

# Alternatives Report

## Village of Chaumont and Town of Lyme

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January 2020

Prepared for:

Village of Chaumont Dissolution Study Committee

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This document was prepared with funding provided by the New York State Department of State under the Local Government Efficiency Grant Program – Contract No. T00052GG-3800.

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## 1 EXECUTIVE SUMMARY

The purpose of this **ALTERNATIVES REPORT** is to identify and evaluate viable alternatives for delivering municipal services in a Village dissolution scenario and through potential shared service opportunities outside of dissolution. This report is the second step in the process being undertaken by the Village's Dissolution Study Committee (DSC). The first step in the process involved documenting the Village's current assets, services, finances and personnel in the **EXISTING CONDITIONS REPORT**. The findings from the **ALTERNATIVES REPORT** phase of the study are summarized below.

As a result of dissolution, taxpayers in the Village of Chaumont could see a decrease of \$2.54 per \$1,000 of assessed value in municipal taxes.

The Town of Lyme taxpayers could see an increase of \$0.07 per \$1,000 of assessed value in municipal taxes.

*See Section 5 for details.*

The decrease in the Village municipal taxes are the result of the cost savings achieved through Village dissolution from the elimination of wages and benefits and contractual costs for Village expenses that would no longer exist if the Village government didn't exist, and the Citizens Empowerment Tax Credit state aid, provided in perpetuity, to municipalities that proceed with consolidation. There are costs that would be shifted to the Town after Village dissolution, and while the cost savings and state aid offset most of the costs added to the Town, there could be an increase in taxes for Town taxpayers.

With these recommended dissolution actions, Town taxpayers in the Three Mile Bay Lighting District would see additional savings because the lighting district would be dissolved and all lighting costs for Three Mile Bay and Chaumont would become a general fund expense paid through the town-wide tax (see section 3.1.18 for details).

## 2 INTRODUCTION

The Board Members from the Village of Chaumont hired the Development Authority of the North Country (“Authority”) to facilitate the dissolution study process. The Board also appointed a Dissolution Study Committee (DSC) which has been charged with developing a study to evaluate dissolving the Village and identifying alternatives to dissolution, including fiscal impacts, provision of service and other matters as identified. The DSC is comprised of Valerie Rust (Village of Chaumont Mayor), Scott Aubertine (Town of Lyme Supervisor), Ed Demattia, Robin Grovesteen, Fred Jackson, Bill Johnson, Jim Morrow, Scott Radley, Marcie Travers-Barth, and Pat Weston. The DSC began this initiative with a kick-off meeting on June 3, 2019. Since that time, the DSC has been working to develop an understanding of the Village and Town services provided, the way in which these services are provided, and the cost to taxpayers to provide these services. The results of this initial phase of the project are summarized in this report, known as the ***EXISTING CONDITIONS REPORT***.

The DSC then moved into the second phase of the study and evaluated various alternatives to the delivery of the identified services, up to and including Village dissolution. To calculate projected cost savings from dissolution, the DSC was required to make some assumptions about future budgets and contractual costs. The DSC has not taken this task lightly and thoroughly discussed and analyzed financial statements from the Village and Town and different options for each service. The information presented in this report is the DSC’s best estimation of the projected cost savings and expenses, based on the actual expenses reported by the Village and the Town in their FYE 2018 Annual Update Documents (AUD) that are submitted to the State Comptroller. The DSC acknowledges, and the public should be aware, that this process requires assumptions be made about future conditions; some savings may be more and some savings may be less. However, the DSC tried to establish conservative projections while providing a realistic proposed plan for the general government functions as a result of dissolution.

This report is being funded by and prepared in accordance with the New York State Department of State Work Plan requirements, as outlined in Contract No. T00052GG-3800. All study-related documents are available on the dissolution study website: [www.danc.org/chaumont-study](http://www.danc.org/chaumont-study).

### **3 HOW WOULD DISSOLUTION AFFECT DELIVERY OF SERVICES**

The DSC, with assistance from the Authority, has evaluated each government function to explore alternative ways that these services could be delivered in the event the Village dissolved. The DSC also explored other ways for the Village to reduce service delivery costs outside of dissolution. To complete this assessment, the DSC considered the changes that would result from eliminating certain duties/functions as a result of dissolution and how those changes would affect the Town's responsibilities, duties, and costs. In the sections below, the proposed changes for each service function is explained with the intent of providing a conservative projection of the cost savings that could be achieved through dissolution. All figures are sourced from the FYE 2018 AUD unless otherwise noted. Tables summarizing the details of the wage/benefits savings and contractual savings are provided in Appendices A and B, respectively.

#### **3.1 VILLAGE SERVICES**

##### **3.1.1 Mayor**

The Village Mayor expenses in FYE 2018 included \$5,500 in personal services, plus Social Security benefits. If the Village dissolved, this position and the wages and benefits costs would be eliminated.

##### **3.1.2 Village Board**

The Village board is comprised of four members. The costs associated with the Village Board members in FYE 2016 were \$6,200 in personal service wages, plus Social Security benefits. If the Village dissolved, these positions and the wages and benefits costs would be eliminated.

##### **3.1.3 Village Clerk/Treasurer**

The Village Clerk/Treasurer completes many tasks including preparing materials for board meetings, taking meeting minutes, records management, issuing legal notices, processing mail, answering resident questions, issuing licenses, collecting real property taxes, beach related duties, and water and sewer billing and payments. The Village Clerk/Treasurer position expenses in the FYE 2018 General Fund included \$15,967 in personal services, plus benefits including State Retirement System, Social Security, Workers' Compensation Insurance, Disability Insurance, and Medical Insurance. If the Village dissolved, this position and most of the administrative duties would be eliminated, except for the costs associated with the Clerk/Treasurer's time for beach related duties; the Town would budget \$2,000 in wages and an estimated \$1,100 in benefits in the General Fund to cover duties that would be shifted to the Town Clerk. The remaining wages and benefits costs would be savings. The Village Clerk/Treasurer also handles the water and sewer service billing and payments, which is accounted for in the water and sewer funds and will be transferred into the water and sewer districts (see section 4.2 and 4.3).

The other Clerk/Treasurer expenses reported in the Village FYE 2018 AUD were \$6,163 in contractual expenses for computer software and office supplies. If the Village dissolved, these expenses associated with the Clerk/Treasurer position would be eliminated. Without dissolution, the DSC did not find opportunities for cost savings in this service.

#### **3.1.4 Law**

In FYE 2018, the Village expense for legal services was \$611 in contractual expenses. If the Village dissolved, these costs would be eliminated.

#### **3.1.5 Unallocated Insurance**

Unallocated insurance covers buildings, vehicles, parks, property, and other municipal assets. The Village expense in FYE 2018 was \$10,275. In FYE 2019, the Village's policy was canceled and the new insurance premium was \$24,242. Unless the Village sold some assets and property before dissolution, all the Village-owned assets and property would be transferred to the Town. The Town submitted a copy of the Village's insurance policy and list of assets to their insurance carrier to get an estimate of the impacts to the Town's current insurance policy. The Town's insurance carrier estimates that it would cost \$13,000 to add all of the Village's buildings and assets to the Town policy based on the newest policy figures. To be consistent with the FYE 2018 financials, the entire \$10,275 cost for insurance will be moved to the Town budget.

#### **3.1.6 Library**

The Village contribution to the Library in FYE 2018 was \$2,800. The DSC agreed that if the Village dissolved, the Town should take over the additional \$2,800 because the library is a valuable resource to the community.

#### **3.1.7 Other Cultural and Recreation**

In FYE 2018, this category of expenses included \$300 for the Garden Club and \$100 for the Lyme Light Newsletter. The DSC recognized that these organizations are an important part of the community and recommended that the Town take over these expenses.

#### **3.1.8 Zoning**

In FYE 2018, the Village expenses for zoning included \$4,170 in wages for the Zoning Officer and \$50 in contractual expenses for training. If the Village dissolved, the Village Zoning Board and related expenses would be eliminated; the Town has their own Zoning Board and employs the same Zoning Officer. The DSC recommended that the wages and contractual expenses be added to the Town budget, since the Zoning Officer will still be responsible for the same coverage area and duties. The DSC did not identify any cost savings outside of dissolution, and the Town has already looked into alternatives for building code enforcement services provided by the County and has decided to keep the service as a Town-provided service.

### **3.1.9 Planning**

In FYE 2018, the Village expenses for planning board member compensation and training were \$1,115 in contractual expenses. If the Village dissolved, the DSC recommended that the expenses be added to the Town's budget for the Town Planning Board, and look into adding more Planning Board members to accommodate additional members from the former Village. Outside of dissolution, one suggestion to achieve cost savings was to make the Planning Board members volunteer positions instead paid positions.

### **3.1.10 Buildings**

The Village expenses related to Village-owned building maintenance and costs for electricity, employee cell phones, wastewater treatment plant water and sewer bills, in FYE 2018 were \$1,199 in wages and \$3,667 in contractual expenses. If the Village dissolved, these costs would be eliminated except \$700, which would move into the Sewer Fund to cover the wastewater treatment plant water and sewer bills. Without dissolution, the DSC did not find opportunities for cost savings in this service.

### **3.1.11 Central Garage**

The Village expenses in FYE 2018 related to the Central Garage expense item included \$3,692 in wages and \$12,535 in contractual costs to cover labor, garage maintenance supplies and tools, and utilities for the cold storage building and the garage/shop. The DSC recommended that the Town take over the contractual costs related to the cold storage building and the garage/shop, which is estimated to be \$1,700. The remaining contractual costs and wages would be eliminated. Without dissolution, the DSC did not find opportunities for cost savings in this service.

### **3.1.12 Maintenance of Streets**

The FYE 2018 Village expenditures for maintenance of streets were \$28,647 in wages and \$370 in contractual costs, which include costs related to street maintenance, storm drainage, diesel fuel, gasoline, and street sign upkeep. The Village receives CHIPS<sup>1</sup> funds to offset some of these costs. The DSC agreed that these services will be a continued expense after dissolution and the Town will assume the responsibilities and all of the costs. The Town would receive additional CHIPS funds revenue if the Village dissolved, since the Town would acquire the Village streets. In FYE 2018, the Village received \$27,798 in CHIPS funds revenue, which is included in the Village tax levy calculation every year, and so the DSC estimates that the Town would receive approximately the same amount in additional revenue. Without dissolution, the DSC did not find opportunities for cost savings in this service.

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<sup>1</sup> CHIPS funds are allocated annually from the NYS Department of Transportation Consolidated Local Street and Highway Improvement Program.



### **3.1.13 Permanent Highway Improvements (Paving)**

The Village expenses for paving of Village streets in FYE 2018 was \$19,798 in contractual costs. The DSC agreed that the Town should assume the paving responsibilities and the costs.

### **3.1.14 Brush and Weeds**

The Village expenses in FYE 2018 for the brush and weeds expense category are related to the monthly brush pick-up service provided by the Village staff from May through October. The wages for this service cost \$6,797. The Town does not provide brush pick-up service to Town residents; town residents hire contractors or take brush to the Town transfer site on their own. If the Village dissolved, the brush pick-up service would be eliminated as well as the costs.

### **3.1.15 Snow Removal**

The Village expenses in FYE 2018 for snow removal were \$11,106 in wages and \$1,698 for contractual costs related to supplies, fuel, and maintenance of the plow trucks and sander. If the Village dissolved, the Town would take over the snow removal duties and the associated costs. The committee discussed the possibility of the Town taking over snow removal duties for the Village if dissolution was not approved by the Village residents; however, the Town Highway Superintendent did not think it would result in efficiency gains or cost savings for the Village. The Town trucks are too large to plow many of the Village streets and the facilities like the fire hall, library, water tower, sewer plant, pump stations, transfer site, and Town offices. These areas could not be added to the Town snow plow routes and would need to be plowed by the smaller Village trucks separately.

### **3.1.16 Parks**

The Village FYE 2018 expenses for parks included \$14,697 in wages and \$3,506 in contractual costs, including utilities at Memorial Park and the beach, port-a-johns, and playground equipment. Mowing costs for all village-owned property was also accounted for in this category. The DSC recommended that all costs associated with the parks be moved to the Town.

### **3.1.17 Playground and Recreation Centers**

In FYE 2018, this category was mostly for costs associated with the beach park, including \$9,892 in wages for seasonal lifeguards and beach staff, and \$2,578 in contractual expenses for maintaining the beach, including sand, fencing, signage and tools. The DSC recommended that all costs be moved to the Town, since the Town will still need to maintain the beach and hire seasonal staff.

### **3.1.18 Street Lighting**

The Village has street lighting in most areas of the Village and currently Village taxpayers pay for this service as part of their Village taxes. In FYE 2018, the Village cost for street lighting was \$12,033. The Town has one lighting district in the Three Mile Bay area and taxpayers in this

district are charged a flat rate on their tax bill based on the cost of the lighting and the number of tax parcels paying the fee. Parcels that are tax-exempt, vacant, or excluded for special circumstances are not charged the lighting fee. In FYE 2018, the cost for street lighting in Three Mile Bay was \$8,002 and the lighting district fee paid by taxpayers in that district was \$61.

The DSC discussed two options for street lighting in a dissolution scenario: the Town could create a second lighting district for the Village area and charge a flat rate based on the cost of lighting and number of tax parcels paying the fee (same procedure as the Three Mile Bay lighting district where they do not include vacant or tax-exempt parcels); or the Town could dissolve the Three Mile Bay lighting district, make the costs for street lighting a Town-wide General Fund expense, and include the Village cost for street lighting in the general fund. If the Town created a second lighting district for the Chaumont area, the cost for lighting would be estimated at \$44.40 per taxpayer per year in the Chaumont lighting district. If the Town made the lighting costs in Three Mile Bay and Chaumont a general fund expense, the cost for lighting would be estimated at \$0.05 per 1,000 of assessed value for all Town taxpayers and the cost would be part of the town-wide tax rate. For the average Town assessed property of \$103,100, the cost of lighting would be equivalent to \$5 per year.

The DSC recommends that the Town include the lighting costs as a general fund expense and not create a new district. Including street lighting costs as a general fund expense would be a more efficient way to handle these costs, as it would remove one special district (Three Mile Bay Lighting) and avoid creating another special district (Chaumont Lighting). Street lighting is utilized by most residents, wherever they actually reside in the Town, when they go into the larger population centers of Chaumont and Three Mile Bay to visit businesses, purchase fuel or groceries, go to the school, the post office, or the bank, or drive through on their way to other parts of the Town. When divided out amongst the entire Town, the lighting costs are minimal and it will require less labor to manage separate districts and billing for lighting for only certain taxpayers. Town residents in Three Mile Bay would see a reduction on their town tax bill, as they will not be paying a separate lighting fee (\$61/year in FYE 2018). Without dissolution, there would be no change to lighting services in the Village or the Town, unless the Town considers dissolving their lighting district.

### **3.1.19 General Fund Debt for Backhoe**

The Village purchased a backhoe in 2015 and took out an \$80,000 bond to cover the cost. In FYE 2018, the Village paid a \$7,995 payment on that debt. The Town indicated that it would want to keep the backhoe and would take over the payment if the Village dissolved.

### **3.1.20 Payment to the New York State Retirement System**

The Village makes annual payments to the New York State Retirement System to make up for a deficiency due to several years where the Village was not participating in the state retirement

system but had employees who were eligible. At the time this report was written, there was a remaining balance of approximately \$40,000. The Village has indicated that if the Village were to dissolve, the balance would be paid off before dissolution so no costs would be transferred to the Town.

## **4 EFFECT OF DISSOLUTION ON SPECIAL DISTRICTS**

### **4.1 Fire Protection District**

The Village taxpayers currently pay for fire services as part of their Village taxes, and in FYE 2018, the cost for fire services was \$15,000. The Town has a Fire Protection District that includes all of the Town except the Village area, and Town taxpayers pay for fire services through this fire protection district tax rate. In FYE 2018, the Town Fire Protection District rate was \$0.435 per \$1,000 of assessed value. If the Village dissolved, the DSC agreed that the former Village area should be incorporated into the existing Fire Protection District. The estimated rate for the adjusted fire protection district would be \$0.435 per \$1,000 of assessed value. Without dissolution, there would be no change to fire services.

### **4.2 Water District**

The Village residents currently receive public water services and pay for those services through bi-monthly water bills, not as part of their Village taxes. If the Village dissolved, the Town would create a Water District for the former Village area and all of the revenues, expenditures, fund balance, and debts related to water services would stay within the water district, and all of the people who are currently receiving and paying for water services would continue to receive and pay for those services. The billing structure would not change and the current rates are not expected to change as a result of dissolution. The Town currently has three employees that hold the correct water licensing to oversee the Town water system and those employees are qualified to oversee the Village system.

### **4.3 Sewer District**

The Village residents currently receive public sewer services and pay for those services through bi-monthly sewer bills, not as part of their Village taxes. If the Village dissolved, the Town would create a Sewer District for the former Village area and all of the revenues, expenditures, fund balance, and debts related to sewer services would stay within the sewer district, and all of the people who are currently receiving and paying for sewer services would continue to receive and pay for those services. The billing structure would not change and the current rates are not expected to change as a result of dissolution. The Town currently does not have a municipal sewer system or operators that are licensed for wastewater, so if the Village dissolved, the Town would need licensed sewer operators to oversee the Village sewer system. The Town could

either: hire licensed operators; train and license current Town employees; or contract for sewer system operation services.

#### **4.4 Refuse and Garbage District**

The Village residents currently receive garbage and recycling pick-up services and pay for those services as part of their Village tax rate. In FYE 2018, the Village contracted with a garbage hauler for \$19,269 for garbage pick-up services, and paid the Village staff \$29,166 in wages and an estimated \$15,968 in benefits for recycling pick-up. The Town does not offer garbage or recycling pick-up as a municipal service to its residents. The DSC discussed the following concerns with garbage and recycling services:

1. Parcels that are tax exempt do not pay Village taxes, and therefore do not pay for this service, but they still receive the garbage and recycling pick-up services. Some of these tax-exempt entities generate large amounts of trash and recycling.
2. Village residents are not paying for the garbage and recycling service based on the amount of trash generated. Taxpayers are paying for these services as part of Village taxes, which are based on their property assessment. A taxpayer with a higher assessed value is paying more than taxpayers with lower assessed values, but may not be generating more trash.
3. During the 2012 dissolution study, it was important to many Village residents that the garbage and recycling service continued if the Village dissolved. The DSC thinks it may still be an important issue and wants to bring it up for discussion at the Public Informational Meeting.

The DSC recommends that the Town create a Refuse and Garbage District for the Village area and continue garbage and recycling pick-up service. The taxpayers in the district would pay for the service with a tax rate, which is the same way it is paid for now. The total cost for garbage and recycling services in FYE 2018 was \$64,403; however, during this study, the current garbage hauling contractor provided a quote for \$42,900<sup>2</sup> to do both garbage and recycling pick-up services. This is a more cost effective solution to continue providing these services, as opposed paying municipal staff wages and benefits for recycling services. Assuming that the Town would contract with a hauler for both garbage and recycling services for \$42,900, when divided by the taxable assessed value for the Village area in FYE 2018 and multiplied by \$1,000, the estimated rate for this Refuse and Garbage District is \$1.16 per \$1,000 of assessed value. For the average Village assessed property of \$107,500, the cost of garbage and recycling services would be equivalent to \$124 per year.

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<sup>2</sup> This quote did not include tipping fees; however, tipping fees are currently paid by the Town for all Village and Town residents and the expense is part of the Town-wide tax rate. Residents would continue to pay for the cost of the tipping fees in their Town tax in a dissolution scenario.

## 5 EFFECT OF DISSOLUTION ON TAXES

This section will explain the impacts of dissolution on the Town tax levy and the Village and Town taxes. All of the financial data is computed from the FYE 2018 actual expenses. The impacts can be grouped into the following categories: 1) Wages & Benefits; 2) Contractual Expenses; and 3) Annual State Aid.

### 5.1 Wages & Benefits

The total annual wages and benefit savings resulting from dissolution are estimated to be \$57,628. These savings would occur as a result of implementing the position reductions described in Section 3.0. Appendix A contains the worksheet utilized to compute the wages and benefit cost savings.

### 5.2 Contractual

The total annual contractual savings resulting from dissolution are estimated to be \$12,584. These savings are primarily associated with the elimination of contractual expenses related to Village government positions. Appendix B contains the worksheet utilized to compute contractual cost savings.

### 5.3 Annual State Aid

Annual savings from New York State aid, awarded if the Village proceeds with dissolution, is projected to be \$55,510 based on the combined FYE 2018 tax levy<sup>3</sup>. The Citizens Empowerment Tax Credit (CETC) is computed by multiplying the combined tax levy of the Village and Town (minus any special district taxes) by 15% in the year before dissolution occurs. In accordance with New York State requirements, 70% of the CETC must be utilized to reduce property taxes and must be reported annually on the new Town financial statements. If the Village dissolved, the DSC recommends that 100% of these savings be applied to the reduction of property taxes. Table 1 shows the impacts described above on the Town levy after dissolution.

	Village	Town	Total
Combined FYE 2018 Tax Levy (not including Town special districts)	\$155,900	\$214,165	\$370,065
Savings from Wages & Benefits (subtract from total levy)	-	-	-\$57,628
Savings from Contractual (subtract from total levy)	-	-	-\$12,584
Annual Citizens Empowerment Tax Credit (subtract from total levy)	-	-	-\$55,510
<b>Town Tax Levy if Village Dissolves &amp; 100% CETC is Applied</b>	<b>-</b>	<b>-</b>	<b>\$244,343</b>

**Table 1 – Estimated Post Dissolution Tax Levy**

<sup>3</sup> Actual CETC will be based on the combined Village and Town tax levy for the year prior to dissolution.

## **5.4 Impact on Village and Town Tax Rates**

The impacts of dissolution are described below, referencing the FYE 2018 Village and Town tax rates and the new projected rates. County and School tax rates are not impacted by Village dissolution. The committee is using the FYE 2018 taxes as the comparison to the projected rates because all of the financial calculations were completed using the FYE 2018 reported AUDs (current to 5/31/2018 in the Village and 12/31/2018 in the Town), which were the most recent financial data available during the study. Tax rates are calculated by dividing the tax levy by the taxable assessed value (TAV), and multiplying by \$1,000 (tax rates are expressed as “per \$1,000 of assessed value”). In FYE 2018, the TAV of the Village was \$37,127,821; the TAV of the Town Outside Village was \$358,016,540; and the TAV for Town-wide, which includes the Village, was \$395,369,108<sup>4</sup>. The projected tax rates are calculated with the Town-wide TAV because that figure is used to calculate the Town tax rate for the entire Town, including Village taxpayers, and is the most accurate TAV for a dissolution scenario. Table 1 shows the post-dissolution Town tax levy is estimated to be \$244,343.

### **5.4.1 Village Tax Impacts**

In FYE 2018, Village taxpayers paid a rate of \$4.20 per \$1,000 of assessed value for Village taxes. The Village tax rate would be eliminated if the Village dissolved. The portion of Village taxes that would remain is the amount the Village taxpayers currently pay for their fire services and the garbage and recycling pick-up services. The Village area would be incorporated into the Town Fire Protection District at a projected tax rate of \$0.44 per \$1,000 of assessed value. A Refuse and Garbage District would be formed for the Village area with a tax rate of \$1.16 per \$1,000 of assessed value.

### **5.4.2 Town Tax Impacts**

In FYE 2018, all of the taxpayers in the Town paid the same Town tax rate of \$0.55, whether they lived outside or inside the Village. If the Village dissolved, the Town tax rate is projected to increase to \$0.62 per \$1,000 of assessed value.

In FYE 2018, there was a Town-wide tax rate for Health with a rate of \$0.005 that everyone, including Village taxpayers, also paid. If the Village dissolved, this rate would remain the same.

In FYE 2018, Town taxpayers all paid the Fire Protection District rate of \$0.44 per \$1,000 of assessed value. The Fire Protection District would be expanded to include the Village area, and the rate will stay the same.

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<sup>4</sup> The Town offers different tax exemptions than the Village does, which is why the Town-wide TAV is slightly more than the Village TAV added to the Town Outside Village TAV.

Taxpayers in the Three Mile Bay Lighting district currently pay an additional fee on their tax bill for lighting. In FYE 2018 the fee was \$61. If the Village dissolved, the Town would dissolve the Three Mile Bay Lighting District and add the costs for lighting in Three Mile Bay and Chaumont to the general fund (see section 3.1.18). Town taxpayers in the Three Mile Bay lighting district will see an overall decrease in their tax bills due to the elimination of the lighting district fee.

Tables 2 and 3 illustrate the tax rate impacts as result of dissolution. Table 2 shows the actual FYE 2018 tax rates paid by Village and Town taxpayers. Table 3 shows the projected tax rates after dissolution.

	A Village Resident paid these taxes:	A Town Outside Village Resident paid these taxes:
Town Rate	\$0.55	\$0.55
Village Rate	\$4.20	-
Fire Protection District	-	\$0.44
Health	\$0.005	\$0.005
<b>Total Village and Town Taxes</b>	<b>\$4.75</b>	<b>\$0.99</b>

**Table 2 – Tax Rates Paid in FYE 2018**

	A former Village Resident would pay these taxes:	A Town Outside Village Resident would pay these taxes:
Town Rate	\$0.62	\$0.62
Fire Protection District	\$0.44	\$0.44
Health	\$0.005	\$0.005
Refuse and Garbage District	\$1.16	-
<b>Total</b>	<b>\$2.21</b>	<b>\$1.06</b>
Dollar Change from 2018 Total	\$2.54 Decrease	\$0.07 Increase
Percent Change from 2018 Total	53% Decrease	7% Increase

**Table 3 - Projected Tax Rates After Dissolution**

Table 3 demonstrates that if the Village dissolved, the Village taxpayers could see an overall **decrease** of \$2.54 per \$1,000 of assessed value in their municipal taxes (53%), and the majority of Town taxpayers could see an **increase** of \$0.07 per \$1,000 of assessed value (7%). The exception would be Town taxpayers in the Three Mile Bay lighting district; see Appendix C.

To further illustrate these tax impacts, the dollar amount change for each taxpayer can be calculated by applying the tax rates to actual property values. The median assessed values for property in the Village and Town in FYE 2018 were \$107,500 and \$103,100, respectively. A Village taxpayer with a property assessed at \$107,550 could see a decrease in their property taxes of \$273 per year. A Town taxpayer with a property assessed at \$103,100 could see an increase in their property taxes of \$7 per year. Appendix C provides a table for property owners in the Village and Town to use to estimate their tax impacts as a result of dissolution. Tax decreases or increases can also be computed using this formula:

<b>Village Projected Annual Tax Decrease</b>
• Taxable Assessed Value of Property ÷ \$1,000 x \$2.54
<b>Town Projected Annual Tax Increase</b>
• Taxable Assessed Value of Property ÷ \$1,000 x \$0.07

## 6 CONCLUSION

The DSC concluded that the results of the Existing Conditions Report and this Alternatives Report show that Village dissolution could result in a 53% decrease in municipal taxes for Village residents, and a 7% increase in municipal taxes for the majority of Town residents. This is a conservative estimate based on the DSC’s discussions about which services and costs would be shifted to the Town and which would be eliminated in a dissolution scenario. These estimates are also based on FYE 2018 revenue and expenditure data, which was the most recent data available at the start of this study. If the Village registered voters approved Village dissolution, the actual savings may be more or less depending on the most current financials for the Village and the Town.

The DSC discussed a few opportunities for cost savings outside of dissolution. These are opportunities that the Village and Town may want to explore regardless of a dissolution outcome.

1. Snow Removal: the Village and Town could analyze their current snow plow routes and procedures to see if efficiencies can be gained by the Town plowing more of the Village roads that their larger plows can handle.
2. Village Planning Board: a member of the Planning Board suggested that the Village Planning Board positions become volunteer positions (unpaid), which would save the Village approximately \$1,000 annually.
3. Recycling and Garbage Pick-up: the Village could evaluate how these services are being provided and how they are paid for. Many municipalities are discontinuing these services



because they are expensive, but if the Village wants to offer these services, there may be opportunities to reduce the costs. Currently, the Village contracts with an outside hauler for garbage pick-up, but pays Village staff to pick up the recycling and the brush. The Village received a quote from their current garbage contractor to include recycling pick-up services for a total of \$42,900, which is a much lower cost than their current arrangement of paid Village staff doing the recycling service. Alternatively, there may be savings if the Village reduced the garbage pick-up frequency from weekly to twice a month. Other municipalities provide garbage and recycling service through a “Trash Sticker Program”, where residents can decide to participate in the program by purchasing stickers to put on their trash bags for pick-up; this gives residents the option to pay for as much of this service as they need, rather than pay a tax rate for the service based on their property assessment.

The DSC will present the results of this dissolution study during a Public Informational Meeting to be held on February 26, 2020. The final reports will be presented to the Village of Chaumont Board and the Town of Lyme Board for approval.

Appendix A: Summary of Savings Wages Benefits

Summary of Projected Annual Savings from Dissolution & Potential Savings without Dissolution

Note: Wages are sourced from 2018 AUDs.

General Fund Village Position	Type	Account Code	Summary of Recommended Change	Village Wages	Village Benefits	Added Town Cost Wages for General Fund	Added Town Cost Wages for Highway Fund	Added Town Benefits	Cost Savings	Savings w/o Dissolution
Village Mayor, Pers Services	Elected	A12101	Elected position is eliminated with salary and benefits	\$ 5,500	Total benefits reported in 2018 General Fund was \$75,037. We are subtracting the amount for Recycling that will go into the special district (\$15,968). The GF benefits were \$59,069, which is 55% of the wages.	\$ -	\$ -	55% of the wages added to the Town budget: 16,062+54,477 = 70,359 in wages. 55% of 70,359 = 38,796.	\$ 5,500	\$ -
Village Board, Pers Services	Elected	A10101	Elected position is eliminated with salary and benefits	\$ 6,200		\$ -	\$ -		\$ 6,200	\$ -
Village Clerk/Treasurer, Pers Services General Fund	Appointed	A13251	\$15,967 in Clerk/Treasurer's wages was reported in FYE 2018 General Fund. The position would be eliminated with salary and benefits. The Town will add \$2,000 to its General Fund to cover additional duties the Town Clerk will take over.	\$ 15,967		\$ 2,000	\$ -		\$ 13,967	\$ -
Zoning Officer, Pers Services	Appointed	A14501	Appointed position is same person for the Town; move salary and benefits to Town.	\$ 4,170		\$ 4,170	\$ -		\$ -	\$ -
DPW Services	Appointed	Multiple	DPW salary to be moved to Town Highway Fund: Maintenance of Streets (\$28,674) + Snow Removal (\$11,106) + Parks (\$14,697) = \$54,477. DPW salary not to be moved includes Buildings (\$1,119), Central Garage (\$3,692), Brush Pickup (\$6,797). Refuse/Recycling salary (\$29,166) will be moved into a special district, so it is not included in this calculation.	\$ 66,165		\$ -	\$ 54,477		\$ 11,688	\$ -
Seasonal Beach Lifeguards and Rec Staff		A71401	Costs to move to Town General Fund	\$ 9,892		\$ 9,892	\$ -		\$ -	\$ -
Employee Benefits			Benefits are 55% of the Village wages. Removing the benefits associated with the Recycling wages (which will move into a special district), General Fund benefits are estimated at 59,069.	\$ -	\$ 59,069	\$ -	\$ -	\$ 38,796	\$ 20,273	\$ -
<b>Total</b>				<b>\$ 107,894</b>	<b>\$ 59,069</b>	<b>\$ 16,062</b>	<b>\$ 54,477</b>	<b>\$ 38,796</b>	<b>\$ 57,628</b>	<b>\$ -</b>

Appendix B: Savings Summary Contractual and Equipment Capital Outlay Expenses

Function	Account	Category	V Chaumont FYE 2018		New Town General Fund Expenses	New Town Highway Fund Expenses	Combined Overall Savings	Savings w/o Dissolution	Basis
			Annual Cost	Village Taxpayer Savings w/ Dissolution					
Village Treasurer, Contractual	A13254	Expense	\$ 6,163	\$ 6,163	\$ -	\$ -	\$ 6,163	\$ -	Expense is eliminated
Law, Contractual	A14204	Expense	\$ 611	\$ 611	\$ -	\$ -	\$ 611	\$ -	Expense is eliminated
Buildings, Contractual	A16204	Expense	\$ 3,677	\$ 3,677	\$ -	\$ -	\$ 2,977	\$ -	Expense is eliminated except \$700 to sewer fund for wastewater treatment plant water and sewer bills
Central Garage, Contractual	A16404	Expense	\$ 12,535	\$ 12,535	\$ 1,700	\$ -	\$ 10,835	\$ -	Town to take over costs related to the cold storage building and garage/shop = \$1,700
Unallocated Insurance, Contractual	A19104	Expense	\$ 10,275	\$ 10,275	\$ 10,275	\$ -	\$ -	\$ -	Town insurance carrier estimated \$13,000 to add all Village buildings and assets to Town policy. 2018 policy was canceled and 2019 cost was \$24,242. Using the 2018 costs, all 10,275 would transfer to Town.
Municipal Association Dues, Contractual	A19204	Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Expense was paid in sewer fund in 2018 and is eliminated, not counted in this calculation
Maintenance of Streets, Contractual	A51104	Expense	\$ 370	\$ 370	\$ -	\$ 370	\$ -	\$ -	Town Highway to take over costs
Permanent Highway Improvements	A51124	Expense	\$ 19,798	\$ 19,798	\$ -	\$ 19,798	\$ -	\$ -	Town Highway to take over costs
Snow Removal, Contractual	A51424	Expense	\$ 1,698	\$ 1,698	\$ -	\$ 1,698	\$ -	\$ -	Town Highway to take over costs
Street Lighting, Contractual	A51824	Expense	\$ 12,033	\$ 12,033	\$ 20,035	\$ -	\$ (8,002)	\$ -	Town to take over village lighting costs in General Fund and also \$8,002 cost for TMB Lighting and dissolve existing lighting district
Parks, Contractual	A71104	Expense	\$ 3,506	\$ 3,506	\$ -	\$ 3,506	\$ -	\$ -	Town to take over costs
Playground and Rec Centers, Contractual	A71404	Expense	\$ 2,578	\$ 2,578	\$ -	\$ 2,578	\$ -	\$ -	Town to take over costs
Library, Contractual	A74104	Expense	\$ 2,800	\$ 2,800	\$ 2,800	\$ -	\$ -	\$ -	Town to take over costs
Other Culture and Rec, Contractual	A79894	Expense	\$ 400	\$ 400	\$ 400	\$ -	\$ -	\$ -	Town to take over costs
Zoning, Contractual	A80104	Expense	\$ 50	\$ 50	\$ 50	\$ -	\$ -	\$ -	Town to take over costs
Planning, Contractual	A80204	Expense	\$ 1,115	\$ 1,115	\$ 1,115	\$ -	\$ -	\$ -	Town to take over costs
Backhoe Equipment Debt	A97006	Expense	\$ 7,995	\$ 7,995	\$ -	\$ 7,995	\$ -	\$ -	Town to take over payments and equipment
<b>Total</b>			<b>\$ 85,604</b>	<b>\$ 85,604</b>	<b>\$ 36,375</b>	<b>\$ 35,945</b>	<b>\$ 12,584</b>	<b>\$ -</b>	

OPTION Refuse & Garbage Services	Account	Category	Annual Village Cost	New Town District Expenses	Garbage & Refuse District Rate \$42,900 / \$37,127,821 *1000
Contract with Hauler for Garbage and Recycling Services		Expense	\$ 42,900	\$ 42,900	1.155

Note: Village costs \$64,403 in FYE 2018 with \$19,269 in contractual costs for garbage hauler and \$45,134 in wages and benefits for Village staff to do the recycling pickup. This equates to a rate of 1.735 per 1000 assessed value. If the Town contracts with a hauler for both garbage and recycling for \$42,900, this equates to a \$21,503 savings and a rate reduction of 0.598 per 1000 assessed value.

Fire Services	Account	Category	Annual Village Cost	New Fire Protection District Expenses	New Fire Protection District Rate
Fire: Contractual	A34104	Expense	\$ 15,000	\$ 172,000	\$173,000 / \$395,369,108 x 1,000 = Rate
<b>Total</b>			<b>\$ 15,000</b>	<b>\$ 172,000</b>	<b>0.435</b>

**How will Dissolution impact taxpayers? Use the table below to estimate the change in Village/Town taxes based on assessed values. Note: these tax rates only include Village and Town taxes; County and School taxes are not included because they are not impacted by Dissolution.**

If you live in the Village:			
Assessed Value	FYE 2018 Tax Rates	Post Dissolution Tax Rates	\$ Amount Decrease
	\$4.75	\$2.21	
\$30,000	\$ 143	\$ 66	\$ 76
\$40,000	\$ 190	\$ 89	\$ 102
\$50,000	\$ 238	\$ 111	\$ 127
\$60,000	\$ 285	\$ 133	\$ 152
\$70,000	\$ 333	\$ 155	\$ 178
\$80,000	\$ 380	\$ 177	\$ 203
\$90,000	\$ 428	\$ 199	\$ 228
\$100,000	\$ 475	\$ 221	\$ 254
\$110,000	\$ 523	\$ 243	\$ 279
\$120,000	\$ 570	\$ 266	\$ 305
\$130,000	\$ 618	\$ 288	\$ 330
\$140,000	\$ 665	\$ 310	\$ 355
\$150,000	\$ 713	\$ 332	\$ 381
\$160,000	\$ 760	\$ 354	\$ 406
\$170,000	\$ 808	\$ 376	\$ 432
\$180,000	\$ 855	\$ 398	\$ 457
\$190,000	\$ 903	\$ 420	\$ 482
\$200,000	\$ 950	\$ 443	\$ 508
\$210,000	\$ 998	\$ 465	\$ 533
\$220,000	\$ 1,045	\$ 487	\$ 558
\$230,000	\$ 1,093	\$ 509	\$ 584
\$240,000	\$ 1,140	\$ 531	\$ 609
\$250,000	\$ 1,188	\$ 553	\$ 635
\$300,000	\$ 1,425	\$ 664	\$ 762
\$350,000	\$ 1,663	\$ 775	\$ 888
\$400,000	\$ 1,901	\$ 885	\$ 1,015
\$450,000	\$ 2,138	\$ 996	\$ 1,142
\$500,000	\$ 2,376	\$ 1,107	\$ 1,269

If you live in the Town:			
Assessed Value	FYE 2018 Tax Rates	Post Dissolution Tax Rates	\$ Amount Increase
	\$0.99	\$1.06	
\$30,000	\$ 30	\$ 32	\$ 2
\$40,000	\$ 39	\$ 42	\$ 3
\$50,000	\$ 49	\$ 53	\$ 4
\$60,000	\$ 59	\$ 63	\$ 4
\$70,000	\$ 69	\$ 74	\$ 5
\$80,000	\$ 79	\$ 85	\$ 6
\$90,000	\$ 89	\$ 95	\$ 6
\$100,000	\$ 99	\$ 106	\$ 7
\$110,000	\$ 109	\$ 116	\$ 8
\$120,000	\$ 118	\$ 127	\$ 8
\$130,000	\$ 128	\$ 138	\$ 9
\$140,000	\$ 138	\$ 148	\$ 10
\$150,000	\$ 148	\$ 159	\$ 11
\$160,000	\$ 158	\$ 169	\$ 11
\$170,000	\$ 168	\$ 180	\$ 12
\$180,000	\$ 178	\$ 190	\$ 13
\$190,000	\$ 188	\$ 201	\$ 13
\$200,000	\$ 197	\$ 212	\$ 14
\$210,000	\$ 207	\$ 222	\$ 15
\$220,000	\$ 217	\$ 233	\$ 16
\$230,000	\$ 227	\$ 243	\$ 16
\$240,000	\$ 237	\$ 254	\$ 17
\$250,000	\$ 247	\$ 265	\$ 18
\$300,000	\$ 296	\$ 317	\$ 21
\$350,000	\$ 346	\$ 370	\$ 25
\$400,000	\$ 395	\$ 423	\$ 28
\$450,000	\$ 444	\$ 476	\$ 32
\$500,000	\$ 494	\$ 529	\$ 35

If you live in the Town Three Mile Bay Lighting District, the lighting district charge of \$61 on the tax bill is removed, resulting in a decrease:			
Assessed Value	FYE 2018 Tax Rates plus \$61 lighting fee	Post Dissolution Tax Rates without lighting fee	\$ Amount Decrease
	\$0.99	\$1.06	
\$30,000	\$ 91	\$ 32	\$ 59
\$40,000	\$ 100	\$ 42	\$ 58
\$50,000	\$ 110	\$ 53	\$ 57
\$60,000	\$ 120	\$ 63	\$ 57
\$70,000	\$ 130	\$ 74	\$ 56
\$80,000	\$ 140	\$ 85	\$ 55
\$90,000	\$ 150	\$ 95	\$ 55
\$100,000	\$ 160	\$ 106	\$ 54
\$110,000	\$ 170	\$ 116	\$ 53
\$120,000	\$ 179	\$ 127	\$ 53
\$130,000	\$ 189	\$ 138	\$ 52
\$140,000	\$ 199	\$ 148	\$ 51
\$150,000	\$ 209	\$ 159	\$ 50
\$160,000	\$ 219	\$ 169	\$ 50
\$170,000	\$ 229	\$ 180	\$ 49
\$180,000	\$ 239	\$ 190	\$ 48
\$190,000	\$ 249	\$ 201	\$ 48
\$200,000	\$ 258	\$ 212	\$ 47
\$210,000	\$ 268	\$ 222	\$ 46
\$220,000	\$ 278	\$ 233	\$ 45
\$230,000	\$ 288	\$ 243	\$ 45
\$240,000	\$ 298	\$ 254	\$ 44
\$250,000	\$ 308	\$ 265	\$ 43
\$300,000	\$ 357	\$ 317	\$ 40
\$350,000	\$ 407	\$ 370	\$ 36
\$400,000	\$ 456	\$ 423	\$ 33
\$450,000	\$ 505	\$ 476	\$ 29
\$500,000	\$ 555	\$ 529	\$ 26