Appendix F

FINANCIAL RESTRUCTURING REPORT

Village of Alfred Comprehensive Review Report

Financial Restructuring Board for Local Governments

February 2015

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Overview

The Village of Alfred is a large Upstate village in Allegany County. With a population of 4,174 at the 2010 Census, it is the 129th most populous village in New York State and the 2nd most populous village in Allegany County. 2013 expenditures of $2.4 million were the 256th most of villages and 3rd most of villages in the County.

The Village is governed by a Mayor and four Village Trustees, who are elected for two-year staggered terms. The other elected official is 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 11, 2014, the Financial Restructuring Board approved this request for a Comprehensive Review with Resolution No. 2014-02 (see Appendix B).

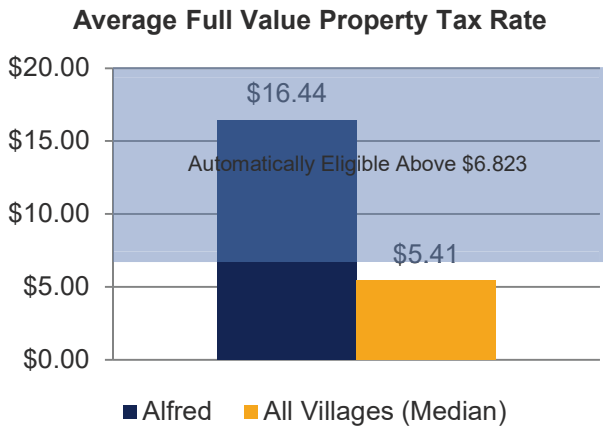
This Comprehensive Review first gives some background on the Village's fiscal eligibility and demographic profile. It then provides information on the organization and finances of the Village. Finally, it presents the Comprehensive Review's findings and recommendations.

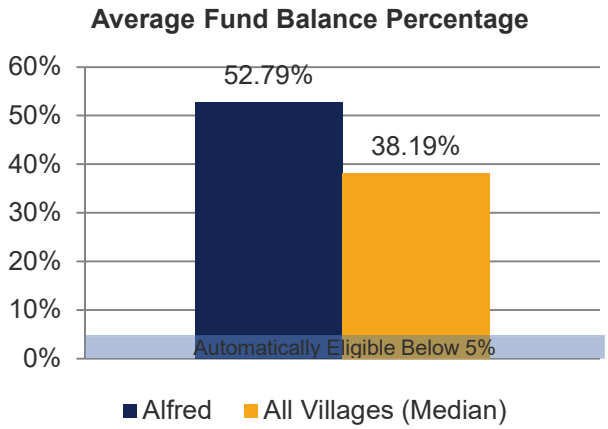
Background

Fiscal Eligibility and Stress

The Village of Alfred is automatically considered a Fiscally Eligible Municipality because its Average Full Value Property Tax Rate (2008-2012) of $16.44 per $1,000 is above $6.823 per $1,000 – the 75th percentile for all municipalities. This is the 9th highest for villages.

The Village's Average Fund Balance Percentage (2008-2012) of 52.79 percent is the 339th lowest for villages but is still above the five percent threshold.





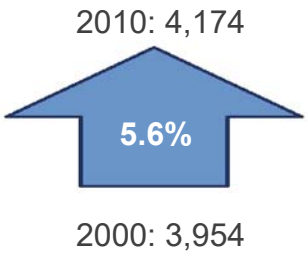
The Office of the State Comptroller's (OSC) Fiscal Stress Monitoring System gives the Village of Alfred a Fiscal Rating of No Designation with a score of 20.8 percent for 2013, which is worse than the median score of 10.6 percent for all villages that are rated for 2013 (a local government would be determined to be Susceptible to Fiscal Stress with a score of 45.0 percent or higher). Negative fiscal factors include: low fund balance to expenditure ratios for both general and combined funds; the Village operating at a deficit in 2012; and high level of debt service spending compared to revenues. OSC projects that the Village's score will increase in 2014 to 30.6 percent, remaining at No Designation.

OSC's Fiscal Stress Monitoring System gives the Village of Alfred an Environmental Rating of No Designation with a score of 25.4 percent for 2013, which is worse than the median score of 22.1 percent for all villages that are rated for 2013 (a local government would receive a designation with a score of 30.0 percent or higher). Negative environmental factors contributing to this score include: a low property value per capita ($9,006); a high percentage of its constitutional tax limit being exhausted (74.2 percent); and an increase in the child poverty rate from 2000 to 2010.

Demographic and Socioeconomic Profile

The Village's population grew 5.6 percent from 2000 to 2010 to 4,174. This growth is significantly more than the 1.1 percent population loss experienced by the typical village over that same period.

Population Change



The Village of Alfred's median household income in 2012 was $19,777, which is the lowest of any village in the State and much less than the typical village's median household income of $52,083. This is likely due to the significant number of college students in the Village, which hosts Alfred State College and Alfred University (which includes the SUNY College of Ceramics). In 2012, 90.8 percent of the Village population three years of age and older were enrolled in undergraduate, graduate, or professional school.

The Village's median home value of $113,300 is less than the median home value of the typical village of $127,650. Its property value per capita of $9,006 in 2013 is the lowest of any village in the State – much less than the property value per capita of the typical village (with a 2013 OSC fiscal stress score) of $49,139. The four-year average change in property value of -0.3 percent is less than the average change of the typical village (with a 2013 OSC fiscal stress score) of 1.0 percent.

The surrounding county's unemployment rate of 8.5 percent is higher than the unemployment rate of the typical village (with a 2013 OSC fiscal stress score, or its surrounding county if the village has a population less than 25,000) of 8.3 percent. With a child poverty rate of 6.5 percent, the Village of Alfred has a lower child poverty rate than the typical village (with a 2013 OSC fiscal stress score), which is 11.2 percent.

Organization and Finances

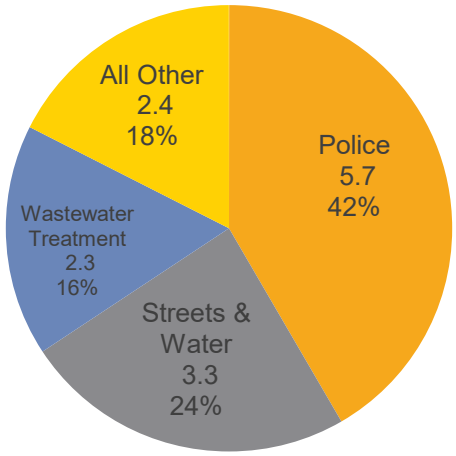
Organizational Profile

The Village of Alfred is governed by a Mayor and four Village Trustees. The Mayor is elected to a two-year term, which expires April 2015. The Trustees are elected to staggered two-year terms, two of which expire April 2015 and the other two expire April 2016. The other elected official is the Village Justice, who has a four-year term that expires April 2017.

According to the organizational chart provided by the Village, there are seven departments: the Justice Court, the Clerk-Treasurer Department, the Police Department, the Code Enforcement Department, the Streets and Water Department, the Wastewater Treatment Department and the Youth and Recreation Department. There are 13.7 full time equivalent (FTE) positions among these departments.

The Police Department is the Village's largest department with 5.7 FTEs. In addition to providing police protection to the Village, the Police Department also provides coverage to the Town of Alfred (per a $35,000 contract) and Alfred University. The Police Department also coordinates coverage with various municipalities through a Memorandum of Understanding, including the Village of Andover, the Town of Independence, and the Village of Bolivar as well as with the Alfred State police. Police salaries represent approximately 50 percent of all salaries in the Village.

Village of Alfred FTEs by Dept.



Two unions represent the Village's unionized workforce: Alfred Police Department Local 2841AL, New York State Law Enforcement Officers Union, Council 82, AFSCME, AFL-CIO, which represents four employees; and Teamsters Local 317, which represents five employees.

The Village notified the Board that it recently approved a new two-year contract with its police union – through May 31, 2016. The new contract calls for raises of one percent in 2014 and one and a half percent in 2015. The agreement also allows the Department to rely more on part-time officers. Specifically, when a shift needs to be filled, it will no longer need to be offered to a full-time officer before it can be offered to a part-time officer. This should limit overtime expenses. Other contract modifications include changing the health insurance opt-out payment, limiting how much compensatory time may be earned each year, and removing the longevity tiers established in previous contracts. Police pay for 10 percent of the health insurance premium.

In addition to the new contract and associated savings, and in the wake of being confronted with the resignation of its then-chief of police in late 2014, the Village has taken this opportunity to

promote one of the former police sergeants to fill the role of chief. The Village will not backfill this position which is enabling a reduction of total force to 5.7 FTEs, down from 6.7. This action will provide significant recurring savings to the Village, far more so than if the Village of Alfred engaged in the potential offer/opportunity to share a police chief with a nearby village.

The Teamsters have a labor agreement with the Village through May 31, 2016 that provides no salary increase in 2012, followed by a $0.40 per hour increase in 2013, a $0.45 per hour increase in 2014, and a $0.50 per hour increase in 2015. For employees hired before June 1, 2012, these increases represents a 1.8 percent to a 2.2 percent increase for employees in the highest salary classification (class 1 – foreman in charge) and a 2.7 percent to a 3.2 percent increase for employees in the lowest salary classification (class 4 – laborer). These per hour increases also apply to employees hired after June 1, 2012, but these employees will not make the full hourly rate until they have been with the Village for three years. Employees hired after July 1, 1997 pay 15 percent of the health insurance premium, while those hired before do not contribute towards the health insurance premium.

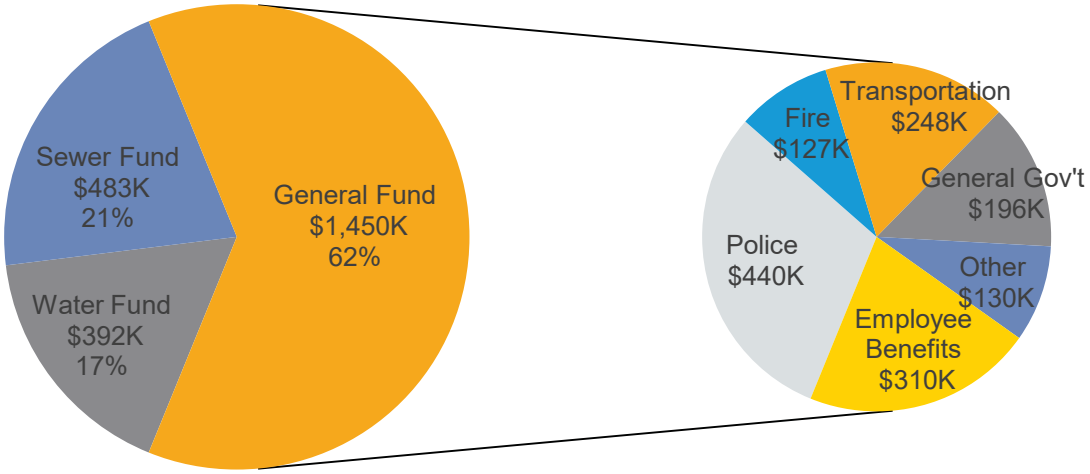
Village of Alfred Labor Contracts

Union		% Salary Increases			
		2012	2013	2014	2015
Police		4.0	1.5	1.0	1.5
Teamsters	Class 1	0.0	1.8	2.0	2.2
	Class 2	0.0	1.9	2.1	2.3
	Class 3	0.0	2.0	2.2	2.4
	Class 4	0.0	2.7	3.0	3.2

Budget Profile

The Village's 2014 all funds adopted budget expenditures total $2.3 million; $1.5 million of which is for the General Fund. This is a 7.5 percent increase from the 2013 all funds budget, which is driven by increases in highway improvements and equipment, police equipment, and sewer expenditures. For the General Fund, the largest expenditure is for police (30.3 percent of General Fund expenditures). Employee salaries and benefits across all departments represent 60.1 percent of General Fund spending and 53.3 percent of all funds spending.

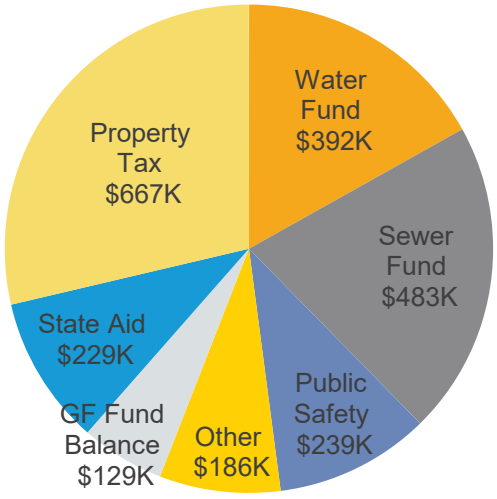
2014 Village of Alfred Expenditures



The 2014 all funds revenue sources include: 28.7 percent from real property taxes, including payments in lieu of taxes (PILOTs); 20.8 percent from the sewer fund; and 16.9 percent from the water fund. The property tax levy is $632,552 – an increase of 0.8 percent from the prior year.

According to its 2013 Financial Statements, the Village had $2.0 million in total outstanding debt at the end of 2013, of which $1.8 million is long term debt for sewer upgrades.

2014 Village of Alfred Revenues



Village of Alfred

As of its 2013 Financial Statements, the Village had healthy fund balances in all of its funds. However, the General Fund balance as a percentage of General Fund expenditures has been decreasing in recent years – in 2011 it was 64.0 percent, according to information provided to OSC.

	2013 Fund Balance $ in 000s	As a % of Expenditures
General Fund	687	51.6%
Water Fund	266	75.3%
Sewer Fund	147	32.6%
All Funds	**1,100**	**51.5%**

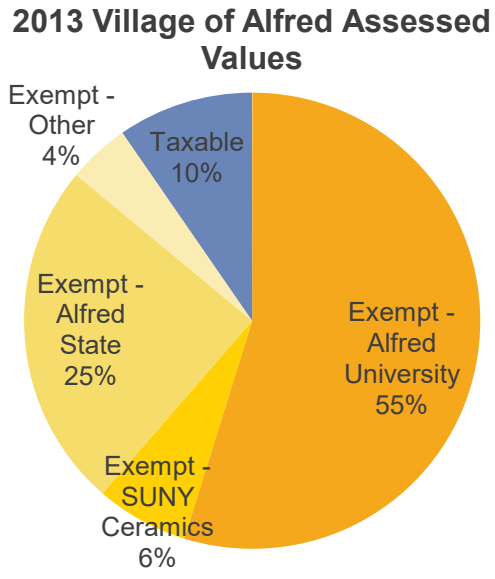
The 2014 budget appropriated fund balance from each fund. Although the projected fund balance remains at a healthy level, it is significantly less than it was just three years earlier. Further, the 2015 budget again appropriated fund balance ($151,000 from the General Fund and $20,000 from the Sewer Fund). Although not yet a critical issue, the use of fund balance to close budget gaps is unsustainable over the long-term.

	2013 Fund Balance $ in 000s	2014 Appropriated Fund Balance $ in 000s	Projected 2014 Fund Balance $ in 000s	Projected 2014 Fund Balance as % of Expenditures
General Fund	687	129	558	38.5%
Water Fund	266	29	237	60.5%
Sewer Fund	147	35	112	23.1%
All Funds	**1,100**	**193**	**907**	**39.0%**

For 2015, the Village held the tax rate steady at $16.99 per $1,000. Besides use of fund balance, the Village had to delay $130,000 of capital spending and eliminate bulk trash pick-up in order to keep the tax rate flat.

The two higher education institutions in the Village (Alfred University, including the SUNY College of Ceramics, and Alfred State) have a substantial impact on its economy and tax base. As mentioned earlier, 90.8 percent of the Village population three years of age and older were enrolled in undergraduate, graduate, or professional school. Further, Alfred University's and Alfred State's tax-exempt properties represent 86.0 percent of the assessed value within the Village.

This high percentage of exempt property places stress on the Village and is the primary factor in why the Village has the ninth highest Average Full Value Property Tax Rate for villages and the lowest taxable property value per capita for villages – less than one-fifth of the value of a typical village.



Alfred University provides the Village with a PILOT-like payment to partially address the large area of tax-exempt property that it occupies. The Village does not have a similar arrangement with Alfred State; however, the State does provide police protection on Alfred State's campus with the SUNY police, which the Village would otherwise have to provide.

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, Alfred University and Alfred State support for police services, and fiscal performance and accountability.

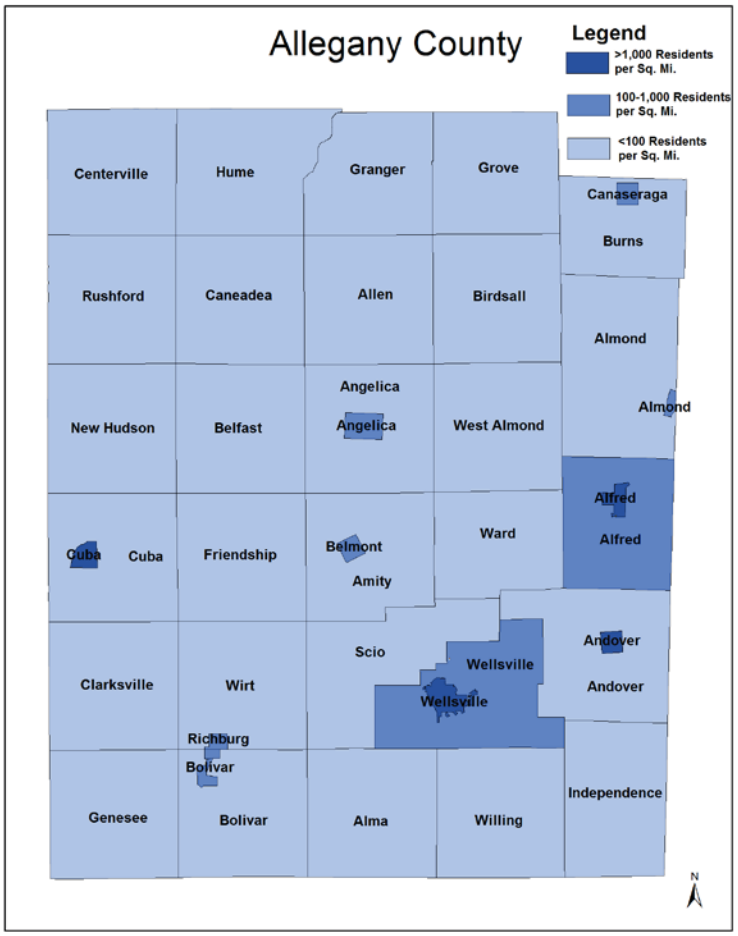
Shared Services

Regional Government Context

As of the 2010 Census, Allegany County had a population of 48,946 and was the 47th most populous county out of the 57 counties outside of New York City. With a land area of 1,029.3 square miles, it is the 16th largest county. With a population density of 48 residents per square mile, it is the 50th most densely populated county.

The County is governed by a 15-member County Legislature. Other elected County officials include: the Treasurer, the Sheriff, the District Attorney, the Clerk, and four Coroners. As of 2012, the County had total expenditures of $93.7 million, which is the 48th highest for counties, and total expenditures per capita of $1,914, which is the 35th highest for counties.

Within the County, there are 29 towns, 10 villages, 10 fire districts, 12 school districts, and over 70 special districts and other local government entities.



The Village of Alfred is completely within the Town of Alfred, which is located on Allegany County's eastern border with Steuben County.

Property Tax Freeze Credit Program

As part of the 2015 State Budget, Governor Cuomo advanced and the Legislature enacted a new Property Tax Freeze Credit to provide relief to New York homeowners and address one of the primary drivers of the State's high property taxes – the outsized number of local governments. The property tax relief package is designed to incentivize local governments and school districts to share services and reduce their financial burden on the taxpayer.

In the first year under the reform plan, New Yorkers will receive property tax relief if their local governments stay within the property tax cap. The property tax relief will be awarded for a second year in jurisdictions that comply with the tax cap and put forward a Government Efficiency Plan to save one percent of their tax levy per year, over three years that is determined to be compliant by the State Division of Budget.

For the Village of Alfred, this prospective plan will need to generate savings of one percent of its tax levy, which would be $6,330 annually on a $633,000 levy. Based on the below Index of Municipal Services, the Village of Alfred and its neighboring municipalities do provide duplicative services. If the Village were to consolidate functions or enter into inter-municipal agreements in these areas, the savings generated would help the Village meet the one percent threshold for the Tax Freeze Credit.

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**	**County**	**Alfred (Town)**	**Comments**
Police/Patrol	X	X	X	Town contracts with Village. County has no road patrol.
Dispatch/E-911		X		
Fire	X (Vol.)		X (Vol.)	Town and Village served by Volunteer Firefighters
Ambulance	X (Vol.)		X (Vol.)	Town and Village served by Volunteer Ambulance
Tax Collection	X	X	X	Done by Village Clerk-Treasurer
Tax Bill Printing		X		
Tax Foreclosure		X		
Assessing			X	
Personnel/HR/Civ Serv	X	X	X	Done by Village Clerk-Treasurer
Payroll	X	X	X	Done by Village Clerk-Treasurer
Purchasing	X	X	X	Various Departments
Budget/Finance	X	X	X	Done by Village Clerk-Treasurer
Code Enforcement	X		X	
Building/Zoning/Plan.	X	X	X	
Park Maintenance				
Animal Control			X	
Plowing	X	X	X	
Paving/Street Maint.	X	X	X	
Lighting/Traffic Controls	X	X	X	
Sanitation/Garbage	X	X		Village contracts for service
Water	X			
Wastewater/Sewer	X			

Shared Services Plan Development and Implementation

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 significant duplication of services among the Village of Alfred and neighboring municipalities.

If the Village of Alfred is to address its future budget gaps, 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 to reduce their costs as well.

The Board analysis of municipal services provided by the Village of Alfred 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.

One opportunity for collaboration is highway services. According to information provided by the Village and Town, the Village has 1.5 FTEs and spends (including fringe) $117,000 on plowing, paving, and street maintenance. The Town has 3.0 FTEs and spends (including fringe) $280,000 on plowing, paving, and street maintenance. Combining staff and sharing of equipment should, over time, produce savings to both governments.

Typically, back office functions are the most straightforward functions to consider consolidating or sharing services. In the Village of Alfred, many of these functions are performed by the Clerk-Treasurer alone, which reduces the ability to lower costs through workforce reduction/attrition, etc. The Village's Clerk-Treasurer and the Town's Clerk are both appointed positions. When the opportunity arises, the Town and Village should consider an arrangement to have one person be responsible for both roles, while ensuring there are proper fiscal and administrative arrangements. This will both preserve service and provide savings to all taxpayers.

The Board has engaged personnel from Allegany County in shared service discussions. The County is supportive of and open to exploring additional functional relationships with both the Village and Town of Alfred to identify new areas of collaboration for the sake of taxpayers.

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.

Dissolution

While the Board finds that the Village administration and residents should consider dissolution as an option to address the tax rate imposed solely on the Village residents, the Board recognizes that, in this instance, there may be challenges for the Town of Alfred to absorb the Village, largely due to the lack of a Town or County police force and the overly rural nature of the Town in relation to the Village. Nonetheless, dissolution is always an option to consider for a village experiencing fiscal stress.

Town and Village of Alfred

The Town of Alfred is governed by a Supervisor and a four-member Town Board. Other elected town officials include: the Superintendent of Highways and two Justices.

The Village is the only village within the Town of Alfred. The Village includes nearly 80 percent of the Town's population but less than 4 percent of the Town's land area. The full value of the property in the Village as of 2012 is nearly 40 percent of the full value of the property in the Town.

	Village of Alfred	Town of Alfred
Population	4,174	5,237
Area (sq. mi.)	1.2	31.6
Full Value	$36.8M	$95.3M

The impact of Alfred University and Alfred State is strongly concentrated in the Village. Although 90.8 percent of the Village population three years of age and older are enrolled in undergraduate, graduate, or professional school, the percentage enrolled in the Town outside of the Village is only 8.2 percent.

	Village of Alfred	Town of Alfred
Population Change 2000-2010	5.6%	1.9%
Median Household Income (2012)	$19,777	$35,703
Median Home Value (2012)	$113,300	$106,600
Property Value Per Capita (2013 for Village; 2012 for Town)	$9,006	$18,207
Child Poverty Rate (2010)	6.5%	4.8%
Change in Child Poverty Rate 2000-2010	6.5%	N/A

The Village's 2013 total expenditures of approximately $2.4 million were more than three times the Town's 2010 expenditures of $752,546 (the most recent data that the Town has reported to OSC).

	Village of Alfred 2013 Expenditures		Town of Alfred 2010 Expenditures	
	$ in 000s	%	$ in 000s	%
General Government	207	8.7	102	13.5
Public Safety	608	25.6	74	9.9
Transportation	145	6.1	497	66.0
Employee Benefits	432	18.2	77	10.3
Sanitation	390	16.4	-	-
Economic Development	239	10.1	-	-
Utilities	215	9.0	-	-
Debt Service	121	6.1	-	-
All Other	19	0.8	2	0.3
Total	**2,375**	**100.0**	**752**	**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 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 for which 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 study 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 Alfred dissolves, the State will pay additional annual assistance to the Town of Alfred through the Citizens Empowerment Tax Credit (CETC). For cities, towns, or villages that consolidate or dissolve, these tax credits provide 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. Eight towns and their residents are benefitting by more than $1 million annually for eight village dissolutions.

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

Sample Calculation of CETC	
Village of Alfred Tax Levy (2013)	$627,000
Town of Alfred Tax Levy (2013)	$484,000
Combined Levy	$1,111,000
15% of Combined Levy	$166,000

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, 2015 (village fiscal year 2016 and town fiscal year 2015), CETC would be based on the amount levied by the Village in fiscal year 2015 and by the Town in fiscal year 2014.

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, 2015, this would be in State fiscal year 2016 (which begins April 1, 2015). CETC would be paid in September 2016 (State fiscal year 2017).

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.

Alfred University and Alfred State Support for Police Services

Alfred University and Alfred State are a large presence within the Village and play a lead role in making the Village what it is today. As noted earlier in this report, 90.8 percent of the Village population three years of age and older are enrolled in undergraduate, graduate, or professional school. Further, Alfred University's and Alfred State's tax-exempt properties represent 86.1 percent of the assessed value within the Village. Moreover, a healthy, functioning Village government will help sustain both educational systems.

Given such a large presence of students, one important consideration for the Village is the presence of and fiscal support for a police force. The Village's police force represents more than 40 percent of the Village's FTEs and approximately half of the Village's salaries. The Village spends nearly $440,000 annually – almost one-third of its General Fund budget – on police services before including the substantial cost of retirement, health insurance and other fringe benefits costs. If you include police retirement costs and half of all other fringe costs, the cost exceeds $630,000 annually – 43.5 percent of the Village's General Fund spending.

Alfred University does not have a separate police force. Instead, it provides the Village with an annual payment of $65,000, primarily to compensate the Village for providing police services and coverage to the campus.

Alfred State has a police force of 11 police officers with over $800,000 in salary and overtime costs, a figure that does not include employee benefit costs. These officers provide coverage to the Alfred State campus – relieving the Village of the responsibility to cover this area, which it was responsible for prior to the creation of the Alfred State police force.

If property value were used as a proxy, Alfred University (even when excluding the SUNY College of Ceramics) should be paying more than twice what the State is. If enrollment were used as a proxy, Alfred University should be paying nearly two-thirds of what Alfred State is. Instead, Alfred University's support of police coverage in the Village is less than one-tenth of what Alfred State's costs are.

	Alfred University	Alfred State
Police Support	$65K	$800K+
Property Value	$212.1M	$95.3M
Enrollment	2,300	3,500

Given the State's substantial support of police services through the Alfred State police force, the Board finds that it would be reasonable to expect Alfred University to provide a more proportional share of support to the Village for its police coverage of the University.

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 Alfred does not currently have a multi-year financial plan. As noted earlier, the Village has been regularly appropriating fund balance to closed 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 Alfred

VILLAGE OF ALFRED

[redacted] west university street · alfred, ny 14802
(607) 587-9188 phone · (607) 587-8025 fax
www.alfredny.org

November 21, 2013

State of New York
Financial Restructuring Board
For Local Governments
State Capitol, Room 135
Albany, NY 12224

Attention: Robert L. Megna, Chair, Financial Restructuring Board

Dear Mr. Megna,

We received your letter of October 9, 2013 informing us our village has been determined to be a fiscally eligible municipality. I would hereby like to request a comprehensive review of the finances and operations of the Village of Alfred, as authorized by our Village Board of Trustees on November 12, 2013.

Thank you for your offer of assistance. We look forward to working with you.

Sincerely,

Justin Grigg
Mayor

New York State Relay (800) 662-1220

The Village of Alfred is an equal opportunity provider, and employer.
To file a complaint of discrimination, write: USDA, Director, Office of Civil Rights,
1400 Independence Avenue, S.W., Washington, DC 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

VILLAGE OF ALFRED

1 west university street · alfred, ny 14802
(607) 587-9188 phone · (607) 587-8623 fax
www.alfredny.org

To Whom it May Concern:

Financial Restructuring Board Review – The Village of Alfred is considered a Municipality deemed fiscally eligible for a Comprehensive Review by the New York State Financial Restructuring Board due to its average full value property tax rate. **A motion was made** and seconded by Trustees Bowden/McDowell to request a Comprehensive Review by the NYS Financial Restructuring Board.

Motion passed 5-0.

I, Kathryn L. Koegel, Clerk-Treasurer of the Village Board of the Village of Alfred, County of Allegany, State of New York, do hereby certify that the foregoing constitutes a correct copy of the original on file in my office and the whole thereof of a resolution passed by said Board on the 12th day of November, 2013.

Dated at Alfred, NY this 15th day of November, 2013.

Clerk-Treasurer, Village of Alfred

New York State Relay (800) 662-1220

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1400 Independence Avenue, S.W., Washington, DC 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

Appendix B – Resolution Approving the Village of Alfred

Financial Restructuring Board for Local Governments

RESOLUTION No. 2014-02

APPROVING THE REQUEST FOR A COMPREHENSIVE REVIEW FROM THE VILLAGE OF ALFRED

WHEREAS, pursuant to New York State Local Finance Law section 160.05 (2)(a), the Board of the Financial Restructuring Board (the "Board") must find that the Village of Alfred (the "Village") is a Fiscally Eligible Municipality because it has an average full value property tax rate of $16.44 per $1,000, which is greater than the average full value property tax rate of seventy-five percent of counties, cities, towns, and villages with local fiscal years ending in the same calendar year as of the most recently available information; 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 governing body of the Village with the concurrence of the Village's chief executive has requested that the Board undertake a Comprehensive Review of the Village;

NOW THEREFORE BE IT 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).

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

No. 2014-02
Dated: 2-11-14

Appendix C – Summary of Government Reorganization Process

New York State Department of State
Local Government Efficiency Program

The Reorganization of Local Government:

A Summary of the Government Reorganization Processes

NEW YORK STATE DEPARTMENT OF STATE

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

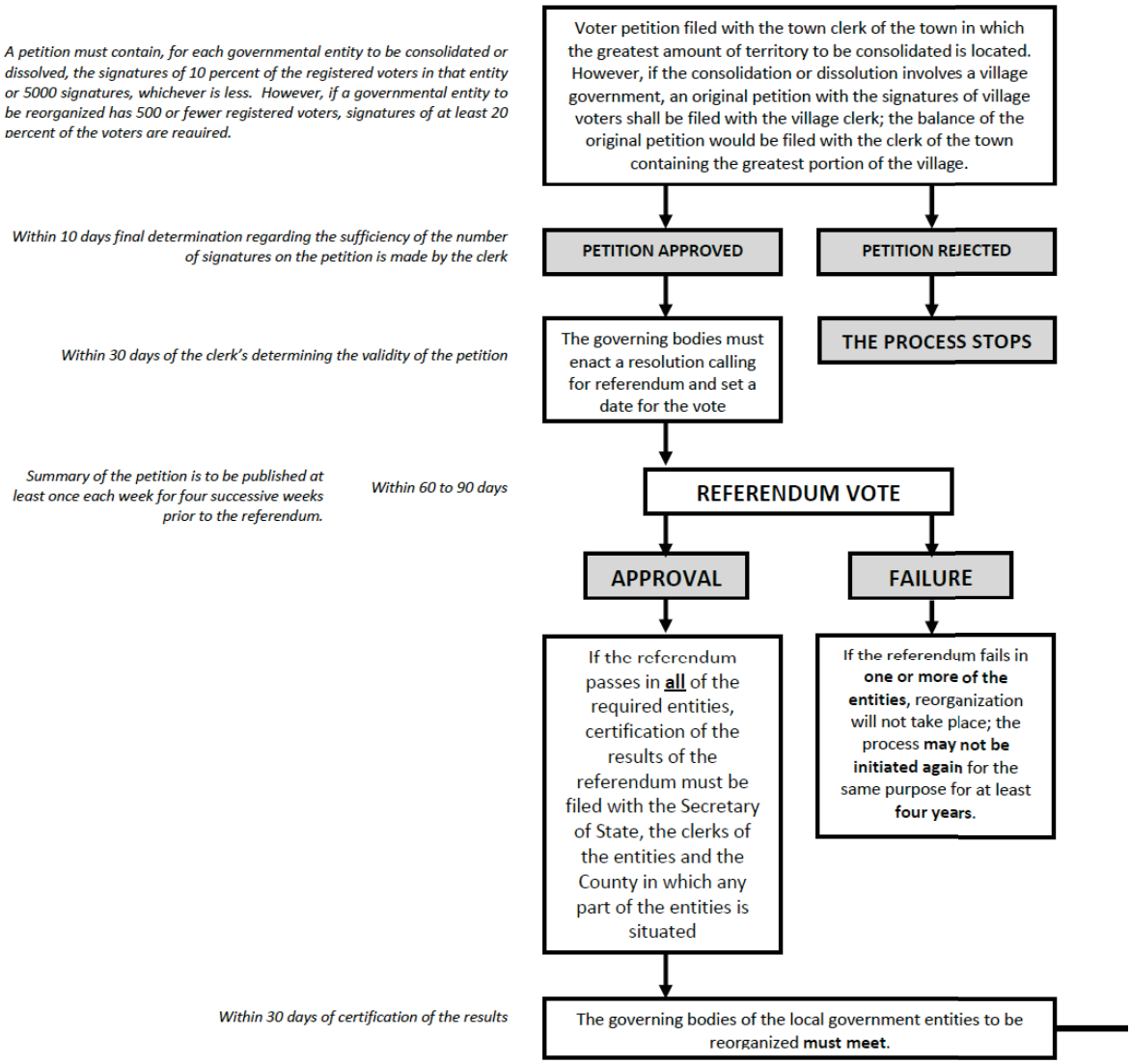
Cesar A. Perales
Secretary of State

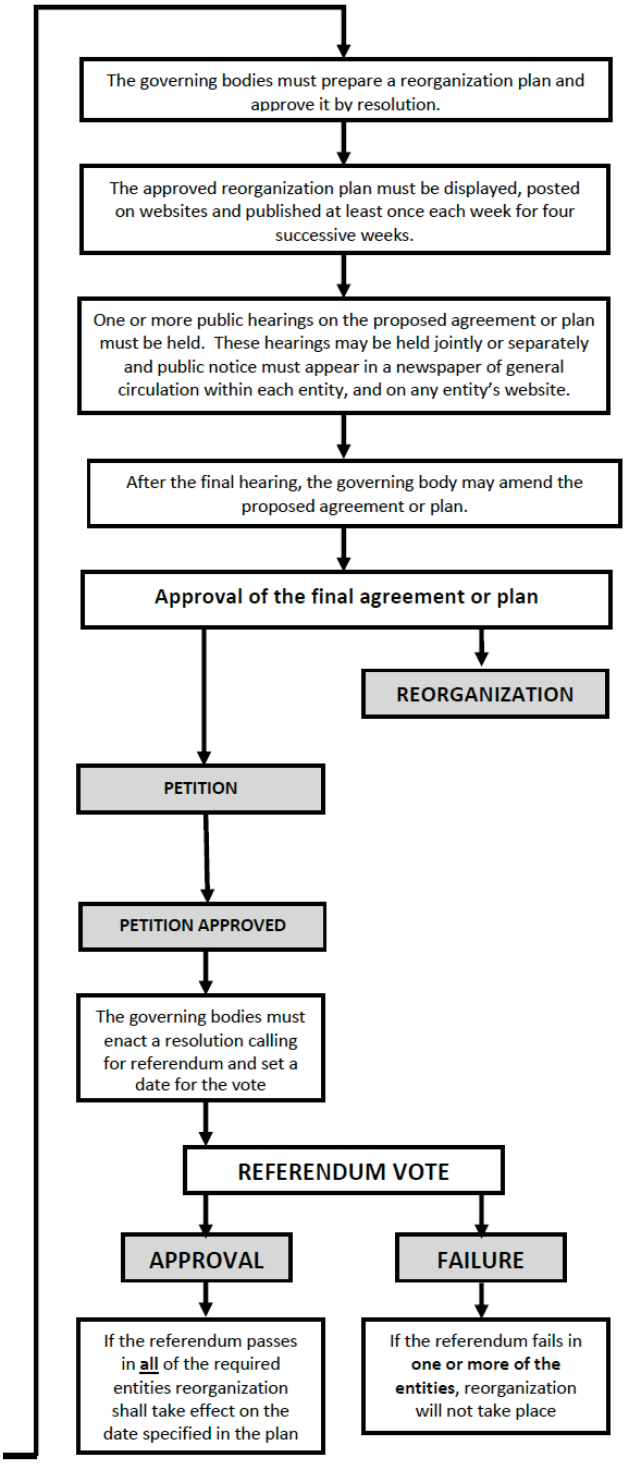
VOTER- INITIATED REORGANIZATION

Article 17-A of General Municipal Law provides a process for voters to petition for a public vote on consolidating or dissolving their local government. Only voters registered in the local government entity may sign consolidation petitions, or serve as the contact person for the petition [§757(3)].

Unlike a board-initiated reorganization, in a voter-initiated process the consolidation agreement or dissolution plan will not be developed until after the referendum on whether to consolidate or dissolve passes. The plan must contain the same information as one prepared in a board-initiated process. Once a proposed plan is prepared by the governing bodies, voters have the opportunity to conduct another petition drive to require a second referendum, this time on the plan itself. If that drive is successful and another referendum is held, it too must pass in order for the reorganization to take effect.

If the governing bodies are unable or unwilling to prepare and approve a reorganization plan, five voters who signed the original petition may bring a C.P.L.R. Article 78 action in state Supreme Court. Depending on its findings, the court may refer the matter to mediation or issue an injunction compelling the governing bodies to act. If the governing bodies still fail to act, the court may appoint a judicial hearing officer to develop and approve a plan [§764].



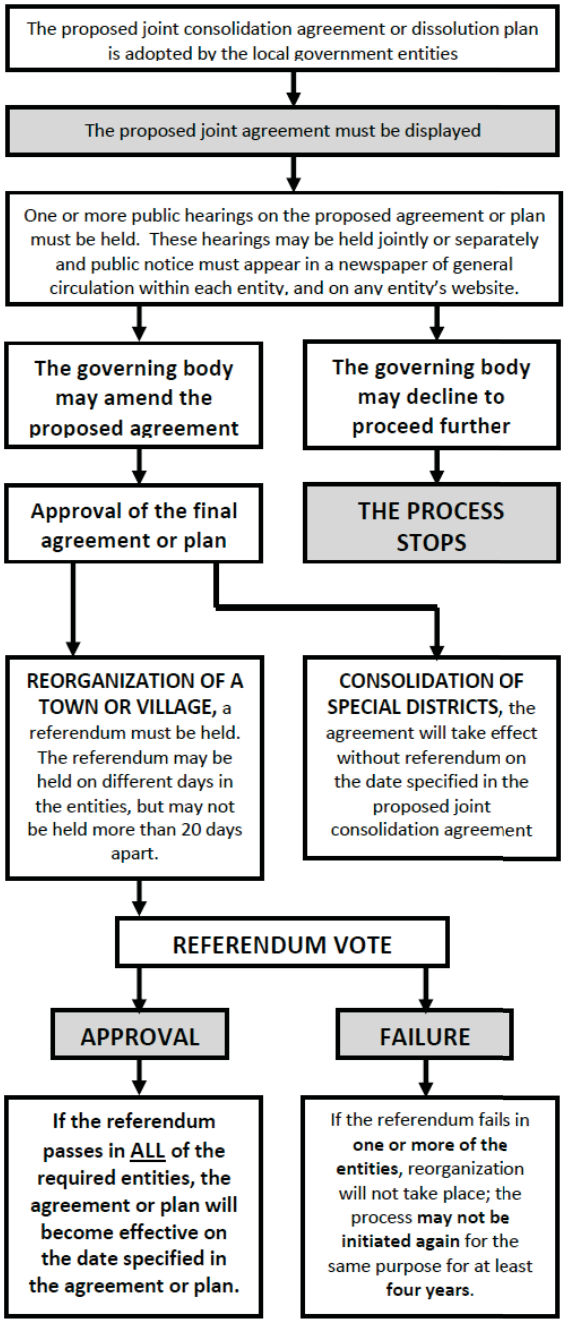

The governing bodies must prepare a reorganization plan and approve it by resolution.
Within 180 days
The approved reorganization plan must be displayed, posted on websites and published at least once each week for four successive weeks.
No later than 5 business days after the plan is approved
One or 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:



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

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

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

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

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

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