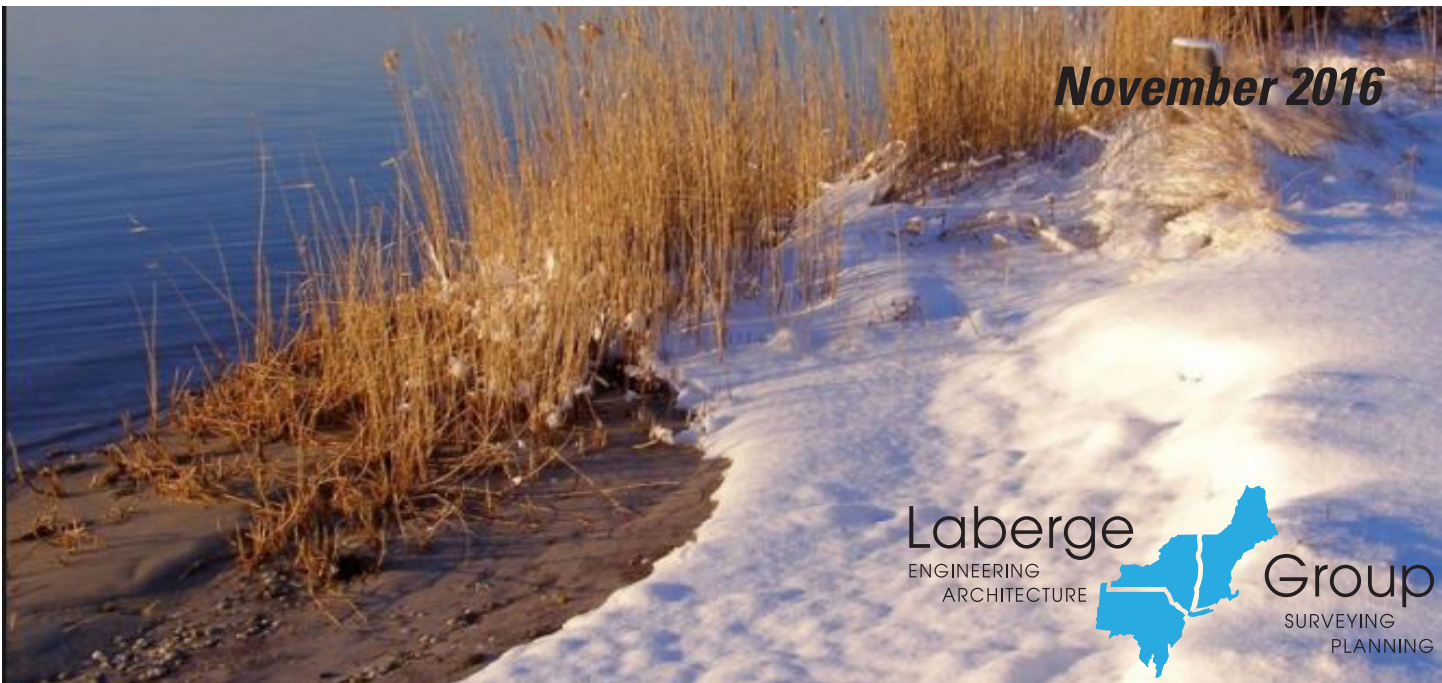
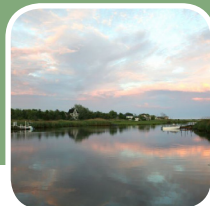




# Village of Mastic Beach

## STUDY OF DISSOLUTION & OPTIONS



**November 2016**

Laberge  
ENGINEERING  
ARCHITECTURE



Group  
SURVEYING  
PLANNING

# Acknowledgments

The Village of Mastic Beach would like to recognize the staff people of both the Village and those of the Town of Brookhaven who provided valuable data, local input, and guidance to the consultants throughout the process to produce this Study of Dissolution & Options for our residents.



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# Executive Summary

## What is Dissolution?

Dissolution is the termination of a local government. On August 30, 2016 the electorate of the Village of Mastic Beach filed a petition for dissolution to the Village Clerk. The petition contained 916 valid signatures out of 1,474. The Village Clerk reviewed and certified the petition on September 8, 2016. As required by law, the Village Board of Trustees passed a resolution on September 15, 2016 calling for a referendum on the proposed dissolution for November 16, 2016.

The Village Board determined it appropriate to develop a **Study of Dissolution & Options**, to assist the residents of Mastic Beach in understanding the effects and costs of dissolution, as well as any potential alternatives that may be preferred prior to the vote on dissolution. In addition to this Study, the Village will host two public information meetings to answer questions regarding the process and potential outcomes. The Study is funded by the New York State Department of State.

This Study intends to answer the following major questions about dissolution:

- 1) Will the Village of Mastic Beach tax payers save money if the Village dissolves?
- 2) How would services change for Village residents?
- 3) What happens to Village property?
- 4) What happens to Village debt?
- 5) If a majority of Mastic Beach vote to dissolve on November 16<sup>th</sup>, is the decision final?
- 6) What happens to full-time and part-time employees of the Village?

## Situational Overview

Mastic Beach is a village in the southeastern part of the Town of Brookhaven in Suffolk County, New York. It is located on the South Shore of Long Island on a peninsula extending into Moriches Bay. It is approximately 5.3 square miles with elevations ranging from zero to 35 feet above sea level.

In 1928, the Mastic Beach Property Owners Association (MBPOA), a private membership civic organization, created the hamlet of Mastic Beach within the Town of Brookhaven. Stemming from a feeling amongst residents that the hamlet was largely neglected by the Town and that incorporation would give the community local control over issues which were diminishing their quality of life, the hamlet incorporated in 2010. Specifically, residents wanted more diligent code enforcement to address the growing numbers of vacant homes and illegal renters. Voters for incorporation believed that the move would be “tax neutral,” i.e. have no impact on the taxes of residents in the newly-formed village. Unfortunately, the Village’s need to provide services that cost more than a “tax neutral” budget allows. In addition, the Village experienced governance problems in its early years, coupled with a series of financial issues and debt, a bad Moody’s bond rating and most recently, the non-renewal of public

official insurance. The current 2016 budget does not adequately fund Village operations, including but not limited to road maintenance, code enforcement, staffing, and special events.

In 2012, Super Storm Sandy hit Mastic Beach hard. Rain, wind and record-high storm surges flooded much of the community, downed trees, cut power, and damaged hundreds of homes rendering them uninhabitable or condemned due to structural issues. At the same time, since the community had no storm or sanitary sewers, floodwaters made on-site wastewater systems inoperable and raw untreated water contaminated the community and local waterways. Compounding the community’s problems, outdoor fuel oil tanks used for home heating and propane tanks broke free with their contents spilling into the community. Creating expensive environmental issues.

The Village received federal disaster relief funding in 2013 and 2014, but the damage wreaked by Super Storm Sandy lingers. The community has between 350 and 500 abandoned or “zombie” homes. Residents continue to seek state NY Rising funding to cover the costly expense of elevating their homes to make them more resilient to future storms (estimated at \$100,000 or more per home) and some people continue to live in housing that does not meet code, threatening public health and safety.

In addition to these problems, the Village estimates that of its 2,000 rental units, as many as 1,400 are potentially illegal. Though the Village is steadily working to address code enforcement issues, with a staff of one part-time code supervisor and three full-time equivalent (FTE) code enforcement officers, the Village does not have the capacity to meet the community’s needs. With the current code enforcement staffing and assuming that no new problems develop, it would take almost 23 years to address all the potential current code problems.

Further, the Village of Mastic Beach has no capital improvement budget. In the six years since its incorporation, the Village has paved just 2 miles out of its 84 centerline miles of roadway. With a budget of less than \$4 million, of which nearly \$1.6 million is for a refuse contract, the Village cannot provide adequate services to meet the community’s needs without substantially increasing taxes.

## **A Critical Juncture**

The Village of Mastic Beach is at a critical juncture. In an examination of the Village’s fiscal practices, the Village has attempted to maintain a “tax neutral” position. However, in examination of the past four Actual Budgets for the Village (2012-2015), this practice has consistently resulted in a growing deficit (Table 1).

**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

As a direct result of the structurally insufficient budget recently introduced, a Moody's Investors Service Credit Opinion dated June 2, 2016 downgraded the Village's general obligation rating from A1 to Ba1. Obligations rated "Ba" are judged to be speculative "junk bonds" and are subject to high credit risk. The modifier 1 indicates that the obligation ranks in the higher end of its rate category. The report states:

*The outlook is negative. This will downgrade all future debt.*

*The downgrade to Ba1 reflects a rapidly deteriorating fund balance and liquidity position resulting from three consecutive years of operating deficits (including projected fiscal 2016). The Village appropriated fund balance in each of those years for recurring operating expenditures and management reports that it budgeted inaccurately in fiscal year 2016 (May 31). The rating also factors the limited tax base with wealth levels that are below average for the region, low debt burden, and a lack of pension or OPEB liabilities.*

#### **Credit Strengths**

- ◆ Low debt burden
- ◆ No pension or Other Post-Employment Benefits (OPEB) liabilities

#### **Credit Challenges**

- ◆ Very weak financial flexibility and history of management's inability to balance budgets due to tax neutrality
- ◆ Limited tax base with recent declines
- ◆ Below average wealth levels relative to region
- ◆ High turnover of financial managers

#### **Rating Outlook:**

*The negative outlook reflects the challenges the Village faces to achieving structural balance and replenishment of reserves to adequate levels. The Village is contemplating issuing deficit financing bonds, which requires state approval. Without an infusion of cash, the Village will face significant liquidity strain in fiscal 2017.*

The Village is clearly under financial strain. It is also beleaguered by a number of problems, the magnitude of which is highlighted in **Table 2**. Compared to other Suffolk County villages, Mastic Beach has the highest percentage of vacant units (13.9%), the lowest median household and family incomes, \$64,434 and \$71,509, respectively, and the greatest percentage of people living below the poverty line (17.8%).

**Table 2: Comparison of Suffolk County Villages**

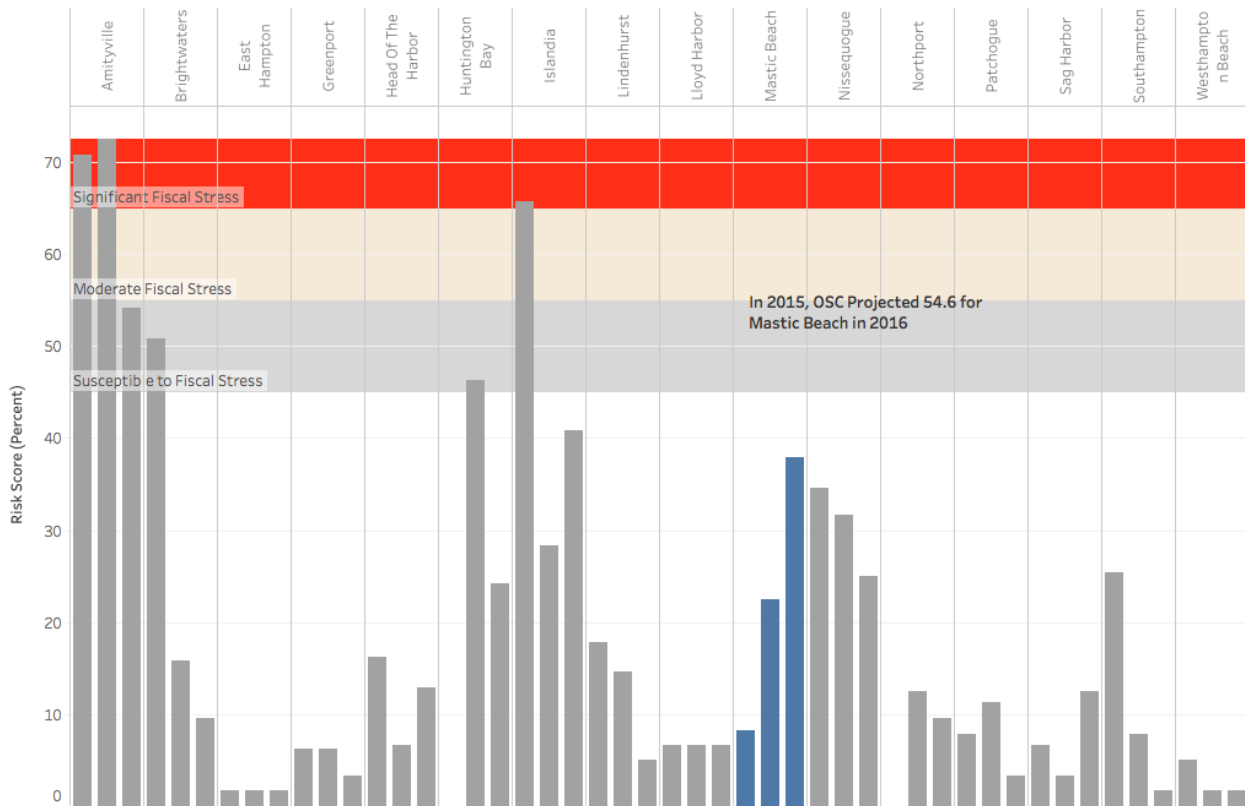
Village	Population	Number Housing units	Percentage Vacant Units	% Rental Units	Median Household Income	Median Family Income	% People Below Poverty Line
Lindenhurst	27,253	9,879	8.8%	20.9%	\$84,414	\$96,699	5.3%
<b>Mastic Beach</b>	<b>14,880</b>	<b>5,556</b>	<b>13.9%</b>	<b>29.3%</b>	<b>\$64,434</b>	<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%

Source US Census 2010

According to the NYS Office of the State Comptroller, the Village of Mastic Beach is headed toward fiscal stress. (See Figure 1 below.) In 2013 it had a risk score of about 8 percent which climbed to over 20 percent in 2014 and nearly doubled to about 38 percent in 2015. Further, the Village’s fiscal stress is projected to jump to 54.6 percent in 2016, putting it on the boundary of “Susceptible to Fiscal Stress” and “Moderate Fiscal Stress.” Clearly, absent significant changes, conditions will be worse in 2017.

**Figure 1: Measure of Fiscal Stress, NYS Office of State Comptroller, 2013-15**

Selected Suffolk County Villages - Measure of Fiscal Stress by NYS Office of State Comptroller 2013-15



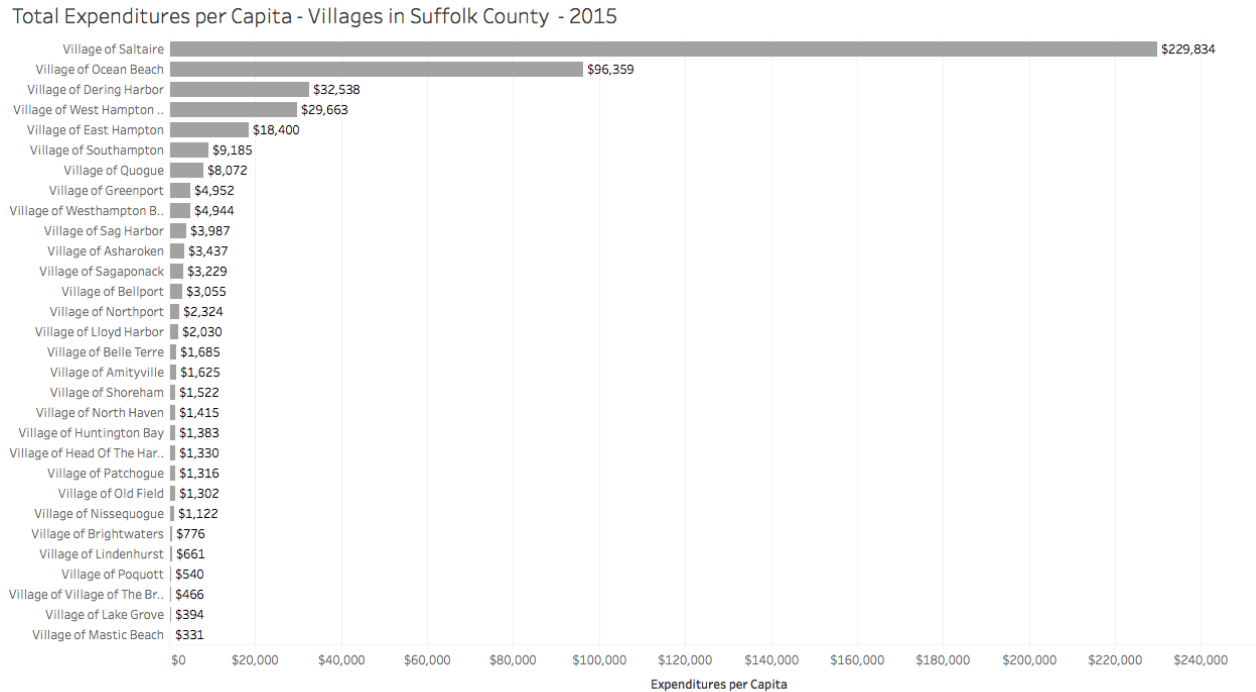
Villages selected if population at least 1,000 and data available for at least 2014 and 2015

Source: New York Stat Office of the State Comptroller



Per **Figure 2**, Mastic Beach spends the least per capita amongst villages in Suffolk County, \$331/year. This is in striking contrast to the Village of Patchogue which is roughly comparable in size, even a bit smaller with a population of 12,045 and yet, which spends \$1,000 more per capita than Mastic Beach, \$1,316 vs. \$331.

**Figure 2: Total Expenditures per Capita - Villages in Suffolk County, 2015**

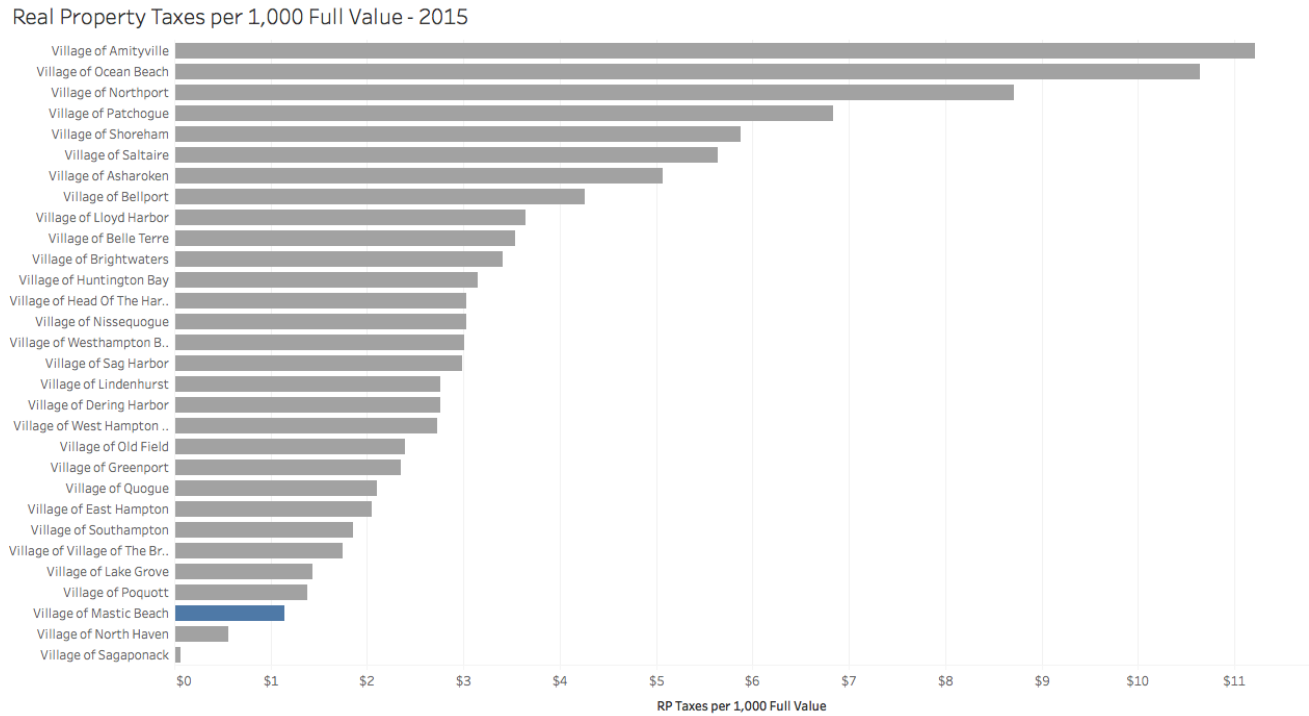


Data source: NYS Office of State Comptroller. Data not available for Villages of Babylon, Islandia, & Port Jefferson.

Source: New York State Office of the Comptroller

Mastic Beach’s low spending per capita is understandable given how little the Village collects in real property taxes. This is highlighted in **Figure 3**.

**Figure 4: Real Property Taxes per 1,000 Full Value, 2015**



May include value of tax exempt property. Data source: NYS Office of State Comptroller. Data not available for Villages of Babylon, Islandia, & Port Jefferson.

Source: New York State Office of the State Comptroller

## What are Resident’s Options?

Based on data sources, the current Village budget is unsustainable in the long-term and has shown structural deficits in the last two years, but residents have the following options:

**Option 1. Maintain Status Quo.** Do nothing and the Village will experience increased fiscal and operational stress to the point where the State may have to intervene or approve future budget allocations. In addition, the Village may be vulnerable to a suit by a resident or residents for failure to provide minimally required services.

**Option 2. Remain a Village through the development of a “Sustainable Budget”.** Fund the Village at the level necessary to cover essential services. This would require substantially raising property taxes to cover these expenses to be provided either by the Village or through Inter-Municipal Agreements. An Inter-Municipal Agreement or shared/functional consolidation of services would allow the Village to exist with minimal services; however, any services provided through consolidation would be at a substantially increased cost to the Village. Any agreement, whether with the Town of Brookhaven or other municipality, must be mutually agreeable in terms and cost. A sample “sustainable” budget was generated to provide an outlook for what taxes could be should the Village choose not to dissolve.

**Option 3. Dissolve the Village.** Abolishing the Village and transferring all service responsibility to the Town of Brookhaven.

### Why is a “sustainability” budget needed?

As discussed throughout this document, the current FY 2016-2017 Village budget does not include allocations for properly funded staffing, services and road maintenance. Therefore a sample “sustainable” budget was generated to provide an outlook for what taxes could be should the Village choose not to dissolve. This budget includes the following:

- ◆ Increased staffing as noted throughout the Study either by the Village or the Town
- ◆ Funding for 84.2 miles of roads at \$33,000 per mile
- ◆ Cost of living raises for existing employees

It is important to note that this sustainable budget **does not** include the following, which would be in addition to any developed “sustainable” budget:

- ◆ Any liability currently the responsibility of the Village
- ◆ Litigation obligations that will remain with the Village
- ◆ Road paving. Though not required, capital projects are typically financed through bonded debt. The debt is paid off over the life of the bonds through annually budgeted debt service. Such projects are typically financed in this manner to ensure that there is enough cash when necessary to complete the work and because the useful life of the work extends well beyond a one-year budget. Road paving is typically financed through this type of borrowing. To maintain a standard of repaving roads every 10 years, the Village should be able to complete 8 miles of road paving per year. As an example, paving costs approximately \$250,000 per mile of road. Therefore to maintain the standard, were the Village to pave 8 miles per year, this would amount to a \$2,000,000 capital project each year for just over 10 years before restarting the cycle."
- ◆ Purchase of new/ replacement DPW equipment and vehicles is a capital expense and should be planned for in a capital budget. The DPW has identified the need for a minimum of two (2) new cars, a street sweeper, and a pick-up truck / plow.

**Table 3: Comparison of Options for Village Taxpayers**

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

# I. Process & Purpose

## What is Dissolution?

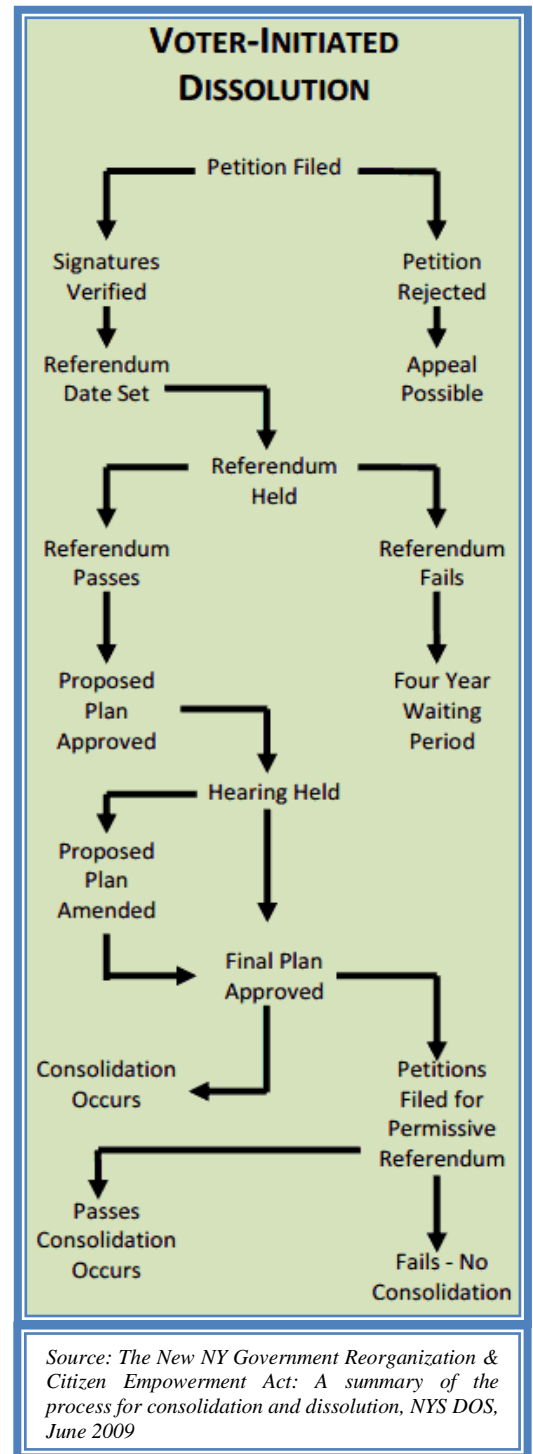
Dissolution is the termination of a local government. On August 30, 2016 the electorate of the Village of Mastic Beach filed a petition for dissolution to the Village Clerk. The petition contained 916 valid signatures out of 1,474. The Village Clerk reviewed and certified the petition on September 8, 2016. As required by law, the Village Board of Trustees passed a resolution on September 15, 2016 calling for a referendum on the proposed dissolution for November 16, 2016.

The Village Board determined it appropriate to develop a **Study of Dissolution & Options**, to assist the residents of Mastic Beach in understanding the effects and costs of dissolution, as well as any potential alternatives that may be preferred prior to the vote on dissolution. In addition to this Study, the Village will host two public information meetings to answer questions regarding the process and potential outcomes. The Study is mostly funded by the New York State Department of State.

## Voter-Initiated Reorganization Process

Unlike a Board-Initiated process to dissolve a village, in a Voter-Initiated process, the detailed plan for dissolution will not be developed until after the referendum affirms whether or not the dissolution will take place. However, to provide the voters of the Village of Mastic Beach with information on local governance and the fiscal impacts of dissolution, the Village initiated this **Study of Dissolution & Options**.

Through this Study, the Village of Mastic Beach and the Town of Brookhaven provided valuable local input and guidance through a series of work sessions which focused on a review of the Village and Town budgets, financial obligations, future taxes, and governance as well as discussions about service continuity should the Village dissolution vote pass. Both the Village of Mastic Beach and the Town of Brookhaven were asked to consider sensitive issues, such as what services currently performed by the Village will be continued or terminated by the Town; the various mechanisms to continue and finance certain services; the future of existing Village employees, what potential Village laws will require the Town’s attention; and the overall potential fiscal impact of dissolution on taxpayers. This Study is the culmination of these preliminary ideas.



## **What will happen after the Referendum?**

On November 16, 2016, registered Village of Mastic Beach voters will be asked to vote “yes” or “no” on a proposition to dissolve the Village of Mastic Beach. Dissolution is a process whereby a Village ceases to exist as a government entity; therefore, the Village of Mastic Beach would effectively consolidate with the Town of Brookhaven. If the referendum fails (i.e. the majority of the votes cast are “no”), dissolution of the Village will not take place and the dissolution process may not be initiated again for a period of four years from the date of the referendum, in accordance with NYS GML Article 17-A.

If the referendum passes (i.e. the majority of votes cast are “yes”), the Village Board will be required to develop and accept a complete Dissolution Plan within 180 days. The Dissolution Plan will include the required elements of General Municipal Law Article 17-A, Title 3 §775, and will specify when the Village, as a separate government, will cease to exist; which municipal services will continue after dissolution; how the costs of those services will be paid for; a fiscal estimate of the cost of dissolution; how Village-owned assets will be transferred or disposed of; how any remaining liabilities and debts will be paid for following the entity's dissolution; and findings as to whether any local laws, ordinances, rules or regulations of the Village shall remain in effect after the effective date of the dissolution.

Following the development and acceptance of this Dissolution Plan by the Village of Mastic Beach, the Village will facilitate a public hearing on the Dissolution Plan. Following the public hearing the Dissolution Plan will be finalized and adopted. Registered voters in the Village of Mastic Beach will then have an additional 45 days to petition for a permissive referendum on the Final Dissolution Plan. If a referendum containing signatures from not less than 25% of the registered voters of the Village is filed with the Village Clerk, a second vote will be held to determine whether the majority of Village voters approve implementation of the Final Dissolution Plan.

## **Purpose of the Study of Dissolution & Options**

It is important to note that this Study is **not intended to be a detailed Dissolution Plan**. As required by NYS Law, the Village of Mastic Beach will only develop the detailed Dissolution Plan if the referendum passes on November 16, 2016. The purpose of this Study is to provide the public with information prior to the referendum to assist in making an educated decision about the effects of dissolution on Village services and taxes, should the referendum pass. This Study is divided into the following main sections:

- ◆ Summary of demographic and socio-economic data to highlight current and past trends to aid municipal officials in understanding future decisions and future delivery of services.
- ◆ Summary of the existing government services and functions currently delivered by the Village of Mastic Beach, including current operations, existing personnel, Village-owned equipment and other fixed assets. This section includes a summary of potential post-dissolution conditions and services.
- ◆ Summary of existing Village local laws and regulations that will need to be considered by the Town of Brookhaven should dissolution pass.
- ◆ Summary of current fiscal conditions and an estimate of the fiscal impact/cost of dissolution including the potential property tax impact of the changes. These numbers are for informational purposes only and are

based on data provided by November 1, 2016. Final numbers may change should a Dissolution Plan be required.

### **Funding for the Study of Dissolution & Options**

The Village of Mastic Beach applied for a grant through the Citizens Re-Organization Empowerment Grant (CREG) program, administered by the New York Department of State Division of Local Government Services, through the Local Government Efficiency Program (LGE). Because the dissolution was a voter-initiated process, Expedited Reorganization Assistance was provided by the program to cover costs associated with the development and dissemination of information to the electors prior to the required referendum and to further develop a detailed Dissolution Plan following an affirmative vote.

# II. Demographic & Socio-Economic Overview

Population densities, geography, and level of service play a critical role in how operational cost differs from community to community. As illustrated in **Table 4: Municipal Characteristics Summary**, according to the 2010-14 American Community Survey, 14,880 people reside within the 5.3 square mile area that encompasses the Village, and 488,485 people reside within the 532 square mile area that encompasses the Town of Brookhaven. The number of persons per square mile is 918.2 within the Town of Brookhaven, while the Village of Mastic Beach is much denser at 2,807.5 people per square mile. The American Community Survey (ACS) reports the Town of Brookhaven’s median household income as \$86,828, significantly higher than the Village of Mastic Beach’s \$64,434.

It is important to note that the following demographic and socio-economic data is based on information derived from the U.S. Census and does not take into account any approved, proposed or pending development projects that may have occurred following the 2010 decennial Census or may have been available in the 2010-14 American Community Survey.

**Table 4: Municipal Characteristics Summary**

	(V) Mastic Beach	(T) Brookhaven
Population (2010-2014 ACS)	14,851	488,485
Land Area (square miles)	5.3	532
Population per square mile	2,728	590
Households (2010-2014 ACS)	4,786	162,015
Median household income (2010-2014 ACS)	\$64,434	\$86,828
Total Centerline Miles	84.2	1929.1
Local (Town/Village-owned) Centerline Miles	84.2	1678.5

*Source: ACS 2010-2014, 2015 Highway Mileage Report for New York State.*

## Population

Local population growth and decline depend on several factors including economic expansion, environmental capacity, housing suitability, age-driven needs, and regional desirability. According to U.S. Census data, the Village of Mastic Beach experienced a negligible decrease in population between 2010 and 2015 while the Town of Brookhaven experienced a slight growth of 0.5%.

**Table 5: Road Centerline Mileage**, provides a summary of road mileage by municipality. There are a total of 1,759.6 local centerline miles within the Town of Brookhaven and the Village of Mastic Beach of which 84.2 miles are within the Village. Additionally, there are 136.2 miles of County centerline roads and 96.2 miles of New York State Department of Transportation (NYSDOT) centerline roads within the Town of Brookhaven.

## II. Demographics & Socio-Economic Overview

There are roughly 1,995.4 miles of public roadway in the Town and Village combined. The road network is predominantly made up of local roads at about 88% (1,762.7 miles), followed by County miles at 7% (131.8 miles), and State miles at 5% (100.9 miles).

**Table 5: Road Centerline Mileage**

	(V) Mastic Beach	(T) Brookhaven	Combined
Total Local Mileage	84.2	1,678.5	1,762.7
County Mileage	0	131.8	131.8
NYS DOT Mileage	0	100.9	100.9
Total Centerline Mileage	84.2	1,911.2	1,995.4

*Source: 2015 Highway Mileage Report for New York State.*

### Age Distribution

According to **Table 6: Age Distribution**, the populations of Mastic Beach and Brookhaven fall within roughly the same age cohorts. The Village of Mastic Beach has a younger population and a lower percentage of elderly residents. The median ages for the Village and Town are 34.2 and 38.5 years respectively.

**Table 6: Age Distribution**

Age	(V) Mastic Beach		(T) Brookhaven	
	Total	%	Total	%
0-14	3,434	23.1	94,490	19.4
15-19	1,217	8.2	36,982	7.6
20-24	1,025	6.9	33,385	6.9
25-34	1,924	12.9	56,385	11.6
35-44	2,221	14.9	70,830	14.6
45-54	2,246	15.1	77,690	15.9
55-64	1,736	11.7	57,992	12.0
65-74	624	4.2	32,529	6.7
75+	455	3.0	25,757	5.4
Total	14,880	100.0	486,040	100.0
<b>Median Age</b>	<b>34.2</b>		<b>38.5</b>	

*Source: 2010 Census*



## Household Composition

The U.S. Census Bureau provides information on household composition, which describes in detail the individuals and families living within the Town and Village boundaries. According to **Table 7: Household Composition**, the majority of households in the Village and Town are Family Households (78% and 74% respectively). Non-family households, which include individuals living alone, are slightly higher in the Town, 26% compared with the Village's 22%. The Village of Mastic Beach has a larger average household size than the Town, 3.11 vs. 2.92 persons, and a larger average family size, 3.48 vs. 3.40. The Town of Brookhaven, has a notably larger percentage of senior citizens, 37% compared against the Village's 25%.

**Table 7: Household Composition**

	(V)Mastic Beach		(T) Brookhaven	
	Total	%	Total	%
<b>Total Households</b>	<b>4,786</b>	<b>100.0%</b>	<b>162,884</b>	<b>100.0</b>
<b>Family Households</b>	3743	78.2	120,790	74.2
<b>Nonfamily households</b>	1043	21.8	42,094	25.8
<b>Households with Children &lt; 18</b>	1,798	37.6%	54,185	37.1%
<b>Households with Persons &gt; 60</b>	1209	25.3%	60,819	37.3%
<b>Average household size</b>	<b>3.11</b>		<b>2.92</b>	
<b>Average family size</b>	<b>3.48</b>		<b>3.40</b>	

*Source: ACS 2010-2014*

## Housing Stock

The availability, affordability, and condition of housing within a community are important factors that residents and employers take into consideration when assessing the quality of life afforded by a particular place. In addition, home ownership is directly linked to household spending on services and supplies for home improvements, home furnishings, and other home-related items. Therefore, housing is a key component of the local economy, contributing to the overall image and desirability of the community.

According to the ACS 2010-2014 Census data, the Village of Mastic Beach contains a total of 5,556 housing units of which 4,786 are occupied and 770 are vacant (Note: The Census data underestimates the true number of rental units due to lack of reporting and illegal rentals which is estimated by the Village to be approximately 2,000 rentals.) The Town of Brookhaven contains a total of 175,540 housing units of which 162,015 are occupied and 13,525 are vacant. According to **Table 8: Housing Types**, of the 4,786 occupied housing units in the Village, 3,386 are owner occupied while 1,400\* are renter occupied. Of the 162,015 occupied housing units in the Town, 128,648 are owner occupied and 33,367 are renter occupied.

**Table 8: Housing Types**

Subject	(V) Mastic Beach		(T) Brookhaven	
	Number	%	Number	%
<b>OCCUPANCY STATUS</b>				
Total housing units	5,556	100.0%	175,540	100.0%
Occupied housing units	4,786	86.1%	162,015	92.3%
Vacant housing units	770	13.9%	13,525	7.7%
<b>TENURE</b>				
Occupied housing units	4,786	100.0%	162,015	100.0%
Owner occupied	3,386	70.7%	128,648	79.4%
Renter occupied	1,400*	29.3%	33,367	20.6%
<b>VACANCY STATUS</b>				
Vacant housing units	770	100.0%	13,525	100.0%
For rent	10	1.3%	1,996	14.6%
Rented, not occupied	0	0.0%	245	1.8%
For sale only	141	18.3%	2,045	15.1%
Sold, not occupied	22	2.9%	474	3.5%
For seasonal, recreational, or occasional use	311	40.4%	4,471	33.1%
Other vacant	286	37.1%	4,285	31.7%

Source: 2010-14 American Community Survey.

\*The Census data underestimates the true number of rental units due to lack of reporting and illegal rentals. This may not account for the 350-500 abandoned “zombie” properties and the approximate 2,000 rentals estimated by the Village.

## Income

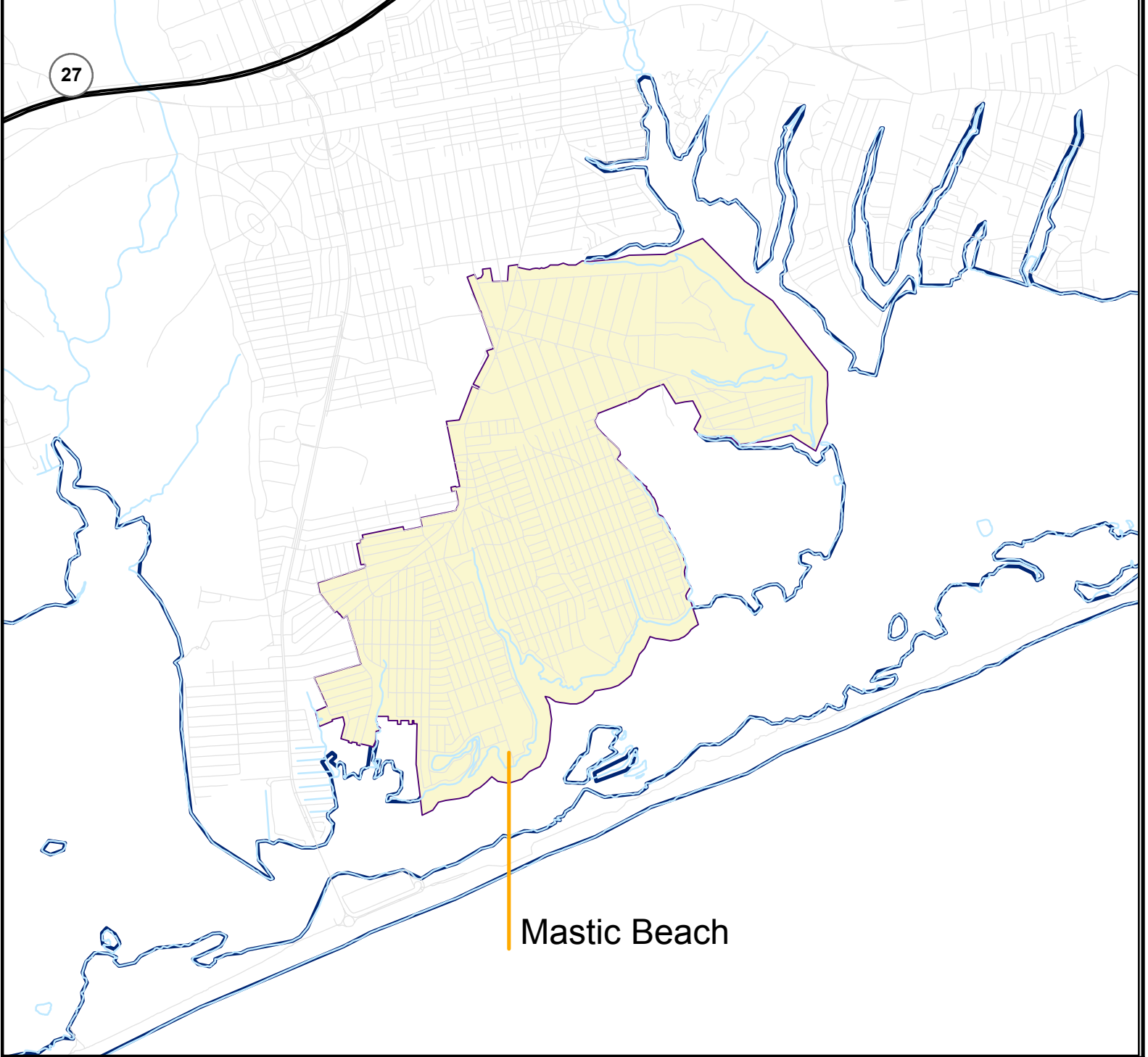
Household income is the total income of all members of a household regardless of their relationship to each other. The amount of income is an indicator of the local economy. Understanding the income characteristics of the community is also important in determining a community’s health as well as the ability of residents to maintain their housing, contribute to the local tax base, and participate in the economy. **Table 9: Household Income**, shows that the median household income in the Town of Brookhaven is substantially higher than that of the Village of Mastic Beach, \$86,828 compared to \$64,434, respectively.

**Table 9: Household Income**

	(V) Mastic Beach		(T) Brookhaven	
	# of Households	% of Total	# of Households	% of Total
less than \$25,000	1,077	22.5%	21,548	13.3%
\$25,000 to \$49,999	718	15%	22,844	14.1%
\$50,000 to \$74,999	976	20.4%	25,598	15.8%
\$75,000 to \$99,999	627	13.1%	23,330	14.4%
\$100,000 or more	1,388	29%	68,695	42.4%
Total Households	4,786	100%	162,015	100%
<b>Median HH Income</b>	<b>\$64,434</b>		<b>\$86,828</b>	

Source: U.S. Census Bureau, Census 2010-2014 American Community Survey

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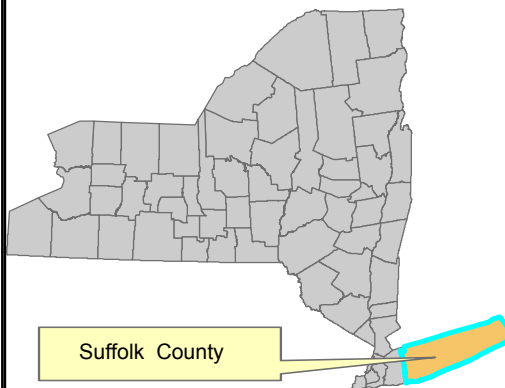
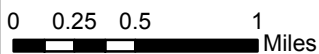


Mastic Beach

**Project Location Map**  
**Village of Mastic Beach**  
**Suffolk County, New York**

**Legend**

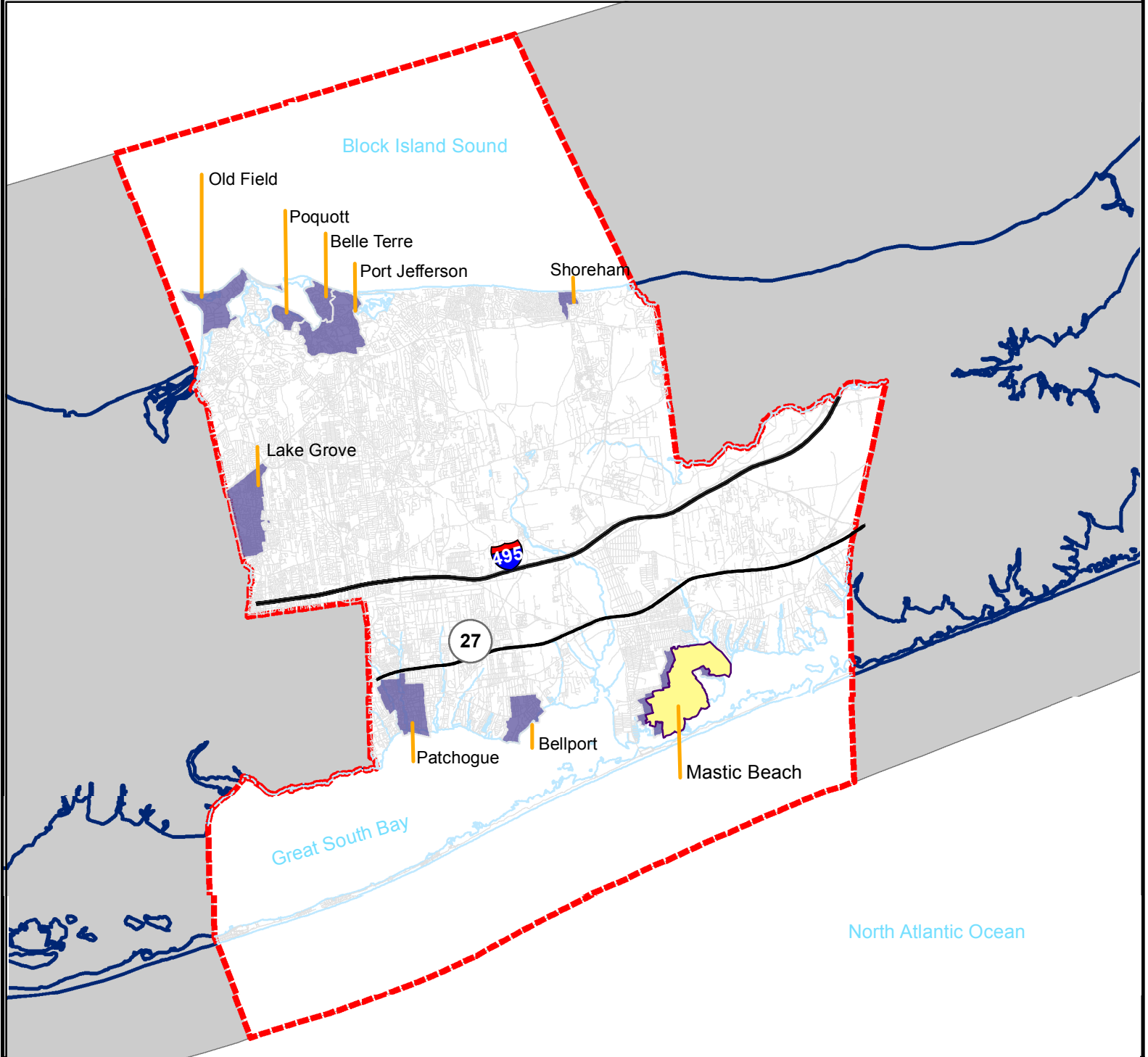
- Mastic Beach
- Streets
- Hydrography
- State\_Shoreline



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**Data Source:** NYS GIS Clearinghouse  
**Notes:** Produced for planning purposes only.  
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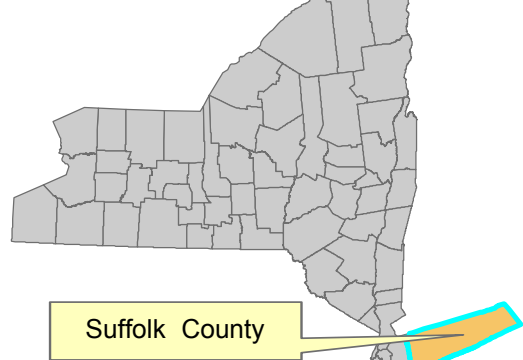
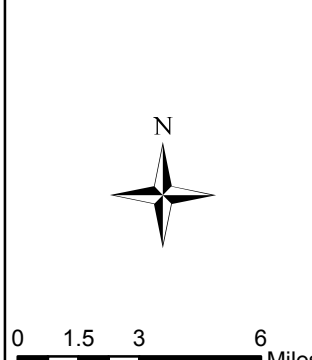


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**Project Location Map**  
**Town of Brookhaven**  
**Suffolk County, New York**

- Legend**
- Mastic Beach
  - Brookhaven
  - Villages
  - State\_Shoreline
  - Streets
  - Hydrography



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 J:\2016110\Cadd\Brookhaven\_Location\_Map

# III. Governance Options

As a part of the initial data gathering process, various members of the Town and Village staff were interviewed to discuss how existing municipal services are currently provided and funded, as well as to understand the potential change in services upon dissolution. The following is a summary of all the services and functions currently provided by the Village of Mastic Beach and their related costs according to the FY 2016-2017 Village Budget. However, this budget is not a recommended sustainable budget due to the significant cuts in services, personnel, and functions that render it fiscally unsustainable in the years to come for the Village. The FY 2016-17 puts the Village in a deficit and does not reflect the true costs of providing services to the Village. As mentioned previously, in order to truly understand the governance options for the Village of Mastic Beach, the residents will need to decide on whether to do one of the following:

- ◆ **Do Nothing/Change Nothing:** With this option the Village will experience increased fiscal stress to the point where the State may have to intervene or approve future budget allocations. In addition, the Village may be vulnerable to a suit by a resident or residents for failure to provide minimally adequate services. *(Note: A future continuation of a FY 2016-2017 or similar represents the “do nothing/change nothing” option).*
- ◆ **Maintain the Village:** Fund the Village at the level necessary to cover essential services. This would require substantially raising property taxes to cover the expense. Alternatively, there are some options for shared and functional consolidation of services, potentially with the Town of Brookhaven. This would allow the Village to exist with minimal services; however, any services provided through consolidation would be at a cost to the Village.
- ◆ **Dissolve the Village:** Dissolve, thereby abolishing the Village and transferring all service responsibility to the Town of Brookhaven.

The following summary is provided to present both the “pros” and “cons” of dissolution. Additional details are provided regarding which services will be transferred to the Town or included in a special tax levy to former Village property owners. This information is presented in two options to allow residents to understand the implications of the option “**Maintain the Village**” and the option “**Dissolve the Village.**”

## Summary of Services and Functions

### Village Mayor & Board of Trustees

The Village is currently governed by an elected, part-time Mayor and a Village Board of Trustees made up of four part-time Trustees. The Mayor and Trustees are responsible for overseeing all Village operations, including finances, staff and the use of Village property and equipment. In the FY 2015-16 Village Budget, these positions are currently unpaid. The Village currently employs one Secretary to the Mayor, a full-time position split between the mayor and the Finance Department, with a half-salary of \$16,640<sup>1</sup>.

#### Governance Option 1: Maintain the Village

Should the Village determine it is in their best interest to remain a village, the Village will continue to be served by an elected Mayor and Board of Trustees, as has been provided since its inception in 2010. A village provides the benefit of smaller, more accessible government than its larger town counterpart, for a concentrated population center. This allows residents of Mastic Beach to have a larger voice and to have more direct access to its representatives. In the past, the Mayor's salary had been \$18,000 and the Trustees' salary \$6,000 each per year (\$42,000 total) but these positions are currently unpaid. Many communities do not fund these positions; however, there are many villages that do provide some financial incentive to their representatives for the hours of service. In addition, the Secretary to the Mayor would continue with a half-salary of \$16,640<sup>2</sup>.

**Maintain the Village = \$16,640 - \$75,280**

#### Governance Option 2: Dissolve the Village

Upon dissolution of the Village all of these positions would be abolished, including the full-time Secretary to the Mayor. The former Village of Mastic Beach would once again be a hamlet and residents would be represented by the Town of Brookhaven.

**Dissolve the Village = \$0**

### Clerk/Administrator

The Clerk/Administrator's Office maintains the Village's official records and is responsible for preparing and preserving the minutes of Board of Trustees' meetings along with maintaining all Village resolutions and local laws. The Clerk/Administrator is the Records-Access Officer for purposes of the New York State Freedom-of-Information Law (FOIL). The Clerk/Administrator's Office oversees the conduct of the annual Village Elections. This office also prepares and distributes a variety of documents, including but not limited to the following: snow plow contractor/subcontractor applications, and permits for handicapped parking, yard sales, peddlers, and block parties. The clerk/administrator undertakes all typing and other clerical duties associated with the department of one and does not have any dedicated clerical support. This lack of clerical support does greatly affect the amount

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<sup>1</sup> \$33,280 represents the full salary of the secretary's position which is split between the Mayor and with Finance Department. For purposes of this Study, \$16,640 has been applied to each department.

<sup>2</sup> \$33,280 represents the full salary of the secretary's position which is split between the Mayor and with Finance Department. For purposes of this Study, \$16,640 has been applied to each department.

of time available to be spent on clerk/administrator duties. This is a full-time position with benefits totaling \$125,000 annually.

**Clerk/Admin Option 1: Maintain the Village**

This position would be maintained. An alternative option would be to hire a clerk, deputy clerk and secretaries at lesser pay; however, this would be more costly than the sole salary/benefits afforded by the one clerk/administrator that currently provides all such duties.

**Maintain the Village = \$125,000-260,000-**

**Clerk/Admin Option 2: Dissolve the Village**

These duties would be undertaken by the Town and no positions would transfer.

**Dissolve the Village = \$0**

**Lobby Staff**

There are two (2) Clerk Typists positions that staff the lobby of Village Hall. These positions are supervised by the clerk/administrator but serve as lobby staff greet people that arrive at Village Hall, answer phones, and provide limited clerical duties as needed. One of these two clerk-typist positions staffing the lobby currently remains vacant since late August 2016. Each of these two positions are intended to provide 20 hours of work for a combined total salary of \$27,799.

**Lobby Staff Option 1: Maintain the Village**

Theses position would be maintained.

**Maintain the Village = \$27,799-\$29,120**

**Lobby Staff Option 2: Dissolve the Village**

These duties would be undertaken by the Town and no positions would transfer.

**Dissolve the Village = \$0**

**Treasurer/Finance Department**

The Treasurer’s Office promotes prudent fiscal management of the Village’s resources. As such, this Department receives, disburses and manages the Village’s funds in accord with the Village’s fiscal policies, applicable laws, government accounting standards board (GASB) and generally-accepted accounting principles (GAAP) for municipalities. The Village has one (1) part-time Treasurer, one (1) full-time Deputy Treasurer, and the Secretary of the Mayor, a full-time position split between the mayor and the Finance Department, with a half-salary of \$16,640<sup>3</sup>.

**Treasurer Option 1: Maintain the Village**

Maintain this office as currently staffed.

**Maintain the Village = \$100,880-\$172,720<sup>4</sup>**

**Treasurer Option 2: Dissolve the Village**

Duties would be undertaken by the Town.

**Dissolve the Village = \$0**

**Planning Board**

The Planning Board has a Chairperson and four members. Members of the Planning Board are appointed by the Village Board. In addition, there is a part-time Secretary to the Board, same person serves as the Secretary to the Zoning Board of Appeals, with a half-salary of \$11,440. Members are not paid a salary or a stipend for their service. The Planning Board’s role is to review and implement land use applications submitted under the Village’s zoning law.

**Planning Board Option 1: Maintain the Village**

Maintain this Planning Board and keep local control.

**Maintain the Village = \$11,440**

**Planning Board Option 2: Dissolve the Village**

Dissolve the Planning Board. Village land use decisions will be made by the Town.

**Dissolve the Village = \$0**

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<sup>3</sup> \$33,280 represents the full salary of the Secretary of the Mayor’s position which is split between the Mayor and with Finance Department. For purposes of this Study, \$16,640 has been applied to each department.

<sup>4</sup> FY 2015-16 budget funded the Treasurer and Deputy Treasurer at \$172,720 and this was reduced to \$84,240 in FY 2016-17.



### **Zoning Board of Appeals (ZBA)**

The Zoning Board of Appeals (ZBA) consists of a Chairperson and four members. Members of the ZBA are appointed by the Village Board. In addition, there is a part-time Secretary to the Board, same person serves as the Secretary to the Planning Board, with a half-salary of \$11,440<sup>5</sup>. Members are not paid a salary or a stipend for their service. The ZBA decides land use appeals/variances and special use permits.

#### **ZBA Option 1: Maintain the Village**

Maintain this board and keep local control.

**Maintain the Village = \$11,440**

#### **ZBA Option 2: Dissolve the Village**

Dissolve the Planning Board. Village land use appeals will be reviewed by the Town.

**Dissolve the Village = \$0**

### **Building Department**

The Building Department manages and approves all construction and alteration of commercial and residential buildings within the Village boundaries. It ensures that all construction projects meet both New York State Building and Fire Codes. In addition, the Building Department manages and approves all rental permits. The Village employs four (4) part-time Building Inspectors and a full-time Neighborhood Aid (with a salary of \$29,120). The Neighborhood Aide provides a full-time service in the office for the Building Department, services include but are not limited to providing information to prosecutors in the Court associated with housing/building cases; assists with property management companies to address violations; works with the Village Clerk on FOIL requests associated with the Building Department; assists the Public Safety Department; and provides support to the building inspectors.

The Village has an extraordinarily high number of abandoned or “zombie” properties (350-500) and illegal rentals (estimated at 1,400). These properties are a combined responsibility of both the Building Department as well as Code Enforcement. Currently, the Village’s Building Department is at capacity and is unable to address all of these properties in need of inspection. Village residents have experienced a decrease in property values unlike neighboring communities along the shore partially due to these derelict properties.

Included as expenses are “Equipment” with a budget of \$20,000 that includes any kind of equipment the Code Enforcement, Fire Marshall and Building Departments would need (uniforms, flashlights, tape measures, etc). Contractual Expense of \$54,742 is used for cell phones for staff in those departments, operation of cameras throughout the Village, fuel costs, LexisNexis, various supplies from ULINE and uniform companies, apportioned costs related to the Building and tax software shared by these departments and some other potentially small items.

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<sup>5</sup> \$22,880 represents the full salary of the Secretary to the Board position which is split between the Planning Board and the Zoning Board of Appeals. For the purposes of this Study, \$11,440 has been applied to each department.

**Building Option 1: Maintain the Village**

The Village would either need to increase these positions to full-time or hire additional building inspectors to address the violations. Suggested by the Town this could result in the addition of two full-time Building Inspectors and two part-time clerical staff for \$304,000. Alternatively, the Village could consider an Inter-Municipal Agreement with the Town to assist with case load.

**Maintain the Village = \$212,723<sup>6</sup>-\$304,000**

**Building Option 2: Dissolve the Village**

Upon dissolution, the Town would add two full-time Building Inspectors and two part-time clerical staff.

**Dissolve the Village = \$304,000**

**Office of Public Safety/Code Enforcement**

The Office of Public Safety/Codes Enforcement is to help protect the health and safety of Village residents and to address quality-of-life issues. Code Enforcement has traditionally provided a local service which is available from 9:00 am to 10:00 pm, Monday through Friday, and from 9:00 am to 10:00 pm on Saturday and Sunday. However, due to budgetary cuts, these hours have not been upheld. The Village employs one (1) part-time Code Enforcement Supervisor who oversees one (1) full-time Code Enforcement Officer, three (3) part-time Code Enforcement Officers (with one additional part-time Code Enforcement Officer position currently vacant)<sup>7</sup>. These code enforcement officers are responsible for all violations and complaints related to the Village’s zoning law. When the Village of Mastic Beach was created in 2010, it was in part due to the strong desire to improve code enforcement and to have a stronger control on land use issues. The Village was able to adopt its own zoning laws and provide for the oversight and enforcement of this law. However, due to the high number of abandoned or “zombie” properties (350-500) and illegal rentals (estimated at 1,400), the current Village’s code enforcement officers have a full workload that continues to be a challenge. The Village does receive revenue for these violations; however these are often never collected due to property foreclosure and/or abandonment. As a result of these challenging properties, Village residents have experienced a decrease in property values unlike neighboring communities along the shore.

In addition, the Office of Public Safety/Code Enforcement addresses complaints about barking dogs but all other animal related reports must be directed to the Town of Brookhaven Animal Shelter. The Village does not have its own animal-control department. Reports about animal abuse may be made to the Suffolk County Society for the Prevention of Cruelty to Animals.

The Suffolk County Police Department provides law enforcement in the Village and is called upon for all police, safety and emergency situations. 911 Service is routed to Suffolk County Police. In addition, Suffolk County Police regularly attend the Village Board meetings. This has been noted as a positive for the Village in a more direct access to this resource.

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<sup>6</sup> FY 2016-2017 increased the part-time building inspectors from three (3) to four (4) which increased the personnel budget from \$87,845 to \$108,861.

<sup>7</sup> FY 2015-16 had eight (8) part-time code enforcement officers and decreased this service to five (5) part-time code enforcement officers in FY 2016-17.

**Code Enforcement Option 1: Maintain the Village**

In light of the number of current code violations and its desire to improve/restore property values, the Village should consider three options upon voting to remain a village:

- ◆ Continue to fund Code Enforcement at the minimum level provided today recognizing that the violations will not be resolved in a reasonable amount of time. This decision may result in property values continuing to decline; or
- ◆ Increase the Village’s part-time code enforcement positions to full-time positions or add additional part-time code enforcement officers; or
- ◆ Adopt and fund an Inter-municipal Agreement (IMA) with the Town of Brookhaven to utilize the Town’s code enforcement officers.

**Maintain the Village = Approximately \$261,893 to \$361,893**

**Code Enforcement Option 2: Dissolve the Village**

Upon dissolution of the Village, the Town has expressed that it would increase the staffing by adding two (2) part-time Code Enforcement/Public Safety officers. This is directly related to the high number of outstanding violations and abandoned properties. In addition, Town would add a Law Department Investigator and Clerk Typist with benefits.

**Dissolve the Village = \$250,000**

**Fire Marshals**

The Fire Marshals enforce both the Village and New York State Codes through measures and procedures that emphasize compliance and strives to reduce the loss of life and property through education, fire inspections of commercial/multifamily buildings, investigations, building plan reviews and enforcement. Other Fire Marshal duties include:

- ◆ Mitigation, investigation and coordination with other agencies (Fire Department, Police Department, New York State Department of Environmental Control, Suffolk County Health Department, etc.) in hazardous materials incidents.
- ◆ Examination of abandoned tanks, drums, etc. found along roadways and public property prior to removal by the Department of Public Works (DPW).
- ◆ Public education on topics such as fire safety, fire-extinguisher use and similar subjects is available for various service organizations, businesses, Village employees, senior citizen clubs, schools, etc.
- ◆ Inspection of facilities at community and similar events.
- ◆ Inspection of all commercial, multifamily, and places of assembly buildings and premises,
- ◆ Review of plans, issuance of permits and subsequent inspections for new construction and alterations of all buildings, except single-family dwellings, as well as for fire alarm systems, fire sprinkler systems, extinguishing systems, etc.
- ◆ Annual inspection of commercial establishments for operating permits.

- ◆ Investigation of fires and related incidents occurring in buildings, vehicles and vessels.
- ◆ Investigation of complaints alleging violations of Village Local Law, Village Codes and NYS codes.
- ◆ Coordinates fire safety for community events.

The Village currently employs two (2), part-time Fire Marshals.

**Fire Services Option 1: Maintain the Village**

Village expressed that this service may be adequately staffed. Additional staff hours may be necessary to complete inspection requirements.

**Maintain the Village = \$69,680<sup>8</sup> \$80,000**

**Fire Services Option 2: Dissolve the Village**

Fire Marshal duties would be undertaken by the Town with no additional staffing.

**Dissolve the Village = \$0**

**Department of Public Works (DPW)**

The Department of Public Works (DPW) provides the following services:

- **Street Maintenance:** This includes street sweeping and pothole repair and storm drainage.
- **Street Lights:** Although the Town of Brookhaven maintains the street lights within Mastic Beach, notification of a light that needs replacement is handled by the Village lobby staff..
- **Refuse and Recycling Collection:** The Village contracts with Quickway Sanitation for refuse and recycling collection.

The Village employs one (1) part-time DPW Supervisor, two (2) part-time Auto Equipment Operators, and one (1) full-time Maintenance Mechanic II. Total personnel budget is \$118,212.

***Street Maintenance***

When the Village of Mastic Beach was created in 2010, all Village roads were existing and approved by the Town of Brookhaven, most had been constructed to Town standards, and most were in relatively good condition. However, since the Village's inception 2010 the Village has underfunded its public works duties and has been unable to keep pace with the road maintenance requirements. In over six years the Village has only been able to pave 2 miles of its 84 miles of road. Unfortunately, the Village does have an obligatory duty to provide street maintenance which has been underprovided. According to a 2014 Cornell Local Roads Program's "Running Your Highway Department" report, the cost for villages to maintain one centerline mile of roadway is estimated between \$21,000 and \$45,000. Taking an average of \$33,000 would put the Village's road maintenance budget at \$2,778,600. In addition, the Village should establish a five-year capital budget for road maintenance and a paving plan.

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<sup>8</sup> FY 2016-17 increased this service to two part-time fire marshals.

**Street Maintenance Option 1: Maintain the Village**

Therefore, the village would need to consider two options upon voting to remain a village:

- ◆ Maintain the current budget (\$350,000) and recognize that road maintenance will continue to be insufficient and substandard, which may become litigious pursuant to Article 78 against the Village for failing to provide required essential services.
- ◆ Increase the Street Maintenance budget to adequately reflect the average cost per mile reflective of the Village’s road network (\$2,778,800); or
- ◆ Adopt and fund an Inter-municipal Agreement (IMA) with the Town of Brookhaven to utilize their Highway services (\$250,000).

**Maintain the Village = Approximately \$250,000<sup>9</sup> - \$2,778,600**

**Street Maintenance Option 2: Dissolve the Village**

Upon dissolution of the Village these positions would be abolished and the Town would absorb street maintenance responsibilities in the Village. The Town of Brookhaven already has an extensive highway department and staffing therefore, the cost increase to include Mastic Beach would be nominal.

**Dissolve the Village = \$250,000**

**Street Lights**

Mastic Beach is part of the Town of Brookhaven’s lighting district. While the Town maintains the street lights within Mastic Beach, notification of a light that needs replacement is handled through the Village lobby staff.

**Street Lights Option 1: Maintain the Village**

No change.

**Maintain the Village = \$0**

**Street Lights Option 2: Dissolve the Village**

No change except the Town would need to be notified of lights needing replacement.

**Dissolve the Village = \$0**

**Refuse and Recycling**

The Village currently contracts with Quickway Sanitation for refuse and recycling collection. This contract charges a rate of \$300 fee per kitchen per year. Multifamily properties also pay the \$300 per kitchen fee per year. Commercial properties are responsible for contracting services on their own.

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<sup>9</sup> The lower amount of \$250,000 was estimated by the Town of Brookhaven as an increase to the Town’s overall highway budget. This amount may be lower for the Town that is already full staffed than as could potentially be provided through an Inter-Municipal Agreement. Any agreement would need to be mutually agreed upon by the Town to agree to provide service for this amount. However, the extent of services to be engaged would be at the discretion of the Town Highway Superintendent at the time of the agreement.

**Refuse and Recycling Option 1: Maintain the Village**

No change. The Village would continue its current contract for service.

**Maintain the Village = \$300 / kitchen**

**Refuse and Recycling Option 2: Dissolve the Village**

The Town has indicated that it would not be in the position to maintain the current refuse and recycling contract nor would the Town create a special taxing district to allow the Village to continue that contract. The Town currently has a contract and does not see it in the Town's best interest to create additional districts unnecessarily. Therefore, the Town would provide this service at a cost to owners of single-family homes of \$345 per year and \$517.50 for a multifamily residence (equal to 1.5 times the single family rate). This would cover 2 days per week of garbage collection, 1 day of recycling, and 1 day of yard waste pick up. There would be no commercial pickup under this contract; commercial uses would need to contract on their own for service. The cost to multifamily homes would be less than in the Village. As in the Village, this is not a tax but rather a benefit fee per user.

**Dissolve the Village = \$345 / single-family home**

**Village Court**

Village Court is held two times per month. The Court hears all cases related to Vehicle/Traffic on one day and all cases related to Building/Code on another day of the month. With respect to the Building/Code cases, the Court reviews approximately 60-70 cases per month (capped). However, approximately half of these or (30-40) cases are held over each month as a result of inadequate funds and personnel, limiting how many new cases can be reviewed in the following month. The salary of Court Officers is set at \$100 per court night, at two court nights per month. There are three (3) officers on each night depending on who is available. If the Village only runs 24 court nights per year, the total cost is approximately \$7,200 split amongst the officers. If it is necessary for the officers to come in an hour earlier then they are each paid \$25 per hour (an additional \$75 per court night). The Village has not had this expense in the current year. Each night court is staffed by one (1) part-time Village Court Judge (\$20,600), and two (2) part-time Justice Court Clerks \$36,400). In FY 2015-16, the Village budgeted \$110,495 for judicial services.

**Village Court Option 1: Maintain the Village**

With such a high number of abandoned or "zombie" properties (350-500) and illegal rentals (estimated at 1,400), it is estimated that it would take over 12 years to address the Court's backlog without modifying the service. Currently based on the number of cases officers are able to process in a month, it would take approximately 24 years to clear up all the violations in the Village. If the Village added two more nights of court just for housing this could be reduced to eight (8) years. The Village may consider another prosecutor for court nights or an additional night of court per month to deal with the backlog of Building/Code cases. Another option would be to add an additional night of court per month to help deal with the current case backlog. The Village may want to consider with the additional night(s), an additional part-time court justice clerk be added (\$9,360 if one court night). The overall approximate cost to facilitate one additional court night in the Village would be \$32,100 or \$62,200 if two additional nights are held for housing violations.

Another option would be to create an Inter-Municipal Agreement with the Town of Brookhaven to reassign a portion of the housing cases to the Town of Brookhaven Housing and District Court. With this transfer the Village will lose potential revenue received from fines and penalties.

**Maintain the Village = \$110, 495 - \$174,695<sup>10</sup>**

**Village Court Option 2: Dissolve the Village**

Dissolve the Village Court. Duties would be undertaken by the Town’s Housing and District Court which is held weekly.

**Dissolve the Village = \$0**

**Contracted Services**

Table 10 lists services the Village provides through contractual agreements. By far the biggest contracted service is for Refuse and Garbage. The reason is that the Village found that providing this service through this arrangement was less expensive than providing it through a shared service agreement with the Town. The Village’s next largest contracted services are for Snow Removal and Street Maintenance.

**Table 10: Contracted Services Budgeted**

Service	FY 2015-2016 Allocation	FY 2016-2017 Allocation
Refuse and Garbage	\$1,500,000	\$1,100,000
Village Attorney	\$283,000	\$300,000
Snow Removal	\$225,000	\$265,000
Street Maintenance	\$175,343	\$350,000
Shared Services*	\$101,949	\$41,949
Publicity	\$83,400	\$0
Safety Inspection	\$54,742	\$479,334
Traffic Control	\$25,000	\$30,000
Engineer	\$16,000	\$26,400
Election	\$10,585	\$2,000
Auditor	\$10,500	\$10,500
Zoning	\$9,772	\$8,500
Planning	\$8,530	\$4,500
<b>Total:</b>	<b>\$2,503,821</b>	<b>\$2,618,183</b>

\*Shared services covers “Operation of Buildings” costs including Cablevision services (TV, Internet and phones) and PSEG electric costs.

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<sup>10</sup> Projection is based upon an added court night with 33% increase for the judge, court clerk, and court typist, as well as a \$3,000 increase for court officers.

Table 11 lists all the unfunded services in the Village’s FY 2015-16 budget. It is notable that the Village allocated nothing to Drainage (a routine maintenance requirement essential to preventing flooding), Community Beautification, or Culture and Recreation.

**Table 11: Unfunded Services**

Item
Assessment
Tax Advertising & Expense
Street Administration- Hurricanes
Street Lighting*
Culture and Recreation
Parks
Playgrounds and Recreation Center
Recreation-Softball
Recreation-Holidays
Recreation-Seniors
Recreation- Bus Trips
Youth Programs
Historian
Community Beautification

\*Service provided through a Town Street Lighting District.

\*\*While Drainage was unfunded in the 2016-17 Budget, the Village spent \$30,000 on it through contractual services.

These services could be absorbed by the Town upon dissolution of the Village. If the Village remains, the Town may choose not to provide services..

**Inter-Municipal Agreements (IMAs)**

The Village of Mastic Beach has four inter-municipal agreements (IMAs) with the Town of Brookhaven; 1) Recycling IMA; 2) Yard Waste IMA; 3) Highway Maintenance / Snow & Salt IMA; and 4) Street Sweeping IMA.

- 1) The recycling agreement authorizes the Town of Brookhaven to accept recycling materials from the Village of Mastic Beach for processing and sale. The Town pays the Village \$5 per ton (a portion of the proceeds) for single stream recyclables. In 2015, the Village received \$9,725 for these recyclables. Should the Village dissolve, these revenues would be passed on directly to the Town.
- 2) The yard waste IMA allows the Village to deliver its yard waste to the Town landfill at a cost of \$63/ton. Should the Village dissolve, the Town would not receive these revenues.
- 3) Under the highway maintenance and snow/salting IMA, the Town performs general repairs and other maintenance activities to Village highways including cleaning, sweeping, pothole repair, paving or striping (maintenance services) and agrees to furnish salt or sand/salt mixture as requested by the Village at the discretion of the Town Highway Superintendent. The Village is charged per cubic yard of material delivered. Unfortunately, the Village has had minimal funds to request highway maintenance and snow/salt assistance from the Town.



- 4) Through a street sweeping IMA, the Village pays the Town to sweep its streets at a cost of \$18 per ton. Unfortunately, like the highway maintenance IMA, the Village has had minimal funds to support street sweeping as part of routine street maintenance.

These Inter-municipal Agreements would be rendered void upon the dissolution of the Village and the Town would take responsibility for the services covered by the IMAs with the exception of recycling.

## Summary of Employees & Benefits

### Elected Officials and Employee Summary

The following table represents current elected officials as well as full-time, part-time, and seasonal employees, based on the Village’s 2015-2016 fiscal year. The Village has 36 part-time employees and 6 full-time employees, or 24 FTE employees.

**Table 12: Mastic Beach FY 2016-17 Employees**

Employee Title	Part-Time Employees	Full-Time Employees	FTE
Auto Equipment Operator	2		1.0
Building Inspector	4		2.0
Clerk/Typist	2		1.0
Code Supervisor	1		0.5
Code Enforcement Officer	4	1	3.0
Court Officer	9		4.5
Deputy Treasurer		1	1.0
Fire Marshal	2		1.0
Grant Writer*	1		0.5
Department of Public Works	1		0.5
Justice Court Clerk	2		1
Maintenance Mechanic II		1	1.0
Mayor	1		0.5
Neighborhood Aide		1	1.0
Planning/Zoning	1		0.5
Secretary to the Mayor		1	1.0
Treasurer	1		0.5
Trustee	4		2.0
Village Clerk/Administrator		1	1.0
Village Court Judge	1		0.5
Total Employees:	36	6	24
Full-Time Equivalent:	24 FTE		

\*Contractual service.

Upon dissolution, all these jobs will be abolished. However, the Town has indicated that they would need two part-time Code Enforcement/Public Safety staff, one full-time Building Inspector, one full-time Law Department

Investigator and one-full time Clerk Typist. These jobs may be offered to former Village employees based on civil service and other qualifications.

### **Employee Benefits**

The Village does not belong to a retirement system. Low wages coupled with the lack of employee benefits has made recruiting and retaining quality staff very difficult for the Village. The Village suffers from high employee turnover. Due to the 2016-17 budget and the cutting of staff hours, six (6) past employees are on Unemployment at a value of \$1,650.70 per week through the end of November 2016. They are expected to apply for extensions. One of the six on unemployment has filed for Workers' Compensation. Any claims still open upon dissolution will carry over to the Town and be included as part of the Village's responsibility through a special tax levy on the property owners of the former village only.

### **Unions**

Workers who are paid an hourly wage, full or part time, who are not appointed, are represented by the Local #342 Insurance Trust Union, based in Shirley, NY. However, they have never had a contract and the union voluntarily waived its right to collect dues until a first contract is in place. Currently, the Village is working with the Union to negotiate a contract. In the event a contract is negotiated, as this is the same union that represents the Town, there would be no conflict as the Town's benefits exceed those provided by the Village.

### **New York Municipal Insurance**

The New York Municipal Insurance Reciprocal, a company formed by local governments to provide insurance to elected officials, plans to non-renew its policy offering legal protection to members of the Village of Mastic Beach's Board of Trustees. The insurance company is not renewing its coverage due to pending lawsuits including and not limited to the housing discrimination complaints and ownership of the Village's beachfront properties. This move sends a strong signal of the insurance company's lack of confidence in Mastic Beach, finding the Village susceptible to additional lawsuits. This will be an added constraint on the existing Village.

## Summary of Revenues and Debts

### Summary of Revenues

The Village of Mastic Beach receives both revenue from real property taxes as well as the following:

**Table 13: Projected Summary of Budgetary Revenues, 2016-17**

Revenue Source	Amount
Real Property Tax	\$1,141,151
Real Property Tax Arrears	\$80,000
Interest & Penalty on Real Property	\$25,000
Franchises	\$350,000
Clerk Fees	\$20,000
Departmental Revenue	\$5,000
Fire Inspection Fees	\$12,000
Vacant Home Fees	\$90,000
Zoning Fees	\$33,000
Planning Board Fees	\$4,000
Garbage Disposal	\$1,614,900
Allowance for Uncollected	(\$127,770)
Town of Brookhaven Highway	\$0
Interest & Earnings	\$0
Business & Occupational Licenses	\$0
Building Permits	\$80,000
Sign & Other Permits	\$10,000
Rental Permits	\$232,300
Fines & Forfeited Bail	\$150,000
Refund of Prior Year Expenses	\$0
Grants from Local Government	\$0
Other Unclassified	\$0
State Aid	\$75,000
Mortgage Tax	\$96,000
State Aid – CHIPS	\$232,000
Appropriated Fund Balance	\$0
<b>Total:</b>	<b>\$4,015,581</b>

*Note: Franchise fees are those paid by telecommunication companies, utilities, etc. Exact contracts will need to be reviewed as part of a full Dissolution Plan should the Village choose to dissolve.*

All revenues will be transferred to the Town.

**Summary of Debt**

The Village of Mastic Beach took out a bond for Village Hall in 2013 in the amount of \$995,000. This bond will mature in 2029 and the full value paid at that time will be \$1,273,391. There is currently \$1,019,475 remaining unless it is paid off early. We received the current serial bond on Wednesday and in reading through it I found that "The Bonds maturing on or before November 15, 2020 will not be subject to redemption prior to maturity. The Bonds maturing on November 15, 2021 and thereafter will be subject to redemption prior to maturity, at the option of the Village". *In the case of dissolution, any debt remaining on the bond would be paid by the former Village residents only.*

**Table 14: Village of Mastic Beach Debt**

Fund/Service	Outstanding Debt
General	\$995,000
2028-29 Debt upon maturation	\$1,273,391

**Summary of Village Assets**

**Village-Owned Property**

The Village owns and/or leases the properties listed below which is covered under its building and personal property insurance valued at \$1,835,600. Should the Village dissolve some of these properties could be sold, while some may need to be transferred to the Town if there is any existing deed restrictions. For purposes of this study, all property listed in the table would be proposed to be sold to reduce any debt obligations. The value of these properties is currently unknown and would need to be developed further as part of Dissolution Plan should the Village vote to dissolve.

**Table 15: Village Owned/Leased Property**

Location	Description	Address	Insured Amount
3-1-6	Property in the Open	Throughout municipality	
4-1-7	New Village Hall	369 Neighborhood Rd	
4-2-9	Office Trailer (leased)	369 Neighborhood Rd	
4-3-12	Gazebo	369 Neighborhood Rd	
4-4-13	9/11 Memorial/Flag Pole/Lights/Benches	369 Neighborhood Rd	
5-1-8	Village Garage	300 Mastic Rd	
5-2-10	Storage Container (leased)	300 Mastic Rd	
5-3-11	Storage Container (leased)	300 Mastic Rd	
Waterfront	Wharves/Waterfront Property & Marina		
5-4	Salt Shed #1	300 Mastic Rd	Building \$10,000 Contents \$33,000
5-5	Salt Shed #2	300 Mastic Rd	Building \$10,000 Contents \$33,000
5-6	Salt Shed #3	300 Mastic Rd	Building \$10,000 Contents \$33,000

In addition, the Village owns six miles of beachfront property and a marina (Marina 5) obtained from the Mastic Beach Property Owners Association (MBPOA) upon its execution and filing of a written stipulation of settlement entered into by the parties in the prior litigation (VMB vs. MBPOA, Index # 09188-11), so ordered by the court on March 28, 2016, and filed with the Clerk of the County of Suffolk on the same date. The property deed indicated that the MBPOA would be the owner of this beachfront property unless an incorporated Village of Mastic Beach was ever to be created, in which case then such property would be transferred in ownership to the Village. This transfer of property is currently being litigated in a pending Article 78 proceeding against the Village (entitled Ann Smith, et al, v. V.VMB, index # 7136-16) seeking to vacate the aforementioned settlement. and thereby enable the litigation to be reopened.

Should the Village incur any financial obligations as a result of this litigation, these costs *will be the responsibility of the Village residents upon dissolution.* It may also need to be decided by the courts as to whether this property would directly transfer to the Town, as dissolution indicates that all assets transfer to the receiving municipality which is the Town of Brookhaven, or if the properties will return to the MBPOA. It should be noted that this property, by any party, would be ineligible for sale due to deed restrictions.

**Personal Property**

At the time of dissolution, any remaining Village personal property will become the property of the Town of Brookhaven. Personal property includes office equipment, furniture, tools, parts inventory, and any other items commonly considered the personal property of the Village. It is anticipated that the Village would attempt to liquidate these assets to reduce its debt. No assessment was provided at this time to understand the potential revenue that could be generated upon the sale of these items.

**Table 16: DPW Inventory**

#	Quantity	Description
<b>Yard Equipment</b>		
1	3	Pick up trucks with plows/sanders
2	1	5-ton military truck/sander
3	1	Military dump truck
4	1	Metal sander
5	1	Infrared red box
6	1	Tractor/bucket & forklift attachment
7	1	Skidder with attachments and extra tracks
8	1	Hustle mower
9	1	Sit down John Deer mower
10	1	Stand up mower
11	1	Snow blower
12	48	Saw horses
13	2	Lifting rings
14	2	Manhole covers
15	6	Grates
16	1	2-ton hot box

17	1	Ride-on roller
<b>Interior Garage - Tools and Mowers</b>		
1	1	Walk behind road saw
2	1	Road saw
3	1	Back pack blower
4	2	Gas pole saws
5	1	Hand pole saw
6	2	Weed whackers (need replacement)
7	1	Battery charger
8	2	Old shop vacs (picked up from trash)
9	1	Chain saw 18"
10	1	Hand road striper
11	1	Battery jump pack
12	6	Bags mortar mix
13	3	Bags sakrete
14	5	Fire extinguishers
15	23	Rechargeable Pelican lights with 5 cords
16	1	Hedge trimmer
17	2	Cordless drills
18	1	25 piece screwdriver set
19	1	Compressor
20	3	Push brooms
21	2	Lawn rakes
22	3	Ground rakes
23	2	Crowbars
24	4	Hand trash pickers
25	2	Pruners
26	1	Pick axe
27	3	Asphalt rakes
28	5	Shovels
29	1	Hand cart
30	1	Grease gun
31	1	1.5 spool of weed wacker line
32	1	Hand lime spreader
33	1	Small sander
34	1	Box assorted extension cords
35	1	40-piece tap and die set
36	1	Box wiper blades
37	1	Skill saw
38	1	Saws all
39	1	Dewalt drill
40	1	Saber saw

41	1	Hand grinder
42	1	Soldering iron
43	1	100' chalk line
44	11	Bags A/C ribboning
45	6	Blue diesel 5 gal containers
46	1	Hand roller

**Village-Owned Vehicles and Equipment**

The following two tables provide a summary of the vehicles and equipment owned by the Village.

**Table 17: Business Auto Vehicle Schedule**

<b>Year</b>	<b>Make/Model</b>
2004	Ford/Crown Victoria
2003	Mercury/Grand Marquis
2005	Ford/F250
1999	Ford/Crown Victoria
2003	Ford/Crown Victoria
2005	Ford/Crown Victoria
2007	Ford/Crown Victoria
2001	Ford/Suburban
2010	Maret/Hot Box Trailer
2011	Ford/F-350
2012	Felling/FT-121X
2013	TYMCO/600
2013	Ray-Tech/Tech 48 Trailer
2013	Chevrolet/Tahoe
2003	Chevrolet/Tahoe
1983	AM General/Military Cargo
2014	Chevrolet/Silverado
1990	Am General/M929A2
2013	Chevrolet/Caprice
2004	Ford/Crown Victoria

**Table 18: Equipment Floater – Scheduled Equipment**

Year	Description	Insured Amount
2012	Jodale Perry Boxer Cab Hustler 3700	\$10,110
2012	Hustler 3700 AWD Tractor & Mower Deck, 3700-9287	\$19,950
2012	Boom Mower & Head with attachments	\$19,385
2012	Skid steer, 332D	\$56,158
2012	Backhoe, BH11	Incl. in 5
2012	84" Scrap Grapple, GS84	Incl. in 5
2013	MOD 20' Steel storage container	\$6,000
	Plow used on Silverado #8507, plow	\$5,100
2014	John Deere, 6130D Tractor	\$94,000
2011	Ford, Dump Truck	\$35,000
	<b>Total:</b>	<b>\$245,703</b>



# IV. Local Laws

All Village laws and ordinances will remain effective for up to two years after the date of dissolution. At any point during this two year period, the Town of Brookhaven Town Board at their discretion may consider amending existing Town laws and regulations or consider adopting new laws and regulations to effectuate laws that may have been in effect in the former Village of Mastic Beach. If no action is taken by the Town Board within the two year period, the law(s) will be automatically repealed.

The most notable law that would need to be revised is the Town’s zoning regulations. There is no requirement that the Town adopt regulations similar to those currently in place for the Village. In fact, the Town indicated that upon dissolution, it would immediately move to revert back to zoning that existed prior to the incorporation of the Village. A new map would be drawn to identify the zoning districts for Mastic Beach. However, this proposal to revert back to the prior zoning may result in significant changes to not only the local control over land use decisions, but also density and use changes.

The following list includes a preliminary review of local laws (Village Code) currently in effect in the Village of Mastic Beach and how they might need to be modified following dissolution. This list has been broken into three categories: 1) No longer applicable (NA), 2) Similar to a Town law and may require modification (M), and 3) Recommended Town law (R). A more in depth review of all local laws would occur should the referendum for dissolution pass. Includes legislation adopted through 09-08-2015:

## Part I: Administrative Legislation (NA)

- Chapter 1            General Provisions (NA)
- Chapter 10        Appearance Tickets (NA)
- Chapter 20        Code Enforcement, Dept of (NA)
- Chapter 30        Defense and Indemnification (NA)
- Chapter 40        Ethics, Code of (NA)
- Chapter 70        Records (NA)
- Chapter 80        Residency Requirements (NA)
- Chapter 100      Zoning Board of Appeals and Planning Board (NA)

## Part II: General Legislation

- Chapter 150       Amusements and Exhibitions (M)
- Chapter 160       Animals (M)
- Chapter 170       Bicycles and Play Vehicles (R)
- Chapter 178       Building Code (M)
- Chapter 180       Buildings and Structures, Unsafe and Vacant (M)
- Chapter 190       Buildings, Moving of (M)
- Chapter 195       Buildings, Numbering of (NA)
- Chapter 197       Contractors (M)
- Chapter 200       Electrical Standards (NA)

Chapter 210	Environmental Quality Review (NA)
Chapter 220	Fire Prevention (NA)
Chapter 230	Flood Damage Prevention (M)
Chapter 240	Freshwater Wetlands (M)
Chapter 250	Graffiti (NA)
Chapter 260	Housing Standards (M)
Chapter 270	Licenses and Permits (NA)
Chapter 280	Noise (NA)
Chapter 290	Notification of Defects (M)
Chapter 300	Nuisances (NA)
Chapter 310	Parks and Recreation Areas (NA)
Chapter 320	Pawnbrokers; Collateral Loan Brokers (M)
Chapter 330	Peace and Good Order (M)
Chapter 340	Peddlers and Transient Merchants (NA)
Chapter 350	Property Maintenance (NA)
Chapter 360	Refrigerators, Abandoned (NA)
Chapter 370	Refuse Collectors and Cesspool Cleaners (M)
Chapter 380	Rental Property (M)
Chapter 390	Sales (M)
Chapter 395	Security Gates (M)
Chapter 400	Sewage Disposal (M)
Chapter 410	Shopping Carts (M)
Chapter 415	Solar Energy Systems (M)
Chapter 420	Solid Waste (NA)
Chapter 430	Stormwater Management (M)
Chapter 440	Storm Sewers (M)
Chapter 450	Streets and Sidewalks (M)
Chapter 460	Swimming Pools (M)
Chapter 470	Taxation (NA)
Chapter 480	Taxicabs and Public Conveyances (NA)
Chapter 490	Trees and Shrubs (NA)
Chapter 495	Utilities and Utility Poles (M)
Chapter 500	Vehicles, Abandoned and Junked (M)
Chapter 510	Vehicles and Traffic (M)
Chapter 520	Waterways and Watercraft (NA)
Chapter 530	Zoning (M)
Chapter DL	Disposition List (NA)
Local Law 1-2016	Chapter 35 – Criminal Background Checks (M)
Local Law 2-2016	Section 510-12 Stop Intersections (R)
Local Law 3-2016	Chapter 180, Buildings, Properties and Structures, Unsafe (NA)
Local Law 4-2016	Article XVII Miscellaneous Provisions (Temporary Trailers) (M)

# V. Potential Post-Dissolution Fiscal Impacts

To estimate the potential fiscal impact of Village dissolution, this Study used primarily the 2016-17 fiscal year budget information for the Village of Mastic Beach and the Town of Brookhaven. Using this data as a baseline, a fiscal model for post-dissolution conditions was built to determine what costs would be saved if the Village dissolves, what costs would be included in future Town budgets, and what revenues would continue to be collected to calculate the projected tax levies and tax rates. However, it is our opinion that the current Village Budget is not sustainable and will continue to lead the Village down the path of fiscal insolvency. As such, a potential “sustainable” budget for the Village was estimated and compared to both the existing budget and to dissolution. This “sustainable” budget is described in more detail in this section.

It is important to note that the tables below are projections only and are provided to show what taxes could be anticipated if the Village of Mastic Beach were to dissolve based upon the service and cost changes continued in this Study. The information in this section is for illustrative purposes and is a representation of the data available at the time of the development of this Study. The final cost savings is subject to a final determination of the preferred service options as part of the full Dissolution Plan.

## Citizen Empowerment Tax Credit (CETC)

New York State provides a Citizen Empowerment Tax Credit (CETC) to municipalities as an incentive when two local governments consolidate. This tax credit is an annual appropriation, based upon a formula of 15% of the combined property tax levy when the local governments consolidate (general and highway tax levy only). If the Village of Mastic Beach dissolved, the Village government will effectively consolidate with the Town, therefore, the Town would qualify for the annual CETC credit.

Based on the most recent information provided to use (2015-16) figures, the estimated tax credit to the Town of Brookhaven would be \$1,000,000 per year. By law, a minimum of 70% (\$700,000) of the CETC must be applied as a reduction of the tax levy. The remaining 30% (\$300,000) may be used to further reduce the tax levy or fund eligible capital improvement projects any where in the Town. As such, the final tax impact is shown as a range between a minimum benefit of 70% of the CETC funds applied to lower the tax levy and a maximum benefit of 100% of the CETC funds applied to lower the tax levy. CETC funds are contingent upon New York State appropriations and not an annual guarantee.

**Table 19: Empowerment Tax Credit (CETC)\***

Maximum CETC for Tax Reduction	100%	<b>\$1,000,000</b>
Minimum CETC for Tax Reduction	70%	<b>\$700,000</b>
Maximum CETC for Capital Projects	30%	<b>\$300,000</b>
<b>*CETC is contingent upon New York State appropriations and not an annual guarantee.</b>		

### Projected Tax Impacts of Dissolution

As noted previously, the CETC is an annual incentive offered to municipalities. However, it is important to understand the potential tax impacts without the CETC to comprehend the full range of fiscal impacts of dissolution on the tax payers. As illustrated in Table 20, property owners in the Village currently pay a combined rate of \$19.70 per \$100 of 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%. As noted, these estimates do not include the projected Citizens Empowerment Tax Credit. Should the CETC be included, projected tax rates for former Village property owners would increase by \$3.15 per \$100 of assessed value, or approximately 16%.

**Table 20: Comparing Current Village Tax Rate & Fee to Cost 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)	Tax Rate Change (No CETC)	Tax Rate Change (70% CETC)	Tax Rate Change (100% CETC)	Percent Tax Rate Change (No CETC)	Percent Tax Rate Change (70% CETC)	Percent Tax Rate Change (Full CETC)
Combined Town & Village Rate/s	\$19.70	\$23.07	\$22.92	\$22.85	\$3.37	\$3.22	\$3.15	17.1%	16.3%	16.0%
Residual Village Costs	\$0.00	\$0.97	\$0.97	\$0.97	\$0.97	\$0.97	\$0.97	4.9%	4.9%	4.9%
<b>Total</b>	<b>\$19.70</b>	<b>\$24.04</b>	<b>\$23.88</b>	<b>\$23.82</b>	<b>\$4.34</b>	<b>\$4.19</b>	<b>\$4.12</b>	<b>22.0%</b>	<b>21.2%</b>	<b>20.9%</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)	Tax & Fee Change (No CETC)	Tax & Fee Change (70% CETC)	Tax & Fee Change (100% CETC)	Percent Tax & FEE Change (No CETC)	Percent Tax & Fee Change (70% CETC)	Percent Tax & Fee Change (100% CETC)
Combined Property Tax and Charges	\$196.97	\$240.36	\$238.83	\$238.17	\$43.38	\$41.85	\$41.20	22.0%	21.2%	20.9%
Garbage Pickup Fee	\$300.00	\$345.00	\$345.00	\$345.00	\$45.00	\$45.00	\$45.00			
<b>Total</b>	<b>\$496.97</b>	<b>\$585.36</b>	<b>\$583.83</b>	<b>\$583.17</b>	<b>\$88.38</b>	<b>\$86.85</b>	<b>\$86.20</b>	<b>22.0%</b>	<b>21.2%</b>	<b>20.9%</b>

## Projected Tax Implications to Remain a Village

For comparison purposes, the consultant team developed an alternative “sustainable” budget to provide equal or similar services to what would be provided through dissolution. This budget included road maintenance at the NYS average of \$33,000/centerline mile as researched by the Cornell Local Road Program; as well as included funds for enhanced code enforcement; enhance building inspection, funds for another court date per month for code infractions, as well as funding for recreation and community events. This budget is \$7.4 million dollars and represents a projected tax rates for former Village property owners of \$62.36 per \$100 of assessed value. Under this scenario, the CETC would not be applicable as the Village would be maintained.

Why is a “sustainability” budget needed? As discussed throughout the document, the current FY 2016-2017 Village budget does not include allocations for properly funded services, capital projects, road maintenance, equipment purchase, vehicle purchase. Therefore a sample “sustainable” budget was generated to provide an outlook for what taxes could be should the Village choose not to dissolve. This budget includes the following:

- ◆ Increased staffing as noted throughout the Study either by the Village or the Town
- ◆ Funding for 84.2 miles of roads at \$33,000 per mile
- ◆ Cost of living raises for existing employees

This budget does not include

- ◆ Any liability currently the responsibility of the Village
- ◆ Litigation obligations that will remain with the Village
- ◆ Paving is a capital project that would be bonded. It is anticipated that the Village should be able to complete 4-8 miles of road per year to keep all roads up to a 10 year standard.
- ◆ Purchase of new/ replacement DPW equipment and vehicles is a capital expense and should be planned for in a capital budget. The DPW has identified the need for a minimum of two (2) new cars, a street sweeper, and a pick-up truck / plow.

**Table 21: Fiscal Comparison of Dissolution versus a “Sustainable” Village Budget**

	Budget	Tax Rate	Percent Change
Current Budget FY 2016-17, Include Debt Svc	\$3,890,581	\$19.70	
<b>Option 1 Remain a Village “Increase for Sustainability” FY 2017-2018</b>	<b>\$7,464,893</b>	<b>\$60.82</b>	<b>208.7%</b>
<b>Option 2: Dissolve Village</b>		<b>24.04</b>	<b>22.0%</b>

Table 22: Comparing a “Sustainable” Village Tax Rate & Fee to Cost of Dissolution<sup>11</sup>

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)	Tax Rate Change (No CETC)	Tax Rate Change (70% CETC)	Tax Rate Change (Full CETC)	Percent Tax Rate Change (No CETC)	Percent Tax Rate Change (70% CETC)	Percent Tax Rate Change (Full CETC)
Combined Town & Village Rate/s	\$60.82	\$23.07	\$22.92	\$22.85	-\$37.75	-\$37.90	-\$37.96	-62.1%	-62.3%	-62.4%
Residual Village Costs	\$0.00	\$0.97	\$0.97	\$0.97	\$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>	<b>-\$36.78</b>	<b>-\$36.93</b>	<b>-\$37.00</b>	<b>-62.1%</b>	<b>-62.3%</b>	<b>-62.4%</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)	Tax & Fee Change (No CETC)	Tax & Fee Change (70% CETC)	Tax & Fee Change (Full CETC)	Percent Tax & FEE Change (No CETC)	Percent Tax & Fee Change (70% CETC)	Percent Tax & Fee Change (Full CETC)
Combined Property Tax and Charges	\$608.15	\$240.36	\$238.83	\$238.17	-\$367.80	-\$369.33	-\$369.98	-60.5%	-60.7%	-60.8%
Garbage Pickup Fee	\$300.00	\$345.00	\$345.00	\$345.00	\$45.00	\$45.00	\$45.00			
<b>Total</b>	<b>\$908.15</b>	<b>\$585.36</b>	<b>\$583.83</b>	<b>\$583.17</b>	<b>-\$322.80</b>	<b>-\$324.33</b>	<b>-\$324.98</b>	<b>-60.5%</b>	<b>-60.7%</b>	<b>-60.8%</b>

<sup>11</sup> This is an example and not the Village of Mastic Beach.

# VII. Pros & Cons of Dissolution

## Summary of Pros and Cons

In New York State, within certain communities it may make sense for local governments to consolidate into a single entity. A town and village could determine that instead of existing as two separate municipal entities, there may be a tax savings or service efficiencies if consolidated into a single town. The following are some of the pros and cons associated with the dissolution of the Village of Mastic Beach.

### Pros of Dissolution “Dissolve the Village” – Why you might vote “Yes”

#### **THE CURRENT VILLAGE AS BUDGETED IS UNSUSTAINABLE**

The Village of Mastic Beach has reported structural deficits at the end of year audits for two straight fiscal years. The 2015 fiscal year ended with an austerity budget, and the FY 2016/2017 is unsustainable. Historical budgets indicate a lack of proper planning for capital improvements, lack of funding up to the state average per centerline mile for public works, and under budgets for code enforcement and building inspection. A baseline sustainable budget for the Village of Mastic Beach is approximately \$7.2 million exclusive of legacy debt and potential litigation payouts.

Should the Village remain as is, there is a potential for:

- ◆ Insolvency and some form of mandated State supervision
- ◆ Lawsuits for failure to provide or adequately provide necessary services for further reduction in property values
- ◆ 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 and roads
- ◆ Mid and long term deterioration of Village services
- ◆ Higher interest rates when Village needs to borrow

#### **CAPACITY TO MEET VILLAGE NEEDS**

The Village would be managed by a professionally staffed-government entity that would have the capacity to address its needs which are not being met today. While some Village services would simply be absorbed by the Town, the Town would add the following positions to address Code Enforcement specific to the Village: two part-time Code Enforcement/Public Safety staff, one FTE Building Inspector with benefits, one full-time Law Department Investigator and one-full time Clerk Typist with benefits. In addition, the Town is staffed and well equipped to provide:

- ◆ Weekly housing community 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 & Cultural Funding of Services vs. no budgeted expenditures

**CITIZEN EMPOWERMENT TAX CREDIT**

Upon dissolution, the Town of Brookhaven is eligible to receive an annual Citizen Empowerment Tax Credit (CETC) to apply towards the reduction of the Town tax levy. By law, a minimum of 70% of the CETC must be applied as a reduction of the tax levy. The remaining 30% may be used to further reduce the tax levy or fund eligible capital improvement projects anywhere in the Town. Through negotiation, this 30% could be applied to Mastic Beach services. The CETC is currently an annual tax credit provided by New York State (subject to future appropriations). In addition the Town of Brookhaven would continue to receive the allocated CHIPS funding from the former Village and can use those funds in Mastic Beach.

**STREAMLINED GOVERNMENT**

If dissolution occurs, the Village government and positions will be abolished. All services will be provided through the Town.

**FUTURE DEBT WILL BE AT TOWN AA RATING**

A Moody's Investors Service Credit Opinion dated June 2, 2016 downgraded the Village's general obligation rating from A1 to Ba1. Obligations rated "Ba" are judged to be speculative and are subject to high credit risk. The modifier 1 indicates that the obligation ranks in the higher end of its rate category. All new debt incurred for capital projects including the former Village will be at the Town's higher rating. In addition, the Town may be able to refinance existing Village debt pending a review of the contract clauses.

**LARGER POOL OF INDIVIDUALS CAPABLE OF RUNNING FOR OFFICE DUE TO INSURANCE**

As of the drafting of this report, the New York Municipal Insurance Reciprocal, a company formed by local governments to provide insurance to elected officials, plans to not renew its policy offering legal protection to members of the Village of Mastic Beach's Board of Trustees. The insurance company is not renewing its coverage due to pending lawsuits including but not limited to the housing discrimination complaints and ownership of the Village's beachfront properties. This move sends a strong signal of the insurance company's lack of confidence in Mastic Beach, finding the Village susceptible to additional lawsuits.

**ENHANCED ABILITY TO ATTRACT & RETAIN EDUCATED, QUALIFIED AND SKILLED EMPLOYEES**

Unlike most municipalities, the Village does not participate in the NYS Retirement System. Additionally, union wages within the Village fall far below surrounding municipalities and are not competitive when compared to other municipalities throughout Long Island. In addition, the machinery, equipment and vehicles are in various stages of disrepair or age and are in some cases unusable. Combined, the characteristics make it difficult to attract and retain employees to meet the daily needs of the residents and property owners in the Village of Mastic Beach.



### **Cons of Dissolution “Maintain the Village” – Why you might vote “No”**

Should residents choose to maintain the Village of Mastic Beach, it is important to restate that the current village budget and situation are unsustainable. Village leaders must develop a budget that provides funding for road maintenance (NYS average for village road budgets is \$37,000/centerline mile); provide funding for enhanced code enforcement; and increase the number of dates that Village court is held for code infractions. The structural deficit, combined with a lack of revenues and limited expenditures, has placed the Village of Mastic Beach in a perilous situation.

With proper fiscal planning this can be overcome, however, this necessitates an increase in funding. The Cons of Dissolution are:

#### **SMALLER VOICE IN GOVERNMENT**

Currently residents have a large voice in what is determined for the Village. The Village has a population of 14,880 people while the Town has a population of 488,485 people. If dissolved the decisions for the Village area would be determined town-wide, and residents may lose the individual attention to their needs that they have come to enjoy.

#### **LOCAL CONTROL**

Stemming from a feeling amongst residents that the hamlet was largely neglected by the Town and that incorporation would give the community local control over issues which were diminishing their quality of life, the hamlet incorporated in 2010. Specifically, residents wanted more diligent code enforcement to address the growing numbers of vacant homes and illegal renters. The Village currently has regulatory authority over Land Use and Code Enforcement, though these services are currently grossly underfunded. The Village would lose this control upon dissolution.

Super storm Sandy and Tropical Storms Irene and Lee wrecked unimaginable havoc on the Village of Mastic Beach. Having a village government provided the residents with a quick response, as well as local control of zombie and abandoned properties.

#### **LOCAL CONTROL OF BEACH/MARINA**

In 1928 the Mastic Beach Property Owners Association (MBPOA), a private membership civic organization, entered a deed restriction on 6 miles of waterfront property that transferred it to public ownership in the event of incorporation. While this is the subject of a pending lawsuit to nullify a so-called settlement and re-open this litigation, should the deed and conveyance be deemed legal and binding, the property would be under local control and not the Town of Brookhaven.

#### **SANITATION & GARBAGE**

The Village of Mastic Beach negotiated a lower single family fee for refuse and garbage removal. If the Village dissolves, the Town will include the Village in its current district and contract out these services at a higher cost to single-family homes of \$45 per year.

**GRANTS DEVELOPMENT**

The Village is in a better position to secure grant funds based on income or demographics than it would be as a hamlet of the Town. In addition, the Village would be one of many hamlets vying for grants through the Town of Brookhaven. 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 worker's compensation insurance until all such debts are paid off.

# **Appendix A:**

## **2016-2017 Village Budget**

# Appendix B: 2016 Town Budget

# Appendix C: Cost Shift Analysis

# **Appendix D: Mastic Beach Informational Flyer**

# **Appendix E:**

## **Public Presentation Material**