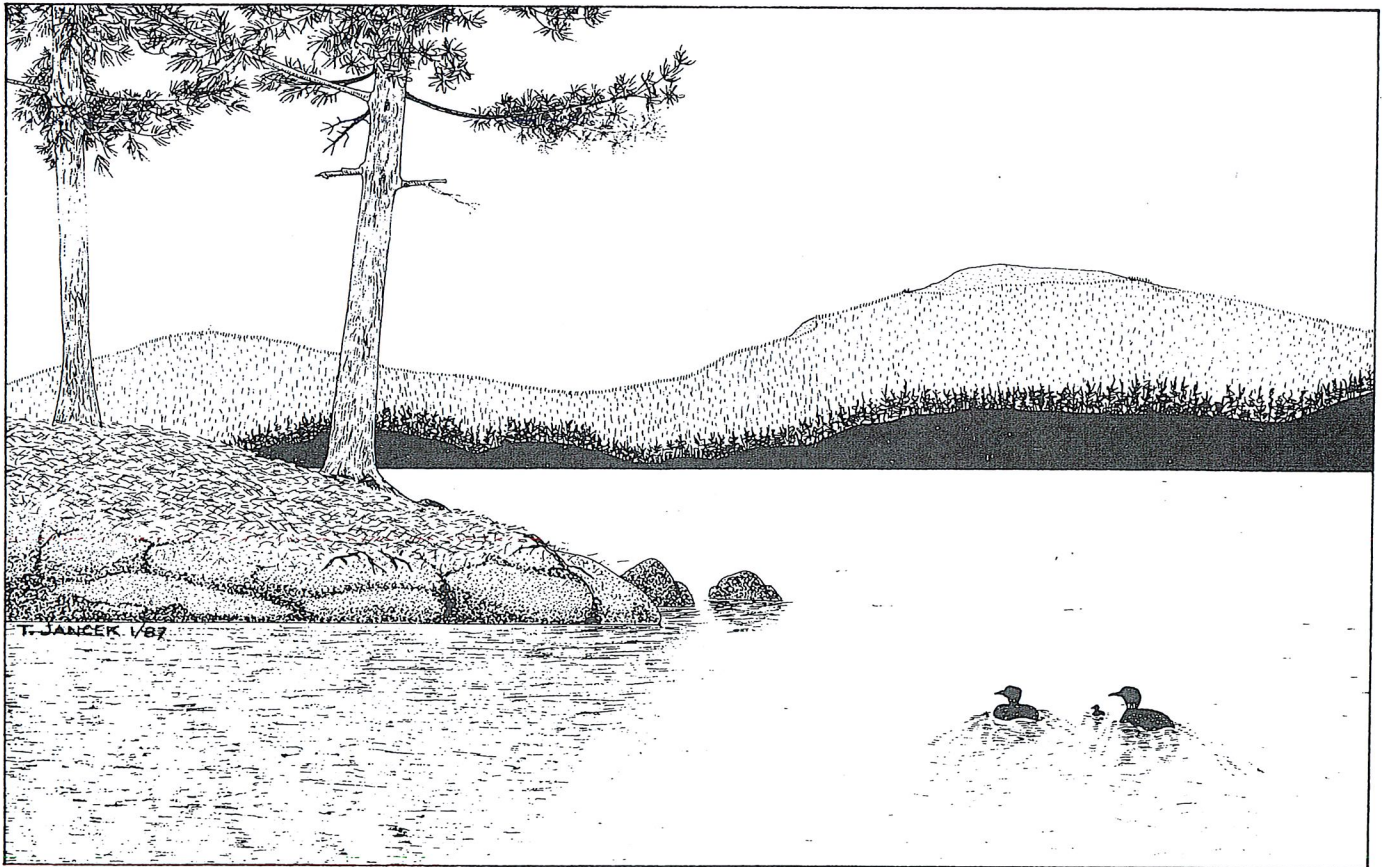


North Country Economic Research Center Staff Report

Final Report to the
Massena Town/Village Consolidation Committee

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INTRODUCTION

The issue of government consolidation is not a new one in Massena, nor a new topic in New York state. Increasing pressure on local government finances plus the increasing complexity of local problems have driven many communities to consider merging or devising ways for closer cooperation. It is a particularly common topic for discussion between a village and its respective town. In comparison to a city form of organization, incorporation as a village does not remove village land or residents from participation in the town. Village real estate is still taxable by the town and the village residents remain citizens of the town. Furthermore, the relationship between village and town economies is particularly close. Cooperation between villages and towns is, therefore, often quite productive as has been the case in Massena.

As the populated center of the community grows, the demand for urban-style services--particularly sewer and water--often creates a very practical drive toward a full merger of the individual governments. By adopting a full merger, the communities expect that both general management and specific services can be delivered more efficiently and equitably. Long term land use planning and zoning is more coherent with a larger government entity.

Formal consolidation of the Town and Village of Massena was evaluated in 1968 again--quite extensively--in 1974. Under the leadership of Mayor Laurence White, the Douglas Kingsley firm was hired to conduct a comprehensive analysis of services provided by the Village, Town, and School District of Massena. While the Kingsley study did discover many ways in which joint service delivery would reduce the cost of local government, restrictive statutory debt limits for small city school districts made city status inappropriate at that time.¹ The Village and Town of Massena did take steps toward more cooperative service provision, thereby reducing the costs of local government.

Renewed interest in government consolidation has been stimulated by the development of the St. Lawrence Centre, a major new regional commercial activity. The success of this development to date is due to extensive cooperation between the Village and Town of Massena.

As the shopping center had to have municipal water and sewage, the Village ability and willingness to extend service to a development occurring outside Village limits highlight the potential benefits of consolidation. Concerns about induced growth near the new facility--

¹This restriction was eliminated in 1985.

ECONOMIC & DEMOGRAPHIC STATISTICS: MASSENA COMMUNITY

Population	1980	1986 (est)								
Town/Village										
Massena Village	12,851	12,280								
Massena Town (outside)	2,222	1,920								
Massena Town (all)	14,856	14,200								
Louisville Town (outside)	2,729	2,729								
Massena in Louisville	217	231								
Louisville Town (all)	2,946	2,960								
			Revenue	Sales	Full Value '89	On 89 FV	On 89 FV			
			Sharing '89	Tax '89	Value '89 (ALL)	(TOWN, VILL)				
Massena Village	\$327,959	\$669,992	\$133,787,230	40.61	40.61	14.34				
Massena V in Massena Town		\$620,099	\$123,823,898	40.84	40.84	14.66				
Massena V in Louisville Town		\$49,893	\$9,963,332	37.78	37.78	10.34				
Massena Town	\$290,056	\$861,333	\$171,998,232	27.19	27.19	1.92				
Louisville Town (outside)		\$204,806	\$40,897,218	30.39	30.39	3.57				
Louisville Town (all)	\$51,917	\$254,699	\$50,860,550	31.84	31.84	4.89				
Property Taxes Paid by Jurisdiction										
Town/Village	Town	Village	County	School	TOTAL					
Massena Village	\$228,838	\$1,586,451	\$1,004,499	\$2,236,989	\$5,056,778					
Massena Town (outside)	\$329,867	\$0	\$1,395,305	\$2,951,796	\$4,676,968					
Louisville Town (outside)	\$145,863	\$0	\$330,638	\$766,226	\$1,242,727					
Massena in Louisville	\$12,074	\$90,997	\$80,550	\$192,830	\$376,450					

requiring additional sewer and water hook-ups--and increasing need for police and fire protection and road maintenance as the area develops also focused interest in consolidation. A Village-Town Consolidation Committee was formed to see if a sound basis existed to join Massena's local governments into a larger entity.

The Committee asked the North Country Economic Research Center at Potsdam College to study the impact of consolidation from the perspective of revenue and expenditure. Consolidation could take one of several forms: First, the Village of Massena could be dissolved, leaving the Town of Massena as the sole government. Second, the Village boundary could be expanded to the boundary of the Town, forming a co-terminus Town/Village. Third, the Village and Town could jointly form a city. As the discussion of consolidation became more specific, the impact of any new arrangement on the Town of Louisville became an issue, as a small portion of the present Village of Massena lies within the Town of Louisville. Each alternative form of government could include the participation of Louisville.

The purpose of this report is to evaluate each of the above models of local government for the Massena area. Our analysis starts with an audit of the Kingsley recommendations in Part 2 to see if additional cost savings are possible by consolidating services while retaining existing governmental structures. Since city status has special implications for expenditures and revenues these are reviewed in Part 3 and Part 4 of the report. On the expenditure side, police protection, fire protection, and roads and bridge maintenance are the most important. On the revenue side, sales tax revenue and revenue sharing can be significantly affected by city status.

The fiscal impact of St Lawrence Centre merits special attention and is reviewed in Part 5. Gross sales estimates for St Lawrence Centre permit some projection of the shopping center's impact on revenue. Financial analysis of the town, village, and city consolidation models are contained in Part 6. Our analysis concludes that with the inclusion of St. Lawrence Centre city status offers significant financial advantages to the Massena area. The other forms of government studied do not.

Since Massena may want to consider applying for city status from the State of New York, we discuss the various stages in the process in Part 7. This process would start with the creation of a charter commission and lead to a home rule bill submitted to the state legislature.

A summary of our findings and conclusions appears in Part 8.

PRINCIPAL FINDINGS

1. City status is the only viable option for the Massena area to pursue. City status offers revenue advantages far in excess of expected additional costs. The other models tested provided few revenue advantages with some possible revenue loss. Thus, much of the analysis in the following sections of this report investigates the implications of city status.
2. With city status, the most significant expenditure impacts involve roads and bridges plus police and fire protection. We estimate that city status would add approximately \$225,000 of additional road maintenance expenditures. Bridge expenditures could cost as much as \$300,000 per year, an issue we will address in our recommendations. We have estimated police expenditures could rise by \$200,000 and fire protection by \$100,000.
3. The most significant impacts on revenue are those of the sales tax. First, Massena would receive as much as \$600,000 in additional sales tax revenue were it to simply impose its own 1 1/2% sales tax v. its receipts under the current system of county sales tax distribution. With St. Lawrence Centre and nearby developments generating estimated sales of \$103 million per year, the increase in sales tax revenue from city status would be over \$1.5 million, substantially more than Massena would receive from a county-wide distribution of sales tax receipts.
4. The achievement of city status is a complex legal and political process requiring the formation of a charter commission which prepares a home rule bill for the New York State Legislature. The charter commission process must be comprehensive and carefully planned. It will require financial support at the local level.

RECOMMENDATIONS

1. We recommend that the Town and Village of Massena pursue city status. Our recommendation is based on the significant increases in sales tax revenues anticipated from St Lawrence Centre and other local commercial business. With the added sales tax revenue from St. Lawrence Centre, expenditure increases would be far less than the increases in public revenues.

In addition, city status would likely stimulate long term economic development in the Massena area by improving the business climate. This will benefit other communities in St. Lawrence County in terms of income and employment.

2. On fiscal grounds, we do not recommend that the Town of Louisville be included in the City of Massena at the present time. Louisville would not add significant revenues to the city while it would require significant additional service expenditure costs.

Notwithstanding the fiscal implications, however, the inclusion of Louisville would strengthen economic development and land use planning in the Massena area, promoting a stronger community.

3. Fiscal advantages from city status should be used for property tax relief, after funding necessary additional expenditures.

4. The Village and Town of Massena should jointly create a charter commission to pursue city status.

AUDIT OF SERVICE CONSOLIDATION RECOMMENDATIONS

Cooperative Services-Consolidation Feasibility Project

Douglas R. Kingsley Associates

September, 1974

We reviewed all the recommendations of the Kingsley Report that applied to Massena, short of full consolidation. With the cooperation of the appropriate Town and Village departments, we conducted an audit of these recommendations.² Projected savings in 1974 were estimated at \$136,000, roughly 10% of total expenditures. An audit of these cooperation recommendations shows that a many of the recommendations have been followed. Many of those not followed were found to be no longer relevant, given that almost 16 years have passed since they were issued.

In summary, the Village and Town of Massena already cooperate on service provision to a great degree. We do not anticipate that full consolidation would result an any significant savings, although perhaps as much as 5% of the consolidated budget would be saved.

Nonetheless, many of the recommendations made by the Kingsley group remain valid and have not been addressed. While few of these would result in lower taxes, they would produce better government. We recommend that the pending recommendations be reconsidered. Were the community to seek city status, many of these issues would have to addressed.

I. PHYSICAL SERVICES

1. It is RECOMMENDED a Joint Public Works Department be established (p. 107)

A Joint Public Works Department has not been established. There continues to be the Village of Massena Department of Public Works and the Town of Massena Town Garage.

- a. The Town provides only a Highway Department with a small crew responsible for road maintenance and mowing and plowing at the airport. This department also assumes responsibility for the Library and Town Hall buildings.

²In the material that follows, page numbers refer to the Kingsley Report.

b. The Village Public Works Department is responsible for road maintenance, as well as vehicle maintenance, water, sewer, parks (along with the Joint Recreation Committee), and other tasks. 38 persons are employed at the DPW.

c. There is a great deal of effective cooperation between these two departments although they have remained separate operations. There is cooperation in vehicle needs and services and both departments use the same radio frequency.

2. Roads Division (p. 114-15):

a. Road Surfacing:

- i. It is RECOMMENDED the paving continue to be contracted.

Road surfacing has continued to be contracted and is projected to in the future as well. The Village currently contracts with the St. Lawrence County Highway Department. Because of legal requirements for bidding, the County provides services cheaper than private contractors; scheduling has been effective and the Massena DPW does the "prep" work prior to the county's arrival.

- ii. It is RECOMMENDED the 2.44 miles of gravel road in the Town and Village be paved and included in a fifteen year paving program with Donovan Plan assistance.

There are no more gravel roads within either the Town or Village of Massena.

3. Vehicle Maintenance Division (p. 116-20):

a. It is RECOMMENDED the division's operations be centralized at the Village Department of Public Works garage with school bus maintenance performed primarily at the present school bus maintenance facility (p. 116).

Operations have not been centralized. Because of the expansion of the Village's fleet, if the divisions centralized their operations, the existing facility would need to be expanded (at least another vehicle bay and additional storage).

b. It is RECOMMENDED the present Town Highway garage be used as a cold storage facility providing more working area in the Village garage (p. 116).

Because of the geographical distance between the two facilities, Mr. Cross, Village DPW head, indicated that if the operations did merge it would be best to "sell the Town Garage" and expand the existing facility.

c. It is RECOMMENDED routine vehicle maintenance be done during a "second" or evening shift (p. 116).

The Village currently employs three mechanics. Two mechanics work the "normal" day shift. One mechanic/greaser works from 1:00 pm until 9:00. This has been the policy for nearly 10 years. The "split shift" mechanic does most of the routine vehicle maintenance during the evening portion of his shift.

d. Should a joint vehicle maintenance operation not be implemented, no changes are recommended for the School District vehicle maintenance operations; however, it is RECOMMENDED one Motor Equipment Operator for the Town be designated as a Mechanic-Motor Equipment Operator. It is further RECOMMENDED the Village Department of Public Works adopt an evening maintenance operation (p. 117).

As indicated, the Village has adopted an evening routine maintenance operation.

e. Parts Inventory:

i. It is RECOMMENDED a parts inventory be maintained at each maintenance facility with the initial inventory level determined by the Mechanic Foreman (p. 118).

The Village DPW does not maintain a large parts inventory. Parts maintained in supply include belts, oil filters, spark plugs, etc. Because of the availability of local auto parts dealers and Federal Express, this procedure is operating effectively.

ii. It is RECOMMENDED a file card inventory system be established based on the example provided in the report (p. 118).

An inventory system is in place and is being incorporated into the division's data base operations.

iii. Should separate operations continue, it is RECOMMENDED the above inventory system be adopted by all jurisdictions (p. 119).

f. Scheduling: It is RECOMMENDED the Superintendent of Public Works and the Maintenance Foreman develop a work schedule for the vehicle maintenance shop incorporating a system of priority operations based on the above objectives (p. 119).

The mechanic/greaser is currently developing the work schedule for vehicle maintenance. He projects vehicle use based on previous monthly milage to schedule vehicles for preventative maintenance.

4. Equipment:

As part of our audit of the Kingsley recommendations, a listing of the Village DPW and Town major equipment inventory is attached.

5. FINANCIAL CONCERNS:

a. It is RECOMMENDED the Town Board adopt a resolution exempting the Village residents from Items 3 and 4 of the Town Highway Budget (p. 127).

Village residents have not been exempted from Items 3 and 4 of the Town Highway Budget.

ADDITIONAL NOTES:

1. The Village DPW has recently obtained a PC that is tied into the Village's mainframe system. Many of the cost and budget data are intended to be changed from paper files to data base files.

2. The county currently contacts with the Town of Massena for much of the snow plowing and care of county roads within the Town limits. No additional equipment should be necessary if the Town/Village became responsible for the county roads within the Town of Massena.

3. Water billing, sewage billing, and refuse billing, previously done through local taxes, has been switched to user fees. The Village budget FY is June to June, but with user fees if tipping fees increase (normally in January), it is easier to increase the Village user fees. This was enacted about 4 years ago.

II. HUMAN, PROTECTIVE AND RELATED SERVICES

1. Library:

a. It is RECOMMENDED the School Board and the Town Library Board of Trustees jointly appoint a Library Administrator to coordinate library operations between the Town and the School (p. 132).

No Library Administrator was ever jointly appointed by the School Board and the Town Library Board.

b. It is RECOMMENDED the School District Librarians and the recommended Library Administrator develop a system whereby Public Library books may be loaned to the School District Libraries during the school year and School District library books are made available to the Massena Public Library during summer months (p. 132).

No system has been developed whereby Public Library books may be loaned to the School District Libraries during the school year and School District books made available to the Massena Public Library during the summer months.

c. It is RECOMMENDED a comprehensive card catalogue listing all volumes housed in the Public Library, High School Library and Junior High School Library listing each book and its location be maintained by these various libraries (p. 132).

No comprehensive card catalogue listing for all volumes housed in the various libraries was ever established or maintained.

d. It is RECOMMENDED the Town Library and School District enter into agreement to extend the facilities of the inter-library loan system to the School District (p. 133)

No agreement was ever entered to extend the facilities of the inter-library loan system.

e. It is RECOMMENDED the Town Supervisor seek from the St. Lawrence County Board of Legislators a per capita grant which would more fairly compensate the Town of Massena for provision of public library services to non-residents by providing that the per capita formula be extended to include non-Town residents who hold Town library cards (p. 133).

The per capita grant extension for the provision of public library services to non-Town residents who hold Town library cards was never sought.

2. Control of Animals:

a. It is RECOMMENDED the Town contract for all animal control services (pickup, pound and enumeration) for the Town including the Village with the Humane Society (p. 135).

b. It is RECOMMENDED the Village contract at a nominal fee with the Humane Society for enforcement of the Village leash law.

c. It is RECOMMENDED the major costs of these services (stipend and salary) be assumed by the Town and payment made -through the General Fund of the Town Budget, and the Village pay only a token sum for enforcement of its leash ordinance (p. 135).

There is now a Humane Society in Massena. These recommendations have therefore all been implemented.

3. Courts:

a. It is RECOMMENDED the positions of Village Justice and Acting Village Justice be abolished upon expiration of the current incumbents' terms and the Village Justices' caseload be absorbed by the Town Justices. See stipulations on page 139 (p. 139 & 144).

There is still a Village and Town Justice

b. It is RECOMMENDED the Town Board direct the Court Clerk to maintain records of the time each Justice presides in court (p. 144).

The Court Clerk does maintain record of the time each Judge presides in court.

4. Planning, Zoning, and Code Enforcement:

a. It is RECOMMENDED the Town Board and Village Board of Trustees update the current zoning and subdivision ordinances (1941 & 1954) to adequately protect investment property owners have made in homes and land (p. 145).

Zoning and subdivision ordinances were updated in 1980 & 1988.

b. It is RECOMMENDED the Town and Village jointly appoint a part-time Building Inspector to enforce all Town and Village building, land use and related codes. All code enforcement functions should be vested in this officer (p. 146).

There is a part-time Building Inspector jointly appointed by the Town and Village.

c. It is RECOMMENDED the Town Board and the Village Board of Trustees grant the Building Inspector authority to issue appearance tickets (p. 146).

The Building Inspector does not have authority to issue appearance tickets. It was not considered important.

5. Fire Protection:

a. It is RECOMMENDED consideration be given by the Town Board and Village Board of Trustees to a more equitable distribution of costs between Village and Town-outside-Village residents and property owners for fire protection services (p. 155).

There has been a more equitable distribution of costs between Village and Town-outside-Village residents and property owners for fire protection services since 1974. They are currently upgrading the contract and enacting a 10 year agreement.

6. Police:

a. It is RECOMMENDED the Police Department hire a Parking Meter Repairman on an hourly basis who would be responsible to keep the meters in good repair and collect the money periodically (p. 160).

There are no more parking meters, so there is no need for a Parking Meter Repairman to be hired.

b. It is RECOMMENDED the Village create a Parking Violations Bureau in the Village Treasurer's Office in accordance with applicable law. This would have the effect of placing the responsibilities for collection of parking fines, record keeping and cash deposits in the hands of the Village Treasurer (p. 160-61).

A Parking Violation Bureau was not created. It was not deemed necessary as current/past operations have been sufficient.

c. It is RECOMMENDED School Crossings be staffed with additional Crossing Guards as necessary rather than Patrolmen (p. 161).

School Crossings are now staffed with four School Crossing Guards. Police are only used when needed.

d. It is RECOMMENDED bank escorts be discontinued and the banks be asked to provide their own security precautions (p. 161).

Police do still escort and provide security precautions for local banks.

e. It is RECOMMENDED the five (5) Desk Patrolmen positions be filled by four (4) clerical personnel allowing Desk Patrolmen to return to street patrol duty (p. 162).

Clerical positions are still filled by Desk Patrolman. This provision has been negotiated every two years and continues to be a topic of disagreement. The Police Department has "insisted" on maintaining the Desk Patrolmen.

7. Recreation:

a. It is RECOMMENDED the Town, Village and School District adopt cost accounting procedures to establish charging rates for the use of the Senior High School swimming pool, the Massena Arena, School District gymnasiums, etc. (p. 180).

Affected units of government were not interested in pursuing this recommendation.

b. It is RECOMMENDED an appropriate portion of the salary for the position (of the School District Director of Athletics assuming the duties of Recreation Director) be paid by the Recreation Commission budget financed by the Town and Village governments (p. 180).

There is now a Town & Village Recreation Commission, and Director, and the costs are split by the two governments.

III. FINANCIAL AFFAIRS AND ADMINISTRATIVE FUNCTIONS

1. These analyses and recommendations are based on the assumption the Town and Village will continue to exist as separate governments. The Merger Feasibility Chapter (See Section V) will review these issues for a merged government (p. 182).

2. Budgeting and Financial Management:

a. It is RECOMMENDED the Town Board delegate all responsibility for the preparation of the tentative budget proposal to the Supervisor (p. 183).

The Town Board has delegated all responsibility for the preparation of tentative budget proposals to the Supervisor.

b. It is RECOMMENDED the Village tentative budget proposals be made the responsibility of the Mayor to allow more critical review of the Department budget requests (p. 183).

The Village tentative budget proposals have been made the responsibility of the Mayor.

c. It is RECOMMENDED:

i. The Town Board, Village Board of Trustees, and School board annually define in writing the current goals and objectives of the Town and Village governments and the School District. The information should be provided to Department heads 90 days prior to the submission of budget requests by Department heads.

The Town Board, Village Board of Trustees, and School boards are not annually defining in writing the current goals and objectives of the Town and Village governments and the School District.

ii. Each Department head of the Town, Village and School District jurisdictions in consultation with the Supervisor, Mayor and Superintendent respectively prepare 60 days prior to adoption of the tentative budget a proposal containing the following information:

Each Department head of their respective jurisdictions must give 60 days written advance notice prior to adoption of the tentative department budget.

a) A narrative description of each service and function performed by the department and a detailed cost projection of each service and function.

It only lists the department budget, not a description of each service and function,

b) A five year cost projection for the provision of services and functions.

Five years cost projections are not required,

c) An analysis of the relation of each service and function to Town, Village, and School District goals and objectives.

An analysis of the relation of each service is not defined.

d) Alternative program plans to satisfy Town, Village and School District goals (p. 185-6).

Alternative program plans are not required.

3. Assessment:

Update the current assessment roll. At the time of the Kingsley Report, there had not been a complete reassessment of the Town since 1946.

The current assessment role was updated by the County about 10 years ago. No such action has been completed by the Town or Village.

4. Accounting:

It is **RECOMMENDED** a system of "cost accounting" be incorporated into the current Town, Village, and School District accounting systems as an integral part of the total accounting system. (p. 195)

A system of "cost accounting" has not been incorporated into the current Town, Village, School District accounting systems as an integral part of the total accounting system.

5. Data Processing:

It is RECOMMENDED the Town Board and the Village Board of Trustees consider data processing on a contractual basis (rather than implementation of a joint data processing system) in the areas outlined below (p. 201):

The village of Massena owns their own computer system, so many of these suggestions are outdated.

a. Accounting: It is RECOMMENDED the Town Board and the Hospital Board of Managers investigate the possibilities of contracting (p. 201).

Contracting for data processing is not a necessary consideration.

b. Assessment: It is RECOMMENDED the Assessor prepare a proposal including assessment data processing needs in the present tax billing operation (p. 202).

The county Real Property Tax Office handles much of the data processing needed for local assessment.

c. Water and Sewer Billing: It is RECOMMENDED the Village Treasurer investigate the feasibility of contracting for an automated utility billing system coordinated with the present contract for tax billing services (p. 203).

These billing services are done on Massena's computer system.

6. Insurance:

a. It is RECOMMENDED the Town Board, Village Board of Trustees and School Board adopt the practice of periodically contracting with an outside expert in the insurance field to comprehensively review the insurance needs and make recommendations (p. 203).

The Village Board of Trustees and the Town Board did adopt the practice of periodically contracting with an outside expert in the insurance field to comprehensively review the insurance needs and make recommendations.

b. It is RECOMMENDED the Town Board and the Village Board of Trustees adopt the practice of placing their insurance needs out for bidding as this procedure appears to save substantial sums (p. 204).

Insurance needs are placed out for bidding by the Town Board and the Village Board of Trustees about every five years.

7. Personnel Administration (Organizational Concerns):

a. It is RECOMMENDED the Town Board, Village Board of Trustees and School Board jointly appoint a Personnel Director to perform all personnel management functions (p. 208).

The Town Board, Village Board of Trustees and School Board have not jointly appointed a Personnel Director to perform all personnel management functions. Currently, each department has their own Personnel Directors.

b. It is RECOMMENDED the Town, Village and School District share jointly the administrative costs of the personnel operation (p. 208).

Therefore the costs have not been shared by these districts.

8. Purchasing:

Organizational Concerns: It is RECOMMENDED the purchasing function in the Town, Village and School District be jointly performed in one office. This may increase operating costs in the short run, yet overall costs reductions should result in a savings realized within two years.

The purchasing function of the Town, Village, and School district is not being jointly performed by one office. This provision was attempted, but the joint Purchasing Department "did not work out." It was determined that the village was too small to adopt such measures, and "costs were not justified." Major expense items are placed out for bid.

EXPENDITURE IMPACTS

A City of Massena would likely be responsible for additional expenditures. First, the city government would have an obligation to extend some city services to rural areas not presently served. Second, cities are treated differently than towns or villages under state law and face mandates beyond those of villages or towns. These impacts on expenditure are discussed below, based on the framework of a report prepared by the New York State Conference of Mayors and Other Municipal Officials (NYCOM)³.

LOCAL STREETS, COUNTY ROADS AND STATE HIGHWAYS

Cities assume responsibility for roads and bridges within their boundaries. Usually, arrangements can be made with New York state to retain state responsibility for state roads. We also believe that the City of Massena should seek to continue to have the St. Lawrence County Highway Department maintain its bridges. A detailed analysis of the roads and bridges situation follows.

BRIDGES AND ROAD MAINTENANCE

Roads. If Massena became a city, joining the Town and Village, about 13 miles of county road in the Town of Massena would be added to the current Village and Town total. Total road maintenance would include existing Town and Village roads plus the additional 13 miles. State roads passing through the city would continue to be the responsibility of the state.

We estimate that the additional 13 miles of road will cost \$225,963 to maintain.⁴ If the Town of Louisville was included in the city, an additional 21.5 miles of county road would increase maintenance costs by \$374,747.

³Baynes, Peter A. and Joseph B. Porter. *From Village to City: A Guide to New City Incorporation*, NYCOM Special Report, January 1987.

⁴This is based on average county maintenance costs of \$17,422 per mile. St. Lawrence County maintains 574 miles of road on a \$10 million budget.

Bridges. All bridges currently maintained by St Lawrence County would become the responsibility of the city unless arrangements were made to continue county maintenance. We have reviewed the latest inspection reports from the Superintendent of Highways, St. Lawrence County and had discussions with Mr. Richard Reno. Copies of these bridge inspection reports appear in the Appendix.

At the present time all bridges are structurally sound with the exception of the Massena Center bridge--which is currently closed with no plans for replacement--and the ALCOA bridge which should be replaced at an approximate cost of \$2 million.⁵

Should the City of Massena assume responsibility for the county bridges, we recommend that approximately \$300,000 be set aside per year for bridge maintenance.⁶ Alternatively, arrangements might be made to continue county bridge maintenance. Bridges on state highways would continue to be maintained by the state.

PUBLIC SAFETY

If the Village and Town join to form the City of Massena, additional public safety expenses will be required. The St. Lawrence County Sheriff's Department currently provides services to the Town of Massena, which would be eliminated with city status. The new city will expand to the Northeast township line, adding a substantial area for police services. The Village of Massena consists of 1.7 square miles, while the Town of Massena encompasses 56.6 square miles.

The development of St. Lawrence Centre will also increase the demand for police department services. While the shopping center will have its own security force, the security officers will not be armed and arresting powers will reside with the city police department. Traffic control and the recording of accidents in the proximity of the center will also add to police department responsibilities.

⁵Bridge replacements cost about \$120 per square foot for large bridges and \$130-135 for small bridges.

⁶This figure assumes one bridge repair each 10 years at a cost of \$2 million. An annual reservation of \$298,059 would amortize the cost of such a repair over a 10 year period at an interest rate of 8%.

The Village Police Department currently consists of four shifts, with one shift off at any particular time. Police Chief Dale Wright estimates that an additional two officers per shift will be required to service the City of Massena, as described above. He also estimates that three additional patrol cars will be needed, along with training and start-up equipment costs. This will place additional burdens on the existing police station, which eventually should be enlarged or replaced. The budget implications are:

Additional Police Expenses

	NUMBER	RATE	TOTAL COST
Additional Officers--Salary	8	\$20,000	\$160,000
Fringe Benefits		20%	32,000
Training and Equipment (per officer)	8	\$2,500	\$ 20,000
Patrol Cars	3	\$15,000	\$ 45,000
TOTAL			\$257,000

These numbers may be compared with data gathered by the International City Management Association for 1989⁷ on cities across the country. For the smallest city size category, 10,000-24,999, ICMA shows the following:

⁷International City Management Association. The Municipal Yearbook 1990, Washington, D.C.

Police Expenses
 Comparison to National Norms

EXPENSE CATEGORY	AVERAGE PER CAPITA COST	ESTIMATED MASSENA COST	CURRENT BUDGET
Personnel	\$ 81.81	\$1,215,369	\$703,842
Capital	\$ 4.82	\$ 71,706	\$13,858
Other Expenses	\$ 15.59	\$ 231,605	\$43,354
TOTAL	\$102.22	\$1,518,580	\$761,054

Police expenditures for the Village in FY 1989 totalled \$761,054. The difference between the actual and estimated total based on cities in Massena's size class is \$757,526. If the estimates of Chief Wright are added to current totals, police department expenditures would total \$1,018,054.

Estimates based on average city data are likely to be high. Fortunately, crime rates in the North Country are substantially below those of most urban areas. It is well beyond the scope of this study to recommend an appropriate level of public safety expense, however the ranges provided can serve as the basis for more refined estimates during the charter commission process. For purposes of our analysis we have assumed incremental police costs for the proposed City of Massena at \$200,000. Any additional large capital expenditures such as a new central station would have to be budgeted separately.

A spokesperson for the Jefferson County Sheriff's Department reported that no staff or equipment has been added as a result of the opening of Salmon Run Mall, located in the Town of Watertown. This does not suggest that St. Lawrence Centre would not add additional burdens for the police department, but does indicate that the additional burden of Salmon Run Mall on the Jefferson County Sheriff's Department has not been unduly high. For these reasons we have reduced Chief Wright's estimates by 20%.

FIRE PROTECTION

Cities are not required to have fully salaried fire departments. A mix of paid staff and volunteers is an acceptable arrangement under state law. Thus, there is no reason to expect fire protection costs to rise should Massena become a city.

If the current mix of salaried to volunteer staff were replaced by a paid staff only, costs would rise. We have estimated such costs based on reports by small cities to the ICMA.

Fire Protection Cost Estimates

EXPENSE CATEGORY	PER CAPITA COST	ESTIMATED MASSENA COST
Personnel	\$53.05	\$788,111
Capital	\$ 4.10	\$ 60,910
Other Expenses	\$ 8.84	\$131,327
TOTAL	\$65.99	\$988,348

Fire Protection - Current Costs
 FY 1989

EXPENSE CATEGORY	VILLAGE	TOWN	TOTAL
Personnel	\$272,315	\$ 2,000	\$274,315
Capital	\$ 13,553	-	\$ 13,553
Other Expenses	\$ 31,820	\$30,176	\$ 61,996
TOTAL	\$317,688	\$32,176	\$349,864

Notes: Town budget for inspection and contractual services

The difference between estimated total costs with a full paid fire department and FY 1989 outlays is \$630,000. We consider this figure excessively high owing to the fact that the proposed City of Massena will largely encompass sparsely populated rural areas where the risk of fire damage is lower than in densely populated locations.

Given the above information we have included an additional fire protection expense for the proposed City of Massena equal to \$100,000 per year, assuming that the current model of volunteer and salaried personnel is maintained.

COURTS

Administrative changes would occur here with minimal financial impacts. City courts in New York State are administered and financed by the state, with local government responsible for operating expenses. All judges must be admitted to the New York State Bar for a minimum of five years.

PROPERTY ASSESSMENT

No changes are expected here since the Town and Village use a common assessor.

CIVIL SERVICE AND PERSONNEL

Cities must establish their own civil service commission and procedures unless agreement is reached with St Lawrence County to continue this function. This matter should be decided during the charter commission process.

PLANNING AND ZONING

No changes are expected here resulting from city status with respect to administrative costs. Unified area-wide planning and zoning should result in more efficient land use over the long run.

LICENSES

No changes are expected here with current Town and Village activities transferred to the city.

MAINTENANCE OF RECORDS

This activity would be provided by a city clerk's office and could be staffed by existing Town and Village clerk personnel. No significant changes are expected here.

SUMMARY

The City of Massena, not including Louisville, would add additional expenses totalling \$626, 963. If Louisville were included this amount would increase to \$1,101,710. Expenses increases are as follows:

SUMMARY OF TOTAL ESTIMATED EXPENSES

EXPENSE CATEGORY	ESTIMATED COST
Road Maintenance (Massena only)	\$225,963
Bridge Maintenance (Massena only)	\$300,000
Police Protection	\$200,000
Fire Protection	\$100,000
TOTAL MASSENA TOWN AND VILLAGE	----- \$626,963
Road Maintenance (Louisville)	\$374,747
TOTAL INCLUDING LOUISVILLE	----- \$1,101,710

Total additional expenses including Louisville would be higher since no estimates for police and fire protection and bridge maintenance costs have been included.

REVENUE ESTIMATES

City status alters the flow of revenues to the community. Under the laws of the State of New York, the City of Massena would be treated differently than are the Town and Village presently. The most significant differences concern revenue sharing and sales tax collections. Affected revenue sources are discussed below.

STATE REVENUE SHARING

Cities in New York state have received substantially higher revenue sharing than have villages and towns. The City of Ogdensburg, for example, received 1989 revenue sharing of \$1,177,688 while the Town and Village of Massena combined received \$618,016. This does not guarantee that Massena would be able to obtain full city status for the purpose of revenue sharing, however. Under Per Capita Aid, one half of the total is distributed on the basis of 1970 population⁸. The formula distributes a somewhat higher amount per capita to cities than to towns and villages⁹. While the other half of the Per Capita Aid allocation is distributed among cities, state law excludes cities incorporated after April 1, 1968 from this supplemental distribution. How much additional Per Capita Aid--if any--the new City would receive is very uncertain. It is conceivable, but not probable, that the community would actually lose town and village status for purposes of revenue sharing, yet be excluded from the allocation reserved for cities.

Special City, Town, Village (SCTV) Aid also favors cities (without the exclusion for post-1968 incorporation). Under SCTV Aid, \$26.4 million was allocated to 53 cities of less than 100,000 population in direct proportion to their respective populations and full value tax rates. Villages, on the other hand, split \$17.4 million among 556 communities. Specific language in the new city charter legislation would have to be inserted to establish Massena's

⁸Excess Aid distributes an additional sum to communities that would receive higher per capita aid were it based on more current population figures.

⁹In 1989, half of total per capita aid was distributed as follows: Cities received per capita aid at the rate of \$8.60 per capita. Towns received per capita aid of \$3.55 for all residents and \$2.05 for town outside village. Villages received \$3.60 per capita. Thus revenue sharing for a village resident sums to \$7.15; the state distributes \$5.60 for each town resident living outside a village.

status under these programs. Care should be taken to at least retain the current levels of village and town revenue sharing, including these provisions in the bill submitted to the legislature. We consider the future of revenue sharing at risk given New York's fiscal problems. Last year, the small amount reserved for county government was eliminated. A similar fate may await villages and towns in the future¹⁰.

For purposes of analysis, we have assumed that new City of Massena would continue to receive the same total allocation that it has received under the community's current status. This is a conservative assumption; most likely some increases will occur under the SCTV formula allocation.

CONSOLIDATED LOCAL STREET AND HIGHWAY IMPROVEMENT PROGRAM (CHIPS)

Some increases in CHIPS will occur, but would not likely exceed \$25,000. Since this is a minor amount, these increases have not been included in our estimates of city revenue.

PROPERTY TAX COLLECTION AND ENFORCEMENT

No changes in revenues should occur here, although the city would also be responsible for collecting school district taxes. Under New York law cities can charge a 5% fee for delinquent school taxes.

MISCELLANEOUS NONPROPERTY TAXES

No changes are expected here since the 1% tax on the gross operating income of the Massena Electric Company is already assessed. While the city would have the right to impose special taxes, such as sales taxes on restaurant meals and hotel charges, these would likely be preempted by the imposition of a local sales tax.

MORTGAGE TAX

No changes here are expected since the City of Massena would continue to receive funds currently going to the Village and Town.

¹⁰Although the legislature's recent decision to actually **increase** revenue sharing testifies to its the political appeal for State legislators.

TAX AND DEBT LIMITS

No changes are expected here since limitations for cities under 125,000 are the same as for villages. Since 1985 the tax limits for school districts serving cities of less than 125,000 population have been abolished.

SCHOOL DISTRICT IMPACT

School districts in New York state depend heavily on state aid. In 1988, school districts in the state received 43% of total revenue from state aid. A City of Massena school district may be eligible for additional aid. One of the aid programs to local schools (established in 1985) allocates varying amounts to city school districts with less than 125,000 population. The aid was originally distributed to school districts whose increase in tax effort from the base year exceeded the increase in their budget. Amounts distributed under this aid program vary dramatically: Plattsburgh receives over \$2 million and Ogdensburg receives approximately \$500,000 while Watertown receives little more than \$100,000. It is questionable whether a City of Massena school district would receive any money at all under this aid program. The current eligibility requirements restrict Small City School District Aid to school districts who received this form of aid in the past. Once again, this is an issue that should be explored further and incorporated into the charter legislation.

School districts in cities with populations under 125,000 can levy a 3% consumer utility tax even if the city imposes its own sales tax. This is the only exception to the rule that the total of sales and individual taxes may not exceed the general sales tax rate.¹¹ Thirteen small city school districts imposed this tax in FY1988. The City of Watertown School District, for example, collected \$791,873 in FY 1988.

Noncity school districts must submit annual budgets for voter approval. City school districts require budgetary approval by the school board, but not the voters. City government is responsible for school tax collection and enforcement. Voter approval for bond issues are not required for city school districts under state law, but this may be prescribed in the city charter.

¹¹*Local Governments and Their Use of Sales Tax in New York State*, March 1990, Office of the State Comptroller, pg. 3.

BOND ISSUES

New bond issues do not require voter approval under state law but can be required in the city charter. We believe this question should be addressed in the city charter and recommend voter approval for large bond issues.

OTHER STATE AID

Benefits to city status under this category are minor and include matching support for local youth bureaus and municipal laboratory services

SALES TAX

In St. Lawrence County, one half of the 3% sales tax imposed by the county is distributed to the county's municipalities on the basis of full value of taxable real estate. The one exception to this rule is the City of Ogdensburg. Cities have the right to preempt the county sales tax, up to one half the tax imposed by the county. Were it to acquire city status, the City of Massena would also have the right to impose a 1 1/2% sales tax. When a city exercises such rights it waives its rights to collect other selected taxes, principally on hotel and lodging occupancy, restaurant meals and consumer utility billings. The latter should not be confused with the 1% levy on gross utility operating income which is still permissible with city status.

Technically, New York state tax law¹² requires that the sales tax be distributed according to property value whenever a city has exercised its preemptive rights. There are, however, five exceptions to this rule named in the current law (Monroe, Broome, Albany, Tompkins and Niagara counties), suggesting that exceptions can be negotiated in the charter process. Were St. Lawrence County interested in establishing a different basis for distribution without an amendment to the tax law, it has the power to negotiate specific proportions of receipts to cities within the county in exchange for the cities not exercising their preemptive rights. For example, in Jefferson County the City of Watertown receives 28% of sales tax revenue collected. Another model is to return a fixed number of dollars to specific cities. For example, in Schenectady County the City of Schenectady received \$11.4 million in FY 1988.

¹²NYS Tax Law Section 1262.

This is a question that should be discussed by the charter commission with consensus reached on the path to follow.

The current distribution system disadvantages retail centers in the county relative to the less populated rural towns. In 1989, the Village of Massena received \$669,992 in sales tax distributions from the county. The Town of Massena received \$861,333, for a total of \$1,531,325 for both Town and Village. According to the Census Bureau's Census of Retail Trade¹³, almost \$134 million in sales occurred in the Village of Massena in 1987. Inflated to reflect the 9% increase in retail activity in St. Lawrence County between 1987 and 1989, we estimate retail activity in the Village of Massena at \$146 million in 1989. Were the community to have had city status in 1989, we estimate sales tax collections at almost \$2.2 million, an increase of about \$600,000. The potential for increased retail activity from St. Lawrence Centre is addressed in the next section of the report.

¹³U.S. Department of Commerce, Bureau of the Census. *1987 Census of Retail Trade Geographic Area Series*, NY-20 New York, Table 5.

ST. LAWRENCE CENTRE: Its Impact on Consolidation

St. Lawrence Centre is the principal factor reviving the discussion of Town/Village consolidation in Massena. Expected to be a major retail presence in St. Lawrence County, St. Lawrence Centre will draw business from throughout the county and nearby areas. Perhaps more importantly, the shopping center will attract business from across the border in Canada and from Franklin County. Some individuals close to the project have suggested that as much as one third of the total sales will be coming from Canada. We are not in a position to judge this estimate, although considerable Canadian business seems likely in light of the experience of the Pyramid malls in Plattsburgh and similar properties in Buffalo. Canadian retail shopping in New York has been increasing rapidly. According to the state Tax Department, tax collections in border counties have increased between 11 and 15 percent in recent months. The statewide average increased just 5% over the same period¹⁴. This is probably due to the strong Canadian dollar, higher retail prices for many items in Canada, and early impacts of the U.S.-Canada Free Trade Agreement. The new national sales tax in Canada, scheduled to take effect this year, will add an additional 9% to Canadian retail prices. This should stimulate sales at St. Lawrence Centre above what would have occurred without the tax.

The Centre itself is not the only new retail activity anticipated. The same developer, the Heritage Companies, is well along in plans to construct a 330,000 square foot strip mall adjacent to the main facility. They also plan to construct a 110 room hotel in the same vicinity. This expansion of retail activity will inevitably attract other business to the area, although the magnitude of the "induced growth" is very hard to estimate with precision.

The effect of St. Lawrence Centre on the consolidation question takes three forms: 1)public service costs, 2)sales tax revenue and 3)property tax revenue.

PUBLIC SERVICE COSTS

The impact of St. Lawrence Centre on public services is principally on public safety, fire protection and sewer and water. The capital expense for sewer and water service connection is substantial, however Heritage Companies has paid this cost. Sewer and water

¹⁴"NNY Cashes In on Canadian Shoppers", *Watertown Daily Times*. April 19, 1990, pg. 28.

charges to the Centre will likely pay the cost of ongoing service. Massena had enough excess capacity in both systems to make expansion of the sewage treatment plant and water delivery systems unnecessary.

While the Centre will have its own security force, these security personnel will not be armed and will not have the power to arrest. Nonetheless, judging by the experience of the Jefferson County Sheriff's Department with Salmon Run Mall, the Centre itself is not likely to be responsible for a substantial increase in public safety costs. And while some increase in demand for fire protection services is likely, the actual budgetary cost with a volunteer department is relatively small.

SALES TAX REVENUE

The most dramatic impact of St. Lawrence Centre on a new City of Massena will be on sales tax revenue. While actual sales at the facility are difficult to estimate precisely, data are available from the retail industry that permit some reasonable predictions.¹⁵ These data are based on extensive surveys of shopping centers throughout the United States and Canada. The data reported are generally from fiscal year 1985.¹⁶

According to these benchmarks, expected sales from St. Lawrence Centre should be approximately 66 million dollars, generating tax revenue of almost one million dollars. Added to this total is the anticipated revenue from the motel and strip mall. The strip mall, with 330,000 square feet of gross leasable space, is expected to generate total sales of about 35 million dollars and the motel, two million dollars. The combined total retail sales at all three facilities is estimated at about 103 million dollars, generating tax revenue of over 1.5 million dollars. See the attached table for more detailed analysis.

¹⁵Dollars and Cents of Shopping Centers: 1987. Urban Land Institute, Washington, D.C., 1987.

¹⁶These data have been inflated to 1989 prices using the personal consumption expenditure series reported in the *Economic Report of the President 1990*, Council of Economic Advisors, Washington, D.C., February 1990.

Gross Receipts From Development

	Area (sq. ft)	Sales/sq.ft. ADJUSTED	Sales/sq ft	Total Sales
St. Lawrence Centre				
Sears	75,000	\$111	\$146	\$10,955,446
Penneys	62,000	\$111	\$146	\$9,056,502
Hills	82,000	\$90	\$118	\$9,697,521
Chappells	52,000	\$90	\$118	\$6,149,648
Other Mall Tenants	213,000	\$107	\$142	\$30,188,525
TOTAL	484,000			\$66,047,642

Statistics from Dollars and Cents of Shopping Centers
 Urban Land Institute, 1987
 All from REGIONAL MALL statistics
 Sears, Penneys: Dept Store, National Chain
 Hills, Chappells: Discount Dept Store
 Other tenants: Northeast, lower decile

St. Lawrence Plaza	350,000	\$75	\$99	\$34,647,204
Motel			110	\$1,957,313
			75%	
			\$65	

GRAND TOTAL RETAIL SALES INCREASE \$102,652,159

ADJUSTMENT of sales figures required as 1987 publication
 uses data collected for fiscal year 1985. Updated using
 change in personal consumption expenditures
 1985-1989 (Econ Rpt of Pres, 1990):

31.99%

PROPERTY TAXES

St. Lawrence Centre will also boost property tax revenue. This effect will be delayed, however, as the developer has negotiated a Payment In Lieu Of Tax (PILOT) agreement for the project. Under the terms of the agreement, the developer will only be liable for taxes on the value of the land for the first five years. In years six through ten, the property will be taxed at one-half of its taxable value. In year eleven, the full value of the property will be placed on the tax rolls.

The value of the property will be determined by the tax assessor when the structures become taxable (year 6). The taxable value of property (particularly major properties) is determined at least partially through a process of negotiation, thus the value the property will have on the tax rolls is difficult to estimate at this time. Based on comparable properties¹⁷, however, we estimate the value of St. Lawrence Centre at approximately 40 million dollars. As a first approximation, we estimate the value of St. Lawrence Plaza at approximately 20 million dollars. As the City of Massena (with Louisville excluded) would have a full value of approximately \$306 million, the new retail property can be expected to increase the taxable property in the community by almost 20 percent in year 11, thus substantially reducing the effective tax rate.

¹⁷The tax assessor for the Town of Watertown recently reassessed the Salmon Run Mall at \$44 million, however this figure is still in negotiation and has not been accepted as part of the permanent tax roll. This is almost exactly the same size as St. Lawrence Centre (550,000 sq ft). The Pyramid Companies own two malls in Plattsburgh. The older Pyramid property (390,395 sq ft) is assessed at \$20 million. The newer Pyramid property (664,559 sq ft) is assessed at \$40 million.

FINANCIAL ANALYSIS

Methodology

The approach we have taken to measure the financial impact of consolidation on Massena has been to sum the change in anticipated costs, subtract the change in anticipated revenues and add the total to the current town plus village tax levy. We have not attempted to estimate the effects of consolidation on the full value tax rate on all levies (town, village, school district and county), but have, instead, limited ourselves to examining the levy for town and village purposes.

We have assumed no efficiency gains from consolidation. While some would likely occur, our audit of the Kingsley report suggests that these gains would be relatively small.

The "benchmark" we employ to estimate the benefits or costs of consolidation is the effective tax rate for town and village purposes. We estimate--for each geographical grouping under consideration--the rate at which all residents in the area would have to be taxed to achieve the total tax levy raised currently. For example, the City of Massena structure we recommend in this report (including the Town of Massena and all of the Village of Massena) would require an average tax rate of \$7.35 per \$1000 full value to raise the \$2.2 million now levied on this property by the Village and Town of Massena. When St. Lawrence Centre fully enters the tax roll and after adjusting for known cost increases, we estimate the full value tax rate would fall to \$2.39 per \$1000 full value. This assumes, of course, that the increased revenue from the sales tax is used for property tax relief.

In the following pages, we will discuss each of the alternatives open to the prospective City of Massena. A summary of the tables follows.

Fiscal Impact of Consolidation: Summary of Tables

TABLE	INCORPORATION STATUS	REVENUE SHARING	TOWN OF LOUISVILLE INCLUDED	ST. LAWRENCE CENTRE-- SALES TAX IMPACT	ST. LAWRENCE CENTRE-- PROPERTY TAX Yr6-10	ST. LAWRENCE CENTRE-- PROPERTY TAX Yr11+
1	Town	lose Vill	no	no	no	no
2	Village	lose Town	no	no	no	no
3	Town	current levels	no	no	no	no
4	Village	current levels	no	no	no	no
5	City	lose all	no	no	no	no
6	City	lose all	yes	no	no	no
7	City	current levels	no	no	no	no
8	City	current levels	yes	no	no	no
9	City	lose all	no	yes	no	no
10	City	lose all	yes	yes	no	no
11	City	current levels	no	yes	no	no
12	City	current levels	yes	yes	no	no
13	City	current levels	no	yes	yes	no
14	City	current levels	yes	yes	yes	no

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 North Country Economic Research Center

	INCORPORATION STATUS	REVENUE SHARING	TOWN OF LOUISVILLE INCLUDED	ST. LAWRENCE CENTRE-- SALES TAX IMPACT	ST. LAWRENCE CENTRE-- PROPERTY TAX Yr6-10	ST. LAWRENCE CENTRE-- PROPERTY TAX Yr11+
15	City	current levels	no	yes	no	yes
16	City	current levels	yes	yes	no	yes

TABLE 1
FISCAL IMPACT OF CONSOLIDATION

Incorporation:	Town
Revenue sharing:	No
Town of Louisville:	No
St. Lawr. C.--Sales tax:	No
St. Lawr. C.--prop tax	
years 6-10:	No
years 11+:	No

GAINS

Sales Tax Revenue	
Present status:	\$1,531,325
New Status:	\$1,481,432
Total Gain	(\$49,893)

LOSSES

Road Maintenance	\$0
Bridge Maintenance	\$0
Police Protection	\$0
Fire Protection	\$0
Revenue sharing (Village)	(\$327,960)
Total Loss	(\$327,960)
NET GAIN (LOSS)	(\$377,853)

Property Tax Rate Impact

(TOWN and VILLAGE tax levy only)

Present avg prop tax rate:	7.25
Average property tax rate after consolidation:	8.36

IMPACT ON \$50,000 HOME

Present tax:	\$363
Tax in new status:	\$418

Were the community to set boundaries at the present boundary of the town and dissolve the village, the community would reap no benefits beyond the efficiencies of joint service provision and a more egalitarian distribution of tax burden. A pessimistic reading of the revenue sharing situation suggests that if either form of government is actually dissolved, the community would lose revenue sharing either as a village (if the Village were dissolved) or as a town (if the Town were dissolved). The tax rate for town and village purposes would rise from 7.25 to 8.36 were the Village dissolved. Taxes on the average \$50,000 home would rise by \$55.

TABLE 2
FISCAL IMPACT OF CONSOLIDATION

Incorporation:	Village	
Revenue sharing:	No	
Town of Louisville:	No	
St. Lawr. C.--Sales tax:	No	
St. Lawr. C.--prop tax		
	years 6-10:	No
	years 11+:	No
GAINS		
Sales Tax Revenue		
	Present status:	\$1,531,325
	New Status:	\$1,531,325
Total Gain		\$0
LOSSES		
Road Maintenance		\$0
Bridge Maintenance		\$0
Police Protection		\$0
Fire Protection		\$0
Revenue sharing (Town)		(\$290,057)
Total Loss		(\$290,057)
NET GAIN (LOSS)		(\$290,057)
Property Tax Rate Impact (TOWN and VILLAGE tax levy only)		
	Present avg prop tax rate:	7.35
	Average property tax rate after consolidation:	8.30
IMPACT ON \$50,000 HOME		
	Present tax:	\$368
	Tax in new status:	\$415

The rate would rise from 7.35 to 8.30 were the Town dissolved. The difference is due to the disposition of the Town of Louisville property within the Village of Massena. It would remain part of the Village if Town government were dissolved; it would revert fully to Louisville were Village government dissolved. When the possible increase in public safety cost is considered, this alternative becomes unfavorable. Taxes on the average \$50,000 home would rise by \$47.

TABLE 3
FISCAL IMPACT OF CONSOLIDATION

Incorporation:	Town
Revenue sharing:	Yes
Town of Louisville:	No
St. Lawr. C.--Sales tax:	No
St. Lawr. C.--prop tax	
years 6-10:	No
years 11+:	No

This assumes that revenue sharing received by the community would remain at present levels. Unless the new community were responsible for police protection throughout the community, the tax rate would remain at 7.25. Taxes on the average home would remain unchanged.

GAINS

Sales Tax Revenue	
Present status:	\$1,481,432
New Status:	\$1,481,432

Total Gain \$0

LOSSES

Road Maintenance	\$0
Bridge Maintenance	\$0
Police Protection	\$0
Fire Protection	\$0
Revenue sharing	\$0

Total Loss \$0

NET GAIN (LOSS) \$0

Property Tax Rate Impact
 (TOWN and VILLAGE tax levy only)

Present avg prop
 tax rate: 7.25

Average property
 tax rate after
 consolidation: 7.25

IMPACT ON \$50,000 HOME

Present tax:	\$363
Tax in new status:	\$363

TABLE 4
FISCAL IMPACT OF CONSOLIDATION

Incorporation:	Village
Revenue sharing:	Yes
Town of Louisville:	No
St. Lawr. C.--Sales tax:	No
St. Lawr. C.--prop tax	
years 6-10:	No
years 11+:	No

The tax rate would remain constant if the town were dissolved and revenue sharing remained constant, although this would not be the case if the village had to assume costs presently borne by the county (such as police protection). Taxes on the average home would remain unchanged.

GAINS

Sales Tax Revenue	
Present status:	\$1,531,325
New Status:	\$1,531,325

Total Gain \$0

LOSSES

Road Maintenance	\$0
Bridge Maintenance	\$0
Police Protection	\$0
Fire Protection	\$0
Revenue sharing (Village)	\$0

Since our analysis reveals little or no benefit and some potential costs, we do not recommend consolidating as either town or village.

Total Loss \$0

NET GAIN (LOSS) \$0

Property Tax Rate Impact
 (TOWN and VILLAGE tax levy only)

Present avg prop tax rate:	7.35
Average property tax rate after consolidation:	7.35

IMPACT ON \$50,000 HOME

Present tax:	\$368
Tax in new status:	\$368

TABLE 5
FISCAL IMPACT OF CONSOLIDATION

Incorporation:	City	
Revenue sharing:	No	
Town of Louisville:	No	
St. Lawr. C.--Sales tax:	No	
St. Lawr. C.--prop tax		
	years 6-10:	No
	years 11+:	No
GAINS		
Sales Tax Revenue		
	Present status:	\$1,531,325
	New Status:	\$2,189,429
Total Gain		\$658,104
LOSSES		
Road Maintenance		(\$225,958)
Bridge Maintenance		(\$298,059)
Police Protection		(\$200,000)
Fire Protection		(\$100,000)
Revenue sharing		(\$618,016)
Total Loss		(\$1,442,033)
NET GAIN (LOSS)		(\$783,929)

Property Tax Rate Impact
 (TOWN and VILLAGE tax levy only)

Present avg prop
 tax rate: 7.35

Average property
 tax rate after
 consolidation: 9.92

IMPACT ON \$50,000 HOME

Present tax: \$368
 Tax in new status: \$496

Were the Town and Village of Massena to become a city (without including Louisville), the principal benefit would be an increased share of sales tax receipts. Revenue sharing is assumed to disappear under this alternative. Given this loss, the increase in road and bridge expenditures plus added police and fire protection, the tax rate would rise under this alternative from 7.35 to 9.92. This is despite an increase in total tax revenue from the sales tax of over \$600,000. Taxes on the average \$50,000 home would rise by \$72.

TABLE 6
FISCAL IMPACT OF CONSOLIDATION

Incorporation:	City	
Revenue sharing:	No	
Town of Louisville:	Yes	
St. Lawr. C.--Sales tax:	No	
St. Lawr. C.--prop tax		
	years 6-10:	No
	years 11+:	No
GAINS		
Sales Tax Revenue		
	Present status:	\$1,736,131
	New Status:	\$2,189,429
Total Gain		\$453,298
LOSSES		
Road Maintenance		(\$600,697)
Bridge Maintenance		(\$298,059)
Police Protection		(\$200,000)
Fire Protection		(\$100,000)
Revenue sharing		(\$669,933)
Total Loss		(\$1,868,689)
NET GAIN (LOSS)		(\$1,415,391)

Adding the Town of Louisville to the city would substantially increase the expense of maintaining roads and bridges. Additional public safety costs would also occur, but have not been included in our estimates. Louisville would also lose its right to a share of the county sales tax distribution. In addition, our pessimistic assumption that revenue sharing would be lost further worsens this scenario, driving average tax rates from 6.91 to 10.99. Taxes on the average \$50,000 home would rise by \$204.

Property Tax Rate Impact
 (TOWN and VILLAGE tax levy only)

Present avg prop tax rate:	6.91
Average property tax rate after consolidation:	10.99

IMPACT ON \$50,000 HOME

Present tax:	\$346
Tax in new status:	\$550

**TABLE 7
 FISCAL IMPACT OF CONSOLIDATION**

Incorporation:	City
Revenue sharing:	Yes
Town of Louisville:	No
St. Lawr. C.--Sales tax:	No
St. Lawr. C.--prop tax	
	years 6-10: No
	years 11+: No

GAINS

Sales Tax Revenue	
Present status:	\$1,531,325
New Status:	\$2,189,429

Total Gain \$658,104

LOSSES

Road Maintenance	(\$225,958)
Bridge Maintenance	(\$298,059)
Police Protection	(\$200,000)
Fire Protection	(\$100,000)
Revenue sharing	\$0

Total Loss (\$824,017)

NET GAIN (LOSS) (\$165,913)

**Property Tax Rate Impact
 (TOWN and VILLAGE tax levy only)**

Present avg prop
 tax rate: 7.35

Average property
 tax rate after
 consolidation: 7.89

IMPACT ON \$50,000 HOME

Present tax:	\$368
Tax in new status:	\$395

This is what would be most likely to occur if the Village and Town of Massena were to consolidate into a city without St. Lawrence Centre. Revenue sharing would be likely to remain at present levels. Police and fire protection would cost more; the city would have to allocate half a million dollars for road and bridge maintenance. Again, the added revenue from the sales tax does not outweigh the added costs of city status, causing the average tax rate to rise from 7.35 to 7.89. Taxes on the average \$50,000 home would rise by \$27.

**TABLE 8
 FISCAL IMPACT OF CONSOLIDATION**

Incorporation:	City	
Revenue sharing:	Yes	
Town of Louisville:	Yes	
St. Lawr. C.--Sales tax:	No	
St. Lawr. C.--prop tax		
	years 6-10:	No
	years 11+:	No
GAINS		
Sales Tax Revenue		
	Present status:	\$1,736,131
	New Status:	\$2,189,429
Total Gain		\$453,298
LOSSES		
Road Maintenance		(\$600,697)
Bridge Maintenance		(\$298,059)
Police Protection		(\$200,000)
Fire Protection		(\$100,000)
Revenue sharing		\$0
Total Loss		(\$1,198,756)
NET GAIN (LOSS)		(\$745,458)

**Property Tax Rate Impact
 (TOWN and VILLAGE tax levy only)**

Present avg prop tax rate:	6.91
Average property tax rate after consolidation:	9.06

IMPACT ON \$50,000 HOME

Present tax:	\$346
Tax in new status:	\$453

Were Louisville added to the City under current conditions, the added road and bridge costs would be substantial, even if revenue sharing were retained. The increased tax levy would be significantly greater than the increase in sales tax revenue, particularly as Louisville would no longer receive any distribution of sales tax revenue from the county. Tax rates would rise from an average of 6.91 to 9.06. Taxes on the average \$50,000 home would rise by \$107.

TABLE 9
FISCAL IMPACT OF CONSOLIDATION

Incorporation:	City	
Revenue sharing:	No	
Town of Louisville:	No	
St. Lawr. C.--Sales tax:	Yes	
St. Lawr. C.--prop tax		
	years 6-10:	No
	years 11+:	No
GAINS		
Sales Tax Revenue		
	Present status:	\$1,693,424
	New Status:	\$3,729,211
Total Gain		\$2,035,787
LOSSES		
Road Maintenance		(\$225,958)
Bridge Maintenance		(\$298,059)
Police Protection		(\$200,000)
Fire Protection		(\$100,000)
Revenue sharing		(\$618,016)
Total Loss		(\$1,442,033)
NET GAIN (LOSS)		\$593,754

Property Tax Rate Impact
 (TOWN and VILLAGE tax levy only)

Present avg prop
 tax rate: 6.82

Average property
 tax rate after
 consolidation: 4.88

IMPACT ON \$50,000 HOME

Present tax: \$341
 Tax in new status: \$244

After St. Lawrence Centre is completed and operating, we estimate its total sales at about \$66 million. With the strip mall and the motel added in, we expect total retail sales to be approximately \$103 million. While the Town and Village of Massena would receive a partial benefit from the increased sales tax revenue distributed by the county (about \$162,000), the benefits would be far greater were the community a city (roughly \$1.5 million). Were the city to lose revenue sharing, the effective tax rate would fall from 6.82 to 4.88. Taxes on the average \$50,000 home would fall by \$97.

TABLE 10
FISCAL IMPACT OF CONSOLIDATION

Incorporation:	City
Revenue sharing:	No
Town of Louisville:	Yes
St. Lawr. C.--Sales tax:	Yes
St. Lawr. C.--prop tax	
	years 6-10: No
	years 11+: No

GAINS

Sales Tax Revenue	
Present status:	\$1,919,911
New Status:	\$3,729,211
 Total Gain	 \$1,809,300

LOSSES

Road Maintenance	(\$600,697)
Bridge Maintenance	(\$298,059)
Police Protection	(\$200,000)
Fire Protection	(\$100,000)
Revenue sharing	(\$669,933)
 Total Loss	 (\$1,868,689)
 NET GAIN (LOSS)	 (\$59,389)

Property Tax Rate Impact
 (TOWN and VILLAGE tax levy only)

Present avg prop
 tax rate: 6.38

Average property
 tax rate after
 consolidation: 7.08

IMPACT ON \$50,000 HOME

Present tax: \$319
 Tax in new status: \$354

Adding the Town of Louisville would have a similar impact as before: Loss of additional revenue sharing, loss of additional sales tax money and increased cost of bridge and road maintenance. The tax rate would rise from 6.38 to 7.08. Taxes on the average \$50,000 home would rise by \$35.

**TABLE 11
 FISCAL IMPACT OF CONSOLIDATION**

Incorporation:	City
Revenue sharing:	Yes
Town of Louisville:	No
St. Lawr. C.--Sales tax:	Yes
St. Lawr. C.--prop tax	
years 6-10:	No
years 11+:	No

The more realistic scenario--that revenue sharing is retained--would further reduce the average tax rate identified in Table 9. Under these circumstances, the average City tax rate would fall from 6.82 to 2.86. Taxes on the average \$50,000 home would fall by \$198.

GAINS

Sales Tax Revenue	
Present status:	\$1,693,424
New Status:	\$3,729,211

Total Gain \$2,035,787

LOSSES

Road Maintenance	(\$225,958)
Bridge Maintenance	(\$298,059)
Police Protection	(\$200,000)
Fire Protection	(\$100,000)
Revenue sharing	\$0

Total Loss (\$824,017)

NET GAIN (LOSS) \$1,211,770

**Property Tax Rate Impact
 (TOWN and VILLAGE tax levy only)**

Present avg prop tax rate:	6.82
Average property tax rate after consolidation:	2.86

IMPACT ON \$50,000 HOME

Present tax:	\$341
Tax in new status:	\$143

TABLE 12
FISCAL IMPACT OF CONSOLIDATION

Incorporation:	City
Revenue sharing:	Yes
Town of Louisville:	Yes
St. Lawr. C.--Sales tax:	Yes
St. Lawr. C.--prop tax	
	years 6-10: No
	years 11+: No

Adding Louisville increases costs and reduces revenues. Costs would be higher due to additional police department expenses. The net effect would be an effective tax rate reduction from 6.38 to 4.61. Taxes on the average \$50,000 home would fall by \$88.

GAINS

Sales Tax Revenue	
	Present status: \$1,919,911
	New Status: \$3,729,211

Total Gain \$1,809,300

LOSSES

Road Maintenance	(\$600,697)
Bridge Maintenance	(\$298,059)
Police Protection	(\$200,000)
Fire Protection	(\$100,000)
Revenue sharing	\$0

Total Loss (\$1,198,756)

NET GAIN (LOSS) \$610,544

Property Tax Rate Impact
 (TOWN and VILLAGE tax levy only)

Present avg prop
 tax rate: 6.38

Average property
 tax rate after
 consolidation: 4.61

IMPACT ON \$50,000 HOME

Present tax: \$319
 Tax in new status: \$231

TABLE 13
FISCAL IMPACT OF CONSOLIDATION

Incorporation:	City
Revenue sharing:	Yes
Town of Louisville:	No
St. Lawr. C.--Sales tax:	Yes
St. Lawr. C.--prop tax	
	years 6-10: Yes
	years 11+: No

GAINS

Sales Tax Revenue	
	Present status: \$1,693,424
	New Status: \$3,729,211
Total Gain	\$2,035,787

LOSSES

Road Maintenance	(\$225,958)
Bridge Maintenance	(\$298,059)
Police Protection	(\$200,000)
Fire Protection	(\$100,000)
Revenue sharing	\$0
Total Loss	(\$824,017)

NET GAIN (LOSS) \$1,211,770

Property Tax Rate Impact
 (TOWN and VILLAGE tax levy only)

Present avg prop tax rate:	6.82
Average property tax rate after consolidation:	2.60

IMPACT ON \$50,000 HOME

Present tax:	\$341
Tax in new status:	\$130

Adding St. Lawrence Centre to the tax base would further reduce tax rates. Assuming the retention of revenue sharing and a City without Louisville, the addition of 30 million dollars in property value would further reduce tax rates from 2.86 (similar assumptions, but without the property value effect) to 2.60. Taxes on the average \$50,000 home would fall by \$211.

TABLE 14
FISCAL IMPACT OF CONSOLIDATION

Incorporation:	City	
Revenue sharing:	Yes	
Town of Louisville:	Yes	
St. Lawr. C.--Sales tax:	Yes	
St. Lawr. C.--prop tax		
	years 6-10:	Yes
	years 11+:	No

Adding St. Lawrence Centre and including Louisville would reduce the tax rates from 4.61 to 4.25. Taxes on the average \$50,000 home would fall by \$106.

GAINS

Sales Tax Revenue		
	Present status:	\$1,919,911
	New Status:	\$3,729,211
Total Gain		\$1,809,300

LOSSES

Road Maintenance	(\$600,697)
Bridge Maintenance	(\$298,059)
Police Protection	(\$200,000)
Fire Protection	(\$100,000)
Revenue sharing	\$0
Total Loss	(\$1,198,756)

NET GAIN (LOSS) **\$610,544**

Property Tax Rate Impact
 (TOWN and VILLAGE tax levy only)

Present avg prop
 tax rate: 6.38

Average property
 tax rate after
 consolidation: 4.25

IMPACT ON \$50,000 HOME

Present tax:	\$319
Tax in new status:	\$213

TABLE 15
FISCAL IMPACT OF CONSOLIDATION

Incorporation:	City
Revenue sharing:	Yes
Town of Louisville:	No
St. Lawr. C.--Sales tax:	Yes
St. Lawr. C.--prop tax	
	years 6-10:
	years 11+: Yes

When St. Lawrence Centre and the strip mall are fully on the tax rolls in year 11, the effect on a city without Louisville would be reduce tax rates from 2.86 to 2.39. Taxes on the average \$50,000 home would fall by \$221 (relative to the original tax rate).

GAINS

Sales Tax Revenue	
	Present status: \$1,693,424
	New Status: \$3,729,211
Total Gain	\$2,035,787

LOSSES

Road Maintenance	(\$225,958)
Bridge Maintenance	(\$298,059)
Police Protection	(\$200,000)
Fire Protection	(\$100,000)
Revenue sharing	\$0
Total Loss	(\$824,017)

NET GAIN (LOSS) \$1,211,770

Property Tax Rate Impact
(TOWN and VILLAGE tax levy only)

Present avg prop tax rate:	6.82
Average property tax rate after consolidation:	2.39

IMPACT ON \$50,000 HOME

Present tax:	\$341
Tax in new status:	\$120

TABLE 16
FISCAL IMPACT OF CONSOLIDATION

Incorporation:	City
Revenue sharing:	Yes
Town of Louisville:	Yes
St. Lawr. C.--Sales tax:	Yes
St. Lawr. C.--prop tax	
	years 6-10:
	years 11+: Yes

Adding Louisville to the arrangement would reduce tax rates from 4.25 to 3.93. Taxes on the average \$50,000 home would fall by \$122.

GAINS

Sales Tax Revenue	
	Present status: \$1,919,911
	New Status: \$3,729,211
Total Gain	\$1,809,300

In all cases, the inclusion of Louisville reduces potential tax savings about 50%, owing to increased expenditures for roads and lost sales tax revenue. Were bridge and public safety estimates added to the calculations, the difference would be greater.

LOSSES

Road Maintenance	(\$600,697)
Bridge Maintenance	(\$298,059)
Police Protection	(\$200,000)
Fire Protection	(\$100,000)
Revenue sharing	\$0
Total Loss	(\$1,198,756)

NET GAIN (LOSS) \$610,544

Property Tax Rate Impact
 (TOWN and VILLAGE tax levy only)

Present avg prop tax rate:	6.38
Average property tax rate after consolidation:	3.93

IMPACT ON \$50,000 HOME

Present tax:	\$319
Tax in new status:	\$197

TOWARDS CITY STATUS

New York State has no laws describing the logical progression from town, to village, to city status. No minimum population size is prescribed. New York's smallest city, Sherrill in Oneida County, has a population of 2,830. It was incorporated in 1916. The State's oldest and largest city, New York was chartered in 1653 and recorded a population of 7 million in 1980. Achieving city status must be a complicated matter since the last city charter for Rye was awarded in 1942. Information about cities in New York State is shown in the table below.¹⁸ The combined population of the Village and Town of Massena would be larger than many state cities. In recent years, only one city charter bill passed the New York State legislature but was vetoed by the Governor. This was the case of Newark-Arcadia in Wayne County.¹⁹

While numerous reasons exist for the slow rate of city formation in New York, such as low debt ceilings for city school districts-which was abolished in 1985, the progress towards city status is a political as well as economic process. "As a practical matter, the State Legislature does not create cities without clear evidence from a local community that its people want a city."²⁰

Should the Town and Village of Massena decide to pursue city status, a careful community process must be organized. Massena should consider this question carefully before moving to form a charter commission. This must include the following elements: First, the formation of a charter commission. Second, the completion of a fact finding process describing the current situation, and what kind of community is desired. Third, the selection

¹⁸Baynes, Peter A. and Joseph B. Porter. *From Village to City: A Guide to New City Incorporation*, NYCOM Special Report, January 1987.

¹⁹"Act establishing the city of Newark-Arcadia," New York State Senate Bill 5055-B, 1987.

²⁰Baynes, Peter A. and Joseph B. Porter. *From Village to City: A Guide to New City Incorporation*, NYCOM Special Report, January 1987, page 5.

NEW YORK STATE CHARTERED CITIES (by population)

CITY	CHARTER	1986 POP	CITY	CHARTER	1986 POP
Sherrill	1916	2,940	Plattsburgh	1902	20,800
Mechanicville	1915	5,490	Lackawanna	1909	21,380
Little Falls	1895	5,920	Middletown	1888	22,160
Salamanca	1913	6,480	Glen Cove	1918	24,050
Norwich	1915	7,790	Kingston	1872	24,170
Hudson	1785	8,050	Saratoga Springs	1915	24,360
Port Jervis	1907	8,520	Newburgh	1865	24,370
Rensselaer	1897	8,810	Lockport	1865	24,640
Johnston	1895	8,990	Ithaca	1888	26,480
Hornell	1888	9,630	Watertown	1869	27,040
Oneida	1901	10,450	Poughkeepsie	1854	29,990
Watervliet	1896	11,390	Auburn	1848	31,350
Corning	1890	11,960	Elmira	1864	32,450
Canandaigua	1913	12,190	Long Beach	1922	32,890
Ogdensburg	1868	12,270	North Tonawanda	1897	34,540
Fulton	1902	13,560	Jamestown	1886	34,710
Beacon	1913	13,700	Rome	1870	42,030
Oneonta	1909	13,880	White Plains	1916	45,340
Dunkirk	1880	14,720	Binghamton	1867	52,910
Rye	1942	14,970	Troy	1816	53,960
Geneva	1898	15,520	Niagara Falls	1882	64,550
Batavia	1915	15,930	Schenectady	1798	67,210
Glens Falls	1908	16,080	Mount Vernon	1882	68,400
Gloversville	1890	16,750	New Rochelle	1899	69,170
Cohoes	1869	17,120	Utica	1832	69,440
Olean	1893	17,430	Albany	1686	97,020
Tonawanda	1903	18,240	Syracuse	1848	160,750
Oswego	1848	18,910	Yonkers	1872	186,080
Cortland	1900	19,000	Rochester	1834	235,970
Peekskill	1940	19,420	Buffalo	1832	324,820
Amsterdam	1885	20,760	New York	1653	7,262,750

of the long or short form charter. Fourth, a description of the structure and specific powers of proposed government organs. Fifth, preparation of a bill based on the charter selected including specification of the process for charter amendment. Each of these steps is described below.

CHARTER COMMISSION

This should include the elected officials of the Village and Town of Massena, supplemented by community leaders. If this group is large it may want to appoint a working subcommittee. In short, all interested constituencies must be represented on the charter commission. The commission will have to have a working staff comprised of individuals with particular technical skills, legal, financial, planning, etc. These will probably have to be paid for, so the charter commission must be prepared to raise support funds.

Once the charter commission is formed and organized it must engage in FACT FINDING, studying basic questions like population trends, land use patterns, areas of growth and decline, social profile of the community, consensus on pace of economic and social change desired by the community, realistic appraisal of municipal services required and their costs. The fact finding process reduces to two basic questions: What currently exists and what residents want over short and long term.

Next the form of charter (short or long) must be selected. The short form is usually preferred because it offers flexibility.

The structure and responsibilities of the proposed government must be outlined and include the following elements:

- A. Legislative body--specific powers and size
 - a. Council qualifications and compensation
 - b. Council representation and composition
 - c. Council organization and procedures

- B. Executive Function, which consider the following city models
 - a. Strong Mayor-Council
 - b. Council-Manager
 - c. Weak Mayor-Council
 - d. Commission

The Council-Manager form of government is by far the most common, with strong mayors existing in only the largest of U.S. cities. The council-manager form, following from the teachings of Frederick Winslow Taylor's Scientific Management school, tries to remove politics from the business of city government. It was first used in Dayton, Ohio after the great flood of 1913, which exposed the ineffectiveness of an overly politicized urban polity. We recommend the charter commission seriously consider the council-manager form of executive function.

C. Administrative Organization, containing the following elements

- a. Department names and functions
- b. Boards and commissions
- c. Administrative authority
- d. Elected or appointed officials

D. Financial Procedures

- a. Define the fiscal year
- b. Identify the responsible office for operating and capital budgets
- c. Components of operating and capital budgets
- d. Budget adoption procedures, annual and long-term
- e. Procedures to amend the budget
- f. Real property tax administration
- g. Other tax and revenue administration

E. Other Provisions

- a. conflict of interest for officials and employees
- b. activities specifically prohibited for public officials
- c. transitional, provisions for existing officials and administrative staff.

The charter must be drafted into a bill containing the following elements:

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a. a home rule request must be made to the state legislature after a proposed charter has been approved by the voters. In the case of Massena, affirmative votes must occur in the Town and the Village, voting in separate referenda. An affirmative vote by the St Lawrence County Legislature is also advised, since the new city could preempt its share of county sales tax collections.

b. Review Article IX of NY State Constitution in terms of elements required and the approval process.

c. Procedures for charter amendments consistent with the New York Municipal Home Rule Law.

Since the achievement of city status is a highly political process, the full support of Assemblyman O'Neil and Senator McHugh must be forthcoming. Without such support, it is unlikely that the proposed bill would pass either house of the legislature.

TOWN-VILLAGE CONSOLIDATION PROJECT SUMMARY AND CONCLUSIONS

Should the Village and Town of Massena become a single entity? Might such an entity include the Town of Louisville? This study is a **preliminary** analysis of the benefits and costs of some form of consolidation. We emphasize that this report is preliminary: Any move toward city status, for example, would require that a Charter Commission be founded and charged with the task of responding to the many questions raised by our report.

The primary reason for current interest in the consolidation question is the development of St. Lawrence Centre and the surrounding area. This development requires far more extensive cooperation between the Village and Town of Massena, as only the Village can efficiently provide water and sewer services to the new development. Furthermore, this new development offers new fiscal risks and opportunities for the greater Massena community in terms of additional infrastructure development and land use.

Consolidation Alternatives. Our report studied the several forms of government consolidation: First, the Village of Massena could be dissolved, leaving the Town of Massena as the sole local government. Second, the Village boundary could be expanded to encompass the boundary of the Town, forming a co-terminus Town/Village. Third, the Village and Town could jointly form a city. Each of these options have implications for the Town of Louisville, principally because a small portion of the present Village of Massena lies within the Town of Louisville. As a result, each of the alternative forms of government could in some way include the participation of Louisville.

We have found no particular advantages to either the Town or co-terminus Town/Village options. There is some risk of loss of revenue sharing (although we judge that risk to be small) and no fiscal dividend to be realized from either the property tax or sales tax. Furthermore, the lack of a "fiscal dividend" suggests that consolidation would not be a "win-win" situation, but would simply change the distribution of the tax burden. The community's tax levy would be more heavily levied on the current Town residents and less heavily levied on the current Village residents. For these reasons, our report has focused principally on city status.

City Status: Costs. Expenditure increases from consolidation are likely to principally come from increased police and fire protection costs plus added responsibility for highway and bridge maintenance. People living outside the Village of Massena receive police protection from

the state and the county. Consolidation of these communities as a city would likely require an increase in the police department size of the present Village. Furthermore, all roads and bridges now serviced by St. Lawrence County would become the responsibility of the city. These additional costs are not insignificant. St. Lawrence County currently spends approximately \$17,400 per mile per year to maintain and plow county roads. Over the long run, Massena could expect to spend about the same amount on the approximate 13 miles of county road that would become part of a new city (without Louisville) at a cost of approximately \$226,000 per year. Were Louisville included, Massena would add a total of 34.5 miles of county road to its maintenance responsibilities at a cost of approximately \$600,000.

Bridge repairs are less predictable and more costly. Of the bridges that would be taken over by the City of Massena (subject to negotiation with the county), only one is in need of repair. The ALCOA bridge does need to be replaced at a cost of \$2 million. As a working assumption, we have included the cost of bridge maintenance as a \$2 million expense every 10 years. Amortized over a 10 year period at 8% interest, this amounts to an annual cost of about \$300,000. Our estimates here are conservative. The City of Massena Charter Commission might want to explore remaining part of the St. Lawrence County bridge maintenance program.

City Status: Revenue. The most significant changes from city status would be on the revenue side. The first issue is **revenue sharing**, a state program that has outlived its federal counterpart. While cities presently receive more revenue from the state on a per capita basis than do villages or towns, two factors mitigate against the expectation of new revenue sharing: First, newly created cities are excluded by statute from important forms of revenue sharing. Second, the fiscal ills of the state have blocked the increase in revenue sharing dollars and have even caused the recent elimination of revenue sharing for counties. Thus, the worst possible result would be the loss of current town and village revenue sharing plus exclusion from city revenue sharing. While this an issue that must be resolved in the political arena, we expect that the new city would have a good chance of preserving revenue sharing at existing levels and most likely would experience a several hundred thousand dollar increase. Even though city, village and town revenue sharing survived the latest budget deliberations we remain sanguine about the future. We would not recommend city status if revenue sharing was the primary financial short term benefit. Were this source of funding for local governments to disappear or be reduced in the future, municipalities would have to balance budgets by increasing property taxes and decreasing

expenditures. Our admonition is to enjoy revenue sharing while you have it but do not assume its eternal existence.

With respect to potential administrative cost savings through consolidation we conclude that only relatively minor savings would be obtained by full consolidation. This is based on our analysis of the 1974 Kingsley Report. We have not reviewed the potential cost savings from consolidating service provision with the Town of Louisville, however. Some improvement in the efficiency of service provision would be likely from such an arrangement.

Furthermore, since expenditure increases with city status would be small in comparison to revenue increases, we have assumed that the overall tax levy of a city would remain roughly constant without and would decline with the completion of St. Lawrence Centre. Thus the impact of city status on **property tax rates** would be largely distributional in the absence of St. Lawrence Centre: Residents of the town(s) would pay higher property taxes; residents of the Village would pay lower property taxes. As St. Lawrence Centre fully enters the tax rolls, however, it will mitigate (but not eliminate) the increase for town residents. At the same time current town residents will be provided with higher levels of public services, especially police protection.

The first, true "fiscal dividend" of city status is in the distribution of **sales tax revenues**. Under the present distribution mechanism, St. Lawrence County levies a sales tax of three percent on all retail sales within the county, with the exception of Ogdensburg where it levies a one and one-half percent tax. One and one-half percent of the value of all retail sales is kept for the County budget; the remainder is distributed among the towns and villages of the County in proportion to their taxable assessed value. The formula for distribution is set by the county; other counties use a variety of other methods ranging from no redistribution at all to procedures based solely on population²¹. The present formula benefits communities with high amounts of taxable real estate relative to their population. The Village of Massena receives far less in the redistribution than it would if it were to retain sales tax revenue actually collected. We have shown the proposed city would receive significant increases in sales tax revenues, over and above current and projected Village and Town totals.

²¹"Local Governments and Their Use of the Sales Tax in NYS." Office of the State Comptroller, Division of Municipal Affairs, Bureau of Municipal Research and Statistics. March, 1990.

The implications of this for Massena are striking: Based on the 1987 Census of Retail Trade, Massena had total retail trade of almost \$134 million. Its share of the sales tax in 1987 would be approximately \$2 million, substantially more than the \$1.5 million received in 1989 by both the Town and Village of Massena. Using an estimate of 1989 sales, a City of Massena would probably have received \$700,000 more in sales tax receipts in 1989 than it actually did receive.

St. Lawrence Centre. The new retail mall drastically changes the fiscal picture. There are several effects worth observing: First, the mall will require considerable investment in new infrastructure, both to support the mall itself and the growth induced by it. This can be provided more efficiently by a unified city government. Second, the mall will provide additional property tax revenue as the Payment In Lieu Of Tax (PILOT) agreement expires. Third, the mall will dramatically increase the volume of retail sales in the Massena community. The Heritage Companies is estimating first year sales at the mall at approximately 100 million plus additional sales at the strip mall and hotel, thus generating well in excess of \$1.5 million in sales tax either for the new city or for distribution among the individual towns and villages in St. Lawrence County if Massena chooses not to seek city status. Our estimates are more conservative: We are calculating average annual sales of approximately \$66 million for the mall itself for a total of \$103 million when the 350,000 square foot strip mall and the hotel are included. The increase in tax revenue is substantial.

Conclusions. On the basis of our estimates of the costs and benefits associated with city status, we find the potential fiscal impact compelling. Even with conservative estimates of revenues and costs, the benefits on the revenue side far outweigh potential increased costs.

City status can only be achieved after marshalling considerable political support at the local and state level. The establishment of a Charter Commission with the broadest possible membership, adequately staffed and funded, is the key to success. The end process of the Commission is to propose a city charter that will become the basis for legislation at the State level. This must be approved by the Legislature and the Governor. As a practical matter, the broadest degree of support must be forthcoming at the local level. Without such support, it is unlikely that higher levels of State government would approve a request for city status.

In the long run, city status will benefit residents of St Lawrence County as well as Massena. The improved business climate in Massena, including better infrastructure and lower overall tax rates should result in stronger economic development. Some will be generated by local entrepreneurs, while other new start-ups will come from outside the county--including Canada.

As a result, St. Lawrence County sales tax collections will increase, since the county will be collecting its 1.5% on higher levels of commerce. These increased funds will undoubtedly be used to support the many public services provided by St. Lawrence County. What appears to be a short term loss of sales tax revenues to other communities in the county should turn into a long term gain because the 'economic pie' will be larger. From both the local Massena and county perspective, city status is a "win-win" situation.

Finally, we offer these comments about the Town of Louisville. While our financial analysis found no short term advantages to include Louisville in Massena, we consider its inclusion in the long run a desirable outcome. A unified Massena, including Louisville, will provide additional land for economic development under a unified zoning code and integrated planning practices. Louisville should be included in the charter commission process to try and find a formula to ensure that the eventual change in government structure will benefit both municipalities--whether or not Louisville is part of the new city.