

The New York Department of State Local Government Efficiency Program



Albany Research In Public Administration (ARPA)

Report Number 2017-2

February 7, 2017

Prepared by Kevin M. Bronner, Ph.D.

Albany, New York

www.albanyrpa.com

This study is an independent research report developed by Albany Research in Public Administration (ARPA) in Albany, New York. APRA is an entity associated with Kevin M. Bronner, Ph.D. LLC. The report is developed as a public service by APRA. Please e-mail requests for a complimentary electronic copy to kbronner@nycap.rr.com or visit www.albanyrpa.com for a free download.

Prepared By:

Albany Research in Public Administration (ARPA)
4 Georgian Terrace
Albany, New York 12211
(518) 489-5252
www.albanyrpa.com

ARPA New York State Local Government Improvement Program Series

This study is part of a four part series about the efforts of the State of New York to improve local government efficiency. The series includes reports on:

1. The New York State Fiscal Stress Monitoring System for Local Governments.
2. The Financial Restructuring Board for Local Governments *A New York State Entity*.
3. The New York State Local Government Real Property Tax Freeze.
4. The New York State Department of State Local Government Efficiency Program.

Table of Contents

Introduction	1
Department of State Local Government Efficiency (LGe) Projects.....	2
Grant Funding Proposals and Benefit Cost Analysis.....	3
Competition in the Grant Process	3
LGe Studies and Reports	4
Summary	5
References.....	6
Appendix 1: Selected Local Government Efficiency Projects.....	7
Appendix 2: General Information on the Grant Process.....	8
Appendix 3: 2016-2017 Fiscal Impact Worksheet.....	9
Appendix 4: Budget & Work	10
Appendix 5: LGe Knowledge Matrix.....	11
Appendix 6: Public Safety Consolidations.....	12

This Page Intentionally Left Blank

The New York State Local Government Efficiency Program

Abstract

The New York State Department of State implemented a new local government efficiency program in 2005. Hundreds of local governments have been awarded grants to improve their operations. The New York State Department of State maintains a data system which show that 294 local government improvement projects are expected to generate \$418 million in cost savings associated with program costs of \$46 million. This results in a benefit cost ratio of approximately 9.1 times. The Department of State also maintains a system of project documents for a number of local government improvement efforts. These documents can be reviewed by other local government officials who are considering making changes to their organization. The Department of State grant program is also innovative because in 2016 it introduced a system of competitive grants for certain projects. A program manual exists and is entitled *Competition Guidelines Municipal Consolidation and Efficiency Competition*. This grant program analyzes local government proposed cost savings efforts to ensure that the most cost effective grants are favored over less efficient grants. This paper outlines the system in simple to understand terms and contains a number of appendices that can be used by local officials to understand the issues associated with local government improvement efforts.

Introduction

The State of New York New York Executive Budget for 2005-2006 established a Local Government Efficiency Program (Efficiency Program) which is designed to make local governments more efficient.¹ The program is administered by the New York State Department of State (Department of State). The Department of State claims that the program has generated 294 individual projects with \$46 million of new investments and \$418 million in cost savings. This amounts to a benefit cost ratio of 9.1 times.

The Efficiency Program has seven specific program areas. These include:

1. **General Government.** This applies to local government planning issues, building codes, court systems, and parks and recreation.
2. **Government Reorganization.** Consolidation of local government agencies are examined under this program.

¹ Before 2005 the program was known as the Shared Municipal Services Incentive Program.

3. **City and County Charter Revision.** This program has a focus on basic government forms and charter revisions.
4. **Education.** School districts, libraries, and Boards of Cooperative Education (BOCES) are the focus of this program.
5. **Municipal Utilities.** This part of the program has a focus on drinking water systems, storm water utilities, waste water facilities, and electricity and natural gas systems.
6. **Public Safety.** Police and fire and public health issues for local governments are evaluated under this program.
7. **Transportation.** This applies to local government highway issues, public works, and mass transit.

The Department of State provides grant programs, training and other activities to assist local governments. Two types of grant programs are involved. There is a Local Government Efficiency Grant Program and The Local Government Citizens Reorganization Empowerment Grant Program. The Department of State is also a part of the New York State Financial Restructuring Board for Local Governments (Albany Research in Public Administration Report #2016-2). The Department of State can offer its expertise in that program which also develops improvement programs for local governments.

Department of State Local Government Efficiency Grant (LGe) Projects

The Department of State maintains a list of grant funded projects on its webpage.² The list current contains 436 projects with a value of approximately \$81 million. The average value for the projects is about \$186,000. There are 30 projects with values of \$500,000 or greater as shown in Appendix 1. Many of the larger projects are associated with water and sewer facilities. Examples of other projects are for shared services agreements, government reorganization studies, dispatch systems, police improvements, school systems

² The list on the current webpage is from 2014. There is a long implementation phase associated with many of the projects and that is why the latest information is from 2014.

improvements, senior citizen resource programs, and economic resources programs. Local governments can apply for the grant programs using the guidelines outlined on the Department of State website.

Grant Funding Proposals and Benefit Cost Analysis

The Department of State has a formal grant application for localities to use when submitting a proposal for funding. Appendix 2 shows the basic documents used in a grant proposal. The Department of State claims that the program has generated 294 individual projects with \$46 million of new investments and an estimated \$418 million in cost savings. This amounts to a benefit cost ratio of 9.1 times. Benefit cost analysis has been used for many years to analyze government programs. (Boardman et al. (2006), Finkler et al., (2017), Gramlich (1981), Sassone and Shafer (1978). The local governments participating in the program are required to submit a form showing the projected benefits and costs from individual projects. Appendix 3 contains an example of the financial form used. The Department of State aggregates the amounts shown in these forms to develop the benefit cost ratio of 9.1 times.

Appendix 4 shows the format of work plans that are developed for individual projects. The illustration in Appendix 4 is for one portion or component of a larger work plan. Complicated work plans will have many individual components. There is also an implementation period for the grant funded projects and this can last for many months or years depending on the complexity of the project. For instance, a complex water or sewer project may entail years of environmental reviews, engineering studies, and actual construction.

Competition in the Grant Process

One of the innovative features of the Department of State's grant funding is the use of competition in the grant process. During 2016 the Department implemented a Municipal Restructuring Fund. A program manual exists and is entitled *Competition Guidelines Municipal Consolidation and Efficiency Competition* (New York State Department of State (2016). A review of the application includes a competition review to ensure that the most cost effective grants are favored over less efficient grants. A scoring mechanism is used to rank the grants

and the more competitive grants are selected over less competitive grants. A system of non-competitive grants also exists for certain government consolidation proposals such as shared services agreements.

LGe Studies and Reports

Another feature of the Department of State's Local Government Efficiency program includes the numerous studies and reports maintained on the department's web site. Appendix 5 shows a matrix of information that is maintained by the Department of State on its web site. Governments interested in reviewing reports and other information in the seven program areas can simply click on the matrix to find detailed information about what other local governments are doing to improve operations. Previous consulting studies and other reports are available for local government officials to review. Many of these reports illustrate the types of issues and problems that should be addressed when localities are considering changing operations.

Reports exist in the following areas:

1. General Government (20)
2. Government Reorganization (22)
3. City and County Charter Revision (4)
4. Education (17)
5. Municipal Utilities (7)
6. Public Safety (21)
7. Transportation (13)

Local governments can benefit by reviewing the reports to study that types of issues they may face as they undertake reorganization and other cost improvement efforts. The reports can be viewed at https://www.dos.ny.gov/lg/lge/Case_Studies.html.

Appendix 6 shows information pertaining to the reorganization of public safety efforts for local governments. For example, two fire districts



located near Albany, New York including the Defreestville Fire Protection District and the North Greenbush Fire District #1 consolidated into a single town-wide fire district. Local government officials can review the information found in Appendix 6 and review detailed information and reports on other public safety reorganization efforts for localities in New York State. Many types of other transactions such as efforts to improve municipal utility systems or basic government reorganization plans can be reviewed by using the matrix maintained by the Department of State.

Summary

The New York State Department of State implemented a new local government efficiency program in 2005 and hundreds of local governments have been awarded grants to improve their operations. The Department of State maintains a data system which show that 294 local government improvement projects are expected to generate \$418 million in cost savings associated with program costs of \$46 million. This results in a benefit cost ration of approximately 9.1 times. The Department of State also maintains a system of project documents for a number of local government improvement efforts. These documents can be reviewed by other local government officials who are considering making changes to their organization. The Department of State grant program is also innovative because in 2016 it introduced a system of competitive grants for certain projects. A program manual exists and is entitled *Competition Guidelines Municipal Consolidation and Efficiency Competition*. This grant program analyzes local government proposed cost savings efforts to ensure that the most cost effective grants are favored over less efficient grants. A scoring mechanism is used to rank the grants and the more competitive grants are selected over less competitive grants.

REFERENCES

- Albany Research in Public Administration Report Number 2016-2, entitled *The Financial Restructuring Board for Local Governments A New York State Entity*. September 1, 2016. (www.albany.rpa.com)
- Boardman, Anthony E., Greenberg, David H., Vining, Aidan R. and David L. Weimer. (2006). *Cost-Benefit Analysis Concepts and Practice*, Third Edition. Pearson Prentice Hall, Upper Saddle River, New Jersey.
- Finkler, Stephen A., Smith, Daniel L., Calabrese, Thad D., and Robert M. Purtell. (2017). *Financial Management for Public, Health, and Not-for-Profit Organizations*. Sage Publications, Los Angeles.
- Gramlich, Edward M. (1981). *Benefit-Cost Analysis of Government Programs*. Prentice Hall, Englewood Cliffs, New Jersey.
- New York State Department of State LGe Projects. Revised September 14, 2014.
<https://www.dos.ny.gov/lg/lge/projects.html> (Viewed on February 4, 2017).
- New York State Department of State (2016). *Competition Guidelines Municipal Consolidation and Efficiency Competition*. <https://www.dos.ny.gov/funding/rfa-16-lge-15/MCEC%20Guidance%20112816.pdf>
- Sassone, Peter G., and William A. Schaffer. (1978). *Cost-Benefit Analysis A Handbook*. Academic Press, New York.

Appendix 1

Selected Local Government

Efficiency (LGe) Projects

Government	Amount	Function
Village of Millbrook	\$600,000	Water/Sewer
Village of Marcellus	600,000	Sewer
Village of Elbridge	600,000	Water consolidation
Town of Westport	579,600	Shared services
Town of Russia	579,600	Shared services
Town of Glenville	579,600	Sewer
Town of East Hampton	536,425	Government re-engineering
Town of Bethlehem	776,108	Restructure of payment system
Schenectady County	1,000,000	Central dispatch Improvements
Orange County Water Authority	520,200	Water supply project
Oneida County	600,000	911 dispatch consolidation
Nassau County	600,000	Water pollution control
Nassau County	5,000,000	Police department improvements
Nassau BOCES	1,000,000	Schools savings initiative
Madison County	1,615,724	Home cares services
Lewis County	638,059	Joint infrastructure management
LeRoy Central Schools	704,259	School shared services
Hamilton County	600,000	Fuel Consolidation Program
Hamilton County	797,028	Fuel Consolidation Phase III
Essex County	984,250	Nursing Home Privatization
Erie 1 BOCES	570,546	Computer management program
City of Schenectady	558,002	Urban renewal program
City of Rochester	1,857,184	Economic development program
City of Newburgh	600,000	Water supply
City of Lockport	640,000	Water supply
City of Glens Falls	880,000	Upstate regional study
City of Cortland	600,000	Smart water network
City of Auburn	710,000	Water and sewer
Capital District Regional Planning Commission	854,526	Sewer improvements
Broome County	500,000	Health insurance conversion

Appendix 2

General Information on the Grant Process

RFA #16-LGE-11

Funding issued by the Northern Border Regional Commission and managed by New York Department of State.

Schedule of Events	
RFA Posted:	May 2, 2016
Questions Due	June 22, 2016 & July 6, 2016
Updates and Questions Posted	June 29, 2016 & July 13, 2016
Applications Due:	July 29, 2016 - 4:00 pm

Application Submission:

Applications are being solicited through the New York State Consolidated Funding Application (CFA).
Applications are available at: <https://apps.cio.ny.gov/apps/cfa>

Contact Information

New York Department of State
Kyle Wilber
Local Government Services
One Commerce Plaza
99 Washington Ave
Albany, NY 12231-0001
Phone: (518) 473-3355
LGEprogram@dos.state.ny.us

2016 LGE Request for Applications Guidance Document (pdf)

Fillable Application Forms: *

[LGE Fiscal Impact](#) (excel xlsx file)
[Operating Deficit Eligibility Criteria](#) (excel xlsx file)
[Work Plan and Budget](#) (excel xlsx file)

MWBE Requirements, Procedures & Forms

[Form A - EEO Policy Statement 2016](#) (doc)
[Form B - Staffing Plan](#) [Form D - Utilization Plan](#) (doc)
[Form E - Waiver Request](#) (doc)
[MWBE Goals Calculation Temp.](#)(excel xlsx file)

** If you cannot download any of these file attachments, please [contact us](#) for assistance*

Source: <https://www.dos.ny.gov/funding/rfa-16-lge-11/index.html>

Appendix 3

2016-2017 Fiscal Impact Worksheet A - Applicant Information

Instructions:

1. In the **GREEN** area below, enter the name of the lead and co-applicants. Then enter the fiscal year for the data used and the total real property taxes and assessments (tax levy) for budget items funded by property taxes through the General Fund (A & B funds) or user fees for budget items funded by fees through Enterprise Funds (FX, G & S_ funds).

2. Once the entire workbook is completed, export the entire workbook as a PDF to attach to the CFA. Export as a PDF using your program's menus.

EXAMPLE					
	<u>Name</u>	<u>Fiscal Year</u>	<u>Tax Levy or User Fees</u>	<u>Fiscal Impact (\$)</u>	<u>Fiscal Impact (%)</u>
Lead Applicant	County	2014	\$ 75,000,000	\$ (90,000.00)	-0.12%
Co-Applicant 1	City A	2014	\$ 6,500,000	\$ 135,000.00	2.08%

	<u>Name</u>	<u>Fiscal Year</u>	<u>Tax Levy or User Fees</u>	<u>Fiscal Impact (\$)</u>	<u>Fiscal Impact (%)</u>
Lead Applicant				\$ -	-
Co-Applicant 1				\$ -	-
Co-Applicant 2				\$ -	-
Co-Applicant 3				\$ -	-
Co-Applicant 4				\$ -	-
Co-Applicant 5				\$ -	-
Co-Applicant 6				\$ -	-
Co-Applicant 7				\$ -	-
Co-Applicant 8				\$ -	-
Co-Applicant 9				\$ -	-
Co-Applicant 10				\$ -	-

If your project impacts more than 10 eligible municipalities, please contact the Department of State to ensure that the proper adjustments are made to this form to maintain accuracy.

Appendix 4

BUDGET & WORK PLAN

Work Plan Component 1	Task Name:	
	Anticipated Start Date:	
	Anticipated Completion Date:	
	Deliverable:	
Task Narrative: See Instructions		
BUDGET CATEGORIES:	COST:	
Personal Services, Salary & Fringe		
Non Personal Services,		
Contractual Services		
Travel		
Equipment		
Other		
TOTAL	\$	-

Source: <https://www.dos.ny.gov/funding/rfa-16-lge-11/index.html>

Appendix 5

LGe Knowledge Matrix Find the information you seek quickly.

Project Topics	Technical Assistance & Publications	Case Studies & LGe Reports	Previous Awards	Contacts	Intermunicipal Agreements
General Government Planning, Zoning, Building Codes, Courts, Parks & Recreation	» GO »	» GO »	» GO »	» GO »	» GO »
Government Reorganization	» GO »	» GO »	» GO »	» GO »	—
City & County Charter Revision	» GO »	» GO »	» GO »	» GO »	—
Education School Districts, BOCES, Libraries	» GO »	» GO »	» GO »	» GO »	—
Municipal Utilities Drinking Water, Storm Water, Waste Water, Electric & Gas	» GO »	» GO »	» GO »	» GO »	» GO »
Public Safety Police, Fire Protection, Public Health	» GO »	» GO »	» GO »	» GO »	» GO »
Transportation Highways, Public Works, Mass Transit	» GO »	» GO »	» GO »	» GO »	» GO »

Source: <https://www.dos.ny.gov/lg/lge/index.html>

Appendix 6 Public Safety Consolidations

In New York State, municipalities has varying levels of public safety services.

Communities considering improving efficiencies or making sustainable cost reductions in the area of public safety may be eligible for a Local Government Efficiency grant to assist with studying the feasibility of different options or to assist with implementation of a strategy.

Example: The Defreestville Fire Protection District and the North Greenbush Fire District #1 consolidated into a single town-wide fire district. The consolidation study and implementation plan were funded from the 2006 SMSI grant program.

Note: For Consolidations and Dissolutions initiated prior to March 21, 2010, please contact the Department of State for answers to any questions; by email at: LGEProgram@dos.ny.gov or by phone at: 518-473-3355 or 1-800-367-8488.



Resources & Publications

The Department of State and other state agencies have prepared a number of resources to help communities with improving efficiencies in public safety.

Intergovernmental Cooperation »

The Reorganization of Local Government (PDF, 4 pages)

Legal Framework for Providing Local Government Services » (NYS Assembly)

More Resources and Publications »

Studies & Reports

Through the Local Government Efficiency Grant program, communities have studied transportation issues.

Town of North Greenbush Fire District Consolidation

Chemung County Fire Services Study

Town of Hempstead EMS Study

Schenectady County Unified Communications Center Model

Town and Village of Saugerties Police Consolidation

City of Cohoes Study

More Studies and Reports »

Source: https://www.dos.ny.gov/lg/lge/public_safety.html