



# How did Potsdam become the most fiscally-stressed village in the state? (https://www.northcountrypublicradic did-potsdam-become-the-most- fiscally-stressed-village-in-the-state)

BY LAUREN ROSENTHAL (INVESTIGATIVE REPORTER AND PRODUCER) (/NEWS/REPORTERS/115/LAUREN-ROSENTHAL), IN POTSDAM, NY



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The downtown strip in Potsdam Village. Photo: John Marino (<https://www.flickr.com/photos/jj26/4298758290/>), Creative Commons, some rights reserved

## Listen

Mar 10, 2016 — It has been five years since voters in Potsdam had to decide if they were ready to dissolve their village. They answered with a loud no. By a two to one margin, people wanted to keep the village together instead of merging with the surrounding town of Potsdam. But since then, the village has gone into financial free-fall. A big infrastructure project ate up local funds. Now, Potsdam is officially the most distressed village in the state.

There are no obvious signs. Standing in the center of Potsdam on a weekday afternoon, a steady stream of cars rumbled past carrying students and professors from nearby universities and hospital employees in search of a quick lunch.

But according to a new analysis from the state comptroller, Potsdam has the highest fiscal stress rating of any village in New York. Over the last three years, Potsdam burned through most of its cash reserves. Last year, Potsdam had to borrow half-a-million dollars just to make sure village employees would get paid. “If we continue on the same trajectory we are now, we’d be bankrupt,” said Village Administrator Everett Basford.



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(<https://www.northcountrypublicradio.org> than a million dollars in village funds.

The aging East Dam hydro plant, pictured here, is in need of repair. The relatively new West Dam is running \$1.6 million over budget. Photo: Jimmy Wayne (<https://www.flickr.com/photos/auvet/2594382670/>), Creative Commons, some rights reserved

Basford said Potsdam has been bled dry mostly, by its new municipal dam.

Building a second hydropower dam on the Raquette River was supposed to guarantee a new source of revenue. But the project seemed doomed from the start almost a decade ago. Eventually, a Canadian contractor ran off with more

There were lawsuits, mechanical failures, and lots of extra bills.

In order to pay them off and cover operating expenses, Basford said the Village Board voted to use \$1.6 million

in cash reserves. “You can liken that to using your savings to pay for today’s living expenses,” Basford said. “But you can’t do that forever. And where we find ourselves today is that we still have those living expenses, however, our savings is gone.”

On top of that, the original hydro dam that Potsdam operated for decades broke down. Basford said the village can’t afford to fix it without raising taxes, which puts more pressure on a limited number of property owners. Rose Rivezzi has lived in Potsdam Village for 40 years and owned her own home for more than 30 of them. She said there aren’t a lot of new buyers coming in. “Often, I hear of a

friend who's looking for a house; they're new to the area, they're looking for a property," Rivezzi said. "Even the real estate agent sometimes will say, 'Oh, the taxes are so high here. But let me show you some places just outside.'"

Potsdam Village only covers about five square miles. In addition to its restaurants, bars, shops, and food co-op, there are two big universities, a hospital, and a handful of churches. Rivezzi said those are great amenities, but they are exempt from local taxes and they make up most of the property in the village.

That means a small group of people pay for all the services in Potsdam. If your house is worth \$150,000, you might get a \$2,400 bill from the village. "Entities that exist in the village benefit our whole county, our whole big community," Rivezzi said. "Maybe the time is ready to make the shift, where all that burden doesn't fall on just the people who have chosen to live in the village."

It is happening slowly, but there are signs of a shift. Rivezzi serves on Potsdam's town council. She said there has been more cooperation between town and village officials. They recently teamed up to provide recreation services, and the town took over when the village dissolved its court. But those are both small savings compared to what the village might need in the future.

Walking down a side street this week, Village Board member Steve Warr said the problem is buried – literally. "You know, like any other village in New York State, this is a 200-year-old village," Warr said. "There are water lines under the road that are 80 years old. There are sewer lines under there that are 80 years old. This type of infrastructure fails. When it fails, you have to have money to support it."

Warr said those costs need to be spread out among more people, so dissolving the village should be back on the table. Warr was on the committee that studied dissolution five years ago. Back then, there were too many unknowns about how public services like police and the fire department might change. Warr said people wanted to avoid that and they didn't mind paying extra taxes. "The answers that I heard the last time were, 'Eh, it's \$200. Eh, it's \$300,'" Warr said. "Well, \$200

becomes \$300 becomes \$400 becomes \$500. Does [that] become an issue? I don't think we can go up high enough in taxes to solve our problems without dissolving, and I don't think we can grow."

One thing seems certain, however, the state is unlikely to bail them out. Governor Cuomo has made it clear that he wants less local government. Everett Basford, the village administrator, said he's not counting on help. "The state generally encourages dissolution," Basford said. "To come to our rescue, to help us out with this situation, would kind of go against that whole momentum that they seem to have created."

But dissolution isn't officially back on the table, at least not yet. Over the next few weeks, the village will work on writing a new budget. The board will also get a second opinion on how much their troubled hydro dams are worth. Board members can then decide whether to sell off one or both of them, or risk the cost of repairs and hope someday they will earn enough money to put the village back on stable ground.

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