

Final Report for the

**New Paltz  
Government Efficiency and  
Effectiveness Project**

Submitted by

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**FAIRWEATHER  
CONSULTING**  
*SPECIALISTS IN STRATEGIC CHANGE*

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## Purpose of This Document

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This document represents the final report for the New Paltz Government Efficiency and Effectiveness Project. Included in this report are the results of the study of options for full municipal consolidation (Part 1) and options for enhanced shared services (Part 2). When fully completed, with the addition of input from the Steering Committee, Community Advisory Committee, general public and Town and Village boards, this report is intended to guide the Town and the Village in the adoption of new municipal and service delivery structures that improve the efficiency and effectiveness of local government in New Paltz.

In Part 1: Study of Options for Full Municipal Consolidation, this report identifies the recommended structure for full consolidation of the Town/Village (a coterminous town/village) and explains the reasoning behind this recommendation as well as mitigating circumstances that may suggest alternative structures. Building on the contents of a previous report ([Full Consolidation Report](#), April 2011), this report focuses on two initial scenarios for service disposition: a decentralized scenario and a unitary scenario. Additionally, a modification of Scenario 1 (Scenario 1a) describes an alternate structure for a consolidated municipality in the event that incentive funding is necessary in order to achieve public support for consolidation. The report also provides a comparative summary of the impacts of each option and a summary of the expected benefits of full municipal consolidation.

Part 2: Study of Options for Shared Services represents new material based on conversations with department heads from the Town and the Village of New Paltz, as well as the New Paltz Central School District and SUNY New Paltz. In this report, we describe our methodology for identifying shared services opportunities, summarize the barriers and challenges that have been identified, and outline our recommended action steps for implementation of enhanced shared services.

Finally, the appendices to this report contain detailed supporting materials, in the form of draft Joint Consolidation Agreements and sample local laws for bringing about the recommended changes in the municipal and service delivery structure of the Town and Village of New Paltz. Additionally, to support the implementation of recommended restructuring options, we have included a summary of Village and Town assets and debts, as well as a model budget that details expected budgetary impacts under alternative scenarios for full municipal consolidation.

## Project Background and Introduction

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The Government Efficiency and Effectiveness project is a joint study of new municipal governance and service delivery models by the Town and Village of New Paltz. The goals of the study include the following objectives, as outlined in the original grant proposal for the project:

1. Public engagement and participation in the study process
2. Achieve efficient and responsive utilization of Town and Village assets
3. Review the short- and long-term impacts of governance and service delivery models

4. Develop a plan and supporting legal documents to implement the study recommendations
5. Plan for evaluation of the efficacy of the chosen municipal governance structure or service delivery model
6. Share key strategies, lessons learned and implications with other communities
7. Identify and seek funding to support implementation

In recognition of these ambitious objectives, the grant identified a diverse team of partners to be involved in the study. This research team comprises a citizen-based Community Advisory Committee and a core Steering Committee, which includes representation from two other major public institutions in the community: SUNY New Paltz and the New Paltz Central School District. Based on the need for expert, neutral guidance throughout the study process, the Town and Village also determined to engage a consultant team experienced in similar municipal restructuring efforts. Fairweather Consulting and the Government Law Center at Albany Law School were selected through a competitive process, and have assisted the project research team through a contracted scope of work aligned with the overall project goals.

This report represents the culmination of over 16 months of work by the Steering Committee and Fairweather Consulting, with input and involvement from the Community Advisory Committee. This report is envisioned as the final work-product of the New Paltz Government Efficiency and Effectiveness Study, though it is likely to see revisions as input is gathered from various stakeholders in the coming months. Though the resulting revisions and additions, it is hoped that this document will evolve into an accessible and useful guide for the implementation of new municipal structures in New Paltz.

## Part 1: Study of Options for Full Municipal Consolidation

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This section of the report begins with a review of the methodology for the study of full consolidation options, as conducted by Fairweather Consulting on behalf of the Steering Committee and with the participation of representatives from the Town and Village of New Paltz. Based on a review of alternative approaches to municipal consolidation (i.e. future municipal structures), this report identifies a recommended structure and explains the justifications for this recommendation. The report continues by describing two options for disposition of municipal services under the recommended structure. These two conditions (structure and service disposition) provide the foundation for an analysis of the impacts of consolidation, which comprises a major portion of this report. The report concludes with a review of next steps in the overall study process.

### Study Methodology

Municipal restructuring – the process that brings about changes in the way local governments are organized and constituted to provide services – is a complex topic. Particularly as communities struggle to identify means of survival in challenging economic times, the topic has become a frequent subject of discussion. However, the complexity of the topic often means that conversations about the merits and drawbacks of consolidation fail to move beyond speculation and unexamined impressions.

A methodological study of restructuring options is a means of enhancing the dialogue by establishing an orderly progression of reasoning and supporting evidence. The study methodology involves a series of steps. The first several steps gather and prepare the necessary inputs that allow the subsequent steps to present useful analyses and conclusions. These outputs from the study inform the Committee’s deliberations and future public discussions regarding municipal consolidation.

The study methodology is distinct from the process for public input or implementation. These steps that follow the completion of the study are discussed in the final section of this report and will be the subject of future project work-products.

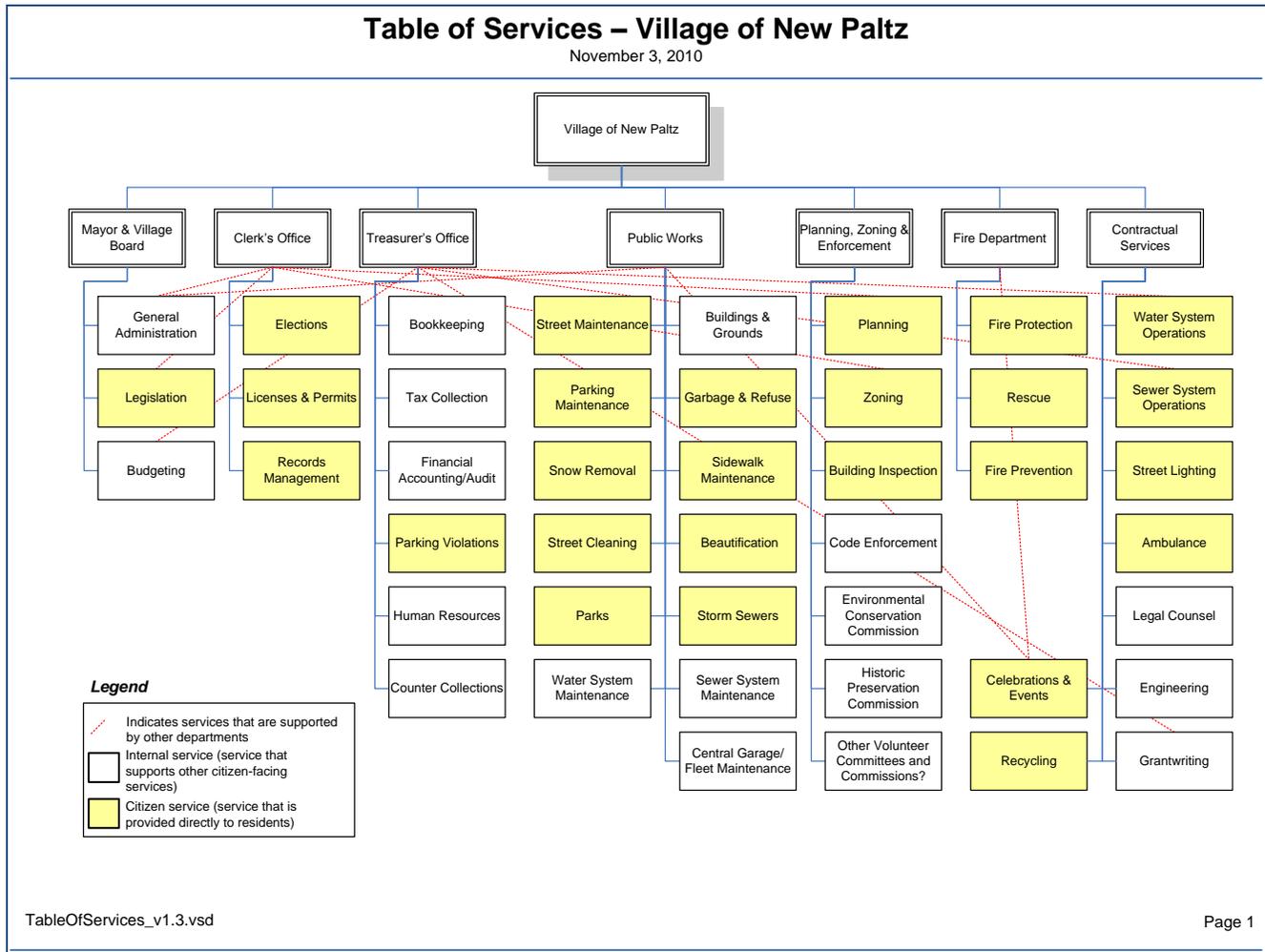
### Step 1 – Analyze Municipal Service Delivery Structures

The first step in the study of consolidation options is to determine the current structure for service delivery in the Village and the Town. This task was completed as part of a previous report produced by Fairweather Consulting and provided to the Steering Committee in the Preliminary Analysis Report (available at <http://newpaltz.ning.com>). The following sections provide a summary of the findings regarding the current structure of service delivery in the Village of New Paltz and the Town of New Paltz

#### Village of New Paltz Service Delivery Structure

In the village, the majority of village services are provided by the Mayor and Village Board, the Treasurer and her deputy, the Department of Public Works, the Fire Department, and the Building Department (including Building Inspection and Code Enforcement). A significant number of the services provided in the village are administered through contracts with other service providers, including private companies, nonprofits, and other local governments. Notably, the village has opted not to provide several services, including: Justice Court, Assessor, Animal Control, Police, and issuance of many licenses and permits. Instead, these services are provided at a town-level, thereby reducing duplication between the town and the village.

The following chart shows the general structure of service delivery in the Village of New Paltz.

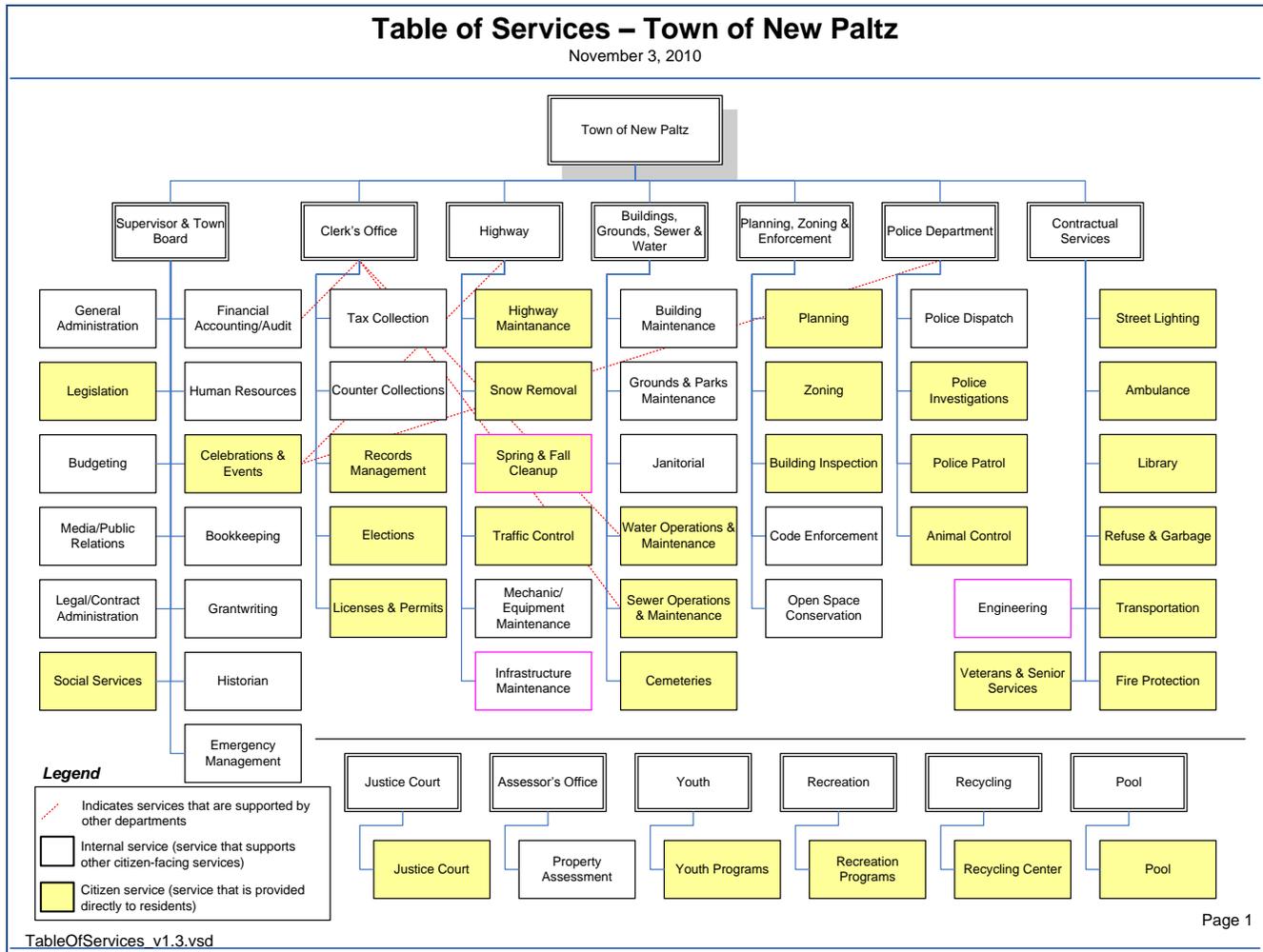


**Figure 1 - Service Delivery Structure for the Village of New Paltz**

**Town of New Paltz Service Delivery Structure**

The services provided in the Town of New Paltz also fall within several categories, though the services provided at the town level are more diverse than those provided by the Village. In addition to their general administrative and legislative role, the Supervisor and Town Board directly oversee a number of services, including human resources, financial accounting/auditing, social services, bookkeeping and budgeting. The Clerk’s office is responsible for tax collection, records management, elections, and licenses and permits. The Highway Superintendent oversees the maintenance of town infrastructure, including roads, culverts, bridges and parking lots. The Buildings & Grounds department takes care of maintenance of town buildings and properties and the maintenance of the town’s sewer and water infrastructure. Planning, Zoning and Enforcement includes the typical services, such as Building Inspection and Code Enforcement, as well as Open Space Conservation. The Police Department provides several public safety services, and a majority of the Town’s remaining functions are handled through contracts with outside providers.

The following chart summarizes the general structure for service delivery in the town.



**Figure 2 - Service Delivery Structure for the Town of New Paltz**

## Step 2 – Develop Service Inventory

The Service Inventory builds on the structures identified in the previous section. Beyond simply identifying the services provided by the Town and Village, the Service Inventory provides the following additional information:

- Estimated expenses, revenues and net cost of service delivery
- Associated staffing and personnel costs
- Linkages to represent qualitatively similar services provided by the Town and the Village

In the future, as additional information regarding equipment and infrastructure is provided by the Town and the Village this information will be used to identify the assets (and associated debts, where present) used to provide services.

The following tables provide the estimated expenses, revenues and net cost of each service, as described in the Preliminary Analysis report. Each list identifies (in bold) the services that are equivalent across the two municipalities. While this equivalence is useful later in the discussion about consolidation of services and potential savings that result, it is important to note that few if any services provided by the Town and Village can truly be considered duplicative or redundant. While the Town and Village provide a number of equivalent services, these services are typically provided to different consumers (i.e. the Village serves Village consumers and the Town serves Town consumers outside of the Village).

For example, consider the service of Building Inspection, which is listed in the Service Inventory of both the Village and the Town. While the service is equivalent in that Building Inspection is carried out in a substantially similar manner in the Town and Village, the Village Building Inspector inspects buildings in the Village, while the Town Building Inspector inspects buildings outside of the Village area. Consolidation may provide limited opportunities to streamline the operations of the two separate departments, but it will not eliminate the need to inspect buildings in either the Village or the Town outside of the Village. Additionally, these tables rank each service in order of net cost, from highest to lowest, after revenues have been subtracted from expenses.

Village Services					Town Services				
Service Name	Expenses	Revenues	Net Cost	Rank	Service Name	Expenses	Revenues	Net Cost	Rank
Beautification	\$ (44,661)	\$ 15,821	\$ (28,840)	20	Human Resources	\$ (31,704)	\$ 4,194	\$ (27,510)	22
Bookkeeping	\$ (31,704)	\$ 4,194	\$ (27,510)	22	Legal Support	\$ (56,684)	\$ 7,538	\$ (49,146)	14
Budgeting	\$ (48,802)	\$ 6,360	\$ (42,442)	16	Legislation	\$ (32,849)	\$ 4,281	\$ (28,567)	21
Building Inspection	\$ (151,160)	\$ 77,701	\$ (73,460)	12	Licenses & Permits	\$ (15,882)	\$ 3,887	\$ (11,995)	34
Buildings & Grounds	\$ (112,505)	\$ 14,663	\$ (97,843)	6	Parking	\$ (316,047)	\$ 333,190	\$ 17,143	38
Celebrations & Events	\$ (14,831)	\$ 1,972	\$ (12,859)	33	Parks	\$ (67,821)	\$ 8,839	\$ (58,982)	13
Central Garage/Equipment	\$ (157,362)	\$ 20,509	\$ (136,853)	2	Planning	\$ (44,891)	\$ 15,851	\$ (29,041)	19
Code Enforcement	\$ (102,204)	\$ 13,320	\$ (88,884)	8	Records Management	\$ (15,764)	\$ 2,117	\$ (13,647)	32
Counter Collections	\$ (31,704)	\$ 4,194	\$ (27,510)	22	Rescue	\$ (104,118)	\$ 68,843	\$ (35,275)	17
Elections	\$ (17,388)	\$ 2,329	\$ (15,059)	31	Sewer System	\$ (913,796)	\$ 826,043	\$ (87,753)	9
Engineering	\$ (12,834)	\$ 1,707	\$ (11,127)	35	Sidewalk Maintenance	\$ (35,033)	\$ 4,566	\$ (30,467)	18
Environmental Conservation	\$ (1,903)	\$ 248	\$ (1,655)	36	Snow Removal	\$ (125,738)	\$ 18,387	\$ (107,351)	4
Financial Accounting/Audit	\$ (30,875)	\$ 4,086	\$ (26,788)	26	Storm Sewers	\$ (102,211)	\$ 8,739	\$ (93,472)	7
Fire Prevention	\$ (52,765)	\$ 34,514	\$ (18,251)	30	Street Cleaning	\$ (28,546)	\$ 3,720	\$ (24,826)	28
Fire Protection	\$ (662,140)	\$ 240,818	\$ (421,322)	1	Street Lighting	\$ (55,614)	\$ 7,395	\$ (48,219)	15
Garbage & Refuse	\$ (115,396)	\$ 15,039	\$ (100,357)	5	Street Maintenance	\$ (139,073)	\$ 60,125	\$ (78,947)	11
General Village Administration	\$ (93,204)	\$ 13,147	\$ (80,057)	10	Tax Collection	\$ (31,704)	\$ 4,294	\$ (27,410)	25
Grantwriting	\$ (30,759)	\$ 4,090	\$ (26,669)	27	Water System	\$ (1,021,423)	\$ 892,995	\$ (128,428)	3
Historic Preservation	\$ (1,412)	\$ 184	\$ (1,228)	37	Zoning	\$ (25,235)	\$ 4,289	\$ (20,946)	29

Figure 3 – Service Cost Estimates for Village Services

Town Services									
	Based on Fiscal Model v3.4		12/8/2010						
Service Name	Expenses	Revenues	Net Cost	Rank	Service Name	Expenses	Revenues	Net Cost	Rank
Ambulance	\$ (151,752)	\$ 43,766	\$ (107,987)	19	Licenses & Permits	\$ (29,298)	\$ 4,345	\$ (24,953)	39
Animal Control	\$ (31,337)	\$ 1,992	\$ (29,345)	34	Mechanic/Equipment M	\$ (213,948)	\$ 295	\$ (213,654)	12
Bookkeeping	\$ (128,683)	\$ 5,438	\$ (123,245)	15	Media/Public Relations	\$ (30,668)	\$ 1,761	\$ (28,907)	35
Budgeting	\$ (29,645)	\$ 1,246	\$ (28,398)	36	Open Space Conservatio	\$ (72,509)	\$ 10,522	\$ (61,987)	24
Building Inspection	\$ (138,334)	\$ 56,867	\$ (81,467)	23	Planning	\$ (194,105)	\$ 144,530	\$ (49,575)	28
Building Maintenance	\$ (555,789)	\$ 24,344	\$ (531,446)	3	Police Dispatch	\$ (410,767)	\$ 24,507	\$ (386,260)	5
Celebrations & Events	\$ (5,199)	\$ 324	\$ (4,874)	47	Police Detectives	\$ (330,173)	\$ 19,703	\$ (310,470)	9
Cemeteries	\$ (3,684)	\$ 150	\$ (3,534)	48	Police Patrol	\$(3,154,769)	\$ 262,449	\$(2,892,319)	1
Code Enforcement	\$ (148,672)	\$ 27,567	\$ (121,104)	16	Pool Operations	\$ (249,620)	\$ 100,954	\$ (148,666)	14
Counter Collections	\$ (48,829)	\$ 2,741	\$ (46,088)	32	Property Assessment	\$ (125,018)	\$ 5,261	\$ (119,756)	17
Elections	\$ (56,961)	\$ 3,431	\$ (53,530)	26	Records Management	\$ (29,609)	\$ 1,664	\$ (27,946)	37
Emergency Management	\$ (7,742)	\$ 331	\$ (7,411)	46	Recreation Programs	\$ (566,595)	\$ 136,673	\$ (429,922)	4
Engineering	\$ (50,000)	\$ -	\$ (50,000)	27	Recycling	\$ (265,796)	\$ 13,294	\$ (252,502)	10
Financial Accounting/A	\$ (18,318)	\$ 1,082	\$ (17,236)	42	Refuse & Garbage	\$ (57,184)	\$ 63,567	\$ 6,383	52
Fire Protection	\$ (230,000)	\$ -	\$ (230,000)	11	Sewer System	\$ (254,863)	\$ 228,743	\$ (26,120)	38
General Town Administ	\$ (392,203)	\$ 345,868	\$ (46,335)	30	Snow Removal	\$ (337,956)	\$ 469	\$ (337,487)	7
Grantwriting	\$ (2,723)	\$ 109	\$ (2,614)	49	Social Services Administr	\$ (94,644)	\$ 5,613	\$ (89,031)	22
Grounds & Parks Maint	\$ (153,841)	\$ 60,305	\$ (93,536)	20	Spring & Fall Cleanup	\$ (128,425)	\$ 14,126	\$ (114,299)	18
Highway Maintenance	\$ (853,698)	\$ 1,411	\$ (852,286)	2	Street Lighting	\$ (25,993)	\$ 1,621	\$ (24,371)	40
Historian	\$ (2,166)	\$ 97	\$ (2,069)	50	Tax Collection	\$ (50,597)	\$ 2,773	\$ (47,824)	29
Human Resources	\$ (95,201)	\$ 3,927	\$ (91,274)	21	Traffic Control	\$ (48,280)	\$ 1,954	\$ (46,327)	31
Infrastructure Maintena	\$ (40,216)	\$ -	\$ (40,216)	33	Transportation	\$ (25,993)	\$ 13,151	\$ (12,841)	43
Justice Court	\$ (400,210)	\$ 17,109	\$ (383,100)	6	Veterans & Senior Service	\$ (1,871)	\$ 117	\$ (1,755)	51
Legal/Contract Adminis	\$ (58,792)	\$ 3,515	\$ (55,277)	25	Water System	\$ (339,273)	\$ 328,893	\$ (10,380)	45
Legislation	\$ (12,503)	\$ 540	\$ (11,963)	44	Youth Programs	\$ (205,076)	\$ 18,463	\$ (186,613)	13
Library	\$ (333,746)	\$ 20,818	\$ (312,928)	8	Zoning	\$ (30,051)	\$ 6,140	\$ (23,911)	41

Figure 4 – Service Cost Estimates for Town Services

Additional information from the Service Inventory is presented in the Preliminary Analysis report previously submitted to the Steering Committee.

### Step 3 – Identify Preferred Consolidation Approach

The next step in the study methodology is to identify the preferred approach to consolidation. This step is necessary since New York State laws provide a number of approaches through which municipalities may consolidate. While many approaches are possible in theory, not all of these are practical, nor are all likely to provide the outcomes that the Government Efficiency & Effectiveness project seeks. Before determining how the resulting consolidated municipal structure will operate to provide necessary services, it is important to identify the preferred structure, since the structure provides the framework for decisions about the disposition of municipal services.

In the next section of this report, we provide a detailed account of the process by which the research team has identified its preferred consolidation approach: the establishment of a Coterminous Town/Village.

#### Step 4 – Determine Service Disposition Options

Once the approach to consolidation has been determined, the study methodology continues with a review of all current municipal services to determine the effect that consolidation will have on the delivery of those services. This portion of the study process draws on the results of previous steps, including the service cost estimates and identification of equivalent services in the Town and Village. It is important to note that this study has not attempted to cut services as a means of reducing local taxes. The changes in delivery of services that are discussed during this part of the study process are changes that result from the consolidation. As mentioned previously, there is little if any true duplication of services in the Town and Village; though some services are equivalent, they are generally provided to different consumers.

During this step, the options for disposition of individual services include the following:

- **Discontinue the service** – Any services that are currently duplicated, or that would be duplicated following consolidation, may be eliminated following consolidation. The best example of this kind of service is Elections. Where two government entities exist, two separate elections are necessary. If the two entities become one through consolidation, then the need for one election is eliminated.
- **Consolidate the service** – Equivalent services in the Town and Village may be consolidated when the two entities are consolidated. For example, Village Street Maintenance and Town Highway Maintenance have been identified as equivalent services, and following the consolidation of the Town and Village, these two services could themselves be consolidated. Consolidating services provides a potential for short- and/or long-term savings through increased efficiencies and economies of scale.
- **Continue the service (Special District)** – Rather than consolidating services, some services may be continued following municipal consolidation through Town special improvement districts. Such services are deliberately kept separate from the general operations of the consolidated municipality as a means of levying the cost of these services or functions on only those properties or consumers benefited by the service.
- **Continue the service (No Change)** – Even after the Town and Village are consolidated, some services will continue with little or no change. Generally, this is the outcome for services that are already provided by the Town of New Paltz on a town-wide basis. For example, Police-related services are provided currently by the Town of New Paltz Police Department, and following consolidation these services would continue with little or no change.

Taken all together, the service disposition options selected for all Town and Village services represent a scenario for the service delivery structure following consolidation. In subsequent sections of this report we define the two scenarios that have been identified to date, and show how these scenarios may be used to assess the impacts of consolidation.

#### Step 5 – Analyze the Impacts of Service Disposition Options

Each scenario that is identified through the steps above is a complete representation of the structure and service disposition of the consolidated municipality, which allows the study to conclude with an assessment of the impacts of consolidation. While some studies focus narrowly on the impact consolidation has on property

taxes, the impact analysis conducted for this study and provided in this report goes beyond fiscal impact to identify additional impacts, including the following:

- Impact on Governance/Political Structure
- Impact on Employees
- Impact on Contracts/Laws
- Impact on Litigation
- Impact on Assets and Debts
- Impact on Budgets and Taxpayers

### **Coterminous Town/Village: The Preferred Approach to Consolidation**

To begin with, the term “consolidation” requires a precise definition. Specifically, municipal consolidation can take one of several general forms. Consolidation implies the combination of two separate municipal entities into one resulting entity. This can be achieved through a *merger*, wherein two or more entities cease to exist as separate municipalities and join to form a new, single entity. Or, consolidation may be achieved through a *dissolution*, where one or more (but not all) of the consolidating municipalities ceases to exist and is survived by the remaining municipality, which (to a greater or lesser extent) carries on its duties and functions.

Apart from this basic distinction between merger and dissolution, the future structure of local government following municipal consolidation is sometimes viewed as unconstrained. Early in conversations about restructuring, communities often believe that there are no legal or structural conditions that limit their thinking about their municipality’s future form. However, New York State law does provide some basic parameters with which all restructuring efforts must comply.

First, all non-tribal lands in the State are subdivided into counties, and further into either towns or cities. All non-tribal lands must fall within the boundaries of either a town or a city. In New York State, Villages are municipal corporations that exist within (or across) underlying towns, not separate from those towns.

This has important implications for a study of options for municipal consolidation. While consolidations involving villages may be effected through Village Dissolution, towns, on the other hand, may not be dissolved. Furthermore, while recent changes in the General Municipal Law have created new procedures for achieving municipal consolidation, our opinion, informed by research by the Government Law Center and supported by consultation with the Department of State Office of Counsel, is that the new procedures continue to require that the resulting municipal structure must be one that is authorized under the laws of the State. For New Paltz, this rules out one approach to consolidation and resulting consolidated structure: the consolidation may not involve the dissolution of the Town of New Paltz with the Village existing as a stand-alone municipal entity.

With these constraints identified, the research team for the Government Efficiency and Effectiveness project continued to seek possible structures and approaches to consolidation. The possible structures identified include a consolidated Town of New Paltz, City of New Paltz or Coterminous Town/Village of New Paltz. All three of these structural options are recognized as legitimate in New York State law.

To achieve one of these structures, several consolidation approaches were identified, including:

Approach to Consolidation	Resulting Consolidated Municipal Structure
Dissolution of the Village of New Paltz	Town of New Paltz
Merger of the Town and Village into a City	City of New Paltz
Merger of the Town and Village into a Coterminous Town/Village of New Paltz	Coterminous Town/Village of New Paltz

### Dissolution of the Village of New Paltz

In New York State, villages are incorporated through New York State Village Law as an act of voters within the village area. Since these voters create the village and sustain the village during its existence, it is these voters alone who can choose to dissolve the village.

Village dissolutions are typically accomplished according to the provisions of General Municipal Law 17-A, which describes the process of studying and planning for dissolution, and for holding the vote that determines whether the village will be dissolved. Though this process includes steps and requirements that encourage cooperation between the village and its underlying Town in identifying the impacts of dissolution and determining the appropriate means of providing necessary local government services following dissolution, these steps often fail to encourage the level of shared planning necessary to bring about a mutually-beneficial consolidation. Village dissolution is a unilateral act of village voters, and this fact makes it difficult for town and village officials to agree on the best means of achieving a successful consolidation.

While dissolution may be a useful means of consolidation in some communities, this approach is **not recommended** for the achievement of the goals of the Government Efficiency and Effectiveness project. Since dissolution of the Village of New Paltz would be a unilateral act of Village residents, it does not represent a cooperative approach to consolidation. Practically-speaking, the introduction of new consolidation procedures afforded by General Municipal Law 17-A makes it possible to achieve many of the outcomes typical of village dissolutions through a new approach that involves bi-lateral planning and ratification by residents of both the Village and Town, making the traditional village dissolution approach to consolidation unnecessary.

### Merger by Establishment of a City

Cities in New York State are stand-alone local governments that are not required to have an underlying Town government. Due to this structural difference, many villages perceive the establishment of a city as an effective means for consolidating town and village government into a single municipal structure. While this option is appealing for a number of reasons, not least of which is the broader authority to impose local taxes

afforded to cities, the procedure for establishing a new city in New York State would appear to eliminate this option in all but the most extreme cases.

Unlike villages, cities gain their status and authority as local government entities through a city charter. The only body with the power to grant cities the charter required for their establishment is the New York State legislature. In practice, the Legislature has not established a city in the State since 1942, when the City of Rye was established.

Two additional conditions detract from the appeal of the city structure as an option for local government consolidation. First, while cities have authority to retain a portion of sales tax receipts on sales within the city limits—a fact that often weighs in favor of the city option in local conversations on restructuring—this authority has broad political implications that often pit local advocates against other interests at the county or regional level. While county support is not an official precondition of the Legislature’s establishment of a city, the political calculus suggests that city pre-emption of sales taxes would be perceived as undermining a county’s ability to raise its own revenue, and that this fact could establish a detrimental conflict on the matter between local proponents and county-level officials.

Finally, if the preceding reasons do not fully eliminate the city option from consideration, one remaining factor often does. In New York State, routine maintenance and repair of State roads and highways is provided through the State Department of Transportation, except within the limits of a city. In New Paltz, the establishment of a city would add many new lane-miles of heavily-traveled roadways to the responsibility of the Highway/Streets departments, potentially generating significant new costs that would be passed on through property taxes on the city residents.

Due to the combination of factors described above, this approach to consolidation and the resulting city structure are ***not recommended*** to the Steering Committee for further consideration or implementation.

### **Merger by Establishment of a Coterminous Town/Village**

Article 17 of New York State Village Law identifies a hybrid town-village municipal structure often referred to as a coterminous town/village. This name is meant to distinguish this structure, where the legal entity of the village and the town both survive the consolidation, from other structures where only one legal entity survives the consolidation. In some ways, as the name implies, this option is not a true consolidation, since both entities continue to exist. However, the resulting structure may be considered a consolidated municipality since it operates under the authority of a single governing board.

Unlike the other options, where consolidation of the municipal structures implies the consolidation of most municipal services provided under each of the current structures, the coterminous town/village option provides greater flexibility. While the consolidation of governing authority is a necessary step in the creation of a true coterminous town/village, service delivery following consolidation of the municipalities may be handled differently, based on the preferred configuration of area residents. Existing town special improvement districts may be consolidated or eliminated, but alternatively they may continue to exist, limiting the extent to which consolidation re-allocates service costs among residents of the consolidated municipality. New special improvement districts may be formed to cover the former area of the village, in order to provide for the

maintenance, operation and functioning of important improvements in that area and further limiting the re-allocation of costs resulting from consolidation.

While the coterminous town/village structure appears to have some important advantages over other options, the approach to establish a coterminous town/village has been challenging under previous statutes. The new provisions under General Municipal Law Article 17-A, however, appear to provide a new way to establish a coterminous town/village. Following the procedure for consolidation under Article 17-A, the Town and Village of New Paltz could establish by resolution a joint consolidation agreement and, subject to approval through a referendum of voters from each local government entity, could establish a new Coterminous Town/Village of New Paltz through the agreement.

Based on the factors described above, the coterminous town/village structure, as implemented through the consolidation procedures defined in General Municipal Law Article 17-A, **is the recommended approach** and structure for municipal restructuring. Fairweather Consulting and the Government Law Center further recommend that the Steering Committee focus future analyses and public engagement efforts on this structure and approach rather than investing additional time and resources on other possible structures or approaches.

While the coterminous town/village option is judged to have advantages that outweigh those of the other options discussed here, it is important to note the following qualifications to this recommendation. First, the approach to implementing the coterminous town/village described above follows procedures that have not previously been used to achieve this outcome. In any restructuring effort, it is often advisable to pursue outcomes that have legal procedures established not only by statute but by previous example and case law. In the absence of these precedents, the Town and Village of New Paltz are likely to face unexpected challenges when and if they seek to implement this recommended structure and approach.

One such challenge has already arisen: the potential loss of new state aid available to consolidated municipalities. Though it appears to be contrary to previous verbal and written statements, the Department of State has recently confirmed that a Coterminous Town/Village would not be eligible for Citizen Empowerment Tax Credits. These credits are provided for in the 2011-2012 state budget, and could be substantial if they continue in their current form when and if New Paltz completes a consolidation. In fact, based on calculations using the 2011-2012 formula, New Paltz stands to receive the maximum amount, or \$1,000,000 annually under this program following consolidation.

Given that this incentive funding is not currently available under the Coterminous Town/Village option, and since this amount of funding would eliminate or substantially reduce any and all tax increases that may result from consolidation, **Fairweather Consulting has qualified its recommendation for pursuing the Coterminous option.** If Town and Village officials believe that it is feasible to achieve a no-tax-impact scenario through the Coterminous option (which requires an across-the-board cut in expenditures of approximately 5%), then that option remains preferable. If this level of savings is deemed unachievable, then we recommend consolidation through the new law (Article 17-A), to take the form of a single consolidated Town government. Though this is effectively the same as a Village Dissolution, the new process defined in Article 17-A provides a means for accomplishing the consolidated Town government that involves input from both municipal boards (through the creation of a Joint Consolidation Agreement) and is subject to voters from both municipalities.

When making a final determination as to whether to proceed with consolidation, it is important to consider one additional option: taking no action. Is the status quo preferable over the recommended restructuring option? This question will be discussed further in the remaining sections of this report. Specifically, as fully-defined restructuring scenarios are identified and their impacts analyzed in the following sections, these impacts are compared with the potential impact of taking no action to consolidate.

### **Service Disposition Scenarios Enable the Impact Analysis**

While the desired municipal structure after consolidation and the recommended approach to achieve that structure have been described already, these factors alone serve only to provide the rough skeleton or blueprint of a full model for the consolidated municipality. What remains necessary is an understanding of how the consolidated municipality will function to govern itself and administer and deliver services to its residents. These details are captured through the definition of a service disposition scenario. The service disposition scenario describes how each service and function currently provided by the Village and the Town will be provided following restructuring. The determination that the consolidated municipality will be organized as a coterminous town/village does little to explain these necessary details, so it is necessary to define one or more service disposition scenarios in order to proceed with the analysis of the impacts of consolidation.

Particularly under the coterminous town/village structure, there are very few hard constraints on the disposition of services following consolidation. As a result, there are dozens if not hundreds of valid service disposition scenarios that could be examined. A common pitfall, however, is the well-intentioned attempt to examine too many scenarios, which can make it difficult or impossible to complete the analysis of impacts. To avoid this pitfall, and to provide a starting point for review of the potential impacts of consolidation, we have chosen to define two simple service disposition scenarios that will be examined within this report. Later, once the results of our analysis have been reviewed and discussed, additional scenarios may be identified and analyzed in order to determine whether some of the negative impacts of consolidation can be avoided through careful design of the future municipal model.

### **Scenario 1 – A Decentralized Coterminous Town/Village**

The first service disposition scenario attempts to structure the delivery of services within the consolidated entity in a way that preserves some of the current decentralization present in the Town and the Village. While a single board will govern the consolidated municipality and administer all of its services, many of those municipal services will be provided through decentralized special districts (or, alternately, through a single Benefit Assessment District, if further legal review reveals this as a feasible alternative). While these districts are not autonomous, they have the effect of decentralizing the cost of services in a way that mirrors the current municipal structure. As we will describe in the section on impacts to budgets and taxpayers, this mitigates one of the biggest potential challenges of restructuring: significant tax increases for taxpayers in the Town outside of the Village.

The table on the following page describes which services would be provided through special districts. It is important to note that Sewer and Water services are not funded through a property tax levy, but rather through user fees. Currently, Sewer and Water services are delivered through separately-maintained districts in the Town-outside area, and a single user district inside the Village. This practice will continue unchanged following any consolidation, for a period of at least two years. This gives sufficient time to design a single, consolidated service delivery structure and assess the impacts of a single system on current and potential

future users. The tax levy for all other special district services (with the exception of Fire Protection – see note below) is estimated at \$575,000.

### **Scenario 1a – A Consolidated Town**

As described above, the Department of State has recently determined that Coterminous Town/Villages do not qualify for incentive funding under programs designed to encourage municipal consolidation. Given this fact, Fairweather Consulting’s recommendation of the Coterminous Town/Village option is contingent on the ability of the Coterminous Town/Village to effect a 5% across-the-board budget cut, in order to avoid tax increases to Town residents outside of the Village.

Scenario 1a is identical to Scenario 1 with the following exceptions: first, the resulting form of government is a Town, rather than a Coterminous Town/Village. This fact has little direct bearing on the disposition of services, since Scenario 1 provided a service structure much the same as any town (i.e. with Special Improvement Districts or a Benefit Assessment District). Second, since this scenario does not retain the Village entity, and since Towns in New York State cannot directly operate fire protection services, Scenario 1a involves the creation of a Fire District, which would provide fire protection services to the Town. The tax levy for this district would be approximately \$760,000, compared with the current combined Town/Village expense of \$705,000. The increase is due to the added cost of the separate elections required for the new Fire District.

### **Scenario 2 – A Unitary Coterminous Town/Village**

The second scenario provides a near-polar opposite approach to consolidation. Under this scenario, all Town special districts are eliminated and municipal services are provided through a consolidated service delivery structure. Unlike the previous scenario, and as detailed later in this report, this scenario will cause major re-distributions in the allocation of costs for municipal services, but in doing so, it is likely that the consolidated service delivery structure will provide opportunities for cost-savings through increase efficiency.

The following table details the specific disposition of each service under each of the two scenarios described above.

Disposition of Services for Two Full Consolidation Study Options					
Village Services	Status After Consolidation		Town Services (continued)	Status After Consolidation	
	Scenario 1	Scenario 2		Scenario 1	Scenario 2
General Village Administration	Consolidate	Consolidate	Bookkeeping	Consolidate	Consolidate
Legislation	Consolidate	Consolidate	Legal/Contract Administration	Consolidate	Consolidate
Budgeting	Consolidate	Consolidate	Grantwriting	Consolidate	Consolidate
Elections	Discontinue	Discontinue	Social Services Administration	Consolidate	Consolidate
Licenses & Permits	Consolidate	Consolidate	Historian	Consolidate	Consolidate
Records Management	Consolidate	Consolidate	Emergency Management	Consolidate	Consolidate
Bookkeeping	Consolidate	Consolidate	Tax Collection	Consolidate	Consolidate
Tax Collection	Consolidate	Discontinue	Counter Collections	Consolidate	Consolidate
Financial Accounting/Audit	Consolidate	Consolidate	Records Management	Consolidate	Consolidate
Human Resources	Consolidate	Consolidate	Elections	Consolidate**	Consolidate
Counter Collections	Consolidate	Consolidate	Licenses & Permits	Consolidate	Consolidate
Street Maintenance	Consolidate	Consolidate	Highway Maintenance	Consolidate	Consolidate
Buildings & Grounds	SD	Consolidate	Snow Removal	Consolidate	Consolidate
Parking	SD	Consolidate	Mechanic/Equipment Maintenance	Consolidate	Consolidate
Garbage & Refuse	SD	Consolidate	Spring & Fall Cleanup	Consolidate	Consolidate
Snow Removal	SD	Consolidate	Building Maintenance	Consolidate	Consolidate
Sidewalk Maintenance	SD	Consolidate	Grounds & Parks Maintenance	Consolidate	Consolidate
Street Cleaning	SD	Consolidate	Water System***	SD	Consolidate
Beautification	SD	Consolidate	Sewer System***	SD	Consolidate
Parks	SD	Consolidate	Cemeteries	Consolidate	Consolidate
Storm Sewers	SD	Consolidate	Planning	Consolidate	Consolidate
Water System***	SD	Consolidate	Zoning	Consolidate	Consolidate
Sewer System***	SD	Consolidate	Building Inspection	Consolidate	Consolidate
Central Garage/Equip Maintenance	Consolidate	Consolidate	Code Enforcement	Consolidate	Consolidate
Planning	Consolidate	Consolidate	Open Space Conservation	Consolidate	Consolidate
Zoning	Consolidate	Consolidate	Police Dispatch	Consolidate	Consolidate
Building Inspection	Consolidate	Consolidate	Police Detectives	Consolidate	Consolidate
Code Enforcement	Consolidate	Consolidate	Police Patrol	Consolidate	Consolidate
Environmental Conservation	Consolidate	Consolidate	Traffic Control	Consolidate	Consolidate
Historic Preservation	Consolidate	Consolidate	Justice Court	Consolidate	Consolidate
Fire Protection	Consolidate	Consolidate	Property Assessment	Consolidate	Consolidate
Rescue	Consolidate	Consolidate	Youth Programs	Consolidate	Consolidate
Fire Prevention	Consolidate	Consolidate	Recreation Programs	Consolidate	Consolidate
Street Lighting	SD	Consolidate	Recycling	Consolidate	Consolidate
Legal Support	SD	Consolidate	Pool Operations	Consolidate	Consolidate
Engineering	SD*	Consolidate	Street Lighting	Consolidate	Consolidate
Grantwriting	SD	Consolidate	Ambulance	Consolidate	Consolidate
Celebrations & Events	SD	Consolidate	Library	Consolidate	Consolidate
			Refuse & Garbage	Consolidate	Consolidate
<b>Town Services</b>	<i>Scenario 1</i>	<i>Scenario 2</i>	Fire Protection	Consolidate	Consolidate
General Town Administration	Consolidate	Consolidate	Transportation	Consolidate	Consolidate
Financial Accounting/Audit	Consolidate	Consolidate	Veterans & Senior Services	Consolidate	Consolidate
Legislation	Consolidate	Consolidate	Storm Water	SD	Consolidate
Human Resources	Consolidate	Consolidate	Animal Control	Consolidate	Consolidate
Budgeting	Consolidate	Consolidate	Engineering	Consolidate	Consolidate
Celebrations & Events	Consolidate	Consolidate	Police Administration	Consolidate	Consolidate
Media/Public Relations	Consolidate	Consolidate	Bridges	Consolidate	Consolidate

SD = Service provided through a special district with cost shared by taxpayers/users within the district.

Consolidate = Cost of similar TV services combined and shared by all Town/Village taxpayers.

Discontinue = service not required after consolidation.

\* = Former Village engineering costs are split between Special Districts and Coterminous TV

\*\* = In Scenario 1, Town Election costs are doubled to reflect the additional cost for Fire District elections

\*\*\* = The cost of Sewer and Water services is paid by user fees regardless of whether the services are consolidated or provided through Special Districts

While these two scenarios appear to set up mutually exclusive conditions for post-consolidation operations and delivery of services, it is important to note that this is not the case. A range of options are possible between the two extremes represented by these scenarios. In addition, some decisions regarding the specifics of the consolidation have little to do with the disposition of services and must be decided on the basis of other factors. These and other factors and considerations are discussed in the next section of this report.

### **Understanding the Impact of Consolidation**

Ideally, decisions by local officials and residents regarding consolidation would be based on perfect information about the future impacts of these decisions. As with all important decisions, however, choices about how and whether to consolidate the Town and Village of New Paltz must be made with some degree of uncertainty. The goal of the study process and this report is simply to provide as much information as possible, based on rigorous analyses that can provide some assurance of the accuracy of this information.

The impacts of an action such as consolidation, which changes the very structure of two large and important local institutions, can be expected to have a wide range of impacts. Some of these impacts are either too broad or too abstract to give proper treatment in this report. For example, consolidation is likely to have an effect, possibly significant and possibly minor, on the character of the New Paltz community. This and other similarly broad and abstract impacts are not addressed directly in this report, though it is clear that they deserve attention and discussion. Fairweather Consulting and the Government Law Center have found that many of these intangible impacts are best addressed through community conversations, which are a major component of the remaining scope of work following the completion of this study report.

Impacts that will be discussed during the community engagement process following the completion of this report may include:

- Impact on the character of the community
- Impact on overall quality of life in the community
- Impact on long-term economic and social conditions in the community

While some impacts lend themselves to treatment through an ongoing public dialogue, many others can be subjected to scrutiny through the research methodology identified earlier in this report. Not only does this impact analysis provide meaningful evidence to support proposed actions following the completion of the study, but it also provides boundaries that give a degree of focus to future discussions on less-tangible pros and cons of consolidation.

Within this report, we have described the previous steps completed as part of the Government Efficiency & Effectiveness project, all of which are intended to support the development of data-driven conclusions about the impact of consolidation. Within this section, we continue the study process by presenting an initial review of the expected impacts of each of the consolidation options and scenarios described above.

The impact analysis focuses on several major categories of impact, which include the following:

- Impact on Governance/Political Structure

- Impact on Employees
- Impact on Contracts/Laws
- Impact on Litigation
- Impact on Assets and Debts
- Impact on Budgets and Taxpayers

This report focuses on these areas of impact for several reasons. First, as mentioned previously, they are the areas that lend themselves to an analytical study process. But in addition, these impact areas are the ones that experience shows are of greatest interest to potential consumers of this study: residents and officials of the Town and Village of New Paltz.

Following the discussion of each impact area, this report provides an evaluation matrix that summarizes the impact of each option and provides for quick and simple comparisons between options. While this may seem unnecessary at this stage with only two scenarios to compare, the evaluation matrix is likely to become a more useful tool for decision-making regarding the consolidation options as additional scenarios are identified and analyzed in the future.

### **Costs of Implementation**

Above and beyond any lasting impacts that may be expected from consolidation, there are certain to be one-time costs associated with the implementation of any consolidation effort. While this report does not quantify these costs, the list below provides some examples for further consideration, should the Village and Town decide to proceed with consolidation.

- Legal fees (for Joint Consolidation Agreement and associated board actions)
- Staff Time/Effort (for internal efforts to facilitate consolidation)
- Capital Improvements (including any necessary reconfiguration of municipal buildings to accommodate the consolidated operations of Town and Village government)
- Loss of Revenues (including any lost opportunity for grant funding)

These and other transitional costs may present significant hurdles to the implementation of consolidation, but it should be noted that there are sources of support to help offset these costs. Grant funding is available, on a competitive basis, through the New York State Department of State's Local Government Efficiency Program's Implementation Grants to support implementation of consolidation efforts. These funds have been used in other communities to offset legal costs, purchases of new equipment, and even capital improvements necessary for the implementation of consolidation.

Also it should be noted that the approaches and scenarios for consolidation presented in this report are designed purposely to avoid some of the most significant implementation costs. Maintaining existing

employee contracts following consolidation avoids the immediate need to equalize pay scales and benefits packages. While the retention of nearly all Town and Village officials and personnel means that there are few immediate service cost reductions following consolidation, this arrangement avoids the need for buyouts or payouts for accrual of vacation time.

**Comparison to Status Quo**

Before addressing each of the impact areas, it is important to note that a true comparison of restructuring options must include the “no change” scenario. While this report discusses the relative merits of two potential restructuring options available to the New Paltz community, the status quo is always an additional option, and often one that communities choose after the completion of restructuring studies.

The analyses of impacts of consolidation that are presented in the following sections of this report are all provided as a comparison to the “no action” option. The status quo is the default option, and the analysis shows how any choice other than the status quo would impact on the factors listed above.

The following chart shows a five-year historical trend in the tax levy of the Town and Village of New Paltz.

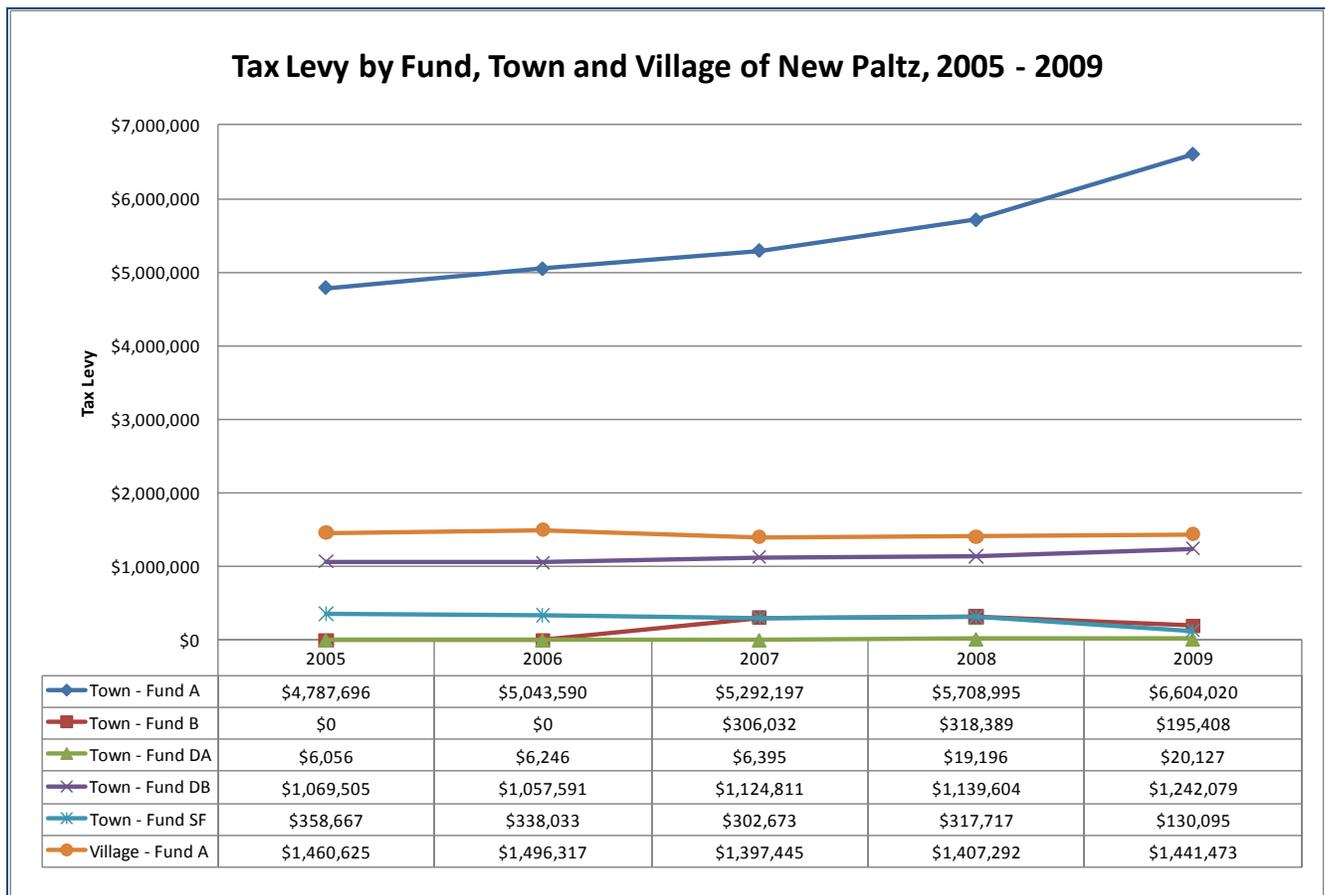


Figure 5 - Tax Levy by Fund for the Town and Village of New Paltz

Not surprisingly, the trend of the levy is on the rise. While this situation may not surprise residents and officials in New Paltz, it is important to note that restructuring is unlikely to have dramatic effects on the underlying causes of this long-term trend. Rising health insurance, pension and energy costs, coupled with declining

revenues from State and Federal sources, are the driving forces behind the financial struggles faced by communities throughout New York State, and these factors cannot be avoided simply through consolidation.

On the other hand, consolidation does hold promise as a means for improving the efficiency, effectiveness and/or equity of local government. Increases in efficiency often derive from the economies of scale, sharing of resources, or streamlining of business processes that can result from restructuring. Effective delivery of municipal services is often artificially constrained by the silos and divisions that exist whenever multiple entities exist to deliver those services, and these constraints can be removed through consolidation. Finally, consolidation often serves as a powerful (and sometimes painful) reminder that under existing structures the benefits afforded by local governments are not always shared equally among those required to share their costs. Consolidation can and does have significant impacts on the equity, both perceived and real, of local government.

### Impact on Governance/Political Structure

The most direct impacts of restructuring are those related the structural changes involved with the shift from one form of government to a new form of government. These changes are considered to be impacts on the governance and political structure of the municipalities involved in consolidation. For instance, the establishment of a coterminous town/village changes the governance structure of the consolidating town and village by eliminating one of the two governing bodies.

The following table summarizes the major Governance and Political Structure impacts associated with consolidation through the coterminous town/village option, for each of the service delivery scenarios identified in the previous section:

Evaluation Criteria	Impact of Scenario 1: Decentralized Town/Village Structure	Impact of Scenario 2: Unitary Town/Village Structure
<b>Governing Boards</b>	One of the existing governing boards is eliminated, but a new governing body is established to govern the new Fire District established under this scenario.	One of the existing governing boards is eliminated.
<b>Other Elected Officials (Town Highway Superintendent, Clerk and Justices)</b>	No change is required, but under Scenario 2 it is envisioned that the Town Highway Superintendent and Town Clerk positions would no longer be elected.	No change is required, but under Scenario 2 it is envisioned that the Town Highway Superintendent position would be incorporated into the existing DPW Superintendent position, and Town Clerk position would be incorporated into the Village Clerk or Treasurer position.
<b>Taxing Jurisdictions</b>	The Town and Village taxing authority would be consolidated into a single taxing jurisdiction. Within that single taxing jurisdiction all current special district levies would continue and several new special district levies would be added (or alternately, a Benefit Assessment District would be created).	The Town and Village taxing authority would be consolidated into a single taxing jurisdiction with no separate special district levies.

Evaluation Criteria	Impact of Scenario 1: Decentralized Town/Village Structure	Impact of Scenario 2: Unitary Town/Village Structure
<b>Volunteer Boards and Commissions (including Planning Board and Zoning Board of Appeals)</b>	For two years, while the current Village and Town codes remain in effect, there would be a continued need for separate boards. Following consolidation of the code, and in the nearer term for other boards and commissions, duplicated boards could be combined to reduce the demand for volunteer time/effort.	Following consolidation of the code, and in the nearer term for other boards and commissions, duplicated boards could be combined to alleviate the need for volunteer members.

### Impact on Employees

Another area of direct impacts that result from formation of a coterminous town/village is the area of impact on employees of the Town and Village. Following the establishment of the coterminous town/village it is envisioned that most current Town and Village employees would continue in their current positions with little immediate change to their job functions and reporting relationships. The specific impacts and terms of continued employment are subject first and foremost to any existing contracts, collective bargaining agreements and civil service law. For employees not covered by these agreements or laws, the joint consolidation agreement that formally initiates the creation of the Coterminous Town/Village provides the conditions of continued employment. The basic principles that influence the impact on employees are described in the following table.

Evaluation Criteria	Impact of Scenario 1: Decentralized Town/Village Structure	Impact of Scenario 2: Unitary Town/Village Structure
<b>Employment Status (Governing Boards)</b>	The positions on the Village Board (including Mayor) would be eliminated, with members of the Town Board holding simultaneous office as officers of both the Town and Village.	The positions on the Town Council (including Supervisor) would be eliminated, with members of the Village Board holding simultaneous office as officers of the Town and Village.
<b>Employment Status (Other Elected Officials)</b>	The positions of Town Highway Superintendent, Town Clerk and Town Justice would be changed to appointed positions.	The positions of Town Highway Superintendent and Town Clerk would be eliminated, with responsibilities for these job function transferred to the DPW Superintendent and Village Clerk or Treasurer, respectively.
<b>Employment Status (All Other Employees)</b>	No change is required, and under Scenario 1 it is envisioned that all other current employees would continue to be employed in their current positions.	No change is required, and under Scenario 2 it is envisioned that all other current employees would continue to be employed in positions equivalent to their current positions within the consolidated service delivery structure.

Evaluation Criteria	Impact of Scenario 1: Decentralized Town/Village Structure	Impact of Scenario 2: Unitary Town/Village Structure
<b>Reporting Relationships (i.e. Structure of Organization Chart)</b>	Very few changes are necessary since the service delivery structure remains largely unchanged.	Under Scenario 2, where the service delivery structure is consolidated, some changes in reporting relationships are likely as department structures are re-designed to accommodate the new service delivery structure.
<b>Contracts and Terms of Employment</b>	No immediate change is required. Current contracts remain in force.	No immediate change is required. Current contracts remain in force.
<b>Compensation and Benefits</b>	No immediate change is required. Base salaries and benefits described in the Town and Village employment contracts will continue in force until such contracts are renewed or renegotiated.	No immediate change is required. Base salaries and benefits described in the Town and Village employment contracts will continue in force until such contracts are renewed or renegotiated.

### Impact on Contracts/Laws and Litigation

As with employment contracts and collective bargaining agreements, consolidation as a coterminous Town/Village would have little impact on local laws, regulations and ordinances of the Town and Village; current litigation against the Town or Village; and other existing contracts of the Town or Village. In situations where a contract exists between the Town and Village, such contracts are likely to be replaced by procedural arrangements or local policies. For example, rather than a contract condition that Town Water Districts may consume no more than a prescribed volume of water under the Village’s water contract with New York City, the same effect would be accomplished through coordinated management of consumption under the consolidated administration of the water system.

In the case of future law suits, it is noteworthy that as a consolidated entity governed by a single board, all liability would be assumed by that board and, hence, costs arising from future law suits would likely be shared by all residents of the consolidated municipality. The following table summarizes the potential impact of the coterminous town/village consolidation option on contracts, laws and litigation.

Evaluation Criteria	Impact of Scenario 1: Decentralized Town/Village Structure	Impact of Scenario 2: Unitary Town/Village Structure
<b>Existing Laws, Regulations and Ordinances</b>	No immediate change is required. After two years, the board must adopt a uniform set of laws, regulations and ordinances that apply to the entire consolidated municipality.	No immediate change is required. After two years, the board must adopt a uniform set of laws, regulations and ordinances that apply to the entire consolidated municipality. To achieve a consolidated service delivery structure certain aspects of the Village and Town code should be revised as quickly as practical (e.g. the Zoning Code), so as to facilitate potential cost-savings.

Evaluation Criteria	Impact of Scenario 1: Decentralized Town/Village Structure	Impact of Scenario 2: Unitary Town/Village Structure
<b>Existing Contracts</b>	In most cases, no changes are required. Contracts between the Town and Village should be reviewed on an individual basis to determine the appropriate resolution.	In most cases, no changes are required. Contracts between the Town and Village should be reviewed on an individual basis to determine the appropriate resolution.
<b>Past and Pending Litigation</b>	Ongoing litigation would not be impacted. Litigation against one party (the Village or Town) would continue against that entity.	Ongoing litigation would not be impacted. Litigation against one party (the Village or Town) would continue against that entity.
<b>New Litigation</b>	Actions under the consolidated governing board would be subject to litigation, with Village actions exposing the Village to liability and actions of the Town exposing the Town to liability. Since the two municipalities are overlapping, all residents would share in any costs arising from future damages.	Actions under the consolidated governing board would be subject to litigation, with Village actions exposing the Village to liability and actions of the Town exposing the Town to liability. Since the two municipalities are overlapping, all residents would share in any costs arising from future damages.

### Impact on Assets and Debts

The disposition of assets and debts is an important additional consideration in determining the impacts of consolidation. In the case of creation of a coterminous town/village, all assets would remain owned in title by the municipality that now owns those assets. Similarly, any debts for which each municipality is liable would remain a liability of that municipality. The only complicating factor related to assets and debts has to do with who pays for the debts. In general, debts related to the purchase of equipment, improvements or facilities necessary for the provision of certain services would become a charge against only those residents benefited by them. The table below summarizes the expected outcome when it comes to payment of existing debt.

Evaluation Criteria	Impact of Scenario 1: Decentralized Town/Village Structure	Impact of Scenario 2: Unitary Town/Village Structure
<b>Outstanding Debts (BANs and Bonds)</b>	Under Scenario 1, outstanding debts are paid by residents/users within special districts. Only those debts associated with equipment used for the benefit of the entire Town/Village area would be paid through general funds.	Under Scenario 2 all special districts are eliminated. As a result, all debts (with the exception of those associated with user-fee driven systems or improvements like water and sewer) are paid through general funds.
<b>Assets (Equipment, Facilities and Improvements)</b>	All assets of the Town remain assets of the Town. All assets of the Village remain assets of the Village, with the exception of assets for fire protection, which are transferred to the new Fire District under Scenario 1.	All assets of the Town remain assets of the Town. All assets of the Village remain assets of the Village.

## Impact on Budgets and Taxpayers

Fiscal impact is perhaps the area of impact most frequently examined in the study of the effects of municipal consolidation. Fiscal impacts are the effects that consolidation is expected to have on the financial position of the Town and Village, and, as a result, on the tax levies and tax rates paid by property owners in the Town and Village. The establishment of a coterminous town/village impacts fiscal conditions in the Town and Village in a number of short- and long-term ways.

- **Elimination of services** – in limited circumstances, consolidation through the creation of a coterminous town/village may eliminate the need for a particular service, or may reveal existing duplications of services that can lead to the elimination of those services. Eliminating services has the obvious fiscal effect of eliminating the cost of those services. The impact of this cost-reduction depends on the relative magnitude of the cost of eliminated services to those that remain.
- **Reduction in the net cost of services** – in some cases, consolidation provides opportunities to increase efficiency in the delivery of services, which in turn may reduce the cost of providing those services. These marginal reductions in cost typically range from insignificant (0%) to minor (5%). In addition to reducing costs, consolidation may present opportunities for revenue enhancement, which also serves to reduce the net cost of services. The effect of revenue enhancements varies dramatically, but under the coterminous option it is expected to generate no more than a 2% reduction in net cost.
- **Redistribution of the cost of services** – the most significant factor affecting the fiscal outcomes of a consolidation is usually the effect that consolidation has on who pays for municipal services. Where consolidation involves a town and a village, the effect is typically a shift of some village costs onto taxpayers in the town outside of the village. Since all village residents are also town residents, the shift of town costs onto village residents is much less significant, though one area where such a shift is apparent is in the consolidation of water and sewer services. If these services are consolidated, the village users may see increases in rates and town users outside of the village may see a decrease, as supply rates now charged by the village to the town’s sewer/water districts are reduced.
- **Impacts to non-property tax revenues** - a final means by which consolidation impacts the fiscal condition of a municipality has to do with the effect that consolidation has on certain non-property tax revenue streams. While property taxes are often the lion’s share of a municipality’s total revenues, other items such as grants and state aid can be important pieces in the overall fiscal picture. Given uncertainty regarding the availability of new revenue streams (e.g. Consolidation Incentive Payments from the New York State Division of Budget) our analysis of fiscal impacts assumes no increases in revenue. Further, our research indicates that in some cases, grant funding may be reduced due to increased difficulty in obtaining funding through certain previously-relied-upon sources.

The following chart provides a summary overview of the expected net change in the combined tax levy for all funds under each scenario (remember, Scenario 1 is the Coterminous Town/Village option as recommended by the Steering Committee).

Comparison of Total Property Tax Levy by Jurisdiction - Scenarios 1 and 2			
Jurisdiction/Fund	Estimated Current Cost	Estimated Future Cost	
		Scenario 1	Scenario 2
Village (All Funds)	\$1,907,370	\$0	\$0
Town (Town-wide Funds)	\$6,947,218	\$0	\$0
Town (Outside Funds)	\$2,128,637	\$0	\$0
Town (Special Districts)	\$0	\$0	\$0
Coterminous T/V (Town/Village-wide Funds)	\$0	\$10,354,849	\$10,940,757
Coterminous T/V (Special Districts)	\$0	\$667,451	\$0
<b>Grand Total All Jurisdictions/Funds</b>	<b>\$10,983,226</b>	<b>\$11,022,300</b>	<b>\$10,940,757</b>
<b>Change</b>		<b>\$39,073</b>	<b>(\$42,469)</b>
<b>% Change</b>		<b>0.4%</b>	<b>-0.4%</b>

Figure 6 - Comparison of Total Property Tax Levy

Notably, neither of the proposed service disposition scenarios is likely to cause a large reduction in the overall net cost of services. In Scenario 1, the establishment of a new Fire District actually results in an overall increase in the cost of local government. The reasons for this counterintuitive result are described earlier in this report. This reiterates the concept that restructuring through consolidation is not an effective means for overall reduction of the cost of local government. As always, significant savings in the cost of local government are best achieved through reduction or elimination of services, though the small potential savings identified in the table above attest to the marginal improvements in efficiency that are possible through consolidation.

It is also noteworthy that our study methodology purposely tends to produce conservative estimates when it comes to savings from consolidation. By using the current cost of services as an estimate of the cost of those services following consolidation, our current service disposition scenarios assume no efficiencies are gained from consolidated services. The savings identified in the chart above derive from services eliminated as a direct result of consolidation (Elections are the best example). Ongoing discussions are focused on the consolidation of Highway/Streets services and Equipment Planning and Maintenance, which may provide some new insights as to the potential for savings when municipal services are consolidated. In the future, it remains possible to develop new service disposition scenarios that capture such savings, which in turn is likely to improve the overall savings possible through the establishment of a coterminous town/village.

Returning to the analysis of the fiscal impacts of scenarios 1 and 2, the chart below translates the changes in tax levies described above to potential changes in the associated combined tax rates for residents in the current Village area and Town outside of Village area.

Comparison of Combined Tax Rates Combined - Scenarios 1 and 2				
		Current	Scenario 1	Scenario 2
<b>COMBINED Village Taxpayer Rate</b>		<b>\$11.91</b>	<b>\$10.58</b>	<b>\$8.85</b>
	<i>CHANGE</i>		-\$1.33	-\$3.05
	<i>% CHANGE</i>		-11.2%	-25.65%
<b>COMBINED TOV Taxpayer Rate</b>		<b>\$7.90</b>	<b>\$8.38</b>	<b>\$8.85</b>
	<i>CHANGE</i>		\$0.48	\$0.96
	<i>% CHANGE</i>		6.1%	12.10%

\* Tax Rate is per \$1,000 of assessed value, only includes applicable Village and Town taxes, and is calculated based on service cost estimates.

Figure 7 - Comparison of Combined Tax Rates

Based on these projected changes in the tax rates in the Town and Village, the following chart describes the potential impact on the property tax bill for taxpayers in the current Village area and Town outside of Village area. In each case, a range of assessed values is given on the left, and the corresponding estimated dollar change in the tax bill for a property at the given assessed value is provided for each scenario.

Taxpayer Impact by Assessed Value - Scenarios 1 and 2					
		<i>Estimated Decrease</i> in Combined Local Property Tax Bill for Village Taxpayers		<i>Estimated Increase</i> in Combined Local Property Tax Bill for Town Taxpayers Outside Village	
		Scenario 1	Scenario 2	Scenario 1	Scenario 2
<b>Assessed Value* of Your Home</b>	\$100,000	(\$133)	(\$305)	\$48	\$96
	\$150,000	(\$199)	(\$458)	\$72	\$143
	\$175,000	(\$233)	(\$535)	\$84	\$167
	\$200,000	(\$266)	(\$611)	\$96	\$191
	\$225,000	(\$299)	(\$687)	\$108	\$215
	\$250,000	(\$332)	(\$764)	\$120	\$239
	\$275,000	(\$365)	(\$840)	\$132	\$263
	\$300,000	(\$399)	(\$916)	\$145	\$287
	\$350,000	(\$465)	(\$1,069)	\$169	\$335
	\$400,000	(\$532)	(\$1,222)	\$193	\$382

\* Assessed value is the basis for calculation of tax bills, and it may vary from your home's appraised value or market value. Check with your local assessor's office to determine your taxable assessed value. NOTE: certain exemptions that reduce the assessed value may apply.

Figure 8 - Taxpayer Impact by Assessed Value of Property

As described later in this section, consolidation affects not only property tax rates/bills, but also some other important components of the town and village fiscal picture. Specifically, if a Coterminous Town/Village of New Paltz proceeds to fully consolidate its sewer and water systems, differential rates currently charged to

village and town users would cease, with all system users paying the same amount for the supply of water.<sup>1</sup> This equalization of supply rates would increase the typical water bill for village users, while decreasing the average bill for users in the Town outside of the village. Based on figures provided by the Village of New Paltz for the 2010-2011 fiscal year, we have calculated that the typical Village user’s bill for supply charges now is \$563. The typical Town outside Village user’s bill for supply charges now is \$855. If the rate per gallon for supply is equalized, in order to generate the same total revenue, each user would pay, on average, \$634. That represents a \$71.50 increase per year for Village users, and a \$221 decrease for Town users outside of the Village.

Using these figures, we can recalculate the impacts provided in Figure 8 above, though we should note that the table below applies only to residents who now are connected to the water/sewer system., either in the Village or in one of the Town Water Districts (#1, #2, #3, and #4).

Taxpayer Impact by Assessed Value - Scenarios 1 and 2					
		<b>Estimated Decrease</b> in Combined Local Property Tax AND Sewer/Water Bill for Village Taxpayers		<b>Estimated Increase</b> in Combined Local Property Tax AND Sewer/Water Bill for Town Taxpayers Outside Village	
		<b>Scenario 1</b>	<b>Scenario 2</b>	<b>Scenario 1</b>	<b>Scenario 2</b>
Assessed Value* of Your Home	\$100,000	(\$61)	(\$234)	(\$173)	(\$125)
	\$150,000	(\$128)	(\$387)	(\$149)	(\$78)
	\$175,000	(\$161)	(\$463)	(\$137)	(\$54)
	\$200,000	(\$194)	(\$539)	(\$125)	(\$30)
	\$225,000	(\$228)	(\$616)	(\$113)	(\$6)
	\$250,000	(\$261)	(\$692)	(\$100)	\$18
	\$275,000	(\$294)	(\$768)	(\$88)	\$42
	\$300,000	(\$327)	(\$845)	(\$76)	\$66
	\$350,000	(\$394)	(\$998)	(\$52)	\$114
	\$400,000	(\$460)	(\$1,150)	(\$28)	\$161

\* Assessed value is the basis for calculation of tax bills, and it may vary from your home's appraised value or market value. Check with your local assessor's office to determine your taxable assessed value; exemptions may apply. Sewer/water rates are based on average consumption and may vary based on

**Figure 9 – Taxpayer and Water/Sewer User Impact by Assessed Value of Property**

Finally, as we discuss later in this section, a Coterminous Town/Village of New Paltz may lose access to the USDA rural development grants that provide funds to improve municipal sewer and water systems. The Village of New Paltz indicated during this study that it intends to seek a grant in the amount of \$600,000 from this program. If consolidation occurs, these funds must be secured from other sources, which most likely would take the form of a municipal bond. If the Village secures a bond for \$600,000, at a rate of 4% per year, for a

<sup>1</sup> It is important to note that consolidation of sewer and water districts only affects part of the cost of sewer and water for users. User bills comprise two parts: a portion that covers the cost of supply (purchasing water), and a portion that covers the cost of operations and maintenance of water/sewer infrastructure. If consolidated, the operation and maintenance costs would remain separate for users in each of the current districts. Only the supply charges would be equalized.

term of 20 years, the annual debt payment (including principal and interest) would be approximately \$44,000. Adding this amount to the current supply costs allows us to determine the total fiscal impact to taxpayers and water/sewer users, inclusive of new borrowing required due to ineligibility for anticipated grants. These figures are reported in the table below.

Taxpayer Impact by Assessed Value - Scenarios 1 and 2					
		<b>Estimated Decrease</b> in Combined Local Property Tax AND Sewer/Water Bill for Village Taxpayers		<b>Estimated Increase</b> in Combined Local Property Tax AND Sewer/Water Bill for Town Taxpayers Outside Village	
		Scenario 1	Scenario 2	Scenario 1	Scenario 2
Assessed Value* of Your Home	\$100,000	(\$19)	(\$192)	(\$131)	(\$83)
	\$150,000	(\$86)	(\$345)	(\$107)	(\$35)
	\$175,000	(\$119)	(\$421)	(\$94)	(\$12)
	\$200,000	(\$152)	(\$497)	(\$82)	\$12
	\$225,000	(\$185)	(\$574)	(\$70)	\$36
	\$250,000	(\$219)	(\$650)	(\$58)	\$60
	\$275,000	(\$252)	(\$726)	(\$46)	\$84
	\$300,000	(\$285)	(\$803)	(\$34)	\$108
	\$350,000	(\$352)	(\$955)	(\$10)	\$156
	\$400,000	(\$418)	(\$1,108)	\$14	\$204

\* Assessed value is the basis for calculation of tax bills, and it may vary from your home's appraised value or market value. Check with your local assessor's office to determine your taxable assessed value; exemptions may apply. Sewer/water rates are based on average consumption and may vary based on

**Figure 10 – Taxpayer and Water/Sewer User Impact by Assessed Value of Property**

At this point, another important note should be added. The consolidation of the Village and Town of New Paltz does not affect the New Paltz Central School District in any substantial way. The School District is a separate taxing jurisdiction, and the property tax bills issued by the School District comprise a large share of each taxpayer's overall tax bill each year. The table above, and all other analyses in this report that discuss changes in the property tax rate for Village and Town residents do not include the School District portion of the total tax bill.

The tables and charts above all indicate that the expected fiscal impact of consolidation is an increase in taxes for residents in the current Town outside of Village area, and a decrease in taxes for residents in the current Village area. As discussed previously, this is a common outcome in consolidations that involve a Village and a Town. Given that this outcome is likely to raise concerns for a large portion of the New Paltz community, it is important to provide additional analyses that help to put these concerns into context.

As the table below shows, a "breakeven" or "no tax increase" outcome is achievable only if the property tax levy in the consolidated municipality is decreased by \$586,000 under scenario 1 or \$1,172,000 under scenario 2. This analysis does not propose a means for achieving this level of decrease in the tax levy, but simply reveals the magnitude of the challenge if the goal is to avoid tax increases for all taxpayers.

Breakeven Analysis - Scenarios 1 and 2		
	Scenario 1	Scenario 2
<b>Estimated Future Total Tax Levy</b>	<b>\$11,022,300</b>	<b>\$10,940,757</b>
<b>Reduction Required to Reach "No Tax Increase" Scenario</b>	<b>\$586,329</b>	<b>\$1,172,238</b>
<b>% Reduction</b>	<b>5.3%</b>	<b>10.7%</b>
<i>Resulting Change in Combined Village Taxpayer Rate</i>	<i>-15.2%</i>	<i>-33.7%</i>
<i>Resulting Change in Combined TOV Taxpayer Rate</i>	<i>0.0%</i>	<i>0.0%</i>

**Figure 11 - Breakeven Analysis**

Since the service disposition scenarios presented in this report do not assume any savings in the cost of individual services that are consolidated in the coterminous town/village, these fiscal impacts can be considered a worst-case scenario. It is likely that some savings will accrue when the services provided by the Town and Village are combined, even if the precise level of savings is difficult to predict.

Given the difficulty in predicting the precise level of savings from service consolidation, but in recognition that some savings are possible, the tables below shows how varying levels of savings would affect the tax rates for taxpayers in the current Village area and Town outside of Village area following consolidation.

Impact of Reductions in Future Tax Levy on Combined Tax Rates - Scenarios 1 and 2						
Estimated Tax Levy After Consolidation <sup>a</sup>		Percent Reduction in Levy <sup>b</sup>	Reduction in Tax Levy	New Estimated Tax Levy <sup>c</sup>	Percent Change in Tax Rate - Current Village Taxpayer <sup>d</sup>	Percent Change in Tax Rate - Current TOV Taxpayer <sup>e</sup>
Scenario 1	\$10,354,849	0%	\$0	\$10,354,849	-11.2%	6.0%
		1%	\$103,548	\$10,251,300	-11.9%	4.9%
		2%	\$207,097	\$10,147,752	-12.6%	3.9%
		3%	\$310,645	\$10,044,203	-13.3%	2.8%
		4%	\$414,194	\$9,940,655	-14.0%	1.8%
		5%	\$517,742	\$9,837,106	-14.7%	0.7%
		6%	\$621,291	\$9,733,558	-15.4%	-0.4%
		7%	\$724,839	\$9,630,009	-16.1%	-1.4%
		8%	\$828,388	\$9,526,461	-16.8%	-2.5%
		9%	\$931,936	\$9,422,912	-17.5%	-3.5%
		10%	\$1,035,485	\$9,319,364	-18.2%	-4.6%
		15%	\$1,553,227	\$8,801,621	-21.7%	-9.9%
Scenario 2	\$10,940,757	0%	\$0	\$10,940,757	-25.7%	12.0%
		1%	\$109,408	\$10,831,349	-26.4%	10.9%
		2%	\$218,815	\$10,721,942	-27.1%	9.8%
		3%	\$328,223	\$10,612,534	-27.9%	8.6%
		4%	\$437,630	\$10,503,127	-28.6%	7.5%
		5%	\$547,038	\$10,393,719	-29.4%	6.4%
		6%	\$656,445	\$10,284,312	-30.1%	5.3%
		7%	\$765,853	\$10,174,904	-30.9%	4.2%
		8%	\$875,261	\$10,065,496	-31.6%	3.0%
		9%	\$984,668	\$9,956,089	-32.3%	1.9%
		10%	\$1,094,076	\$9,846,681	-33.1%	0.8%
		15%	\$1,641,114	\$9,299,643	-36.8%	-4.8%

Figure 12 - Impact of Reductions in Future Tax Levy on Tax Rates - Scenario 1<sup>2</sup>

a - This figure is the combined levy of funds that cover the whole territory of the coterminous town/village. It does not include the levy for any special district funds.

b - Range for Percent Reduction goes from 0% (no change) to 15%. Highlighted cells represent the assumed values from the Full Consolidation report for this scenario.

c - Taking the reduction into account, this is the hypothetical new tax levy of the funds that cover the whole territory of the coterminous town/village. New Tax Levy = Column 1 (Estimated Tax Levy) minus Column 3 (Reduction in Tax Levy)

d - The Percent Change in Tax Rate - Current Village Taxpayer is the anticipated fiscal impact for current Village residents after consolidation and realization of the assumed levy reductions.

This final figure also provides a range of outcomes that could be considered “best-case” outcomes. Whether through cost-savings achieved through greater efficiency of service delivery after consolidation, or through increases in revenue from sources such as the State’s Consolidation Incentive payments, Figure 10 provides a road-map for identifying how each percent reduction in the net cost of services brings us to a slightly improved fiscal impact.

It has been noted by the Steering Committee that consolidation may have additional fiscal impacts in the form of changes in the municipalities’ eligibility for certain grant funding programs. Our research to date has identified the potential for consolidation to impact two important grant opportunities that are currently or have recently been utilized by the Village of New Paltz: Small Cities/CDBG<sup>3</sup> grants and USDA Rural Development<sup>4</sup> grants. One additional grant source – the Environmental Facilities Corporation<sup>5</sup> – could not be reached to discuss the potential impact of consolidation on future funding requests.

**Small Cities/CDBG** grants are competitive and awarded based on a point system. One aspect of the scoring is based on poverty rate of the applying municipality. According to representatives at the New York State Division of Housing and Community Renewal, applications may be submitted using poverty data for a hamlet or other set of affected properties within a larger consolidated municipality, assuming that the poverty data is available for that area. Luckily, in the case of a Coterminous Town/Village of New Paltz, 2010 Census Data would continue to be available for the purposes of applying for such grants. As such, this funding stream is unaffected by consolidation.

**USDA rural development** grant guidelines have changed recently to exclude towns/villages with population above 10,000. Since a Coterminous Town/Village of New Paltz would have a population greater than 10,000, this would appear to make the community ineligible for this funding stream. In some special cases, hamlets or Census Designated Places within a larger community have been determined eligible, so it remains possible, if unlikely, that a Coterminous Town/Village of New Paltz could still receive funding.

In summary, while the consolidated municipality would continue to be eligible for both programs, the community’s competitiveness for Small Cities/CDBG grants would be negatively affected, and the process for showing eligibility for USDA rural development grants would be more complicated than it currently is.

**Summary of Impacts**

The discussion above regarding the potential impacts of consolidation under either of the two scenarios defined in this report is wide-ranging. The following table provides a quick and simple summary of the positive and negative impacts of each service disposition scenario.

Evaluation Criteria	Impact of Scenario 1: Decentralized Town/Village Structure	Impact of Scenario 2: Unitary Town/Village Structure

e - The Percent Change in Tax Rate - Current TOV Taxpayer is the anticipated fiscal impact for current Town residents outside of the Village after consolidation and realization of the assumed levy reductions.

<sup>3</sup> Source of information Small Cities/CDBG grants: Charlie Philion (cphilion@nyshcr.org) 518-474-2057

<sup>4</sup> Source of information on USDA grants: George Popp 845-343-1872 x10

<sup>5</sup> Source of information on Environmental Facilities Corporation Grants: <http://www.nycofunding.org/Default.aspx?tabid=56>

Evaluation Criteria	Impact of Scenario 1: Decentralized Town/Village Structure	Impact of Scenario 2: Unitary Town/Village Structure
<b>Impact on Governance and Political Structure</b>		
<b>Governing Boards</b>	One of the existing governing boards is eliminated, but a new governing body is established to govern the new Fire District established under this scenario.	One of the existing governing boards is eliminated.
<b>Other Elected Officials (Town Highway Superintendent, Clerk and Justices)</b>	No change is required, but under Scenario 2 it is envisioned that the Town Highway Superintendent and Town Clerk positions would no longer be elected.	No change is required, but under Scenario 2 it is envisioned that the Town Highway Superintendent position would be incorporated into the existing DPW Superintendent position, and Town Clerk position would be incorporated into the Village Clerk or Treasurer position.
<b>Taxing Jurisdictions</b>	The Town and Village taxing authority would be consolidated into a single taxing jurisdiction. Within that single taxing jurisdiction all current special district levies would continue and several new special district levies would be added (or alternately, a Benefit Assessment District would be created).	The Town and Village taxing authority would be consolidated into a single taxing jurisdiction with no separate special district levies.
<b>Volunteer Boards and Commissions (including Planning Board and Zoning Board of Appeals)</b>	For two years, while the current Village and Town codes remain in effect, there would be a continued need for separate boards. Following consolidation of the code, and in the nearer term for other boards and commissions, duplicated boards could be combined to reduce the demand for volunteer time/effort.	Following consolidation of the code, and in the nearer term for other boards and commissions, duplicated boards could be combined to alleviate the need for volunteer members.
<b>Impact on Employees</b>		
<b>Employment Status (Governing Boards)</b>	The positions on the Village Board (including Mayor) would be eliminated, with members of the Town Board holding simultaneous office as officers of both the Town and Village.	The positions on the Town Council (including Supervisor) would be eliminated, with members of the Village Board holding simultaneous office as officers of the Town and Village.
<b>Employment Status (Other Elected Officials)</b>	The positions of Town Highway Superintendent, Town Clerk and Town Justice would be changed to appointed positions.	The positions of Town Highway Superintendent and Town Clerk would be eliminated, with responsibilities for these job function transferred to the DPW Superintendent and Village Clerk or Treasurer, respectively.

Evaluation Criteria	Impact of Scenario 1: Decentralized Town/Village Structure	Impact of Scenario 2: Unitary Town/Village Structure
<b>Employment Status (All Other Employees)</b>	No change is required, and under Scenario 1 it is envisioned that all other current employees would continue to be employed in their current positions.	No change is required, and under Scenario 2 it is envisioned that all other current employees would continue to be employed in positions equivalent to their current positions within the consolidated service delivery structure.
<b>Reporting Relationships (i.e. Structure of Organization Chart)</b>	Very few changes are necessary since the service delivery structure remains largely unchanged.	Under Scenario 2, where the service delivery structure is consolidated, some changes in reporting relationships are likely as department structures are re-designed to accommodate the new service delivery structure.
<b>Contracts and Terms of Employment</b>	No immediate change is required. Current contracts remain in force.	No immediate change is required. Current contracts remain in force.
<b>Compensation and Benefits</b>	No immediate change is required. Base salaries and benefits described in the Town and Village employment contracts will continue in force until such contracts are renewed or renegotiated.	No immediate change is required. Base salaries and benefits described in the Town and Village employment contracts will continue in force until such contracts are renewed or renegotiated.
<b>Impact on Contracts, Laws and Litigation</b>		
<b>Existing Laws, Regulations and Ordinances</b>	No immediate change is required. After two years, the board must adopt a uniform set of laws, regulations and ordinances that apply to the entire consolidated municipality.	No immediate change is required. After two years, the board must adopt a uniform set of laws, regulations and ordinances that apply to the entire consolidated municipality. To achieve a consolidated service delivery structure certain aspects of the Village and Town code should be revised as quickly as practical (e.g. the Zoning Code), so as to facilitate potential cost-savings.
<b>Existing Contracts</b>	In most cases, no changes are required. Contracts between the Town and Village should be reviewed on an individual basis to determine the appropriate resolution.	In most cases, no changes are required. Contracts between the Town and Village should be reviewed on an individual basis to determine the appropriate resolution.
<b>Past and Pending Litigation</b>	Ongoing litigation would not be impacted. Litigation against one party (the Village or Town) would continue against that entity.	Ongoing litigation would not be impacted. Litigation against one party (the Village or Town) would continue against that entity.

Evaluation Criteria	Impact of Scenario 1: Decentralized Town/Village Structure	Impact of Scenario 2: Unitary Town/Village Structure
<b>New Litigation</b>	Actions under the consolidated governing board would be subject to litigation, with Village actions exposing the Village to liability and actions of the Town exposing the Town to liability. Since the two municipalities are overlapping, all residents would share in any costs arising from future damages.	Actions under the consolidated governing board would be subject to litigation, with Village actions exposing the Village to liability and actions of the Town exposing the Town to liability. Since the two municipalities are overlapping, all residents would share in any costs arising from future damages.
<b>Impact on Assets and Debts</b>		
<b>Outstanding Debts (BANs and Bonds)</b>	Under Scenario 1, outstanding debts are paid by residents/users within special districts. Only those debts associated with equipment used for the benefit of the entire Town/Village area would be paid through general funds.	Under Scenario 2 all special districts are eliminated. As a result, all debts (with the exception of those associated with user-fee driven systems or improvements like water and sewer) are paid through general funds.
<b>Assets (Equipment, Facilities and Improvements)</b>	All assets of the Town remain assets of the Town. All assets of the Village remain assets of the Village, with the exception of assets for fire protection, which are transferred to the new Fire District under Scenario 1.	All assets of the Town remain assets of the Town. All assets of the Village remain assets of the Village.
<b>Impacts on Budgets and Taxpayers</b>		
<b>Budgets</b>	With the creation of a new Fire District, Scenario 1 would actually increase the overall cost of local government.	Scenario 2 would result in very minor reductions (< 1%) in the cost of local government
<b>Tax Rates</b>	Due to redistribution of costs following consolidation, taxpayers in the current Town area outside of the Village are expected to see a rise of approximately 6% in their combined municipal tax rate. The same redistributions of costs that generate tax increases for Town outside Village residents drive tax decreases of approximately 11% for Village taxpayers.	Since Scenario 2 eliminates all special districts, the redistribution of costs away from former Village taxpayers and toward former Town outside Village taxpayers is more dramatic. Village taxpayers could see a tax decrease of approximately 26%, while Town outside Village taxpayers could see a 12% increase.
<b>Breakeven Analysis</b>	In order to achieve a “no tax increase” scenario, new revenues or cost-savings would have to amount to nearly \$600,000, or approximately 5% of the total combined budget of the coterminous town/village.	In order to achieve a “no tax increase” scenario, the required cost-savings or revenue increases are much greater than in Scenario 1: \$1.2 M or 11% in total.

## The Benefits of Full Municipal Consolidation

As indicated elsewhere in this report, full consolidation of local government raises many challenges to both the Town and Village governments. Yet, it also presents many opportunities and potential benefits. This section of the report provides a summary of the variety of benefits associated with full government consolidation based upon previous studies in New York State and elsewhere.

### Summary of Benefits

As described below, research indicates that a consolidated local government provides three types of benefits for the community it serves (see following sections for citation of research sources):

#### 1. It can reduce the long-term costs of government.

- While there is no hard and fast research guaranteeing cost savings through consolidation, evidence suggests that consolidated governments that serve small populations (i.e., under 20,000) can achieve long-term cost savings.
- A single local government reduces “transaction costs.” While these don’t show up in official budgets, transaction costs occur when projects are delayed and/or extra person/hours are required because a project requires the participation of two local governments rather than one.

#### 2. It improves government responsiveness.

- A single local government is more visible and accountable to the community. There is less confusion about which office in local government is responsible for various regulations and permits.
- A single local government provides the community with a single voice when lobbying Albany and Washington for mandate relief and other benefits.
- Local issues are less likely to be neglected because they “fall through the cracks” between Town and Village government with no one government being fully responsible.
- It creates the possibility to introduce greater professional management of administrative functions, potentially allowing board members to focus on long term policies and issues.

#### 3. It can protect community character through improving planning and economic development processes.

- A single local government can better avoid sprawl since it can simultaneously plan for both the urban and rural parts of the community.
- A single local government can better manage environmental resources by treating the community as a single ecosystem.
- Economic development can occur much more effectively since developers need only deal with one local government.

- A single local government can foster “smart growth” more effectively by focusing development where it can occur with the highest long-term benefits and lowest long-term costs. Developers would no longer have the possibility of locating projects in either the Town or Village, depending on which set of regulations provides them with greater advantage.

The experience of each community is unique. Yet, in sum, the research consulted for this project suggests that full consolidation has the potential to provide three different types of benefits to a community. These are described below in greater detail. A full listing of the studies consulted is provided in the appendices.

### **Benefit 1: Potential Cost Reductions:**

Most discussion of full consolidation assumes that cost reductions will be the primary benefit to the community. But the picture is much more complicated. Studies suggest that consolidation reduces costs only if, during consolidation, the expenditures of the combined government are lowered by reducing redundant services/positions [Holzer et al., 2009, p. 9]. Otherwise the resulting single government may end up costing at least as much if not more than the two governments that preceded it. Indeed, that is why the full consolidation plan presented here is based upon a consolidated budget that has eliminated any redundant services and positions. In addition, it is important to note that research suggests that even when saving occurs, it happens over the long-term rather than immediately [Holzer et al., 2009, p. 3]. In a sense, full consolidation is only the first step in any cost reduction efforts. Experience elsewhere suggests that potential budget savings are identified only after the new consolidated government has been operating for several years.

### **The Importance of Reducing Transaction Costs**

Research indicates that the most immediate cost savings that can come from consolidation do not necessarily show up in budget figures. The most immediate savings are often a reduction in transaction costs: that is, the hours spent by local officials and volunteers to oversee the completion of community projects and activities (e.g., the number of hours required for elected officials to complete projects such as intermunicipal water agreements or the creation of new facilities for jointly managed recreation facilities). Before consolidation, such projects require agreements to be negotiated between two sets of officials. Not only does this add significant “off-budget” hours to such projects, the delays due to the required negotiations can sometimes lead to increases in the costs for any associated construction or renovations [Lowery, 2000]. Under a consolidated government, these transaction costs are reduced because only one set of elected officials is required to deliberate, decide on and oversee such projects. It has been pointed out that the arguments on

### ***Quantifying the Savings – Some Examples of Hidden Costs***

Our analysis of the cost-savings from consolidation discovered very few redundant services in the Town and Village of New Paltz. One area of redundancy, however, is the presence of duplicative advisory committees in the Town and the Village. These are special cases, since they do not generate costs that are portrayed on the Village and Town budgets. However, there are hidden costs associated with each committee, and consolidation may reduce these hidden costs.

Take for example the Village's Historic Preservation Commission and the Town's Historic Preservation Committee. Consolidation of the two municipalities would allow for the consolidation of these two groups, which would reduce one hidden cost of Village and Town government.

To quantify this cost requires an estimate of the current cost of each committee. The best method for this would be to keep detailed records of the members' time spent on committee business, and to determine a shadow cost for that time. As an example, we can estimate the hourly cost of volunteers' time using the per capita income for New Paltz, which was \$26,889 in 2009 (US Census). Dividing by 1,820 working hours in a year, we arrive at an hourly median wage of \$14.77. If each committee member contributes 3 hours per month (including meeting times and all preparation), then an 8-person committee's hidden cost is \$4,255 per year. If consolidation of the municipalities results in consolidation of the two committees, then the estimated total current cost (\$8,510) would be reduced by half, or \$4,255.

Our research suggests that one of the most significant ways that consolidation can save money is through the reduction of "transaction" costs. These are the costs required in order to conduct an exchange, either within an organization or between two organizations, and though they are often included in the budget, it is worth explaining their significance.

Take for example the cost of developing, reviewing, negotiating and enforcing intermunicipal agreements between the Town and the Village. Though necessary for the proper functioning of the two municipalities, these agreements are often lengthy and complex. As a result, the Town and Village attorneys are involved in drafting the agreements and advising the boards during their final adoption.

Quantification of this transaction cost requires a record of the hours spent on all aspects of the agreement, as well as the cost-per-hour of this effort. The proper estimate would include not just the cost of the attorneys' involvement, but also of time spent on the matter by the Village and Town Boards and other staff. As well, this estimate would include not only the development of the agreement, but any costs associated with carrying out the terms of the agreement (e.g. maintaining a log of shared equipment).

To portray a portion of this hidden cost, consider the attorneys' fees that may be associated with a hypothetical intermunicipal agreement. Assuming a conservative hourly rate of \$100 per hour, if the Town and Village attorneys each spend 100 hours developing the agreement and advising the Village and Town boards as they review, negotiate and adopt the agreement, then the transaction cost for this one agreement is \$20,000. While the Town and Village attorneys operate on a retainer, and the costs of these types of projects is included in the retainer, the use of the attorneys' time for these projects means that other projects must be pushed aside.

behalf of the “public choice” theory of local government—one that fosters competition among local governments to lower costs—doesn’t consider the high transaction costs involved in that approach [Lowery, 2000].

### **Three Barriers to Cost Reduction**

Research identifies three main impediments to achieving cost reductions through consolidation: the size of the jurisdictions being consolidated, the diversity of circumstances within a community, and the potential cost involved with the transition from multiple governments to a consolidated government.

**The size of the jurisdictions:** While there are no definitive findings in this area, the research that does exist suggests that the curve of potential long-term savings from local government consolidation is “U-shaped,” with respect to the size of the population served. That is, consolidation of smaller governments tends to reduce the overall costs of local government in the long run. However, as the population served reaches 20,000, the long-term savings of the consolidated government begin to diminish and costs may even begin to increase as the population served by the consolidated government exceeds 20,000. As Byron Katsuyama of the Municipal Research and Services Center of Washington State has pointed out:

While the research findings do not appear to support the claims of the pro-consolidation proponents in cases that have involved consolidations of large communities, the evidence from these same studies does suggest that scale economies may still be achievable through consolidations of smaller communities (e.g., those under 20,000 population) (Bunch and Strauss, 1992). In fact, most of the consolidations in this country have been between very small cities below 10,000 population or between one small and another relatively large city (Halter, 1993). [Katsuyama, 2003]

With a total population of under 15,000, New Paltz community is small enough to potentially see long-term savings should it decide to consolidate Town and Village government.

**Transitional costs:** One problem plaguing government consolidations has been the tendency to ignore or underestimate the costs of the transition to one consolidated government. Research indicates that the major driver for high transition costs is the need for new capital facilities as the result of consolidation [Holzer et al., 2009, p. 22]. All indications are that, in New Paltz, Town and Village functions can be consolidated within the existing building space. Nonetheless, New York State has sought to alleviate this problem by providing Efficiency Implementation Grants and Citizen Empowerment Tax Credits to assist in the consolidation process. Thus, it is important to identify the administrative costs of such a transition so that they may be offset through Efficiency Implementation Grants and Tax Credits.

**Differences in the type of service and level of service required for urban versus rural areas:** Studies indicate that cost savings can be difficult to achieve when the area under the consolidated government has both urban and rural areas each requiring different types and levels of services [Holzer et al., 2009, p. 11]. This is why the plan for New Paltz recommends the continuation of special districts to separate the more urban services from general town-wide services. The use of these special districts will enable the consolidated government to charge additional taxes to more “urban” parts of the community that receive special services (e.g., sidewalks, streetlighting, etc.) that are not provided on a town-wide basis.

**Effective Management as the key to cost reduction:** Studies identify one factor most responsible for long-term cost reductions—effective management of services [Hardy, 2007, p. 1]. In a sense, a consolidated government is just the beginning of the cost-saving process. It reduces transaction costs and provides more clear lines of accountability. But to fully realize long-term potential costs savings, the research indicates that local government must continually seek ways to stream line services and contain costs *after* the consolidation.

## **Benefit 2: Improved Governmental Responsiveness & “Agility”**

Local governments need to be more entrepreneurial to deal with rapidly changing economic, social and governmental conditions (e.g., accelerating economic change and dislocation, the emergence of global warming and other public health problems, disruptive state policies such as the recently enacted “tax cap,” etc.). Such a dynamic and uncertain environment requires enhanced responsiveness (i.e., the ability to understand community’s changing needs) and increased agility (i.e., an improved capacity to change the direction of policies and programs to meet those changing needs). Over the past 100 years, all forms of local government in New York State have been converging in terms of their powers and structures [Benjamin, 1990]. Therefore, the particular type of government is no longer as important to assure a responsive and agile government. There are, however, several ways in which full consolidation can help local government improve both its responsiveness and agility.

**Improved Responsiveness:** A consolidated government improves responsiveness by creating a system that is easier for citizens to understand and hold accountable [Hardy, 2007, p. 2-3]. For example, an organization looking to hold an event in the community may not be sure which government it needs to secure permits from to hold the event and may have to contact departments in both governments before finally securing the needed permit(s). Under a consolidated government, the buck stops in one place. Even if the applicant is unsure of which office provides the necessary permit(s), he or she need only interact with one government, not two. In addition, consolidated government avoids the problem of things “falling through the cracks” where no single government is clearly responsible for a particular policy or service that may be shared between two governments. In such cases that policy or service can end up suffering from unintentional neglect [Frey, et al., 2005, p. 14.]. Indeed, it has been argued that the involvement of multiple governments can impede the democratic process itself since neither of the governments involved (e.g., Town or Village) can be held fully accountable for the negotiations and any subsequent delays [Lowery, 2000]. Past delays in the water contract and the ongoing issues over fire and emergency services are but two examples of how this has affected New Paltz. A fully consolidated government can reduce or even eliminates these “cracks” in local government.

Research also suggests that multiple layers of government can lead to segregation by income and race as poor and minority populations are often concentrated in cities and villages [Lowery, 2000]. On the other hand, without proper consideration of these issues, consolidation can also lead to the *loss* of representation for neighborhoods and community groups, since many village governments provide representation for downtown areas or particular neighborhoods that can lose their visibility and/or political clout in a larger consolidated government [Holzer et al., p. 43]. Clearly, New Paltz is a community with a distinct downtown and neighborhoods worthy of special attention. Thus, this full consolidation plan includes a recommendation for ward or district elections. This is intended to ensure that special places in the community (whether it be the village area, areas west of the Wallkill, etc.) will still be able to have their own representation in a consolidated government for New Paltz.

**Increased agility:** There are several ways in which a consolidated government can increase governmental agility. First, it clarifies the identity of the community in the eyes of the County, State and Federal governments. In a time when local governments are under siege with unfunded mandates, tax caps and other impositions from higher levels of government, it is vital for such governments to be able to lobby effectively on their own behalf. A consolidated government can lobby for the community's interest through a single unified presence [Freie, et al., 2005, p. 20]. Second, consolidated government creates the potential for professionalization of services by creating the potential for long-term cost savings. Thus, the consolidated government may ultimately have the option to introduce a professional management cadre to government with no increase in the overall budget. If it is deemed appropriate by the community, this type of professional management in such functions as general administration, planning and other areas can improve the government's capacity to respond to changing community needs and, as needed, redesign its programs and/or departments. Finally, a consolidation improves agility in that consolidation avoids the fragmentation of power that often leaves local government unable to encompass and comprehensively address issues such as land-use, transportation, economic development and environmental protection. One government can address issues affecting the entire community. As is explained below, it is the comprehensiveness of a consolidated government that also enables it to more effectively respond to issues of planning, development and community character.

### **Benefit 3: Planning, Development and Community Character**

One of the concerns raised against government consolidation is that it can lead to a loss of community character. Actually, experience suggests that, at the local level, full government consolidation can help protect or enhance community character. It is widely accepted that sprawling development can dramatically damage a community, leading to loss of character and higher costs for services. A consolidated government has a better chance of avoiding sprawl and preserving community character through its ability to plan for both the urban and rural portions of the community simultaneously. A consolidated government is much better able to take an "ecosystem" approach to managing land use without being constrained by arbitrary municipal boundaries that don't reflect the interconnectedness of the community's landscape [Freie, et al., 2005, p. 18].

A consolidated government also reduces unnecessary ambiguity and counterproductive incentives involved in economic development [Hardy, 2007, p. 3]. Applications for development can be submitted and reviewed in one place, by one body. A single government also enables development to take place where it works best for the community as whole. Under such a government there is less likelihood of developers trying to "game" the system by choosing location based upon whether they can get a better deal from the Town or Village.

In that way, consolidated government is the most effective vehicle to pursue smart growth, protecting key community resources while channeling growth to those areas best able to support it at the lowest service cost.

### **Next Steps for Full Municipal Consolidation Options**

The contents of this Full Consolidation Study report are intended to provide members of the Steering Committee, the Community Advisory Committee and the general public with the detailed information about two possible consolidation scenarios that is required to conduct meaningful and productive dialogue. Many of the conclusions and recommendations documented in this report are subject to revision based on input received after the report's completion.

The immediate next step in the study process is to review this report with the Steering Committee to receive comments and suggestions from the committee members. Following the necessary revisions based on these comments and suggestions, the report will be provided to the Village and Town Boards for their review and consideration. No immediate action on the part of the Boards will be requested, however, since the research team will continue its work by providing the study report to the public for additional review and discussion.

## Part 2: Study of Options for Enhanced Shared Services

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### Study Goals and Methodology

Alongside the study of full municipal consolidation options, the Government Efficiency and Effectiveness Committee determined early in the study process that the project should also look into opportunities for enhanced shared services. With the overarching goal of improving efficiency and effectiveness of local government, and recognizing the important roles that the New Paltz Central School District and SUNY New Paltz might plan in achieving that goal, the Committee sought to identify opportunities for shared services involving all four parties.

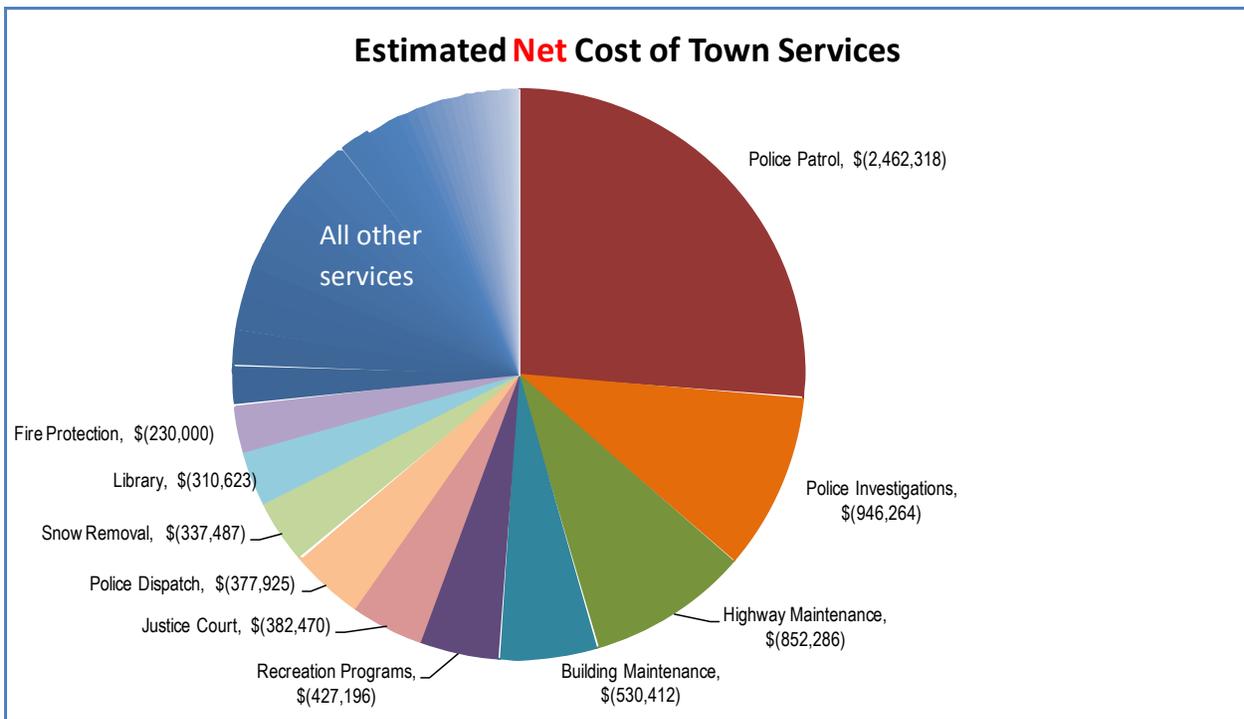
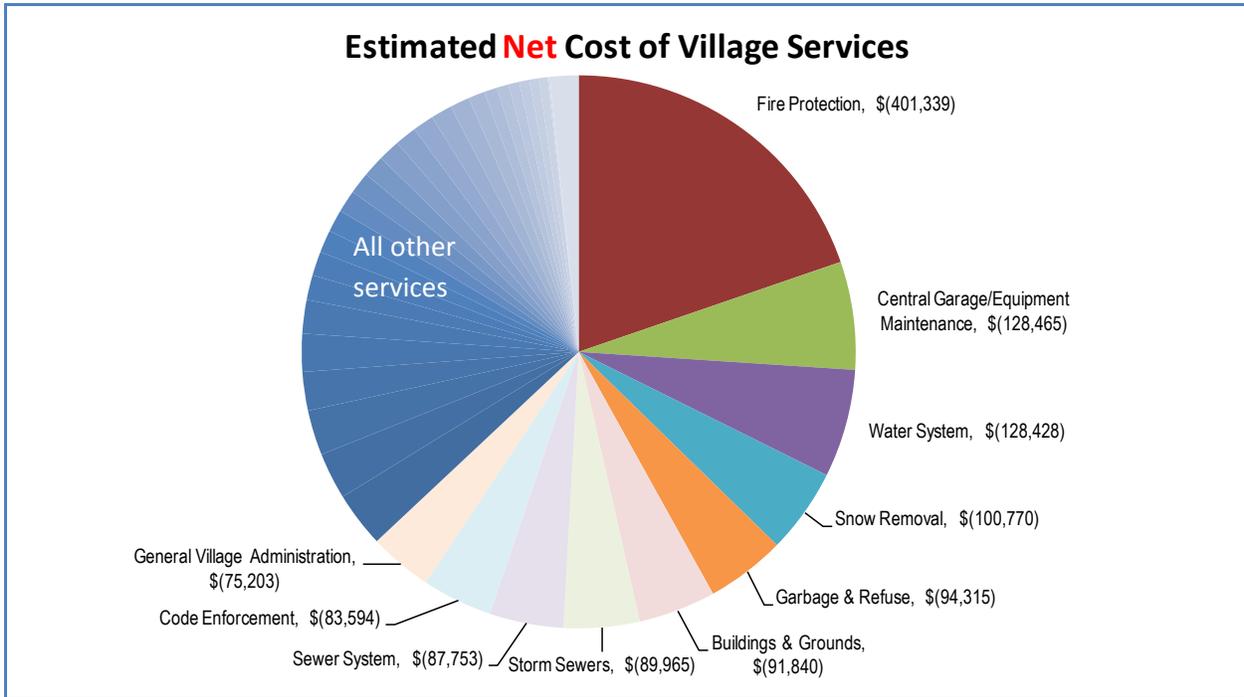
This section of this report documents the process used to study enhanced shared services options, the options that have been identified, their anticipated impacts, and next steps toward implementation of enhanced shared services.

### Step 1 – Select Study Target Services

The first step in the Shared Services study was to identify a small number of services on which the study would focus. The process of studying shared services involves in depth review and discussion of opportunities and challenges that requires a high degree of focus. Within the parameters of the NPGEP, it was not feasible to study all services provided by the Town, the Village, the School District and SUNY, so Fairweather Consulting worked with the Steering Committee to identify a small number of services that appear to hold promise for enhanced shared services.

The selection process involved several criteria. First, Fairweather Consulting prepared an inventory of services provided by the Town and the Village of New Paltz, including an estimate of the cost of each service. Using these service cost estimates, we were able to identify the most costly services that the Village and Town provide. Further, we were able to identify services that appear to overlap across the Town and the Village, which signals a higher likelihood that opportunities exist for cooperating in the delivery of those services.

The charts below shows the estimated cost of services for the Town and the Village, clearly listing the top 10 services in terms of net cost (expenditures less revenues for services).



The following list identifies the services that were identified as overlapping or duplicated between the Town and the Village. It is important to note that the presence of overlapping or equivalent services does not necessarily imply duplication. While both the Town and the Village maintain buildings and grounds, each municipality is responsible for maintaining a separate set of buildings and grounds. As such, in the event that

these services are consolidated, the underlying driver of the cost of service (i.e. the buildings and grounds that must be maintained) will not decrease.

<b>Town Services</b>	<b>Village Services</b>
<b>Service Name</b>	<b>Service Name</b>
Bookkeeping	Bookkeeping
Budgeting	Budgeting
Building Inspection	Building Inspection
Building Maintenance	Buildings & Grounds
Celebrations & Events	Celebrations & Events
Code Enforcement	Code Enforcement
Counter Collections	Counter Collections
Engineering	Engineering
Financial Accounting/Audit	Financial Accounting/Audit
Fire Protection	Fire Protection
General Town Admin	General Village Admin
Grantwriting	Grantwriting
Grounds and Park Maintenance	Buildings & Grounds
Highway Maintenance	Street Maintenance
Human Resources	Human Resources
Legal/Contract Admin	Legal Support
Legislation	Legislation
License & Permits	License & Permits
Mechanic/Equipment Maintenance	Central Garage/Equipment
Planning	Planning
Records Management	Records Management
Refuse & Garbage	Garbage & Refuse
Sewer System	Sewer System
Snow Removal	Snow Removal
Street Lighting	Street Lighting
Tax Collection	Tax Collection
Water System	Water System
Zoning	Zoning

**Figure 13 - Overlapping Services**

The greatest opportunity for enhancing shared services lies first in any redundant services, where one or more party is able to eliminate a service in recognition that the service is already being provided by the other municipality. Such opportunities are infrequent at best, and are only likely in the event that one of the municipalities is dissolved or ceases operations. The next best chance to find opportunities for shared services is found in services that are equivalent but non-redundant. For these services, there often exists a potential to realize long-term cost savings through functional consolidation or contractual arrangements for shared services.

A final consideration when it comes to selecting target services for the shared services study involves the distinction between front-line and back-office services. Front-line services are those municipal services that are provided for the consumption of the municipalities’ residents, for example snow removal, building inspection, and fire protection. These services are often the ones that receive the most attention from residents, since they are most visible. And while there often exist overlaps in the provision of these services (e.g. both the Town and the Village provide building inspection services), these overlaps typically signal either a) unique populations that are being served (such as Town outside village versus Village residents) or b) qualitatively different services that are being provided (such as highway and streets maintenance, where the service of maintaining roads varies in important ways between a rural highway network versus a dense village street grid).

<b>Town Front Line Services</b>	<b>Village Front Line Services</b>
Legislation	Legislation
Social Services	Elections
Celebrations & Events	Licenses & Permits
Records Management	Records Management
Elections	Parking Violations
Licenses & Permits	Street Maintenance
Highway Maintenance	Parking Maintenance
Snow Removal	Snow Removal
Spring & Fall Cleanup	Street Cleaning
Traffic Control	Parks
Water Operations & Maintenance	Garbage & Refuse
Sewer Operations & Maintenance	Sidewalk Maintenance
Cemetaries	Beautification
Zoning	Storm Sewers
Building Inspection	Planning
Police Investigations	Zoning
Police Patrol	Building Inspection
Animal Control	Fire Protection
Street Lighting	Rescue
Ambulance	Fire Prevention
Library	Water Systems Operations
Refuse & Garbage	Sewer System Operations
Transportation	Street Lighting
Fire Protection	Ambulance
Veterans & Senior Services	Celebrations & Events
Justice Court	Recycling
Youth Programs	
Recreation Programs	
Recycling Center	
Pool	

**Figure 14 - Front-Line Services**

As opposed to front-line services, back-office services are those municipal services that are provided in support of the municipalities’ operations. Payroll, bookkeeping, general administration – these services and others are typical examples of back-office functions. Where overlaps in front-line services are often explained through either qualitative or consumer differences, overlaps in back-office functions are often driven by differences in policies or procedures and a general sense that direct control over these functions reduces complexity. However, functional consolidation of back-office functions is often simpler and more productive than functional consolidation of front-line services, so these types of services should be examined on a regular basis to determine opportunities for enhanced shared services.

<b>Town Back Office Services</b>	<b>Village Back Office Services</b>
General Administration	General Administration
Budgeting	Budgeting
Media/Public Relations	Bookkeeping
Legal/Contract Administration	Tax Collection
Financial Accounting/Audit	Financial Accounting/Audit
Human Resources	Human Resources
Bookkeeping	Counter Collections
Grantwriting	Water System Maintenance
Historian	Buildings & Grounds
Emergency Management	Sewer System Maintenance
Tax Collection	Central Garage/Fleet Maintenance
Counter Collections	Code Enforcement
Mechanic/Equipment Maintenance	Environmental Conservation Commission
Infrastructure Maintenance	Historic Preservation Commission
Building Maintenance	Other Volunteer Committees and Commissions?
Grounds & Parks Maintenance	Legal Counsel
Janitorial	Engineering
Code Enforcement	Grantwriting
Open Space Conservation	
Police Dispatch	
Engineering	
Property Assessment	

**Figure 15 - Back-Office Services**

Taking these factors into consideration, the Steering Committee identified two services for investigation as part of this shared services study:

- Highway/Streets Maintenance, and
- Equipment Planning, Purchasing and Maintenance.

Based on this selection, the remainder of this report focuses primarily on these two services/functions.

## **Step 2 – Identify Opportunities/Challenges for Shared Services**

Once the services of focus for the study were selected, Fairweather Consulting set about the task of conducting the shared services study. This process began with a meeting with department heads from the Town, Village, School District and SUNY New Paltz. At the initial shared services meeting, the group discussed opportunities and challenges related to enhanced shared services, and identified a list of potential shared services initiatives. This list is provided in the Study Findings section below.

During the initial meeting and in subsequent conversations with the Town Highway Superintendent and the Village DPW Superintendent, several challenges related to enhanced shared services were raised as well. Challenges related to governance under a shared services structure were foremost in the minds of the department heads, as were concerns about the added effort and cost involved in formalizing existing arrangements that work well already. Additionally, concerns about the practicality of some of the shared services opportunities identified were expressed, given the differing needs, priorities and capabilities of the Town, the Village, SUNY and the School District. Additional information on the challenges and barriers identified is provided in the Study Findings section below.

## **Step 3 – Analyze Feasibility of Shared Services Options**

Once opportunities and challenges were identified through conversations with department heads, Fairweather Consulting proceeded to review the legal and operational feasibility of promising opportunities. This review involved identifying the appropriate legal statute that would allow for implementation of each shared service opportunity, as well as additional conversations with department heads to identify the impact that the options would have on department structures and operations.

## **Step 4 – Assess Impact of Shared Services Options**

At this stage, we attempted to gauge what impact, if any, shared services would have on service governance, employees, contracts, assets and debts, and department budgets. An important aspect of this stage of the study methodology was the investigation of potential cost-reductions through shared services. Additionally, the conversations with department heads sought to identify non-fiscal impacts, such as possible improvements in the quality of services delivered by the departments. These impacts are discussed below, in the Impact of Recommended Structures section.

## **Step 5 – Recommend Options for Implementation**

Drawing on the work completed during the previous steps, the shared services study concludes with a set of recommendations for implementing new, enhanced shared services arrangements in the areas of Highway/Streets Maintenance and Equipment Planning, Purchasing and Maintenance. These recommendations are supported with draft agreements/local laws that can serve as the basis for implementation, should the Steering Committee and relevant municipal/district boards determine they are in the best interest of residents.

## **Study Findings**

This section highlights the results of the shared services study. Through the study were identified promising opportunities for shared services, some of which are expanded upon and included in the Recommendations section below, while others are simply documented here for future reference, should situations warrant

revisiting their feasibility. Also identified in this section are the specific barriers and challenges identified by department heads, which must be attended when and if implementation of enhanced shared services is attempted. Finally, this section documents the study's findings regarding the potential impacts of shared services alternatives on the cost of services. This specific finding is included in order to shed light on the more detailed impact analysis that follows, in the Recommendations section.

### **Opportunities for Enhanced Shared Services**

During an initial meeting with department heads from SUNY New Paltz, the New Paltz Central School District, and the Town and Village of New Paltz, participants were asked to identify opportunities for enhanced shared services. This discussion set the stage for further investigation of existing opportunities, and ensured that the study focused on those opportunities with support on the ground. The following is a list of the opportunities for shared services that were discussed during the meeting:

- Shared mechanic
- Shared cooking
- Shared classroom space
- Contracting/sharing paving
- Shared snow removal/plowing
- Shared equipment use
- Surplus equipment sales
- Shared salt delivery/storage
- Shared vehicle & washing
- Shared fuel (bio and diesel tank)
- Shared vehicle storage
- Shared back-office-bidding (custodial supplies)
- Consolidating Town function
- Consolidating T/V function

### **Barriers and Challenges to Enhanced Shared Services**

While many opportunities for shared services were identified, there are often significant barriers or challenges that prevent these opportunities from being realized. The following table summarizes several of the key barriers and challenges that were identified by participants in the shared services discussions.

Barrier/Challenge	Description
<b>Highway/Street Maintenance</b>	
<b>Governance and reporting relationships</b>	Of major concern are any shared services structures that further complicate the governance structure and reporting relationships that exist between Highway/Street Maintenance functions and their respective governing boards/elected officials. For example, contractual shared services, wherein one department provides services for both municipalities through a contract between the municipalities, are perceived to create a complicated structure that requires one department to report to “two masters.” Particularly in light of the challenges that the Town and Village face with regard to similar structures (e.g. Fire Protection, Police, etc.), it is recommended that any new shared services structures for Highway/Street Maintenance avoid this triangular structure.
<b>Integration of Highway/Street Maintenance with other services</b>	In the Village, Street Maintenance is provided within the Village Department of Public Works, which is responsible for several other services, including buildings and grounds, sewer, and water. In the Town, however, these services are each provided within separate departments. These alternate structures make it difficult to envision a consolidation that focuses solely on Highway/Street Maintenance.
<b>Unlikely to reduce overall personnel costs</b>	As discussed in greater detail in the following section, one concern or challenge raised by department heads was the fact that enhanced shared services in the area of Highway/Street Maintenance is unlikely to result in a reduction in overall personnel costs. Staffing models discussed for a consolidated function involving the Village and the Town maintaining the current level of staffing, with minor adjustments in the supervisory structure necessary to function as a single department.
<b>Costs of formalizing cooperation</b>	In many ways, the Town Highway Department and the Village DPW regularly cooperate together already. There is a perception and a concern that any formalization of existing cooperation merely serves to provide elected officials with ammunition for any future political disputes regarding the equity of cooperation.
<b>Equipment Planning, Purchasing and Maintenance</b>	
<b>Incomplete current inventories of equipment and infrastructure</b>	In order to develop an effective and efficient structure for joint planning, purchase and maintenance of equipment, each party must maintain accurate and up-to-date inventories of equipment, including details on useful life, purchase price and date, and schedules for use of the equipment. This important precursor is incomplete currently, and efforts must first focus on developing thorough equipment inventories and schedules before the Town, Village, School District and SUNY, if not already in place.
<b>Long-term capital plans are not formalized for the Town and Village</b>	During discussions with department heads, it appeared that long-term capital plans have not been developed for the Town and the Village. These plans would greatly facilitate the process of identifying opportunities for joint purchasing. The long-term capital plan would identify known future purchases as well as scheduled purchases for items currently in inventory at the conclusion of their useful life.

Barrier/Challenge	Description
<b>Equipment utilization may preclude additional sharing</b>	Certain types of equipment (e.g. snow plows, lawn mowers, etc.) have periods of heavy use, followed by periods of low utilization. While the average utilization over a given year for these pieces of equipment may suggest an opportunity for sharing, it is important to note that current utilization during peak periods may not allow for sharing of the equipment during these periods. If all potential users demand access to the equipment at the same time, sharing is unlikely to be a real possibility.

In addition to these general challenges, it should be noted that there are a number of reasons that several specific opportunities identified early in the process are not singled out for recommendation in this report. Generally speaking, the most promising opportunities are ones for which each potential partner shows a significant interest in pursuing implementation. Options that may appear promising to one partner may not be particularly helpful to the others, which often means that there simply is insufficient will to establish a new shared service structure.

### **Impact of Shared Services on Cost of Services**

A key finding of the shared service study is that there are unlikely to be major immediate cost-reductions from any of the proposed shared services arrangements. For the consolidation of Highway/Streets functions, the general opinion is that such consolidation is unlikely to cause any immediate reduction in personnel costs, which are the major share of the combined Town/Village budget for road maintenance. In the case of shared equipment planning, purchasing and maintenance, the savings are uncertain given the current state of equipment inventories and long-term capital plans. It is impossible to show savings on future purchases when those purchases have yet to be identified and assigned de facto costs. As inventories are established, it will be possible to identify discrete savings possible through joint purchases.

### **Recommendations**

While the shared services options identified appear unlikely to generate short-term savings, there are other potential benefits that warrant a general recommendation to proceed with implementation of shared services initiatives in the two functions examined in this study. The possibility of long-term savings through more efficient allocation of staffing and equipment are one promising incentive for enhanced shared services. Additionally, when it comes to Highway/Street Maintenance, our recommendation goes beyond the initial scope of the study to suggest a consolidation of DPW functions across the entire Town and Village. This has the added benefit of streamlining the approval of new sewer and water customers, since following a functional consolidation new users would likely require approval from only one municipal board. Quality of service is one indicator of a more effective local government. The most important potential benefit of enhanced shared services is an overall increase in the quality of services as artificial barriers that hinder service delivery under the current structure are removed.

### **Highway/Streets, Buildings and Grounds, Sewer and Water, and Recycling**

As alluded to above, we are recommending a functional consolidation of all DPW-like services across the Town and Village. The current Highway, Buildings & Grounds, Sewer, Water and Recycling Center departments in the Town would all be replaced with a single DPW, with each of these functions preserved as divisions within the

department. The resulting DPW would also incorporate the functions of the current Village DPW, including Street Maintenance, Buildings & Grounds, Sewer and Water. The consolidated DPW could operate either as a Town department, with any related tax levy for services not paid through user fees assessed against all properties in the Town. Alternately, the consolidated DPW could operate as a Village department, providing service to the area of the Town outside the village through a contract with the Town Board. The latter arrangement, however, could introduce new challenges related to the governance of services, since services provided in the Town area outside of the Village would be subject to routine renegotiation through the service contract.

### Recommended Actions

1. Convert Town Highway Superintendent to appointed position (requires referendum)<sup>6</sup>
2. Town Board adopts a resolution to consolidate all DPW functions (including Highway, Buildings & Grounds, Sewer, Water and Recycling Center) under a new Department of Public Works
3. Town and Village Boards develop a joint consolidation agreement or intermunicipal agreement to merge the Town and Village DPW into a single department (may require referendum)

### Equipment Planning, Purchasing and Maintenance

The recommendations for shared equipment planning, purchasing and maintenance are more modest. Initially, we recommend that the Village and Town conduct a concerted effort toward developing comprehensive inventories of all equipment, machinery and vehicles, including the purchase date, purchase price, useful life and fair market value of all items. Additionally, for major equipment, machinery and vehicles (e.g. cost greater than \$10,000) average annual and peak utilization rates should be documented in an equipment utilization schedule.

Once inventories are complete, the Town and the Village should each develop a five-year capital plan, identifying all anticipated major new purchases or replacements over a five-year period. This capital plan should be updated on an annual basis to reflect changing circumstances and purchases made.

With a detailed inventory and a capital plan in place, the Town, Village, School District and SUNY should establish a schedule of periodic meetings, no less than annually, to review planned purchases for the coming period and to discuss opportunities for joint purchasing.

Separate from the efforts to establish a process for joint equipment planning and purchasing, it has been suggested that the School District may have the capacity to operate a mechanic shop that could be used by the Village, Town and possibly SUNY. This possibility warrants further investigation regarding the initial cost of equipment and facilities to house the scale of operations required.

### Recommended Actions

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<sup>6</sup> This step is required per NYS Law Article 4, Sect. 64, para 21-a, which states, in part: “The town board of any town... in which town the office of town superintendent of highways is an appointive office, may adopt a resolution establishing a department of public works.”

1. Town and Village develop equipment inventories
2. Town, Village, SUNY and School District develop five-year capital plans
3. Town, Village, SUNY and School District conduct meetings (at least once per year) to review planned purchases and discuss opportunities for joint purchasing
4. School District prepares proposal for shared mechanic shop and identifies costs required to establish facilities and purchase equipment; Town, Village and SUNY assess fiscal benefit of contracting with School District for equipment maintenance.

NOTE: We recognize that simply holding annual meetings to review opportunities for joint purchasing is not sufficient to improve the effectiveness or efficiency of service delivery. These meetings are valuable only if the Town, Village, School District and SUNY each are diligent in preparing detailed equipment inventories and five-year capital plans. Without these resources, annual meetings are unlikely to yield any beneficial results, since the four organizations will be unable to identify shared needs and potential purchasing opportunities.

**Impact of Recommended Structures**

The anticipated impacts of the recommendations discussed above help to identify the potential benefits and costs of implementing new shared services structures. As in the Full Consolidation study above, we have separated the impacts into several categories, including Governance/Political Structure, Employees, Contracts/Laws, Assets and Debts, and Budgets and Taxpayers. The purpose of this section is to shed some light on the expected effects of implementation. The impact analysis does not offer a prediction of the full costs/benefits of implementing new shared services arrangements.

Evaluation Criteria	Impact of Option 1: Consolidating DPW Services	Impact of Option 2: Joint Equipment Planning, Purchasing and Maintenance
<b>Impact on Governance and Political Structure</b>		
<b>Oversight/reporting structure</b>	Within the Town, the consolidation of DPW-like services into a single department structure is likely to improve administrative capacity and simplify reporting relationships between division heads, the DPW Commissioner and the Town Board. If a single Town/Village DPW is structured as a department of the Town, all DPW services would be governed by the Town Board.	The proposed arrangement improves management oversight in the purchase of equipment by establishing a comprehensive inventory and five-year rolling capital plan. Actual purchases would be subject to approval from the purchasing municipality/district’s board/executive.
<b>Elected officials</b>	The implementation of a consolidated DPW in the Town would require as a precursor the conversion of the Highway Superintendent position to an appointed position.	No impact.
<b>Impact on Employees</b>		

Evaluation Criteria	Impact of Option 1: Consolidating DPW Services	Impact of Option 2: Joint Equipment Planning, Purchasing and Maintenance
<b>Elimination of positions</b>	During the first stages of the recommended actions, the position of Highway Superintendent would be converted to an appointed position, but would otherwise remain intact. The Highway Superintendent would serve as the Commissioner of the DPW. No other positions would be eliminated immediately.	No impact.
<b>Transfer of personnel</b>	During the consolidation of DPW functions within the Town, some personnel may be transferred between the new department's divisions, subject to Civil Service requirements for transfer of function. Similarly, upon consolidation of the Town and Village DPW, staff from one municipality would likely be transferred into equivalent positions in the consolidated department, subject to Civil Service requirements.	No impact.
<b>Impact on Contracts/Laws</b>		
<b>Renegotiation of existing contracts</b>	It is assumed that any consolidation of DPW services would be executed in such a manner to avoid necessary renegotiation of current contracts (e.g. for water supply between the Village and NYC DEP).	No impact.
<b>New laws</b>	A new local law is required in order to create a Town Department of Public Works. Sample laws from other communities are provided in Appendix C.	No impact.
<b>New contracts</b>	A new contract would be required if Town DPW functions are to be merged into the Village DPW structure. If the Village DPW structure is to be merged into the Town, no new contract is required.	A MOU stating the intent of the Village, Town, School District and SUNY to enter into annual discussions regarding opportunities for joint purchasing would be beneficial, but is not required. If a shared maintenance function is established, IMAs or MOUs should be developed to spell out the services to be provided and methods of payment for services and/or parts/equipment.
<b>Impact on Assets/Debts</b>		

Evaluation Criteria	Impact of Option 1: Consolidating DPW Services	Impact of Option 2: Joint Equipment Planning, Purchasing and Maintenance
<b>Assets</b>	No impact during the first stages, but upon consolidation of the Town and Village DPW, the Town and Village must establish mutually agreeable terms for the disposition of DPW-related assets. It is anticipated that all assets would be transferred to the municipality operating the consolidated DPW, with provision for recapture in the event assets are liquidated or used for purposes other than delivery of DPW services.	No direct impact on Village/Town assets, though the recommended structure is intended to result in future joint purchases of assets.
<b>Debts</b>	No impact during the initial stages, but upon consolidation of the Town and Village DPW, a determination must be made by the Town and Village regarding disposition of DPW-related debts (equipment loans/leases, etc.). It is anticipated that all debts that exist prior to consolidation would continue to be paid by the originating entity.	No direct impact, though it is likely that arrangements would be necessary to facilitate borrowing for joint purchases. One possible arrangement is for debts to be held by one party with agreements in place for joint purchasers to pay a share of debt service proportionate to their intended use.
<b>Impact on Budgets/Taxpayers</b>		
<b>Town Budgets/ Taxpayers</b>	During initial stages, no significant changes in budgets or tax rates are expected, though it is likely that consolidation of services into a DPW structure may eliminate some redundant costs thereby creating limited savings. Upon Town/Village DPW consolidation, the only major factor affecting Town budgets would be that sewer and water rates would be reduced since all users would pay a single rate (rather than the current rate structure which favors Village users).	A slight decrease in expenditures is expected due to the possibility of joint equipment purchases.
<b>Village Budgets/ Taxpayers</b>	No impact at first, but the eventual consolidation of the Village DPW and the Town DPW could cause a minor increase in sewer and water rates as those rates are equalized across all users.	No direct impact, though it is likely that arrangements would be necessary to facilitate borrowing for joint purchases. One possible arrangement is for debts to be held by one party with agreements in place for joint purchasers to pay a share of debt service proportionate to their intended use.

### Next Steps for Enhanced Shared Services Options

Assuming that the Village, Town, SUNY New Paltz and School District wish to proceed with one or both of the recommendations for enhanced shared services, there are important first-steps that should be taken. As

described above, the following are the initial action steps for the Highway/Streets consolidation and the Joint Equipment Planning, Purchasing and Maintenance structure:

**For Highway/Streets Maintenance:** Review sample local laws for consolidation of services within the Town. Convert Highway Superintendent to appointed position by local law (requires referendum). Develop and adopt a local law consolidating Highways, Buildings & Grounds, Sewer and Water and Recycling. Continue conversations between Town and Village regarding full or partial consolidation of DPW functions.

**For Joint Equipment Planning, Purchasing and Maintenance:** Review and revise MOU for shared equipment planning, purchasing and maintenance. Develop policies and procedures for shared maintenance operations (including capital equipment/building upgrades required). Develop detailed inventories of machinery, equipment and vehicles to facilitate long-range capital equipment planning and shared purchasing.

## Document Change Log

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The following table provides a version history for this report. For each version, the table provides the date that the version was created as well as a summary of the changes.

Version #	File Name	Date Created	Summary of Changes
1.0	01_NPGEP_FinalReport_DRAFT_v1.0	August 12, 2011	Initial draft for Steering Committee Review
1.1	01_NPGEP_FinalReport_DRAFT_v1.1.doc	September 13, 2011	Revised draft based on Steering Committee input
1.2	01_NPGEP_FinalReport_DRAFT_v1.2.doc	October 5, 2011	Revised draft based on additional Steering Committee input
2.0	01_NPGEP_FinalReport_DRAFT_v2.0.doc	October 11, 2011	Final Draft for Public Input
2.1	01_NPGEP_FinalReport_DRAFT_v2.1.doc	November 11, 2011	Revised draft to include discussion of impact on sewer/water rates and grant eligibility

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