SFY 2016-2017 ANNUAL REPORT: ADMINISTRATION OF LOCAL GOVERNMENT EFFICIENCY PROGRAM

PURSUANT TO SUBPARAGRAPH (X) OF PARAGRAPH S OF SUBDIVISION 10 OF SECTION 54 OF THE STATE FINANCE LAW

FOR SUBMISSION TO THE GOVERNOR AND LEGISLATURE

November 7, 2017

Andrew M. Cuomo
Governor

Rossana Rosado
Secretary of State
INTRODUCTION

The Department of State’s (DOS) Division of Local Government Services (DLGS) provides a variety of services to local governments. The Local Government Efficiency Program (LGE) assists local officials in developing projects that reduce government expenses and build their capacity to provide efficient services.

DOS provides this LGE Program Annual Report pursuant to subparagraph (x) of paragraph s of subdivision 10 of section 54 of the State Finance Law. It is intended to offer an assessment and overview of two incentive programs that support local governments:

- The Local Government Efficiency Grant (LGEG); and
- The Citizens’ Reorganization Empowerment Grant (CREG).

This Report provides an overview of the two programs, summarizes State Fiscal Year (SFY) 2016-17 applications and awards in each grant category, estimates the local government savings attributed to projects funded by these programs, and describes municipal service delivery improvements resulting from grants completed in SFY 2016-17.

LOCAL GOVERNMENT EFFICIENCY GRANT - OVERVIEW

The LGEG, a competitive grant program, provides eligible local governments with funding to undertake studies and implementation activities with the goal of reducing municipal expenses and property taxes. In the SFY 2016-17 Budget, the State Legislature appropriated $4,000,000 for this program. Eligible entities for LGEG funding include: counties, cities, towns, villages, special improvement districts, fire districts, public libraries, association libraries, water authorities, sewer authorities, regional planning and development boards, school districts, and Boards of Cooperative Educational Services (BOCES) that advance joint applications. Generally, at least two local governments must apply cooperatively for an LGEG. In certain instances, however, the Department may provide direct assistance to a fiscally stressed local government to implement internal reorganizations or service delivery modifications.

Local governments are eligible for planning awards of up to $12,500 per municipality, with a maximum not to exceed $100,000 per project. Municipal co-applicants prepared to implement projects are eligible for up to $200,000 per municipality, with a maximum cumulative project grant award of $1,000,000. The local minimum match requirement is 50% of project planning cost and 10% for project implementation cost. Upon full implementation of a project, a local government entity that receives program funding for both the planning and implementation phases of a project may recoup up to 80% of the match expended during the planning phase.

CITIZENS REORGANIZATION AND EMPOWERMENT GRANT – OVERVIEW

The CREG is a noncompetitive grant that provides funding to study, plan, and/or implement the restructuring of local governments subject to General Municipal Law (GML) Article 17-A, known as the “New N.Y. Government Reorganization and Citizen Empowerment Act,” which sets forth
uniform procedures to be followed by local government entities when considering joint consolidation and dissolution actions. In the SFY 2016-17 Budget, the State Legislature appropriated $35,000,000 for CREG and the Citizens Reorganization and Tax Credit Program (CETC), which is managed by the Division of the Budget.

Local government entities eligible for CREG funding include towns, villages, fire districts, and special improvement districts. CREG program planning projects assist local officials with examining the financial impact, potential management and service delivery changes, and other critical activities arising during consideration of a municipal reorganization. Such planning projects also result in the identification of other potential options to achieve efficiencies, if a local government consolidation or dissolution does not move forward.

Under this program, local governments are eligible for up to $100,000 for a project, including up to $50,000 for planning and $50,000 for implementation. The local program match requirement is 10 percent for implementation and planning activities undertaken in response to a citizen petition, and 50 percent for planning actions initiated solely by local board resolution.

**LLEG PROJECTS FUNDED IN SFY 2016-17**

In December 2016, Governor Cuomo announced the approval of $4 million in grant funding for twenty (20) projects under the LLEG program. The pie chart to the left illustrates the awards by local government function. Projects included:

- **General Government** – implementation of general government consolidation, consolidation of building code enforcement, and planning for regional hazardous waste management;
- **Public Safety** – consolidation of public safety information and records management;
- **Transportation** – consolidated of transportation services between schools, consolidation of municipal highway and public works services, and consolidation of city and county bussing services; and,
- **Infrastructure** – regional water and sewer infrastructure improvements, expansion of hydroelectric service, and consolidation of water system metering and administration.
Summary of Applications: The LGEG program received 37 applications in response to its SFY 2016-17 solicitation. The amount of LGEG assistance requested for these applications exceeded $11.175 million, with total anticipated local government savings projected at over $7.6 million annually.

Summary of Awards: The LGEG program awarded funding to 20 projects for a total of $4 million during the most recent round. As reported by the applicants, the anticipated first-year savings to local governments after implementation is projected to be over $6.4 million, producing a positive return on the initial state investment by year 2 of implementation.

CREG PROJECTS FUNDED IN SFY 2016-17

The CREG program accepts applications from municipalities monthly. During SFY 2016-2017, the Department received 15 applications for CREG funding. All applications were deemed eligible resulting in the awarding of $467,500. These projects will assist the citizens of two villages and six towns to complete voter-approved dissolution. This funding will also support five other villages and a town to develop information to present to voters for consideration of dissolution. Finally, this funding will assist residents of four special improvement districts in a single town to plan for district consolidation. Appendix 1 contains a synopsis of the 15 applications.

LGEG PROJECTS COMPLETED IN SFY 2016-17

During SFY 2016-17, a total of 22 (13 Local Government Efficiency Grants and 9 Citizen's Reorganization and Empowerment Grants) were completed. Implementation grants completed during SFY 2016-2017 reported estimated annual savings of $5.34 million.
## Implementation Projects Closed in SFY 2016-2017

<table>
<thead>
<tr>
<th>Program</th>
<th>Program Year</th>
<th>Final LGE Award</th>
<th>Local Government</th>
<th>Project Name</th>
<th>Estimated Annual Savings</th>
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<tbody>
<tr>
<td>CREG</td>
<td>2012</td>
<td>$26,855</td>
<td>Village of Edwards</td>
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<td>CREG</td>
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<td>$388,229</td>
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<td>LGEG</td>
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<td>$30,689</td>
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<td>Program</td>
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<td>Ticonderoga Central School District</td>
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Planning Projects Closed in SFY 2016-2017
LONG-TERM PROGRAM IMPACT

DOS has awarded over $89.7 million in reimbursement grants to 500 applicants, with long-term projected savings anticipated to exceed $629 million, since the program's inception in 2005.

Grants Totals

<table>
<thead>
<tr>
<th>Function</th>
<th>Awardees</th>
<th>Award Amount</th>
<th>Projected Savings</th>
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<tbody>
<tr>
<td>Consolidations &amp; Dissolutions</td>
<td>91</td>
<td>$4,688,160.53</td>
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<td>General Government</td>
<td>92</td>
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<td>Education</td>
<td>51</td>
<td>$4,036,520.00</td>
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<td>Public Safety</td>
<td>67</td>
<td>$15,363,246.51</td>
<td>$90,259,543.00</td>
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<td>Transportation</td>
<td>82</td>
<td>$17,195,310.32</td>
<td>$84,762,105.20</td>
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<td>Infrastructure</td>
<td>117</td>
<td>$29,551,968.90</td>
<td>$228,083,335.17</td>
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<td><strong>Total Awardees</strong></td>
<td><strong>500</strong></td>
<td><strong>$89,717,430.93</strong></td>
<td><strong>$629,753,136.77</strong></td>
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</tbody>
</table>

Total Awards by Function

The pie chart below illustrates a comprehensive distribution of grants between consolidations and dissolutions, general government, water and wastewater infrastructure, transportation, public safety and education. Due to the legislative focus of the CREG program on general purpose local governments and special districts, the program is not receiving applications from school districts for education restructuring. Schools, however, are involved in transportation projects.
Award Amount by Function

The total grant funding by function is more varied, as more capital-intensive projects have accounted for 90% of the total approved funding. One reason for this distribution is that much of the consolidation and dissolution projects, as well as past education projects, were for initial planning and statutory compliance for mandatory and permissive referenda.

Projected Savings by Function

Over one-third of the projected savings from approved grants can be attributed to municipal infrastructure projects as partner local governments are jointly de-commissioning systems, reducing the need for maintaining such systems and upgrading infrastructure. Public safety projects, such as consolidated answering points and dispatch, have produced similar financial impacts due to singular investments into a consolidated system, rather than funding upgrades in multiple programs.
CONCLUSION

The DLGS staff responds to requests from local government officials to assist them in the implementation of projects that will increase service efficiency and reduce costs. While technical assistance is available to all municipalities, the funding programs offered through the Local Government Efficiency program enable local officials to take on additional efforts that might be outside of their current operating budgets. These projects are a strategic investment of funds, focused on strengthening communities across New York State.
APPENDIX 1: CREG APPLICATIONS (SFY 2016-17)

Town of Leray (Jefferson County)
The Town of Leray received $22,500 to consolidate three existing water districts. When completed, an inter-connect will provide service redundancy for emergency situations, as well as one set of consolidated rules and billing processes.

Town of Tupper Lake (Franklin County)
The Town of Tupper Lake received $20,000 to explore consolidation of the Town’s 22 sewer districts into a single sewer district.

Town of Tupper Lake (Franklin County)
The Town of Tupper Lake received $20,000 to explore consolidation of the Town’s 27 water districts into a single water district.

Village of Harrisville (Lewis County)
The Village of Harrisville received $15,000 to explore the dissolution of the Village of Harrisville and consolidation with the Town of Diana.

Village of Port Henry (Essex County)
The Village of Port Henry received $50,000 to implement the dissolution of the village, approved on October 27, 2015 and dissolved effective March 31, 2017.

Town of Waterford (Saratoga County)
The Town of Waterford and the Waterford Water Board received $25,000 to study potential issues and impacts associated with dissolving the Waterford Water Board and consolidating the duties and functions of providing all water services under the Town of Waterford.

Village of Morristown (St. Lawrence County)
The Village of Morristown received $15,000 to develop a detailed dissolution study to provide detailed information to the residents of the Village of Morristown and Town of Morristown about the dissolution process and impacts of dissolution.

Town of Moriah (Essex County)
The Town of Moriah received $50,000 to implement the dissolution of the Village of Port Henry, approved on October 27, 2015 and dissolved effective March 31, 2017.

Village of Mastic Beach (Suffolk County)
The Village of Mastic Beach received $50,000 to provide information to the residents prior to the village dissolution referendum and to complete the final dissolution plan.

Village of Sherman (Chautauqua County)
In response to a citizen’s petition, the Village of Sherman applied for and received $50,000 to complete a study to determine the possible impact of dissolution on the Village and Town of Sherman.
**Town of Macedon (Wayne County)**
The Town of Macedon received $50,000 to cover costs associated with the dissolution of the Village of Macedon, which was dissolved effective March 31, 2017.

**Town of Wilna (Jefferson County)**
The Town of Wilna received $50,000 to assist with the implementation of the Village of Herrings dissolution, which was effective on March 31, 2017.

**Village of Herrings (Jefferson County)**
The Village of Herrings received $50,000 to implement the Village of Herrings dissolution.

**Town of Corning (Steuben County)**
The Town of Corning received $50,000 to complete an assessment of potential consolidation of the four fire protection districts, as well as the potential future structure of the four fire departments providing service in these districts.

**Village of Cherry Creek (Chautauqua County)**
In response to an elector petition to dissolve the Village, the Village of Cherry Creek applied for and received $23,615 to explore the implications of village dissolution.
APPENDIX 2: REGIONAL PERSPECTIVE OF LGE PROJECTS (2005-2016)

Municipalities Involved in 911 Dispatch Projects through LGE

All Municipalities Involved in Consolidation and Dissolution Projects through LGE