VILLAGES OF PROSPECT, BARNEVELD & REMSEN
JOINT WATER SYSTEM OPERATIONS STUDY

JULY 2011

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PHASE I REPORT – JULY 2011

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I. BACKGROUND

The current economic climate facing many upstate New York communities coupled with the ever-growing costs associated with the operation and maintenance of municipal services such as domestic water supply and distribution, has prompted the Villages of Prospect, Barneveld, and Remsen to evaluate potential joint ventures between their communities. As a result of this need, the communities formed a committee which includes representatives from each Village to evaluate the possible cost benefit that shared services could provide their communities.

This study is made possible with funds provided by the New York State Department of State Local Government Efficiency Grant Program and through the efforts of the New York State Tug Hill Commission, a division of the Department of State. The objective of this study is to determine the feasibility and cost benefit of consolidating the day-to-day operation of each community's water system into a shared service between the communities. In support of that objective, this study will examine operator requirements, the equitable distribution of time and cost of each system in a joint operator model, cost savings through joint purchasing, shared meter reading and billing, modernization of records, recommended suitable rate structures, and market rate salaries for water system operators.

The study will be conducted in two phases, with Phase I evaluating the feasibility of a shared water treatment operator to oversee the operation and maintenance of each respective water system through an inter-municipal cooperative agreement, hereinafter referred to as a "Joint Agreement". Phase II, when authorized, will evaluate the implementation and cost benefit of shared services based on the assumption that the conclusions of Phase I will recommend joint operation of the water systems.

Preliminary project documents (i.e. the Study RFP and Phase I & II Menu Items) have been include in Appendix A for reference.

II. EXISTING WATER SYSTEMS

The Villages of Prospect, Barneveld and Remsen are located along the eastern border of Oneida County. The Villages of Prospect and Barneveld are located in the Town of Trenton, and the Village of Remsen is located partially in the Town of Trenton and Town of Remsen. The Villages are located within five (5) miles of one another with portions of their respective water systems located within one (1) to three (3) miles of one another. A map detailing the proximity of the Villages and their respective water systems is presented in Appendix B.

A. Village of Prospect Water System

The Village of Prospect water system (a.k.a. the James E. Barrett Water District) provides potable water to a population of approximately 330 (2000 Census) through 153 service connections. These connections are unmetered and predominantly serve residential customers. Data obtained from the Village's water production reports from January 2009 to December 2009 indicates that the current Average Daily Demand and Maximum Day Demand of the water system are 24,239 gallons per day (gpd) and 55,800 gpd, respectively.

The water source for the Village consists of three drilled groundwater wells located northeast of the Village. A well control building located at the well site houses the well controls, production meters and disinfection facilities. Well water is disinfected with sodium hypochlorite prior to

distribution. The distribution system is comprised of 6" and 8" PVC water mains that were installed circa 1984. According to Village operations personnel, the distribution system is in good condition with leaks seldom occurring.

The Village has two (2) water storage tanks which maintain system pressures and provide finished water storage. The primary storage tank is a 183,000 gallon glass-lined steel tank located at the well field site. The other storage tank, currently utilized as a reserve tank, is a 35,000 gallon painted steel stand-pipe located just south of the well site.

Based on a Sanitary Survey conducted by the Oneida County Health Department in September 2008 and the Annual Drinking Water Quality Report for 2009, the water system is reported to be in general compliance with the applicable state drinking water operating, monitoring and reporting requirements and has addressed all recorded deficiencies.

The water system currently operates on an annual budget of $56,834. Residential customers within the district pay a quarterly fee of $94.02 for water service, and Commercial/Non-Residential users pay a quarterly fee of $106.03 for service.

B. Village of Barneveld Water System

The Village of Barneveld water system provides potable water to a population of approximately 332 (2000 Census) through 170 service connections. All connections to the water system are metered and predominantly serve residential customers. Data obtained from the Village's water production reports from March 2009 to February 2010 indicates that the current Average Daily Demand and Maximum Day Demand of the water system are 47,287 gpd and 84,000 gpd, respectively.

The water source for the Village consists of a system of springs located along Church Street in the Town of Trenton near the Village of Prospect. An existing control building at the spring site houses the disinfection facilities, booster pumps, and collection well for the springs. Water flows by gravity from the spring site through a 2-mile long 4-inch diameter transite or asbestos-cement transmission main to a 150,000 gallon painted steel storage tank located off of Sand Road in the Town of Trenton. Distribution system pressures are maintained by the water level of the storage tank which is monitored by the system operator who currently inspects the storage tank every other day to determine when to operate the booster pump. The distribution system, constructed circa 1939, consists of over 8 miles of 4-inch, 6-inch and 8-inch cast iron and transite or asbestos-cement water mains. According to Village operations personnel, the distribution system experiences a fair number of annual leaks.

The Village of Barneveld's spring water source was determined to be Groundwater Under the Direct Influence of Surface Water (GWUDI) by the Oneida County Health Department requiring additional treatment to meet current NYSDOH Surface Water Treatment Standards. The Village is in the process of constructing a new water filtration building and storage tank at the existing spring site to address its water quality issues. The new filtration building will be equipped with cartridge filters. The new 33,000 gallon glass-lined water storage tank will provide contact time for disinfection via sodium hypochlorite injection prior to the tank. The new storage tank will also control the water level of the existing storage tank, thereby eliminating the need for Operations staff to manually monitor storage tank levels.

Based on the Annual Drinking Water Quality Report for 2009, the water system is reported to be in general compliance with the applicable state drinking water operating, monitoring and reporting requirements with the exception of a few minor infractions that were promptly addressed. The Village is addressing its spring water source GWUDI designation, which is scheduled to be fully operational in late 2010 or early 2011.

The water system currently operates on an annual budget of $60,014. Customers within the Village pay $45.00 for a minimum of 10,000 gallons, and $4.50 per thousand gallons in excess of 10,000 gallons. Customers outside the Village pay $75.00 for a minimum of 10,000 gallons and $7.50 per thousand gallons in excess of 10,000 gallons. The system currently has one agricultural customer that is charged $18.00 for a minimum of 10,000 gallons and $1.80 per thousand gallons in excess of 10,000 gallons.

C. Village of Remsen Water System

The Village of Remsen water system provides potable water to a population of approximately 531 (2000 Census) through 200 service connections. The service connections in the system are metered and predominantly consist of residential connections. Data obtained from the Village's water production reports from October 2009 to June 2010 indicates that the current Average Daily Demand and Maximum Day Demand of the water system are 52,256 gpd and 84,200 gpd, respectively.

The water source for the Village consists of two drilled groundwater wells located northeast of the Village in the Town of Remsen. A recently constructed water treatment building that provides pH adjustment, aeration, filtration, and disinfection by means of sodium hypochlorite injection is located at the same site as the wells. This facility began operation in October 2009 and was constructed with financial assistance from the Drinking Water State Revolving Fund administered through the New York State Environmental Facilities Corporation. The distribution system consists of 8-inch and 4-inch cast iron mains and a 6-inch cast iron main that extends outside the Village along Prospect Road that served as the transmission main for the Village's former well source. These mains were installed circa 1934 with small sections of 8-inch ductile iron and PVC mains recently installed. According to Village operations personnel, the distribution system is in good condition with leaks seldom occurring.

In 2007 the Village constructed a new 300,000 gallon glass-lined steel water storage tank which is located on the opposite side of the Village from the water treatment facility and well field, in the Town of Trenton. This tank maintains system pressures and provides finished water storage for the Village. There are two (2) abandoned steel water storage tanks at the same location that are being decommissioned.

Based on the Annual Drinking Water Quality Report for 2009, the water system is reported to be in general compliance with the applicable State drinking water operating, monitoring and reporting requirements and has addressed all recorded deficiencies. The Village has recently begun testing for Trihalomethanes (THMs), the byproducts of chlorine disinfection.

The water system currently operates on an annual budget of $119,275. Residential customers within the Village pay a quarterly base fee of $86.00 plus $0.04 per gallon consumed up to 50,000 gallons, and $0.03 per gallon for water consumption in excess of 50,001 gallons. Residential customers outside the Village pay a quarterly base fee of $96.00 plus $0.05 per

gallon consumed up to 50,000 gallons, and $0.04 per gallon water consumed in excess of 50,001 gallons.

D. Notable Water System Infrastructure Limitations

As of September 2010, the three respective water systems appear to be in general compliance with Federal, State and Local Drinking Water regulations.

The Villages of Remsen and Barneveld are completing, or have recently completed, capital improvement projects to address source water quality issues facing their respective water supplies. Therefore, the treatment works for these communities are new with no upgrades anticipated in the near future. It is anticipated that the Village of Prospect will be able to rely on its relatively high quality well source and simple treatment works without the need for any significant capital improvements in the foreseeable future.

Unfortunately, like many upstate New York communities, the Villages of Remsen and Barneveld should anticipate having to address issues with their aging, predominantly cast-iron distribution systems. These communities should consider incorporating a distribution system replacement plan into their comprehensive plans to facilitate future water main replacement. Additionally, the Village of Barneveld should consider appropriating funds to replace their aging 4-inch transite or asbestos cement & cast iron transmission main that extends from their spring source to their water storage tank. According to operations personnel, this main is old and has required the greatest frequency of repairs. Additionally, the Health Department may request this main to be replaced as regulations regarding transite pipe, which contains asbestos, become more stringent.

The Village of Prospect may experience some issues with its distribution system resulting from acts of nature, but the predominantly PVC pipe distribution system should not impose a burden on the community in the foreseeable future.

In general, the communities should anticipate addressing the following issues with their water systems:

- Villages of Barneveld and Remsen should anticipate having to address a greater frequency of water main breaks as their distribution systems continue to age.

- Each community should anticipate the routine repair of or replacement of water services and other system components (e.g. fire hydrants) as these facilities continue to age.

- The Villages of Remsen and Barneveld should consider developing a water meter calibration or replacement initiative in order to accurately bill and monitor water use in their communities. Although not a necessity, given the relative age and condition of the Village of Prospect's water system, the Village may want to consider installation of water meters to more accurately bill and monitor its annual water consumption as a water conservation measure.

III. EVALUATION OF EXISTING WATER OPERATIONS STAFF

A. Village of Prospect Operations Staff

Operations staff consists of a single part-time operator with a NYSDOH Grade C operator certification. The water system operator from the Village of Barneveld is retained by the Village of Prospect as a backup operator. Operator duties include daily water quality monitoring/testing and general equipment maintenance. In the event of a water system deficiency that is beyond the capabilities of operations staff (e.g. water main breaks), the Village obtains the services of a local contractor to address these deficiencies. Additionally, the Village has a verbal agreement with the Mohawk Valley Water Authority (MVWA) that allows the MVWA to place some of its water system telemetry equipment on the top of the Village's water storage tank in exchange for emergency assistance with the water system. The Village does not have a local Highway Department or any public works staff with the capacity to address significant system deficiencies in-house.

Based on conversations with the system operator, daily system operations require one (1) hour per day to conduct. The water system requires limited maintenance because of the relatively new water mains and relatively simple spring source and treatment works. Quarterly billing is handled by the Village Clerk.

B. Village of Barneveld Operations Staff

Operations staff consists of a part-time Water Superintendent and a Water System Operator, each with a NYSDOH Grade C operator certification. Operator duties include daily water quality monitoring/testing, monitoring the storage tank water levels, locating leaks and general system upkeep. The Village does not have a local Highway Department or any other staff that is capable of addressing significant system deficiencies in-house. In the event a system deficiency occurs that is beyond the capabilities of operations staff (e.g. water main breaks), the Village obtains the services of a local contractor to address these deficiencies.

Based on conversations with the current system operations staff, operators spend on average two (2) hour per day conducting daily system operations. This figure will likely be reduced to one (1) hour per day after construction of the new water storage tank which will eliminate the need for the operator to manually monitor the water level of the existing storage tank. The latter figure will be assumed in later portions of this report. Additional time spent by operations staff varies based on the number of system issues that occur, including but not limited to locating and addressing water main breaks and general equipment maintenance. General water system bookkeeping and reporting is handled by a joint effort between operations staff and the Village Clerk. Quarterly water meter reading is outsourced at a rate of $12.00 per hour and takes approximately 60 hours per year to complete. Quarterly billing is handled by the Village Clerk.

C. Village of Remsen Operations Staff

Operations staff consists of one part-time operator who has recently obtained his Grade C operator certification. The Village intends to send this operator to school to obtain his Grade IIB operator certification, the level of certification required by the New York State Department of Health to operate the Village's new filtration plant. The existing operator is currently overseen by a Grade IIB operator from a neighboring community while he obtains his Grade IIB certification. Operator duties include everyday water quality monitoring/testing, locating leaks, flushing mains

and general system upkeep. The Village has a local Streets Department that is capable of addressing minor system issues (e.g. service repairs) but for the most part obtains the services of a local contractor to address any significant system deficiencies (e.g. water main breaks). According to Village officials, no significant water main breaks have occurred in recent history.

Based on conversations with the current system operations staff, operators spend on average two (2) hours per day conducting daily system operations. Additional time spent by operations staff varies based on the number of system issues that occur, including but not limited to diagnosing water treatment issues, locating and addressing water main breaks and general equipment maintenance. Monthly water system reporting is handled by the operator. Quarterly water meter reading is outsourced at a rate of $10.00 per hour and takes approximately 100 hours per year to complete. Quarterly billing is handled by the Village Clerk.

D. Summary of Existing and Required Operator Certifications

We have reviewed the Rules and Regulations of the State of New York, State Sanitary Code, Part 5, Subpart 5-4 - Classification and Certification of Community and Non-community Water System Operators and have had conversations with the Oneida County Department of Health and New York State Department of Health on this subject. Based on this, we have prepared Table I showing the existing and required level of operator certification for each community:

Table I
Required Operator Certification based on System Complexity

Community	System Complexity	Existing Certification	Required Certification	Required Assistant Certification*
Prospect	Groundwater Source, Pop. <1000, Basic Treatment (Chlorination)	Grade C	Grade C	N/A
Barneveld	GWUDI Source, Pop. <1000 person, Basic Filtration (Cartridge Filters)	Grade C	Grade C	N/A
Remsen	Groundwater (poor aesthetics – iron), Pop. <1000, Green Sand Filters, Aeration, pH adjustment.	Grade C	Grade IIB	Grade C

*The NYSDOH defines a water treatment assistant operator as a person who, under the direction of a certified water treatment operator in responsible charge, is involved in the day to day operation of a water treatment plant (or distribution system) or a major segment of a water treatment plant at a community water system or non-transient non-community water system.

E. Summary of Existing Operations Staff-hours

Based on feedback from the operators from each Village and information provided by the communities, a summary of the existing estimated Operator staff-hours required to operate each water system is presented in Table II below:

Table II
Existing Estimated Operator Staff-Hours Per Water System

Community	Daily Operation (Hr./Day)	NYSDOH Reporting (Hr./Month)	Meter Reading** (Hr./Quarter)	Water Quality Testing** (Hr./Month)
Prospect	1	1	N/A	N/A
Barneveld	1*	1	25	N/A
Remsen	2	1	15	2

*Estimated daily operation time after completion of current capital improvements project.
**Meters in the Village of Barneveld are manually read by the existing Water Superintendent at an hourly rate. Meters in the Village of Remsen are manually read by a third party at an hourly rate.
**Estimated time to deliver water samples to the testing laboratory. N/A implies that the testing laboratory picks up the water quality samples.

Based on the estimates in Table II, the total operator staff-hours per Water System are summarized in Table III below.

Table III
Total Existing Estimated Operator Staff-Hours Per Water System*

Community	Total Staff-Hours Per Day	Total Staff-Hours Per Month	Total Staff-Hours Per Quarter	Total Annual Staff-Hours
Prospect	1	32[1]	96	384
Barneveld	1	32[1]	111[3]	444
Remsen	2	63[2]	214[4]	856

*Estimated staff-hours do not reflect time spent by Operations staff addressing system emergencies.
[1] 31 hrs./month + 1 hr. for bookkeeping & reporting
[2] 63 hrs./month + 1 hr. for bookkeeping & reporting
[3] 32 hrs. x 3 months + 15 hrs. for meter reading = 111 hrs.
[4] 63 hrs. x 3 months + 25 hrs. for meter reading = 214 hrs.

F. Evaluation of Existing Operations Staff-hours

Review of the respective staff-hours spent per water system as well as conversations with the operators revealed a few inefficiencies that could be remedied either through capital improvements or through shared services. These inefficiencies included:

1. Delivering monthly water quality samples to the laboratory for analysis is inefficient given that the communities are within such close proximity. Since Prospect and Barneveld already have their testing laboratory pick-up their monthly water samples, the Village of Remsen could benefit if they included their monthly samples in that pick-up as well.

2. Water meter reading in the Villages of Barneveld and Remsen adds a significant amount of additional staff-hours to the overall quantity of time spent on each system. Possible

cost savings would involve upgrading the existing manually read meters to remotely readable meters that would allow operations staff to drive through each community, and with the aid of a laptop, download the meter readings. Not only would this reduce the time spent reading meters but it would also aid in compiling billing information.

IV. EVALUATION OF FAIR MARKET VALUE FOR WATER OPERATORS

A. General

At the request of the Joint Operations Committee, an evaluation of the fair market value for part-time water treatment operator compensation has been provided as part of this study. The basis for this evaluation is the committee's belief that their existing operators are underpaid; therefore, the market value for water treatment operations has been evaluated.

Compensation for full-time water system operators is best understood in terms of:

1. Hourly Wage – Hourly financial compensation received by a worker for his/her labor.

2. Total Compensation – Hourly financial compensation received by a worker for his/her labor plus fringe benefits (i.e. retirement, social-security, healthcare, professional development).

The existing water system operators are considered part-time employees of their respective Villages. In most cases, two or more part-time employees assume responsibility for each water system, usually divided between treatment and distribution. The operators do not receive employee benefits, with the exception of the operator in the Village of Barneveld who receives employer contributions to the New York State Retirement Fund. All of the operators receive reimbursement for professional development from their communities. In most cases, the existing salary of each operator was a negotiated figure that is paid to them on a monthly basis, or the operators are paid on an hourly basis. A summary of the total existing compensation for the water system operations staff in each community is presented in Table IV below:

Table IV
Summary of Existing Operator Compensation

Community	Total of Annual Salaries	Total Annual Benefits/Costs	Total Annual Compensation
Prospect	$9,700	$1,512	$11,212
Barneveld	$6,400	$522	$6,922
Remsen	$10,244	$820	$11,064

Please note that the figures contained in Table IV reflect the total of all salaries, compensation (i.e. Training Costs, Professional Development), meter reading and all other costs associated with the typical responsibilities of the water system operations staff in each community. However, the salary each Village Clerk receives to conduct quarterly billing was not included in Table IV.

Based on the experience of the project team, conversations with water treatment operators at various locations throughout upstate New York and information provided by the American Water Works Association, the market hourly wage for a part-time water system operator is approximately $15.00 to $20.00 per hour. Again, these figures represent the hourly financial compensation of a part-time operator excluding benefits. The project team feels that this range is reasonable and makes the task of operating the water system worthwhile for an individual.

When considering the appropriate pay scale, there are a lot of elements to take into account. For example, if an operator has to travel a fair distance to and from a water system, the hourly wage may be on the upper end of the range. Likewise if the operator is local, the hourly wage may be on the lower end of the range. Another consideration is the operator's level of certification and qualification. If the operator is over-qualified or under-qualified, the hourly wage may vary.

Assuming the operator is local, we believe $16.00/hr. is a reasonable hourly wage for a part-time operator. A comparison of the existing and projected annual operator costs assuming an hourly wage of $16.00/hr. and a single operator in each community has been provided in Table V below, and a breakdown of the projected costs in Table V is provided in Appendix C:

Table V
Comparison of Existing & Projected Market Value Operator Compensation

Community	Ex. Annual Compensation ($/Yr.)	Market Rate Hourly Compensation ($/Hr.)	Annual Staff-Hours* (Hr./Yr.)	Annual Operator Compensation ($/Yr.)	Projected Total Annual Operator Costs** ($/Yr.)
Prospect	$11,212	$16.00	384	$6,144	$7,520
Barneveld	$6,922	$16.00	444	$7,104	$8,585
Remsen	$11,064	$16.00	856	$13,696	$15,903

* From Table III.

** Assumes 8% employer contribution for Social Security and Medicare, 3% employer match for state retirement and $700.00/year for professional development.

B. Evaluation of Operator Costs After Implementation of Cost Saving Measures

As previously noted, some of the operational inefficiencies in the water systems could be avoided through the cooperative efforts of the communities or by the individual communities undertaking capital improvements to reduce the staff-hours spent on each system.

Based on the experience of the project team, installation of remotely read meters would reduce meter reading time from fifteen (15) hours per quarter in Barneveld and twenty-five (25) hours per quarter in Remsen to one (1) hour per quarter in each community. Additionally, eliminating the need for the operator in Remsen to deliver samples to the testing laboratory would eliminate that cost completely. A summary of the projected staff-hours per system after steps have been taken to address the inefficiencies is presented in Table VI below:

Table VI
Projected Staff-Hours Per System After Implementation of Cost Saving Measures

Community	Total Staff-Hours Per Day	Total Staff-Hours Per Month	Total Staff-Hours Per Quarter	Projected Staff-Hours Per Year	Existing Staff-Hours Per Year
Prospect	1	32[1]	96	384	384
Barneveld	1	32[1]	97[3]	388	444
Remsen	2	61[2]	184[4]	736	856
TOTAL	4	127	383	1508	1684

[1] 31 hrs./month + 1 hr. for bookkeeping & reporting
[2] 60 hrs./month + 1 hr. for bookkeeping & reporting
[3] 32 hrs. x 3 months + 1 hr. for meter reading = 97 hrs.
[4] 61 hrs. x 3 months + 1 hr. for meter reading = 184 hrs.

As shown in Table VI, addressing these inefficiencies relates to a 10.5% reduction in the overall staff-hours for all three systems. A comparison of the Total Existing Annual Operator Costs, Total Annual Operator Costs at market rate compensation and the Total Annual Operator Costs at market rate compensation after implementation of efficiency saving measures is presented in Table VII below, and a breakdown of the projected costs in Table VII is provided in Appendix C:

Table VII
Comparison of Operator Costs after Implementation of Cost Saving Measures

Community	Ex. Annual Compensation ($/Yr.)*	Projected Operator Costs ($/Yr.)**	Projected Operator Costs After Improvements ($/Yr.)***
Prospect	$11,212	$7,520	$7,520
Barneveld	$6,922	$8,585	$7,591
Remsen	$11,064	$15,903	$13,772

* From Table IV
**From Table V.
***Assumes 8% employer contribution for Social Security and Medicare and 3% employer match for state retirement and $700.00/year for professional development.

Please note that the cost saving measures presented above require an initial capital cost that will be further explored in Phase II of this study upon authorization.

V. INTERGOVERNMENTAL COOPERATION EXPLAINED

The New York State Department of State defines intergovernmental cooperation as an arrangement between two or more governments for accomplishing common goals, providing a service or solving a mutual problem. Article 5-G of the "General Municipal Law" grants municipal

officials in New York almost unlimited authority to enter into cooperative intergovernmental agreements for any function or service that a municipality may perform individually. Based on the technical brief "Intergovernmental Cooperation" as published by the New York State Department of State and presented in Appendix D, a summary of Intergovernmental Cooperation and Agreements is presented below:

There are two types of formal cooperative agreements:

1. Service Agreements - A formal written agreement between governments in which one local government contracts with another to provide a service at a stated price. Inter-municipal Service Agreements are more appropriate where the participants are substantially different in size or capability.

2. Joint Agreements - A formal written agreement in which participating governments agree to share in the performance of a function of the construction and/or operation of a facility. Such an agreement usually provides for significant participation by each of the local governments. Joint Agreements usually imply a rough equality among the participants with regard to resources and facilities, so that the potential contribution of each is similar.

In this instance, the Villages of Prospect, Barneveld and Remsen desire to enter into a Joint Agreement to share the services of a water system operator to oversee their respective water systems. Considerations regarding formation of a Joint Agreement include the following:

1. Governing Body – If a joint governing body is created to administer a joint service, the agreement should specify:

    a. The composition of the governing body, method of selection of its members, and selection and duties of its officers.

    b. The authority and responsibility of the governing body, number and frequency of meetings, and procedures for calling special meetings.

2. Personnel – Staffing a joint enterprise may be accomplished by two general methods:

    a. Each participating municipality employs an appropriate portion of the workforce of the joint service.

    b. Designation of one government as the "employer" for all staff of the joint agency. This option, while somewhat more difficult to implement, provides a uniform personnel system.

    Whichever option is selected, the agreement should provide for reimbursement to employing municipalities for costs related to employment of joint service staff and for incidental and incremental increased administrative costs.

3. Financial Considerations – Allocating service costs among participating municipalities can be the most significant difficulty faced in implementing a Joint Agreement. Accordingly, the formal agreement should clearly define the method or methods of appropriating costs. The following should be considered:

a. The statutes authorizing intergovernmental agreements provide a number of options for apportioning costs, including basing charge-backs upon full value of real property, services received or rendered, benefits received or rendered, or a combination of these. The statutes also state that "any other equitable basis" may be used for allocating costs.

b. Where the apportionment of capital and operating costs differ, the agreement should state the methods of computing charge-backs. If service charges are utilized to defray all or part of the expenses of the joint operation, the agreement should specify the role service charges play in financing the operation. The agreement should specify how and when service charges will be levied and against whom.

c. The contract should detail fiscal procedures for administering the joint service. The fiscal officer of one of the participating municipalities should be designated as fiscal officer for the joint agency.

d. The fiscal officer should have custody of all funds made available for expenditure by the agency, as well as authority to make payments subsequent to audit by the appropriate auditing body.

e. The contract should state the means by which the fiscal officer is chosen, and should delegate necessary powers with respect to receipt, custody, audit and disbursement of funds.

f. Contracts should define timing and methods for preparing and adopting a budget for a joint agency or defining timing of each municipality's contribution payment.

g. If joint agreement requires incurring debt issuance, the contract should specify the type of obligation to be issued.

VI. REQUIREMENTS FOR SHARED WATER OPERATORS

A. Required Operator Certification Under Shared Operations

Based on conversations with the Oneida County Department of Health and the New York State Department of Health, the level of operator certification and staffing required to provide adequate supervision of the systems is equal to the highest level of staffing required for any one system.

As previously detailed in Section III, Table I, the highest level of operator certification among the three water systems is a Grade IIB operator in the Village of Remsen. Additionally, the NYSDOH requires an assistant Operator with at least a Grade C certification in addition to the supervising Grade IIB operator in the Village of Remsen. The NYSDOH defines a water treatment assistant operator as a person who, under the direction of a certified water treatment operator, is involved in the day to day operation of a water treatment plant or distribution system.

It is reasonable to assume that under a shared operations scenario the water systems will need a backup operator to assume regular duties in the event the primary operator is unavailable. As

long as the backup operator had at least a Grade C certification, this individual could potentially double as a backup operator for all three systems and an assistant operator in the Village of Remsen. The costs to retain the backup operator will be split between the communities. This operations setup is contingent on approval from the Oneida County Department of Health and the New York State Department of Health which will be evaluated during the review of the Joint Agreement.

Please note that only the Remsen water system is required to staff an assistant operator; therefore the other two communities should not necessarily be burdened with the compensation for this employee.

The position of assistant operator could also be administered as follows:

1. The three Villages could engage in a Joint Agreement that only shares the services of a Grade IIB operator to oversee the three water systems. The Village of Remsen could separately contract with a C operator outside the Joint Agreement to fulfill its staffing requirements.

2. The Assistant Operator position could be filled by an existing employee of one of the communities and be involved with the operations of the systems on an intermittent basis.

B. Required Operator Staff-Hours for Shared Operations

Review of the existing staff-hours for each water system as presented in Section III and presented again below, indicates that the average daily requirement to operate the three water systems is 4 staff-hours.

Table VIII
Total Existing Estimated Operator Staff-Hours Per Water System*

Community	Total Staff-Hours Per Day	Total Staff-Hours Per Month	Total Staff-Hours Per Quarter	Total Staff-Hours Per Year
Prospect	1	32[1]	96	384
Barneveld	1	32[1]	111[3]	444
Remsen	2	63[2]	214[4]	856
TOTAL	4	127	421	1684

*Estimated staff-hours do not reflect time spent by Operations staff addressing system emergencies
[1] 31 hrs./month + 1 hr. for bookkeeping & reporting
[2] 60 hrs./month + 1 hr. for bookkeeping & reporting
[3] 32 hrs. x 3 months + 15 hr. for meter reading = 111 hrs.
[4] 63 hrs. x 3 months + 1 hr. for meter reading = 214 hrs.

Careful consideration should be given to the level of service the communities expect to receive from their water system operations staff. The differentiation between a full-time operator and

part time operator is most often discernable by the benefits an employee receives, but the level of service an employee is willing to provide on a part-time basis should also be considered. For example, a part-time employee may be unavailable to address any immediate system emergencies because they are working a full time job. On the other hand, a full-time employee will cost more.

C. Summary of Required Operator Certification and Projected Staff-Hours

The NYSDOH has indicated that they require at least a Grade IIB operator to oversee the three water systems and that an assistant operator is required for the Remsen water system. Based on this stipulation and the combined total number of daily operator hours required to operate all three systems, the following can be deduced:

1. While 4 hours a day commonly equates to a part-time position, it is unlikely the communities will find a certified individual willing to only devote this level of time to the communities each day. A full-time operator would most likely need to be hired to effectively address daily system duties in addition to providing the capacity to address issues on an emergency basis.

2. It is unlikely that the Villages of Prospect and Barneveld will be willing to contribute financial resources to fulfill the Village of Remsen's requirement for an assistant operator. Therefore, only the Village of Remsen should be assessed this burden in a fair shared services joint agreement.

3. The communities will need a backup operator to oversee the systems when the full-time operator is on vacation or sick. This operator could double as a backup operator for the Villages of Prospect and Barneveld and the assistant operator for the Village of Remsen.

While a burden of hiring a full time operator is the costs of employee benefits, the potential advantages of hiring a full-time operator are:

1. Provides the capacity to actively address emergencies as they occur instead of addressing them in a reactive capacity.

2. Increases the capacity to perform regular maintenance of the water systems including but not limited to: locating and diagnosing leaks; meter replacement; flushing of water mains; and the maintenance of equipment.

3. Provides proper budgeting, forecasting and management of assets. Streamlines record-keeping and meter reading in each community.

4. Fulfill other tasks for the communities, such as snowplowing and maintenance of grounds in addition to their responsibilities as operator.

VII. INTERMUNICIPAL AGREEMENT OPTIONS FOR SHARED WATER OPERATIONS

Based on the project team's review of the existing water systems, possible scenarios for shared operations include the following:

1. Full-time operator to be hired by the communities through a Joint Agreement.

2. Contract Operations Provider to be hired by the communities through a Joint Agreement.
3. Service Agreement with the Mohawk Valley Water Authority for operations staff.

Operations Scenario #1 –Full-time operator to be hired by the communities through a Joint Agreement.

It is reasonable to assume that a full-time operator will expect to receive benefits including healthcare and retirement contributions in addition to his/her hourly compensation. These benefits are typically available to municipal employers through New York State.

Based on the experience of the project team, healthcare premiums can range from $400 per month for an individual plan to $1,200 per month for a family plan. Under a typical Joint Agreement the costs of healthcare and other benefits would be split between the cooperating communities with one community acting as the provider of these services and the other communities contributing as defined in the Joint Agreement.

A preliminary estimate of the costs associated with a full time water system operator is presented in Table IX (a breakdown of costs in Table IX is presented in Appendix C) and is based on the following assumptions:

1. The operator hourly wage is $18/hr.
2. The employer contribution to the employee's retirement is 3% of his/her annual salary.
3. Employer contributions to Social Security and Medicare are 8% of his/her annual salary.
4. The employee is an individual that is fully reimbursed for healthcare ($400/Month)
5. The employee works a minimum of 40 hours per week.
6. The employee receives reimbursement for professional development ($700/year)
7. A full time operator receives a total of 20 days paid vacation and sick leave.

Table IX
Estimate of Costs for Full-Time Operations Staff

Total Annual Staff-Hours	Hourly Wage ($/Hr.)	Annual Salary ($/Yr.)	Total Annual Employee Benefits/Costs	Total Full-Time Operator Compensation	Total Hourly Compensation ($/Hr.)
2080*	$18.00	$37,440	$9,618	$47,058	$22.62

*40hrs/week x 52 weeks per year.

It is reasonable to assume that the systems will need the services of a backup operator to perform operations tasks on the weekends and when the primary operator is sick or on vacation. A preliminary estimate of the costs associated with a part-time backup water system operator is presented in Table X below (a breakdown of costs in Table X is presented in Appendix C) and is based on the following assumptions:

1. The backup operator hourly wage is $16/Hr.
2. The backup operator works a total of 500 hours year which includes weekends and 20 days for the primary operator's vacation and sick leave. Total annual staff-hours is based

on the minimum hours required to operate all three systems, 4 hours per day. The backup operator would be reimbursed for any additional time spent on the systems.
3. The employer contribution to the employee's retirement is 3% of his/her annual salary.
4. Employer contributions to Social Security and Medicare are 8% of his/her annual salary.
5. The employee receives reimbursement for professional development ($700/year)

Table X
Estimate of Annual Backup Operations Staff

Total Annual Staff-Hours	Hourly Wage ($/Hr.)	Annual Salary ($/Yr.)	Total Annual Employee Benefits/Costs	Total Backup Operator Compensation
500	$16.00	$8,000	$1,580	$9,580

Under a potential Joint Agreement in which each community agreed to divide the fulltime, and backup operations costs in terms of the existing estimated annual staff-hours required to operate each system, the contribution from each community is presented in Table XI below:

Table XI
Operations Cost Per Community Based on Existing Staff-hour Distribution

Community	Total Annual Staff-Hours	% of Total Staff-Hours per system	Annual Operations Cost	Projected Annual Operations Costs*
Prospect	384	22.8%	$12,914	$7,520
Barneveld	444	26.4%	$14,952	$8,585
Remsen	856	50.8%	$28,772	$15,903

*From Table V

Please note that while the annual costs in Table XI are greater than what each community is, or should be paying for part-time operations staff, full-time operations staff could potentially fulfill duties in the communities (i.e. maintenance, snowplowing, and grounds maintenance) that the communities currently subcontract to other individuals. Please note that the staff-hour distribution shown would be more evenly distributed if the Villages of Barneveld and Remsen undertook capital improvements such as those listed in Section IV, to reduce their total required operator staff-hours.

Operations Scenario #2 – Contract Operations Provider to be hired by the communities through a Joint Agreement.

Many communities throughout New York State have elected to contract with Contract Operations Providers to handle their water and wastewater operations needs. It is plausible that the communities could contract with an operations provider to oversee the three water systems and that there would be a cost benefit if service was provided through Joint Agreement rather than on an individual basis. The following should be considered in regards to Contracted Operations:

1. Given the location of the communities, it can be assumed that a Contract Operator would have to travel from the nearest city to the communities (in this case Utica, NY).

2. It is unlikely that Contract Operations staff could perform daily duties in addition to diagnosing and resolving system deficiencies within the existing water system operations budget of each community.
3. An operations provider may be able to provide more than one operator to oversee the systems, on an alternating basis, thereby inherently providing a backup operator and a level of redundancy. This could potentially resolve the Village of Remsen's need to have an assistant operator.

Potential advantages of Contract Operations provider are as follows:

1. The communities would not be burdened with having to provide benefits (e.g. healthcare, retirement contributions) to a full–time employee. The Operations Provider would be responsible for providing these benefits in addition to the operator's hourly wage. The communities would only be responsible for the total costs of operations at the end of each month.

2. By contracting with an operations provider, the communities would have a clearly defined contract that detailed the responsibilities of operations staff. The communities could hold the service provider to this contract thereby ensuring quality service.

3. In some instances, operations providers can conduct and streamline monthly billing for the water systems, thereby eliminating the need for the Village Clerks to spend additional hours each quarter on this task.

In most cases, Contract Operations staff can perform daily system tasks more efficiently because of their experience. Based on the experience of the project team, the projected Contract Operations staff-hours per system is presented in Table XII below:

Table XII
Projected Contract Operations Staff-Hours Per System

Community	Projected Staff-Hours Per Day	Projected Staff-Hours Per Month	Projected Staff-Hours Per Quarter	Projected Staff-Hours Per Year	Existing Annual Staff Hours Per Year
Prospect	1	32[1]	96	384	384
Barneveld	1	32[1]	112[3]	448	444
Remsen	1.5	48[2]	160[4]	640	856
TOTAL	3.5	112	368	1,472	1,684

[1] 31 hrs./month + 1 hr. for bookkeeping & reporting.
[2] 46 hrs./month + 2 hr. for bookkeeping & reporting
[3] 32 hrs./month x 3 months + 16 hrs. for meter reading = 112 hrs.
[4] 48 hrs./month x 3 months + 16 hrs. for meter reading = 160 hrs.

Based on the experience of the project team, the market rate for Contract Operations is $38/hr. A preliminary estimate of the costs associated with contracted water treatment operators is presented in Table XIII and is based on the following assumptions:

1. The market rate for contract operations is $38/hr.

2. Contract operations staff would be part-time. Projected costs will be based on minimum number of annual hours required to conduct system operations. Additional time spent by system operators to diagnose system issues will be at an additional cost to the communities.

Table XIII
Estimate of Costs for Contract Operations Staff

Total Annual Staff-Hours	Hourly Rate ($/Hr.)	Total Annual Staffing Cost ($/Yr.)
1,472*	$38	$55,936

*From Table XII

Under a potential Joint Agreement in which each community agreed to divide the operator costs in terms of the projected estimated annual staff-hours required to operate each system, the estimated contribution of each Village is presented below in Table XIV.

Table XIV
Contract Operations Cost Per Community Based on Existing Staff-hours Distribution

Community	Total Annual Staff-Hours*	% of Total Staff-Hours per system	Annual Operations Cost	Projected Annual Operations Costs
Prospect	384	26.0%	$14,543	$7,520
Barneveld	448	30.5%	$17,061	$8,585
Remsen	640	43.5%	$24,332	$15,903

*From Table XII

Please note that while the costs in Table XIII are greater than what each community is, or should be paying for operations staff, the total required staff hours could be reduced and more evenly distributed if the Villages of Barneveld and Remsen undertook capital improvements such as those recommended in Section III to reduce their existing overall operator staff-hours.

Operations Scenario #3 – Service Agreement with the Mohawk Valley Water Authority for Operator staff.

Based on conversations with representatives of the Mohawk Valley Water Authority (MVWA), the MVWA has provided operations services to local communities in the past, and may have staff at the MVWA Water Treatment Plant (located near the Village of Prospect) available to oversee the daily operation of the three water systems. The operations staff at the MVWA Treatment Plant are Grade A and Grade D certified. As noted in Table I, the level of operator certification required to operate the systems is Grade IIB or Grade C.

Initial discussions with the New York State Department of Health indicated that in order for operations staff at the MVWA to oversee the three water systems, operators at the MVWA would need to obtain Grade IIB or C certifications, which would entail additional schooling and working under an adequately certified operator to gain experience credits, in addition to the schooling and experience they currently have. Further discussions between the New York State Department of Health, Lamont Engineers, and MVWA revealed that the State Health Department would be willing to compromise on the level of Operator Certification required to operate the water systems given the financial and logistical issues facing the water systems as well as the fact that the operation staff at the MVWA likely has the qualifications to oversee the treatment processes within each community.

Based on those discussions, the committee felt further discussions with the MVWA were warranted to determine if it was feasible to have the MVWA act as an operations service provider for the communities. Unfortunately, after several months of preliminary discussions between the committee and MVWA, the committee opted to abandon this option due to a perceived lack of initiative by the MVWA to develop a defined proposal for operation services. Based on the decision of the committee, the MVWA can no longer be considered a viable operations service provider for the communities.

VIII. EVALUATION OF POSSIBLE ALTERNATIVES TO SHARED OPERATORS

A. General

While the primary focus of this study is to determine the feasibility and cost benefits of shared services, alternatives to shared services were also briefly explored, as follows:

1. Formation of three Town Water Districts.

2. Formation of a County Water District.

B. Existing Legal Foundation of the Village Water Systems

Each community currently enjoys the discretion granted to them by the Consolidated Laws of the State of New York to operate their water systems. According to the laws of New York State, Villages are empowered to provide municipal services (i.e. water, sewer or gas utilities) at Village expense, or to make improvements to specific areas within the Village boundaries with the costs of these improvements to be assessed against the benefited lands only. Villages are wholly responsible for maintaining and ensuring the safe operation of these services in accordance with the appropriate governing regulations. To this end, and in the case of the Villages of Prospect, Barneveld and Remsen, the boundary of each respective Village is essentially the service area boundary of the water system.

The benefits the Village Boards and the residents of the Villages enjoy with respect to their existing municipal water systems include the following:

1. Local Oversight - Each Village Board has direct oversight over their respective water system within the limits of the laws and regulations of New York State. In other words, the communities are empowered to operate, maintain and make discretionary decisions regarding their respective water systems on a daily basis without third party involvement, including the right to determine the annual water rate to charge to its residents.

2. Debt Service - Each Village Board has the power to approve and undertake capital improvement projects that will create or maintain service to their customers. The Village Board has the right to administer debt for these improvements to its residents as it deems necessary.

C. Establishment of Town Water Districts Alternative

The Villages of Prospect and Barneveld are located in the Town of Trenton, and the Village of Remsen resides partially within the Town of Trenton and partially within the Town of Remsen. Upon approval of each Village board, the Villages could petition one of the Towns to establish three Town Water Districts encompassing the respective service areas of each water system. Upon approval of the Town Board, each Village would relinquish control and responsibility for maintaining and operating their water systems to the Town. The Town would then assume full responsibility for oversight, operation and maintenance of the water systems, including establishing the water rate to charge to the district users.

Establishment of Town Water Districts would require the Town to hire a Water System Operator(s) or to contract with an Operations Provider to oversee and maintain the three water systems. The annual operation and maintenance of each system would be paid for by the customers within each district. The debt service for any capital improvements undertaken in a district would be assessed against the customers within that district.

Advantages of this alternative include:

1. The Villages would no longer be responsible for the oversight and financial burden of operating its own water system.

2. It is possible that the repair and maintenance of any system deficiencies (e.g. water main breaks) could be addressed by Town Highway Department employees using the equipment the Town already has (e.g. back-hoe, dump trucks), thereby saving money on the cost of hiring an outside contractor. It should be noted, however, the water district would have to reimburse the Town Highway Department for its costs in repairing the problem.

3. Whether the Town hires its own Operator(s) or contracts with an Operations provider, the associated operations costs for each system could possibly be reduced, thereby reducing the cost to customers within each district.

Disadvantages of this alternative include:

1. The majority of the Village of Remsen is located in the Town of Remsen. The Town of Trenton would most likely assume responsibility for the three systems because two of the Villages are in the Town of Trenton. Although beyond the scope of this study, the potential legal proceedings between the Town of Trenton and the Town of Remsen to make the Remsen Water District part of the Town of Trenton could potentially be costly, and require review and approval from the New York State Comptroller's Office.

2. Each Village would no longer have direct oversight of their respective water system. Even if the Town formed a committee that included representatives of each Village to provide oversight of the water systems, the Town Board, not the Village Board, would have full discretionary powers over each system which would include discretion to undertake capital improvements projects or to provide a certain level of operation & maintenance, including establishing the water rate to charge to the district users.

3. The formation of Town Water Districts would require the services of a professional engineer and legal counsel to prepare the maps and plans for the formation of the water districts, the costs of which would be assessed against the customers in each district. Further, the establishment of a water district is subject to a permissive referendum, which means that the residents of each proposed district could file a petition requesting a vote to determine whether they want to form a water district. This could lead to one or more of the water districts being voted down by the Village residents.

4. Once the Town obtains responsibility for each water system, the operation and maintenance costs of each system will be assessed against the residents in that district. There is no guarantee that the existing water rate structures will remain the same in each community. The Town may be forced to raise water rates to cover system operation and maintenance costs or any costs associated with capital improvements.

5. There is no guarantee that the Town will feel it is in its best interest to absorb the oversight and fiscal responsibility associated with maintaining three water systems.

While formation of Town Water Districts is a potential alternative, the evaluation of specifics and possible costs that may be realized by each community is beyond the scope of this study.

D. Establishment of a County Water District Alternative

The three Villages are located entirely in Oneida County. Because of the relatively close proximity of the Villages to each other, the Villages could petition Oneida County to establish a single County Water District. One large County Water District would encompass the service areas of the existing water systems. Upon approval by Oneida County, the Villages would relinquish control and responsibility and oversight of the water systems to Oneida County. The County would then assume full responsibility for oversight, operation and maintenance of the water system(s), including establishing the water rate to charge to the district users.

The specifics surrounding the formation of a County Water District(s) are beyond the scope of this study, but the annual operation and maintenance cost would be paid for by the users within the District. The debt service for any capital improvements undertaken in a district(s) would be assessed against the customers within that District.

Advantages of this alternative include:

1. The Villages would no longer be responsible for the oversight and financial burden of operating a water system.

2. Whether the County hires its own operator(s) or contracts with an operations provider, the associated operations costs for each system could possibly be reduced, thereby reducing the cost to the customers in the District.

Disadvantages of this alternative include:

1. The Villages would have limited oversight over their former water systems.

2. Similar to the formation of the Town water districts, the formation of the County Water District would require the services of a professional engineer and legal counsel, the costs of which would be assessed against the customers in each District. Further, the establishment of a water district is subject to a permissive referendum, which means that the residents of each proposed district could file a petition requesting a vote to determine whether they want to form a water district.

3. There is no guarantee that the existing water rate structures will remain the same after formation of the County Water District.

4. There is no guarantee that the County will feel it is in their best interest to absorb the oversight and fiscal responsibility associated with maintaining the water systems.

While formation of County Water Districts is a potential alternative, evaluation of the specifics and possible costs that may be realized by each community is beyond the scope of this study.

IX. PHASE I CONCLUSIONS & RECOMMENDATIONS

Based on the review of the options and alternatives presented in this report, the committee has determined that the best option in moving forward for their communities will be to develop a Joint Agreement in which the communities would share the costs associated with hiring a full time operator to oversee the three respective water systems. This option was previously discussed as Operations Scenario #1 in Section VII of this report.

At the request of the committee, Phase II of this study will primarily focus on developing the Joint Agreement for sharing the costs of a full-time operator. In addition, Phase II will also focus on implementing other cost saving measures which may be implemented through the Joint Agreement.

APPENDIX A

PROJECT BACKGROUND DOCUMENTS

Village of Prospect
PO Box 159
Prospect, NY 13435

REQUEST FOR PROPOSALS

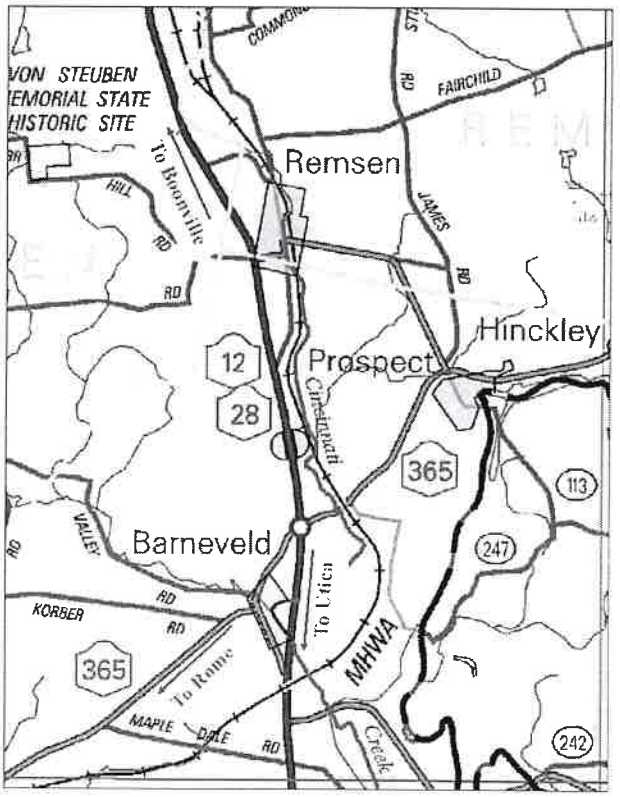
VILLAGES OF PROSPECT, REMSEN, & BARNEVELD
JOINT WATER SYSTEM STUDY
issued by

Village of Prospect, NY

October 2009

Purpose

The villages of Barneveld, Prospect, and Remsen wish to assess whether it is practical to share the cost of a full-time water system operator, as either an employee or a contractor, in terms of 1) the potential cost-savings, 2) efficiencies, and 3) improved protection of the quality and safety of their respective water supplies.



Background

The Villages of Barneveld, Prospect, and Remsen are located within 5 miles of one another and their water treatment facilities are only 2-3 miles apart. The villages are considering joint operation of their respective water systems and require the necessary analyses to aid decision-making and fiscal planning. The outcome of these studies will also help to guide development of the intermunicipal agreements necessary to structure a shared services arrangement. This project is therefore the first stage of what could be a longer-term project to share operations and maintenance of the three village water systems.

The village water systems for Prospect (popn. 330), Remsen (popn. 555), and Barneveld (popn. 380) have each been operated by only a part-time certified operator for some time. Remsen's newest operator is not yet certified, so his work is overseen by a certified operator from the Village of Boonville, several miles north of Remsen.

These systems are small. Prospect has 153 users, Remsen has 279, and Barneveld has 170, for a combined total of only 602 users.

This project arose from the following system needs and issues:

- Prospect's certified operator is the former mayor. He only works part-time and gives the village more for their money than they might otherwise be able to hire, yet he does not intend to continue this role much longer. He also serves as the water superintendent.
- Barneveld's water superintendent is also part-time. As with Prospect, he gives more in time and service than the village might otherwise be able to hire. As back-up, Barneveld also hires the Prospect water system operator on a part-time basis.
- Remsen has recently hired a non-certified, part-time operator, whose work is overseen by a certified operator from the nearby Village of Boonville in order to be compliant with state regulations.
- None of the villages believe they are paying full market value for their operators. Therefore, a realistic full market value of a system operator needs to be determined for each village.
- Barneveld's water is of good quality, but has been determined by the county health department to be under the influence of surface water. The village has retained engineering services to design a new filtration plant to resolve the issue, which is currently under construction. The new filtration facility may require a higher level of certification than is possessed by the current part-time operator.
- Prospect currently has no water meters. Remsen has manually read meters that take 25 hrs. to be read at $10/hr. on a quarterly basis. Barneveld's superintendent manually reads its meters over the course of several weekends. New drive-by, remotely read meters would allow each village's meters to be read in half a day. This would be more efficient and could serve as the basis for a combined billing system (to be investigated in this project).
- Barneveld and Remsen each have aging tanks and transmission pipes, much of which was installed during the old Work Progress Administration.
- Remsen's water has rust problems as well as taste and odor problems from iron, sulphur, and manganese. Remsen is installing a new tank and filtration system, due for completion in the fall of 2009.
- The local capacity to address any of the above issues would likely be enhanced by the availability of a full-time operator who is available on a daily basis to provide the necessary oversight.

- None of the systems has an asset management plan to identify and mitigate potential vulnerabilities or to proactively address ongoing maintenance or parts replacement needs. The limited availability of part-time assistance provides no on-the-ground capability to address this.
- Certification requirements of water system superintendents/operators are likely to be strengthened, thereby increasing the salary and training costs of such employees.
- Without the necessary factual analysis and cost estimates, none of the village boards can make a sound decision on whether or not to share a certified operator, nor would they be able to gain public support for a cooperative venture.

Opportunity

None of the villages is large enough to support the staffing expense and training costs for a full-time, certified operator. However, the three villages are located within five miles of one another and their respective water treatment facilities are only 2 – 3 miles apart. The potential cost savings of a shared superintendent/operator or contracted operations has prompted the villages to examine the cost impacts. The villages have successfully sought funding to hire a qualified consultant to conduct a feasibility study that will address the following:

- Potential cost savings and increase in efficiency of sharing the salary and training of a water superintendent/operator or contracted operations.
- Possible cost savings to be realized by bulk-purchasing of chemicals and other water system supplies.
- Possible efficiency and cost savings to be attained through a single billing system.
- The increased public health, safety, and welfare to be obtained by the possibility to provide emergency and back-up water supplies by interconnecting the systems.
- Although the potential for intermunicipal cooperation seems obvious, the villages do not have at their disposal the necessary operational analysis or cost analysis necessary to support a cooperative effort. This project will provide that information to the village boards and to their respective citizenry.
- Cost savings to be realized by a joint asset management plan that guides pro-active fiscal management to address system maintenance needs as well as the potential cost-savings by addressing those asset management needs proactively.

Scope of Work

Suggested components for a scope of work are outlined below. If, based on the consultant's knowledge or experience, the consultant believes the required scope of work should be changed in any way; the suggested changes should be included in their response to this request for proposals.

Project Components

As lead agent for the project, the Village of Prospect will contract for professional services to investigate the options and costs for shared operation of the three village water systems. Proposers should organize their response in two phases. Phase I, as the core of the project, consists of the actual feasibility study of shared water operations and maintenance. Phase II consists of project implementation components, based on the assumption that Phase I conclusions will recommend shared services. Suggested elements of both phases are as follows:

Phase I:

- Cost comparison/savings analysis of shared or contracted operation versus independent operations.
- Identification of water district user impact (e.g., cost or savings). The user impact will be expressed as Total Cost impact, Cost impact per Capita (based on the most recent US Census,

Census estimates or population survey for the district), Cost Impact per User/Connection, and Estimated Impact on User Fees resulting from the project.

- Operator requirements—i.e. staffing level, projected salary, back-up operator, and professional certification requirements necessary for safe and legal operation and maintenance of the systems.
- Projected equitable distribution of time and cost relevant to the size and complexity of the member systems.
- Cost-savings possible through bulk purchase of chemicals and supplies.
- Necessary facility and equipment requirements.

Phase II:

- Potential for the development of shared meter reading and billing technology.
- Modernization plan for the development of maps and preservation of historical documents and critical records.
- Options for structure of oversight body (i.e. joint committee or commission) to supervise operator and to prevent micro-management by each of the participating municipalities.
- Recommended rate structure plus operation and maintenance.
- Identification of key vulnerabilities in each system and projected remedial actions and costs for long-term sustainability for use in preparing an Asset Management Plan.

Study Advisory Committee

The selected consultant would contract with the Village of Prospect, as the lead administering agent. The study advisory committee would include representatives from each of the participating villages (Barneveld, Prospect, & Remsen).

The study advisory committee will guide the study and meet with the consultant on a regular basis.

Submission Instructions (*send electronically*)

Consultants should provide a "menu-based" outline of the study components and the estimated cost for each component. Respondents may use the components listed above, combine elements, and/or modify the necessary components as they themselves would recommend for such a study based on their knowledge and experience. Questions should be submitted electronically to Marcia Ellis, Prospect Village Clerk, at clerk@villageofprospect.org.

Proposals should also be submitted electronically to Marcia Ellis at clerk@villageofprospect.org. One hard copy must be mailed to Marcia Ellis, PO Box 159, Prospect, NY 13435.

Respondents should include a minimum of three references. Examples of experience with similar studies would be helpful.

The deadline for consultant submissions is December 1, 2009.

Evaluation Criteria

Proposals will be evaluated based on the following criteria:

- Experience and expertise.
- Approach to the project.
- Demonstrated understanding of Scope of Work.
- Schedule.
- Cost.

Selection Process

The selection committee will interview the top candidates, with the goal for final selection to be made by mid-January 2010.

Villages of Prospect, Remsen & Barneveld
Joint Water System Study

Menu Items

Phase I:

1. Operation Requirements and Operator Options $5,500.00

    1.1. Operator requirements—i.e. staffing level, projected salary, back-up operator, and professional certification requirements necessary for safe and legal operation and maintenance of the systems

    1.2. Cost comparison/savings analysis of shared or contracted operation versus independent operations.

    (Note: Task 1.2 is contingent upon completing Task 1.1, thus the tasks are priced jointly.)

2. Identification of water district user impact (e.g., cost or savings). The user impact will be expressed as Total Cost impact, Cost impact per Capita (based on the most recent US Census, Census estimates or population survey for the district), Cost Impact per User/Connection, and Estimated Impact on User Fees resulting from the project $3,000.00

3. Projected equitable distribution of time and cost relevant to the size and complexity of the member systems..... $750.00

4. Cost-savings possible through bulk purchase of chemicals and supplies $750.00

5. Necessary facility and equipment requirements $2,500.00

Price to simultaneously complete all of the phases in Phase I $11,500.00

Phase II:

1. Potential for the development of shared meter reading and billing technology $750.00

2. Modernization plan for the development of maps and preservation of historical documents and critical records $1,000.00

3. Options for structure of oversight body (i.e. joint committee or commission) to supervise operator and to prevent micro-management by each of the participating municipalities $1,500.00

4. Recommended rate structure plus operation and maintenance $2,500.00

5. Identification of key vulnerabilities in each system and projected remedial actions and costs for long-term sustainability for use in preparing an Asset Management Plan $1,750.00

Price to simultaneously complete all of the phases in Phase II $6,500.00

Other tasks not included in the menu items:

- Attend project kick-off meeting with the Study Advisory Committee .....$ Included with Task 1.1

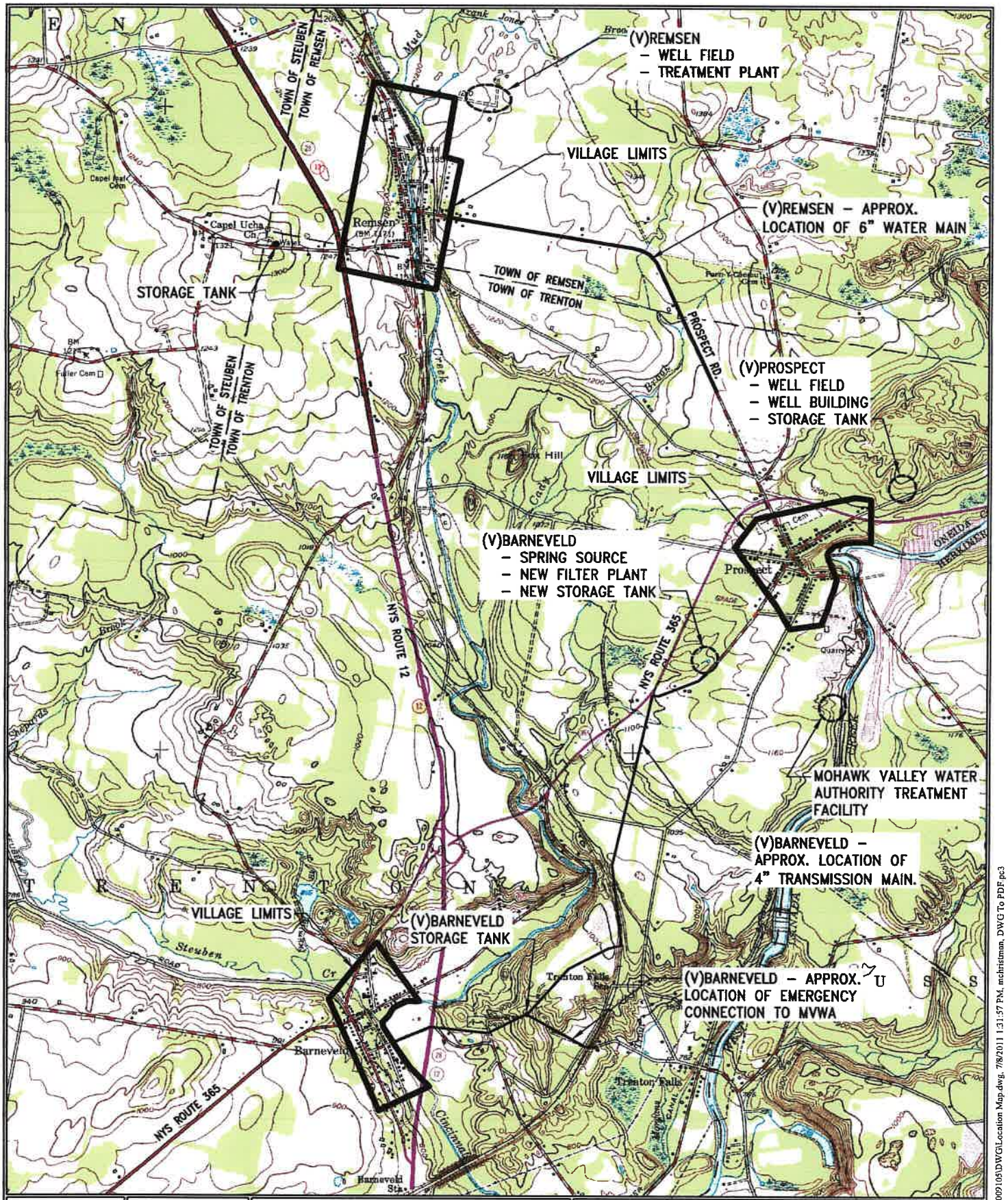
- Preparation of Summary Report and presentation to Study Advisory Committee $3,000.00

- Attendance at additional project meetings..... $600.00 per person / per meeting

Note: If the Study Advisory Committee elects to forego the Summary Report, our findings for each task will be presented in memo form to the committee.

APPENDIX B

PROJECT LOCATION MAP



DATE	PROJECT NO.	PROSPECT/BARNEVELD/REMSEN LOCATION MAP	Lamont Engineers
3/17/10	2009105		ENGINEERS · PLANNERS · FACILITY OPERATIONS
SCALE	DRAWN		
1"=4000'	JRP	ONEIDA COUNTY NEW YORK	

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APPENDIX C

BREAKDOWN OF SELECT REPORT TABLES

APPENDIX C

BREAKDOWN OF COSTS FOR VARIOUS TABLES IN REPORT

TABLE V - Projected Market Value Operator Compensation

	Hours	Hourly Wage	Salary	Medicare/Social Security (8%)	Retirement (3%)	Professional Development	Annual Operator Compensation
Prospect	384	$16.00	$6,144.00	$491.52	$184.32	$700.00	$7,519.84
Barneveld	444	$16.00	$7,104.00	$568.32	$213.12	$700.00	$8,585.44
Remsen	856	$16.00	$13,696.00	$1,095.68	$410.88	$700.00	$15,902.56

TABLE VII - Projected Operations Costs After Implementation of Cost Saving Measures

	Hours	Hourly Wage	Salary	Medicare/Social Security (8%)	Retirement (3%)	Professional Development	Annual Operator Compensation
Prospect	384	$16.00	$6,144.00	$491.52	$184.32	$700.00	$7,519.84
Barneveld	388	$16.00	$6,208.00	$496.64	$186.24	$700.00	$7,590.88
Remsen	736	$16.00	$11,776.00	$942.08	$353.28	$700.00	$13,771.36

TABLE IX - Estimated Full-Time Operator Cost Breakdown

Hours	Hourly Wage	Salary	Healthcare ($400/mo.)	Medicare/Social Security (8%)	Retirement (3%)	Professional Development	Annual Operator Compensation
2080	$18.00	$37,440.00	$4,800.00	$2,995.20	$1,123.20	$700.00	$47,058.40

TABLE X - Estimate Backup Operator Breakdown

Hours	Hourly Wage	Salary	Medicare/Social Security (8%)	Retirement (3%)	Professional Development	Annual Operator Compensation
500	$16.00	$8,000.00	$640.00	$240.00	$700.00	$9,580.00

APPENDIX D

INTERGOVERNMENTAL COOPERATION DOCUMENTATION

Intergovernmental Cooperation

JAMES A. COON LOCAL GOVERNMENT TECHNICAL SERIES

NEW YORK STATE
David A. Paterson
Governor

DEPARTMENT OF STATE
Lorraine A. Cortés-Vázquez
Secretary of State

NEW YORK STATE DEPARTMENT OF STATE
DIVISION OF LOCAL GOVERNMENT SERVICES
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INTRODUCTION

Local governments are not strangers to the economic problems that now confront the nation. Deficits, federal retreat, and consensus against new taxes collide with continuing constituent expectations for maintenance of government services. The result is a permanent fiscal dilemma which pursues most local officials, and makes the business of managing government more difficult than ever before.

Over the years New York's local governments have tackled the problem of management by adopting a number of creative strategies. One of the most successful of these strategies is intergovernmental cooperation. In its broadest sense intergovernmental cooperation embraces a variety of formal and informal arrangements that local governments have entered into to deliver basic services. Hundreds of such agreements are in effect today throughout the State.

The purpose of this document is to discuss possible reasons for considering formal intergovernmental cooperation, offer practical and legal considerations, and give examples of contract language in use by local governments. Informal agreements will not be discussed in detail because these, by their nature, are more diffuse and do not lend themselves well to summary. In addition, should local governments desire further study of their specific needs, the Department of State is prepared to offer:

- Examples of existing intergovernmental contracts on file at the Department.
- Assistance in reviewing the practicality of entering into specific cooperative agreements.

For further information contact:

NYS Department of State
Division of Local Government
Albany, NY 12231
(518) 473-3355

DEFINITION

Many local governments, in their search for new methods of reducing expenditures and maintaining the quality of services, are reviewing their service delivery systems, setting priorities and determining which services can be provided through alternative arrangements.

Alternatives for service delivery that may be used by local governments include: contracting with private firms, voluntary organizations or neighborhood groups; franchising; subsidizing to direct service providers; using donated labor; establishing fees and user charges to cover the costs of service operation; and negotiating intergovernmental cooperative agreements. The use of cooperative agreements to provide services is one of the most useful alternatives available to local governments.

Intergovernmental cooperation may be defined as an arrangement between two or more governments for accomplishing common goals, providing a service or solving a mutual problem. Examples of cooperation range from informal undertakings and/or the exchange of information or equipment, to more formal arrangements, including binding legal agreements. Surveys undertaken by the New York State Department of State in 1981 and 1982 revealed that governments in the State maintain many hundreds of both formal and informal cooperative agreements with other governments.

Municipal officials in New York enjoy broad authority to enter into cooperative intergovernmental agreements. Basically stated, governments may perform any function or service jointly which they may perform individually. This gives government officials wide latitude to develop joint activities and to enter into contractual agreements. The source of this authority is Article 5-G of the General Municipal Law, which provides that "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." Attached to this authority is the requirement that if a municipality is required to have a public hearing, referendum or consent of another governmental agency before it may establish a function, then the same is required if it does this in cooperation with another municipality.

Article 5-G was enacted by the Legislature in 1959. Other legislation has been adopted over the years permitting cooperation in specific areas. Many of these specific area laws may still be useful in certain circumstances, but they have been supplanted to a great extent by the much broader grant of authority contained in Article 5-G.

BASIC CONSIDERATIONS

There are many reasons to consider intergovernmental cooperation. The desirability of cooperative effort among governments depends upon the activity under consideration, the size of the jurisdictions, probable economies, issues of home rule and several other factors. The advantages and disadvantages of cooperation vary in each community. What may be appropriate in one government may be inappropriate in another. Each government should consider its particular set of circumstances when weighing the possibility of entering into cooperative agreements.

Governments may form joint municipal survey committees to study and plan cooperative measures. Article 12-C of the General Municipal Law authorizes formation of joint survey committees for this purpose. Survey committees may be formed by any combination of two or more of the following: counties outside the City of New York, cities, towns, villages or school districts. The statute authorizes governments to make surveys and studies to aid the cooperative solution to local government problems.

While intergovernmental cooperative agreements can be negotiated without forming a study committee, a more complex proposal -- such as forming a joint police force -- may require detailed study and analysis of administrative, fiscal, legal and political considerations. In such circumstances study committees may be indispensable. While composition of committees varies, a few general rules are noteworthy:

- The size of a committee should not be unwieldy. A maximum of eight to ten members is usually considered adequate.

- Citizens should be represented to voice community concerns about the proposed agreement. Some citizens -- business people, lawyers or accountants, for example -- may have special skills which could prove useful to a study. Citizen participation is particularly helpful when sensitive government activities are under study, such as police or fire services.

- Active participation in a study is time consuming and committee members should not be over committed to other activities.

Entering into a formal intergovernmental cooperative agreement is a significant step. While different conditions encourage cooperation, several basic considerations recur among those municipalities that enter into agreements.

Economies of scale. A number of services performed by governments lend themselves to attaining economies of scale, whereby unit costs of the services decrease as the volume of the services increase; these services present opportunities for cooperation. Examples of such services are found in public works. Capital facilities, such as water and sewage treatment plants and incinerators, often show decreasing unit costs for construction and operation up to an optimum point. Supplies, materials and equipment can often be purchased for substantially less if bought in quantity. A data processing installation, justified in a larger jurisdiction, could service smaller governments

economically incapable of financing their own equipment.

Convenience. Cooperation may be sought when one government can more easily perform a task. One common example is contracting for town highway departments to plow county roads. The proximity of town highway departments to the task and their familiarity with local road systems may yield more efficient performance.

Unequal distribution of natural resources. Natural resources such as water, sand and gravel are not equally available in every jurisdiction. These resources are required by governments to fulfill the needs of their communities. Contracting for water service between municipalities is the most common example of this type of agreement.

Surplus facilities. Population decline, shifting local priorities, or other changes may leave municipalities with surplus physical facilities. Contracting for or sharing facilities, such as office space, often yields savings. Village and town governments in some instances share single municipal buildings to house the administrative operations of both municipalities.

Duplication of services. Municipalities may reduce duplication of services in a number of areas. Certain police services, for example, can be shared by establishing single dispatching centers, combined investigative teams or coordinated road patrols. Fire and ambulance dispatching services can also be centralized. County and city offices of Sealers of Weights and Measures often are combined into single operations.

SERVICE AND JOINT AGREEMENTS

Although some agreements require little more than a handshake, many situations advise against informality. These usually involve complex administrative, financial and legal arrangements. Formal cooperative agreements may be divided into two categories:

- A formal written agreement between governments in which one local government contracts with another to provide a service at a stated price, is known as a service agreement.

- A formal written agreement in which participating governments agree to share in the performance of a function or the construction and operation of a facility, is known as a joint agreement. Such an agreement usually provides for significant participation by each of the local governments.

Choosing a form of cooperative agreement is a local option. There are, however, some guidelines to consider in choosing a form.

Joint agreements usually imply a rough equality among the participants with regard to resources and facilities, so that the potential contribution of each is similar. For example, joint provision of fire service by a large city and a few small suburban towns might be difficult to implement, whereas development of joint water supply by two neighboring villages of similar size would be more feasible.

Conversely, intermunicipal service agreements may be more appropriate where the participants are substantially different in size or capability, or where other elements of mutuality are absent. Also, the contractual form is better suited where a readily definable "commodity" is being provided. Data processing and many public works functions such as water supply, sanitary sewer service and refuse disposal are examples of such commodity services.

Although some services are better suited to joint or contractual agreement, no set rule regulates the use of either form. Decision should follow intensive study by participants, including consideration of the experiences of other municipalities, and possible alternatives.

There are situations in which simple cooperative arrangements will not work, because highly

complex administrative and financial arrangements are required. For example, at least two cases can be cited where efforts were made to establish a police agency serving several municipalities under a contractual agreement. Each proposal became so complex and unwieldy in its legal, administrative and financial aspects that it fell of its own weight. Similar examples can also be found in instances where large-scale public works efforts were considered.

SERVICE AGREEMENTS

One form of formal cooperation is a service agreement; one local government contracts with another to provide service at a stated price.

Before entering into a contract, both governments should examine certain aspects of the agreement and ask certain questions. The advice of legal counsel is highly desirable throughout this process.

The receiving government should consider whether it can economically perform the service itself, or whether a service agreement will be less costly. If a service contract proves a favorable alternative, then consideration should be given to whether the supplier government will be able to meet the quality and standard of service desired, and also whether the service contract will adversely affect the ability of the receiving government to perform other functions. Similarly, the supplier government should strongly consider the effect that the proposed contract would have on its ability to provide services to its own residents.

Although contracts must be tailored to specific local requirements, most will contain basic elements:

Nature of the agreement. The first sections of a contract will often identify the governments involved, describe the type of service to be performed, explain the reasons for entering into the contract and cite the statutory authority for the arrangement. It is often helpful to include definitions of key terms in the contract language.

Scope of service. Performance standards for the proposed service and limitations on the service's availability should be clearly stated. For example, in contracts dealing with water supply and sewage treatment services, the maximum quantities which may be received or transmitted should be specified. Peak needs should receive detailed consideration. Limitations such as maximum daily flows, the type of sewage which may be received and other special qualifications or restrictions should be clearly set forth.

Similarly, where the service will not be available on a 24-hour-per-day, seven-day-per-week basis, the times when the service will be available should be stated. Provision should also be made for situations where service levels may be reduced, due to unusual circumstances.

Service charges. Service contracts should clearly spell out the amount, times and manner of payments, as well as the manner in which charges will be developed. Governments enjoy wide latitude in developing fees or charges. Charges may, for example, be levied as flat rates (either daily, weekly or otherwise), actual "out-of-pocket" expenses, population or assessed valuation based or a combination of these and other factors.

For example, it is fairly common for a government supplying water to another under contract, to charge the latter higher rates than are charged users within the supplier's boundaries. Often, higher rates are levied to recover capital costs incurred during development of the water system. A government providing water service to another may thus amortize certain of its capital costs in its fee structure by charging the receiving government's users more than it charges its own.

If a contract covers a fairly long term, a provision should be included to provide for renegotiation of service charges at periodic points during the term. If the service is supported by user charges within the supplier's boundaries, an alternative to renegotiation is to increase the contract price by

the same percentage as the supplier's user charges are increased.

Liabilities of the parties. Contracts should specify the extent to which either or both of the contracting parties are liable for damage to persons or property. For example, a town contracting with a village for police services can include specific provisions to cover responsibility for claims arising from police actions, thus avoiding future problems and disputes.

Contract term, amendment and termination. Contracts should clearly state the duration of the agreement, circumstances under which it may be terminated, and procedures for amendment.

Although the term of a contract may be influenced by a number of factors such as the type of service involved or the financial and operating condition of the parties, a long-term contract may prove to be advantageous if adequate provision is made for amendment. A long-term contract might provide for mandatory consideration of amendments or complete renegotiation after a specified period of time or under specified conditions.

If a long-term contract is not desired, consideration might be given to provisions allowing automatic renewal so that the arrangement would terminate only when one party notifies the other in writing that it wishes to end the agreement. Such a provision allows a continuity of service, as long as it is mutually advantageous, without "locking in" either party to a situation which may become undesirable. In either case, the supplier government should ensure that the capital costs associated with providing the service outside its boundaries are met.

JOINT AGREEMENTS

A joint agreement is a second type of formal cooperative arrangement. This differs from a service agreement because participating governments agree that they will share the performance of a function or the construction and operation of a facility. A joint agreement usually provides for significant participation by each of the contracting governments.

Joint agreements may take a variety of forms. They may be as simple as a mutual aid agreement between two neighboring fire departments or as complex as the development and operation of a joint water supply for a number of governments. Some agreements may provide for designating one of the participating governments as the operating government with responsibility for securing needed personnel and materials, while others may provide that each of the participants share equally in supplying the personnel and material needs of the joint enterprise.

All counties outside the City of New York and all cities, villages, towns and school districts are empowered to enter joint operating agreements. Agreement requires a majority vote of the governing body of each participant, and any referendum or special consent required by law for an individual government to provide a service is also required for joint operation of the service.

Because an agreement for joint service delivery is a contract, the previous discussion of service contract elements should prove helpful in drafting appropriate sections of a joint agreement. In addition, a number of other considerations are unique to joint agreements.

Governing body. Where a joint governing body is created to administer a joint service, the agreement should specify the composition of the governing body, method of selection of its members, and selection and duties of its officers. The contract should also spell out the authority and responsibilities of the governing body, number and frequency of meetings, and procedures for calling special meetings.

Personnel. Staffing a joint enterprise may be accomplished by two general methods. In the first, each of the participating municipalities employs an appropriate portion of the work force of the joint agency. This alternative is quite simple, and does not disturb existing personnel

practices. But it does have significant disadvantages where the salary scales and benefits offered employees vary widely among the participants.

The second alternative is designation of one government as employer for all staff of the joint agency. This option, while somewhat more difficult to construct, provides a uniform personnel system.

Although either of these options may be less desirable than the joint agency itself acting as an employer, their use is virtually mandated by Federal Social Security regulations which require that employers be political subdivisions. Joint agencies, with certain exceptions, cannot hold this status.

Whichever option is chosen, the agreement should provide for reimbursement to employing municipalities for costs related to employment of joint agency staff and for incidental increased administrative costs.

Civil service administration of a joint agency will vary with the particular circumstances of the agreement. When all the participating governments are located within the same county, the agency administering civil service for the county will provide this service to the joint agency, except where otherwise provided by law. However, where a city is a participant in the arrangement, the appointing authority of the joint enterprise may, within 60 days of establishing the agency, elect to vest authority with the civil service body of the city.

Where the participants include two or more counties or are located in two or more counties, the appointing authority of the joint enterprise may select to have civil service administration provided by one of the participating counties. In the event that the appointing authority of a newly established public agency fails to make a selection within ninety days after the effective date of the establishment of the joint enterprise, civil service administration will be provided by the civil service commission or personnel officer in the county in which the greater or greatest territorial area of the joint agency is located.

Financial considerations. Allocating service costs among participating municipalities can be the most significant difficulty faced in implementing a joint agreement. Accordingly, the formal agreement should clearly spell out the method or methods of apportioning costs.

The statutes authorizing intergovernmental agreements provide a number of options for apportioning costs, including basing charge-backs upon full value of real property, services received or rendered, benefits received or rendered, or a combination of these. The statutes further provide that "any other equitable basis" may be used for allocating costs.

Where the apportionment of capital and operating costs differ, the agreement should state both methods of computing charge-backs. If service charges are utilized to defray all or part of the expenses of the joint operation, the agreement should specify the role service charges play in financing the operation. Further, the agreement should detail how and when service charges will be levied, and against whom. In all cases, the contract should state the basis for developing the service charges structure.

The contract also should detail fiscal procedures for administering the joint service. The fiscal officer of one of the participating municipalities should be designated as fiscal officer for the joint agency. The fiscal officer should have custody of all funds made available for expenditure by the agency, as well as authority to make payments subsequent to audit by the appropriate auditing official or body. The contract should state the means by which the fiscal officer is chosen, and should delegate necessary powers with respect to receipt, custody, audit, and disbursement of funds. These powers, and the agency's accounting system, should be in compliance with the requirements of the State Department of Audit and Control.

The contract should define: timing and methods for preparing and adopting a budget for a joint agency; number of votes required for the governing body to recommend the budget to participating governments; responsibilities of participating governments for reviewing, revising and approving the proposed budget; and procedures for amending the budget and transferring funds.

If the joint agreement requires incurring debt, the contract should specify the type of obligations to be issued. Debt may be incurred in two basic ways. First, one or more of the participating governments may issue its own obligations to finance the required capital expenses, and turn the proceeds over to the fiscal officer of the joint agency. Under this arrangement, the issuing governments are responsible for the debt and debt service charges. The debt so incurred is charged against the debt limit of the issuing government, even though the debt was incurred for a joint activity. If this arrangement is chosen, the joint agreement should clearly specify obligations of the parties to reimburse the issuing municipality for debt service charges.

A second alternative is for the participating governments to jointly contract required debt. Under this option, the debt would be allocated among the participants according to the terms of the joint agreement. In this arrangement all parties are jointly liable for the full amount of the obligations, although only a government's allocated portion will appear on its debt statement.

Although not required, governments can seek approval of the debt allocation formula from the State Comptroller. This approval makes the allocation conclusive.

Property considerations. Joint agreements should describe property arrangements. There are three basic ways to handle property:

1. Property may be acquired by the participants, each holding title as tenants in common. Each may have an interest proportional to its contribution, as specified in the agreement;

2. Property may be acquired by one of the participants, and leased to the joint agency;

3. Participants may hold title to the property as joint tenants. This latter arrangement may have utility where not all of the participants are eligible for tax exemption. Since joint tenancy involves an undivided interest in the entire property, a tax exemption available to one participant would extend to the entire value of the property.

In addition to defining ownership of property, the agreement should provide for its disposition upon termination of the agreement, as well as for disposition of portions in the event one or more participants terminate the contract.

ILLUSTRATIVE CONTRACT CLAUSES

Agreements between local governments in which certain functions are performed, either among themselves on a shared basis or one for the other, are best implemented by a formal written agreement which identifies the duties and obligations of all parties in the agreement.

This section will discuss various elements of such agreements and give examples of contract language illustrating each point.

A number of local governments have cooperated in preparing this document by supplying copies of their intergovernmental agreements.

It is important to note that the language used in this section is illustrative and may only be effective in particular situations. The municipal attorney should always be consulted at every stage of developing a cooperative agreement. **Under no circumstances should these sample clauses be used without legal consultation.**

Introductory clauses. The first part of an agreement commonly consists of "whereas"

clauses which identify the parties, the rationale for entering into the agreement, the problem and its proposed solution, and the statutory authority under which the particular type of agreement is authorized.

Most cooperative agreements are entered into pursuant to Article 5-G of the General Municipal Law, which provides broad authority for the joint provision of any municipal facility, service, activity, project or undertaking, or the joint performance or exercise of any function or power which each municipal corporation has the power to perform or exercise by itself. However, several specific statutes may be utilized to enter such agreements in particular areas. Examples of these statutes are:

1. Ambulance services and emergency medical service -- General Municipal Law, Section 122-h

2. Common water supply -- General Municipal Law, Article 5-B

3. Common drainage facilities -- General Municipal Law, Article 5-F

4. Youth programs -- Executive Law, Section 422

5. Fire training centers -- General Municipal Law, Section 209-2

Following are examples of introductory clauses, which set the stage for the more technical operative clauses of the agreement.

Parties

-- Agreement made (date), by and between the Town of _____, hereinafter called the "Town" and the Village of _____, a municipal corporation, hereinafter called the "Village";

-- WHEREAS, the Board of Trustees of the Village of _____ and the town boards of the Towns of _____ and _____, all located in the County of _____, New York, deem it in the best interest of the residents of the respective governments to jointly provide a _____ operation for use by and for their respective residences;

-- This Agreement entered into this (date) between the Town of _____ hereinafter known as the Party of the First Part and the County of _____ hereinafter known as the Party of the Second Part;

-- An Agreement between the County of _____ and certain municipalities located therein for the establishment of a cooperative means of conducting _____ activities;

-- This Agreement made and entered into this (date) by and between the following municipalities, the Village of _____, the Village of _____ and the Town of _____ hereinafter referred to as Parties, all municipal corporations of the State of New York;

Rationale

Often, other rationale appear to set forth the reason for which the agreement is entered into or the problem which the agreement hopes to solve.

-- WHEREAS, the purpose of the Agreement to establish a legal mechanism through which the County may act as an urban county to apply for, receive and disburse federal funds available to such urban counties under (federal statute) and to take such actions in cooperation with the participating municipalities herein as may be necessary to participate in such federal program;

-- WHEREAS, the Town owns and maintains an incinerator and dump for the incineration, disposal and dumping of garbage and refuse; and (Whereas) the Village provides garbage and refuse collection service for its residents and requires a means and place for the disposal of such waste; and (Whereas) the Town is willing to make available to the Village its incinerator and dump;

-- WHEREAS, there is no public swimming facility available for residents within the geographic limits of the Town or Village;

-- WHEREAS, it has been determined that the proposed cost of creating, maintaining and operating a satisfactory disposal site and operation thereof would be too costly to be carried on by any one of the parties hereto;

-- WHEREAS, the Village maintains a Police Department, as a general Village expense to all residents of such Village; and (Whereas) the Town is desirous of obtaining certain police services for the benefit of residents of the Town, outside the Village;

-- WHEREAS, in order to promote the general welfare and provide for the public health by providing sewer treatment and collection services for residents and taxpayers at the least possible cost, according to professional engineering criteria;

-- WHEREAS, the City owns and operates a plant for the production and supply of water and is willing to sell surplus water to the Town, and

(Whereas) the Town proposes to form a Water Improvement Area for the entire Town of _____ consisting of facilities for water storage and a bulk water transmission system with a source from the City, and

(Whereas) the Town proposes to sell said City water to the residents of and other users in the Town Water Improvement Area, and also to third parties outside the Town Water Improvement Area, and

(Whereas) the City agrees to sell surplus water to the Town and the Town agrees to purchase same;

Statutory authority

The contract's statutory source should be set forth to avoid confusion about the authority under which local governments are acting.

-- WHEREAS, pursuant to Article 5-G of the General Municipal Law the Village and Town are authorized to enter into a Municipal Cooperation Agreement with respect to police services;

-- WHEREAS, Section 135-a of the Highway Law provides that a County or its Superintendent of Highways may contract with any Town for the removal of snow from roads or for sanding or otherwise treating them for the purpose of removing the danger of snow and ice;

-- THIS AGREEMENT, for the furnishing of fire protection and emergency ambulance services to a fire protection district pursuant to the provisions of Section 184 of the Town Law and Sections 209 and 209-d of the General Municipal Law;

-- WHEREAS, the parties hereto have established a joint recreation commission pursuant to Section 244-d of the General Municipal Law of the State of New York.

-- WHEREAS, in a spirit of cooperation and pursuant to the provisions of Section 256 of the Education Law of the State of New York, the parties hereto have reached an agreement whereby residents of the Town of _____ shall have free access to the City of _____ Public Library and be entitled to all the privileges thereof;

Service provided or jointly performed. Planned services should be set forth as specifically as possible so that each of the parties is fully aware of its duties and responsibilities under the agreement.

-- The Town agrees to remove the snow from, apply sand and salt, or other material on, and where the (Highway) Superintendent deems it necessary, erect snow fences within the right-of-way of county roads during the period September 1 to April 20 of each year that this contract is in effect.

-- The Town agrees to supply all labor, machinery, tools and equipment in the performance of the work under this contract.

-- The Village hereby agrees to and shall provide to the Town, emergency police services required by sudden, unexpected happenings or by unforeseen occurrences or conditions as defined herein.

-- The Village shall provide to the Town the services of a "juvenile officer" in the same manner and to the same extent that the services of said "juvenile officer" are available to the Village.

-- WHEREAS, all parties hereto have certain highway, non-highway and speciality equipment which is not always being used, and

(Whereas) it is possible to make such equipment available for use by the other Parties, and

(Whereas) such exchange of equipment may result in more effective work performance at minimal extra cost, and

(Whereas) all parties will have authorized their respective highway, public works and/or fire alarm superintendents as the case may be, hereinafter referred to as the Superintendents, to act pursuant to this Agreement;

-- The Party of the Second Part shall, for a period of one year from January 1st, to December 31st, furnish and provide said fire district with fire protection, and shall be subject to call for attendance upon any fires occurring in said district and shall promptly respond and attend upon such fires and at such fires shall proceed diligently to the extinguishment of the same and the saving of life and property in connection therewith.

-- The Party of the Second Part shall provide general ambulance service for the _____ Fire District for the purpose of transporting any sick, injured or disabled persons found within the area of the _____ Fire District to a local hospital, and such sick, injured or disabled persons may be transported to any hospital, clinic, sanitarium or any other place within a radius of _____ miles as measured in a straight line from the Fire House located at _____.

-- The Village agrees to furnish water to the Town for said Water Districts and to pump into the existing reservoir or mains of the Town. In times of necessity and emergency, such as fire and draining of reservoir, the Village shall be permitted to draw water from the Town's reservoir.

-- The City agrees to supply the Town with filtered water which is potable, of good quality and treated according to present or future requirements of the State Department of Health or any other governmental body having jurisdiction or control of public water supply.

-- The Town agrees to install a transmission main from the City Water Plant to the City Reservoir located at _____, in the City of _____ and the Town shall therefore install a master meter at or near a point where the Town shall construct its transmission line.

-- The County does hereby grant to the Town and Village the right, license, privilege and permission to maintain a landfill operation in and on a certain tract of land described herein with the right and privilege to dump and fill in said land, garbage, ashes, and refuse, until said land is property filled, but in no event for a term of more than ten years.

-- The Parties of the Second Part will operate a joint landfill operation on the premises described herein, and each of said municipalities shall be jointly and severally responsible for the proper conduct and operation of such landfill.

-- The County will provide and maintain a shelter or pound for seized dogs, will properly care for all dogs in such shelter and will humanely authorize or make available for adoption seized dogs not redeemed as provided in Article 7 of the Agriculture and Markets Law. Such shelters shall

be under the care and charge of a competent employee and shall be open to the public at all reasonable hours.

Financial arrangements. Financial duties and obligations should be set forth specifically in all intergovernmental agreements.

-- The Town and Village agree to jointly purchase the _____ school property owned by the _____ Central School District for the sum of $_____.

-- The formula for allocating the costs of said capital acquisition shall be on an equal fifty percent basis; the levying of taxes or assessments to pay such costs and whether said cost shall be borne by the entire area of the respective municipality or on a part thereof which is to benefit shall be determined upon the adoption of any appropriate resolution.

-- The Town of _____ will annually contribute the sum of $_____ to said program.

-- The Village of _____ will annually contribute the sum of $_____ to said program.

-- The Village Treasurer of the Village of _____ will be the custodian of the funds for said program and provide annually an account of said fund to each of the parties.

-- It is estimated that it will cost approximately $15,000 to prepare and operate the pool for the 19__/20__ season. The parties agree to equally share all costs of preparation, operation, maintenance and staffing and for that purpose shall appropriate the monies necessary therefor, which shall be expended in accordance with the estimated budget annexed hereto as Exhibit A. Any additional monies necessary to properly operate, maintain and staff the pool shall be paid only upon the consent and agreement of both municipalities.

-- The Town agrees to keep, during the period of this contract, an itemized record of daily operations, on a form to be provided by the Superintendent of Highways, and to submit such completed form together with a certified voucher noting the cost of labor, machinery, tools and equipment herein to the Superintendent between April 20 and July 1 of each year that this contract is in effect. It is understood by the Town that no payment will be made pursuant to this contract until said form and voucher are approved by the Superintendent. It is further understood by the Town that payment will only be made for those costs which are determined by the Superintendent to be within the intent and scope of this contract.

-- The cost of the sanitary landfill shall be allocated among the several governmental units herein as follows:

-- Each unit shall pay its share based on the population of the unit, as such population shall be a percentage of the total population of the area covered, and the 19__/20__ Federal Census shall be used to compute such figures.

-- The Town agrees to pay the Village: (1) for each sick or injured person found within its boundaries and transported by the Village ambulance to a destination inside the Village a basic charge of _____ dollars plus _____ dollars for each mile traveled, measured from the point of pickup of the sick or injured person to the point of destination; (2) for each person transported by the Village ambulance to a destination outside the Village a basic charge of _____ dollars plus _____ dollars for each mile traveled measured from the point of pickup to a point of destination; (3) a sum equal to the charge set forth in (1) above, if the ambulance is called to the Town but the patient either refuses to be transported or cannot be found; (4) for each resident of the Town transported from the _____ Hospital or other medical or nursing facility within the Village to a destination outside the Village a basic charge of _____ dollars and _____ dollars for each mile traveled, measured from the point of pickup to the point of destination and if to a destination inside the Village a basic charge of _____ dollars and _____ dollars each mile traveled measured from

the point of pickup to the point of destination.

-- Local costs of annual operation and maintenance of said Sewage Treatment Plant shall be shared by the parties hereto in proportion to the annual sewage flow contributed by each. Sewage flow shall be monitored at appropriate points for the purpose of determining the gallonage contributed by the Village and by the Town. The annual share of operation and maintenance expenses to be contributed by the Town shall be computed on the basis of flow contributed by each party during the Village's fiscal year, or any fraction thereof.

-- The parties hereto further agree that the Town shall annually reimburse the Village for a portion of the Village's capital costs of said Sewage Treatment Plant, which annual reimbursement shall be based upon the following formula:

$$\frac{\text{Village's Capital Costs (Local Share)}}{\text{Estimated Useful Life of Sewage Treatment Plant}} \times \text{Percent of Flow Contributed by Town} = \text{Annual Reimbursement by Town}$$

Indemnification. Finally, the agreement should spell out provisions for insurance or for the indemnification of one or more of the parties.

-- The Village hereby agrees to save the Town harmless from any claim or cause of action which may arise out of this Agreement and the Town in like manner agrees to hold the Village harmless.

-- When the School District grants permission to the Town to use facilities of the School District, the Town will notify its insurance carrier or carriers that the School District is to be named as an additional insured on its liability policy or policies for the duration of the swimming, athletic, or educational program.

-- The Party of the Second Part agrees to provide and carry adequate insurance approved by the Party of the First Part, protecting and indemnifying the Town fire protection district from any and all liability or claims for injury or damage to third persons or property as a result of actions of the fire company or its members. The cost of providing insurance for firemanic benefits payable under Section 205 of the General Municipal Law or any amendments thereto or substitute therefor shall be assessed to said fire protection district.

-- Party of the First Part covenants and agrees that it will obtain and maintain in full force and effect throughout the term of this agreement, or any extension thereof, insurance providing benefits under the Workers' Compensation Law of the State of New York for the benefit of the Party of the Second Part, or in the alternative, Party of the First Part will by virtue of participation in a county plan, or otherwise, cause to be obtained and maintained in full force and effect throughout the term of this agreement, or any extension thereof, insurance providing benefits under the Workers' Compensation Law of the State of New York for the benefit of the Party of the Second Part.

-- Each Party shall carry liability insurance covering its own equipment, including the operator. Such insurance shall protect both the owner of the equipment and the Party receiving or accepting service from any liability in the event of any claim arising during any exchange pursuant to this Agreement.

-- The Village of _____ shall save and hold harmless the County of_____ and shall assume all risk and liability for such signs, signals and markings installed by the County and for the use and operation thereof and for damage for injuries or death to persons or property however arising therefrom or because thereof, excepting the active negligence of the County.

James A. Coon

The James A. Coon Local Government Technical Series is dedicated to the memory of the deputy counsel at the NYS Department of State. Jim Coon devoted his career to assisting localities in their planning and zoning, and helping shape state municipal law statutes.

His outstanding dedication to public service was demonstrated by his work and his writings, including a book entitled *All You Ever Wanted to Know About Zoning*. He also taught land use law at Albany Law School. His contributions in the area of municipal law were invaluable and as a result improved the quality of life of New Yorkers and their communities.

For further information, contact the DOS Division of Local Government at (518) 473-3355.