

**VESTAL TOWN BOARD WORK SESSION MINUTES**  
**MONDAY, MARCH 25, 2013**

In Attendance: Supervisor Schaffer, Board Members Fitzgerald, Milkovich, Majewski & Marnicki

Also Attending: Town Comptroller Laura McKane, Town Attorney David Berger, Human Resource Director Nancy Olmstead, Town Assessor Mark Minoia, Deputy Assessor Colleen Zube, Highway Superintendent Brock Leonard, Town Clerk Emil Bielecki, Fire Chief Pat McPherson and several members of the community.

**WORK SESSION** – Supervisor Schaffer convened the meeting at 6:00 PM

**Valuation & Assessment of Gas Producing Property in New York State**

Supervisor Schaffer stated that at the request of a Board member, he has invited Town Assessor Mark Minoia to explain how the gas producing properties are taxed in New York. In a PowerPoint presentation, which is attached as part of these minutes, Mr. Minoia noted that the tax on gas producing properties is called an Ad Valorem (per value) tax. Gas producing properties are assessed separately from all other interests in the property, such as land and buildings. New York State provides a uniform, state-wide method of valuing gas producing properties. The money is collected and apportioned in the same way as real property taxes. If and when high volume gas drilling comes to New York, we are prepared to handle the assessments.

**Proposal to Restructure the Highway Department**

Comptroller Laura McKane and Human Resource Director Nancy Olmstead joined Highway Superintendent Brock Leonard in presenting a plan to restructure the Highway Department. The highlight of their comments is as follow:

- The recent retirement of a foreman has spurred a discussion about planning for the future.
- In 2007, there were 39 funded positions in the Highway Department. Today there are 34 funded positions.
- The proposed restructuring would keep the funded positions at 34 but would change the allocation of positions to better meet the current needs of the Highway Department.
- The change in the employee mix would greatly reduce the out of class pay.
- The restructured mix of the funded positions would increase the total budget salary line by approximately \$33,000.
- The average annual savings in the salary lines from non-work related disability could be used to partially offset the cost of the proposed reorganization. These savings are now being used for other budgetary needs.

Councilman Milkovich noted that this is the first time that he has heard this proposal and that he wants it evaluated by the Public Works Committee, which he chairs. He also feels that the consolidation of the Parks Department with the Highway Department should be on the table.

The Board agreed to the following action plan: all comments and suggestions from the Board will be provided to Councilman Milkovich by April 15<sup>th</sup>, after which time the Public Works Committee will meet with the Highway Superintendent and prepare to report back with recommendations to the full Board.

**VESTAL TOWN BOARD WORK SESSION MINUTES**  
**MONDAY, MARCH 25, 2013**

**EXECUTIVE SESSION**

On a motion of Councilwoman Fitzgerald, seconded by Councilman Majewski, the following was

**ADOPTED** Ayes 5 Majewski, Fitzgerald, Milkovich, Schaffer, Marnicki  
Nays 0

Resolved the Board enter into Executive Session for the purpose of discussing a disciplinary action in the Highway Department. The time was 7:00 PM.

On a motion of Councilman Majewski, seconded by Councilman Milkovich, the following was

**ADOPTED** Ayes 5 Majewski, Fitzgerald, Milkovich, Marnicki, Schaffer  
Nays 0

Resolved the Board leave the Executive Session and resume the open meeting. The time was 7:23 PM.

**COMMITTEES**

**7.1 PUBLIC WORKS**

1. Request to approve submitting to Auction International a 1999 GMC 3500 4X4, miles 40,677 Councilman Milkovich indicated that Water Superintendent Groats hopes to sell this vehicle for between 8 and 9 thousand dollars. This vehicle will not be replaced.

**OK**-This item will be placed on the Agenda for a vote at the next Regular Meeting of the Town Board.

2. Request to approve advertising on April 3, 2013 for laboratory water analysis with bids to be opened on April 18, 2013 at 2:30pm

**OK**-This item will be placed on the Agenda for a vote at the next Regular Meeting of the Town Board.

3. Request to approve advertising on April 3, 2013 for Pipe Bursting with bids to be opened on April 18, 2013 at 2:00pm

**OK**-This item will be placed on the Agenda for a vote at the next Regular Meeting of the Town Board.

4. Request for Gary Campo, Town Engineer to sign the NYSDOT Equitable Business Opportunities (EOB) system. This agreement will be used for the billing of the Section 2 Rail Trail

**OK**-This item will be placed on the Agenda for a vote at the next Regular Meeting of the Town Board.

5. Request to rezone 2611 Old Owego Rd., BCTMP#172.70-1-15 from ID to C-2. The site is adjacent to the exiting Creekside Dental. Please arrange to advertise on April 10, 2013, for a Public Hearing on April 24, 2013.

**OK**-This item will be placed on the Agenda for a vote at the next Regular Meeting of the Town Board.

**7.2 FINANCE**

**1. Warrants** 2013 –12 2013 - 12E 2013 – 11E 2013 – 12L 2013 - 11

**OK** - This item will be placed on the Agenda as a Receive and File item at the next Regular Meeting.

**VESTAL TOWN BOARD WORK SESSION MINUTES**  
**MONDAY, MARCH 25, 2013**

2. Request for budget transfers for Highway Department needed to cover salt and sand needs and snow overtime as per memo from Comptroller McKane dated March 21, 2013

**OK**-This item will be placed on the Agenda for a vote at the next Regular Meeting of the Town Board.

**3. BOND RESOLUTION DATED MARCH 27, 2013.**

A RESOLUTION AUTHORIZING, SUBJECT TO PERMISSIVE REFERENDUM, THE town's share of a rail trail project, IN and for THE TOWN OF VESTAL, BROOME COUNTY, NEW YORK, AT A MAXIMUM ESTIMATED COST OF \$225,000, AND AUTHORIZING THE ISSUANCE OF \$225,000 BONDS OF SAID TOWN TO PAY part of THE COST THEREOF.

**OK**-This item will be placed on the Agenda for a vote at the next Regular Meeting of the Town Board.

**7.3 PERSONNEL** – no items were brought for Board approval

**7.4 PLANNING & ZONING** –

1. Request by The Vestal Historical Society to use the library parking lot on May 10, 2013 and September 27, 2013, for a Doug's Fish Fry Fundraiser and to waive the peddler permit fee.

**OK**-This item will be placed on the Agenda for a vote at the next Regular Meeting of the Town Board.

2. Request by Broome County Women's Republican Club to use the library parking lot May 3, 2013 for a fundraising event by Gance's Catering

Councilwoman Fitzgerald noted that this organization sponsors meet the candidates events and awards scholarships to high schools students (several Vestal students were recipients).

**OK**-This item will be placed on the Agenda for a vote at the next Regular Meeting of the Town Board.

3. Request by Boy Scout Troop 221 to use the library parking lot on September 7, 2013 for a Gance's To Go Fundraiser

**OK**-This item will be placed on the Agenda for a vote at the next Regular Meeting of the Town Board.

**7.5 PUBLIC SAFETY** –

1. Request to approve the following fire personnel to attend the following trainings:

A) Firefighter Justin Petcosky and Firefighter Brian Terr ell to attend NYS Outreach Course Fire Officer I at Endwell Fire Department starting April 15th.

B) Firefighter Justin Petcosky and Firefighter Brian Terr ell to attend NYS Outreach Course Rescue Tech Basic at Town of Binghamton Fire Department starting September 7th.

**OK**-This item will be placed on the Agenda for a vote at the next Regular Meeting of the Town Board.

2. Request for approval of the following leases for the Fred Singer Training Site

A) Newark Valley Fire Department

This Lease shall be for the 21<sup>st</sup> day of April of 2013 at the amount of \$100. \*\*\*

B) Chenango Bridge Fire Department

This Lease shall be for the 4<sup>th</sup> day of May of 2013 at the amount of \$100.

C) Town of Owego Fire District (Campville Fire Department)



**VESTAL TOWN BOARD WORK SESSION MINUTES**  
**MONDAY, MARCH 25, 2013**

separates the Court from the rest of the Town Hall will be closed on days that the Court is in session. Moreover, he is talking to the Police Chief about additional measures that can be taken to improve security in the building.

3. Supervisor Schaffer announced that the Southern Tier Volunteer Center, based at the United Way of Broome County has invited the Town to declare National Volunteer Week in the Town for April 20-27, 2013 and asked Board members to join in the press conference on April 19<sup>th</sup> at the Oakdale Mall.

**OK-**This item will be placed on the Agenda for a vote at the next Regular Meeting of the Town Board.

4. Supervisor Schaffer informed the Board that he has instructed Parks Superintendent to explore working with volunteers from Broome Community College to assist in some park projects. Town Attorney Berger advised that anyone doing work on Town property who is not an employee of the Town should sign a volunteer participation form available through his office.
5. Supervisor Schaffer noted that with the budgetary cutbacks, the Parks Department should allow the sports leagues to use some Town equipment to help maintain the fields. The Board feels that people who are authorized to use the equipment should receive some training.
6. Supervisor Schaffer stated that the upstairs of the Coal House is now finished. There has been an incident of vandalism in the Coal House bathroom. It is being repaired by the Parks Department and any expenses will be billed to the Coal House vendor.
7. Several Board members noted that the Easter Egg Hunt was a great success and thanked the Vestal Elks for sponsoring the event.

**UNFINISHED BUSINESS:**

1. Procurement Policy – no new discussion
2. Cold Storage Facility - no new discussion
3. Light District- no new discussion
4. Hazard Mitigation Plan – no new discussion
5. Joint Treatment Plant Regulations -- the Town Engineer and the Water & Sewer Superintendent are tentatively scheduled to address the Board on this issue at the Work Session on April 8, 2013.

**SUPERVISOR'S ANNOUNCEMENTS:**

**Winter Parking Hours** – December 1st - March 31st - 2:00 AM to 6:00 AM

**Adjournment**

On a motion of Councilman Majewski, seconded by Councilwoman Fitzgerald, the meeting was adjourned at 8:15 PM. Carried unanimously.

Respectfully submitted,  
Emil Bielecki, Town Clerk

# Valuation & Assessment of Gas Producing Property in New York State



# New York State Provides Uniformity

- New York State Real Property Tax Law (RPTL) provides a uniform, state-wide method of valuing gas producing properties for real property tax purposes.
- It mandates the assessment of gas properties in production separately from all other interests in the property, such as land and buildings.
- The reason for assessing mineral rights separately from the land itself recognizes the fact that the ownership sometimes differs.
- Before this law, methods of assessing gas producing properties were determined by local assessors and varied throughout the state.

# Overview of Gas Producing Properties

- Gas producing properties are real property for taxation purposes, as are wells, pipes and gas under the land and are assessed separately from all other interests in the property.
- Gas producing properties are assessed as ‘economic units’ and include all real property associated with the exercise of gas rights including the un-extracted gas, gas rights, any and all wells, equipment, fixtures and pipeline necessary to drill, mine, operate, develop, extract, produce, collect, deliver or sell the gas.
- The “gas rights”, not the lease, shall be assessed in the name of the possessor of the rights and stated on the assessment roll



# Who . . . What . . . And Where Is Vestal?

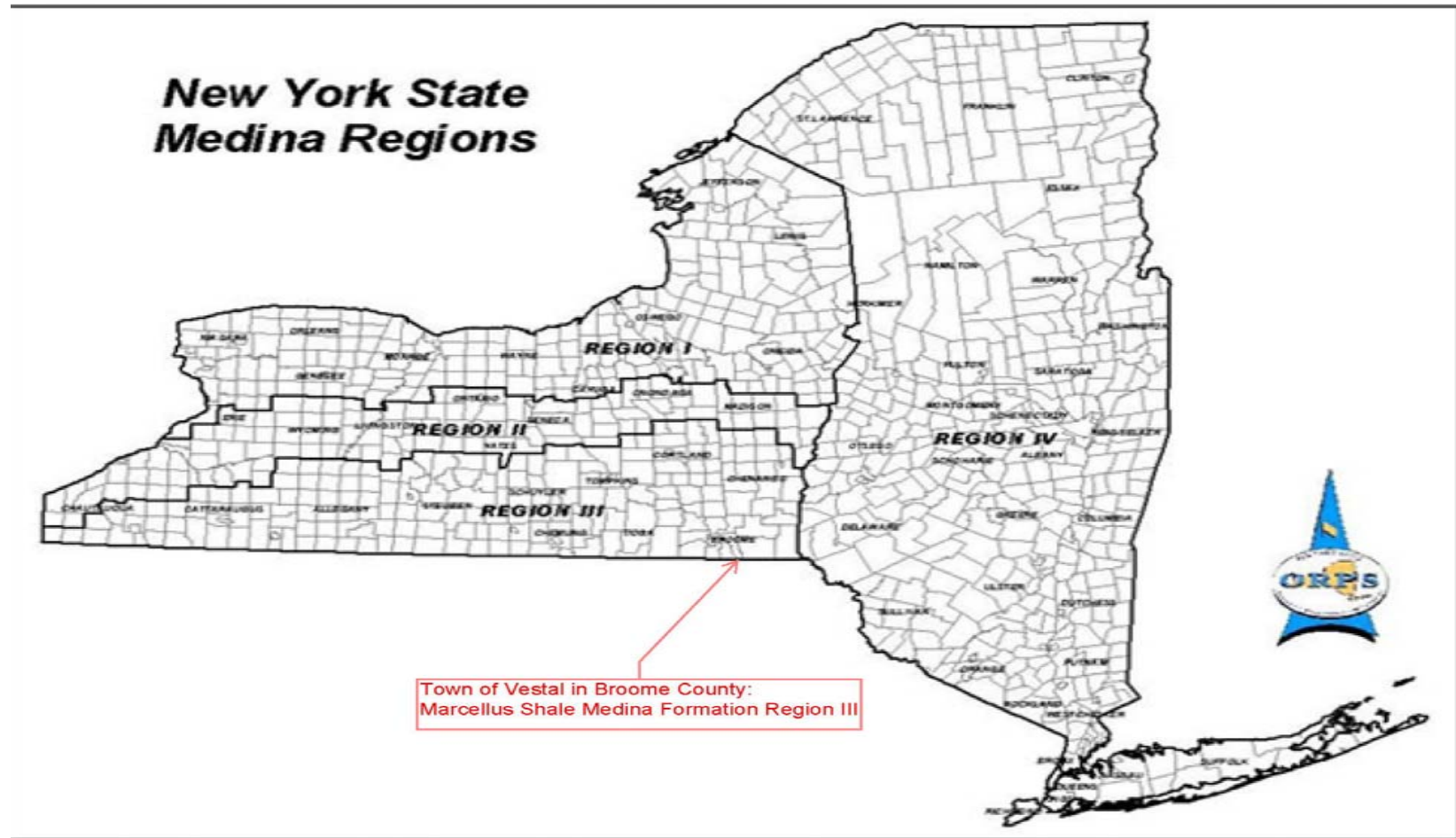
- New York State Office of Real Property Tax Services (ORPTS) gathers economic profile data from the gas producers for the calculation and determination of unit of production values for each geologic region.
- Local assessors gather production data from the gas producers and apply the unit of production values issued by ORPTS to calculate an assessed value for each well.
- The Town of Vestal, along with all of Broome County, is located in the Marcellus Shale Medina Region III of New York State.

# Gas Unit of Production Regions in New York

## Gas Unit of Production Value Regions

1. Medina Region No. 1
2. Medina Region No. 2
3. Medina Region No. 3: All of Broome County
4. Medina Region No. 4
5. Trenton Black River (Deep Well)
6. Onondaga and Oriskany Formations
7. All Other Formations

# Town of Vestal in Medina Formation Regions



# Detailed Responsibilities of New York State

- The New York State Office of Real Property Tax Services (ORPTS) is responsible for annually determining and certifying the appropriate ***unit of production value*** (UPV) to each assessor for use in the assessment of gas rights.
- ORPTS requests economic profile reports from well owners/operators reflecting average income, expense and operating data for the five calendar years preceding the year in which the UPVs are to be certified.
- To determine ***unit of production values***, ORPTS uses a “discounted net cash flow” approach to reflect depreciation, depletion, income, capital investments, royalties and operating expenses plus a Rate of Capitalization that shall not be less than 17.5%.
- The gas unit of production is expressed in dollars per

# Responsibilities of the Assessor

- Local assessors request production data from well owner/operators each year.
- Annually the assessor receives certified ***unit of production values*** for each geologic region from ORPTS.
- The assessor derives the assessed value for each economic unit by multiplying the selected unit of production value times the annual well production and then times the equalization rate.

# The Bottom Line

**Unit of Production Value** (as determined  
by NYSORPTS)

X

**Production of Well** (as reported to Assessor)

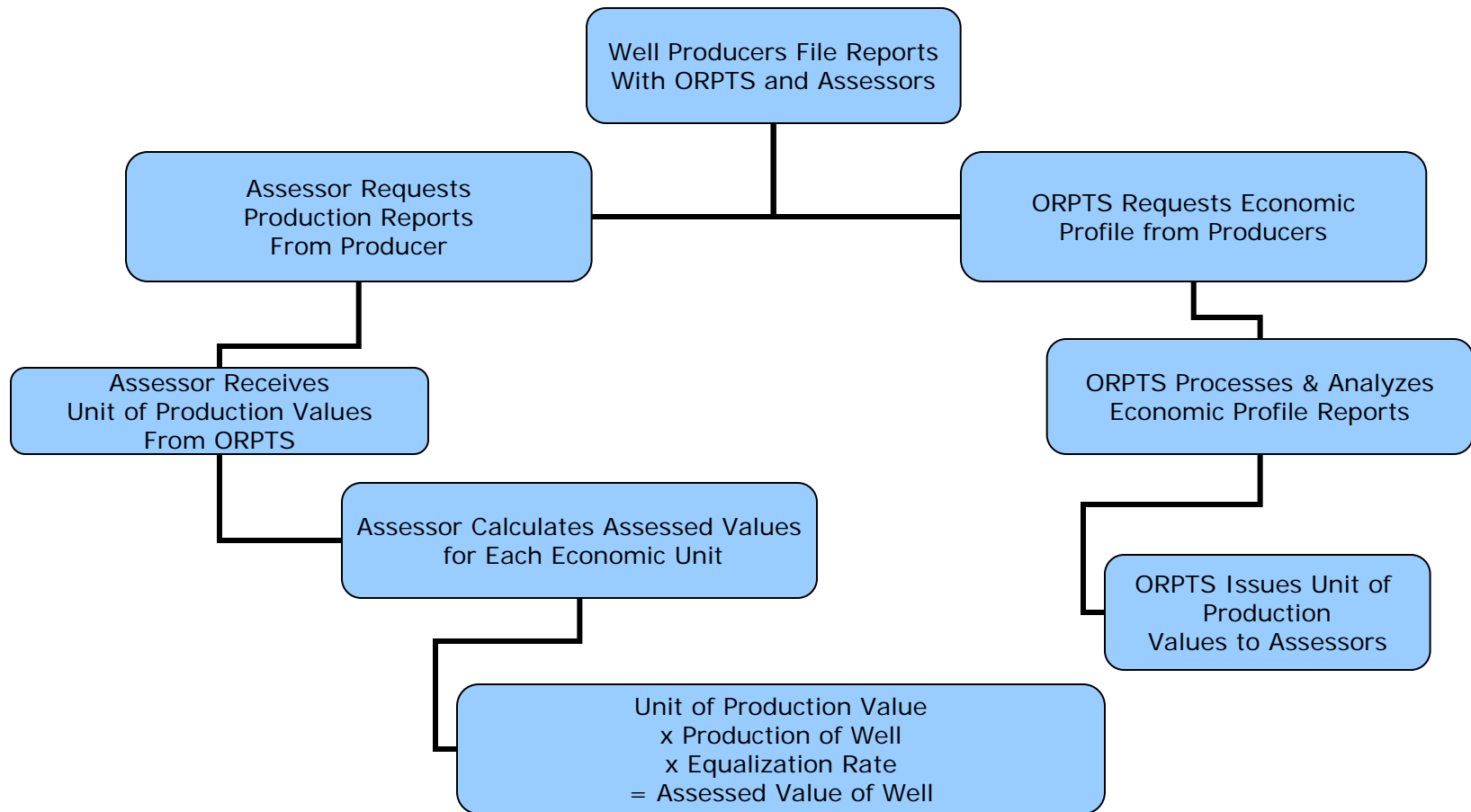
X

**Equalization Rate** (as determined by  
NYSORPTS)

---

= Assessed Value of Well

# Process Flow of Assessment Procedure



# In Summary . . .

- The methodology for the valuation of producing gas properties is as follows:
  - 1. Attain the production decline rate of a field from past operation and the current production for the year of the appraisal to calculate the total production over the economic life of the well.
  - 2. Use the price per thousand cubic feet (MCF) of gas and the expense for production of the gas to project the income stream for the economic life of the well.
  - 3. Apply the rate of return to the income stream to yield the value of the reserve.

NOTE: The unit of production value, when multiplied by the annual production for the economic unit, yields the full value of the economic unit. This value is the value of the reserve, not the value of the annual production, but a function of the production.