger or dissolution. Simply, you have no need to remove the costs. On the committee, it could consists of whom ever you wish but if the Village is considering this then the Town has to be represented. It could be anyway you wish to do it. The purpose to protect the residents and provide the right information to their questions.

Collesano: You said that the dissolution of the Village would come to a vote by Village residents and the Town people do not vote? (Correct) It does not seem to be fair and the Town people would not have a say on whether they want to accept.

Graham Goy: In the Village dissolution can occur by a petition from the residents or a resolution of the Board. The resolution of the Board goes to the residents, then to a referendum and from that....

Collesano: The Town people would not have a choice.....

Geiben said it does not seem right.

Edwards: I neglected to see any kind of a study with the condition of the infrastructure of the Village. Is it an asset or a liability and if so what is the dollar worth.

Graham Goy: In the next phase is the listing of the assets which the Village would pass over to the Town. You would add to that some evaluation of the assets (sewer & water lines) in terms of the liability and the benefits. You could use the grant funds to improve any of the assets that will benefit the residents of the Town and the Village.

Edwards: We know that it is an aging infrastructure, dollars and cents at the end of the day, I think the residents and the village folks would like to know coming into this what would it cost to put a good storm sewer system in, fix what sanitary sewers that need to be upgraded and well as water lines.

Newlin said that the next part of the study would put dollars and cents on potential financial liabilities when it comes to reparation and repairs of sewer and water lines.

Graham Goy: You have \$400,000.....you have to look at the labor aspects, list the assets etc.

Geiben: How many years is the State money?

Graham Goy: In the paperwork it does not state any limitations. Also there are no guarantees as much as you can within the State.

Johnson: If the Town has no say if the Village wanted to dissolve, then we would have to take it over and if in the Phase II of the study that there is millions of dollars worth of infrastructure that needs to be addressed and the Town would not have any vote or say either way. Right?

Graham Goy: Correct. The Village would become a special district of the Town and the cost associated with that special district would be met by the residents of that district. NYS is looking favorably on anybody doing this because of the long term benefits. Maybe that is what we should focus on.

Geiben: In the second part of the study it indicates how the vote takes place and will explain part of the consolidation. Also assets vs. liabilities. If we participate in the second phase it does not lock us into the 3rd part. The Town & Village needs to focus in on.

Graham Goy: Absolutely not.

Geiben: Move to part two and stop.

Graham Goy: The way to apply for the grant would be in stages because it is illogical to try and think you are going to use the money. It would only be needed if you actually voted to dissolve. Even though you may apply for the grant you are not committed to use the \$400,000. If you don't apply by 9/23/09 then it is not available until next year and I am not sure it is going to be available.

Geiben: With \$16,000 we should be able to answer almost any question that Village and Town residents have.

Graham Goy: Once the plans are put together that show the money is going to be spent cost effectively and it is going to result in a savings to the residents.

Geiben: If the Town has special districts and the Village could become one and district would absorb the costs based on the residents using those services (yes).

Newlin said that if the town wide water district excluding the Village and if the Village government dissolved at some point there would have to be a special water district created for the Village

Geiben asked if it could be merged together.

Newlin said that was Mr. Edwards' question of what if we found out that the water system in the Village was a major replacement soon and the Town residents would start worrying about picking up the cost for old water lines in the Village. We have water, drainage, fire and sewer.

Geiben said it would not be an additional district for the Village. Some would change between whole and part town. It is confusing to the average resident between the two funds. One of the advantages if we ever consolidated and dissolve there would only be one budget with special districts.

Palmer: How many full time positions could you use as part of the study for attrition? How many would you lose?

Graham Goy: We looked at the 55 & 12 which were supplied by the Village and the Town as the listing of their employees. This was only the full time with no police, part timers or assessor. 55 operational people with 10 in the Village and 45 in the Town. The 12 is a split of 9 & 3 administrators.

Palmer said you used a calculation using 20-20 as a projection for retirement. How many positions do you think we would eliminate thru attrition as part of a merger.

Graham Goy: 4½ full time positions.

Newlin: There is no guarantee that people will retire at 62. People tend to work past the age of 62 for financial concerns and health care. That is why I asked that you do that study but that is something that we should keep in mind. This is only potential.

Graham Goy: You can use the grant money for a three year period to breach salaries or if you get someone moving from one position to another. You can't use it as some form of incentive for people to retire.

Soluri stated that there have been several positions that were not filled and they were some who took advantage of the incentives from the State.

Edwards: My observation about merging the DPW with the Town's highway, water, and sewer is that you have said it would be difficult. Could you include in the next part of the study having a town wide DPW because the Village is running very efficiently as far as labor. One day their laborers could be working in a ditch and the next day somewhere else and we don't have that flexibility. In Phase 2 can we look at a DPW vs. all of these little departments? I think if we are going to reduce through attrition their mechanics need to be a little bit better versed and be able backfill these jobs.

Graham Goy said he tried to be very careful with the observations because without trying to offend anybody is it more of an efficient union for multi tasking. This would be covered in the legal aspect as to what do you do with people in different unions and how to treat them fairly.

Newlin asked does the Village board vote on that alone or is it the Town and Village if we decide to move forward.

Graham Goy: There are two resolutions. One for the Town and one for the Village. It would cost each of you \$16,000 with \$200,000 per community. As you spend the money of the \$16,000 you incur it. The \$200,000 can be spent on the legal, analysis, public outreach, emergency computer systems, furniture etc. As long at the end of it you can prove there is going to be some cost saving or improved service to residents of the Town & Village. You can do it yourselves or use a consultant.

Newlin said that the special districts tax rate per 1000 which exclude fire is about \$3.00.

Geiben asked how many years would it take for the Village to get to a similar figure.

Graham Goy: If you put it to a referendum in 2010 for dissolution, it would come into affect on 1/1/2012.

Geiben said we have a major debt on the DPW Bldg. till 2026 and if we sell it out right we would retire the debt. If the Town takes it over what happens to the debt?

Graham Goy: The debt comes with it and it is recovered in the cost of the property taxes or any of the water, sewer etc bills and it has to be paid by the people of the Village.

Geiben said that if the Town chose to utilize that property would that not be an asset that they would have to use to equalize?

Graham Goy: I think the Town would reason that they are using for the benefit of the residents of the Village also the people in the Town. It would be cost effective instead of moving everything from the Highway Dept. Are you planning a work force around the two locations? It has benefits to keep it but you could also sell it. All of the assets are sold to the Town. If there are any outstanding debts associated with the Village it has to be recovered from the Village.

Collesano said he believed the Village debt is close to 1M.

Newlin said we have received a lot of information and it looks like the next step is the deadline of Sept. 23rd.

Soluri said we can go back to our own meetings and discuss the resolution and determine when we move forward and let each other know and then if our Board feels we should move ahead with it and I assume we both have to agree.

Palmer said there is no sense in us voting on it until we know what the Village wants to do. It is the Village's prerogative to do this.

Geiben asked if Mr. Goy would provide them a sample resolution. We will be meeting on Sept. 8th.

Johnson: How much did this study that you just did...how much did it cost?

Graham Goy: \$80,000. You have a liability of \$4000 each. It will go towards a credit of the matching contribution of \$200,000. Instead of costing you \$20,000 it will cost \$16,000.

Johnson: You mentioned that Phase 2 would be \$16,000 each instead of the \$20,000. There is the 10% of the \$200,000. If each municipality has \$180,000 left, how much is going to get done in the legal, the study, mailings, and the referendum and realistically where do you think we would end up if we went ahead and did this and it went through a referendum and everybody agreed.....how much of the \$200,000 would each of us end up with at the end to go through this process.

Graham Goy: That depends completely what you put in the work fund. Some of the items are obvious in terms of what the dissolution dictates....you as a group may decide what is going to be the real cost of this merging these two buildings, computer systems etc. That is where we would work with you to identify what you want you believe you needed and then we would put the dollar value against it. I don't know what your priorities. I would guess that the next phase regarding the dissolution would be in the region of \$60,000 to \$80,000.

Newlin: With Town residents not having a say in the dissolution matter and at some point down the road the Village became financially insolvent or bankrupt the Town would inherit and we would have no choice.

Graham Goy: That is one of the reasons why there has to be two residents on the dissolution cmte. because the voice of the Town needs to be heard.

Newlin: So, Mayor Soluri your Board will look at it on Sept. 8th and let us know. Thank you Graham for your work on this.

Meeting closed at 6:05 p.m.

Respectfully Submitted and Transcribed by:

Carol J. Brandon
Town Clerk