



*A Review of New York State's Local Government
Landscape and Consolidation Experience*

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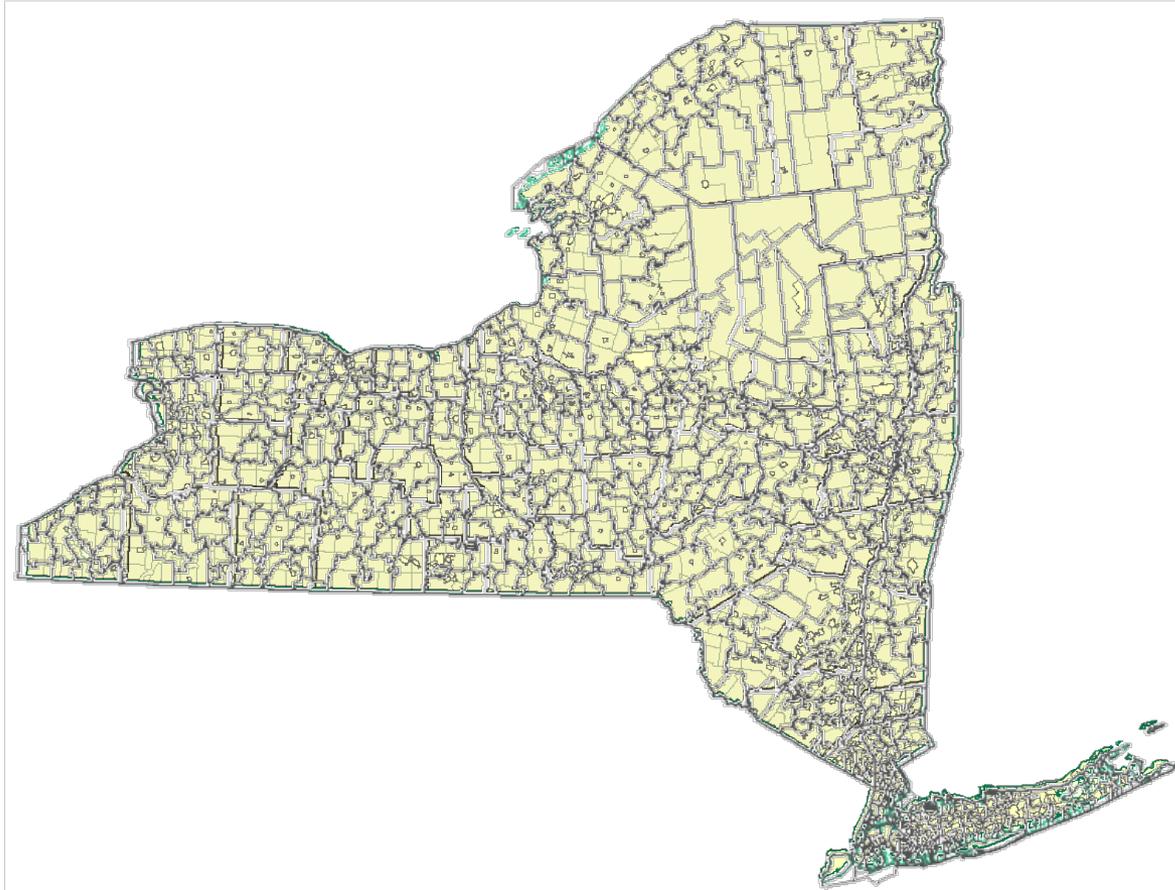
About CGR | Who we are

- ▶ Founded in 1915, we've been at the forefront of local government efficiency / management for *97 years*
- ▶ Independent 501-c-3 nonprofit headquartered in Rochester, NY
- ▶ Provide independent management consulting and implementation support to local governments throughout New York, New Jersey, Massachusetts, Ohio
- ▶ Practice areas include government management, public finance, economic analysis, human services, education, health, shared services and consolidation

Goals for Today

- ▶ Provide an overview of New York State's Local Government Structure
- ▶ Review the context for why consolidation is on people's minds and the structures in place to help make it possible in NYS
- ▶ Provide examples of consolidation and share how communities in NYS often frame the consolidation/annexation discussion
- ▶ Offer some strategies for people interested in continuing consolidation discussions

NYS Government | A Patchwork Quilt



NYS Government | Over 11,500 Units

- ▶ General Purpose Local Governments (1607)
 - ▶ 57 Counties (plus the 5 in NYC)
 - ▶ 62 Cities
 - ▶ 932 Towns
 - ▶ 556 Villages
- ▶ Special Purpose Local Governments (1811)
 - ▶ School - 685
 - ▶ Fire - 867
 - ▶ Library - 181
 - ▶ Commissioner Run - 78
- ▶ Other Governmental Entities (1302)
 - ▶ Authorities, BOCES, IDA's, etc.
- ▶ Special Districts (6,927)

General/Special Purpose Governments vs. Special Districts

- ▶ **Governments** have an oversight board with authority to tax.
 - ▶ General governments are responsible for entire communities
 - ▶ Special purpose governments focus on one service (e.g. Fire/Library)
- ▶ Special districts are managed by local governments, in many cases town governments.
- ▶ ***Taxes associated with each of these appear to be “overlapping”, but the purposes are often unique and necessary to assure equity in allocating costs.***

Statewide Local Government Changes Since 1920

▶ Cities

- ▶ 3 new cities (last one incorporated in 1942)

▶ Villages

- ▶ 125 villages formed
- ▶ 45 villages dissolved (Only 1 under new law)
- ▶ 17 villages rejected dissolution since 2008

▶ Towns

- ▶ 2 towns dissolved
- ▶ 2 towns created (part of co-terminous town/villages)

▶ School Districts

- ▶ Between 1900-1970 the number of districts declined from 10,000 to 700. Since 1980, 37 more dissolved or consolidated.
- ▶ Only 5 have been created since 1980.

Why are citizens interested in restructuring government?

- ▶ Multiple layers create perceived excesses in taxes paid to local governments (and confusion)
- ▶ According to the Tax Foundation, Between 2005-2009, NYS counties occupied the **top 15 places** nationally in regards to average median property taxes paid as a percentage of home value
 - ▶ ***22 of the top 25 counties were in NYS***
- ▶ During the same period, 3 of the top 10 counties for median property taxes paid were in NYS – Others in the top 10 were from NJ

NYS Landscape is changing

- ▶ Property tax cap (2% - includes override provision)
- ▶ Decreasing state and federal funding to local governments and programs – net impact is higher costs borne locally
- ▶ Increasing expectations and service demands
- ▶ Fixed costs (pension, health) are rising fast
- ▶ There's a finite pie: costs of one area or sector impacts the slices available to others
- ▶ All sectors exploring and determining if, how and when shared services makes sense

Why sectors are exploring shared services: Money

- ▶ Cost savings
 - ▶ Cost containment
 - ▶ Cost avoidance
 - ▶ Economies of scale
 - ▶ Expected to do more with less
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- ▶ **Concept:** Costs less in both time and money to have 1 person buy 10 things than 10 people to buy 1 thing each.
 - ▶ **Reality Check:**
 - ▶ Savings are often minimal at the start 2-6% range
 - ▶ Tipping point will vary for each community and group

Other reasons to explore shared services: Resources

- ▶ Leverage expertise – best practices (professionals)
- ▶ Power in numbers – advocate with louder voice
- ▶ Deeper bench – handle staff turnover
- ▶ Better opportunity to meet criteria/standards
- ▶ Equity and access – remove boundaries
- ▶ Redirect resources to other neglected areas
- ▶ Better processes to reduce redundancies
- ▶ Proactively explore options to best answer constituents
- ▶ Promote economic development

Former Consolidation Law (Prior to 2010)

- ▶ Law allowed for Consolidation, Dissolution, Annexation
- ▶ Two methods to initiate
 - ▶ Local Board Resolution
 - ▶ Citizen Petition
 - ▶ *1/3 Village Registered Voters*
- ▶ *Once Initiated, a study was required*
- ▶ Under a Local Board Resolution, the board was responsible to review the study and determine whether it “was in the best interest of the voters” – If not, no vote
- ▶ Under Citizen Petition, a vote was required either way

Consolidation Law Changed (March 2010)

- ▶ Law still allows Consolidation, Dissolution, Annexation
- ▶ Retains two methods for initiation
 - ▶ Local board resolution
 - ▶ Local board responsible to develop a dissolution plan and decide whether to put it to public referendum
 - ▶ Citizen Petition
 - ▶ ***Threshold changed to 10% of registered voters***
 - ▶ ***Public Referendum held absent a dissolution plan***
 - ▶ If approved, a dissolution plan is developed
 - ▶ Another public referendum held on dissolution plan
 - ▶ ***Initiative can fail at either public referendum***

Local Government Examples

- ▶ The basic hypothesis



- ▶ Intuitively, many believe that greater scale and elimination of redundancy will create efficiency
- ▶ The push to **consolidate** or **share services** typically starts with the **belief that *fewer is better***

Local Government shared services examples

- ▶ DPW/Highway **sharing equipment**
 - ▶ Handshake to formal purchasing of equipment
- ▶ **Sharing staffing:**
 - ▶ utility billing between two municipalities provided by a single shared clerk (sewer/water)
 - ▶ Code Enforcement – one person serving Town and Village
- ▶ **Regional Service Delivery:**
 - ▶ Fire Services – serving multiple municipalities to share equipment, capital and staffing

Key Themes for Shared Service and Consolidation Discussions

- ▶ Leveraging size and resources of many to benefit all
- ▶ Creatively thinking of how to work outside perceived barriers
- ▶ Balance with desire for local control and local identity
- ▶ All parties must win a little (or at least not lose)
- ▶ Crisis open us to new ideas of change (harder if the cliff isn't here yet)
- ▶ Incentives to explore and implement shared services play a significant role
- ▶ **HOW** shared service discussions are started matter most (top-down vs. bottom-up)
- ▶ **Need a champion** in place to carry the ball all the way through or DOA

Three major conceptual challenges

- ▶ The *destination* has not been well defined
 - ▶ No one has designed “the model” for the most efficient form of local government/school district/regional organization
- ▶ **Efficiency ≠ Cost Savings**
 - ▶ They are *not necessarily* the same thing
 - ▶ People want efficiencies to reduce costs, but are often unwilling to change the largest cost centers
- ▶ Decision to change affects the **head and the heart**
 - ▶ Prospect of savings vs. community or organizational identity
 - ▶ Savings of as much as 45% may still be insufficient to bridge the leap of faith (Princeton 5% savings to Johnson City 45%)

These are **emotional** community discussions

- ▶ Recognize these conversations are **uncomfortable**
- ▶ Unknown territory
- ▶ Range of views on what the future will hold
- ▶ Often prompted by **crisis** or top-down (not proactive choice)
- ▶ Requires working through “**what ifs**”
- ▶ Requires **trust**
- ▶ Requires articulating **vulnerabilities** and **concerns** about the future

Case Study: Seneca Falls

- ▶ Village of 6,600, Total Town of 9,000
- ▶ Started with a goal of promoting economic development
 - ▶ Recommendation was to consolidate
 - ▶ Goal was partnership and synergy for econ develop
- ▶ Studied consolidation resulting in a recommendation to pursue dissolution of the Village
 - ▶ Revenue sharing imbalance caused significant tax disparity
- ▶ Developed a dissolution plan
- ▶ Original goal got side-tracked
 - ▶ Revenue sharing debate
 - ▶ Identity
 - ▶ Control

Case Study: Seneca Falls

- ▶ Cost Savings
 - ▶ Around 7.5%
- ▶ Tax Savings
 - ▶ Projected 50% for Village residents
 - ▶ Actual came in at closer to 60%
 - ▶ **BIG** tax shift to the TOV (150% in some cases)
- ▶ ***Considerations***
 - ▶ Every community will be different.
 - ▶ Cost and Tax savings are not the same: Not shared equally
 - ▶ Harder and harder to strip out costs from local government
 - ▶ *Not so hard to shift costs and tax burdens*

Case Study: Perrysburg

- ▶ Small Village of 350 people (Town of 1800)
- ▶ Providing minimal services with some PT employees
- ▶ Biggest cost was “Administration” of the Village
- ▶ Fire was already independent
- ▶ No police
- ▶ DPW was PT and worked closely with the Town
- ▶ Tax base had dwindled with loss of big state agency and some business
- ▶ Dissolution simply was a natural next step in their evolution as a community

Case Study: Hamlin-Morton-Walker Fire Districts

- ▶ Located in NW Monroe County
- ▶ Pre-emptive attempt to study the merits of merging fire districts because of rising costs, loss of volunteers
 - ▶ Training, insurance, capital replacement, manpower
- ▶ Nature of fire service has changed from fire suppression to predominantly EMS
- ▶ Cost savings is around 5%
- ▶ Streamlined organizational structure
- ▶ Better opportunities for volunteers
- ▶ Fear of loss of control, identity for local fire companies in addition to loss of response time and level of service

Lessons from Case Studies

- ▶ True cost savings is often minimal
- ▶ Big services (police, fire, highway/DPW) are the cost drivers in most communities
 - ▶ Most people don't want to lose their services
- ▶ Identity and control tend to trump cost in the end
 - ▶ Unless the tax impact is “significant” which is more about cost/tax shifts than true savings
- ▶ Streamlining, efficiency, reducing layers, economic development tend to be secondary issues for voters/citizens

Common Concerns/Themes

- ▶ Revenue/Cost shifts
- ▶ Tax shifts
- ▶ Diminished service
- ▶ Loss of Identity
- ▶ Shared/Loss of Control
- ▶ Fears of unknown
 - ▶ Future State Aid
 - ▶ Legislation (if necessary)

Strategizing for Governmental Reform

- ▶ Stakeholder buy-in
 - ▶ Local, County, State, Private/Business
- ▶ Shared vision of a new structure
 - ▶ Clearly identified and articulated goals
- ▶ Long term commitment
 - ▶ Counter to typical politics
- ▶ Commitment to holding service levels constant while trimming costs
 - ▶ Only possible by leveraging multiple stakeholders
- ▶ Policy/fiscal initiatives to deal with cost/tax shifts

Strategies to engage in future discussion

- ▶ Financial analysis of regional spending on services
 - ▶ Regional Spending Heat Map
- ▶ Asset Mapping
- ▶ Synergize with Regional Economic Developers
 - ▶ What points hinder growth/expansion
 - ▶ Infrastructure?
 - ▶ Taxes?
 - ▶ Single point of contact?

Conclusion

- ▶ Government reform requires champions with long-term commitment
 - ▶ Consolidation is not a panacea, particularly if the primary cost drivers are not addressed
 - ▶ Many different strategies can make an area more competitive, less costly, more streamlined
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- ▶ ***Develop informed strategies***

Q&A and Discussion

- ▶ Contact Info

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