

ECONOMIC DEVELOPMENT TOOLBOX:

Shared Public Services as a Method for Reducing Local Municipal Costs

By

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INTRODUCTION

Part of this historically higher rate of taxation is due to the fact that New York has many more local governments and agencies than most states. In fact, New York has over 10 percent of its working population occupying local government positions, compared to the national average of 7 percent. Employment-wise, local governments across the country utilize 30 percent less people to run them than in New York. The cause is fairly clear- there are too many governmental and taxing entities. While placing governance at the local level is good for many reasons- it allows more direct control by denizens, creates a stronger sense of community, and creates a government more quickly responsive to public needs, to name a few- it weakens governments' ability to reach economies of scale necessary to achieve cost savings on services. This means higher taxes to cover those higher costs. Since most individual municipalities in New York are too small to support large-scale service systems, savings enjoyed by larger governments are not available to them.

The high taxes necessary to sustain this form of government creates a very real disincentive to businesses. A company can pay employees less in Pennsylvania than in New York, and yet still provide the same amount of take-home pay. Companies can relocate across the border and use this competitive edge to increase profits, attract high quality talent at a lower cost, or decrease production costs.

REDUCING PUBLIC COSTS WHILE MAINTAINING HOME-RULE

For some time, state and local officials have been aware of the high costs of duplicated governmental services. In recent years, they have responded to these concerns by providing opportunities that encourage intermunicipal planning and shared services amongst municipalities, counties, and school districts.

Intermunicipal cooperation allows neighboring municipalities to develop a shared vision and to coordinate on various planning issues. Cooperative planning can help municipalities not only address increasing municipal service costs, but also those issues that cross municipal boundaries (i.e., growth management, infrastructure provisions, preservation of natural and historic resources, and economic development). Local governments can work together to formulate consistent and comprehensive strategies that can potentially lead to cost savings by sharing resources and responsibilities.

Sharing services is a proven way to lower costs and increase fiscal and operational efficiency. Cooperating with a neighboring municipality, with the local school district, or the county government can produce direct savings in the costs of providing those services. Higher service levels, optimization of facilities, and increased accountability are additional advantages. By streamlining government operations, savings can be returned to residents through lower local property taxes. Lower taxes, improved services, and larger infrastructure capacities all help to make communities more attractive to businesses, too. Please note that cooperation and coordination does not necessarily mean consolidation.

GETTING STARTED-PLANNING FOR SHARED SERVICES

Local governments examining their potential for shared services must start by considering these four key elements:

- Existing and future services and operations within the local community.
- Potential opportunities.
- Potential partnerships.
- Potential partners.

IDENTIFY SERVICES

First, local governments must review existing inventory and infrastructure for all services and operations. This may include personnel as well as fixed assets. The next step is to prepare a multi-year budget expense review, taking future demand and capacity into account. Comparing this budget to comparable services provided by neighboring locales and trying to determine the cause of any cost differentiation is a very informing exercise. Compiling all of this information as a resource for identifying current and future needs as well as the costs of meeting them becomes the basis for identifying opportunities.

IDENTIFY OPPORTUNITIES

Services or operations that can be successfully shared between governments are identified in a number of ways. The inventory of existing operations and services provides a useful place to start. All services and operations can be considered initially, whether they are more, less, or equally expensive relative to other municipalities. Differences in price may mean a locality has efficiencies others lack and are unable to attain. If they are equally expensive, it may mean consolidation of services would provide some economy of scale for both or all communities. Weed out those operations that appear least beneficial or feasible.

It is important to consider whether or not existing and forecasted expenses will outstrip the local government's capacity. Many local governments in upstate New York are struggling to maintain current services and operations. If the population is expected to increase or expensive overhaul of infrastructure is anticipated, the best option may be to work with neighboring communities on that potentially problematic sector.

Sharing may also come from a new service need that requires more than one town's population to support it. For instance, community-wide public wireless Internet may be considered important by a group of neighboring communities, but far too expensive to develop alone. Unless they can pool their resources and work together, the interested communities may not be able to afford this service.

Opportunities may also develop through periodic meetings with elected and administrative officials from other communities. These provide the perfect forum for discussing shared concerns and potential collaborative solutions.

Here is a list of municipal services that are frequently shared:

- GIS Programs and Activities.
- Police and Emergency Dispatching Services.
- Storm water Compliance.
- Public Health Services.
- Road Maintenance and Street Sweeping.
- Gasoline and Fueling Services.
- Records Management.
- Training and Safety Programs.
- Website Development and Maintenance.
- Grant Opportunities and Administration.
- Public Works and Public Works Maintenance.
- Vehicle Maintenance.
- Recreational Fields and Facilities.
- Solid Waste and Recycling Services.
- Joint Insurance Opportunities.
- Animal Control Services.
- Municipal Court¹.
- Code Enforcement.
- Town / Village Planner.
- Bookkeeper / Finance Office.
- Assessor.

IDENTIFY POTENTIAL PARTNERSHIPS

Upon deciding to pursue sharing a service, the next step is to identify communities likely to share interest. For many local governments, this may be an obvious and limited choice. For those with multiple communities nearby, the decision becomes more difficult.

It is best to work with governments receptive to the benefits of shared services. Cooperation must be voluntary if shared services are to be successful. Pre-existing relationships help in

building trust and support. Do not exclude unfamiliar or more distant locales however, because their needs may be more aligned with local needs than adjacent places, and the greater distance may have little effect depending on the service or operation. It helps to form criteria to inform the search. Ranking each neighboring community by how well it fits your needs helps to narrow the decision more efficiently and more diplomatically.

Once communities with common needs are recognized, narrow the search by identifying governments with common goals. It is most effective to work with communities that have governments sympathetic to shared services. If a particular government is unreceptive to the proposal of cooperation, seek out other communities.

HELPFUL HINTS

- **Obtain the support of elected officials before contacting other local units.**
- **Set the agenda and ground rules for meetings in advance.**
- **Be patient, flexible, and realistic.**

IDENTIFY POTENTIAL PARTNERS

Once communities with common needs and vision are identified, government officials must seek out advocates within those community governments who believe in the benefits of shared services and who are willing to take action to make it happen. Without partners from each community stepping forward to support and implement a plan for shared services, the plan becomes nothing more than a dust collector.

WHAT'S NEXT?

Sharing services helps smaller communities save on providing public resources. These savings can be passed onto the public through either lower taxes or higher quality public services. Local governments have a very big opportunity to not only lower the cost of living, but to improve the quality of life for their citizens. They must all take stock of their resources and identify what potential for cooperation may exist. They must then step beyond theory and pragmatically embrace this vision. By doing so, municipal governments can have a very real impact on both the quality and the cost of living in New York State.

Laberge Group provides municipal consulting including planning, community, and economic development services throughout New York State.

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¹ New Jersey Department of Community Affairs, "SHARE: SHaring Available Resources Efficiently Best Practices Handbook." October, 2006.