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# **VILLAGE OF SPECULATOR - DISSOLUTION PLAN AND OPTIONS FOR SHARED SERVICES FINDINGS AND ALTERNATIVES**

Prepared for:  
**Village of Speculator**

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February, 2008

## **EXECUTIVE SUMMARY**

The Center for Governmental Research (CGR) was engaged by the Village of Speculator to prepare a study of the advantages and disadvantages of all options for shared services, cooperative agreements and the merger of jurisdictions through the dissolution of the Village. The study was initiated in response to a petition to dissolve the Village. As such, the Village is required, under Article 19 of Village Law of the State of New York, to establish a dissolution study committee, and for that committee to prepare a dissolution plan, to be reviewed in a public hearing prior to presentation of the plan to the Village trustees.

This study was undertaken by CGR to meet the needs of the dissolution study committee and assist it in preparing the proposed dissolution plan. Members of the dissolution committee are: M. Collie Smith (Committee Chair and Village Trustee), Neil McGovern (Mayor), Letty Rudes (Village Trustee), Del Cook (Village Trustee), Cheryl Paestella (Village Trustee), Toni Morrison (Village Resident), Thomas Hoover (Village Resident), Jack Vodron (Town Highway Superintendent), and Frank Mezzano (Town Supervisor).

To create the baseline information needed to conduct this study, CGR collected financial and operating information from the Village of Speculator and the Town of Lake Pleasant and spent

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several days interviewing staff of both the Village and Town and observing operations. CGR also attended a public hearing at the initiation of the study on August 13, 2007, at which time input from village and town residents was solicited. As a result of that initial public hearing, CGR interviewed 4 residents who had expressed an interest in presenting their perspectives, as well as responded to written correspondence from interested citizens.

The baseline information was then compiled by CGR to create a matrix that compared Village expenditures and revenues, on a service-by-service basis, with the Town. CGR presented this initial matrix to the dissolution study committee at an initial meeting on October 29, 2007, and subsequent committee meetings on December 12, 2007 and January 14, 2008. All dissolution committee meetings were open public work session meetings which were attended by members of the community. The objective of the committee was to review various options for the delivery of services currently provided through the Village government, including both dissolution of the Village and alternatives to dissolution, and to prepare a dissolution plan to give to the Village Trustees as the basis for the plan to present to voters prior to the dissolution vote in response to the dissolution petition.

At the final committee work meeting on January 14, 2008, the committee agreed to present the draft dissolution plan that it had developed, with the assistance of CGR, at a public meeting which was held on February 12, 2008.

Section 1 of this report incorporates the final Dissolution Plan that was approved by the dissolution committee subsequent to the public meeting, and transmitted to the Village Board. The Village Board accepted the plan at a special meeting on February 14, 2008. The final steps in the dissolution process are for the Village Board to hold a public informational meeting about the Dissolution Plan (scheduled for March 14) and then to hold the public referendum (scheduled for March 18, 2008).

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Section 2 of this report contains CGR observations for the Village Board about options that the Village could pursue through shared services cooperative agreements with the Town if the voters choose not to dissolve the Village. These suggestions can provide the framework for the Village and Town to work together to provide certain common functions (primarily refuse collection and highway operations). These suggestions, if implemented through shared municipal services agreements, will create the opportunity to provide these services in a more effective and efficient manner and thus reduce taxpayer costs in both the Village and the Town.

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## ACKNOWLEDGMENTS

CGR would like to express our deep appreciation for the assistance provided by Bonnie J. Page, RMC, CMC, CMFO, Clerk-Treasurer of the Village of Speculator, M. Collie Smith, Chair of the Dissolution Committee and Village Trustee, Neil McGovern, Mayor of Speculator, Frank Mezzano, Town Supervisor of Lake Pleasant, Chari Smith, Town Clerk for Lake Pleasant, and all the staff and residents of the Village and Town who helped CGR understand the issues and opportunities for improving local government in their shared community.

### Staff Team

Charles Zettek Jr., Director of Government Management Services directed this project and assisted with public presentations and on-site interviews. Scott Sittig, Research Associate, conducted the primary staff work and analysis, wrote the reports, made public presentations and conducted on-site interviews and operations reviews.

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## SECTION 1 – DISSOLUTION PLAN

### *A. Overview*

New York State (NYS) Law mandates two governmental units, town and county government. Villages and cities, which are formed by corporate charters, may choose to go out of existence. Typically a village incorporated because town residents desired additional services in the area of the village that the town was unable or unwilling to provide. NYS residents can form a village, a type of multi-purpose district, to tax and govern them even though they remain town residents. If the residents of a village determine that it is no longer necessary or desirable to continue to function as a village, then the village may be dissolved. At dissolution, the residents of the village are residents of the town only, eligible for all town benefits and services.

### *B. History*

In 1925, residents of the Town of Lake Pleasant were interested in having water and electric services for their commercial businesses. They incorporated as the Village of Speculator in order to develop these services, and over time, the Village became quite prosperous. In recent years, the economy has changed, local business has declined, and the population has dwindled. The community is in transition as more people from out of town purchase second homes and local year-round residents increasingly rely on tourism as the area's primary economic base. Prompted by concerns about increasing property taxes, local government regulations and efficiency, Village of Speculator residents presented a petition regarding dissolution to the Board of Trustees in 2006. Enough signatures were gathered to trigger a state requirement that the Village study the issue and take it to a vote. Based upon that petition, the Village Board of Trustees set a target of presenting a dissolution referendum to the eligible voters in the Village of Speculator at the regularly scheduled election on March 18, 2008, to vote on whether or not the incorporated Village of Speculator shall continue to operate as a village, or should cease to exist through approval of the following plan of dissolution.

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In order to study the issue of dissolution, the Village of Speculator engaged the Center for Governmental Research (CGR), a non-profit consulting group based in Rochester, NY, to review options for shared services as well as consolidation between the Village and the Town, and to assist with developing a dissolution plan as required by Section 19-1903 of the Village Law. A separate section of Village Law, Section 19-1901, requires that the Board of Trustees create a dissolution study committee with representatives from the Town and Village to develop the dissolution plan. CGR worked with the dissolution study committee to develop this plan.

### *C. Plan*

This document sets forth, in detail, the plan of dissolution of the Village of Speculator as developed and approved by the dissolution study committee. This plan will be presented by the committee to the Village Board of Trustees. The Board of Trustees will then adopt a plan, which will then be the plan for dissolution that will be presented to the voters.

Since this plan was developed and approved by the dissolution committee, the committee believes that the findings and suggestions contained herein are consistent with the goals of the Town of Lake Pleasant. However, the services and functions and transfer of employees to the town as described in Sections G and H of the plan have not been contractually agreed to by the town as of the date of this plan. Therefore, the Town Board may, subsequent to adoption of this plan by the Village Board of Trustees, determine that certain elements of the plan should be modified in order to meet the best interests of the town as a whole, within the requirements of town, state and federal law. State law governs much of what will occur if the village dissolved. For example, any transition pertaining to village personnel will occur upon the official date of dissolution and no other changes can be made for a minimum of two years. In addition, all current laws of the Village remain in effect for two years before the Town Board can vote to amend them.

For a referendum for dissolution to pass, it must be approved by a majority of the qualified electors of a village. Such village shall

then be dissolved as of the 31st day of December in the year following the year of the election. Therefore, if Village of Speculator voters approve the plan for dissolution in the election to be held on March 18, 2008, the Village of Speculator shall dissolve as of December 31, 2009. If the referendum is defeated, the Village shall continue and no other proposition for dissolution can be submitted within two years of the date of the referendum.

#### Services

Villages provide services or functions on a village-wide basis, while towns typically provide some services town-wide and other services on a district-wide basis. Towns can create special districts, which are governmental units providing a specific service, such as water, sewer, sidewalks or libraries. Only the residents of a special district pay for the specified service, and all who are in the district benefit from the service. Each district has its own separate budget and levy for tax collection (or collection of user fees), and is typically governed by the Town Board.

At present, the Village of Speculator provides a number of services and functions, which will be handled as described later in this plan.

#### *D. Intent*

In devising this plan of dissolution, it is the intent of the Board of Trustees of the Village of Speculator to dispose of all properties, personal property and fixed assets (see Sections E and F), provide for the continuation of Village services (see Section G), provide for the future employment and benefits of Village employees (see Section H), provide for future benefits for retired employees (see Section I), identify employee positions that will be eliminated (see section J), continue specific local laws, ordinances, and resolutions in existence as provided by law (see Section K), and make provisions for the existing Village debt and obligations (see Section L). In addition, the plan will detail the impact of recurring obligations (see Section M), what will happen to the Village books and records (see Section N), how Village revenues will be handled (see Section O), and detail the projected combined expenses and tax implications of a combined Town and Village entity (see Sections P and Q and Appendix B and D). This plan has been developed with the expectation that upon the dissolution of the

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Village the succeeding Town government will provide for and comply with the plan as set forth in this document.

*E. Village Real Property* Unless otherwise provided for in this plan, all real property improved or not improved shall become the property of the Town of Lake Pleasant. The Town of Lake Pleasant shall take title to the Village real property with the understanding that the Town shall honor all existing leases, agreements, or other arrangements between the Village and lessees of other users of Village property.

Real property transferred to the Town shall be done without consideration<sup>1</sup> and the Town shall, at its option, prepare any and all deeds for the Village to execute prior to the date of dissolution.

Specifically:

- 1) The Village Hall located on Elm Lake Road, Speculator, shall become the property of the Town of Lake Pleasant (parcel 113.041-1-3).
- 2) Real property owned by the Village and used as park land, recreational land, or recreational facilities shall continue to be used for such purposes, and shall become the property of the Town of Lake Pleasant. The land and property included in the 2007 Village of Speculator Assessment Roll as categories “313 Waterfront Vacant” or “963 Municipal Park” are:
  - Public Beach on NYS Routes 8 & 30 (Parcel 113.049-2-1)
  - Park on NYS Routes 8 & 30 (Parcel 113.049-2-2.220)

The cost of maintaining park land, recreational land, and recreational facilities shall be a Town-wide charge and all residents of the Town shall have access to the areas involved.

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<sup>1</sup> “Without Consideration” means a complete transfer of Village property to the Town without cost to the Town.

- 3) All real property, whether within the Village or outside the Village and improved or not, which the Village used and owned as a part of its sewer system or water supply system, including rights-of-ways for mains, laterals, etc. and for treatment, storage, or other uses shall become the property of the Town of Lake Pleasant and used by the Town or by a special district acting on behalf of the Town to continue the function of water and sewer service. The land and property included in the 2007 Village of Speculator Assessment Roll as “853 Sewage” or “822 Water Supply” are:
  - Sewer Treatment Plant (2.8 acres, Parcel 113.041-2-3.100)
  - Chlorinating Plant (.35 acres, Parcel 113.041-3-9.100)
  - Pumping Station (< 1 acre, Parcel 113.049-1-2)
  - Pumping Station 2 (< 1 acre, Parcel 113.048-3-13)
  - Water Supply Tank (2.9 acres, Parcel 113.006-1-42.200)
4. All real property, which the Village used and owned as a part of its highway services shall become the property of the Town of Lake Pleasant and used by the Town to continue the function of Highway Department services. The land and property included in the 2007 Village of Speculator Assessment Roll under the “650 Government” category is:
  - Village Garage (9.5 acres, Parcel 105.000-2-7)
5. All fire protection property, both real and personal, owned by the Village of Speculator, shall become the property of the Town of Lake Pleasant. The Town will in turn make available all real and personal property to a newly established Fire Protection District managed by the existing volunteer fire department currently operating on behalf of the Village of Speculator. The district will be created upon dissolution. The following parcel was also

listed as “650 Government” on the 2007 Village of Speculator Assessment Roll:

- Park & Fire Hall (13.9 acres, Parcel 113.041-2-5)
6. All property used as a roadway, streets, or sidewalks, whether owned by the Village in fee or by user, shall become the property of the Town of Lake Pleasant and the Town shall continue these roads, streets, and highways so long as they are needed by the public. As of the 2007 Village of Speculator Assessment Roll, there were no parcels listed as “692 Road/str/hwy”.
  7. All residential vacant land owned by the Village of Speculator shall become the property of the Town of Lake Pleasant. The land and property included in the 2007 Village of Speculator Assessment Roll as “311 Res Vac land” or “330 Vacant Comm” are:
    - Well House (8.3 acres, Parcel 105.000-2-8.200)
    - Sludge Application Site (12 acres, Parcel 113.000-5-1)
  8. All additional real property owned by the Village of Speculator shall become the property of the Town of Lake Pleasant, consisting of the following parcel:
    - (695 Cemetery) Village Cemetery (2.1 acres, Parcel 113.032-2-7.100)

#### *F. Personal Property and Fixed Assets*

Personal property owned by the Village of Speculator at the time of dissolution shall become the property of the Town of Lake Pleasant. Personal property as used in this section shall mean and include office equipment, furniture, motor vehicles, tools, parts inventory, furniture and any other item commonly considered to be personal property. (See Appendix C for list of fixed assets.)

#### *G. Services and Functions*

The following are the major services and functions provided by the Village of Speculator, and the plan for continuation of such services under the Town.

- 1) The Village Board of Trustees will be eliminated. The Town Board will continue under its current structure and pay scale. Town Board members will receive \$2123.62 annually. The board member who serves as deputy supervisor will receive an additional \$928.38.
- 2) The Village Mayor position will be eliminated. The Town Supervisor position will continue at its current status including salary and benefits.
- 3) The Village Clerk-Treasurer and Deputy Clerk functions will be eliminated. The Town Budget and Payroll staff and the elected Town Clerk and her staff will assume all functions of the previous Village staff. The Town will hire the current Village Clerk/Treasurer to accommodate the increase in responsibilities, for a total of one full-time equivalent (FTE) Town Clerk and one full-time equivalent Deputy Town Clerk. There will be no change in Town staffing currently in place.
- 4) The Town Tax Collector will continue in this Town-wide role with support provided by the new FTE position of Deputy Town Clerk.
- 5) The Town Assessor currently serves the village, and there will be no change in this role.
- 6) The Village Attorney position will be eliminated. The Town Attorney will take on all legal responsibilities Town-wide. The Town Attorney will be allocated roughly 6% more in combined resources in order to accommodate the increase in responsibilities. (Note: This percentage does not include any subsequent costs of litigation if voters approve dissolution of the Village.)
- 7) Streets, highways, roads, alleys, sidewalks, etc. of the Village shall be included in the Town highway and road system and shall be operated and maintained by the Town on a Town-wide basis. The costs of the merged Village and Town functions will result in the same level of costs.

- 8) As of 2007, Street lighting at the Town level was provided in the Town Outside of Village Fund (B-Fund) while the Village was responsible for their own street lighting costs in the village general budget. The street lighting costs currently in the Village budget will be absorbed by the Town as a town-wide expense (A-Fund) and the Town Outside of Village expenses will be reabsorbed as a town-wide function (A-Fund). Operation, maintenance and repair, and capital improvements will be provided by the Town.
- 9) The Town will establish Water and Sewer Districts (two separate) as provided by Article 12 of the NYS Town Law. The Town Board shall assume the responsibilities of the new Water and Sewer Districts for maintenance and repair of all existing water and sewer lines within the existing Village of Speculator. The boundaries of the Water and Sewer Districts shall be the boundaries of the existing Village of Speculator. Costs for the Water and Sewer Districts shall be met by user fees. Existing water debt interest being paid ad valorem through the Village General Fund will revert to the Water District users and be paid for through the user fees. Existing debt for the sewer will become the responsibility of the newly formed Sewer District and will be paid through user fees. It is expected that water rates will increase in line with a previous study<sup>2</sup> that outlined new water rates with a minimum charge of \$11.50/month and a user charge of \$5.25/1000gal. These rates would allow the water to “break even,” since the interest on the debt would be factored into the water budget. Sewer rates may have to change based upon new debt, but it is unknown at this time what the new debt schedule will be and thus no estimation of new rates has been, nor can be, determined.
- 10) A new Refuse District shall be created and established as provided by Article 12 of Town Law. The Refuse District

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<sup>2</sup> Proposed Water Rates Scenario 1, completed May 4, 2006, by consultant Carl Brown

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shall be responsible for fulfilling the refuse and garbage collection duties and obligations of the Village of Speculator and the Town of Lake Pleasant. The boundaries of the Refuse and Garbage District shall combine the existing Town service area with the boundaries of the existing Village service area. Costs to the Refuse and Garbage District shall be met by user fees. (Note: properties within the Village, if not currently receiving Village garbage services, would not be part of the Refuse and Garbage District, and thus not subject to user fees.)

- 11) A new Fire Protection District shall be created and established as provided by Article 12 of Town Law. All fire costs will be removed from the Village General Budget and put into the new Fire Protection District budget. The boundaries will consist of the current boundaries of the Village of Speculator. All existing associated debt for the current fire services within the village will be borne ad valorem<sup>3</sup> by residents within the current Village boundaries as a charge in the newly formed fire protection district. All Village-owned equipment will become the property of the Town which will then make it available through sale at a discount to whatever organization the Town contracts with to provide fire services within the newly created district. The Village of Speculator has a volunteer fire department and it is anticipated that this fire department will incorporate and take on the contract to provide fire services to the new Fire Protection District covering the boundaries of the current Village of Speculator. Provision will be made for LOSAP<sup>4</sup> to increase for current Village volunteer firemen such that their LOSAP will be equivalent with what the Town is currently paying its volunteer firemen. The result is that there will be two fire protection districts within the Town of Lake Pleasant.

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<sup>3</sup> Through a taxation rate proportionate to the value of the services used

<sup>4</sup> LOSAP: Length of Service Award Program – A “fringe benefit” for volunteer firemen

- 12) All costs associated with the Parks and Recreation, including adult and youth programming, will be assumed by the Town except for personnel costs. It is anticipated that the maintenance of the parks can be absorbed by the Town Highway Department under the current staffing. In the current Village budget, Village DPW workers spend the equivalent of 1 FT person's hours throughout the year related to maintenance and upkeep of the Parks and Recreation Centers. Thus, it is anticipated that 1 FTE staff person would not be needed.
- 13) The Town Assessor will continue in her duties as the Village code enforcement officer by serving as the Town-wide code enforcement and safety inspections officer. There will be no increase in her pay; however, she will continue to receive an amount equivalent to her current combined salary.
- 14) The Town will undertake, within two years of the dissolution of the Village, a Town planning study to determine appropriate zoning Town-wide that incorporates the special needs of the area formerly within the Village boundaries. The current zoning officer for the Village will not transition to the Town staff and his function will be absorbed by the Town zoning officer at a salary equivalent to the combined amount paid by the Village and the Town for this function.
- 15) The Village Planning Board and Zoning Board of Appeals will cease to exist.
- 16) There will be no change in the functioning of the library.

#### *H. Village Employees*

Section 70 of NYS Civil Service Law, paragraph 2, deals with the transfer of personnel upon transfer of function. "Upon the transfer of a function ... (c) from one civil division of the state to another civil division of the state...provision shall be made for the transfer of necessary officers and employees who are substantially engaged in the performance of the function to be transferred. As soon as practicable after the adoption of a law, rule, order, or

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other action directing such a transfer of function, but not less than 20 days prior to the effective date of such a transfer, the head of the department or agency from which such function is to be transferred shall be transferred a list of the names and titles of those employees substantially engaged in the performance of the function to be transferred...Any employee of the department or agency from which such function is to be transferred may, prior to the effective date of such transfer, protest his or her inclusion in or exclusion from such list by giving notice of such protest in writing addressed to the heads of the respective departments or agencies from which and to which transfer is to be made, which notice shall state the reasons for the protest...”

For those employees who are transferred, the law goes on to say: “Officers and employees so transferred shall be transferred without further examination of qualification, and shall retain their respective civil service classifications and status....All officers and employees so transferred shall, thereafter, be subject to the rules of the civil service commission having jurisdiction over the agency to which transfer is made...Officers and employees transferred to another governmental jurisdiction pursuant to the provisions of this subdivision shall be entitled to full seniority credit for all purposes for service rendered prior to such transfer in the governmental jurisdiction from which transfer is made.” The law includes additional information on the transfer of unused vacation, annual leave, and sick leave: “[the officer ..having authority to adopt provisions governing vacation or annual leave and sick leave applicable to the department or agency to which transfer is made may...allow employees transferred hereunder credit for all or part of the unused vacation or annual leave and sick leave standing to their credit at the time of transfer, as may be determined equitable, but not in excess of the maximum accumulation permitted in the jurisdiction to which transfer is made.” (Note: The full law is attached for reference in the Appendix F.)

It is anticipated that when the Town Board reorganizes and takes over the duties and responsibilities for the services formerly

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provided by the Village, that any existing employees will be transferred in accordance with Section 70, paragraph 2 of the Civil Service Law.

Upon the date of dissolution, employees in the Village Department of Public Works will be invited to join the Town staff (with the exception of the 1 FTE position described in section G-12). Village employees will become Town employees at the current Village pay scale. During the first year following the date of dissolution, they shall receive salary and benefit adjustments afforded to Town employees per Town employment policy. In addition, during this time the ex-Village employee's titles, wages/salaries and benefits will be integrated into a unified Town employee schedule. The Town will place former Village employees into the classification that most closely fits their former title, but not necessarily their former wage. The Town board will address selected employees with special qualifications higher than those available in the Town classifications by creating new positions with appropriate salaries (this will apply to DPW employees only). Any accrued vacation/sick/personal time that exceeds the current Town maximum limit will be bought out as of the day of dissolution and recorded as a debt against the former Village. This amount will then be levied against the residents of the former Village.

### *I. Retired Employees*

At present the Village has former Village 3 former employees who are retired (and their widows/widowers) who are participating in the New York State Retirement System, and/or who are receiving benefits from the Village through participation in the Village's health insurance individual or family plan coverage. At present Village employees are offered this same benefit when they retire. It is the intent of this dissolution plan not to diminish any of the benefits that retired employees now have or may anticipate upon retirement.

### *J. Employees Not Covered by the Dissolution Plan*

It is expected and anticipated that all other Village officers and employees shall be terminated upon the dissolution of the Village.

These shall include the Board of Trustees, Village Attorney, and Deputy Village Clerk-Treasurer.

### *K. Village Laws*

All local laws, ordinances, rules, and regulations of the Village of Speculator in effect on the date of dissolution of the Village, including but not limited to the zoning ordinance of the Village of Speculator, shall remain in effect for a period of two years following the dissolution. These may be enforced by the Town Board within the limits of the dissolved Village. After the period of two years, the Town Board shall have the power at any time to amend or repeal such local laws, ordinances, rules, and regulations.

The following current Village laws will not become part of Town law:

<b>Year</b>	<b>Law</b>	<b>Title of Law</b>	<b>Date Enacted</b>
➤ 1974	3	GROSS UTILITIES TAX	9/30/1974
➤ 1978	1	ESTABLISH PUBLIC FUND	6/8/1978
➤ 1987	2	TERM OF VILLAGE AS ASSESSING UNIT	11/12/1987
➤ 1989	1	ABOLISH VILLAGE JUSTICE	Mar-89
➤ 1995	1	RETIREMENT INCENTIVE	9/5/1995
➤ 1996	1	RETIREMENT INCENTIVE	6/19/1996
➤ 1997	1	RETIREMENT INCENTIVE	7/2/1997
➤ 1998	1	RETIREMENT INCENTIVE	8/31/1998
➤ 2002	3	RETIREMENT INCENTIVE	8/30/2002
➤ 2004	3	INCREASE IN SIZE OF PLANNING BOARD	8/16/2004

The following current Village laws will be re-written as Town laws, but with no additional substantive revision:

<b>Year</b>	<b>Law</b>	<b>Title of Law</b>	<b>Date Enacted</b>
➤ 1970	2	REGULATING GARBAG	7/24/1970
➤ 1975	1	INSPECTION/COPYING OF RECORDS	1/22/1975
➤ 1977	2	ENV. QUAL REVIEW ACT	4/25/1977
➤ 1980	2	PLACEMENT OF TENTS/MOBILE HOMES	Oct-80
➤ 1985	2	NOTICE OF DEFECT	Mar-85
➤ 1989	2	FLOOD DAMAGE PREV	8/28/1989
➤ 1993	2	SENIOR EXEMPT - SLIDING SCALE	9/20/1993
➤ 1994	1	PROHIBIT DISCRIMINATION	6/20/1994
➤ 1994	2	METER LAW	10/6/1994
➤ 2002	1	WELLHEAD PROTECTION PLAN	8/30/2002

➤	2002	2	AQUATIC PRESERVATION DISTRICT	8/30/2002
➤	2003	1	REGULAT USE ACCESSORY BLDGS	7/22/2003
➤	2003	2	RECREATIONAL CAMPSITE	7/22/2003
➤	2003	3	ATV'S	11/7/2003
➤	2004	1	SPEED LIMITS	2/2/2004
➤	2004	2	VETERANS EXEMPTION	8/16/2004
➤	2005	1	NO PARKING FIRE LANES	4/29/2005
➤	2005	2	NO SNOWMOBILES AMBULANCE PROPERT	4/29/2005
➤	2005	3	SEWER USE	2/3/2006
➤	2005	4	SOLID WASTE DISPOSAL	2/3/2006

The following current Village laws will be re-written as Town laws, with additional substantive revision:

	<b>Year</b>	<b>Law</b>	<b>Title of Law</b>	<b>Date Enacted</b>
➤	1972	1	TO MAKE TAXABLE CERTAIN EXEMPT ORGS	Jul-72
➤	1990	1	REGULATE SNOWMOBILES	10/22/1990
➤	1991	1	SCHEDULE OF SEWER RATES	Aug-91
➤	2000	1	UNSAFE BUILDINGS	8/30/2000
➤	2001	2	FIRE AND BUILDING CODE ENFORCEMENT	12/3/2001

The following current Village law will require substantive consideration before a decision can be made regarding how to integrate it with Town law. This will likely involve the establishment of a separate task force to review the existing land use codes of the Town and Village to determine how best to redefine them into a single comprehensive master plan. The task force's work may occur over several years.

	<b>Year</b>	<b>Law</b>	<b>Title of Law</b>	<b>Date Enacted</b>
➤	2001	1	LAND USE CODE	3/23/2001

### *L. Village Debt*

The outstanding debts and obligations of the Village of Speculator shall be assumed by the Town of Lake Pleasant and shall be a charge upon the taxable real property located within the boundaries of the existing Village of Speculator and collected in the same manner as Town taxes. The status of the largest outstanding debts of the Village as of January, 2008 are:

- Water Department debt outstanding of \$776,000.
- Sewer Department debt for original sewer installation outstanding at \$20,000.
- Sewer upgrades. Village owes \$149,042 as the balance due on a \$300,000 no interest loan granted as a hardship case. The loan is scheduled to be paid in full by 2015.
- Sewer upgrades. The Village will have a new sewer debt in 2008 for \$1.35 million payable over 20 years.
- The Village has Fire Department-related debt outstanding for \$74,551, which is scheduled to be paid off in 2015.
- As of May 31, 2006, the Village Fund Balance was \$235,098. Upon the date of dissolution any liquid portion of this fund balance will be used to pay down existing debt obligations.

### *M. Recurring Obligations*

Currently the Village has no recurring obligations that should be considered as part of this dissolution plan. In October 2007, the Village was granted receivership for Oak Mountain Ski Resort with an agreement to operate it for one winter through April 1, 2008. No provision is made for operation or ongoing control beyond that date. The Village has received a Payment in Lieu of Taxes (PILOT) in the past associated with Oak Mountain, but has not received it in recent years and does not anticipate receiving it in the future.

### *N. Village Books and Records*

Upon dissolution of the Village all its records, books and papers shall be deposited with the Town Clerk and they shall thereafter become part of the Town records.

### *O. Changes in Revenue*

Upon dissolution, three state sources of Village revenue—state aid, Consolidated Highway Improvement Program (CHIPs) funding, and the mortgage tax—would become Town revenues as would State Tax Relief (STAR) revenues as described below. The Utility Gross Receipts and any Telephone Commissions now

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received by the Village would not be received by the Town if the Village dissolved.

**State Aid – Revenue Sharing (AIM):** Section 54 of the state finance law outlines the state revenue sharing program. Subdivision 10 details the program known as Aid and Incentives for Municipalities (AIM) which replaced in 2006 the previous approach to revenue sharing in the case of dissolution or consolidation. The current provision (AIM) allows the remaining municipality to receive the full amount of aid that the dissolved entity received. Thus, the remaining entity receives the combined total in state aid that both municipalities were receiving separately. In order to encourage local municipalities to consolidate, a further provision will increase the combined state aid that they receive by 25% in perpetuity. The Town of Lake Pleasant will receive 125% of the combined Village and Town state aid in the year following dissolution (and every year thereafter) based upon the formula used to calculate AIM. For 2006, this would have meant an increase of \$1,474 to the Town.

**CHIPS:** The Town of Lake Pleasant will receive no less in CHIPS funding than the Village and Town would have received in total had the dissolution not occurred. Furthermore, if the Village of Speculator has any CHIPS capital balance on the date that the dissolution becomes effective, the CHIPS capital balance will transfer in total to the Town of Lake Pleasant and will be available for any highway-related capital projects that will fall within the jurisdiction of the Town.

**State Mortgage Tax:** The mortgage tax revenue currently received by the Village of Speculator will go to the Town of Lake Pleasant if the Village dissolves.

**Utility Gross Receipts and Telephone Commissions:** Under state law these Village revenues become Town revenues for two

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years following dissolution of a Village, but are discontinued after year two (2006 Actual Village Utility Gross Receipts - \$9,182)<sup>5</sup>.

**STAR revenues:** Because these revenues are based on parcels, this revenue would become Town revenue if the Village were to dissolve.

A complete list of revenues for the current Village and Town governments, as well as for a merged government have been estimated and are detailed in the Appendix A.

*P. Change in Expenses* Changes in expenses for all functions of the current Village and Town governments have been estimated and detailed in the Appendix B.

*Q. Estimated Tax Impact* Changes in the tax rate and a tax bill for a home with an assessed value at \$100,000 for all functions of the current Village and Town governments have been estimated. (See Appendix D).

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<sup>5</sup> The Village did not have any Telephone Commission revenue as of 2006 Financials

## SECTION 2 – SHARED SERVICES OPPORTUNITIES

Based on our analysis of current Village and Town operations, CGR believes there are several opportunities for the two municipalities to reduce costs and provide more cost effective services by jointly managing delivery of the services described below.

### **Refuse Collection Services**

Both the Village and Town run and manage separate refuse collection operations, as part of the DPW/Highway operations. Both have their own fleet of equipment and both have their own employees. Employee pay and benefit scales are slightly higher, on average, in the Town, but the difference is not significant enough to require additional adjustments for switching staff from one employer to the other. Employees in both entities are non-unionized, which greatly simplifies opportunities to create a shared services agreement between the Town and the Village.

Currently, the Village collects refuse/trash one day a week for residential customers in the winter, with two pickups a week in the summer, and two pick-ups per week for commercial customers. The Village budgets the equivalent of 1.8 full-time equivalent (FTE) employees. The Village has a refuse collection truck (packer), and also uses a small dump truck for this work. The cost of this service was \$ 80,918 in 2006 (OSC expense figures). The cost is paid for in the general budget, i.e. it as part of the budget paid for by the local property tax.

The Town collects refuse and trash twice a week for both residential and commercial customers year round as well as recyclables once per week. The Town budgets the equivalent of 1.5 FTE employees as an expense for refuse collection (in addition, the Town budgets for 1 FTE for recycling to work at the landfill – this position would not be affected by any refuse collection efficiencies). The Town has its own refuse collection

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truck (packer) dedicated for this purpose. This service is provided to properties included in the Town refuse district. Not all properties in the Town are included in the refuse district. The cost of this service was \$136,888 in 2006 (OSC expense figures). Costs are paid for ad valorem by property owners in the refuse district.

CGR's observations as well those of a number of Village and Town residents interviewed for this project suggests that refuse collection services could be much more efficiently managed, especially if Village and Town operations were centrally managed within one district. Currently, collection routes are haphazard, with substantial criss-crossing, redundancy of routes and lack of systematic routine. Opportunities to improve refuse collection management include:

- 1) Refuse collection routes should be established which set the expectation of one pick-up per designated day. The refuse collection crew should only stop at each site once per pick-up day, on a regular sequence, on schedule, with the routes becoming clearly understood and residents expecting pick-up in the sequence. Thus, for example, residents at the start of a route need to have their trash cans ready to be picked up at the start of the day, and customers at the middle or end of the routes know they have customers until later in the day to get their trash out, if they so choose in order to minimize disruption by wildlife. If putting out trash early in the morning of collection days becomes impractical or undesirable for residents, the refuse collection routes could be started later in the day. The refuse collection routes and the amount of refuse routinely put out for collection is such that all of the Town and Village routes can be completed, with one pick-up per household or business, in less than a full day.
  
- 2) If refuse collection routes were designed to incorporate both Town refuse district customers and Village properties, the routes would be designed to be scheduled in quadrants, which would eliminate criss-crossing and route redundancy. CGR and others believe that one refuse truck and crew could

routinely pick up all regular refuse routes in the Village and Town in one day (although there might be different quadrants picked up on different days). At some times, it might be necessary to supplement the regular crew with an additional dump truck, but this would be the exception. Designing consolidated routes to be covered by one crew would allow either the Town or the Village to surplus one of the two refuse packers. The extra packer could either be sold for estimated one-time revenue of a range of \$25,000 - \$50,000, or kept to significantly extend the useful life of the two trucks by alternating their use, keeping one as a back-up. Shifting to one standard refuse collection crew would also free-up at least one full-time position. A reasonable projection for cost savings by eliminating one full-time DPW position, including benefits, is \$35,000 per year.

- 3) Management of a shared service refuse collection operation could be done by either the Village or the Town. If operated by the Village, the Town would contract with the Village to provide refuse collection within the Town district, and cost savings would be shared by lowered general fund taxes to Village taxpayers and lower refuse district taxes in the Town refuse district. If operated by the Town, the Town would expand its refuse collection district to include the Village, and would develop a new refuse collection fee that would be standard for everyone in the new combined district, with the fees being lower than current taxes to account for the operating efficiencies identified. This would have the effect of shifting costs for Village taxpayers from their general property tax to a refuse collection district fee. Because approximately 26% of the taxable assessed property in the Village is state or Timber Company owned land, the state and timber company in effect subsidize refuse collection costs by approximately \$21,000 (total cost x 26%). Shifting refuse costs from the general property tax to a refuse collection fee will eliminate that subsidy, i.e. all refuse collection costs will be shifted to refuse service users. However, offsetting this shift will be the cost saving efficiencies identified above, with the result that overall net costs to refuse district users would still decrease.

- 4) Summary. Through personnel savings and other savings (reduction in fuel costs through efficient routing and reduction of maintenance costs for one of the two refuse packers), refuse collection costs should be able to be reduced conservatively in the range of \$20,000 to \$40,000 depending on the property tax implications based upon whether the Village or the Town runs the service.

## Highway/DPW Operations

Both the Village and Town run and manage separate DPW/Highway operations. Both entities operate and maintain their own DPW barns/facilities, both have their own fleet of equipment and both have their own employees. As noted in the Refuse Collection Services discussion, titles, pay and benefits are close enough between the Town and the Village that there would be little cost impact of moving employees from one entity to the other.

Currently, the Village operates its DPW with five FTE staff (1.8 FTE are devoted to refuse for analysis purposes – see above) and in 2006 it spent \$189,128 for highway related services not counting benefits. In addition, the DPW maintains the parks and the Village spent an additional \$42,453 to maintain these. These costs are exclusive of the costs associated with refuse collection services as they have been detailed previously.

The Town highway department employs 13 FTE staff plus a very part time clerk, a seasonal laborer, a part-time laborer and a Highway Superintendent. In 2006, the Town spent \$529,840 for town wide highway related services including parks and recreation and employee benefits. It spent \$188,803 for Town outside of Village services which included benefits. It is worth noting that the Town does receive a State contract to reimburse a portion of this work related to snow plowing of state and county highways.

In 2007, one of the DPW workers within the town ran for election as the Town Highway Superintendent. His platform was that he

could operate the town highway department with five fewer people than are currently employed. CGR conducted some interviews with Village and Town personnel and it is our conclusion that there is indeed some potential overlap with services that are being provided inefficiently. In addition to refuse collection, it is reasonable to assume that a centrally run combined operation would result in up to 3-5 FTE positions being eliminated over time through attrition. At an average of \$35,000/person, that would result in personnel savings that ranges from \$105,000 - \$175,000.

There is little equipment overlap or redundancy between the two entities and what they have appears to be adequate to meet the needs of both municipalities. However, we anticipate that equipment would be re-evaluated in a shared services arrangement and some equipment may be sold, or just put on a rotation to help lengthen the useful life of the pieces.

Our initial review suggests there would continue to be two highway garages. However, the site of the current Town highway department has capacity to absorb the fleet and work of the Village DPW. Over time, a shared services agreement may eventually lead to the selling of the Village parcel that currently houses the Village DPW.

## **Comments on Other Operations**

### *Clerk Functions*

Both the Village and Town have separate Clerk functions. The Town Clerk is an independently elected official, whereas the Village Clerk is appointed. Town Clerks can be appointed by the Town Board, however, only after a voter referendum to switch to an appointed Town Clerk. Having an elected Town Clerk limits the opportunity to create a shared services Clerk function, as elected Town Clerks can change how they organize to carry out their functions. However, if the Village dissolves and the Town Clerk takes over Village functions, CGR believes that a single Town Clerk function could be provided adequately with fewer FTE staff than currently budgeted.

The Dissolution Committee assumed in its plan that there would be no net savings by consolidating the Clerk functions. Currently, the Town Clerk function includes 2.5 FTE positions – the Town Clerk, a part-time deputy clerk, and an FTE accounts payable clerk/secretary. Approximately .75 FTE of Town Clerk staff is assigned to functions in support of the Town Court, which still leaves 1.75 FTE for Town Clerk functions. Currently, the Village Clerk function includes 1.5 FTE positions – the full time Village Clerk/Treasurer and a part-time deputy clerk. The combination of current Town and Village operations equals 4 FTE positions.

CGR believes that a consolidated operation could be adequately staffed by 3 FTE positions: one Town Clerk (elected position), .75 court clerk and 1.25 deputy/accounts payable clerks. The net savings for this reduction would be approximately the equivalent of one salary and benefits or \$40,000 per year.

### *Fire & Emergency Services*

Fire services are provided by two separate fire departments in the Town. The Village runs a fire department, which is financed through the Village General Fund and is thus a component of the property tax. The Village fire department expenses in 2006 (OSC data) were \$35,904. The Town contracts with the Town of Lake Pleasant Volunteer Fire Department to provide fire protection to the Town fire protection district, which includes all the property in the Town outside the Village. Town fire protection costs are financed through a separate property tax on those properties in the Town fire protection district. Town fire protection expenses in 2006 (OSC data) were \$58,000.

Ambulance/EMS services are provided both inside the Village and to the Town outside the Village by the Speculator Volunteer Ambulance Corps. The cost of ambulance/EMS services are paid by donations and charges from the ambulance company to persons receiving service generally paid for through insurance. In addition, the Town paid the Village a small fee for the service of \$4,176 per 2006 OSC data.

The Dissolution Committee assumed in its Dissolution Plan that the best solution for the community would be to retain the two separate fire departments, with the former Village fire department incorporated as a separate fire district, to provide service in the area formerly covered by the Village fire department. This assumption resulted in no shared services cost efficiencies. Recognizing that the Dissolution Committee had to take into account the fact that the community probably wants to continue with two separate volunteer fire companies, CGR notes that the most cost efficient solution would be to create a single fire department to cover the entire Town, including the Village. While it is likely that fire equipment would continue to be housed in the two current fire stations to minimize travel time for the equipment to get to fire/rescue scenes, it is likely that managing the two operations as a single department would, over time, increase opportunities to deploy firefighters more efficiently, and reduce the amount of equipment needed in total. CGR did not try to estimate the potential cost savings. Cost reductions would be minimal for the time being because there are no labor savings due to these being all volunteer departments. However, the major savings down the road would occur if and when the communities need to purchase or refurbish a large piece of equipment, for one or the other of the fire stations. At that time, a single fire department would be able defer or choose not to make an equipment purchase by taking into account all equipment available in the community and not just the equipment in one department or the other.

If the Village does not dissolve, opportunities for a shared services agreement are limited. The Village could dissolve its department and contract with the Town Volunteer Fire Department. Or, the Town could choose to contract with the Village fire department to provide fire services to the Town fire protection district, in which case the Town of Lake Pleasant Volunteer Fire Department would have no reason to exist and could dissolve. However, pursuing either of these approaches would be counter-productive, in that there would be little if any short-term savings, and lots of ill-will

among the extremely important volunteer base within the community. One way the Town and Village could obtain the benefits of efficient long-term planning of fire protection services, however, would be to enter into a shared services agreement to create a joint fire advisory board which would have approval over all equipment or facilities spending decisions in the future. The board would be able to balance the greater needs of the community and ensure that the community does not make redundant or duplicative expenditures on equipment and facilities.

### *Water and Sewer Operations*

The Village currently runs the water and sewer operations in the community, and provides those services to Town outside Village districts by charging fees to cover their costs. Currently, there are 3 FTE positions in the Village budgeted for water and sewer operations. The same employees work in both operations, and are separate from other Village DPW/Highway operations. If the Village dissolves, water and sewer operations would be run by the Town as a separate department, and funded by separate water and sewer district charges. CGR does not believe that there are any opportunities to reduce costs through a shared services agreement if the Town and Village continue as separate entities, because current operations are already consolidated. However, CGR observed that it may be possible to reduce the cost of current operations by better planning employee work schedules, to reduce overtime costs. One possibility would be to schedule regular duty days, alternating between the three employees, so that one employee is on regular duty time every day of the week, including weekends, by staggering day shifts.

In addition, the Town and Village could, through a shared services agreement, create a joint water and sewer advisory board, which could be given the authority to have approval of all capital expenditures in either system. This would ensure that investments in the systems would be consistent with the growth needs of both the Town and the Village. In essence, the joint advisory board would play a key role in future economic development of the area, in that future development is likely to require water and sewer

system service. Thus, by creating a joint board, the communities would be indicating their willingness to work formally together to ensure the most efficient and equitable delivery of water and sewer services in years to come.

## APPENDICES

All estimates and projections on the tables in this appendix are based on the Fiscal Year 2006 actual expenses of the two municipalities.

### *Appendix A*

Actual Revenues, Combined and Projected Revenues  
for the Village of Speculator for (FY 2005-06)  
and the Town of Lake Pleasant (FY 2006)

### *Appendix B*

Actual Expenses, Combined and Projected Expenses  
for the Village of Speculator for (FY 2005-06)  
and the Town of Lake Pleasant (FY 2006)

### *Appendix C*

List of Fixed Assets for the Village of Speculator

### *Appendix D*

Estimated Tax Tables

### *Appendix E*

Village Law – Article 19 (Dissolutions)

### *Appendix F*

Civil Service Law – Article 5, Title A, Section 70 (Transfers)