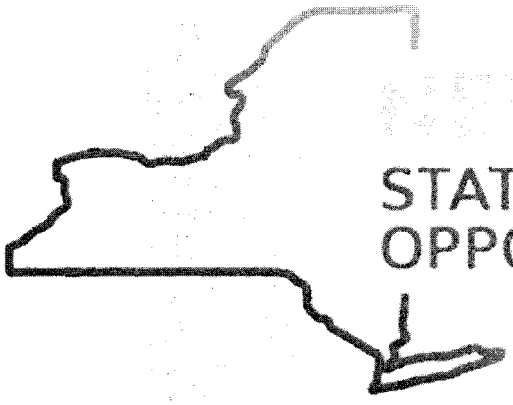

Village of Owego Comprehensive Review Report

Financial Restructuring Board
for Local Governments

XX 2016

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Overview

The Village of Owego is a large Upstate village in Tioga County. With a population of 3,896 at the 2010 Census, it is the 140th most populous village in New York State and the 2nd most populous village in Tioga County. 2013 expenditures of $5.4 million were the 137th most of villages in the State and most of villages in the County.

The Village is governed by a Mayor and six Village Trustees, who are elected by ward for two-year staggered terms. Other elected officials include the Village Clerk Treasurer and the Village Justice.

The Village Board adopted and the Mayor concurred with a resolution requesting a Comprehensive Review by the Financial Restructuring Board (see Appendix A). On February 24, 2015, the Financial Restructuring Board approved this request for a Comprehensive Review with Resolution No. 2015-10 (see Appendix B).

This Comprehensive Review first gives some background on the Village's fiscal eligibility and demographic profile. It then provides information on the organization and finances of the Village. Finally, it presents the Comprehensive Review's findings and recommendations.

Background

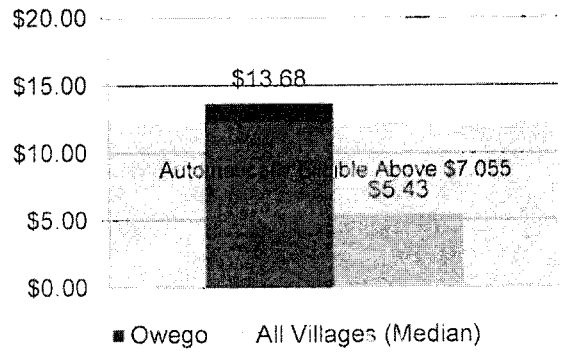
Fiscal Eligibility and Stress

The Village of Owego was not automatically considered a Fiscally Eligible Municipality for Board services and assistance because it had not submitted to the Office of the State Comptroller (OSC) all of the information necessary to calculate its Average Full Value Property Tax Rate and Average Fund Balance Percentage as of when OSC calculated these eligibility measures. Upon written confirmation that the Village had subsequently reported this information, the Board deemed the Village a Fiscally Eligible Municipality.

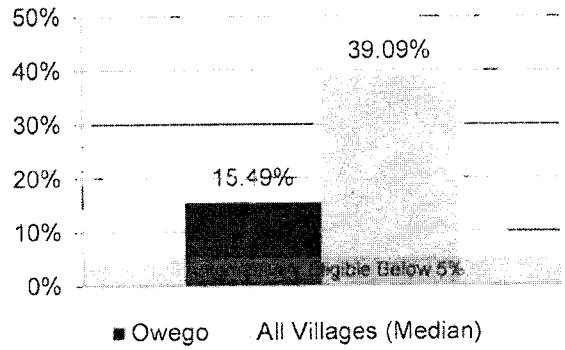
The Village would have been automatically considered a Fiscally Eligible Municipality because its Average Full Value Property Tax Rate (2009-2013) of $13.68 per $1,000 is above $7.055 per $1,000 – 75th percentile for all municipalities. This is the 34th highest for villages.

The Village's Average Fund Balance Percentage (2009-2013) of 15.49 percent would have been the 75th lowest for villages but is still above the five percent threshold.

Average Full Value Property Tax Rate



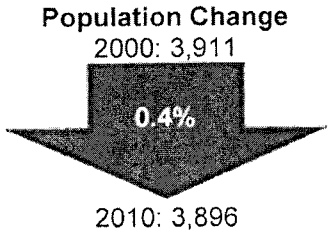
Average Fund Balance Percentage



OSC's Fiscal Stress Monitoring System did not give the Village a Fiscal Rating or an Environmental Rating for 2014 or 2015 because the Village did not file all necessary information in a timely manner.

Demographic and Socioeconomic Profile

The Village's population fell by 0.4 percent from 2000 to 2010 to 3,896. This decrease is less than the 1.1 percent population loss experienced by the typical village over that same time period.



The Village of Owego's median household income in 2014 was $44,655, which is less than the typical village s median household income of $52,633.

The Village's median home value of $97,100 is less than the median home value of the typical village of $130,750.

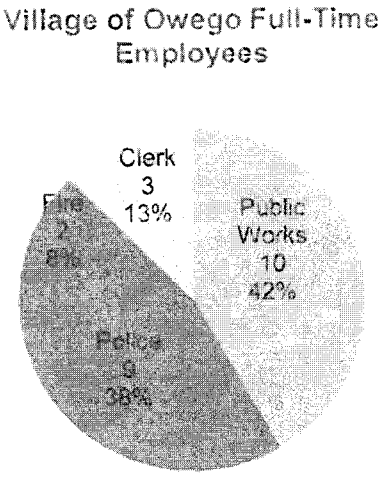
Its property value per capita of $35,746 in 2014 is less than the property value per capita of the typical village of $49,236.

Organization and Finances

Organizational Profile

The Village of Owego is governed by a Mayor and six Village Trustees. The Mayor is elected to a two-year term, which expires April 2018. The Trustees are elected by ward to two-year terms, three of which expire April 2018 and three of which expire April 2017. The Village Clerk-Treasurer has a two-year term, which expires April 2018. The Village Justice has a four-year term, which expires April 2018. The Village is one of only a dozen villages that still operates with its own charter, similar to a city; most villages operate under Village Law.

According to the organizational chart provided by the Village, there are several departments: The Clerk-Treasurer Department, the Department of Public Works, the Police Department and the Fire Department. There are 24 full-time employees, in addition to various part-time and seasonal employees.



The largest department is Public Works, which includes ten of the full-time employees. The Department of Public Works is responsible for code enforcement, street maintenance, parks and cemetery maintenance, the Village pool, and vehicle repairs for all departments. The Police Department is the next largest, with nine full-time employees. The Fire Department has two full-time employees (paid EMT positions) in addition to its volunteer firefighters, and the Clerk-Treasurer's office has three full-time employees and a part-time bookkeeper.

Certain Village employees are covered by collective bargaining agreements. The Owego Police Benevolent Association (PBA) represents six employees in the Police Department. The Village recently agreed to terms with its police bargaining unit on a new contract. The most recent contract expired on July 31, 2013. This new agreement would cover the period from 8/1/2013 – 7/31/2017 and would carry salary raises ranging from 1.5% - 2.25% in each of the 4 years of the deal. Under the new agreement, covered employees would still contribute 20 percent of their health insurance premium, however there is now a tiered biweekly pay deduction (instead of a flat contribution for all covered PBA employees) which ranges from $31 to $118 depending on single to family coverage.

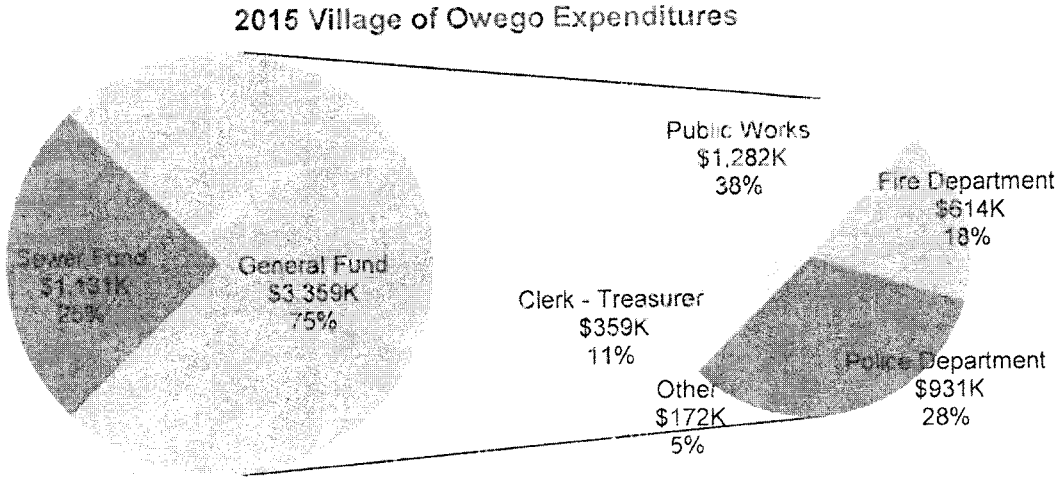
The Civil Service Employees Association (CSEA) represents 15 employees across 6 departments. The CSEA contract covers August 1, 2011 through July 31, 2016. It included salary increases of 1 percent in 2011, 1.25 percent in 2012, 1.75 percent in 2013, 2 percent in 2014, and 2 percent in 2015. Covered employees contribute 15 percent of their health insurance premium or $56.56 bi-weekly.

Village of Owego Labor Contracts

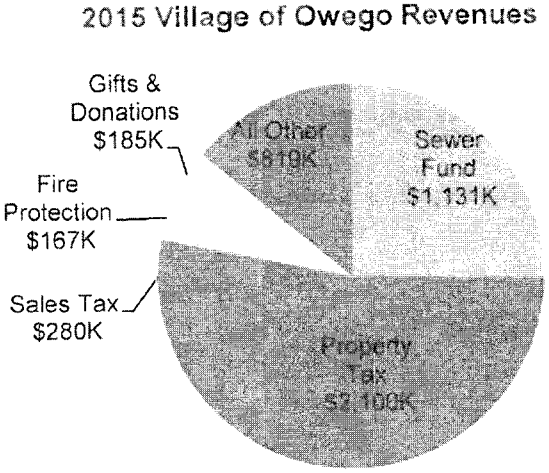
Union	Contract Status	Contract Expiration	% Salary Increases				
			2011	2012	2013	2014	2015
Owego PBA	Expired	07/31/2013	2.5	3.0	1.5	1.75	2.25
CSEA Local 1000, AFSCME, AFL-CIO	Current	07/31/2016	1.0	1.25	1.75	2.0	2.0

Budget Profile

The Village's Fiscal Year 2015 all funds budget (General Fund and Sewer Fund) is estimated to total just under $4.49 million; $3.36 million of which is for the General Fund. This is a 0.7 percent increase from the 2014 all funds adjusted budget of $4.46 million. For the General Fund, the largest spending category in the 2015 budget is for the public works department (38 percent of General Fund expenditures).



The largest 2015 all funds revenue sources for the village are property taxes (46.8 percent) and sewer fund revenues (25.2 percent. Real property tax revenues increase by 1.5 percent from 2014 to 2015.



The Village has no significant outstanding General Fund supported debt, as it paid the last installment for two fire trucks in the 2015 fiscal year. The main debt of the Village lies within the Sewer Fund. Within the past two years, the Village issued a new $4 million bond with the State's Environmental Facilities Corporation (EFC). The Village was able to secure an interest free loan from EFC. Expected debt service for the remaining 28 years is approximately $175,000 per year.

The Village's Fiscal Year 2016 budget relies on a flat $2.1 million tax levy and a $97,000 appropriation from its fund balance. The adopted General Fund budget of $3.33 million is nearly identical to the 2015 adopted budget.

Overall Village Fiscal Context

While the Village seems to have adopted a status quo budget for 2016, there are some items that could be a cause for concern in upcoming years.

Ambulance Memorial Fund

Approximately 15 years ago, the Village was bequeathed a $2 million memorial fund, the "Sweet Memorial Fund," with the stipulation that the endowment be used for healthcare-related expenses. Accordingly, the Village has chosen to use portions of the fund annually to support the Village's paid ambulance operation, which is a part of the volunteer Fire Department. The Village typically uses $140,000 in support of the operation.

After the 2016 appropriation of $145,000, the fund will only be able to support two to three more years before it is depleted. Once the funds are exhausted, the Village taxpayers will have to support the ambulance expenses in full or eliminate/reduce the service. Based on the current tax levy, this would be a seven percent tax increase, which would be on top of any other demands on the levy.

Fire Protection Revenues

For many years, the Village and the Town of Owego have contracted on an annual basis for the Village's volunteer Fire Department to supply emergency services to portions of the Town. Recently, the Town's volunteer fire district has been expanding its services through additional volunteers and the construction of a new facility just across the Village border.

With this additional service from the fire district, the Town has reduced its support of the Village operation. In 2013, the Village received $234,000 from the Town. In 2016, the Village is only expecting $45,000. These funds offset a significant portion of the Village Fire Department's $600,000 in annual costs. The absence of these funds is a leading reason for the use of $97,000 in fund balance in fiscal year 2016, which is not a sustainable solution.

Fund Balance Trend and Usage

While the 2012 General Fund balance stood at over $780,000 (17 percent of expenditures), the balance precipitously decreased to $385,000 by the end of 2013 (9 percent of expenditures). Since then, Village appropriation of General Fund fund balance moderated for each of 2014 and 2015 budgets, requiring $60,000 for each year.

The 2015 budget was assisted through the receipt of a one-time Blue Cross health care escrow/reserve refund of $300,000 due to the Village changing plans in accordance with the Federal Affordable Care Act requirements.

With this refund, the Village earmarked half of it for necessary expenses and upgrades to its cemetery. The remaining $150,000 was used to obviate the need for 2015 fund balance usage and supplied the necessary $97,000 of fund balance for the 2016 adopted Budget.

The Village estimates it is maintaining approximately $300,000 in undesignated fund balance aside from the fiscal year 2016 appropriation, which equates to roughly 8.5 percent of General

Fund expenditures. The Village cannot count on another one-time receipt of funds. If future budgets require $100,000 in fund balance annually, the Village's reserve will be exhausted in a few short years.

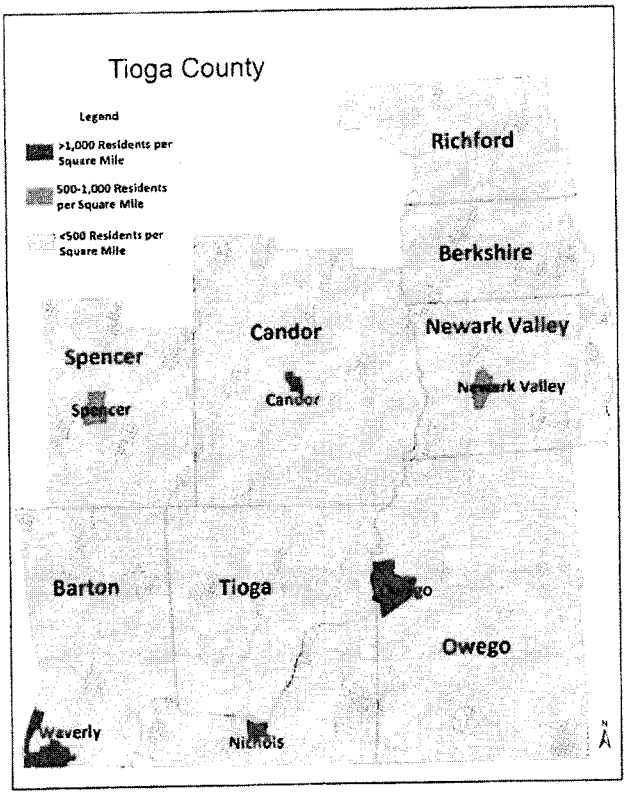
Findings and Recommendations

After a thorough review of the Village's operations, the Board identifies findings and recommendations in the following areas: shared services, dissolution, economic development, and fiscal performance and accountability.

Shared Services

Regional Government Context

As of the 2010 Census, Tioga County had a population of 51,125 and ranked 42nd most populous county out of the 57 counties outside of New York City. With a land area of 518.6 square miles, it is the 42nd largest county. With a population density of 99 residents per square mile, it is the 35th most densely populated county.



The County is governed by a nine-member County Legislature, which elects a Chair. Other elected County officials include: the Treasurer, the Sheriff, the District Attorney, the Clerk, and four Coroners. As of 2014, the County had total expenditures of $78 million, which is the 52nd highest for all counties, and total expenditures per capita of $1,524, which is the 52nd highest for all counties.

Within the County, there are 9 towns, 6 villages, 9 fire districts, 6 school districts, and approximately 20 town special districts and other entities.

The Village of Owego is the county seat. It is completely within the Town of Owego, which is located in the southeast corner of the County.

Survey of Shared Services

A survey was conducted by the Village to gather information on the general functions of the Village and neighboring municipalities to ascertain duplication of services and potential areas for further consolidation. The Village was asked to briefly describe current shared service arrangements in each service/functional area and to identify any obstacles or opportunities for additional shared services.

Below is the summary of the results identifying which services are provided by each municipal entity.

Index of Municipal Services Provided				
Service / Function	Village of Owego	Town of Owego	Tioga County	Owego Apalachin School District
Police	X		X	
Dispatch / E-911			X	
Fire	X		X	
Ambulance / EMS	X			
Tax Collection/Treasurer	X		X	X
Tax Bill Printing			X	
Tax Foreclosure			X	
Assessing		X		
Personnel / HR / Civil Service	X	X	X	X
Payroll / Time & Attendance	X	X	X	X
Purchasing			X	X
Budget / Finance	X	X	X	X
Code Enforcement	X	X		
Building / Zoning / Planning	X	X	X	
Park Maintenance	X	X		
Animal Control		X		
Plowing	X	X	X	X
Paving / Street Maintenance	X	X	X	
Lighting / Traffic Controls	X			
Sanitation / Garbage			X	
Water		X		
Wastewater / Sewer	X	X		

Shared Services Actions and Opportunities

A local government's primary responsibility is to deliver services for the benefit and well-being of its residents. As the above chart aptly displays, there is ample duplication of services among the Village of Owego and neighboring municipalities.

If the Village of Owego is to address impending future financial stress, it must maximize available savings from pursuing and implementing a new shared services plan with its governmental partners. An effective plan will not only enable the Village to reduce its cost structure going forward, but should also help partnering governments reduce their costs as well.

The Board analysis of municipal services provided by the Village of Owego and its neighboring municipalities identified several areas of overlap. The Board facilitated a group discussion with the Village, Town, and County to help begin to identify additional shared service actions that could be initiated among the governments. Some of the most promising opportunities for shared services include the following:

Fire Department/Emergency Services

The Village's Fire Department includes five fire companies (Susquehanna Hose Co. #1, Wave Hose Co. #2, Croton Hose Co. #3, Hiawatha Engine Co. #4, and Ahwaga Ladder Co. #5) at four fire stations with approximately 300 volunteers. At present, the Department serves 64 square miles, including the entire Village of Owego and portions of the Towns of Owego, Nichols, and Tioga.

The Fire Department also operates an ambulance service. While the fire rescue staff are volunteers, the two ambulance staff are paid. In total, the Village expends just over $600,000 annually for the Fire Department and ambulance service. This Department is predominantly funded through general Village revenues (property tax). As recently as fiscal year ending 2013, the Village received $234,000 in fire protection revenue, mostly from the Town of Owego as compensation for the Village Fire Department providing primary emergency coverage for a portion of the Town.

The contract for Village fire and emergency services expired July 31, 2015. In 2014, the Town of Owego Fire District began work on a new, multi-bay fire station for $1.1 million, and recruited additional volunteers. This allowed the Town to cut back or eliminate the need for Village coverage, thereby saving on the fire protection fees the Town pays to the Village. Accordingly, in the Village's total fire protection revenue in the 2016 adopted budget is down to a mere $45,000.

This loss of revenue is temporarily mitigated by the fact that the Village has finished paying debt service on two fire trucks, relieving debt expenses of $150,000 from the 2016 budget. However, this loss of contractual revenue creates a recurring, perpetual problem for the Village.

As a means to reduce expenses and keep property tax increases in check, Village residents should contemplate the option of reversing the roles by potentially disbanding the Fire Department and contracting with the Town Fire District. It makes little sense having two fully-funded and functioning neighboring departments/districts where one might be able to serve the entire community. Moreover, the Village's fire chief has publicly stated that fire companies

should be looking to share services rather than expanding and, in a sense, competing among each other.

Fearing for its future and desiring to secure its fiscal footing, the Village Fire Department has explored the legal possibilities of creating its own fire district, rather than operating as a department under the Village. Migrating to a fire district would give the present Department control over its operation, with the ability to elect its own board of commissioners and more importantly the ability to set its own tax levy. While this new district's levy would be subject to the State's tax cap, the Board of Commissioners could vote to override the cap.

Village residents and taxpayers should be leery of the creation of a new fire district rather than one under the full control of the Village administration. Village taxpayers should strive to achieve effective, reliable emergency service at the most reasonable cost. The proliferation of fire districts with near unfettered taxing ability, rather than a reversal of course and an expansion of shared services, is likely not in the best interest of Village taxpayers in the long run.

Police Consolidation/Department Dissolution

Second only to the Village's Department of Public Works in terms of staff size and annual expenditures, the Village spends approximately $930,000 annually for its Police Department. The Department consists of nine full-time employees and provides 24-hour, 7-day coverage and service.

The Village of Owego is the County seat for Tioga County, and thus, the Village is also home to many county-based departments, including the County Sheriff's Department. The Sheriff's Department has a total full-time equivalent staff of 44 and provides countywide road patrol as part of its duties. The Department spends approximately $4.7 million annually.

The concept of departmental dissolution was broached several years ago and, today, remains a contested topic among Village residents. In a shared service discussion with the Village and County representation, the County showed a willingness to consider a proposal.

In order to dissolve the Department, however, village voters would have to approve the measure. Prior to this step, Village and County government officials, as well as all of the affected residents, would need to work through a detailed plan regarding coverage/service and the associated costs – including compensation to the County. The presumption is that, while the Village is spending well over $900,000 per year for police service, an equivalent amount of coverage and service could be supplied by the County for a lower annual cost, given the economies of scale and benefits of managing a larger department.

Recommendation: The Board recommends that the Village, in conjunction with its governmental neighbors, develop and implement a shared services plan that will lower the annual cost of providing specific services and address the inherent duplication of services via multi-governmental jurisdictions. If the Village agrees to abide by and implement this recommendation, the Board may, in its sole discretion, award a grant to assist the Village and its neighboring governments with implementing such shared services plan. The specific structure and conditions of such grant, which would be developed in consultation with the Village, and any other aspects of such grant would be subject to an affirmative vote of a majority of the total members of the Board.

Local Government Efficiency Grant Program

The State also offers competitive grants through the Local Government Efficiency Grant program (LGEG) to local governments for planning or implementing a local government efficiency project, including sharing services, functional consolidation, and regional service delivery. The maximum grant for an implementation project is $200,000 per municipality/$1 million per grant. The maximum grant for a planning project is $12,500 per municipality/ $100,000 per grant. Planning projects require a 50 percent local match and implementation projects require a 10 percent local match. If a planning project is later implemented, the local match for implementation is offset by the amount of the local match for the planning project.

LGEG is administered by the Department of State. More information on grant requirements and how to apply is available at https://www.dos.ny.gov/lg/lge/index.html.

Transformational Municipal Restructuring Grants

On February 2, 2016 the Department of State released the Request for Applications for the Municipal Restructuring Fund (MRF) – a new $25 million program to assist local government and school officials with developing transformative projects that will lead to property tax reductions for New Yorkers. The MRF is a grant program with a continuous recruitment process and projects submitted through the program will be ranked as they are received based upon established criteria until funding is exhausted. Projects will be ranked by metrics that include potential impact across local governments, effect across service delivery areas and municipal functions, and potential for long-term property tax savings.

The Village should consider evaluating internal opportunities for consolidation or partner with surrounding communities for the purpose of filing an application for this grant funding. More information on MRF grant requirements and how to apply is available at http://www.dos.ny.gov/funding/rfa-15-mrf-27/index.html.

Municipal Consolidation Competition

To further encourage local government consolidation, New York State created a new $20 million Municipal Consolidation Competition in the FY 2017 Enacted State Budget to empower counties and other local governments to pursue opportunities for consolidation, shared services, and other changes that permanently reduce the property tax burden. This competition is designed to bring forth aspirational consolidation ideas that will change the structure of local government.

The Village should consider partnering with Tioga County in order to craft an application for this funding that outlines a transformative change in the structure of their local governments or service delivery methods.

Village Dissolution

In the absence of any significant or meaningful shared service or departmental dissolution, the Board finds that the Village administration and residents should consider dissolution as an option to address the taxes imposed solely on the Village residents. Dissolution represents a viable option for any village experiencing fiscal stress. The State offers resources to plan and implement a village dissolution. In addition, residents will annually benefit from an additional tax credit provided after village dissolution. The Board recognizes that, given the absence of a police function at the Town level, the issue of police protection will be a focal point for the topic of Village dissolution.

Town and Village of Owego

The Town of Owego is governed by a Supervisor and four other members of the Town Board. Other elected officials include: the Superintendent of Highways, Clerk, and two Justices.

The Village is the only village within the Town of Owego. The Village includes nearly 20 percent of the Town's population but only 2 percent of the Town's land area. The full value of the property in the Village as of 2014 is 13 percent of the full value of the property in the Town.

	Village of Owego	Town of Owego
Population	3,896	19,883
Area (sq. miles)	2.5	104.2
Full Value	$139M	$1,036M

Both the Village and the Town lost population from 2000 to 2010, with the Town having a larger drop. The median household income, median home value, and property value per capital are higher in the Town than the Village. The Village has a higher child poverty rate than the Town.

	Village of Owego	Town of Owego
Population Change (2000-2010)	-0.4%	-2.4%
Median Household Income (2014)	$44,655	$69,777
Median Home Value (2014)	$97,100	$134,300
Property Value Per Capita (2014)	$35,746	$52,088
Child Poverty Rate (2010)	10.4%	7.5%
Change in Child Poverty Rate (2000-2010)	N/A	-1.2%

For Illustration, the Village's 2013 total expenditures of $5.4 million were about half of the Town's 2013 total expenditures of $11.0 million. The Village's biggest areas of spending are public safety, employee benefits, and sanitation. The Town's biggest areas of spending are transportation, sanitation, and employee benefits.

	Village of Owego 2013 Expenditures		Town of Owego 2013 Expenditures	
	$ in 000s	%	$ in 000s	%
General Government	654	12.1	1,009	9.1
Public Safety	1,389	25.6	80	0.7
Transportation	498	9.2	4,069	36.9
Culture and Recreation	517	9.5	1,037	9.4
Utilities	0	0.0	840	7.6
Sanitation	831	15.3	1,772	16.0
Employee Benefits	931	17.2	1,639	14.8
Debt Service	257	4.7	588	5.3
Other	348	6.4	8	0.1
Total	5,425	100.0	11,042	100.0

Dissolution Grants and Incentives

State law provides two options for initiating the dissolution process – a resolution of a village board or a petition by village electors. Appendix C contains a summary of the reorganization process prepared by the Department of State.

If either the Village board or its electors would like to pursue dissolution, the State offers assistance with the planning and implementing of dissolution through the Citizens Reorganization Empowerment Grant program. The State also offers annual incentive aid through the Citizens Empowerment Tax Credit program.

Citizens Reorganization Empowerment Grants

The Citizen Re-Organization Empowerment Grant program (CREG) provides assistance to municipalities for the costs associated with studies, plans, and implementation efforts related to local government re-organization activities, including dissolution and consolidation.

These as-of-right grants provide funding of up to $100,000 for local governments to cover costs associated with planning and implementing local government re-organization activities. Expedited assistance is given to local governments that have received a citizen petition for consolidation or dissolution.

Services that grant proceeds may be used towards include:

- Re-Organization Planning: A re-organization plan or agreement provides the blueprint for the disposition of a local government's property, services, and obligations. To develop such a plan or agreement, local government leaders and citizens need to have a full understanding of the current services and responsibilities of the local government. Developing consolidation agreements or dissolution plans require considerable data gathering, analysis, and discussion. A re-organization plan will form the foundation for a consolidation agreement or dissolution plan.

- Expedited Re-Organization Assistance: When the electors of a local government have filed a petition that requires a referendum on the question of local government re-organization, such local government is eligible for expedited re-organization assistance to cover costs associated with the development and dissemination of information to the electors prior to the required referendum. If the referendum is approved, the project will lead to a re-organization plan which provides the blueprint for the disposition of a local government entity's property, services, and obligations.

- Re-Organization Implementation: If it is determined that re-organization is in the best interest of the local government entity, the implementation of the dissolution plan or consolidation agreement will proceed. The complexity of a re-organization implementation is often dependent on the complexity of the local government entity and the consolidation agreement or dissolution plan. Implementation may need to include legal services, capital improvements, transitional personnel and other necessary items related to re-organization implementation.

CREG is administered by the Department of State. More information on grant requirements and how to apply is available at http://www.dos.ny.gov/lg/lge/index.html.

Citizen Empowerment Tax Credit

If the Village of Owego dissolves, the State will pay additional annual assistance to the Town of Owego through the Citizens Empowerment Tax Credit (CETC). For cities, towns, or villages that consolidate or dissolve, these tax credits provide an annual aid bonus to the surviving municipality equal to 15 percent of the newly combined local government's tax levy. At least 70 percent of such amount must be used for direct relief to property taxpayers. Currently, eleven towns and their residents are benefitting by nearly $1.4 million annually for ten village dissolutions.

A sample calculation of what the CETC could be for the Town and Village of Owego follows:

Sample Calculation of CETC	
Village of Owego Tax Levy (2014)	$2,069,000
Town of Owego Tax Levy (2014)	$2,720,000
Combined Levy	$4,789,000
15% of Combined Levy	$718,000

The actual amount of CETC will be determined by the Division of Budget by calculating fifteen percent of the combined amount of real property taxes levied by the Village and Town in the local fiscal year before the local fiscal year in which the dissolution occurred. For example, if the Village dissolved on December 31, 2016 (village fiscal year 2017 and town fiscal year 2016), CETC would be based on the amount levied by the Village in fiscal year 2016 and by the Town in fiscal year 2015.

The Town would start receiving the CETC in the State fiscal year following the State fiscal year in which the dissolution occurs. For example, if the Village dissolved on December 31, 2016, this would be in State fiscal year 2017 (which begins April 1, 2016). CETC would be paid in September 2017 (State fiscal year 2018). It is important to note that CETC would be in addition

to existing Aid and Incentives for Municipalities (AIM) funding. After dissolution, the Town would receive CETC as well as both the Town's and Village's AIM funding.

Economic Development

FY 2017 Enacted State Budget Actions Will Assist the Village's Economic Development Climate

The FY 2017 Enacted State Budget agreement included a number of initiatives which will grow the economy within the Village of Owego and the surrounding Southern Tier. This includes supporting locally-driven priorities for economic development and bolstering some of the State's most vital forms of infrastructure. Investments include:

- Authorizing Upstate Revitalization Initiative Grants: This competition replicated the successful Buffalo Billion initiative to help further Upstate New York's economic recovery. Projects focused on strengthening critical infrastructure, revitalizing communities, bolstering workforce development, growing tourism, and improving quality of life. In December of 2015, the Southern Tier was awarded $117 million for 100 economic development projects. In addition to this funding, the Southern Tier won one of the Best Plan awards worth $500 million over five years.

- Funding a Sixth Round of REDC funding: Round VI of the Regional Council initiative will include $750 million to be split competitively among each of the state's ten regions.

Water Infrastructure Improvement Act

The Water Infrastructure Improvement Act of 2015 provides grants to municipalities for critical drinking water and wastewater system improvements. The FY 2017 Enacted state Budget increases the Act's funding from the $200 million approved in 2015, to $400 million total. Grants provided through the Act will help local governments advance approximately $2 billion in local drinking water and waste water infrastructure investments while creating an estimated 33,000 construction jobs.

The Village of Owego should contact the Environmental Facilities Corporation to inquire about funding.

New Transportation Capital Program

The FY 2017 Enacted State Budget included $21.1 billion for capital improvement of highways, bridges, rail, aviation infrastructure, non-MTA transit, and DOT facilities throughout the state. This includes the launch of three new initiatives: BRIDGE NY, PAVE NY, and the Extreme Weather Infrastructure Hardening Program.

- The BRIDGE NY program will provide $1 billion to replace, rehabilitate and maintain state and local bridges over a five year period.

- The PAVE NY program will provide $1 billion to state and local paving projects over a five year period and will be distributed according to the Consolidated Local Street and Highway Improvement Program (CHIPs) formula. The Village of Owego will receive $19,509 in State Fiscal Year 2017 as part of this program.

- The Extreme Weather Infrastructure Hardening Program will provide $500 million to further improve conditions on state and local roads and bridges, as well as provide resiliency to roadways that are particularly susceptible to weather events.

Fiscal Performance and Accountability

Multi-Year Financial Plans

Multi-year financial plans can be an important tool for local government leaders. These plans project a local government's revenues and expenditures for a number of years into the future based on reasonable assumptions. This allows local officials to not only see the current fiscal situation but also see the fiscal situation over the next few years. This empowers local officials in two ways.

First, it enables local officials to avoid creating future problems with a current action. For example, using a one-time revenue source to fund an ongoing program would not show an impact in the current year, but could have a significant impact in future years, when the one-time revenue source is no longer available.

It also empowers local officials to address future problems today. As projected revenues seldom exceed projected expenditures, local officials can start to make decisions today to address out-year gaps. By proactively addressing future issues, the impact to the local government, its residents, its taxpayers, and its workforce can be lessened.

OSC has developed an extensive set of resources for local governments on multi-year financial planning. This includes a tutorial, a guide, and a template, which are all available on OSC's website http://www.osc.state.ny.us/localgov/planbudget/index.htm. These are designed to make it as easy as possible for local governments to develop multi-year financial plans.

The Village of Owego does not currently have a multi-year financial plan. As noted earlier, the Village has been regularly appropriating fund balance to close budget gaps – a practice that is not sustainable over the long-term. To prepare for how to address future budget gaps without the use of fund balance as well as for the reasons outlined above, the Board finds that the Village should develop a multi-year financial plan.

Conclusion and Next Steps

The Board recommends that the Village, in conjunction with its governmental neighbors, develop and implement a shared services plan that will lower the annual cost of providing specific services and address the inherent duplication of services via multi-governmental jurisdictions. If the Village agrees to abide by and implement this recommendation, the Board may, in its sole discretion, award a grant to assist the Village and its neighboring governments with implementing such shared services plan.

The specific structure and conditions of such grant, which would be developed in consultation with the Village, and any other aspects of such grant would be subject to an affirmative vote of a majority of the total members of the Board.

Appendix A – Letter and Resolution from Village of Owego

Village of Owego

July 28, 2014

To Whom It May Concern:

On June 23, 2014 the Village of Owego adopted a resolution asking the Financial Restructuring Board to undertake a comprehensive review of the Village of Owego.

Please review operations, finance, management practices, economic base and any other recommendations that may be beneficial to the Village of Owego.

Sincerely,

Kevin J. Millar

Kevin J. Millar
Mayor

CERTIFICATION

I, Rodney Marchewka, do hereby certify that I am the Village Clerk of the Village of Owego and that the foregoing constitutes a true, correct and complete copy of a resolution duly adopted by the Village Board of the Village of Owego at a meeting thereof held at the Village Board Room, 20 Elm Street, Owego New York on the 18th day of February 2014 at 7:00 p.m. Said resolution was adopted by the following roll call vote:

Mayor Millar Yes
Trustee Hartman Yes
Trustee Jantz Yes
Trustee Lockwood Yes
Trustee May
Trustee Phelps
Trustee Yetter Yes

Dated: June 23, 2014

Rodney Marchewka, Village Clerk-Treasurer

Roll Call Vote: Trustee Hartman, Trustee Jantz, Trustee Lockwood, Trustee Yetter, and Mayor Millar voted aye. Motion Carried 5-0

Appendix B – Resolution Approving the Village of Owego

Financial Restructuring Board for Local Governments

RESOLUTION No. 2015-10

DEEMING THE VILLAGE OF OWEGO A FISCALLY ELIGIBLE MUNICIPALITY AND APPROVING THE REQUEST FOR A COMPREHENSIVE REVIEW FROM THE VILLAGE OF OWEGO

WHEREAS, the Financial Restructuring Board for Local Governments ("the Board"), created pursuant to Chapter 67 of the Laws of 2013, is empowered by §160.05 of the Local Finance Law to, among other things, deem certain municipalities as Fiscally Eligible Municipalities; and

WHEREAS, in accordance with §160.05(2) of the Local Finance Law, a municipality may not be deemed a Fiscally Eligible Municipality if it has not reported to the Office of the State Comptroller (the "Comptroller") during the pertinent fiscal year the information necessary to calculate its average full value property tax rate or average fund balance percentage; and

WHEREAS, on February 26, 2014, the Board approved Resolution No. 2014-08 providing that if a municipality which has not been deemed a Fiscally Eligible Municipality subsequently reports to the Comptroller during the pertinent fiscal year the information necessary to calculate its average full value property tax rate and average fund balance percentage, and the Comptroller confirms in writing to the Board that it received such information from the municipality, the Board is willing to exercise its discretion to consider whether that municipality should be deemed a Fiscally Eligible Municipality provided that municipality submits to the Board such other information that the Board deems relevant in making that determination; and

WHEREAS, pursuant to New York State Local Finance Law section 160.05(3), upon the request of a Fiscally Eligible Municipality, by resolution of the governing body of such municipality with the concurrence of the chief executive of such municipality, the

Board may undertake a comprehensive review of the operations, finances, management practices, economic base and any other factors that in its sole discretion it deems relevant to be able to make findings and recommendations on reforming and restructuring the operations of the Fiscally Eligible Municipality (the "Comprehensive Review"); and

WHEREAS, the Village of Owego (the "Village") previously did not submit to the Comptroller during the pertinent fiscal year the information necessary to calculate its average full value property tax rate or average fund balance percentage, and hence is among those municipalities that may not be deemed a Fiscally Eligible Municipality; and

WHEREAS, on December 5, 2014, the Comptroller confirmed in writing to the Board, attached hereto, that the Village has subsequently filed during the pertinent fiscal year the information necessary to calculate its average full value property tax rate and average fund balance percentage; and

WHEREAS, the governing body of the Village with the concurrence of the Village's chief executive requested that the Board undertake a Comprehensive Review of the Village;

NOW THEREFORE BE IT RESOLVED that the Board is willing to exercise its discretion and determine that the Village should be deemed a Fiscally Eligible Municipality; and

BE IT FURTHER RESOLVED that the Board agrees to undertake a Comprehensive Review of the Village in accordance with New York State Local Finance Law section 160.05(3); and

BE IT FURTHER RESOLVED that this Resolution shall supersede anything to the contrary set forth in Resolution No. 2015-05 or any list attached thereto that suggests the Board cannot exercise its discretion to consider whether the Village should be deemed a Fiscally Eligible Municipality.

This resolution shall take effect immediately and remain in effect until modified, replaced or repealed by resolution of the Board.

No. 2015-10
Dated: 2-24-15

THOMAS P. DiNAPOLI
COMPTROLLER

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER
110 STATE STREET
ALBANY, NEW YORK 12236

GABRIEL DEYO
DEPUTY COMPTROLLER
DIVISION OF LOCAL GOVERNMENT
AND SCHOOL ACCOUNTABILITY
Tel: (518) 474-4037 Fax: (518) 486-6479

December 5, 2014

Robert L. Megna, Chair
Financial Restructuring Board
State Capitol Building, Room 113
Albany, NY 12224

Dear Mr. Megna:

The Village of Owego filed its 2013 Annual Update Document with this Office on July 28, 2014. This letter is to confirm that the Village of Owego has filed required AUD reports with OSC for the five fiscal years ending 2009-2013. Based upon the information in those reports, the average fund balance percentage is 15.49.

There have been no changes to the average full value property tax rate for the Village of Owego. The rate remains at 13.68.

If you have any questions or concerns regarding this information, please let me know.

Sincerely,

Gabriel F. Deyo

Appendix C – Summary of Government Reorganization Process

NEW YORK STATE OF OPPORTUNITY. | Department of State | Division of Local Government

The Reorganization of Local Government:

A Summary of the Government Reorganization Processes

General Municipal Law Article 17-A provides a unified process for the consolidation and dissolution of local government entities. The process is applicable to towns, villages, fire and fire protection districts, special improvement districts, other improvement districts created pursuant to Articles 11, 12, 12-a or 13 of Town Law, and other districts created by law. It excludes school districts, city districts, or special purpose districts created by counties under County Law.

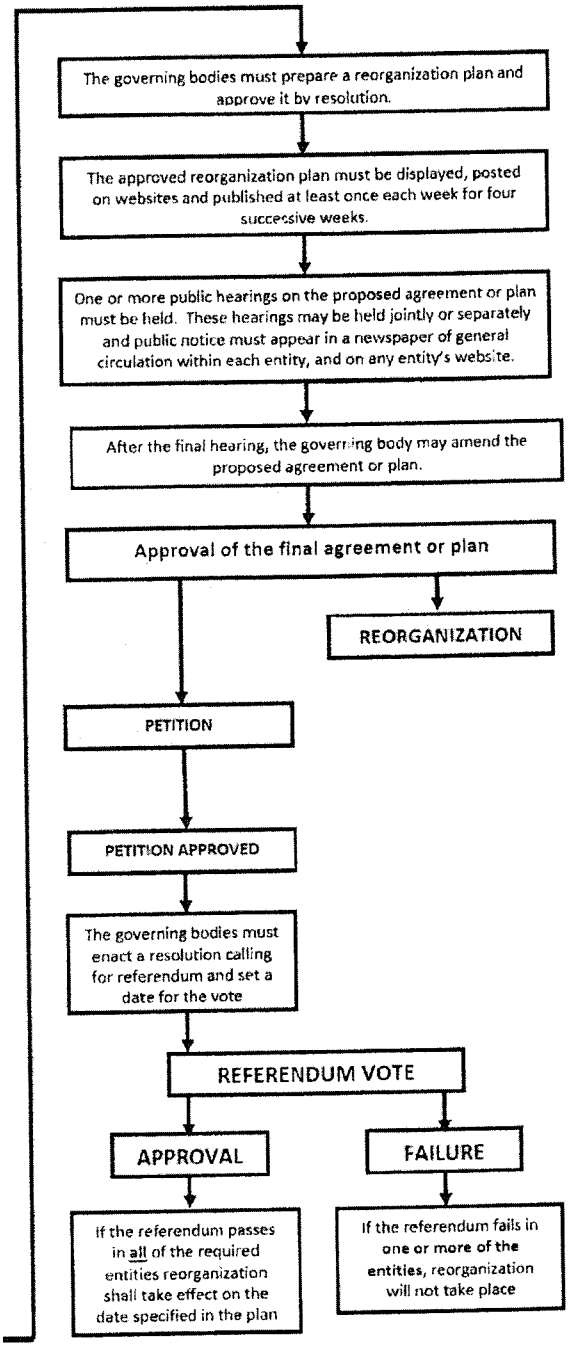
Under Article 17-A of General Municipal Law there are two different methods for local governments to consider: Board-initiated or Citizen-Initiated. The process for either consolidation or dissolution is the same. The following is a brief outline of the processes found in Article 17-A.

Procedural details may be found in the Department of State publications:

- *The New N.Y. Government Reorganization and Citizen Empowerment Act*
- *The New N.Y. Government Reorganization and Citizen Empowerment Act: A Summary of the Process for Consolidation and Dissolution*

Andrew M. Cuomo
Governor

Cesar A. Perales
Secretary of State


The governing bodies must prepare a reorganization plan and approve it by resolution.
Within 180 days
The approved reorganization plan must be displayed, posted on websites and published at least once each week for four successive weeks.
No later than 5 business days after the plan is approved
One or more public hearings on the proposed agreement or plan must be held. These hearings may be held jointly or separately and public notice must appear in a newspaper of general circulation within each entity, and on any entity's website.
Within 35 to 90 days after the plan is approved
After the final hearing, the governing body may amend the proposed agreement or plan.
No later than 5 business days after the plan is amended, a summary and copy of the plan must be displayed within each entity and posted on a
Approval of the final agreement or plan
Within 60 days from the close of the last public hearing
REORGANIZATION
The date specified in the plan for the local government entities to reorganize must be a minimum of 45 days after the approval date of the final plan
PETITION
Within 45 days after the governing body approves the final plan, the voters may file a petition, with the clerk of the town where the entity is located or where the greater portion of its territory is located, requiring a referendum on the reorganization plan. If the entity is a village the original petition must be filed with the village clerk. This petition must contain the signatures of at least 25 percent of the voters in the entity, or 15,000 signatures, whichever is less.
PETITION APPROVED
Within 10 days final determination regarding the sufficiency of the number of signatures on the petition is made by the clerk
The governing bodies must enact a resolution calling for referendum and set a date for the vote
Within 30 days of the clerk's determining the validity of the petition
REFERENDUM VOTE
Within 60 to 90 days
Summary of the plan is to be published at least once each week for four successive weeks prior to the referendum.
APPROVAL
FAILURE
If the referendum passes in all of the required entities reorganization shall take effect on the date specified in the plan
If the referendum fails in one or more of the entities, reorganization will not take place

BOARD-INITIATED REORGANIZATION

The statutory process, when initiated by the governing body of the participating local government entities, begins with a resolution by the governing bodies endorsing a proposed joint consolidation agreement or dissolution plan.

However, the process of reorganization may start many months before the statutory process begins. With a board initiated reorganization process the board(s) may conduct a study to determine the possible impacts associated with reorganization. As outlined in the previous section, by taking the time to study the impacts of reorganization, both the governing body and the public will be able to evaluate the impacts of reorganization before making the decision to reorganize.

Once a proposed joint consolidation agreement or dissolution plan is adopted by the local government entities involved, the board-initiated consolidation proceeds as follows:

The proposed joint consolidation agreement or dissolution plan is adopted by the local government entities

Within 5 business days after the proposed joint consolidation agreement or proposed dissolution plan is adopted

The proposed joint agreement must be displayed

Within 35 to 90 days after the proposed joint consolidation agreement or proposed dissolution plan is adopted.

One or more public hearings on the proposed agreement or plan must be held. These hearings may be held jointly or separately and public notice must appear in a newspaper of general circulation within each entity, and on any entity's website.

After the final hearing on the proposed joint consolidation agreement or proposed dissolution.

The governing body may amend the proposed agreement

The governing body may decline to proceed further

Within 180 days from the close of the last public hearing.

Approval of the final agreement or plan

THE PROCESS STOPS

Within 60 to 90 days, or if a general election falls within such period, the referendum may be held at the general election.

REORGANIZATION OF A TOWN OR VILLAGE, a referendum must be held. The referendum may be held on different days in the entities, but may not be held more than 20 days apart.

CONSOLIDATION OF SPECIAL DISTRICTS, the agreement will take effect without referendum on the date specified in the proposed joint consolidation agreement

Notice of the referendum is to be published at least once each week for four successive weeks prior to the referendum.

REFERENDUM VOTE

APPROVAL

FAILURE

If the referendum passes in ALL of the required entities, the agreement or plan will become effective on the date specified in the agreement or plan.

If the referendum fails in one or more of the entities, reorganization will not take place; the process may not be initiated again for the same purpose for at least four years.