

General Government Cost Reduction Strategies

The Department of State, through its Local Government Efficiency program (LGE), has identified an array of strategies to help municipalities reduce costs in the provision of general government services, through inter-municipal cooperation, consolidation and shared services, single municipalities acting on their own, or regional initiatives. These best practices can produce a variety of outcomes depending on whether municipalities restructure services, consolidate or dissolve.

1. Restructuring Local Governments– Functional or full consolidation of departments or municipalities
 - Eliminates duplicative layers of government
 - Is often subject to referendum
 - Helps address issues of equity regarding tax structure and allocation of debt

2. Restructuring Services – Functional Consolidation, Cooperative Agreements and Services Contracts
 - Standardizes and reduces the cost and burden of budgeting and accounting
 - Centralized operations increase personnel accountability and control over time charges
 - Avoids duplicative capital expenditures
 - Cost-effective way to upgrade inadequate or deficient space
 - Additional revenue stream for the service provider
 - Contractor local government receives service at lower cost than if it provided the service itself
 - Municipalities that share resources, such as personnel and equipment, to provide or improve services may upgrade to functional consolidations

Restructuring Government

Effective December 31, 2011, the Village of Seneca Falls will dissolve into the Town of Seneca Falls. One main concern was the continuation of the police services that were provided in the Village. In early July, the Town voted to establish a town-wide police force. The updated financial figures show the tax savings from dissolution could approach 60 percent for village residents. Specifically, the taxes on a home with an assessed value of \$100,000 will drop from \$1,693 to \$676.

The Village of Pike voted for dissolution on March 18, 2008 and officially dissolved December 31, 2009. As a result, the taxes in the former village decreased from \$10.41 per \$1,000 of assessed value to \$9.91 and taxes in the Town outside of Village decreased from \$ 9.21 per \$1,000 of assessed value to \$8.72. The former village had a higher rate due to the formation of a sidewalk and lighting district.

Restructuring Services

The City of Niagara Falls and the Town of Wilson have established a shared assessment services project based on full evaluation of the city's and town's properties and sharing of the Niagara Falls City Assessor's services. The agreement was approved by majority votes of the Niagara Falls City Council and the Town Council of Wilson. Cost savings were realized through the reduction of wages paid to the town's assessor. Wilson saves \$18,150 annually, a tax reduction of \$0.07 per dollar.

Restructuring Regional Services

In Schuyler County, the county and four other local governments, including a school, developed a regional records facility for the storage and retrieval of municipal records for the five municipalities. The project eliminated the separate storage of records and the need to pay five different records management officers. Over the first five years the total anticipated savings was \$600,000. The partners actually saved about \$600,000 in construction/rental costs and \$500 on supplies in the first year.

Services Contracts

The Tompkins County Council of Governments established a health benefits consortium, that provides comprehensive employee and retiree health benefits to participating municipalities across the county. The county and its municipalities were spending in excess of \$30 million per year on health benefits costs and facing double digit increases each year. The fragmented delivery structure consisted of 17 different health plans. In October 2010, the consortium received its Certificate of Authority from the New York State Insurance Department allowing it to officially begin operating on January 1, 2011. This initiative will achieve cost savings of almost \$1,000,000 per year. Additional benefits include increased municipal efficiency and streamlined program delivery.

Cooperative Service Agreements

The Town of Union's is working with the Village of Johnson City and the Village of Endicott to establish a consolidated building department within the town to serve all municipalities. The project began with a joint comprehensive planning process which is serving as the basis for the unified zoning ordinance. Johnson City and the Town of Union are moving ahead with a consolidated building department and will realize savings of \$181,533 over 5 years.