

The Framework for Municipal Cooperation and Sharing Services

By Lorraine Cortés-Vázquez, Secretary of State



Municipal cooperation is all about partnering for a better New York. Many local governments, in their search for new methods of reducing costs and maintaining services, are reviewing their service delivery systems, setting priorities and determining which services can be provided through arrangements with other local government partners. Intermunicipal

cooperation has been found to allow local governments and districts to increase effectiveness and efficiency in the delivery of services and the performance of municipal functions. The use of cooperative agreements to provide services is one of the most useful alternatives available to local governments.

Municipal cooperation is not a new concept. For more than forty years, municipal officials in New York have enjoyed broad authority to enter into cooperative intergovernmental agreements. Various efforts have taken place over the years to encourage the sharing of services and functions among local governments, with varying degrees of success. Governor Eliot Spitzer has given municipal cooperation a fresh start and made it a high priority. In his 2007 State of the State Address, the Governor sounded the call for local government reform, recognizing “the reality that 4,200 taxing jurisdictions are simply too many, too expensive and too burdensome.” Local taxes in New York State are now sixty percent higher than the national average.

Governor Eliot Spitzer is committed to making New York State as strong and economically competitive as possible. Key to this is reducing the cost to live here and to do business here. One opportunity to reduce our costs is to work together to maximize our existing resources and to provide our services as efficiently as possible.

The New York Constitution provides that governments shall have the power to agree, as authorized by the Legislature, to cooperatively provide services.¹ In pursuance of this, Article 5-G of the General Municipal Law, enacted by the Legislature in 1959, contains a broad authorization for municipalities and districts 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.”² 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 to provide the necessary services efficiently and economically. Other legislation has been adopted over the years permitting municipal cooperation and the sharing of services in specific areas.³

In April 2007, Governor Spitzer issued an Executive Order establishing the Commission on Local Government Efficiency and Competitiveness to help guide administration policy. The Commission is chaired by former New York Lieutenant Governor Stan Lundine and is overseen by Senior Advisor to the Governor Lloyd Constantine. The Department of State is a member of an interagency task force chosen to assist with the implementation and development of initiatives to support the work of the Commission. Under Governor Spitzer’s leadership, the result is a stronger commitment to efficient local government.

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At the Department of State, we have been working closely with the Governor to advance his agenda for local government reform. I have come to realize that so much of what we do at the Department affects local governments. In addition to working with local governments, we train firefighters, enforce the state building code, and administer the state’s coastal management program to advance our shared goals of an economically competitive and responsive New York.

As Secretary of State, I administer a program which represents New York State’s effort to provide incentives for cooperation and consolidation between municipalities. The Shared Municipal Services Incentive Program (“SMSI”) at the Department of State provides technical assistance and competitive grants to two or more units of local government for the development of projects that will achieve savings and improve municipal efficiency through shared services, cooperative agreements, mergers, consolidations and dissolutions. The SMSI Initiative is currently starting its third year of funding. Over the first two years,

participation in the grant program has been a success, with 512 applications from municipalities and districts interested in cooperative ventures.

We have learned that 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 increases; these services present opportunities for cooperation by eliminating duplication of services. 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.

Intermunicipal cooperation contemplates a cooperative or contractual arrangement between two or more municipalities. Relationships between local governments and districts can grow stronger as the governments become accustomed to working and interacting with one another and build trust. In many circumstances, it might be good to start with a pilot project between municipalities before gradually increasing the scope and scale. This could help the partners involved to build trust and learn from cooperation before making larger commitments.

Cooperation agreements generally are divided into two categories: joint agreements and service agreements.

A “joint agreement” is used when the participating governments agree to share in the performance of a function or the construction and operation of a facility. It usually provides for significant participation by each of the local governments. There is generally a rough equality among the participants with regard to resources and facilities, so that the potential contribution of each is similar. For example, a joint agreement among municipalities of similar size could provide for combining police services, by establishing single dispatching centers, combined investigative teams or coordinated road patrols. Fire and ambulance dispatching services can also be centralized. By maximizing available resources through the use of joint agreements, local governments can realize many economies of scale and eliminate duplication.

A “service agreement,” on the other hand, contemplates a situation where one local government contracts with another to provide a service at a stated price. This agreement may be more appropriate when the participants are substantially different in size or capability, or when a readily definable commodity is being provided. For example, a municipality or district which operates public works such as water supply, sanitary sewer service, and refuse disposal may contract to furnish such services to a municipality which needs them.

The SMSI program helps promote municipal cooperation through both joint agreements and service agreements. Pursuing shared services, cooperative agreements, consolidations and dissolutions is a sensible way for local

governments to do this. Some of the projects awarded SMSI grants include:

- To the Town and Village of Saugerties, to conduct a feasibility study for Shared Municipal Services, Police and Public Works Department. The study will provide an analysis to determine the benefits of merging public services that are currently offered by both the Town and Village of Saugerties governments, focusing on public works and police departments.
- To the Towns of Fishkill and East Fishkill, to create an Artificial Wetland Treatment System to treat the leachate at a jointly operated solid waste treatment facility. The landfill generates an average leachate flow of 46,800 gallons per month, which must be hauled away at a cost of \$56,160 per year. By treating the leachate onsite, the towns expect to save approximately \$250,800 over a five-year period.
- To the Town and Village of Cape Vincent, which will receive a \$400,000 grant for the joint purchase of water infrastructure. This will eliminate duplicative spending, water fees and hauling expenses and tank repair expenses for the Village. In addition to reducing costs, this project also helps to improve fire and public health safety and create new development opportunities.
- To the Towns of Bangor, Moria and Fort Covington in Franklin County, which will receive \$199,355 to purchase a new road zipper to replace an antiquated paving machine to help keep up with necessary roadway maintenance.
- To the North Colonie School District in Albany County, which will receive approximately \$45,000 to prepare a study to consider the feasibility of annexing the adjacent Maplewood-Colonie Common School District.
- To the cities of Cohoes, Watervliet, Rensselaer and Troy and the Village of Green Island, to assist in developing the Albany Pool Combined Sewer Overflow Long Term Control Plan. This project will include the project management and facilities needed to oversee the creation of a six-municipality intermunicipal long-term control plan for the communities’ combined sewer overflows. The project received \$200,000 in Round 1 and nearly \$475,000 in Round 2.

For 2007–2008, the SMSI program has \$25 million available for cooperation and consolidation efforts. This includes \$10 million for Consolidation Incentive Aid operated through the Division of Budget and \$13.7 million for grants administered by the Department of State. This year, eligible municipalities include counties, cities, towns, villages, special improvement districts, fire dis-

tricts, school districts, and Boards of Cooperative Education Services (“BOCES”). Grant awards are available for up to \$200,000 per municipality, with a ten percent cash match.

In the selection of shared service grant awards, priority is given to applications that plan or study consolidations, mergers, and dissolutions; include municipalities that meet fiscal distress indicators; promote shared services between school districts and other municipalities; implement shared highway services projects; and develop countywide shared services plans.

The Aid and Incentives to Municipalities (“AIM”) program will provide a financial incentive for municipalities to consolidate. Specifically, the consolidated municipality will receive the combined total aid each municipality received separately and, as an incentive to consolidate, a twenty-five percent increase in the combined aid amount. The increase from this consolidation incentive is capped at one million dollars and it will continue to be part of the consolidated municipality’s base aid in future years.

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The Albany Law School Government Law Center has been a valuable partner in developing the SMSI Regional Technical Assistance project—a key tool to facilitate communication on collaboration and consolidation. The Center has played an integral role in the creation of a Shared Services Incentive Network which provides regional technical assistance through colleges and universities on the topics of consolidations, mergers, dissolutions, cooperative agreements and shared services. Specifically, they have created a highly interactive and involved organization of educational institutions, representatives of statewide municipal associations and other interested

parties. In cooperation with these institutions the Law School has provided the Department of State with one round of shared services case studies, with a second round in production, which illustrates both successes and failures. This Shared Services Incentive Network will help the Department of State develop a valuable repository of information on intermunicipal cooperation and consolidation.

Also, the Government Law Center has developed a user-friendly manual for shared municipal services. This manual includes technical assistance for developing effective shared municipal service agreements and other cooperative intermunicipal arrangements. All these work products will be central to an on-line clearinghouse and SMSI Network to be hosted on the Department’s Web site.

There are many benefits which can be achieved if local governments work together to provide services to the citizens of New York. As states and localities strive to grow business and investment, we must do all we can to make New York municipalities competitive and efficient. Cooperating, sharing services and consolidating are all a necessary part of this effort.⁴

Endnotes

1. N.Y. Const. art. IX, § 1.
2. N.Y. Gen. Mun. Law § 119-o (1) [hereinafter GML].
3. For example, GML Article 5-J clarifies the authority of municipalities under GML Article 5-G to enter into agreements to undertake comprehensive planning and land use regulation with each other. (Comparable provisions are embodied in N.Y. Gen. City Law § 20-g, N.Y. Town Law § 284 and N.Y. Village Law § 7-741.) Under GML Article 12-C, local governments may form joint municipal survey committees to study and plan cooperative solutions to local government problems. GML Article 14-G makes provision for interlocal agreements with governmental units of other states to allow sharing municipal services, personnel, facilities, equipment and property, provided they have the authority to perform the function or service individually.
4. Our Web site is a great resource for information on local government cooperation and includes information and application forms for SMSI grants. I invite you to explore our Web site at <http://dos.state.ny.us>.

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WWW.NYSBA.ORG/CAPS**

