

# Shared Services

There is little argument that sharing services on a voluntary basis often makes sense, and that efforts to expand the number and variety of cooperative services should be encouraged. The spectrum of intermunicipal arrangements that can achieve cost savings or service enhancement is very broad, which can be learned from the reports cited below, as well as the local initiatives process associated with the Commission on Local Government Efficiency and Competitiveness.

A variety of county, regional, and state organizations have produced reports on intermunicipal cooperation and shared services. Many of those reports are already available on the website of the Commission on Local Government Efficiency and Competitiveness at [www.nyslocalgov.org](http://www.nyslocalgov.org). Some of those reports have inventoried county and regional shared service activities, or provided examples of cooperative agreements. One unique inventory was done by the [Intergovernmental Solutions Program \(IGSP\)](#) at the University of Albany. They developed a snapshot of consolidation activities among municipalities over the course of a week in September of 2004. While they found considerable activity with respect to cooperation, including joint planning, resource sharing, joint operations agreements, service agreements, and consolidation initiatives, they also found that no comprehensive list of services being shared by municipalities around New York State exists.

## **Prevalence of Shared Service Agreements**

The Office of the State Comptroller (OSC) report, *Intermunicipal Cooperation and Consolidation: Exploring Opportunities for Savings and Improved Service Delivery* (2005), has come the closest to providing a statewide perspective on shared services. OSC data indicate that local governments report \$575 million annually in revenues for services provided to other local governments through a minimum of 3,332 cooperative agreements between local governments statewide. The OSC data cover both service agreements, such as when one local government contracts to provide a service to another for an agreed upon charge, and joint agreements, such as when two or more local governments work together to share in the provision of a service.

OSC data show that the types of shared services with the most significant revenues include group self insurance, snow removal, public protection, fire, health, and sewer and garbage agreements. When measuring by revenue generated, counties accounted for the largest share of service agreements, followed by towns, cities, villages, and school districts. However, revenue figures are not a true measure of the amount and type of cooperative agreements that are in place in the state. Many such agreements are done informally and are thus not reported to OSC.

In 2005 the Senate Local Government Committee surveyed local officials to identify the extent to which they were sharing services with other municipalities. The most common shared services among the 229 municipalities responding were between town and village highway departments and ranged from sharing of equipment to virtual mergers. Most



respondents shared more than one service. Those agreements also ranged from formal intermunicipal agreements to simple handshake agreements.

Monroe County Common Areas of Cooperation
<ul style="list-style-type: none"><li>• Maintenance of highways</li><li>• Parks</li><li>• Sharing of equipment</li><li>• Fuel and other commodity purchase and storage</li><li>• Mutual aid for public safety services</li><li>• Recreation programming</li><li>• Civil Service</li></ul>

Several county and regional organizations have released shared service studies that provide glimpses at what is important to local government officials in the shared service. For example, in 2001 the Monroe County Council of Governments issued an *Intermunicipal Cooperation Report* that reported that the 21 municipalities in the county responding to the survey had 385 service agreements for 45 different services and functions.

A 1998 report from the Institute for Local Governance and Regional Growth at the University of Buffalo indicated that the 104 municipalities responding to a survey of nine Western New York counties had 264 cooperative service agreements. Over half were either for public works or public safety. Other popular

categories included parks and recreation, financial services such as purchasing, general government, health and human services, and land use planning. Examining those categories in finer detail reveals that the most common collaborative service area is fire protection, followed by water and police services, recreation programs, and tax-related services, roads and snow removal.

In an attempt to gauge current trends in municipal shared services IGSP collected news articles from 17 newspapers related to intermunicipal cooperation and consolidation activities across the state. What they found was evidence of 105 separate projects that were reported in the press between January 2006 and October 2007. Consistent with past studies and assessments of shared services in New York State, the projects that saw the most success with regards to action being taken were in those functional areas that have traditionally found success—public works, shared equipment, water and sewer, etc.

Of the five projects which were outright rejected by either public referendum or a participating municipality's legislative body, all had to do with the functional consolidation of two or more services or entities. The IGSP articles found that in 29 projects where some level of substantive action was taken, it was overwhelmingly (24 projects) in the form of a type of joint operations or cooperative agreement. Additionally, of the actions implemented for those same 29 projects only four were in the form of some functional consolidation of services or municipal entities.

## **What Services Should be Shared?**

The *Oneida County Shared Services Phase II Study: Recommended Priorities for Implementation* (1998) presented a menu of consolidated or shared services that the County could offer its municipalities and school districts on a voluntary basis in order to improve the efficiency of government at all levels. Services were sorted by priority, with Priority A being



the highest. Those services were selected based on the potential value of service in terms of eventual savings; the expected degree of difficulty in implementation; the potential for taxpayer/ratepayer acceptance; and the anticipated level of support or concern by existing employees.

The researchers for the Oneida study found through extensive interviews of local officials that in order for a cooperative agreement to succeed, the following must be addressed:

- The shared service to be provided must be equal or better than the existing service.
- Financial benefits must be demonstrable and meaningful.
- The arrangement must be seen as mutually beneficial and not a 'bail out' for one jurisdiction.
- The parties to the agreement must have an opportunity to back out of the agreement with appropriate notice.
- The discussions leading up to the agreement should involve employee representation.

Oneida County  
Menu of Services: Priority A

- Code Enforcement
- Computerization
- County-Wide Real Property Assessment
- Electricity Purchases
- Grant Applications
- Health Insurance
- Highway Maintenance
- Large Equipment/Vehicle Purchases
- Liability Insurance
- Tax Collection
- Vehicle Maintenance
- Water/Sewer Services

## What Factors Hinder Sharing?

While the Oneida County study focused on what services the County could share with local governments, the concerns expressed by local officials about turning over local services to the county without maintaining ongoing input echo concerns many local officials express in the Western New York study about giving up complete control of their services. They include:

- A concern over loss of control over services and a reduced level of responsiveness by those providing the service.
- Fear over the potential loss of municipal identity if services are provided by workers wearing the uniforms or driving the vehicles of a different municipal entity, such as county workers driving a county truck and taking care of town streets.
- Fear that efficiency will lead to uniformity of service levels, with service levels dropping to a common level instead of rising.
- Fear that larger communities will be favored over smaller ones.
- Concern over the loss of jobs and the loss of a personal level of service that might be provided by a fellow resident of the community.
- Suspicions that costs will increase later as employee bargaining units utilize salary and work rule differences to increase wages and benefits to the level offered by the highest paying community.

Respondents to the Western New York study, *Municipal Cooperative Agreements in Western New York: Survey Findings*, also cited obstacles of a fierce tradition of independence by small jurisdictions, lack of citizen interest, government mandates, state regulations, staff time for preparation of the agreement, staff capacity, and getting the parties to sit down and negotiate.

## **A Framework for Sharing**

A report issued by the Attorney General's Office, *Making Government Work: Intergovernmental Cooperation, Partnering and Consolidation in New York State* (2005), provides a summary of the state laws governing intergovernmental cooperation and consolidation, as well as specific examples of local government efforts to cooperate and consolidate with other local governments. However, questions remain about whether certain sharing arrangements that are not allowed now can be accomplished by statutory change or whether they will require constitutional amendments.

Article IX of the New York State Constitution provides that local governments shall have power to agree to provide cooperatively, jointly or by contract any facility, service, activity or undertaking which each participating local government has the power to provide separately. This grant of authority is expanded upon in General Municipal Law Article 5-G, which says in part, "municipal corporations and districts shall have power to enter into, amend, cancel and terminate agreements for the performance among themselves or one for the other of their respective functions, powers and duties on a cooperative or contract basis or for the provision of a joint service or a joint water, sewage or drainage project.

## **Encouraging More Service Sharing**

Although there is an abundance of shared service activity, most would agree that much more activity should be occurring. Many of the reports discussed above offered suggestions as to what could increase shared services. The suggestions included:

- Incorporate cooperation in deficit-financing requirements.
- Enable official recognition of "hamlets" for dissolved local governments.
- Provide funding for feasibility studies.
- Facilitate cooperative activities by providing better technical assistance from the state, including sample resolutions and model local laws, financial incentives, and revised state statutes.
- Change state laws to facilitate additional cooperative arrangements
- Provide leadership at the appropriate level to help promote and facilitate cooperative agreements.

Many local government leaders are proposing bold new directions for their communities and engaging fellow leaders and the public in frequent discussions on shared services and the potential efficiencies to be found. Nassau County Executive Tom Suozzi is pursuing numerous service consolidation proposals that include back office school functions and



sewer and water services administration. He is drawing a direct link between the high property tax burden in his county with the inherent inefficiencies of multiple layers of government. Tom Santulli, the Chemung County Executive, has led efforts to build consensus for a newly established Highway Services Board in the county; and in 2008 successfully consolidated the county information technology and public works departments with the City of Elmira.

Regardless of the incentives provided, and the potential savings, efforts to promote cooperative agreements may continue to be ignored if the savings will not be significant to the taxpayers when spread out over the entire tax base, and if the tax burden is not heavy enough to motivate people to accept change.

### **State Incentives**

The Shared Municipal Services Incentive (SMSI) grant program began in 2005 when \$2.75 million was provided in the state budget for a competitive grant program to improve the efficiency of local governments through cooperation, consolidation, dissolution or merger. Two hundred sixty-six applications were received representing requests for funding of \$34.6 million. Awards were made to 22 groups of cities, towns, villages, counties and school districts.

For 2006-07, a \$25 million program was enacted with expanded eligibility to include special improvement districts and various types of fire districts. The program was also divided into categories and 46 grants were given out for Shared Services, 16 for Shared Highway Services, 8 Health Insurance grants, and 2 Countywide Shared Services grants.

Shared Municipal Services Incentive Grant Program			
2005-06 Program	Available	Requested	Awarded
Shared Service	\$2.75 M	\$34.6 M	\$2.5 M
2006-07 Program	Available	Requested	Awarded
Shared Services	\$ 5.5 M	\$28.4 M	\$7.8 M
Shared Highway Services	\$ 4.0 M	\$21.8 M	\$3.7 M
Local Health Insurance	\$ 4.5 M	\$ 6.7 M	\$1.6 M
Countywide Shared Services	\$ 1.0 M	\$ 0.5 M	\$0.4 M
Consolidation	\$10.0 M	\$ 0.0 M	\$0.0 M
2007-08 Program	Available	Requested	Awarded
Shared Services	\$15.0 M	\$52.0 M	TBA
Consolidation	\$10.0 M	\$ 0.0	\$0.0

The 2007-08 state budget included \$25 million for the Shared Municipal Services Incentive program. The SMSI program was funded at \$15 million for a range of activities, and modified



to assign priority to applications for initiatives that include distressed municipalities, mergers or consolidations, school districts partnering with other municipalities, shared highway services, shared health insurance, and countywide shared services programs. The application for this program was released on August 29, 2007. Two hundred forty-one applications were received. There were no applicants for the consolidation incentive.

Professor Gerald Benjamin and Rachel John of SUNY New Paltz conducted an analysis of the first two years of the SMSI program and found that with a commitment of a relatively modest amount of resources the program was able to encourage a significant amount of collaborative thinking among rural governments. However, applications were in substantive areas in which collaboration was previously most common and the provision of an incentive did not generate significant efforts in the more challenging functional areas. They also found that the SMSI program produced proposals to buy things together far more often than to do things together. These findings, and others, were considered by the Commission in its recommended enhancements to the shared services grant program which was enacted by the Legislature. More information about the restructured grant program - [Local Government Efficiency Grants](#) - can be found on the Commission website at [www.nyslocalgov.org](http://www.nyslocalgov.org).

