



Division of Local Government Services

A Division of the New York Department of State

Local Government Efficiency Program

The **Local Government Efficiency (LGe)** Program, administered by the New York Department of State, provides technical assistance and competitive grants to local governments for projects that will achieve savings and improve municipal efficiency through shared services, cooperative agreements, consolidations and dissolutions. The Department of State is committed to working with our partner municipalities to control costs while maintaining the quality of local service delivery.

Program Summary

The New York State Budget provides \$64 million for the following Local Government Reorganization and Efficiency programs:

- \$35 million for Citizen Empowerment Tax Credits and Reorganization Empowerment Grants to aid local governments moving forward with municipal re-organization activities.
- \$4 million for Local Government Efficiency Grants to award local governments that are developing and implementing new opportunities for savings and service delivery efficiencies.
- \$25 million for Municipal Restructuring to fund expenses for the implementation of local government and school district shared services, cooperation agreements, mergers, and other actions reducing property taxes on a permanent basis.

Local Government Citizens Reorganization Empowerment Grant Program

- Assistance for the consolidation or dissolution of a local government in accordance with Article 17-A of the General Municipal Law.
- The maximum grant award is \$100,000:
 - \$50,000 maximum for a study, with \$25,000 in expedited funds for local governments that have been petitioned for government reorganization; and
 - \$50,000 maximum for planning or implementation of a municipal reorganization.

Citizen Empowerment Tax Credit

- Provides additional annual aid to reorganized local governments, equal to 15% of the combined amount of real property taxes levied by all of the municipalities involved in the consolidation or dissolution, not to exceed \$1,000,000.
- At least 70% of aid must be used for property tax relief.

Local Government Efficiency Grant Program

- Up to \$4 million for implementation or implementation planning.
 - Competitive grants to local governments to develop and implement new opportunities for financial savings and operational efficiencies.
 - Projects shall include an examination of financial savings, return on public investment and management improvements resulting from project implementation.
 - Funding for implementation planning is up to \$12,500 for each local government involved in the project, not to exceed \$100,000.
 - Funding for an implementation project is up to \$200,000 for each local government involved in the project, not to exceed \$1,000,000.

Municipal Restructuring Fund Program

- Up to \$25 million to fund transformative projects that yield permanent property tax reductions for New Yorkers. This fund is designed to allow for review of projects that may range in readiness, from the initial development of an idea to projects ready for full implementation. Sample potential projects could include:
 - Regionalization of services
 - Countywide service consolidation
 - General government restructuring
 - Department reorganization among multiple local governments
 - Police department consolidation
 - Updating technology among multiple local governments
 - Highway programs that work across municipal boundaries
 - Multi-municipal fire departments
- Projects that demonstrate the broadest impact, either countywide or regionally, are preferred. The number and type of partners will have a direct bearing on the scoring of a proposal, which is evaluated based on the project type, scale, and the potential municipal tax levy impact.

These programs augment existing activities within the New York Department of State that provide technical and financial assistance to local governments for projects that increase community competitiveness through taxpayer savings and improved service delivery efficiency.

For more information, call: (800)367-8488 or visit: <http://www.dos.ny.gov/LG>

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Municipal Consolidation and Efficiency Competition

The **Municipal Consolidation and Efficiency Competition (MCEC)** challenges municipalities to: lower property taxes, modernize and reduce the number of local governments while achieving more efficient and adaptable municipal services, and create an incubator for local innovation to test and share government consolidation and efficiency best practices. The recipient of this program's award will be a standard bearer of government efficiency for municipalities across the state, and will help shape policy at the state level through its experiences as well as influence the actions of other local governments with its successes.

Consortiums of local governments that apply to the MCEC will prepare a Municipal Consolidation and Efficiency Plan (MCEP). The consortium that demonstrates the most innovative thinking in regards to governmental consolidation and property tax reduction will have the ability to pursue approximately \$20 million to implement its proposal. This program will encourage local governments to be bold in the proposal's design to use this money in creative and innovative ways to stimulate the local economy and streamline services and operations.

Phase I

- For consideration of a \$20 million award, applicants need to submit an Intent to Propose to the Department of State.
- Lead applicants must be a city, town or village with a population of over 50,000 (2010 US Census Data) or a county. Cities, towns and villages, with a population under 50,000 (2010 US Census Data) or other forms of governments, may apply as partners but not as the lead applicant. Each MCEC application requires a consortium of two or more governments.
- At least one county, city, town or village consolidation must be proposed as part of the Intent to Propose.
- One of the major goals of the MCEC is to spur local government innovation. As such, a variety of types of projects will be eligible funding so not to limit creativity. Only those consortiums submitting an Intent to Propose for Phase I will be considered for Phase II funding.

Phase II

- Each consortium of local governments that receives funding under Phase I will develop its Municipal Consolidation and Efficiency Plan (MCEP).
- The consortium of local governments that develops the selected MCEP will be eligible for the remainder of the \$20 million in funding for implementation of projects and actions outlined in the selected proposal.
- Applicants that are not awarded funding for their MCEP will receive technical assistance from the Department of State to identify other funding opportunities from the State that could support the implementation of their plans.

Competition Timeline

Phase I

- Release of the Guidance Document – November 10, 2016
- Questions Due to Department of State – December 1, 2016 (Email questions to: MCECProgram@dos.ny.gov)
- Answers Published – December 8, 2016
- Intent to Propose due to Department of State – January 27, 2017
- Funding for Phase I announced - February 1, 2017

Phase II

- Release of the Phase II Guidance Document – February 1, 2017
- MCEP's Due to the Department of State – June 28, 2017
- Winner Announced - Mid-August 2017



Cost Reduction Efforts for Local Governments Water and Wastewater Infrastructure Services

Reducing duplicative services is an efficient and effective way of lowering the costs of local service delivery to property taxpayer costs. Through the Local Government Efficiency (LGE) Program, the Department of State has had the opportunity to invest in hundreds of locally-led initiatives. For water and wastewater infrastructure local officials have identified the following strategies, benefits and challenges. The sample projects listed below are past and current efforts that have been supported through the LGE program that may help others considering similar actions.

1. **Water and Sewer District Consolidation** – Special district consolidation reduces fragmented services and governmental layers.

- Can simplify and reduce the cost of budgeting and accounting.
- Shares the financing of new capital improvements across the consolidated district.
- Can raise questions of equity concerning rate structure and disposition of debt between districts.

Project Examples

- 1) The Town of Hyde Park streamlined the management of municipal infrastructure by consolidating special districts and transferring management to the Dutchess County Water and Wastewater Authority.
- 2) The Town of West Seneca in Erie County consolidated water districts and transferred the system to the Erie County Water Authority through a Direct Service Area agreement.

2. **Regional Supply and Management Planning** - Regional planning for infrastructure can help assess the needs of a defined region, and identify long-term options to provide sufficient service.

- Provides an analysis of regional needs, alternatives for supply, an inventory of existing assets and a comprehensive plan for long-term financing.
- Generally envisions the continued use of some existing supply and treatment sources.
- Outlines specific priority areas where community and economic development are desired.

Project Examples

- 1) In Northern Chautauqua County, seven Chadwick Bay local governments cooperated to establish the North County Water District to address long-term supply questions. It is estimated that cooperation could save up to \$25 million over the cost of independent systems.
- 2) Tompkins County and 16 municipalities assessed water resources countywide and developed a plan for infrastructure to meet the goal of concentrating growth in hamlets/villages.
- 3) Lewis County studied the feasibility of establishing a water and sewer authority to provide shared services and potential budgetary savings for several small systems in the County.
- 4) Wyoming County established the Wyoming County Water Resources Agency responsible coordinating services amongst 15 public water purveyors in the County.

3. **Selling or Leasing System to a Regional Provider** – The sale or lease of systems allows municipalities to “get out of the business” of providing sewer and water services. While under a lease management agreement, a municipality retains ownership of its assets, but transfers responsibility for operation and maintenance.

- Can eliminate administrative, operations, maintenance, and capital costs.
- Bulk rates may result in lower costs for consumers.
- May require upgrades to conform to regional provider's specifications.

Project Examples

- 1) The Town of Hamburg in Erie County will save over \$4 million over ten years by consolidating districts and transferring ownership to the ECWA.
- 2) The Village of Williamsville consolidated its water supply services and transferred system ownership to the Erie County Water Authority.

4. **Shared Infrastructure** – Municipalities share system infrastructure such as treatment plants and water tanks.

- Avoids duplicative capital expenditures.
- Cost-effective way to upgrade deficient systems.
- Can help comply with consent orders.

Project Examples

- 1) The Village of Cayuga and Town of Aurelius are consolidating operation and maintenance of their water systems and replacing existing water meters with a new remote, radio-read meters. The project will streamline billing services, and develop a new joint asset management plan.
- 2) The Town and Village of Cape Vincent in Jefferson County jointly replaced a deficient water tank located in the Village, saving \$1 million in initial investments and \$100,000 annually.

5. **Contracting for Services** - Municipalities with excess capacity and lower costs contract with other municipalities to provide services.

- Additional revenue stream for service provider.
- Contractor receives service at lower cost than if it provided the service.

Project Examples

- 1) The Town of Evans in Erie County contracts with the Erie County Water Authority to operate and maintain its water system.
- 2) The Town of Tonawanda, studied closure of the Tonawanda Water Treatment Plant and purchasing bulk water from the Erie County Water Authority.

6. **Cooperative Service Agreements** – Municipalities share resources, such as personnel and equipment improve services.

- Avoids duplicative capital expenditures.
- Municipalities retain independence.
- May be a first step towards functional consolidation of services.

Project Examples

- 1) Columbia County and four local governments are evaluating the functional consolidation of water services, to reduce operations and maintenance costs, and upgrade metering and billing services.



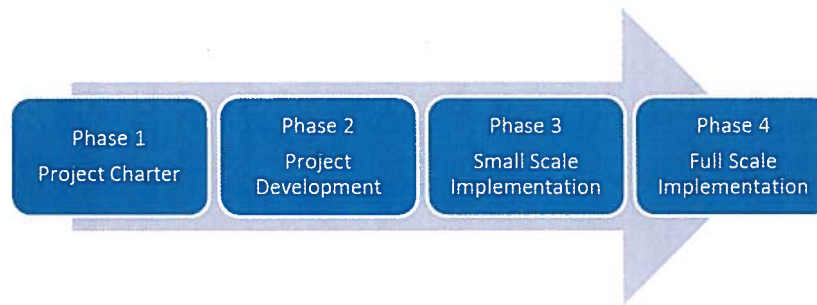


Municipal Restructuring Fund

The Municipal Restructuring Fund (MRF) is a local government assistance program designed to **stimulate permanent property tax reductions** resulting from shared services and municipal consolidations. Local governments and school districts that are considering substantial transformation to municipal structure and delivery of local services are encouraged to apply.



The MRF program utilizes LEAN Project Start-up principles originally designed for business, including validated learning and continuous product improvement. The MRF incentivizes participation at varying levels of project readiness—anywhere from the idea stage to the implementation stage.



MRF Project Funding

The greater the project savings, the greater the amount of the award for which a municipality is eligible. Local Governments are eligible to receive an award of 20% of the net present value calculation. Awards will not exceed the total project cost (from all stages), subject to funding availability, and will be based upon the project's projected savings (not to exceed the total cost of the project.)

MRF Project Priority List

The program employs a **continuous recruitment process**. Funds may be awarded to support projects at different phases of development. The Project Priority List (PPL) tracks progress of all projects that are applying for or receiving MRF funds, ranking those projects according to their evaluated scores in each phase. If projects progress in accordance with the terms of approval, it will move to the next phase. The MRF is designed to rank projects against established scoring criteria, rather than against other grant applications. Projects may be revised and re-scored throughout each phase.

