

# *Village of Mastic Beach Study of Dissolution & Options*

## *Public Meeting*



*Village of Mastic Beach, Study of Dissolution November 9, 2016*

## **Introductions**

### **Laberge Group**

Ben Syden, AICP, Vice President

Nicole T. Allen, AICP, Planning Services Manager

### **Public Signals, LLC**

John W. Rodat, President



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# Agenda

- Public Meeting Rules
- Overview of the Dissolution Study Process
- How did we get here?
- What are my Governance Options?
- Citizen Empowerment Tax Credit
- Fiscal Impacts
- Pros and Cons
- Next Steps / Public Questions

# Public Meeting Rules

- This is an Information Meeting not a Public Hearing
- Questions will be taken following the presentation
- General Public Comments will be invited at the end of the Village Board meeting

## Overview of the Process

### ➤ Voter-Initiated Reorganization

- August 30, 2016 - the electorate of the Village of Mastic Beach submitted a petition for Dissolution to the Village Clerk.
- The petition contained 916 valid signatures out of 1,474.
- September 8, 2016 - Village Clerk reviewed and certified the petition.
- September 15, 2016 - the Village Board of Trustees passed a resolution calling for a Referendum on the proposed Dissolution for November 16, 2016.
- No further action is required of the Village Board until after the referendum
- The Village has chosen to provide information prior to the referendum.

## Overview of the Process

### ➤ Before the Referendum

- Village and Town officials and staff were interviewed.
- Public Information Meetings were held on October 18, 2016 & November 9, 2016 .
- Interim Report & pamphlet were developed (available online).
- Information is available on the Village Website or [labergegroup.com/masticbeach](http://labergegroup.com/masticbeach).
- A \$50,000 Citizens Re-Organization Empowerment Grant (CREG) was submitted through an Expedited Assistance Program.
- Referendum November 16, 2016 12pm to 9pm – The VOTE...

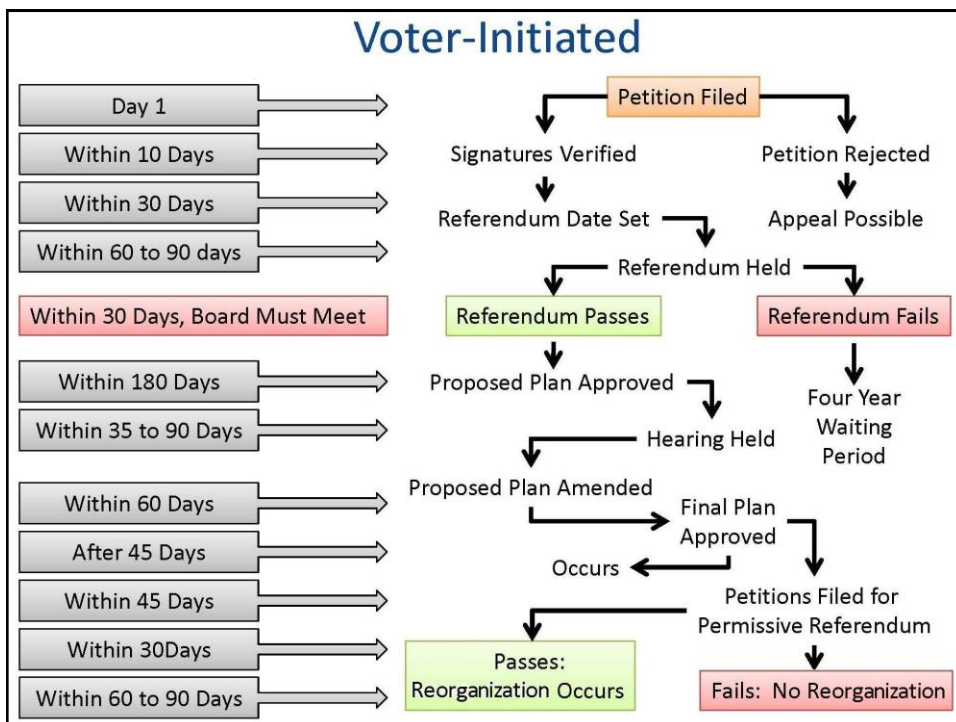
# Overview of the Dissolution Study Process

## > After the Referendum

- If vote is “NO,” Dissolution will not take effect.
  - Dissolution process may not be initiated again for 4 years from the date of the Referendum.
  - Village may focus on shared services to reduce costs and improve quality.
- If vote is “YES,” Board has 180 days to develop and approve the Dissolution Plan, 90 more days to hold hearings, and up to 60 days to finalize the plan.
- The Final Dissolution Plan is subject to Permissive Referendum.



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## What is a Study of Dissolution?

- The Study of Dissolution & Options is intended to better educate and inform the public about the dissolution process and potential outcomes.
- The report summarizes existing services and identifies the pros and cons associated with dissolution.
- The potential fiscal impacts to both Village and Town residents are described.
- Information will be shared through public meetings, pamphlets, and the Study of Dissolution & Options report.

## How did we get here?

# How Did We Get Here?

## ➤ Situational Analysis

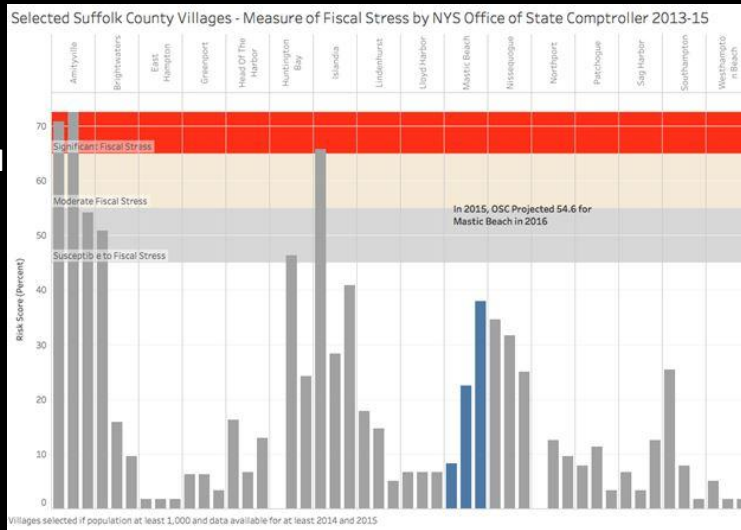
- 2010: Hamlet of Mastic Beach incorporates into a Village feeling neglected by the Town, desiring local control
  - More code enforcement – vacant homes, illegal renters
  - Believe incorporation would be “tax neutral”
- Governance problems in early years
- Village hit by tropical storms leaving abandoned homes, substandard housing
- No capital improvement budget
- Financial issues and debt
- A bad Moody’s bond rating
- Most recently, non-renewal of public official insurance



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# How Did We Get Here?

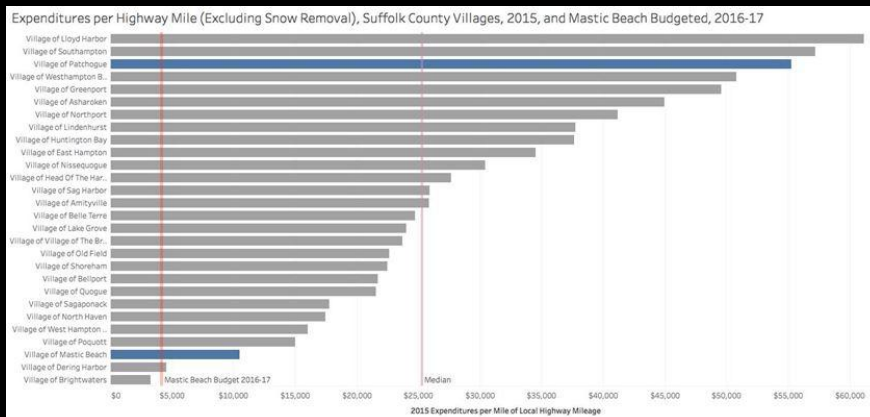
**NYS  
Comptroller’s  
Office finds  
Village headed  
toward Fiscal  
Stress**



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# How Did We Get Here?

- **Problem: Services cost more than a “tax neutral” budget allows. The 2016 budget does not adequately fund Village operations, including Road Maintenance, Code Enforcement, Staffing & Special events**



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# How Did We Get Here?

- **Attempts to remain “tax neutral” result in a growing deficit**

**Table 1: Mastic Beach Historical Actual Budgets According to the NYS Office of State Comptroller**

	2015		2014		2013		2012	
	Budget	Levy	Budget	Levy	Budget	Levy	Budget	Levy
Revenues & Proceeds of Debt	\$3,758,102	\$1,100,186	\$5,382,819	\$1,168,955	\$4,171,139	\$1,233,830	\$3,963,840	\$1,278,066
Expenditures	\$4,250,474		\$5,860,409		\$3,748,387		\$2,790,444	
<b>Balance</b>		<b>\$492,372</b>		<b>\$477,590</b>		<b>\$422,752</b>		<b>\$1,173,396</b>
		-13.1%		-8.9%		10.1%		29.6%

Source: New York Stat Office of the State Comptroller



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# How Did We Get Here?

➤ Village is besieged by problems

- Highest percentage of vacant units (13.9%)
- Lowest median incomes (\$64,434 and \$71,509)
- Greatest percentage living below poverty line (17.8%)

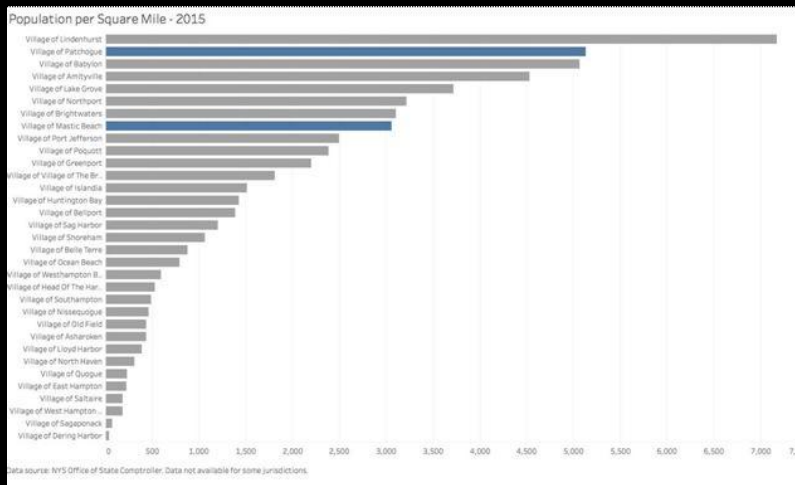
Village	Population	Number Housing units	Percentage Vacant Units	% Rental Units	Median Household Income	Median Family Income	% People Below Poverty Line
Lindenhurst	27,253	9,879	8.8%	20.9%	\$84,414	\$96,699	5.3%
<b>Mastic Beach</b>	<b>14,880</b>	<b>5,556</b>	<b>13.9%</b>	<b>29.3%</b>	<b>\$64,434</b>	<b>\$71,509</b>	<b>17.8%</b>
Babylon	12,166	4,685	3.7%	25.0%	\$101,549	\$118,775	4.2%
Patchogue	11,798	4,965	7.0%	43.2%	\$70,035	\$84,792	14.1%
Lake Grove	11,163	3,857	4.2%	19.5%	\$92,173	\$106,600	9.1%
Amityville	9,523	3,936	12.4%	34.1%	\$81,135	\$103,036	10.8%
Northport	7,401	3,177	7.7%	26.9%	\$112,316	\$138,333	2.4%



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# How Did We Get Here?

➤ Though small in population, comparatively high in density



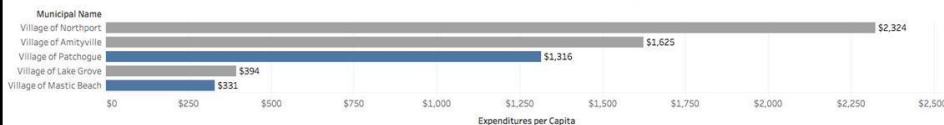
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# How Did We Get Here?

➤ **Mastic Beach spends significantly less than other Suffolk County villages of comparable size**

Expenditures per Capita, 2015, Villages in Suffolk County with Population Between 5,000 and 20,000



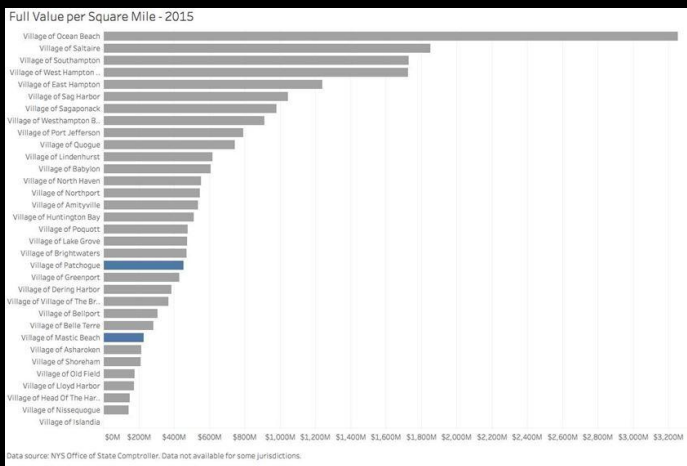
Data source: NYS OSC



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# How Did We Get Here?

➤ **Mastic Beach's full value per square mile is comparatively low**



Data source: NYS Office of State Comptroller. Data not available for some jurisdictions.



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## How Did We Get Here?

### ➤ Mastic Beach is at a Critical Juncture

- The effort to maintain a “tax neutral” position has resulted in a growing deficit, a bad Moody’s rating and growing fiscal stress
- The current FY 2016-17 Village budget does not properly fund services, capital projects, road maintenance, equipment and vehicle purchases
- The current budget is therefore “unsustainable”

## How Did We Get Here?

### ➤ As part of the Dissolution Study, a “Sustainable Budget” was developed which includes:

- Increased staffing
- Funding for 84.2 miles of roads at \$33,000 per mile
- Cost of living raises for existing employees

### ➤ The budget does not include:

- Any Village liability
- Litigation obligations that will remain with the Village
- Road paving
- Purchase of new/replacement DPW equipment and vehicles

## How Did We Get Here?

- Funding a “Sustainable” Budget would result in a huge increase in the Village tax rate from \$19.70 to \$60.82 (a 208.7% increase)
- Dissolving the Village would result in a much smaller increase in the tax rate (22.0%)

Table 3: Comparison of Options for Village Taxpayers

	Budget	Tax Rate	% Change
Option 1: Maintain Status Quo 2016-17 Budget	\$3,890,581	\$19.70	0%
Option 2: Remain a Village “Increase for Sustainability” (Sample)	\$7,464,893	\$60.82	208.7%
Option 3: Dissolve Village		\$24.04	22.0%

## Study of Dissolution & Options

- The Study of Dissolution & Options report includes:
  - A Situational Overview: How we got here?
  - A “Sustainable” Budget
  - A Summary of Existing Village Services
  - Potential Post-Dissolution Impacts on Services
  - Local Laws Impacted by Dissolution
  - Potential Post-Dissolution Fiscal Impacts
    - Option 1: Projected Tax Impact of Dissolution without Citizen Empowerment Tax Credit (CETC)
    - Option 2: Projected Tax Impact of Dissolution with 100% Citizen Empowerment Tax Credit (CETC)

# What are my Governance Options?

## Governance Options

**Village Mayor & Board of Trustees** – Oversee the Village

➤ **Option 1 “Maintain the Village”**

- Secretary to the Mayor - \$16,640
- Consider stipends for elected (not required)

➤ **Option 2 “Dissolve the Village”**

- All services would be provided to the Town.
- Cost Transfer - \$0

## Governance Options

**Clerk / Administrator** – serves the Board of Trustees, meeting minutes, FOIL requests, contract documentation, permits (handicap parking, peddlers, block parties, yard sales) and all clerical duties of dept.

➤ **Option 1 “Maintain the Village”**

- Clerk/Administrator - \$125,000
- Alternatively consider additional staff \$260,000

➤ **Option 2 “Dissolve the Village”**

- All services would be provided to the Town.
- Cost Transfer - \$0

## Governance Options

**Lobby Staff** – answer phones, greet people at Village Hall, and some limited clerical duties.

➤ **Option 1 “Maintain the Village”**

- Two Part-Time Lobby Staff - \$27,799-\$29,120

➤ **Option 2 “Dissolve the Village”**

- All services would be provided to the Town.
- Cost Transfer - \$0

## Governance Options

**Treasurer / Finance Department**– receives, disperses, and manages Village funds.

➤ **Option 1 “Maintain the Village”**

- One (1) part-time Treasurer, one (1) full-time Deputy Treasurer, and the Secretary of the Mayor - \$100,880-\$172,720

➤ **Option 2 “Dissolve the Village”**

- All services would be provided to the Town.
- Cost Transfer - \$0

## Governance Options

**Planning Board & Zoning Board** – land use implementation.

➤ **Option 1 “Maintain the Village”**

- One (1) part-time Secretary to the Board (time split between boards) - \$11,440 x 2 = \$22,880

➤ **Option 2 “Dissolve the Village”**

- All services would be provided to the Town.
- Cost Transfer - \$0

## Governance Options

**Building Department** – manages & approves all commercial and residential buildings.

Abandoned Properties = 300-400 & Illegal Rentals = 1,400

### ➤ Option 1 “Maintain the Village”

- Four (4) part-time Building Inspectors and one (1) full-time Neighborhood Aid - \$212,723-\$304,000

### ➤ Option 2 “Dissolve the Village”

- All services would be provided to the Town.
- Town would add two (2) full-time Building Inspectors and two (2) part-time clerical staff.
- Cost Transfer - \$304,000



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## Governance Options

**Office of Public Safety/Code Enforcement** – protects the health & safety of residents.

Abandoned Properties = 300-400 & Illegal Rentals = 1,400

### ➤ Option 1 “Maintain the Village”

- One (1) part-time Code Enforcement Supervisor, one (1) full-time Code Enforcement Officer, three (3) part-time Code Enforcement Officers (with one vacancy)- \$261,893 to \$361,893

### ➤ Option 2 “Dissolve the Village”

- All services would be provided to the Town. Town would add two (2) part-time Code Enforcement Officers, a Law Department Investigator and Clerk Typist.
- Cost Transfer - \$250,000



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## Governance Options

**Fire Marshalls** – protects the health & safety of residents.

### ➤ Option 1 “Maintain the Village”

- Two (2) part-time Fire Marshalls - \$ 69,680 \$80,000

### ➤ Option 2 “Dissolve the Village”

- All services would be provided to the Town.
- Cost Transfer - \$0

## Governance Options

**Department of Public Works - “Street Maintenance”**

### ➤ Option 1 “Maintain the Village”

- One (1) part-time DPW Supervisor, two (2) part-time Auto Equipment Operators, and one (1) full-time Maintenance Mechanic II - \$250,000 - \$2,778,600
- Current budget does not include capital improvements or purchases

### ➤ Option 2 “Dissolve the Village”

- All services would be provided to the Town.
- Cost Transfer - \$250,000



## Governance Options

### Department of Public Works - "Refuse & Recycling"

#### ➤ Option 1 "Maintain the Village"

- Maintain garbage contract - \$300 per kitchen

#### ➤ Option 2 "Dissolve the Village"

- All services would be provided to the Town – no new garbage district / contract for Mastic Beach.
- Cost Transfer - \$345 per single-family, and \$517.50 per multifamily

## Governance Options

### Justice Court – building violations and traffic violations

#### ➤ Option 1 "Maintain the Village"

- Each night court is staffed by one (1) part-time Court Judge (\$20,600), and two (2) part-time Justice Court Clerks \$36,400).
- Currently housing violations are 1 x per month w/ 30 new cases per month
- With over 2,000 Abandoned & Illegal Rentals = 23 years to process

#### ➤ Option 2 "Dissolve the Village"

- All services would be provided to the Town – housing court is held weekly.
- Cost Transfer - \$0

## Revenues to Transfer to Town

Revenue	Description	Amount
Real Property Tax and Tax Items	Real Property Tax, Tax Arrears, Interest & Penalty on Real Property Tax	\$1,246,151
Franchises		\$350,000
Government Fees and Departmental Revenue	Fees: Clerk, Fire Inspection, Vacant Home, Zoning and Planning Board	\$164,000
Garbage Disposal		\$1,614,900
Allowance for Uncollected		(\$127,770)
Permits	Building, Sign, Rental, Etc.	\$322,300
Fines & Forfeited Bail		\$150,000
State Aid	State Aid per capita, mortgage tax, CHIPS	\$403,000
	<b>Total:</b>	<b>\$4,122,581</b>

## Citizen Empowerment Tax Credit (CETC)

## Citizen Empowerment Tax Credit

- An incentive provided by New York State when two local governments consolidate.
- Based on a formula of 15% of the combined property tax levy at the time of local governmental consolidation.
- 70% must be used towards the reduction of the tax levy.
- 30% may be used for further tax reduction or capital improvement projects.

## Citizen Empowerment Tax Credit

### Citizen Empowerment Tax Credit (CETC)

Maximum CETC for Tax Reduction	100%	\$1,000,000
Minimum CETC for Tax Reduction	70%	\$700,000
Maximum CETC for Capital Improvements	30%	\$300,000

*\*CETC is contingent upon New York State appropriations and not an annual guarantee.*

# Fiscal Impact



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## Fiscal Impacts

Mastic Beach - RPT Rates Before & After Dissolution - Compared to Current Budget - Excludes Effect of CETC



Mastic Beach RPT Rates Before & After Dissolution - Compared to Current Budget Excludes Effect of CETC



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## Fiscal Impact of Dissolution

- Property owners in the Village currently pay a combined rate of \$19.70 per \$100 assessed value (including Village and Town taxes but excluding garbage and refuse fees).
- Upon dissolution, the projected tax rates for former Village property owners would increase by \$3.37 per \$100 of assessed value, or approximately 17.1%.
- With 100% CETC, projected tax rates would increase by \$3.15 per \$100 of assessed value or approximately 16%



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## Fiscal Impact of Dissolution

Summary Effect for Village Residents	Tax Rate or Fee Before	Tax Rate After (No CETC)	Tax Rate After (70% CETC)	Tax Rate After (100% CETC)
Combined Town & Village Rate/s	\$19.70	\$23.07	\$22.92	\$22.85
Residual Village Costs	\$0.00	\$0.97	\$0.97	\$0.97
<b>Total</b>	<b>\$19.70</b>	<b>\$24.04</b>	<b>\$23.88</b>	<b>\$23.82</b>

### Example Tax Bill Property Assessed at \$1,000

Combined Effect of Tax Change & Increase Garbage Pickup Charge	Tax & Fee Before	Tax & Fee After (No CETC)	Tax & Fee After (70% CETC)	Tax & Fee After (100% CETC)
Combined Property Tax and Charges	\$196.97	\$240.36	\$238.83	\$238.17
Garbage Pickup Fee	\$300.00	\$345.00	\$345.00	\$345.00
<b>Total</b>	<b>\$496.97</b>	<b>\$585.36</b>	<b>\$583.83</b>	<b>\$583.17</b>



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## Fiscal Impacts of a “Sustainable Budget”

- “Sustainable” budget developed to provide services equal or similar to what would be provided through dissolution
- Budget includes road maintenance, enhanced code enforcement, enhanced building inspection, funds for another court date per month for code infractions, and recreation and community events
- Sustainable Budget = \$7.4 million and represents projected tax rates for former Village property owners of \$62.36 per \$100 of assessed value.
- CETC would not be applicable as Village would be maintained.



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## Fiscal Impacts of a “Sustainable Budget”

Summary Effect for Village Residents	Tax Rate or Fee Before	Tax Rate After (No CETC)	Tax Rate After (70% CETC)	Tax Rate After (Full CETC)
Combined Town & Village Rate/s	\$60.82	\$23.07	\$22.92	\$22.85
Residual Village Costs	\$0.00	\$0.97	\$0.97	\$0.97
<b>Total</b>	<b>\$60.82</b>	<b>\$24.04</b>	<b>\$23.88</b>	<b>\$23.82</b>

Example Tax Bill Property Assessed at \$1,000

Combined Effect of Tax Change & Increase Garbage Pickup Charge	Tax & Fee Before	Tax & Fee After (No CETC)	Tax & Fee After (70% CETC)	Tax & Fee After (100% CETC)
Combined Property Tax and Charges	\$608.15	\$240.36	\$238.83	\$238.17
Garbage Pickup Fee	\$300.00	\$345.00	\$345.00	\$345.00
<b>Total</b>	<b>\$908.15</b>	<b>\$585.36</b>	<b>\$583.83</b>	<b>\$583.17</b>

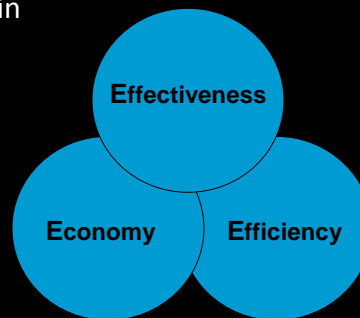


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## Pro's & Con's

## Does it make "sense" or "cents"

- Economy: Will the proposed dissolution reduce the current Village's costs now or in the future?
- Efficiency: Will the proposed dissolution improve the current delivery of Village services?
- Effectiveness: Will the proposed dissolution allow local governments to deliver needed services that are qualitatively improved or that each would find difficult to provide individually?



## Pros of Dissolution – “Why Vote Yes?”

### Current budget is Unsustainable

Should the Village remain, there is potential for:

- Insolvency and mandated State supervision
- Lawsuits for failure to provide necessary services
- Higher insurance costs and/or fewer people willing to serve in elected positions
- Higher barriers to recruiting and retaining capable staff
- Mid- and long-term deterioration of Village streets & roads
- Mid- and long-term deterioration of Village services
- Higher interest rates when the Village needs to borrow

## Pros of Dissolution – “Why Vote Yes?”

### Town would have capacity to meet Village needs

Management by professionally-staffed government entity:

- Weekly Community Housing Court vs. monthly Village Court
- Annualized Capital Improvement Planning & Funding vs. no Capital Improvement Plan
- Annual Road Maintenance vs. Limited Road Maintenance
- Provision of Park, Recreation and Cultural Funding of Services vs. no budgeted expenditures



## Pros of Dissolution – “Why Vote Yes?”

### Citizen Empowerment Tax Credit (CETC)

- CETC to apply towards reduction of Town tax levy
- By law, a minimum of 70% applied as reduction of tax levy
- Remaining 30% may fund eligible capital improvement projects anywhere in Town, including Mastic Beach

### Streamlined Government

- All Village government and positions will be abolished. Government will be streamlined through the Town.

### Future Debt at Town AA Rating

- All new debt incurred for capital projects at Town’s higher rating
- Town may be able to refinance existing Village debt



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## Pros of Dissolution – “Why Vote Yes?”

### Larger Pool of Individuals Capable of Running for Office due to Availability of Insurance

- NY Municipal Insurance Reciprocal plans not to renew its policy offering legal protection to the Village’s Board of Trustees due to pending lawsuits including housing discrimination complaints and ownership of Village beachfront property.

### Enhanced Ability to Attract Quality Employees

- Town participates in NYS Retirement System.
- Town pays more competitive wages.
- Town has operable vehicles, machinery and equipment.



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## Cons of Dissolution – “Why Vote No?”

### Smaller Voice in Government

- Currently residents have a large voice in what is determined for the Village. Decisions for the village would be determined town-wide and residents may lose individual attention.

### Local Control

- Village has regulatory authority over Land Use and Code Enforcement
- Village-based response to natural disasters, like tropical storms
- Local control of zombie and abandoned property

### Local Control of Beach/Marina

- Pending litigation, beach/marina could fall under local control



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## Cons of Dissolution – “Why Vote No?”

### Sanitation & Garbage

- The Village negotiated a lower single-family fee.

### Grants Development

- The Village is in a better position to secure grant funds based on income or demographics than it would as a hamlet of the Town.
- The Village would be one of many hamlets vying for grants.
- Becoming a priority for grant funding through the annual Consolidated Funding Application would be difficult.

### Residual Debts & Obligations

- Village residents would be subject to a tax levy to pay outstanding debt, liabilities, and workers' compensation insurance until all such debts are paid off.



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## Next Steps / Pubic Comments

- Go Vote! Referendum takes place on Wednesday, November 16<sup>th</sup>
- Where & When: Mastic Beach Fire Department, 12 – 9 pm
- More information: [labergegroup.com/masticbeach](http://labergegroup.com/masticbeach)