

## I. Executive Summary

### What is the Consolidation of a Village and Town?

In July of 2020, the electorate of the Town and Village of Pawling submitted petitions calling for the consolidation of the Town Pawling, (Town) and the Village of Pawling (Village) in accordance with the N.Y. Government Reorganization and Citizen Empowerment Act (Article 17-A of the General Municipal Law). The Village of Pawling is a municipality wholly contained within the Town of Pawling and it is the only Village within the Town.

The petition submitted by Town residents contained 618 valid signatures out of 644 signatures collected. The Town Clerk reviewed and certified the petition on August 10, 2020. The Village Clerk reviewed and certified the petition submitted by Village residents on August 7, 2020. The Village petition contained 165 valid signatures out of the 176 total signatures collected. Subsequently, in accordance with General Municipal Law Article 17-A pursuant to voter-initiated consolidation, both the Village Board of Trustees and the Town Board passed a resolution on September 1, 2020 and September 2, 2020 respectively calling for a referendum on the consolidation of the Town and Village. The referendum will be held on November 30, 2020. If the referendum passes in both municipalities, the consolidation process will follow the Voter-Initiated timeline outlined in General Municipal Law Article 17-A (*see overview / flow chart on page 21*).

Pursuant to the N.Y. Government Reorganization and Citizen Empowerment Act, consolidation is defined as:

- (a) the combination of two or more local government entities resulting in the termination of the existence of each of the entities and the creation of a new entity which assumes jurisdiction over all the terminated entities; **OR**
- (b) the combination of two or more local government entities resulting in the termination of the existences of all but one of the entities which shall absorb the terminated entity or entities.

Pawling would be the first consolidation of a village and town to take place under this statute and as such there are many questions about how to proceed with the consolidation of governments, including a fundamental question as to what type of governmental structure is possible.

Based on the definition outlined above, the consolidation of the Town and the Village may likely be a consolidated Town government. The option to terminate a Town incorporation is not permitted under the laws of New York State, as a village cannot exist without being in a town boundary. In addition, there is no ability for the lands outside the current Village to exist as an unincorporated area of Dutchess County.

However it is important to note that the “law is flawed” and there exists a potential interpretation that a single entity coterminous town-village may meet the criteria under Article 17-A of the General Municipal Law. Without case law or clarity, many questions exist that may require judicial intervention.

Posed with the question regarding whether or not a Article 17-A can be used to create a coterminous-village town government, an informal opinion of the New York State Department of State argues that a coterminous Town-Village does not meet the definition of consolidation under Article 17-A because the Town and Village would both continue to exist as **legal entities**. The informal decision supports a previous New York State Department of State informal opinion offered during similar discussions pertaining to the Village/Town of New Paltz. If determined legally valid, this informal opinion would preclude the option of creating a coterminous Town-Village entity. Section VII of this report examines considerations related to a coterminous entity under Article 17-A.

It is important to note that whether the consolidated entity is a Town or a single entity coterminous Town-Village (that primarily functions as a Village), the boundaries of the consolidated government will be the existing Town territory and all elections for the consolidated government would be held on this same territory now known as the Town. There are certain distinctions in the powers, functions and positions between a town government and a village structure that would need to be carefully evaluated, should the electorate vote yes for consolidation and secondly that a single entity coterminous Town-Village is deemed to meet the definition of a consolidated government under Article 17-A.

We recognize that the Government Reorganization and Citizens Empowerment Act is imperfect, and that there are many questions about how to proceed with the consolidation of governments. While there is precedent for a village dissolution, and precedent for district consolidation, there has not been a village-town consolidation in New York State. As such, the development of a Consolidation Plan and the uncertainty surrounding the structure to be adopted in place of the existing town and village will be time consuming, complex and expensive. Much care must be taken to consider the various alternatives available, and compromise and foresight will be required as both governments and the public opine on the structural option(s) available in a Town –Village consolidation under Article 17-A.

For purposes of this interim study, the resulting entity will be referred to as the Consolidated Government and the governing board will be referred to as the Consolidated Board. This interim study lays out what a potential consolidated government could look like. Due to uncertainty of a coterminous government meeting the definition under Article 17-A , this study did not evaluate in detail the specific implications of a coterminous government structure; however the study notes distinctions and areas needing further review. It should be noted, the general issues related to services and service delivery issues are fairly similar in either structural model.

In a consolidation, both the Village and the Town will have representatives jointly crafting the framework for a new governance structure and both will need to adopt the final plan. However, as a government cannot bind a future government, the jointly developed Consolidation Plan does not have to be followed by the future government.

## What is an Interim Study of Consolidation

### ***Purpose of this Study***

The purpose of this study is to outline the process of consolidation pursuant to Article 17-A of the General Municipal Law, describe the current individual and joint municipal governance, provide pertinent information regarding services and service delivery systems, and highlight potential post-consolidation conditions and key issues that voters may choose to consider while making their decision.

The formal process established in Article 17-A for a voter-initiated consolidation charges the Town and Village with the responsibility of developing a Consolidation Plan AFTER the November 30, 2020 vote on consolidation and only if there referendum passes in both municipalities. However, in the interest of providing the citizens of both municipalities with facts and insights, and to aid in making an informed and fact-based vote on the referendum, the Town and Village Boards have chosen to provide residents with information as to potential impacts of a consolidation prior to the vote. Toward that end, they commissioned this **Interim Study of Consolidation**, prior to the referendum.

This interim report is provided to answer as many questions as possible, yet there are most likely many questions left unanswered. Should the Village and Town residents choose to consolidate on November 30, much work, patience, compromise and effort must be undertaken to craft a new governance structure that meets the needs of both communities as they merge into one.

### ***Precedent-Setting Process***

This precedent setting process should not be taken lightly, as it will be the foundation not only for a new Pawling, but for all future governments as they look for lessons and direction under Article 17-A.

Should the electorate choose to consolidate the Town and the Village, the required Consolidation Plan will be developed and must be approved by the Town and Village Boards within 180 days. The Consolidation Plan is required to layout a formalized plan for governance, provide a detailed list of services, stipulate methods of service delivery, and establish proposed taxation for special districts created for service provision, among other components. Once the consolidated government is effective, ultimately all future decisions will be made by the consolidated government legislative body.

The Town and Village established a Joint Steering Committee for the Interim Study of Consolidation comprised of two Village and two Town representatives to provide information and non-binding input into the post-consolidation governance. In addition, the Village and Town governments provided valuable local input and guidance to the consultant through the Steering Committee and via interviews with department heads, staff members, and volunteers. The consultant team held a series of work sessions which focused on a review of the Village and Town budgets, financial obligations, future taxes, and governance. These sessions also entailed discussions regarding service continuity should the municipalities consolidate. The committee was asked to consider sensitive issues, including which services currently performed by the Village would be continued to be provided by the consolidated government; which services would be terminated; the various mechanisms to continue and finance certain services; the future of existing employees, what potential Village laws and regulations would require the new consolidated government's attention, and the overall potential fiscal impact of a potential consolidation on Village and Town taxpayers. This interim study is the culmination of the Village and Town's preliminary and non-binding investigations into which options would best serve the community if the municipalities were to consolidate.

### **History in Shared Services and Consolidation**

The Town and Village have a long history of effective and cost-efficient collaboration, sharing of services, and delivering joint services. While there may initially appear to be significant areas of duplication of services between the Town and Village, this perception is largely based on duplication of department titles rather than redundancy in service provision. **Further investigation has revealed that current service overlap is, in fact, limited and has minimal fiscal impact.** Interviews with Trustees, Board Members, Department Heads, and other representatives of both the Village of the Town has revealed that the municipalities cooperate, coordinate, and collaborate to a far greater extent than has been generally

understood. In fact, a strong and well-functioning “**division of labor**” already exists between the municipalities established via formal Inter-Municipal Agreements. This strong history of shared services has resulted in significant cost savings for taxpayers. The shared services between the Town, Village and Dutchess County are significant. The brief summary of existing shared services listed below is discussed in greater detail in Section III – Governance Options.

- **Wastewater:** The Town and Village provide management of wastewater via the Pawling Joint Sewer Commission. This Commission oversees and manages the operation and expansion of sewer services for residents in both the Village and the Town. The Village currently owns and operates the system and through inter-municipal agreements, the Joint Sewer Commission provides services to both Village and Town residents.
- **Water:** The Village Water Service extends water services to Town residents outside the Village.
- **Fire:** The Pawling Fire District is a unique application of shared services, as it is one of only several joint Town-Village Fire Districts in New York State. The District provides fire protection on a town-wide basis.
- **Recreation and Park Services:** The Town currently provides a rich array of recreation and park services and programs for youth, adults and seniors on a town-wide basis, including Village residents.
- **Highway Services:** The Town and Village Highway Departments share a number of services. Examples include:
  - Joint purchase of salt and sand and share the storage facilities.
  - Joint purchase of fuel and shared fueling station.
  - Equipment and Staff Sharing as needed.
  - Village crew does the road markings for the Town.
  - Select paving projects are coordinated and/or provided as a shared service with Dutchess County.
- **Additional Services:** The Town provides the following services on a town-wide basis, including the Village:
  - Assessing is performed on a town-wide basis by the Town Assessor.
  - The Town transfer station is open to all Town residents, including Village residents.
  - Youth and Senior Services.
  - Ambulance Services.
  - Dog Control.

## How will Governance, Services, and Functions of the Village Change?

Under a citizen initiated consolidation, the electorate votes on the simple question of: Should the Town and Village of Pawling consolidate? Under the process outlined in Article 17-A, all details related to the Consolidated Government are developed and approved by the Town and Village Boards after the November 30<sup>th</sup> referendum. The Consolidation Plan has required content and provides a detailed analysis of what post-consolidation governance, service conditions and property taxing will be for Village residents and Town residents. A summary of the required Consolidation Plan elements is detailed in Section II - Introduction.

A primary consideration related to the possible consolidation the Village and Town of Pawling is the change in voter representation that will occur. Currently all Village decisions regarding the governance, policies, services and taxation are made by the Village Board of Trustees which is comprised of, and elected by, Village residents only.

### Consolidated Municipal Electorate

Should the electorate of both municipalities vote to consolidate, the consolidated municipality will have a governing body elected by the entire population of the former Village and Town.

Consequently, decisions on all issues impacting current Village residents will be the responsibility of the Consolidated Government controlled by officials elected by a consolidated entity vote.

Thus, it is possible that all decisions currently made by the Village Board of Trustees could be made entirely by individuals who do not live within the current Village boundaries and who are not benefitted by the various services that are now within the control of the Village Board.

The consolidated government's budget will include the merged staff, facilities, services and resources of both the current Village and Town. The consolidated entity will have the power to determine which Village specific services will be provided, how they are delivered and how they will be funded. All current Village specific services could be provided by the consolidated government and could be paid for via special taxing entities, i.e. water, sewer, fire, police, lighting, sidewalks and refuse. Similarly, all decisions that were formerly made by the Village Planning Board and Village Zoning Board of Appeals would be made at the consolidated government level.

The highlighted section below, outlines some of the perspectives on representation of those that are proponents of maintaining the Village and those that are proponents of consolidation.

***Post Consolidation Conditions:***

Proponents of maintaining a Village government argue that it is important to have a governance make-up that is elected from, and represents the specific needs of, the Village. The proponents maintain that an elected body chosen by the Village electorate, can better represent and respond to the needs of the urban Village community as compared to an elected body representing and responding to a significantly larger population with a far more diverse set of needs. A number of Village of Pawling stakeholders indicated that the vibrancy and character of the Village has been enhanced overtime because a Village governance structure has been focused on developing services and policies that foster a thriving urban community. They are concerned that a consolidated town-wide governance structure will dilute both the village representation in governance and its attention to laws, codes and services needed to create and maintain a vibrant Village. Advocates further state that they see a correlation between quality of life and Village laws, rules and regulations particularly related to Village controlled land use, zoning and code enforcement that recognize and address the unique issues of the Village. Village governance proponents also cite the linkage between Village centric decision making and services such as land use, water, sewer services, etc. to urban quality of life.

In contrast, proponents of consolidation believe that a consolidated government structure can represent the views of all residents and that it can better integrate and capitalize on the assets and strengths of both cultures and communities. It is argued that in fact it is this combination and balance of a thriving downtown in a rural area surrounding the urban center that makes the Town of Pawling a unique and attractive community. Consolidation could foster integrated land use planning, expanded implementation of existing shared services such as water and sewer. Consolidation also creates opportunities for structural re-organizations that facilitate new and innovative ways of operating government that may not currently be possible under two separate entities. Consolidation can also present opportunities for increased efficiencies, elimination of potential duplication and overall taxpayer savings.

The Town and Village established a study committee to provide guidance and potential options. There was a consensus among the study committee members that the study should assume that all the services currently provided, including those specific to the residents of the Village, should continue, to the extent legal and feasible. This study reflects that position. The study assumes that all services currently provided on a town-wide basis will continue and current Village-specific services will be provided by the Consolidated Government and will be paid for via special taxing entities, i.e. water, sewer, fire, police, lighting, sidewalks and refuse. These services will not be paid for by non-benefitted users.

Should the voters elect to consolidate, the Town and Village Boards would be required to restructure the organization to meet the needs of a consolidated government. The consolidated government will have a broader scope of responsibilities than either the current Town or Village, and may result in the need to consider alternative organizational structures that recognize the increase in workload and broader scope of responsibilities of the Consolidated Government. Currently a number of oversight and administrative functions are carried about by the municipal Boards, subcommittees and/or volunteer appointed boards such as the Planning and Zoning Boards. As the government becomes more complex, the increased workload

may prove to be an unrealistic expectation of the Consolidated Board and the appointed boards. Three areas for consideration in a Consolidated Government are:

- Reorganizing the central administrative functions to combine budgeted positions into the consolidated government Administrator position responsible to manage day to day operations and to carry out the policies and directives of the consolidated government. The responsibilities of the consolidated government will be far more expansive than the current Town government. It is likely that the consolidated entity will find it necessary to employ a dedicated municipal administrator (I.e. Town Administrator or Village Administrator), reporting directly to the Board, who would be responsible for carrying out the policies of the Consolidated Board's policies. The Administrator could be responsible for implementing the consolidation plan, overseeing municipal audits, coordinate and manage the new district formations, negotiate union contracts and ensure the implementation of the goals of the new consolidated government.
- Converting of one of the highway management/supervisory positions into a Water/Sewer Superintendent to oversee the water and wastewater system and services. In this more complex Consolidated Government, a dedicated staff person could provide the needed day to day oversight, and management of the operations that is currently performed by the Village Board. As is the case today, the consolidated government may also consider requiring a water and/or wastewater treatment operator license for the position, thereby reducing the need to contract out that service.
- Creating a Municipal Planner position to serve the consolidated government's Planning and Zoning Board of Appeals. Currently both the Town and Village Boards have heavy workloads and neither the Town nor Village have a Planner on staff. In a consolidated government, the workload of the volunteer Planning Board and Zoning Board of Appeals will essentially double; which may make it impractical for the new combined boards to function without professional staff assistance.

This Interim Study can only present a possible model of services and outline alternatives, the potential one-time costs related to Consolidation Plan development and implementation; the potential recurring cost savings and the possible impact on property taxes to help guide the discussion and decision making process. The assumptions and models used in this study were informed from input from Village and Town officials; however, were not voted upon by any governing body. As such, this study is not, and cannot be, an exhaustive analysis of each service because multiple options still remain available.

**Table 1: Summary of Potential Conditions Post Consolidation Resident Checklist** on the next page summarizes the potential outcomes of a consolidation identified during the Interim Study process. The purpose of this checklist is to assist each voter in making an informed decision by providing impartial and objective information on the impact that a potential consolidation would have on (1) the provision of services, (2) their level of representation in local government, and (3) cost and taxation implications. This description of potential post-consolidation conditions is offered as a tool to assist voters in evaluating the "Pro's" of consolidation (why they might vote "Yes") as well as the "Con's" of consolidation (why they might vote "No"). This practical tool provides the electorate of both municipalities the opportunity to track their opinion on each potential post-consolidation condition by checking boxes to the right of each issue.

Prior to reviewing the Checklist, it is important to reiterate that the process of consolidation is very complex, and is grounded upon a statute that has many ambiguities and for which no implementing regulations have been adopted. Because of the complexity of the process coupled with the fact that no consolidation has ever occurred in New York State between a Village and a Town, there are numerous unknowns as to how the consolidation process might play out and how much it might cost. Should the voters decide on

November 30, 2020 to consolidate, the process will require much care, forward thinking, compassion and understanding on behalf of the study committee to recognize the potential effects of the new government structure on all of the residents. While the process can be marred and drawn out due to potential litigation, posturing, and stances of control, it is important to note that Article 17-A provides citizen's a voice and an opportunity to have their elected officials come together and create a new governance model. It should also be noted that the consolidation process expressly provides for litigation to resolve disputes in connection with development of the consolidation plan. In the event of such disputes, costs could greatly exceed those that otherwise would be incurred, with a potential to reduce or eliminate short term recurring cost savings and possibly result in a net tax increase for Pawling taxpayers.

The **Potential Conditions Post-Consolidation Resident Checklist** provided on the following pages is offered as a practical tool to assist each voter in making an informed decision by providing impartial and objective information on the potential impact that a consolidation may have on (1) the provision of services, (2) level of representation in local government, and (3) cost and taxation implications. Each voter can use this checklist to evaluate what they deem to be the "Pro's" of consolidation (why he or she might vote "Yes") and the "Con's" of consolidation (why he or she might vote "No") by checking the boxes to the right of each issue to help them track their opinions.



## Potential Conditions Post Consolidation Resident Checklist

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### REPRESENTATION AND GOVERNANCE

The new governance system will be a Consolidated Government structure that represents all residents within the existing Town boundaries. Consolidation will result in the elimination of the both existing Village and Town governance structures, including the Village Mayor, Board of Trustees, and Village Justice who are currently elected exclusively by, and who represent and set policy for, the area currently known as the Village; as well as the current town governance structure including the Town Supervisor, Town Board and elected officials that represent the entire town.

An informal opinion of the New York State Department of State argues that a coterminous Town-Village does not meet the definition of consolidation under Article 17-A as the Town and Village would both continue to exist as legal entities. However, there exists the potential for an interpretation that a single entity coterminous town-village may meet the criteria under Article 17-A of the General Municipal Law. As such, there is a potential uncertainty as to the type(s) of governmental structures allowable to be the Consolidated Government, however, regardless of the whether the structure is a Town government or a coterminous Town-Village functioning primarily as a Village, the issues relative to representation remain the same. The consolidated government will represent all residents of the existing Town and Village.

All decisions that were formerly made by the Village Board of Trustees, Planning Board, and Zoning Board of Appeals would be the responsibility of the Consolidated Government that represents the entire territory currently known as the Town. Village residents will have a smaller voice in their government and in their representation. Currently Village residents have a sole input in what is determined for the Village. The Village has a population of approximately 2,085 people while the Town including the Village has a population of 8,225 people. If consolidated, all decisions impacting Village residents would be determined town-wide, and the Village residents' voice may be diluted in a consolidated governance structure. Please see further discussion on representation in the blue call-out box in the Executive Summary on page 27.

**POTENTIAL COST SAVINGS VS. A PROPERTY TAX SHIFT**

The study process identified post-consolidation cost savings resulting from the consolidation in an estimated amount of \$172,000. However, the process also identified \$119,000 in cost increases associated with the impact of labor contracts, harmonizing employee benefits, and costs associated with workload impact. The net recurring minimal savings is estimated to be \$53,000. However, these numbers do not reflect the enormous costs associated with plan development, transition/implementation, and litigation described below and on page 18.

The estimated impact on Village and Town property taxpayers is primarily a **shift of tax levy from the Village to the Town-wide property tax base**, rather than the impact of the estimated recurring cost savings.

After paying for costs associated with the consolidation, Village residents may experience a reduction in their property taxes due primarily to the **shifting of taxes to the Town outside Village tax payer**. Town residents outside the Village would shoulder an increase in taxes due to this shift. Town residents outside of the Village would only see savings if they receive the Citizens Empowerment Tax Credit (assuming the funds are appropriated annually by New York State).

**UP-FRONT, ONE-TIME PLANNING AND TRANSITIONS COSTS**

The pre-consolidation process is complex, has a long timeline and is costly. In the case of Pawling, as the first potential town-village consolidation, the upfront costs could be even greater. The planning and implementation processes could take years and may not be complete until mid-2022 or later and the majority of the planning and implementation costs will occur prior to consolidation. Initially there will be costs associated with the development of the Consolidation Plan and the costs of implementation of the Plan.

The Plan development process may be complicated by the uncertainty as to the option(s) of the type of governmental structure that can replace the existing Town and Village. Section IV of the Interim Report details the types of costs anticipated. A rough estimate of the costs could be in the range of \$350,000 to \$480,000 and does not include legal and other costs that may arise from disputes, litigation or the necessity to create a second Plan, should the first fail at a permissive referendum. At the time of the drafting of this Interim Report, a lawsuit has already been filed. The cost of litigation simply cannot be quantified at this time, and the costs are borne by the taxpayers.

These one-time costs could be reduced through potential Department of State consolidation grants of \$100,000 (should the funds be restored by New York State) and through use of up to 30% of the Citizens Empowerment Tax Credit funds for the first few years. Should these funds not be available, the costs would be borne by the Town and Village taxpayers.

**LAND USE POLICY AND OPERATIONS**

Currently the Village and Town have very different zoning laws, rules and regulations reflecting each community’s Comprehensive Plan, vision, land use values and needs. They each have a Planning Board and Zoning Board of Appeals to support their land use governance responsibilities. The Joint Study committee agreed that it is critical for the consolidated government to respect and preserve the diversity of the urban-focused Village and the more rural Town outside the Village land use policies in a consolidated government.

The possible loss of representation and potential inability of a consolidated government to focus on the needs of both the Town and the Village was a shared concern; but of particular concern to the Village given its potential loss of representation and possible loss of control of the Village’s Comprehensive plan and zoning policies.

Should the voters elect to consolidate, a potential option would be to establish that the membership of the Planning Board and Zoning Board be constituted to require a set number of three (3) members from both the area known as the Village and four (4) from the area of town outside the village. Note: further review of municipal home rule law is needed to determine if place of residence can be established as a formal selection criteria for the Consolidated Government’s Planning and Zoning Boards

The consolidated government could create a new Planner position to support the work of the consolidated boards.

**MAINTANANCE OF VILLAGE AND TOWN SERVICES**

A primary goal established by the Joint Town-Village Study Committee was to maintain, where feasible, the services delivered by both the Town and the Village, including the services delivered uniquely to Village residents only. As such, the study process identified the potential to create new taxation districts to provide the current Village-specific services. Ultimately the Consolidated Board will make all governance and financial decisions for these taxing and service districts.

**TOWN-WIDE SERVICES**

Based on preliminary discussions, stakeholders have indicated that they would support the continuation of all existing services currently provided town-wide. These services include: Parks and recreation, including the Lakeside Park, Murrow Park and the golf course, youth and senior programming, the Transfer Station, the Assessor, Dog Control, and ambulance services.

**ADMINISTRATION, FISCAL, AND LEGAL SERVICES**

Currently both the Village and the Town have a central administration, fiscal office and contract for legal services. There are overlapping functions that can be streamlined; however, given the material differences in services delivered by the Town and the Village and the combined increase in volume of activity, the recurring savings opportunity post consolidation is marginal and is recommended to occur through attrition. The impact of the pre consolidation planning and implementation process is detailed separately.

**ORGANIZATIONAL STRUCTURE**

Through the consolidation planning process, the Village and Town Boards may want to consider re-organizing and re-deploying resources in the new government structure to best meet the needs of a larger organization with broader responsibilities. Potential restructuring could include 1) the creation, through re-organization, of an Administrator that could provide day to day management of operations and assure that the policies of the board are carried out; 2) the creation of a Planner to support the work of a volunteer consolidated Planning and Zoning Boards that will essentially be handling double the workload of the existing boards and 3) Assignment of the functions of a Water/Waste Water Superintendent to one of the supervisory positions in the highway department to oversee and administer these critical services.

**LAW ENFORCEMENT**

Currently the Village of Pawling contracts with the County Sheriff to provide enhanced daily law enforcement patrolling services. However, upon consolidation, that contract would terminate and this service would no longer be available to village residents.

However, the newly established Consolidated Government may elect to extend this contract town-wide or a special law enforcement district could be established if special legislation were passed by the New York State Legislature authorizing it. The Town of Pawling does not currently have dedicated police officers but rather relies on the State Troopers and the limited Sheriff's road patrol for law enforcement.

**HIGHWAY SERVICES**

All Town and Village streets would become a part of the Consolidated Government and the consolidated government would be responsible for ongoing street maintenance and paving improvement program. Given the current division of labor between the Town and Village departments, minimal costs savings were identified and potential cost increases relative to wage and employee benefit costs were identified. Upon consolidation, additional opportunities for increased efficiencies may be possible.

**REFUSE COLLECTION**

The Village currently provides weekly refuse pick up and bi-weekly recycling pick up for all residential units. One option would be for the Consolidated Government to consider the creation of a Refuse District for the residents of the Village and put out a bid for private hauler service for the residents of the Village. It is estimated that the average annual fee would be \$135 higher than the current Village fee.

**VILLAGE STREET LIGHTS**

One option would be for the Consolidated Government to consider the establishment of a street lighting district to provide and fund street lighting in the Village and the decorative lighting in the business center of the Village. The service would be funded by property taxes paid by residents of the former Village.

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**VILLAGE SIDEWALK DISTRICT**

One option is for the Consolidated Government to consider the establishment of a sidewalk district to provide for maintenance and repair of sidewalks in the Village. The service would be funded by the residents of the former Village through the Lighting District.

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**CODE ENFORCEMENT AND BUILDING INSPECTION**

Currently the Village and Town have separate building inspection staff to support and enforce each municipality’s land use rules and regulations. One option would be for the Consolidated Government, to create a Building Inspector’s office would include existing staff from both operations. This new organization would provide back-up staff that would enable full coverage during holidays and vacations; would enable maintenance of a single set of records utilizing the same software system and may increase office efficiencies.

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**CITIZEN EMPOWERMENT TAX CREDIT (CETC)**

The Citizen Empowerment Tax Credit is one of the main reasons consolidation is considered by local communities. It is provided to encourage the consolidation of local governments. Post consolidation, a credit equal to 15% of the Town and Village property tax levies is provided to the Consolidated Government. By law, 70% of the tax credit must be used for property tax reduction on a town-wide basis. However, the funds are not guaranteed and are subject to annual appropriation by New York State.

- **100% of CETC \$795,943**
- **70% of CETC \$557,160**

**Important Note:** The lack of a long term guarantee creates uncertainty in the availability of the credit. In 2020, due to NYS’s fiscal condition resulting from the pandemic, eligible municipalities have received 80% of their grant awards.

## **Summary of Estimated Fiscal Impact**

In a consolidation of government, a number of financial dynamics simultaneously occur and it is the aggregation of the multiple changes that determines the ultimate change in tax rates for Village and Town outside Village property taxpayers. The fiscal impact of a consolidation on taxpayers is influenced by a number of factors including:

- The restructuring of the consolidated government and the level of cost savings that can be achieved through the restructuring.
- Decisions related to services, service models and level of service that the consolidated government will provide.
- Determination of services that may be provided through districts on a sub-town level such as lighting, sidewalks, etc.
- Shifting of taxes from one tax base to another. In a consolidation, there will be shifting of costs such as highway services from the Village tax base to the Town-wide tax base. There will also be shifting of costs such as highway services from the Town outside the Village tax base to the Town-wide tax base, and there will be certain costs that remain on the Village tax base such as sidewalk and streetlights that will be taxed through special taxing districts. In the consolidation, while Village tax rates go down, the cost savings are minimal. Rather, it is a shift of the tax burden to Town taxpayers who live outside the current Village.
- Level of CETC assumed to be available and at what level is it applied to reduce property taxes. The CETC is subject to annual New York State appropriations, and as such, we have included an analysis of the effect of consolidation with and without the additional state aid. In addition, 70% of the credit minimally has to be applied to reduce property taxes; however up to 100% may be applied to reduce taxes.

As noted earlier, because of the complexity of the process, coupled with the fact that no consolidation has ever occurred in New York State between a Village and a Town, there are numerous unknowns as to how the consolidation process might play out and how much it might cost. Accordingly, estimates as to how much the entire consolidation process might cost are necessarily very rough and subject to change depending on how the consolidation process unfolds.

## **One-time Transition Costs, Potential Recurring Cost-Savings and Tax Shift**

### **One Time Consolidation Plan Development and Transition Costs**

It is important to understand that the timeline for implementing consolidation is uncertain. Under the mechanism set forth in the statute, we estimate that the consolidation could possibly not be final until mid-year 2022 at the earliest. However, in determining the effective date, the Consolidation Plan may also want to take into account both the fiscal years of the existing Town and Village as well as the fiscal year of the Consolidated Government. In addition, if consolidation ends up involving mediation and/or other litigation as authorized by the statute, this timeline could be extended by months and even years, particularly if there are appeals of any initial court decision. During the period prior to implementation of the consolidation, the Village and the Town will be incurring the planning and implementation costs. Various options, such as revenue anticipate notes, would have to be explored in order to cover these costs while awaiting the grants and CETC should they be available. Should the consolidation grant and CETC not be available,

such one-time costs will have to be borne by the taxpayers. In this instance, it may take many years of achieving recurring savings in order for the taxpayers to recoup these front end costs.

Rough estimates of the Consolidation Plan development costs could range from \$105,000 to \$180,000 and the costs for Plan implementation could range from \$250,000 to \$400,000 and again this does not include any potential costs associated with litigation. These include, but are not limited to:

- Significant Legal, consultant, and engineering assistance as part of the transition of the Sewer Commission to a new entity.
- Development of a unified Comprehensive Plan, integrated Zoning and Land Use Regulations, SEQR, and possible GEIS.
- Restructuring of current bond and other financing arrangements.
- Merging or incorporating village and town laws into a single code. This task will be quite involved given that each municipality has numerous existing local laws that will have to be reviewed, amended or in some cases rewritten. In particular the current master plans and zoning code for each municipality will have to be merged and or revised.
- Restructuring of the planning board and zoning board of appeals and transitioning existing applications for zoning and planning approvals.
- Coordinating employment and human resources activities relating to the consolidation including negotiating union contracts, elimination of positions, pension, health insurance and other benefit issues.
- Development of a full audit of the Town, Village and special districts.
- Development of map, plan and reports for district formation (water, sewer, lighting, sidewalk, police, and fire).
- Purchase of software or licenses for the integration of village staff to town staff and services (accounting, Microsoft 365, court compliance, codes and planning).
- Training for staff and new planning board and zoning board members.
- Development of a facility building assessment for the integration of staff into town facilities.
- Preparation of an Engineering Report for the expansion or construction of a unified highway facility.
- Development of a unified Comprehensive Plan Development of unified and integrated Zoning and Land Use Regulations.
- Legal Services for the merging of current Village laws into Town laws.
- Appraisal and sale of Village Hall.
- Digitization of Village Records and integration into the Town of Pawling Records Management System.

Provision of legal services that will be needed to address any number of potential issues that will arise during the transition and in response to any lawsuits that may arise during the consolidation process. At the time of the development of the Interim Study, there was already a suit filed prior to the vote that evidences that costs of consolidation will include litigation expenses. These costs are borne solely by the taxpayers

The Town and Village will need to determine the funding mechanism to cover these costs. The uncertainty of the New York State grants for consolidation increases the complication of making a decision on consolidation. If New York State reopens the Citizen Restructuring Empowerment Grant, there would be available \$100,000 (\$50,000 each) to support the interim study and tasks prior to the referendum and the

development of the Consolidation Plan. In addition, should the same grant program be available, the Town and Village are eligible for an additional \$50,000 each for a total of \$100,000 towards the transition and implementation tasks. Should the CETC continue to be funded, 30% of the CETC or approximately \$238,000 per year could be dedicated for the first few years to cover these costs.

**Potential Post-Consolidation Recurring Cost Savings**

**Potential Recurring Cost Savings**

Cost savings in consolidations result from the elimination of duplicated services and re-organizing operations to optimize economies of scale. As the Town and Village have a very limited number of overlapping functions, cost savings from the elimination of positions is limited, and actual cost savings via the merger minimal at best.

The study process identified cost savings via the elimination of the one board, the consolidation of the Justice Court and the attrition of a position plus reductions in costs due to a merger. In total these potential expenditure reductions are estimated at \$172,000. However, the process also identified \$119,000 in potential cost increases associated with the impact of restructuring. These include the potential increase of Highway Department wages, the potential harmonization of employee benefits and the proposed addition of a Planner position.

In the case of the consolidation of the Town and Village of Pawling, the shifting of costs from the three existing tax base buckets (Village, Town-wide, and Town outside Village) to one Town-wide tax base bucket has a significant impact on how the property rates shift well beyond the impact of the cost-savings and service delivery decisions. **Table 2: Summary of Projected Fiscal Impact of Consolidation** compares the current tax rates for both Village residents and Town outside Village residents to the post consolidation tax rates that were developed using the assumptions of services outlined in the report

**Please note that this impact is related to the post consolidation scenario and does not reflect the one-time costs that the Town and Village taxpayers may have to fund.**

**Property Tax Shifting**

The projected reduction of taxes on Village residents is primarily due to the shift of the tax burden to residents who live outside the village. The recurring savings is a minor component of the reduction in the Village taxes.

Town outside of Village residents will see an increase in their taxes and only see savings based on potentially receiving the Citizens Empowerment Tax Credit (CETC) if it is appropriated annually.



<b>Table 2A. Impact on Property Tax Rates</b>					
<b>Village Residents</b>	<b>Current</b>	<b>Model - Post Consolidation</b>			<b>Change in Tax Rate</b>
	<b>Current Tax Rate</b>	<b>Tax Rate No CETC</b>	<b>Tax Rate 70% CETC</b>	<b>Tax Rate 100% CETC</b>	
<b>Total -NO CETC</b>	<b>\$20.47</b>	<b>\$14.52</b>			<b>-29.1%</b>
<b>Total 70% CETC</b>	<b>\$20.47</b>		<b>\$13.47</b>		<b>-34.2%</b>
<b>Total 100 % CETC</b>	<b>\$20.47</b>			<b>\$13.02</b>	<b>-36.4%</b>

  

<b>Town Outside Village Residents</b>	<b>Current</b>	<b>Post Consolidation</b>			<b>Change in Tax Rate</b>
	<b>Tax rate</b>	<b>Tax Rate No CETC</b>	<b>Tax Rate 70% CETC</b>	<b>Tax Rate 100% CETC</b>	
<b>Total -NO CETC</b>	<b>\$8.04</b>	<b>\$9.04</b>	<b>-</b>	<b>-</b>	<b>12.4%</b>
<b>Total 70% CETC</b>	<b>\$8.04</b>		<b>\$7.99</b>		<b>-0.7%</b>
<b>Total 100 % CETC</b>	<b>\$8.04</b>			<b>\$7.54</b>	<b>-6.3%</b>

*Note 1: Full set of notes in Appendix*

*Note 2: Village Residents will be paying for full refuse fee in addition to property taxes. Estimated increase from \$219 to estimated average rate of \$355*

*Note 3: Eligible for CETC – Only the General Fund and Highway Fund. No Special Districts.*

*Note 4: CETC Subject to Annual NYS Appropriations*

*Note 5: These are recurring savings and do not account for one time planning, transition and implementation costs.*

Assuming no application of the CETC, not including the initial costs, the recurring projected impact is as follows:

- ◆ Former Village residents would experience a property tax decrease of 29.1%
- ◆ Town outside Village residents would experience a property tax increase of 12.4%

Assuming application of 70% of the CETC, not including the initial costs, the recurring the projected impact is as follows:

- ◆ Former Village residents would experience a property tax decrease of 34.2%
- ◆ Town outside Village residents would experience a property tax decrease of 0.7%

Assuming application of 100% of the CETC, not including the initial costs, the recurring the projected impact is as follows:

- ◆ Former Village property owners would experience a property tax decrease of 36.4%
- ◆ Town outside Village residents would experience a property tax decrease of 6.3%

<b>Table 2B. Impact of New Refuse Fee on Village Residents</b>					
<b>Medium Village Home with \$108,100 Taxable Assessed Value</b>					
	<b>Estimated Property Value</b>	<b>Current</b>	<b>Post Consolidation</b>	<b>Post Consolidation</b>	<b>Post Consolidation</b>
			<b>No CETC</b>	<b>70% CETC</b>	<b>100% CETC</b>
<b>Property Value</b>	<b>\$ 230,000</b>				
<b>Assessed Value</b>	<b>\$ 108,100</b>				
<b>Property Tax Payment</b>		<b>\$ 2,213</b>	<b>\$ 1,569</b>	<b>\$ 1,456</b>	<b>\$ 1,407</b>
<b>Refuse Pick-Up Fee</b>		<b>\$ 219</b>	<b>\$ 355</b>	<b>\$ 355</b>	<b>\$ 355</b>
<b>Total</b>		<b>\$ 2,432</b>	<b>\$ 1,924</b>	<b>\$ 1,811</b>	<b>\$ 1,762</b>

**Note:** These are recurring savings and do not account for one time planning, transition and implementation costs.