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# Proposed Dissolution of the Village of Forestville

## Projected Service and Fiscal Impacts

October, 2015

**Prepared for:**

Forestville Dissolution Committee and Village of Forestville

**Prepared by:**

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## Summary

Residents of the Village of Forestville have petitioned to conduct a referendum to dissolve the village. This study is intended to provide basic information about the potential impacts of dissolution to allow voters to make an informed choice when voting on the referendum. If residents choose to dissolve the village, a more in depth study that includes the development of a specific dissolution plan will need to be conducted. Residents will have an opportunity to shape, consider and approve any dissolution plan before it takes effect. The question of dissolution will appear on the ballot on November 3, 2015.

### Projected Service Impact

The primary services provided by Forestville are fire protection, emergency ambulance service, maintenance of public rights of way, dog control, building inspection, and water supply. After dissolution, each of these services would continue to be provided at similar levels as they are today. The Town of Hanover would be able to provide the service directly, establish special districts and enter into appropriate service contracts. Certain functions related specifically to the operation of a village government would cease to exist, such as the mayor and clerk.

### Projected Fiscal Impact

Dissolving the Village of Forestville would eliminate a municipality and change the method by which services are delivered. It would not substantially change the level of municipal service in the area. The taxpayers in the village would see a reduction in municipal taxes of about 55 percent from about \$13.60 per thousand dollars of assessed value to about \$6.20 per thousand of assessed value. The assessed value is very near to market or full value. This would be about \$645 in annual savings for taxpayer who owns the median-priced home (\$93,000). The anticipated service and

<b>Forestville Village Tax Comparison</b>			
	Current	After Dissolution	Change
2015 Village Tax	\$ 10.63	\$ -	\$ (10.63)
Fire Protection District	\$ -	\$ 1.50	\$ 1.50
Light and Sidewalk District	\$ -	\$ 1.70	\$ 1.70
General Townwide	\$ 2.10	\$ 1.70	\$ (0.40)
General TOV	\$ -	\$ -	\$ -
Highway -Townwide	\$ 0.86	\$ 0.90	\$ 0.04
Highway -TOV	\$ -	\$ 0.40	\$ 0.40
<b>Total</b>	<b>\$ 13.60</b>	<b>\$ 6.20</b>	<b>\$ (7.40)</b>
<i>Estimated tax rates shown in cost per thousand of assessed value.</i>			

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fiscal impacts are described in more detail in the report. The included assumptions are based on interviews with representatives of Forestville and Hanover governments.

After dissolution, Forestville residents would no longer pay a village tax, but they would pay two new special district taxes one for fire service and one for public space maintenance (e.g. street lights and sidewalk maintenance). The general townwide tax rate would decrease with the application of the Citizen's Empowerment Tax Credit (CETC)<sup>1</sup> to Hanover's general fund. The CETC is received as additional state aid to municipalities and based on the 2015 tax levies of both the town and village. It is estimated to be \$186,000. CETC is considered to be an increase in state aid to municipalities and would continue perpetually under current law.

Forestville residents would continue to pay the townwide highway tax and would now pay the town outside village highway tax, which combine to be about \$1.30 per thousand of assessed value. Both of the highway taxes are projected to increase under this model to provide the increased services to Forestville.

Residents of Hanover outside of Forestville will have minimal impact to their tax rate. Using the same model, their taxes would remain flat or increase up to 0.50 cents per assessed thousand depending on their fire protection district. The projected maximum increase on a median value home (\$95,000) would be about \$50 annually at the highest impact. The actual tax rates and levels of service will be set by the actions of the Hanover Town Board following dissolution and the final rate could be lower. The values present in the report are only estimates. There will not be a substantial change to the amount paid for water service or debt on the new water infrastructure.

## Dissolution Process

Village residents will vote on November 3rd to dissolve or keep their village government. If the decision is to dissolve, the Village Board will need to create a dissolution plan that will describe the actions that will be undertaken to dissolve the village and provide service to the residents after dissolution. Village residents will have an opportunity to engage in the development of the dissolution plan. The plan must be adopted by the Village Board within 180 days of the dissolution vote. After it is adopted, the plan is presented to the public and is subject to both revision and a referendum. The time between a vote for dissolution and the actual dissolution varies depending on the process but is usually more than a year. There are state grants available to defray costs specifically related to dissolution.

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<sup>1</sup> The CETC is aid from New York State that is provided as an incentive for municipalities to dissolve.

## Acknowledgements

CGR would like to thank Mayor Kevin Johnson, Supervisor Todd Johnson, Clerk Janine Salzman, Deputy Clerk Christine Decker, and their respective staff members for their assistance in gathering information related to this study.

## Staff Team

Spencer Gurley-Green assisted with data entry and analysis. Katherine Bell managed the website and developed maps. Kent Gardner, Ph.D. served as the senior advisor on the project.

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## Study Background

Residents of the Village of Forestville have petitioned to conduct a referendum to dissolve the village. The dissolution vote will take place under Article 17-A of the General Municipal Law that allows for a referendum on dissolution to occur prior to the development of a formal plan for dissolution. The Village of Forestville, with the support of Southern Tier West Regional Planning and Development Board and a grant from the New York State Department of State, contracted with CGR to conduct a high level review of the impact of dissolution on the services and financial obligations of the residents.

This study is intended to provide basic information about the potential impacts of dissolution to allow voters to make an informed choice when voting on the referendum. If residents choose to dissolve the village, a more in depth study that includes the development of a specific dissolution plan will need to be conducted. Residents will have an opportunity to shape, consider and approve any dissolution plan before it takes effect. The question of dissolution will appear on the ballot on November 3, 2015.

## Impact Overview

Dissolving the Village of Forestville would eliminate a municipality and change the method by which services are delivered. It would not substantially change the level of municipal service in the area. The taxpayers in the village would see a reduction in municipal taxes of about 55 percent from about \$13.60 per thousand dollars of assessed value to about \$6.20 per thousand of assessed value. The assessed value is very near to market or full value. This would be about \$645 in annual savings for taxpayer who owns the median-priced home (\$93,000). There would be minimal impact on Hanover residents outside of Forestville. The anticipated service and fiscal impacts are described in more detail below. The included assumptions are based on interviews with representatives of Forestville and Hanover governments.

Assignments of expenses and revenues into the different town budgets is based on existing expenses. If Forestville dissolved, there would still be the village of Silver Creek inside the town of Hanover. Therefore, a budget for both townwide and town outside village (TOV) budgets for the general fund and the highway fund would still exist.

## Projected Service Impacts

The primary services provided by Forestville are fire protection, emergency ambulance service, maintenance of public rights of way, dog control, building inspection, and

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water supply. After dissolution, each of these services would likely continue much the same as they are currently provided, however the Town of Hanover would be the provider. The town may provide the service directly, establish special districts or enter into appropriate service contracts with other providers. Certain functions related specifically to the operation of a village government would cease to exist, such as the mayor and clerk.

The municipal service levels discussed are based on normal activities after dissolution. There would be substantial work for these individuals leading up to dissolution. The service levels presented may be changed as part of the dissolution planning process or after dissolution by the town. The fiscal impact model is based on these levels of service.

## Clerk

- The clerk position has a title of deputy clerk and is a part time position of about 20 hours per week. 65 percent of the time is budgeted for general fund activities and 35 percent for water fund activities. Typical general fund tasks include answering FOIL requests, filing, taking minutes and maintaining records from meetings and creating claim vouchers. Water fund activities include generating invoices and receiving payments.
- After dissolution, the responsibilities would either cease or be absorbed by the Town Clerk's office. It is anticipated that few remaining general fund responsibilities would be absorbed by the Clerk's office with no additional expense. The water fund responsibilities will be discussed under "financial staff."
- For the fiscal model, all general fund clerk expenses were eliminated and water expenses were placed in the water district.

## Code/Zoning Enforcement

- The code enforcement officer in the village is a salaried part time position. The incumbent shares his time between several municipalities. He is salaried for \$4,800 per year. He reviews plans and inspect properties.
- After dissolution, the responsibilities would fall to the town building department. They anticipate needing to add another part time employee for an estimated \$6,300.
- For the fiscal model, \$6,300 was added into the town's TOV fund.

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## Dog Control

- The Village contracts with an individual to serve as the dog control officer for \$2,000 plus \$300 for contractual expenses.
- After dissolution, it is presumed that the Hanover dog control officer would provide services for an increased cost of \$ 2,300 in the TOV budget.

## Elected Officials

- Forestville has an elected mayor and 4 trustees.
- After dissolution, those positions would be eliminated with about \$7,500 in savings.
- For the fiscal model, all expenses for mayor, deputy mayor and trustees were eliminated.

## Facilities Cleaner

- The village has a building cleaner responsible for maintenance of the two village buildings. The incumbent works 2.5 hours per week.
- After dissolution, Hanover would maintain one building for DPW functions and the fire district formed from the existing fire department would maintain the other building for their functions. It is assumed that the cost would be split between those two entities and would remain constant.

## Financial Staff

- Forestville employs a part time treasurer and a part time claims auditor. The treasurer works 20 hours per week. His time is split approximately 65 percent general fund and 35 percent to the water fund. The claims auditor is salaried at \$4,800 per year and has the same split of her time. She works about 10 hours per week. The total time for the two positions is estimated at 19.5 general fund hours and 9.5 hours for the water fund. The treasurer processes payroll, pays approved vouchers, reviews bank statements and works with the auditor and clerk to maintain the financial records. The claims auditor reviews all vouchers and payroll submissions prior to being paid by the treasurer.
- After dissolution, the general fund responsibilities would cease to exist. Between the auditor, clerk and treasurer, there is an estimated 15 hours per week of time needed to support the water fund billing and account maintenance. The town clerk's office would need to add about 15 hours to accomplish this work.



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- For the fiscal model, all general fund expenses were eliminated. The existing budget amount of \$13,860 for accounting, treasurer and clerk in the water fund was moved to the new water district.

## Fire Department

- The Forestville Fire Department is a 100 percent volunteer department that provides fire protection to the village and surrounding area in Hanover. The fire department also provides a basic life support ambulance service to the village. The ambulance also responds to Hanover and nearby areas under mutual aid. The village has contracts with Hanover and other towns to provide financial support for these services. The Forestville Fire Department recently incorporated as an independent organization, although they are still controlled by the Village Board.
- After dissolution, this model presumes that the fire department would become fully independent and receive the assets including all firefighting equipment and the fire station from the village at a nominal cost. Hanover would establish a fire protection contract for the village with the Forestville Fire Department. This is similar to how fire protection is handled in most of the rest of the town. It is presumed that the cost for this service would remain similar to the existing cost. However, there are two years left on a bond for recent apparatus purchases that would be an obligation of the fire protection district residents (including village residents) and the costs would drop when the debt is retired in two years.
- For the fiscal model, the Village joined the fire protection district for the area immediately around the village (Fire Protection District # 1). All current costs for the fire department in the general fund including the debt repayment for the ambulance and fire truck were moved into a separate budget. This includes half the cost of the cleaner. The new fire protection district taxable assessed value would include the current FPD plus the area currently in the village.

## Planning and Zoning Boards

- After dissolution, the planning board and zoning board would be dissolved.
- Hanover would become responsible for those functions with no increase in cost.

## Police Services

- The Village currently receives services from the Sheriff and State Police at no cost. Hanover contracts for \$381,000 with the Sheriff for enhanced road patrol. The current enhanced service contract does not include Forestville.

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- Although the actual increase for the contract to provide enhanced service to Forestville is unknown and might be negligible, to present a conservative model, we estimated that a ten percent increase in population covered by the enhanced patrolling might bring a ten percent increase in cost for services. Therefore, the amount of the contract was raised to \$419,000.

## Public Works

- The village public works department has two full time employees who divide their time between maintaining the water system and supporting the village's infrastructure. The budgeted division of labor is 35% to water funds and 65% to general funds. In the last fiscal year, the actual split is 47% water fund and 53% general fund. For the water fund, the employees monitor the wells, conduct water treatment activities, maintain the supply system, make any necessary repairs and conduct the radio meter readings. For the general fund, the employees' responsibilities include conducting snow removal activities for roads and sidewalks, making small repairs to the roads, picking up brush, maintaining public spaces, and overseeing the streetlights.
- After dissolution, the town would become responsible for all of these tasks. For financial modeling, the presumption is that the town would continue to provide all services, although some services (sidewalk, lighting and brush pick up) would be paid for by districts in the former village area. In Hanover, the water and highway functions are separate job classifications. To present a conservative fiscal model, a full time position would be added for the water department and these costs would be the responsibility of a separate water district for the former village. This would be an increased cost based on the higher pay scale in the town. Also, the highway department would add a single full time position, however because of the higher pay scale in Hanover, all salary costs from the village position will carry over into the town budget.

## Senior Services

- There is also a Senior Citizen's Committee that is part of the recreational committee that the Village serves by allowing them use of the meeting hall for luncheons and Meals On Wheels.
- The Town pays \$600 annually to subsidize this service and would continue to do so in the TOV Fund after dissolution.

## Water Services

- Forestville's Public Works Department operates its own water system that is funded by user charges. The system was recently rebuilt with 11.6 miles of piping and two new wells. The project was funded using a 30 year zero interest loan from the New York Environmental Facilities Corporation. The residents are paying a quarterly debt repayment fee and are billed for usage on a semi-annual basis. The annual repayment of the loan is \$131,000. Although individual bills differ, this averages to a cost of \$540 per household annually.
- After dissolution, the Town would establish a water district to provide the service, bill the users for service and retire the debt. The operations, expense and revenue related to the district would remain separate from the general fund. Based on available information, the cost for water service and debt for the water system will not be change substantially after dissolution.

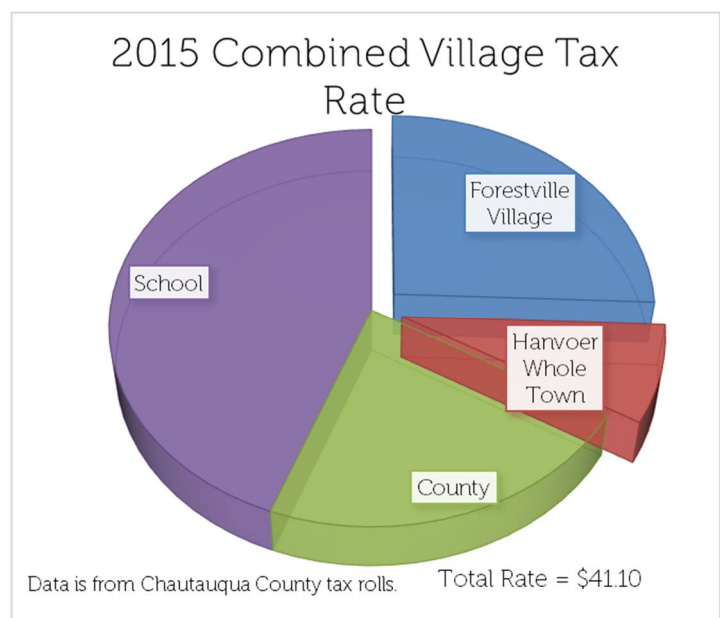
## Youth Services

- The Village spends about \$12,000 on youth services during the summer months for a program the school.
- After dissolution, it is projected that Hanover would continue these services at the same cost, paid for out of the TOV Fund.

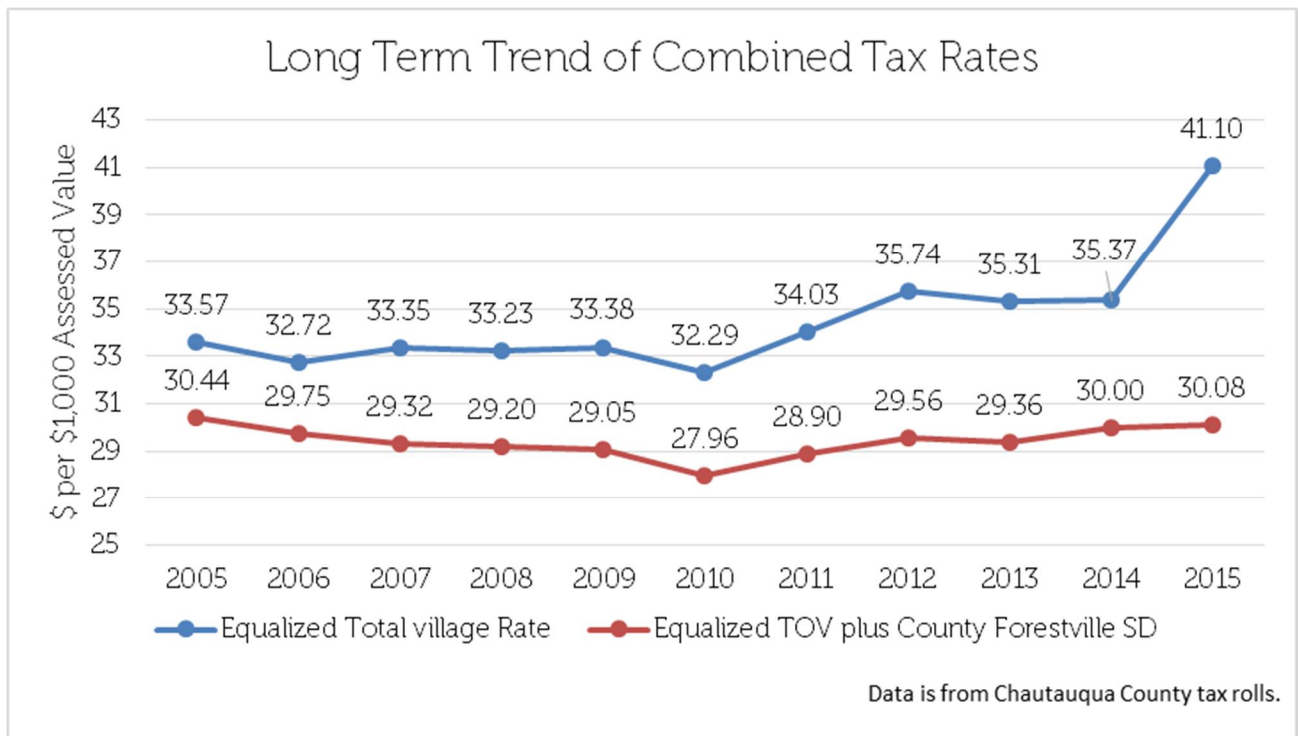
## Projected Fiscal Impacts

In 2015, a Forestville resident has a combined tax levy of \$41.10 per assessed thousand including Forestville, Hanover, Chautauqua County and Forestville School Districts. The village and town taxes are the only two tax rates that will be impacted by the dissolution and they account for about a third of the total tax bill. The remaining two thirds are not influenced by this process.

Forestville residents have recently seen a substantial rise in their combined tax rate after nearly a decade with only marginal increases.



The primary reason for the rise was a doubling of the village's tax rate in 2015. The graph below shows the long term trend of combined village tax rates compares with town outside village tax rates.



## Projected Tax Changes for Current Forestville Residents

One of the primary motivations for a community to dissolve its village government is to reduce taxes and duplication of services. CGR projects tax changes by working with a single budget <sup>2</sup>year from the involved municipalities and projecting how the budget would be different if the village did not exist. Parallel to the service change analysis, a line by line analysis of both budgets is undertaken to model how services would be supported after dissolution. The result is an estimation of the new tax rate for a resident of Forestville after dissolution. The estimated tax rate is intended to present a conservative projection by using less favorable assumptions such as higher wages or increased police costs.

<sup>2</sup> CGR uses budgets for this process because they are what is used to set the tax rates. While actual expenditures are an option for estimating costs, we feel that budgets are a better reflection of the long term fiscal environment than any single year.

Based on our projections, Forestville residents would see their municipal<sup>3</sup> tax rate fall from \$13.60 to about \$6.20. This represents an approximately 55 percent savings from the current municipal portion of the tax bill. For a home owner with a median value home of \$93,000, the projected savings by the dissolution in the village tax is \$645 when the slight increase in town taxes are included.

<b>Forestville Village Tax Comparison</b>			
	Current	After Dissolution	Change
2015 Village Tax	\$ 10.63	\$ -	\$ (10.63)
Fire Protection District	\$ -	\$ 1.50	\$ 1.50
Light and Sidewalk District	\$ -	\$ 1.70	\$ 1.70
General Townwide	\$ 2.10	\$ 1.70	\$ (0.40)
General TOV	\$ -	\$ -	\$ -
Highway -Townwide	\$ 0.86	\$ 0.90	\$ 0.04
Highway -TOV	\$ -	\$ 0.40	\$ 0.40
<b>Total</b>	<b>\$ 13.60</b>	<b>\$ 6.20</b>	<b>\$ (7.40)</b>
<i>Estimated tax rates shown in cost per thousand of assessed value.</i>			

After dissolution, Forestville residents would no longer pay a village tax, but they would pay two new special district taxes one for fire service and one for street lights, sidewalk maintenance and other public space maintenance.<sup>4</sup> The general townwide tax rate would decrease with the application of the Citizen's Empowerment Tax Credit (CETC)<sup>5</sup> to Hanover's general fund. The CETC is received as additional state aid to municipalities and based on the 2015 it is estimated to be \$186,000. CETC is considered to be an increase in state aid to municipalities and would continue perpetually under current law.

Forestville residents would continue to pay the townwide highway tax and would now pay the town outside village highway tax, which combine to be about \$1.30 per thousand. Both of the highway taxes are projected to increase under this model to provide the increased services to Forestville.

Residents of Hanover outside of Forestville will have minimal impact to their tax rate. Using the same model, their taxes would remain flat or increase up to 0.50 cents per assessed thousand depending on their fire protection district. The projected maximum increase on a median value home (\$95,000) would be about \$50 annually at the

<sup>3</sup> Town and village services combined.

<sup>4</sup> There might be several special districts created to serve these needs, but the net cost would be similar.

<sup>5</sup> The CETC is calculated as 15 % of the combined property tax levy of the municipalities (Forestville and Hanover) impacted by the dissolution.

highest impact. The actual tax rates and levels of service will be set by the actions of the Hanover Town Board following dissolution and the final rate could be lower. The values present in the report are only estimates. There will not be a substantial change to the amount paid for water service or debt on the new water infrastructure.

## Dissolution Process

Village residents will vote on November 3<sup>rd</sup> to dissolve or keep their village government. If the decision is to dissolve, the Village Board will need to create a dissolution plan that will describe the actions that will be undertaken to dissolve the village and provide service to the residents after dissolution. Village residents will have an opportunity to engage in the development of the dissolution plan. The plan must be adopted by the Village Board within 180 days of the dissolution vote. After it is adopted, the plan is presented to the public and is subject to both revision and a referendum. The time between a vote for dissolution and the actual dissolution varies depending on the process but is usually more than a year. There are state grants available to defray costs specifically related to dissolution.

## Demographic Context

The population in Forestville fell from 738 in 1990 to 697 in 2010, a decrease of 6%. Hanover had a slightly smaller drop of 3% over the same period, while Chautauqua County lost 5% of its population. The median age in Forestville has increased slightly from 37.3 in 2000 to 39.4 in 2010. The share of the population under 18 increased, while the share of the population 65 and over decreased. The aging of the population is more pronounced in Hanover and Chautauqua, whose median ages increased by 4.1 and 3.0 years respectively from 2000 to 2010. The population under 18 has also decreased by about 3 percentage points in both Hanover and Chautauqua along with a slight increase in the population over 65 in both the town and the county.

Year	Forestville		Hanover		Chautauqua	
	2000	2010	2000	2010	2000	2010
Under 18	25%	26%	25%	22%	25%	22%
25 to 44	29%	26%	28%	23%	26%	22%
65 and older	15%	15%	16%	17%	16%	17%
Median Age	37	39	39	43	38	41

Median household income in Forestville has risen from \$44,300 in 2000 to \$48,500 in 2013<sup>6</sup>, while household income has dropped for Hanover and Chautauqua over the same period. In 2013, the median income in Forestville was \$1,700 more than Hanover and \$6,000 more than Chautauqua.

	Forestville		Hanover		Chautauqua	
	2000	2009-13	2000	2009-13	2000	2009-13
Median Household Income	\$ 44,343	\$ 48,482	\$ 50,821	\$ 46,782	\$ 45,262	\$ 42,429
Median Home Value	\$ 77,517	\$ 92,600	\$ 92,804	\$ 95,100	\$ 86,581	\$ 83,500

Source: US Census. All figures in 2013 dollars.

Median home value has increased substantially in Forestville from \$77,500 in 2000 to \$92,600 in 2013. Hanover saw a smaller increase of \$2,300, while the home values in Chautauqua decreased by \$3,000. The median home value in Forestville was well below the town and county in 2000; however, Forestville's rise in home values has pushed the median in Forestville above Chautauqua and \$2,500 below Hanover.

<sup>6</sup> ACS 2009-13, figures are in 2013 dollars