

Phase II Report
Wellsville Town-Village Municipal Study
Section 1: Comparative Data Analysis

submitted by

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Executive Summary

Purpose: This report was prepared for the members of the Municipal Study Committee appointed by boards of the Town and Village of Wellsville. In Phase I of this project, the municipal study committee and project consultants refined the scope of work and identified three questions to guide the study. First, are real property taxes in the Village of Wellsville, in fact, excessive? Second, if taxes are excessive, what factors lead to higher tax rates? Third, if tax rates are high, what can be done to address the problem? This report addresses the first two questions and proposes options and strategies for examining the third.

Question 1: Are Tax rates high in the Village of Wellsville?

- **Overview:** The consultants selected a comparison group of similar villages in New York State to address this question (see pages 3-5). The Consultants found mixed evidence on this question when examining the comparison group.
- **Yes,** equalized tax rates on real property in the Village of Wellsville are high in comparison with comparison group municipalities. The village has the highest county, town, village, and overall tax rate among the comparison group (see Table 3, page 6). However, tax rates can be deceptive. When the costs paid by a typical home owner are examined for all public services, a different picture emerges.
- **No,** when overall homeowner costs for village services and public utilities are considered, the Village of Wellsville has the third lowest average bill among the comparison group (see Table 3b, page 7).

Question 2: If tax rates in the Village of Wellsville are high, why?

- **Overview:** Even though homeowner public service costs in Wellsville appear to be modest overall, the source of high property tax rates should be explored. High property tax rates can depress housing values and hinder business retention and expansion within the community.
- **Tax Structure and Revenues.** There appear to be several tax structure factors which contribute to higher tax rates in the Village of Wellsville.
 - ◆ **Property Tax Base.** For a given level of public services, the larger the overall tax base per capita the lower the tax rate required to support services. The Village of Wellsville appears to have a relatively low property tax base among comparison group villages (Table 4, page 9). This is reflected by two measures, the median value of owner occupied housing and the total taxable full value of real property per capita.
 - ◆ **Exempt Property.** While the Village of Wellsville is in the “middle of the pack” of comparison group communities, there are factors that make exempt property a contributing factor to higher overall tax rates. In particular, other work has demonstrated that Wellsville has been the location of a disproportionate share of state group home facilities without compensation for loss of tax base and related service cost increases (Table 5, page 10).

- ◆ **Sales Tax.** There is evidence from the comparison group that the distribution of sales taxes by county governments has important impacts on the village tax rate and the overall property tax rate paid by property owners in villages. Villages in counties that distributed the sales tax revenues had lower tax rates on average in the range of \$3 per thousand dollars of assessed valuation and lower overall average tax rates of over \$1 per thousand (Table 6, page 13 and Appendix Table A2).
- **Service Costs.** Only services and costs in the General Fund determine the property tax rate for the Village of Wellsville. The major public utility services (water, sewer, and electricity) are managed through other funds and are paid for almost entirely out of user fees. Preliminary analysis identified several areas where service costs are an issue (Table 8, page 15).
 - ◆ **Police Services.** An overview of comparative staffing levels and wage and benefit packages did not provide conclusive evidence regarding the source of higher than average police costs in relation to the project comparison group. The unique service provision arrangements in the Allegany County should be considered in evaluating Wellsville's police service costs and needs (pages 16-19).
 - ◆ **Other Community Services.** Higher than average costs in the Other Community Services category appear to be driven in part by the landfill closure costs. Landfill closure costs represent 5% of the general fund budget and \$.90 tax rate per thousand of assessed value (page 20-21).
 - ◆ **Public Works Wages and Benefits.** Analysis of labor agreement data for communities in the comparison group indicate that, on balance, the Village of Wellsville appears to have a modest "in the middle of the pack" wage and benefit package for public works employees (Table 11, page 21-23).
 - ◆ **General Government: Governance and Administrative Costs.** Comparison figures indicate that Wellsville has above average per capita costs for general government. The summary data used in this report does not provide an adequate basis for identifying the potential sources of Wellsville's cost differences from the comparison group villages across the detailed spectrum of activities included in the general government category. This may be an important area for further investigation (page 24).
 - ◆ **Level of Tax Impacts Identified.** The Village of Wellsville's 1996 equalized rate was estimated to be \$6.89 per thousand above the comparison group average rate. In this report, sources for approximately \$2-\$4 of this difference were identified. Other sources were identified without dollar estimates of their impact (Table 12, page 25).

Question 3: What are potential remedies to these higher tax rates?

Several recommendations and options for remaining work are listed at the end of the report (pages 25-26).

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Introduction

This report is part of Phase II of a three phase project initially intended to examine the potential for town-village consolidation and increased service cooperation or consolidation between the Town and Village of Wellsville. The study was initiated by the village board in the fall of 1996 in response to a petition for village dissolution being circulated in the community. While the petition drive failed to garner adequate signatures, the board decided to proceed with a study to examine some of the issues raised by the public. The village and town boards appointed members to a joint town-village committee to oversee the study and then report back to the community.

The project's first phase turned the focus of the study from the purely technical requirements needed to support a dissolution referendum to broader issues of services, taxes and the cost of village government. The Phase I report indicated that there has been a history of concern over the cost of local government services in Wellsville, the general level of taxation, and the effects of service costs and taxes on the vitality of the private sector and the village's residential attractiveness. In Phase I, the municipal study committee and project consultants refined the scope of work and identified three questions to guide the study as follows:

- First, are real property taxes in the Village of Wellsville, in fact, excessive?
- Second, if taxes are excessive, what factors lead to higher tax rates?
- Third, if tax rates are high, what can be done to address the problem? This report addresses the first two questions and proposes options and strategies for examining the third.

Discussions with Local Employers

At the request of the joint committee, some of the larger Village employers were interviewed for their views on municipal affairs and their impact on business operations, location decisions and costs. The same interview format was used with each such employer, but no attempt has been made to tabulate the results, due to the small number of interviews and assurances of confidentiality. Observations were offered by the employers, however, that should be considered by the Town and Village of Wellsville – and Allegany County as well.

First, each of the private employers see local taxes as a significant element in their cost of production. They do not seem to differentiate particularly between the components of total real property taxes, but see them as a single fixed cost. Although they commented that local taxes seem high, they see them more as an element in the overall high cost of doing business in New York State than as an independent factor of concern. They generally view local taxes as one of the fixed costs of production and, at least at the local corporate level, one of those costs over which they have relatively little control and, thus, upon which they expend little energy or attention. On the other hand, they are quite conscious of the local tax level in comparison to other facilities within their own corporations.

Second, comments were made indicating that the employers feel that too much energy is expended on haggling between local governmental jurisdictions and too little on finding mutual solutions to shared local problems. In particular, efforts at attracting and retaining private employers and developing economic and employment growth in the Village, Town and County should be seen, in their view, as the primary route to addressing issues of excessive tax rates. Such economic development activities would both increase the tax base directly and enhance community income, thus supporting real estate values and tax base growth.

The Village of Wellsville is the economic and employment center of Allegany County. Both the Town and the County need to recognize this role and pursue tax and economic development policies that support the employment generating activities located in and around the Village. Although a substantial portion of local employment is located in the Town, it is the Village that is perceived as the location relative to issues of employee recruitment and retention. Thus support of the County and Town in the areas of housing quality and cost, downtown revitalization, and tax levels that directly affect the Village and its residents ultimately support the economic vitality of both the Town and County as well. The policies of these jurisdictions should reflect this fact.

Third, strong comments were offered that local governmental jurisdictions -- Village, Town and County -- make little or no effort to consult with major employers relative to their needs or concerns in doing business in the local community. Assistance in entry-level job training, staff recruitment, and development of community amenities (cultural activities, shopping and entertainment opportunities) to help with employee recruitment and retention were general concerns. Each employer indicated difficulty in recruiting and/or retaining personnel with specialized skills or needed managerial talents due to the lack of community amenities; in short, many of those needed by the employers perceive Wellsville as an isolated, rural backwater and are reluctant to relocate here from more urban venues.

Multiple references were made to the Wellsville Airport. The interviewees seemed genuinely amazed at the resources committed to improvements at the airport, a facility that they neither use nor expect to use in the future, while no efforts have been made to develop quality hotel and restaurant facilities that are badly needed and would assist in their operations. The airport was mentioned both as an example of unproductive haggling

between jurisdictions and as an example of the lack of communication between the Village and Town officials and private sector employers.

Comparison Group

A group of 24 villages were selected to compare with the Village of Wellsville (see Table 1, below). Selection criteria were used to identify villages with similar total population, service delivery need and geographic setting. Eberts (1994) developed a method for grouping New York's counties that coincides well with the needs of this report. He established six county groupings which are based on the county's: total population size, commuting patterns, the size of the rural population, and the population of the largest community in the county. Among the six county groupings are four rural county types. These four types were used to select comparable villages for this study. Villages in counties from the 4 rural groups whose largest place had a 1990 population of 16,000 or less were included. Any villages in these counties whose population was within approximately 1,500 of Wellsville's are listed in Table 1 and included in the analysis¹. A full description and list of the county groupings developed by Eberts is in the Appendix to this report (Chapter 2: 7-17).

Table 1
Villages Identified for Comparison with Wellsville
Listed by Population Size

Village*	1990 Village	Village Location	
	Population	Town**	County
1	HAMILTON (E)	3,790	HAMILTON (2) MADISON
2	WARSAW	3,830	WARSAW WYOMING
3	TUPPER LAKE (E)	4,087	ALTAMONT FRANKLIN
4	LIBERTY	4,128	LIBERTY SULLIVAN
5	PERRY (2)	4,219	PERRY WYOMING
6	LYONS	4,280	LYONS WAYNE
7	OWEGO	4,442	OWEGO TIOGA
8	ALFRED	4,559	ALFRED ALLEGANY
9	GOUVERNEUR	4,604	GOUVERNEUR ST LAWRENCE
10	CANASTOTA	4,673	LENOX (2) MADISON
11	CATSKILL	4,690	CATSKILL GREENE
12	SIDNEY	4,720	SIDNEY DELAWARE
13	CHITTENANGO	4,734	SULLIVAN MADISON
14	WAVERLY	4,787	BARTON TIOGA
15	DANSVILLE	5,002	NORTH DANSVILLE LIVINGSTON
16	WATERLOO (3)	5,116	WATERLOO SENECA
17	WELLSVILLE	5,241	WELLSVILLE ALLEGANY
18	PENN YAN (E) (3)	5,248	MILO YATES
19	COBLESKILL	5,268	COBLESKILL SCHOHARIE
20	BATH (E)	5,801	BATH (2) STEUBEN
21	ALBION (2)	5,863	ALBION ORLEANS
22	CANTON	6,379	CANTON (2) ST LAWRENCE
23	MONTICELLO	6,597	THOMPSON SULLIVAN
24	MEDINA	6,686	RIDGEWAY ORLEANS
25	MALONE	6,777	MALONE FRANKLIN

* Several qualifiers are used to further understand the sample villages: "(E)" following the name of the village indicates that the village has a municipal electric utility. A "(2)" or "(3)" following the village name indicates that the village has territory in 2 or 3 towns, respectively.² In this case, the town with the most village territory is listed in the table.

** A "(2)" after the town name indicates the existence of two villages in the town.³

Two thirds of the villages in Table 1 have a smaller population than the Village of Wellsville and one third have a larger population. This group of villages experienced varied population growth during the 1980-90 census period. These changes are reflected in the townwide population changes listed in Table 2, below. The population figures in Table 2 provide a comparison of towns that host the sample of villages. Although it is not shown, the towns in Table 2 experienced negligible population change in outside village areas between 1980 and 1990. The town-outside-village growth rate for most of the towns was close to zero, with three towns registering 1% growth and two towns with a 2% population growth rate. As a group, these towns demonstrate a low rate of population growth outside villages over the entire post war period (since 1950).

Table 2
Town Population Profile for Comparison Villages
Listed by Town Population Size

	Comparison Group Villages **	Town**	1990 Town Population Figures				
			Total	% Change from 1980	Inside Villages *	Outside Villages	Percent of Town Outside
1	WARSAW	WARSAW	5,342	5%	3,830	1,512	28%
2	PERRY (2)	PERRY	5,353	-2%	3,825	1,528	29%
3	DANSVILLE	NORTH DANSVILLE	5,783	-4%	5,002	781	14%
4	ALFRED	ALFRED	5,791	-6%	4,559	1,232	21%
5	TUPPER LAKE(E)	ALTAMONT	6,199	-2%	4,087	2,112	34%
6	HAMILTON (E)	HAMILTON (2)	6,221	3%	4,131	2,090	34%
7	LYONS	LYONS	6,315	4%	4,280	2,035	32%
8	SIDNEY	SIDNEY	6,667	-3%	4,720	1,947	29%
9	GOVERNEUR	GOVERNEUR	6,985	5%	4,604	2,381	34%
10	PENN YAN(E)(3)	MILO	7,023	4%	4,818	2,205	31%
11	COBLESKILL	COBLESKILL	7,270	3%	5,268	2,002	28%
12	MEDINA	RIDGEWAY	7,341	1%	3,952	3,389	46%
13	WATERLOO (3)	WATERLOO	7,765	-1%	4,336	3,429	44%
14	WELLSVILLE	WELLSVILLE	8,116	-6%	5,241	2,875	35%
15	ALBION (2)	ALBION	8,178	27%	4,717	3,461	42%
16	CANASTOTA	LENOX (2)	8,621	1%	5,174	3,447	40%
17	WAVERLY	BARTON	8,925	2%	4,787	4,138	46%
18	LIBERTY	LIBERTY	9,825	-1%	4,128	5,697	58%
19	CANTON	CANTON (2)	11,120	-4%	6,695	4,425	40%
20	CATSKILL	CATSKILL	11,965	4%	4,690	7,275	61%
21	BATH (E)	BATH (2)	12,724	4%	6,775	5,949	47%
22	MALONE	MALONE	12,982	15%	6,777	6,205	48%
23	MONTICELLO	THOMPSON	13,711	1%	6,597	7,114	52%
24	CHITTENANGO	SULLIVAN	14,622	9%	4,734	9,888	68%
25	OWEGO	OWEGO	21,279	4%	4,442	16,837	79%

* "Inside Village" population figures include the portion of the town's population that resides inside villages. The total reported here includes all villages in the town and does not include portions of village population that are in adjacent towns. As a result, this figure will be different, in some cases, from the village population figure reported in Table 1.

** See Table 1 notes for the meaning of "(E)", "(1)", "(2)" and "(3)" in this column.

In terms of total town population, the Town of Wellsville is roughly in the middle of the pool of towns which contain villages in the comparison group. It is important to note that as you increase total town population size (moving down Table 2), there is a general tendency for the percent of town population outside villages to also increase.

Question 1: Are Tax rates high in the Village of Wellsville ?

Table 3 contains equalized tax rate information for the villages in our comparison group. By equalized, we mean that actual tax rates were divided by the relevant equalization rate. These "equalized rates" represent the rate needed to raise an equivalent levy if local property was assessed at its full market value. The villages are listed from lowest to highest based on the equalized village tax rate. Wellsville has the highest rate among the comparison group. The village's of Liberty and Monticello are very close to Wellsville's village rate. It is important to note that both county and town rates on Wellsville village property are the highest among the comparison group as well. As a consequence the "Total" equalized tax rate on property in the Village of Wellsville is the highest in the comparison group.

Table 3
Equalized Local Real Property Tax Rates for Comparison Villages
Rates for 1996 General Tax Levies
In Ascending Order by Village Tax Rate*

Village	Equalized Tax Rates Per \$1,000 Assessed Valuation				
	Village	County	Town	School	Total
CHITTENANGO	6.38	7.26	2.51	19.40	35.55
CANTON	7.08	8.70	2.24	17.27	35.29
COBLESKILL	8.48	7.97	0.97	10.39	27.81
BATH (E)	8.56	9.08	2.08	12.80	32.51
CANASTOTA	9.25	6.82	1.66	16.71	34.44
HAMILTON (E)	9.45	7.07	1.55	16.19	34.27
GOUVERNEUR	9.96	8.63	2.88	15.24	36.71
TUPPER LAKE (E)	10.04	4.26	3.13	9.37	26.81
WARSAW	10.54	5.90	2.62	18.21	37.27
DANSVILLE	10.86	6.51	1.50	15.97	34.85
PENN YAN (E)	11.01	7.29	3.20	12.10	33.59
WAVERLY	11.17	7.61	2.45	12.49	33.72
SIDNEY	11.48	5.80	2.38	20.19	39.85
PERRY	11.96	6.16	3.38	12.27	33.77
ALFRED	12.78	10.79	2.13	13.90	39.59
ALBION	12.82	7.39	0.00	16.69	36.91
LYONS	13.03	8.23	3.35	14.71	39.31
WATERLOO	13.04	6.25	2.74	11.84	33.88
MEDINA	13.11	6.74	2.27	16.88	39.00
OWEGO	15.19	8.79	0.70	18.94	43.61
MALONE	15.20	4.22	2.24	19.07	40.74
CATSKILL	16.21	4.27	0.88	15.90	37.26
LIBERTY	17.34	7.24	3.97	20.05	48.60
MONTICELLO	18.46	6.73	2.34	12.49	40.03
WELLSVILLE	18.98	11.14	4.12	14.75	49.00

*Source: *Overlapping Real Property Taxes: tax levy and tax rate statistics for New York State local governments fiscal year ended in 1996.* Albany: New York State Office of the State Comptroller, Bureau of Municipal Research and Statistics, May 1997.

Property tax rates represent only a portion of the costs paid by village residents for public services. An estimate of total local service costs was calculated for the comparison group and listed in Table 3-B. These costs include the fees for major public utilities provided by comparison group villages.

Table 3-B
Total Local Service Costs
for Comparison Group Villages

	VILLAGE	Water Charges	Sewer Charges	Total Property Taxes	Electricity Costs	Total Annual Cost
1	CHITTENANGO	NO WTR	\$564.66	\$2,567	\$1,548	\$4,679
2	CANTON	\$235.79	\$359.89	\$2,414	\$1,548	\$4,558
3	COBLESKILL	\$488.95	\$418.22	\$2,453	\$1,548	\$4,908
4	BATH (E)	\$173.74	\$223.38	\$1,687	\$444	\$2,528
5	CANASTOTA	XXX	XXX	\$2,091	\$1,548	\$3,639
6	HAMILTON (E)	\$356.46	\$573.84	\$3,036	\$396	\$4,363
7	GOUVERNEUR	\$223.38	\$843.88	\$1,612	\$1,548	\$4,227
8	TUPPER LK (E)	\$206.75	\$240.00	\$1,268	\$384	\$2,099
9	WARSAW	\$279.23	\$279.23	\$2,024	\$1,548	\$4,130
10	DANSVILLE	XXX	XXX	\$1,788	\$1,548	\$3,336
11	PENN YAN (E)	\$287.91	\$295.36	\$1,740	\$1,548	\$3,871
12	WAVERLY	\$223.83	\$220.51	\$1,494	\$1,548	\$3,486
13	SIDNEY	\$265.57	\$280.47	\$2,351	\$1,548	\$4,445
14	PERRY	\$248.20	\$304.05	\$1,587	\$1,548	\$3,687
15	ALFRED	\$217.18	NA	\$2,803	\$1,548	\$4,568
16	ALBION	XXX	XXX	\$1,886	\$1,548	\$3,434
17	LYONS	\$254.41	\$276.74	\$1,824	\$1,548	\$3,903
18	WATERLOO	\$523.70	\$352.44	\$1,613	\$1,548	\$4,037
19	MEDINA	XXX	XXX	\$1,821	\$1,548	\$3,369
20	OWEGO	XXX	XXX	\$2,826	\$1,548	\$4,374
21	MALONE	\$99.52	\$138.40	\$1,874	\$1,548	\$3,660
22	CATSKILL	\$414.49	\$414.49	\$3,022	\$1,548	\$5,339
23	LIBERTY	\$789.28	\$523.70	\$4,184	\$1,548	\$7,045
24	MONTICELLO	\$366.41	\$260.15	\$3,495	\$1,548	\$5,669
25	WELLSVILLE	\$636.36	\$147.60	\$2,009	\$420	\$3,213

Sources: Water and Sewer Charges: Annual charges calculated based on consumption of a household of four and rate information reported in: New York State Water and Sewer Rate Report: Rates Effective 1996. Albany: New York State Conference of Mayors and Municipal Officials. February, 1997.

Total Taxes: Were calculated using the Median Value of Owner Occupied Housing (Table 4, below) and Total Tax Rates from (Table 3, above).

Electricity Costs: Average of Niagara-Mohawk and NYSEG residential rate. Except for those villages with Municipal Electric indicated by and (E) after village name. (Mimeo - 1995 Data On Revenue Per Kilowatt-Hour, American Public Power Association, March 18, 1997).

XXX = Rate data not reported to NYCOM, totals include only reported data.

The figures in Table 3-B indicate that when a composite homeowner cost for village services and public utilities are considered, the Village of Wellsville has the third lowest average bill among the comparison group. In this more general sense, the cost of government in the Village of Wellsville is not excessive, but modest in comparison with other similar villages.

Question 2: If tax rates in the Village of Wellsville are high, why ?

Even though homeowner public service costs in Wellsville appear to be modest overall, the source of high property tax rates should be examined. High property tax rates can depress housing values and hinder business retention and expansion within the community. The information in Table 3 indicates that the Village of Wellsville has a tax rate that is higher than all other villages in the comparison group. There are a number of possible reasons for this. The higher tax rate may result from differences across the comparison group in one or a combination of the following factors: the relative market value of taxable real property, the extent of exempt property, the mix of local services provided, the level of need or demand for services, the cost of providing services, the salaries and wages of municipal personnel, the non-property tax revenues available to the village (sales tax, state aid, etc.), administrative structure and costs of the municipality, and other characteristics. Our next task is to explore some of these possibilities and attempt to identify the most likely source of Wellsville's higher tax rate.

The Property Tax Base

Local municipalities have very different property tax bases which are changing overtime. In this context, three important characteristics will be examined: the median value of owner occupied housing (Table 4), the level of full assessed valuation per capita (Table 4) and the level of exempt property (Table 5). Each of these characteristics have a bearing on the relative tax rates needed to support local services and each is discussed in more detail below.

The lower the general value of the housing stock, other things being equal, the higher the tax rate required to provide a given level of public services. The existence of high valued commercial, industrial and other non-residential property can offset lower residential housing values. This offset will usually be reflected in assessed valuation per capita.

Table 4 lists the median value of owner occupied housing from the 1990 census for all villages in the comparison group. The Village of Wellsville has the lowest median value of owner occupied housing in this group. The median value for the highest village, Hamilton, is more than double the value for the lowest village, Wellsville. In contrast with Table 3, the equalized tax rate for the highest village, Wellsville, has roughly three times the tax rate for the lowest village, Chittenango. The full assessed value per capita for the Village of Wellsville indicates that the other property bases (e.g. commercial and industrial) are not large enough to compensate for a lower median housing value. The results in Table 4 indicate that the general level of housing values and real property per capita must be considered a partial factor leading to a higher tax rate for Wellsville among the comparison group.

Table 4
1989 Median Value of Owner Occupied Housing
and Full Taxable Assessed Value Per Capita
for Comparison Villages

Village	Median Value of Owner Occupied Housing*		Full Assessed Value Per Capita**	
	Value	Rank	Value	Rank
HAMILTON	88,600	1	18,356	20
COBLESKILL	88,200	2	25,183	8
MONTICELLO	87,300	3	27,680	4
LIBERTY	86,100	4	32,188	1
CATSKILL	81,100	5	28,188	2
CHITTENANGO	72,200	6	28,113	3
ALFRED	70,800	7	6,721	25
CANTON	68,400	8	16,031	23
OWEGO	64,800	9	22,183	11
CANASTOTA	60,700	10	25,979	6
SIDNEY	59,000	11	24,757	10
WARSAW	54,300	12	24,936	9
BATH	51,900	13	20,516	15
PENN YAN	51,800	14	26,141	5
DANSVILLE	51,300	15	20,335	16
ALBION	51,100	16	19,006	19
WATERLOO	47,600	17	21,441	12
TUPPER LAKE	47,300	18	25,338	7
PERRY	47,000	19	20,831	13
MEDINA	46,700	20	19,385	17
LYONS	46,400	21	20,735	14
MALONE	46,000	22	19,087	18
WAVERLY	44,300	23	17,279	22
GOUVERNEUR	43,900	24	14,605	24
WELLSVILLE	41,000	25	18,010	21

* Source: United States Bureau of the Census, 1990 Census of Population and Housing. Summary Tape File 1 (STF1) 100% count - basic demographic variables. (<http://venus.census.gov/cdrom/lookup>)

** Source: Local Government Database Summary, New York State Office of the State Comptroller, Bureau of Municipal Research and Statistics, 1997.

Table 5, below, contains figures for the level of exempt property for the towns containing villages in the comparison group. A statewide data source was not available for village only exempt property data. In the author's view, the town figures provide the best available surrogate to actual village exempt property data.

Table 5
Exempt Property
for Towns containing Comparison Group Villages
by Exempt Property as Percent of Total Equalized Value in 1995

Village	Town	Percent Exempt*
1 CHITTENANGO	SULLIVAN	9.81
2 CATSKILL	CATSKILL	12.05
3 PERRY	PERRY	14.90
4 MONTICELLO	THOMPSON	17.01
5 CANASTOTA	LENOX	17.22
6 OWEGO	OWEGO	17.22
7 MEDINA	RIDGEWAY	18.28
8 PENN YAN (E)	MILO	18.40
9 LIBERTY	LIBERTY	19.17
10 WATERLOO	WATERLOO	21.40
11 DANSVILLE	NORTH DANSVILLE	22.75
12 WELLSVILLE	WELLSVILLE	26.23
13 WAVERLY	BARTON	29.92
14 WARSAW	WARSAW	30.56
15 LYONS	LYONS	30.66
16 ALBION	ALBION	31.10
17 MALONE	MALONE	31.45
18 TUPPER LAKE (E)	ALTAMONT	32.45
19 SIDNEY	SIDNEY	35.40
20 COBLESKILL	COBLESKILL	39.11
21 BATH (E)	BATH	41.24
22 GOUVERNEUR	GOUVERNEUR	49.73
23 CANTON	CANTON	52.47
24 HAMILTON (E)	HAMILTON	52.82
25 ALFRED	ALFRED	73.46

Source: *Exemptions from Real Property in New York State: 1995 County, City & Town Assessment Rolls*. New York State Board of Real Property Tax Services. April 1977.

Table B2, Municipal Summary of Exemptions, 1995 Assessment Rolls, Exemptions for Town Purposes.

The Village of Wellsville is in the middle of the comparison group regarding the level of tax exempt property. The general level of tax exempt properties, however, does not provide sufficient information to assess the impact on Village tax rates. Some tax exempt properties may provide benefits to the local economy in excess of the loss in tax revenue reflected in the exemption, particularly where large employers requiring relatively low municipal services are tax exempt. Colleges (particularly small colleges), for instance, often are major employers and students are a major consumer component in the college town economy, while the campuses often provide their own on-campus security, health services, and so forth. County-owned buildings have significant impacts in those rural communities that are county seats, but they also bring commercial traffic to the community through both county employees and those using services of or providing

services to the county. Tax exempt hospitals, correctional facilities, and Industrial Development Authority (IDA) properties may be major employers while using minimal Village services and each may attract commercial traffic in addition to that of employees.

Villages in the comparison group located in towns with tax exempt properties in excess of 30% were asked informally if they could identify specific reasons for their relatively high proportion of exempt properties, other than "normal" tax exempts (those common to most communities, such as schools, churches etc.). Each could immediately identify the source or sources, as follows:

Alfred:	Alfred State College, Alfred University
Hamilton:	Colgate University
Cobleskill:	SUNY Campus, Major IDA properties
Canton:	SUNY Campus
Gouverneur:	State Correctional Facility, 250 Units of 801 Military Housing
Bath:	Veterans Administration Hospital, County Seat
Sidney:	Major IDA properties, Village properties, Hospital
Tupper Lake:	Sun Mountain Developmental Center, Hospital with Long Term Care Facility
Malone:	No Response
Albion:	County Seat
Lyons:	County Seat
Warsaw:	County Seat with Hospital

Other tax exempt properties may be larger consumers of municipal services than warranted by their indirect benefits to the community or the local economy, a potential problem raised in Wellsville. A more targeted analysis of state-sponsored, exempt, community facilities for individuals with mental and developmental disabilities was recently published (see *Deinstitutionalization: a \$2 billion windfall* published by New York State Conference of Mayors-NYCOM, 1997 Albany, NY). This report discusses the reduction in state costs associated with the deinstitutionalization of individuals from mental health and developmentally disabled institutions and the increased financial burden to local governments. It is estimated that the state is saving over two billion dollars per year and between \$53,000 to \$92,000 per person placed in a community facility per year. The report found that these community facilities were disproportionately concentrated in cities and villages.

The report contains a list of the most overburdened host communities, those communities in New York that have a disproportionate share of community residences for the disabled compared with the communities share of county population. The Village of Wellsville is listed as 35th on this list of 66 communities. While the village has 10 percent of Allegany County's population, it contains 29% of the county's community residences. NYCOM argues that there are negative fiscal impacts on host communities associated with the

unequal distribution of community residences. NYCOM suggests a state program of Payments in Lieu of Taxes (PILOTS) to ameliorate the fiscal impact of increased exempt property and service provision costs in host communities. The report contains no estimate of the local fiscal impact on specific municipalities. An estimate of this impact is needed in evaluating the Village of Wellsville's higher tax level.

Other Revenue Sources

The mix of revenue sources available to villages can impact property tax rates. The local revenue mix is also determined by the bundle of services provided and the extent that user fees are implemented to support specific services. Table A-1 in the Appendix contains a summary of revenue sources for the comparison group of villages. Here we will focus our analysis on the sales tax. The distribution of sales tax revenues to villages is optional for counties. There are a variety of arrangements used by counties to distribute some portion of sales tax revenues to towns, villages and school districts. Allegany County does not distribute sales taxes to other units. It is important to examine the extent to which access to sales tax revenues is a factor in explaining the Village of Wellsville's higher tax rate.

The comparison group of villages are split into two groups in Table 6 to examine the importance of sales tax distribution to villages. The first group of 13 villages receive no sales tax from their county governments while the second group of 12 receives a portion of county sales tax revenues. It is important to note that the average population for the two groups is very close. There is a clear contrast in tax rates between the two groups. The group of villages which receive no sales tax distribution from the county have an average full value tax rate per thousand dollars of assessed valuation which is three dollars higher than the average for the other group. This differential is reflected in the average property tax revenues for the two groups.

It could be argued that counties which hold all sales tax revenues for county purposes have lower county property tax rates and, as a result, the overall tax burden in villages may be unaffected. For the comparison group used in this study, this is not the case. Table A-2 in the Appendix shows for the study comparison group that counties who do not share the sales tax have somewhat lower county tax rates (less than \$1 per thousand dollars of assessed valuation). Average total or overlapping tax rates for villages are higher in counties that do not share sales tax than in those that do share.

County policy regarding the sharing of sales taxes may have important impacts for local economic policy. If villages, like Wellsville, tend to be centers with key infrastructure and the location of employment generating industrial and commercial property, then county sales tax sharing with villages may help hold down the tax burden on property that serves as an employment center for broader areas of the county. The figures for our comparison group (Table A-1) would indicate that such sharing by the county does not necessarily lead to commensurate increases in county tax rates.

Summary employment location figures for several large employers surveyed for this study indicate that the county has a strong interest in addressing Wellsville's tax rate level. These figures indicate that for about 1,600 employees of facilities in the Village and Town of Wellsville, 38% resided in the county but outside the Town and Village of Wellsville. This contrasts with only 36% residing in the town and village, the balance residing out of county or out of state.

Table 6
Differences in Village Tax Rates
With and Without Sales Tax Sharing by Counties
for fiscal years ending in 1996

Village	1990 Population	Property Tax Revenues*	Sales Tax Revenues*	Equalized Village Tax Rate per \$1,000**
<i>villages in counties that do not share the sales tax</i>				
ALFRED	4,559	404,081	0	12.78
CATSKILL	4,690	2,146,940	0	16.21
COBLESKILL	5,268	1,242,104	0	8.48
LIBERTY	4,271	2,245,833	0	17.34
MALONE	6,777	2,067,401	0	15.20
MONTICELLO	6,597	3,450,862	0	18.46
PENN YAN	5,257	1,530,058	0	11.01
PERRY	4,219	1,074,621	0	11.96
SIDNEY	4,720	1,347,573	0	11.48
TUPPER LAKE	4,087	1,087,171	0	10.04
WARSAW	3,830	1,022,069	0	10.54
WATERLOO	5,120	1,533,146	0	13.04
WELLSVILLE	5,241	1,839,560	0	18.98
Average	4,972	1,614,725	0	13.50
<i>Villages in counties that share the sales tax</i>				
DANSVILLE	5,002	1,118,784	51,538	10.86
LYONS	4,280	1,194,427	149,583	13.03
OWEGO	4,442	1,505,253	175,135	15.19
HAMILTON	3,845	775,064	180,404	9.45
MEDINA	6,686	1,761,626	180,570	13.11
ALBION	5,863	1,631,938	187,442	12.82
WAVERLY	4,787	962,986	225,475	11.17
GOUVERNEUR	4,604	734,766	285,365	9.96
CANASTOTA	4,673	1,220,240	316,309	9.25
CHITTENANGO	4,734	871,846	364,773	6.38
BATH	5,801	1,125,942	411,362	8.56
CANTON	6,379	809,035	422,903	7.08
Average	5,091	1,142,659	245,905	10.57

* Source: Local Government Database Summary, New York State Office of the State Comptroller, Bureau of Municipal Research and Statistics, 1997.

** Source: *Overlapping Real Property Taxes: tax levy and tax rate statistics for New York State local governments fiscal year ended in 1996*. Albany: New York State Office of the State Comptroller, Bureau of Municipal Research and Statistics, May 1997.

Spending and Services

Next, operating expenditure patterns will be examined to identify potential reasons for differences in tax rates and the higher level of tax rates in the Village of Wellsville. Table 7 contains figures for operating and capital expenditures per capita for the village comparison group. The stock, investment and condition of municipal capital facilities is an important element in comparing village spending and fiscal health. The general practices and methods across communities regarding capital and investment prohibit including an evaluation of the condition and level of municipal capital investment.

Table 7
1996 Per Capita Expenditures
for Comparison Group Villages*

Village	Population	Annual Operating Expenditures Per Capita	Equipment and Capital Expenditures Per Capita
1 ALFRED	4,559	248	17
2 CHITTENANGO	4,734	401	34
3 DANSVILLE	5,002	403	99
4 WAVERLY	4,787	429	27
5 MALONE	6,777	469	37
6 PERRY	4,219	490	79
7 SIDNEY	4,720	490	133
8 WARSAW	3,830	515	88
9 CANASTOTA	4,673	531	349
10 CANTON	6,379	542	293
11 MEDINA	6,686	550	170
12 WATERLOO	5,120	551	76
13 OWEGO	4,442	579	66
14 LYONS	4,280	589	197
15 COBLESKILL	5,268	629	145
16 GOUVERNEUR	4,604	661	85
17 ALBION	5,863	684	71
18 CATSKILL	4,690	710	174
19 LIBERTY	4,271	946	235
20 WELLSVILLE (E)	5,241	980	111
21 HAMILTON (E)	3,845	990	113
22 PENN YAN (E)	5,257	998	42
23 MONTICELLO	6,597	1,009	134
24 TUPPER LAKE (E)	4,087	1,299	223
25 BATH (E)	5,801	1,453	57

* Source: Local Government Database Summary, New York State Office of the State Comptroller, Bureau of Municipal Research and Statistics, 1997. "Annual Operating Expenditures" includes expenditures for personnel, benefits, contractual expenditures and debt service.

1996 Per Capita Expenditures for Comparison Group Villages by Service Area*

Village	Population	1996 Annual Operating Expenditures Per Capita in Dollars							
		Total	General Government	Police	Fire	Transportation	Utilities	Other Community	All Other Services
ALBION	5,863	615	109	132	10	67	230	36	30
ALFRED	4,559	232	25	72	13	29	85	5	2
BATH (E)	5,801	1,388	108	119	31	83	1,031	2	15
CANASTOTA	4,673	418	44	75	19	101	94	50	35
CANTON	6,379	452	48	96	19	67	173	8	41
CATSKILL	4,690	630	121	172	19	109	151	13	46
CHITTENANGO	4,734	351	44	81	-	106	72	34	14
COBLESKILL	5,268	536	55	95	10	53	133	175	15
DANSVILLE	5,002	368	34	89	7	66	118	14	40
GOUVERNEUR	4,604	612	59	123	9	50	146	196	29
HAMILTON(E)	3,845	815	75	81	10	53	508	55	34
LIBERTY	4,271	849	97	204	19	250	230	11	37
LYONS	4,280	556	73	134	45	92	167	26	18
MALONE	6,777	433	49	139	26	69	119	15	16
MEDINA	6,686	490	54	105	30	59	168	17	56
MONTICELLO	6,597	901	142	244	47	107	222	104	35
OWEGO	4,442	532	91	122	25	157	92	29	16
PENN YAN (E)	5,257	903	132	125	15	77	481	48	24
PERRY	4,219	440	52	75	4	93	157	29	30
SIDNEY	4,720	461	99	88	13	107	114	19	21
TUPPER LAKE (E)	4,087	1,118	87	130	34	99	698	60	10
WARSAW	3,830	478	57	88	16	72	132	71	42
WATERLOO	5,120	478	64	102	4	105	135	54	15
WAVERLY	4,787	373	57	136	-	52	98	3	29
WELLSVILLE(E)	5,241	876	90	165	22	67	458	67	6
Comparison Group									
Average	5,029	612	75	120	18	88	240	46	26
Median	4,734	532	64	119	16	77	151	29	29
Minimum	3,830	232	25	72	-	29	72	2	2
Maximum	6,777	1,388	142	244	47	250	1,031	196	56

* Source: Local Government Database Summary, New York State Office of the State Comptroller, Bureau of Municipal Research and Statistics, 1997. "Total" expenditures includes expenditures for personnel, benefits, and contractual expenditures. Per Capita calculations made by the authors.

The Village of Wellsville is clustered with the other villages that have municipal electric utilities at the high end (bottom of the table) of operating expenditures per capita. The expenditure figures in Table 7 do not control for differences in the level and bundle of services provided by villages in the comparison group. Per capita annual operating expenditures range from under \$250 per capita to over \$1,400 per capita. In Table 8, operating expenditures are examined for specific service areas. Table 8 contains Total operating expenditures per capita (the same as "Annual Operating Expenditures" above in Table 7 less debt service) and per capita expenditure figures for key service functions.

The expenditure information in Table 8 does not account for differences in the bundle of services provided by each municipality. For example, "Utilities" expenditures per capita include operating amounts for water, sewer, electric and, in the case of the Village of Bath, gas utility services. As a result, all of the villages in the table with Utilities expenditures in excess of \$300 per capita have municipal electric utilities. This higher level of expenditures reflects, in part, a broader mix of municipal services provided to residents. Similarly, Police expenditures per capita do not control for differences in the kinds of police services provided. If some communities in the sample have less than 24 hour coverage, then we would expect their per capita expenditures to be lower in Table 8. This lower expenditure level would not necessarily indicate more efficient police service.

Table 8 can, however, indicate areas that are worthy of closer examination. In three service areas, the Village of Wellsville has per capita costs that are well above the average and the median for the comparison group: Police, Other Community Services, and General Government. They are not the highest in the comparison group (see Maximum values). Each of these warrant a closer look at costs. The services that make up the General Government and Other Community category warrant additional explanation. General Government includes expenditures for executive, legislative, judicial, and financial operations. Other Community services include expenditures for garbage collection and disposal, drainage and storm sewers, housing and community development, natural resources and activities intended to improve the general environment. The Appendix contains a full list of functional expenditure category descriptions used by the New York State Comptroller.

Only services and costs in the General Fund determine the property tax rate for the Village of Wellsville. The major public utility services (water, sewer, and electricity) are managed through other funds and are paid for almost entirely out of user fees. Preliminary analysis identified several areas, Police, Other Community and General Government, where service costs are an issue. Each of these will be examined below. In addition, public works salaries and benefits will be reviewed for comparison group villages.

Police Services

Police expenditures represented approximately 30% of budgeted general fund costs in fiscal 1996-7 for the Village of Wellsville. Manpower costs dominate police expenditures in most communities. The ratio of manpower costs to total operating costs is higher in this service area than for municipal services generally. The comparative figures used here indicate that personnel expenditures constitute roughly ninety percent of total Police operating expenditures in the Village of Wellsville. In this section, staffing levels and wage and benefit packages will be examined for the comparison group.

Table 9 below contains information on police staffing levels and number of vehicles for the comparison group, listed from small to large by population size. Wellsville has the second highest number of total police personnel. However, five communities in the comparison group have a larger complement of full-time police officers and two additional communities have the same number of full-time officers (12). Similarly, Wellsville, has a relatively high number of civilian employees. The comparison of staffing levels across the 25 villages is difficult to assess without comparison figures on the total shifts worked per week, the extent of part-time hours, and overtime hours. The data sources available for this comparison did not have this information.

The presence or absence of other law enforcement resources in the area have an impact on needed police staffing levels. Allegany County is one of only four counties in New York State where the sheriff's department has no road patrol service and does not provide associated dispatching assistance. None of the other villages in the comparison group are in one of those four counties.

The absence of this complementary activity could lead to higher service costs for the Wellsville police department for several reasons. Without this county level activity, the local department needs a higher level of internal backup capability for officers on duty. In most other counties, smaller departments with 24 hour coverage (i.e. an officer on duty 24 hours per day, seven days per week) depend on the county sheriff's dispatching capabilities, particularly for the second and third shift (evening, night and early morning hours). Further, the county sheriff provides officer backup to local departments as needed (and vice versa). Also, in most counties, villages can look to the county sheriff's department for specialized personnel and other resources in areas such as criminal investigation and drug enforcement. Without county sheriff road patrols and the associated dispatching and backup, and without investigative assistance, individual municipalities must fill this service void and absorb the attendant costs, spreading it over a much smaller village tax base. Without these sheriff department support services found in other counties, the Wellsville Police Department may absorb a higher level of service costs than comparable villages providing a similar level of service.

New York State's Bureau of Municipal Police in the Division of Criminal Justice Services conducts management studies for local departments on a request basis. In the recommendations section of this report, the consultants suggest utilizing this service, staffed by law enforcement professionals, to assess the unique service environment and staffing needs faced by the Wellsville Police Department.

Table 9
Police Personnel Levels in 1995
for Comparison Group Villages
Listed by 1990 Population Size

Village	1990 Population	Total Personnel	Percent Part-time	Sworn Officers		Civilian		Number of Vehicles
				Full Time	Part Time	Full Time	Part Time	
HAMILTON (E)	3,790	13	54%	5	6	1	1	2
WARSAW	3,830	18	67%	6	5	0	7	3
TUPPER LAKE (E)	4,087	12	0%	11	0	1	0	2
LIBERTY	4,128	23	17%	16	2	3	2	6
PERRY	4,219	13	62%	5	7	0	1	4
LYONS	4,280	14	14%	10	2	2	0	3
OWEGO	4,442	22	45%	8	6	4	4	5
ALFRED	4,559	12	50%	6	5	0	1	3
GOVERNEUR	4,604	13	8%	8	0	4	1	3
CANASTOTA	4,673	16	75%	4	11	0	1	3
CATSKILL	4,690	23	43%	13	6	0	4	3
SIDNEY	4,720	10	10%	9	0	0	1	4
CHITTENANGO	4,734	22	68%	7	12	0	3	6
WAVERLY	4,787	25	40%	10	7	5	3	5
DANSVILLE	5,002	16	31%	8	0	3	5	5
WATERLOO	5,116	15	40%	8	6	1	0	4
WELLSVILLE	5,241	29	45%	12	10	4	3	5
PENN YAN (E)	5,248	16	31%	10	5	1	0	5
COBLESKILL	5,268	16	38%	10	5	0	1	4
BATH (E)	5,801	32	50%	12	4	4	12	4
ALBION	5,863	14	7%	12	1	1	0	5
CANTON	6,379	12	8%	9	0	2	1	2
MONTICELLO	6,597	28	0%	24	0	4	0	8
MEDINA	6,686	16	0%	13	0	3	0	4
MALONE	6,777	18	0%	18	0	0	0	6

Source: "New York State 1995 Municipal Police Personnel", page 168 and following in: *1995 Crime and Justice Annual Report*, Albany: New York State Division of Criminal Justice Services, Bureau of Municipal Police, February, 1997.

It is important to examine wages and benefits as well as staffing levels. Table 10 below contains summary wage and benefit information for police departments in the comparison group. The information in Table 10 is taken from the Labor Agreement Database Service (LADS) provided by the New York State Conference of Mayors and Municipal Officials. LADS information exists for 18 of the 25 villages in the comparison group. In some cases, villages have not updated their LADS information for several years. Figures for these municipalities were included to broaden the base of comparison group communities. The remaining 7 villages either do not have labor agreements or do not report their labor agreement information to LADS. These 7 villages are included in Table 10 with blank

Table 10
Police Salary and Benefit Summary for
Comparison Group Villages

Village	Annual Salary Officer		Annual Holidays	Vacation days end of First Year	*Percent of Health Insur. Paid by Village
	Minimum	Maximum			
ALBION					
ALFRED					
BATH (E)	17,818	28,616	12	12	100
CANASTOTA					
CANTON	26,079	34,973	12	12	100
CATSKILL	26,715	33,536	11	10	100
CHITTENANGO	21,807	28,085	0	5	100
COBLESKILL	24,017	33,058	12	10	95
DANSVILLE	24,516	33,600	11	10	*100
GOUVERNEUR	25,074	31,091	11	10	100
HAMILTON (E)					
LIBERTY	28,956	39,507	13	11	*100
LYONS	25,418	29,701	13	12	80
MALONE	25,930	32,031	13	10	100
MEDINA	25,935	31,207	11	10	90
MONTICELLO	26,119	34,520	13	5	100
OWEGO	17,810	28,970	NA	10	65
PENN YAN (E)	23,714	35,957	11	10	80
PERRY					
SIDNEY	26,068	31,892	12	5	100
TUPPER LAKE(E)	23,316	27,775	13	5	100
WARSAW					
WATERLOO	15,000		13	5	90
WAVERLY	19,814	28,681	12	5	100
WELLSVILLE	25,603	33,950	12	10	100

Comparison Group

Maximum	28,956	39,507	13	12	100
Median	25,074	31,962	12	10	100

Source: *LADS REPORT* Albany: New York Conference of Mayors and Municipal Officials. Police Report Generated for the Village of Wellsville, 18 Municipalities Ordered. 1997 (Complete data in Appendix).

The percent of health insurance paid by comparison group villages is identical for the individual employee and dependents except for the two municipalities noted by an "*." Cobleskill covers only 90% for dependents and Liberty carries no coverage for dependents.

data cells. A more complete set of LADS data for the comparison group is in Table A4 in the Appendix. The full text of the LADS report for the 18 comparison group villages is available for review.

The base or minimum salary for a police officer in the Village of Wellsville is just above the median for the comparison group of communities and the salary maximum is slightly above the median. Wellsville is one of 12 villages in the comparison group that has longevity payment provisions.

Wellsville is at the median for the comparison group with regard to annual holidays (12) and vacation days at the end of the first year of service (10). While at the median at the end of the first year, Wellsville police vacation benefits have a lower number maximum days (20) than 12 of the 18 villages and takes a longer time to achieve that maximum amount than most villages in the sample (twelve years).

Like most villages in the sample (13 of 18), Wellsville provides 100 percent health insurance coverage for the individual employee and their dependents. As Table A4 in the Appendix indicates, Wellsville is the only village in the comparison group that provides 100 percent of both vision and dental coverage for employees and dependents. Nine communities (50%) in the comparison group provide no vision or dental coverage for police employees. Wellsville provides a set of sick leave provisions which are at or below the median for the comparison group. In sum, Wellsville's health care and sick leave provisions are at the median or below except for vision and dental care which are generous relative to the comparison group.

The overall salary and benefit package for Village of Wellsville police officers does not appear to be excessive with respect to other comparison group communities. With several exceptions, Wellsville appears to provide an overall compensation package that is similar to many other communities in the comparison group and solidly in the middle of the distribution.

Based on the review of salary and benefit information it seems that other factors, including those mentioned at the end of the previous section on staffing information must be driving the higher cost of police services in the Village of Wellsville.

Other Community Services

Figures from Table 8 indicate that Wellsville's expenditures for Other Community Services exceeds the median for the comparison group by nearly \$28 per capita (almost double the median value). In terms of total expenditures, this is equivalent to \$146,000. "Other Community Services" expenditures (see definition above) account for a grouping of somewhat distinct services. In some respects, this service grouping contains many services of choice. Wellsville's budget contains modest expenditures for a variety of services in this category, including: planning, zoning, storm sewers, street cleaning, flood and erosion control, and shade trees.

One exception to this is Garbage Collection and Disposal. All communities have garbage collection and disposal. This service is managed very differently across communities and, in some rare cases, there are no budgeted village expenditures for collection. Many communities have local regular garbage pickup by private haulers. In many cases, this a totally private transaction between the hauler and residents and does not show up in municipal budgets. Even in such cases, most villages at least include budget expenditures for special trash pickups once or twice a year. Very few villages, however, maintain or operate a landfill.

Wellsville's fiscal 1995-96 budget contains expenditures for local Refuse Collection of \$77, 048 and Landfill costs of \$107,363 for combined total of 184,771. Based on these figures and those of the comparison group, Garbage Collection and Disposal costs and Landfill costs, in particular, are driving the higher than median costs in this service area. If average costs are used for the base of comparison, landfill costs alone account for almost all of the cost difference between Wellsville and the comparison group average for Other Community Services. This difference is \$21 per capital and \$110,061 in total.

Landfill costs, which almost doubled in 1997, are related to the cleanup and closure of the former village landfill. Given the planned cost scheduled for this activity costs should begin to taper off (i.e. drop below FY 1995-96 levels) in six years. Major clean-up costs should end in thirty years with only modest maintenance expenses of three to five thousand dollars at the site thereafter. Village officials appear to be taking all reasonable measures to manage these costs under guidelines specified by the state. The results of current legal action could reduce these costs overtime by spreading the costs of cleanup to other involved municipalities. Over time, landfill closure cost reductions should cease to be a source of above average property tax costs. In fiscal year 1996-97, landfill closure costs represent about \$.90 per thousand in the overall property tax rate.

Public Works Wages and Benefits

Many of Wellsville's public work's personnel are involved with water, sewer, and electric utilities that are not funded by property taxes. A portion of public works personnel is involved with street maintenance and repair, and a variety of other activities that are paid for out of the general fund that is supported, in part, by property taxes. A LADS data report was requested for Public Works labor agreements. Seventeen of the twenty-five comparison group villages had information included in the LADS database. A broader group of job titles is used in the Public Works area, making it more difficult to identify a significant number of places with similar job titles for comparison. The consultants combined some similar job titles in creating a summary of the LADS information (Appendix Table A5).

Table 11 contains a selection of information from the LADS public works report. Annual salary information for two job titles likely to be involved in general fund public works activity were selected. There are between 12 and 14 villages reporting for each salary category. The Village of Wellsville amounts are well below the median for both minimum and maximum wages in this category. For motor equipment operator, the villages salary amounts are below the median for the lower end of the salary bracket and slightly higher than the median for the maximum salary. In this instance, as other LADS job categories (see Table A5), the village of Wellsville is generally near or below the median for villages reporting wage amounts. In addition to salary amounts, Wellsville and 10 of the 17 reporting villages include longevity increments in their wage scale (see Table A5).

Comparison group villages either provide 5 or 10 days of vacation at the end of the first year. Wellsville is in the lower group. Wellsville, along with the majority of reporting villages, offers 12 days of annual sick leave and 12 annual holidays. Reporting communities vary significantly in their accumulation and cash out policies for sick leave (see Table A5). Wellsville and all but two villages in the comparison group pay 100% of public works employee health care benefits. Nine of the seventeen reporting comparison group villages provide some combination of vision and dental care benefits to public

works employees. Vision coverage is included and paid for along with regular health coverage for Wellsville employees. Dental coverage is provided for public works employees in Wellsville at the option of the employee and is paid for in full if chosen subject to a maximum of \$7,200 per employee per year. Thirteen of the seventeen comparison communities, including Wellsville, “max out” their vacation days at 25. The comparison group communities differ significantly in their carryover and cash out policies on vacation time.

On balance, the Village of Wellsville appears to have a modest “in the middle of the pack” wage and benefit package for public works employees in contrast with those comparison group communities reporting.

Table 11
Public Works Salary and Benefits Summary for
Comparison Group Villages

Village	Annualized Wages Laborer I		Annualized Wages Motor Eq. Operator		Vacation Days after First Yr.	Annual Sick Leave	Annual Holiday
	Minimum	Maximum	Minimum	Maximum			
ALBION							
ALFRED	15,288		26,187		5	13	11
BATH (E)		15,600		24,544	5	12	13
CANASTOTA							
CANTON	23,483	28,600			5	12	12
CATSKILL	24,731				10	10	12
CHITTENANGO	24,086	25,813	25,542	27,248	5	18	12
COBLESKILL							
DANVILLE	22,152	24,086	25,314	27,685	10	12	12
GOVERNEUR		13,499		14,248	5	12	12
HAMILTON (E)							
LIBERTY	25,106		25,106	25,813	5	12	13
LYONS			21,341		5	12	14
MALONE	18,233	22,100	20,037	24,252	5	12	13
MEDINA	19,947	28,974	20,613	29,702	10	15	11
MONTICELLO	24,440	25,326	25,773	28,388	5	12	14
OWEGO			11,024	12,064	5	12	12
PENN YAN (E)	24,939	30,264	23,587	28,392	10	12	12
PERRY							
SIDNEY	16,307	17,930		22,505	10	15	12
TUPPER LAKE(E)	17,970	21,007	19,863	22,703	5	15	12
WARSAW							
WATERLOO							
WAVERLY	19,344				5	12	12
WELLSVILLE	15,059	17,846	22,568	27,102	5	12	12
Comparison Group							
Maximum	25,106	30,264	26,187	29,702	10	18	14
Median	21,050	23,093	23,078	25,813	5	12	12

Source: *LADS REPORT* Albany: New York Conference of Mayors and Municipal Officials. Public Works Report Generated for the Village of Wellsville, 17 Municipalities Ordered. 1997. (Complete report data in Appendix).

General Government: Governance and Administrative Costs

Figures from Table 8, above, identify Wellsville's General Government expenditures per capita as higher than the average and median for the comparison group of villages. Wellsville's 1996 spending was \$90 per capita in contrast with an average of \$75 and a median of \$64. Wellsville is \$15 per capita above the average and \$26 per capita above the median. The average differential represents a total of approximately \$78,000 and the median differential represents a total of approximately \$136,000. As noted earlier, General Government includes expenditures for executive, legislative, judicial and financial operations. In the Village of Wellsville, this includes expenditures for: board of trustees, mayor, justice, clerk treasurer, tax collection, village attorney, ordinance related costs, engineer(limited), elections, a portion of public works administration, municipal building and garage maintenance, portions of insurance, central data, municipal association dues, other village property expenses, copiers and economic development.

The summary data used in this report does not provide an adequate basis for identifying the potential sources of Wellsville's cost differences from the comparison group villages across this detailed spectrum of activities. In some cases, the differential may be due to differences in the level or kinds of services provided. Further exploration of the general government service area with other villages in the comparison group may help identify useful opportunities for the Village of Wellsville. This is one area that the consultants could spend additional effort to better target potential cost differences. This is also an area where saving may be possible through increased cooperation and service sharing with the Town of Wellsville and/or other local governments.

Summary of Analysis of Tax Impacts and Service Costs

As noted earlier in this report, residents in the Village of Wellsville have a favorable total local service cost relative to other communities in the comparison group (Table 3-B). At the same time, the village has the highest town, village, county and overall equalized property tax rates among the comparison group villages. The Village of Wellsville's 1996 equalized rate was estimated to be \$18.98 which is \$6.89 per thousand above the comparison group average rate and \$7.51 per thousand above the comparison group median. In the analysis above, revenue and expenditure relationships have been discussed and several potential tax impacts identified. Table 12 below contains a summary of the tax impacts from this discussion.

Table 12
Summary of Revenue and Expenditure Items
Influencing Wellsville Tax Rate Difference from
the Average Tax Rate for Comparison Group Villages

Revenues	Item	Impact Estimated ?	Potential Tax Rate Impact per \$1,000 Assessed Value
Property Tax Base	Distribution of Housing Value	no	-
Exempt Property	Concentration of Group Homes	no	-
Sales Tax	County distribution of Sales Tax	yes	\$1 to \$3
Expenditures			
Police Services	Relatively high service costs	no	-
Other Community Services	Landfill Closure Costs	yes	\$1
Public Works Wage and Benefit Costs	None identified	no	-
General Government Services	Relatively High Service Costs	no	-
Total Impacts Identified for the Village of Wellsville			\$2 - \$4
Approximate Wellsville Difference from Comparison Group Average			\$7

Summary

There are areas discussed in this Report that call for some additional investigative attention. Each of these particular areas can be interpreted as belonging among the Phase II tasks (as questions of the reasons for relatively high Village tax rates) or can be interpreted as belonging in Phase III (as attempts to identify potential actions to address the tax rate issue). Although these "hybrid" issues will be addressed during Phase III work, they will result in additional information on the areas already discussed and may result in some revision of these areas.

These "hybrid" activities are as follows:

1. Review, albeit minimal, of Wellsville's property tax base changes over time in order to assess, if possible, the general pattern and possible suggestions for addressing the tax base portion of the tax rate issue.
2. Further review of the amount and type of tax exempt property in the Village of Wellsville, with a general review of the development of tax exempts over time in an effort to assess the impact on tax rates in the Village.

3. Some further review of the sales tax distribution issue in an effort to specify more clearly the potential for impact on Village tax rates.
4. Additional review of the relatively high comparative cost for police services in Wellsville. The work to date has identified some potential causes. Additional work, including both some additional comparative information and review of some areas specific to Wellsville and Allegany County, will be needed to assess more clearly the issues involved. This should clarify the impact of external factors on the service levels and needs of the Village and provide needed guidance for an external study by the Bureau of Municipal Police.
5. A general comparative review of public works staffing levels relative to measures of service needs, using data on service need available for the comparative Village group or some portion thereof.
6. Further review of the area of general government services and costs, partly comparative and partly specific to Wellsville.

What are potential remedies to these higher tax rates?

Phase III tasks include a combined Town and Village Fiscal Profile and the Village-Town Service Review. During this phase, study efforts will include an examination of town and village finances with focus on Town highway items #3 and #4, electric utility costs and potential, and real estate patterns. Phase III of the Study will also involve specific investigation of areas of the Town and Village service delivery systems in order to identify potential actions to address the tax issues identified in Phase II and the potential fiscal advantages of alternate institutional configurations. Specific recommendations for action are thus premature at this time.

However, the work conducted to date leads to some initial recommendations for the Joint Municipal Study Committee to consider.

Current Recommendations for Action

Police Study. As indicated above, comparative data analysis demonstrated that Wellsville's Police Services have higher than average costs for the comparison group. There are a number of possible reasons for this. A number of possible reasons have been identified and will be refined as a "hybrid" task (see above). The consultants recommend that the village request a management study from the New York State Bureau of Municipal Police to explore needed staffing levels and service provision within the Allegany County law enforcement context. The completion of the more specific review work of Phase III should assist in developing the scope of that study and make its ultimate result more useful to the Village and its law enforcement management. The time lapse between the request for the management study by the Village and the initiation of the study by NYS is unknown; the Village should request the study now in anticipation of substantial lead time. It may be useful to begin now to recruit representatives from the County and/or the Town to participate in the scoping and review of that study effort when the time comes.

County Sales Tax Sharing. Given the importance of Wellsville as an employment center and the residential distribution of employees, it is in the interest of Allegany County to explore sharing a portion of sales tax revenues with the Village of Wellsville to help

ameliorate pressure on property taxes. Although the hybrid and Phase III work should specify more clearly the potential impact of sales tax sharing at various levels and may well suggest appropriate strategic considerations for its pursuit, it is not premature to begin to broach the subject with county legislators in anticipation of later activity.

Municipal Utilities. While tax rates are high in Wellsville, residents receive a favorable overall public service cost package. Care should be taken not to jeopardize this package in considering opportunities for service cooperation and consolidation.

ENDNOTES

¹ There was one exception to this rule for the inclusion of villages in the study. The Village of Saranac Lake meets the criteria established for inclusion, but it was excluded because the Village sprawls across three towns and two counties. This added institutional complexity would make the needed town-village fiscal comparisons more difficult.

² The following villages have territory in the towns listed in parentheses: Village of Perry (Towns of Perry and Castile -contains 494 of village population), Village of Waterloo (Towns of Fayette, Seneca Falls – first two contain 780 of village population, and Waterloo), Village of Penn Yan (Towns of Benton, Jerusalem – first two contain 430 of village population, and Milo), and Village of Albion (Towns of Albion and Gaines - contains 1,146 of village population)

³ The following towns have one additional village, listed in parentheses, within the town's boundary: Hamilton (Earlville -pop. 883, of this is in 341 in Hamilton, - this village is split with the Town of Sherburne in Chenango County), Lenox (Wampsville -pop. 501), Bath (Savona- pop. 974), and Canton (Rensselaer Falls - pop. 316).