GRACE UNDER PRESSURE:
INNOVATION IN A TIME OF FORCED EFFICIENCIES

Municipal Innovation Exchange Summit
April 25, 2014 • Syracuse, NY
OPENING REMARKS

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A REFORM THAT WORKS

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Syracuse, NY
April 25, 2014

http://www.mildredwarner.org/restructuring
Global Context: Great Recession and Austerity

National and International Level
- Pass fiscal crisis down to the city level
- Prop up markets, leave cities to fend for themselves

City Level – varied response
- Hollowing Out
- Riding the Wave
- Pushing Back

Citizen Level – varied response
- Acquiescence (US)
- Push Back

Political Protest (more common in Europe)
New Forms of Service Delivery (more common in US)
City Responses: Hollowing Out

Fiscal Crisis – Housing foreclosure crisis leads to **public budget shortfall**

**City Response**: Austerity Budgets

- Cut Services
- Lay off workers (500,000 in local government sector across US)
- Attack public sector pensions & wages
- Raise User Fees
City Response – Riding the Wave

Innovations in Service Delivery

- **Shared Services**
  - Now larger than privatization
  - Promotes regional collaboration

- **Cautious Privatization**
  - Insourcing, Reverse Privatization
  - Now as big as new outsourcing

- **Mixed public/private delivery and hybrid public/private firms**
  - For public control and labor ‘flexibility’

**Attract Private Capital for Public Services**

- Developer impact fees to fund public services
- Business Improvement Districts: growing rapidly & extending to Europe
Citizen and City Response – Push Back

Europe: Occupy Movement, “Outraged”
- Not trade union or party based
- Direct people’s democracy

US: Tea Party
- Libertarian
- Distrust of government

Alternative forms of production - Citizen
- Collaborative consumption (local food, car shares)

Alternative forms of service delivery – City
- Economic development policy that incorporates social objectives (small business and neighborhood revitalization, land trusts for foreclosed properties)
- Regional collaboration and shared services
# NYS Municipality Survey 2013

## Response Rate

<table>
<thead>
<tr>
<th></th>
<th>Cities</th>
<th>Counties</th>
<th>Towns</th>
<th>Villages</th>
<th>School Districts</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total – NYS</td>
<td>62</td>
<td>57</td>
<td>932</td>
<td>556</td>
<td>675</td>
<td>2282</td>
</tr>
<tr>
<td>Number of responses</td>
<td>49</td>
<td>44</td>
<td>494</td>
<td>359</td>
<td>245</td>
<td>1191</td>
</tr>
<tr>
<td>Response rate</td>
<td>79%</td>
<td>77%</td>
<td>53%</td>
<td>65%</td>
<td>36%</td>
<td>52%</td>
</tr>
</tbody>
</table>
NYS Municipalities’ Responses to Fiscal Stress

- Increase user fees: 41%
- Explore additional shared service arrangements: 34%
- Personnel cuts/reductions: 34%
- Reduce service(s): 22%
- Explore consolidation with another government: 18%
- Consolidate departments: 15%
- Deliver services with citizen volunteers: 11%
- Eliminate service(s): 10%
- Sell assets: 7%
- Consider declaring bankruptcy/insolvency: 0.4%
State Context

Cuomo’s Original Proposal

1. Tax Cap for governments and school districts
2. Property Tax Freeze - Tax Circuit Breaker for homeowners
3. Mandate Relief

Need all three reforms for comprehensive relief

1. Tax Cap without the other reforms provides no real relief to tax payers. It just starves the cities and citizens of services
2. Property Tax Freeze - Tax Circuit Breaker now proposed but with strings attached
   Requires new sharing arrangements, ignores prior history of sharing, expects 3% cost savings.
3. Mandate Relief still needed
Tax Cap’s Contribution to Fiscal Stress

- Significant
- Moderate
- Weak
- None

- Cities
- Counties
- Towns
- Villages
Starving the Cities
If Tax Cap had been in place in 2000, expenditures today would be 23% less

<table>
<thead>
<tr>
<th>(millions)</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Observed Levy</td>
<td>18,897</td>
<td>19,356</td>
<td>20,277</td>
<td>21,949</td>
<td>23,454</td>
<td>24,795</td>
<td>25,771</td>
<td>26,727</td>
<td>27,533</td>
<td>28,459</td>
<td>28,972</td>
<td>29,823</td>
<td>4.23%</td>
</tr>
<tr>
<td>Allowable Levy</td>
<td>18,897</td>
<td>19,275</td>
<td>19,660</td>
<td>19,975</td>
<td>20,374</td>
<td>20,782</td>
<td>21,198</td>
<td>21,622</td>
<td>22,054</td>
<td>22,495</td>
<td>22,495</td>
<td>22,855</td>
<td>1.74%</td>
</tr>
<tr>
<td>Allowable Levy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Difference</td>
<td>0</td>
<td>-81</td>
<td>-617</td>
<td>-1,974</td>
<td>-3,080</td>
<td>-4,013</td>
<td>-4,573</td>
<td>-5,105</td>
<td>-5,479</td>
<td>-5,964</td>
<td>-6,477</td>
<td>-6,968</td>
<td>2.49%</td>
</tr>
</tbody>
</table>

Estimates based on total local government expenditures in NYS (current dollars) (Reed Van Beveran)

CAGR = Compounded annual growth rate, representing year-over-year growth rate over a specified period of time. Calculated by taking the nth root of the total percentage growth rate, where n is the number of years in the period being considered.
Property Tax Freeze/Circuit Breaker and Shared Services

2013 NYS survey shows service sharing is already common among NYS municipalities

- Of 29 services measured, **sharing rate was 27%**
- Public works, public safety, parks and recreation showed highest levels of sharing
- **Cost savings** were only one goal – and **only achieved half the time**.
  - Other goals include **improved service quality** and **regional coordination**.
- This is similar to international studies which show **cooperation is not primarily driven by cost savings** and cost savings are not always found.
## Public Safety

<table>
<thead>
<tr>
<th>Service</th>
<th>Municipalities engaged</th>
<th>Avg. length years</th>
<th>Most common arrangement</th>
<th>Cost Savings Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dispatch/911</td>
<td>69%</td>
<td>19</td>
<td>MOU</td>
<td>44%</td>
</tr>
<tr>
<td>Ambulance/E MS</td>
<td>58%</td>
<td>26</td>
<td>MOU</td>
<td>43%</td>
</tr>
<tr>
<td>Fire</td>
<td>53%</td>
<td>34</td>
<td>MOU</td>
<td>47%</td>
</tr>
<tr>
<td>Dog / animal control</td>
<td>36%</td>
<td>16</td>
<td>MOU</td>
<td>57%</td>
</tr>
<tr>
<td>Police, Municipal courts</td>
<td>29%</td>
<td>20</td>
<td>MOU</td>
<td>42%</td>
</tr>
<tr>
<td></td>
<td>18%</td>
<td>21</td>
<td>MOU</td>
<td>58%</td>
</tr>
</tbody>
</table>
# Public works and transportation

<table>
<thead>
<tr>
<th>Service</th>
<th>Municipalities engaged</th>
<th>Avg. length years</th>
<th>Most common arrangement</th>
<th>Cost Savings Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public transit or paratransit (elderly and disabled)</td>
<td>55%</td>
<td>12</td>
<td>Contracting</td>
<td>40%</td>
</tr>
<tr>
<td>Roads and highways</td>
<td>48%</td>
<td>20</td>
<td>MOU</td>
<td>67%</td>
</tr>
<tr>
<td>Sewer</td>
<td>38%</td>
<td>25</td>
<td>MOU</td>
<td>44%</td>
</tr>
<tr>
<td>Water</td>
<td>38%</td>
<td>21</td>
<td>MOU</td>
<td>46%</td>
</tr>
<tr>
<td>Refuse, garbage, landfill</td>
<td>26%</td>
<td>17</td>
<td>MOU</td>
<td>68%</td>
</tr>
</tbody>
</table>
### Recreation and social services

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Municipalities engaged</th>
<th>Avg. length years</th>
<th>Most common arrangement</th>
<th>Cost Savings Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Library</td>
<td>52%</td>
<td>25</td>
<td>MOU</td>
<td>41%</td>
</tr>
<tr>
<td>Youth recreation</td>
<td>49%</td>
<td>22</td>
<td>MOU</td>
<td>52%</td>
</tr>
<tr>
<td>Youth social services</td>
<td>45%</td>
<td>20</td>
<td>MOU</td>
<td>42%</td>
</tr>
<tr>
<td>Elderly services</td>
<td>37%</td>
<td>19</td>
<td>MOU</td>
<td>36%</td>
</tr>
<tr>
<td>Parks</td>
<td>17%</td>
<td>19</td>
<td>MOU</td>
<td>50%</td>
</tr>
</tbody>
</table>
## Administrative and support services

<table>
<thead>
<tr>
<th>Service</th>
<th>Municipalities engaged</th>
<th>Avg. length years</th>
<th>Most common arrangement</th>
<th>Cost Savings Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax assessment</td>
<td>39%</td>
<td>17</td>
<td>MOU</td>
<td>71%</td>
</tr>
<tr>
<td>Energy (production or purchase)</td>
<td>25%</td>
<td>10</td>
<td>MOU</td>
<td>88%</td>
</tr>
<tr>
<td>Purchase of supplies</td>
<td>17%</td>
<td>14</td>
<td>MOU</td>
<td>88%</td>
</tr>
<tr>
<td>Health insurance</td>
<td>12%</td>
<td>10</td>
<td>MOU</td>
<td>79%</td>
</tr>
<tr>
<td>Tax collection</td>
<td>12%</td>
<td>23</td>
<td>MOU</td>
<td>51%</td>
</tr>
<tr>
<td>Information Technology</td>
<td>8%</td>
<td>7</td>
<td>MOU</td>
<td>73%</td>
</tr>
</tbody>
</table>
## Administrative and support services

<table>
<thead>
<tr>
<th></th>
<th>Municipalities engaged</th>
<th>Avg. length years</th>
<th>Most common arrangement</th>
<th>Cost Savings Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional staff (e.g. attorney, planner, engineer)</td>
<td>8%</td>
<td>11</td>
<td>Informal</td>
<td>60%</td>
</tr>
<tr>
<td>Building maintenance</td>
<td>8%</td>
<td>18</td>
<td>MOU</td>
<td>70%</td>
</tr>
<tr>
<td>Liability Insurance</td>
<td>6%</td>
<td>12</td>
<td>Joint Ownership</td>
<td>76%</td>
</tr>
<tr>
<td>Payroll/bookkeeping</td>
<td>4%</td>
<td>8</td>
<td>Informal</td>
<td>46%</td>
</tr>
</tbody>
</table>
### Economic development and planning

<table>
<thead>
<tr>
<th>Service</th>
<th>Municipalities engaged</th>
<th>Avg. length years</th>
<th>Most common arrangement</th>
<th>Cost Savings Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic development administration</td>
<td>36%</td>
<td>15</td>
<td>MOU</td>
<td>39%</td>
</tr>
<tr>
<td>Building code enforcement</td>
<td>22%</td>
<td>13</td>
<td>MOU</td>
<td>66%</td>
</tr>
<tr>
<td>Planning and zoning</td>
<td>11%</td>
<td>16</td>
<td>MOU</td>
<td>47%</td>
</tr>
</tbody>
</table>
Why So Few Cost Savings?
Service Characteristics

• *Economies of scale in service delivery are limited.*
  - Economies of scale for many local government services are exhausted at relatively low population levels.

• Highest potential for economies of scale in back office services related to information technology and joint purchasing.
  - State leadership in negotiating statewide purchasing contracts or supporting the upfront capital costs of new information technology systems could go a long way to helping local governments reduce their costs.
Economies of Scale

![Graph showing economies of scale with cost and quantity on axes, comparing single municipality to multiple municipalities, illustrating savings and cost differences.](image-url)
Why So Few Cost Savings?  
State Role

- **Management Costs – Designing the Sharing Agreement**
  - Create a BOCES-type structure to promote sharing
- **State rules limit sharing and service innovation**
  - Restrictions on service sharing between local governments and special districts (fire, schools)
  - Contract rules which promote *leveling up* of costs among sharing districts
  - Liability, accountability concerns and state rules were the three most commonly listed obstacles to service sharing
Obstacles

- Liability/risk concerns: 85%
- Accountability concerns in sharing arrangements: 85%
- State rules/ legal regulations: 83%
- Local control/ community identity: 81%
- Loss of flexibility in provision options: 76%
- Job loss/local employment impact: 70%
- Elected official opposition/politics: 66%
- Restrictive labor agreements/unionization: 64%
- Personality conflicts: 55%
Management Issues

- Availability of willing partners: 95%
- Implementation and maintenance of sharing agreement: 91%
- Planning and design of sharing agreement: 90%
- Policy, legal or governance structure to facilitate sharing: 88%
- Combining multiple funding sources: 80%
- Similarity among partners (size, population, income, etc.): 80%
- Compatible data and budget systems: 74%
Why So Few Cost Savings? Quality Enhancement

• *Service sharing is often done to improve service quality and regional coordination*

• 911 and dispatch services shared to improve service delivery. Enhanced systems are not cheaper, but they are more effective, and lives are saved as a result.

• Services where improved quality reported more than 60% of the time: Roads and highways, public transit, information technology, elderly services, youth services.

• Most services showed improved service quality as an outcome half the time.
Why share?

- Cost Savings: 98%
- Fiscal stress on local budget: 95%
- Maintaining service quality: 94%
- Local leadership/ trust: 91%
- More effective use of labor: 91%
- Service coordination across municipalities: 89%
- Past experience with sharing arrangements: 85%
- Gaining purchasing/bargaining power in the market: 82%
- Community pressure/ expectations: 80%
- Unable to provide important services without sharing: 80%
- Business community support: 78%
- Regional equality in service delivery: 76%
- State programs to incentivize/ funding sharing: 76%
- Political support: 72%
- Staff transitions(e.g. retirements): 60%
# Outcomes of Inter-municipal Shared Services

<table>
<thead>
<tr>
<th></th>
<th>Cost savings</th>
<th>Improved service quality</th>
<th>Improved regional coordination</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>56%</td>
<td>50%</td>
<td>35%</td>
</tr>
<tr>
<td>Public Works &amp; Transport.</td>
<td>53%</td>
<td>56%</td>
<td>39%</td>
</tr>
<tr>
<td>Administrative/Support</td>
<td><strong>70%</strong></td>
<td>39%</td>
<td>25%</td>
</tr>
<tr>
<td>Recreation &amp; Social Services</td>
<td>44%</td>
<td>59%</td>
<td>38%</td>
</tr>
<tr>
<td>Public Safety</td>
<td>48%</td>
<td>54%</td>
<td>38%</td>
</tr>
<tr>
<td>Economic Dev. &amp; Planning</td>
<td>51%</td>
<td><strong>52%</strong></td>
<td>46%</td>
</tr>
</tbody>
</table>
## Shared Services and Cost Savings

Results of Regression Models – controlling for population, density, metro status (models by Bingxi Qian)

<table>
<thead>
<tr>
<th>Service</th>
<th>Total Expenditure if Shared Service</th>
<th>Per Capita Expenditure if Shared Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Expenditures</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Solid Waste</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Roads and Highways</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Police</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Libraries</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Elder Services</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td>Fire</td>
<td></td>
<td>+</td>
</tr>
<tr>
<td>Water</td>
<td></td>
<td>-</td>
</tr>
</tbody>
</table>

(EMS, Administration, Planning and zoning, economic development, youth recreation, sewer show no significant difference in cost if shared)
## School Survey: Shared Administrative Services

<table>
<thead>
<tr>
<th>Service</th>
<th>Another district(s)</th>
<th>BOCES</th>
<th>Private sector</th>
<th>Municipality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll/accounts payable</td>
<td>9%</td>
<td>91%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Cafeteria services</td>
<td>26%</td>
<td>57%</td>
<td>17%</td>
<td>0%</td>
</tr>
<tr>
<td>Transportation services (Buses, garage, maintenance)</td>
<td>52%</td>
<td>21%</td>
<td>18%</td>
<td>9%</td>
</tr>
<tr>
<td>Tax collection</td>
<td>7%</td>
<td>13%</td>
<td>20%</td>
<td>61%</td>
</tr>
<tr>
<td>Security/SRO/police</td>
<td>7%</td>
<td>12%</td>
<td>7%</td>
<td>75%</td>
</tr>
<tr>
<td>Health insurance</td>
<td>39%</td>
<td>52%</td>
<td>7%</td>
<td>3%</td>
</tr>
<tr>
<td>Joint purchasing</td>
<td>13%</td>
<td>77%</td>
<td>2%</td>
<td>8%</td>
</tr>
</tbody>
</table>
## Schools Survey: Shared facilities

<table>
<thead>
<tr>
<th>Facility Type</th>
<th>University/community college</th>
<th>Community group/Non-profit</th>
<th>Private sector</th>
<th>Municipality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Library/computer lab</td>
<td>2%</td>
<td>37%</td>
<td>9%</td>
<td>11%</td>
</tr>
<tr>
<td>Gymnasium/pool/auditorium/indoor space</td>
<td>5%</td>
<td>46%</td>
<td>12%</td>
<td>21%</td>
</tr>
<tr>
<td>Field/playground/Outdoor space</td>
<td>6%</td>
<td>44%</td>
<td>9%</td>
<td>32%</td>
</tr>
<tr>
<td>Service</td>
<td>University/community college</td>
<td>Community group/ Non-profit</td>
<td>Private sector</td>
<td>Municipality</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>------------------------------</td>
<td>-----------------------------</td>
<td>----------------</td>
<td>--------------</td>
</tr>
<tr>
<td>Youth recreation</td>
<td>0%</td>
<td>42%</td>
<td>5%</td>
<td>52%</td>
</tr>
<tr>
<td>Childcare/ Even start/Pre-school</td>
<td>0%</td>
<td>64%</td>
<td>22%</td>
<td>7%</td>
</tr>
<tr>
<td>Community transportation</td>
<td>3%</td>
<td>31%</td>
<td>14%</td>
<td>41%</td>
</tr>
<tr>
<td>Adult education</td>
<td>2%</td>
<td>4%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Adult recreation</td>
<td>0%</td>
<td>48%</td>
<td>10%</td>
<td>40%</td>
</tr>
<tr>
<td>Adult healthcare/Social services</td>
<td>0%</td>
<td>50%</td>
<td>0%</td>
<td>50%</td>
</tr>
<tr>
<td>Community feeding</td>
<td>0%</td>
<td>57%</td>
<td>0%</td>
<td>43%</td>
</tr>
<tr>
<td>Obstacles to Sharing</td>
<td>Response from schools</td>
<td>Response from municipalities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------------------</td>
<td>-----------------------</td>
<td>------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State rules/legal regulations</td>
<td>89%</td>
<td>83%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accountability concerns in sharing arrangements</td>
<td>88%</td>
<td>85%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss of flexibility in provision options</td>
<td>87%</td>
<td>76%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local control/community identity</td>
<td>85%</td>
<td>81%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restrictive labor agreements/unionization</td>
<td>84%</td>
<td>64%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liability/risk concerns</td>
<td>80%</td>
<td>85%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job loss/local employment impact</td>
<td>80%</td>
<td>70%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elected official opposition/politics</td>
<td>60%</td>
<td>66%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personality conflicts</td>
<td>50%</td>
<td>55%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
What Happened to Mandate Relief?

- NYS has the highest level of state decentralization of fiscal responsibility of any state in the region.
  - 64% of all state and local expenditures are handled at the local level in NYS!

- This is the primary driver of high local property taxes in NYS

<table>
<thead>
<tr>
<th>State</th>
<th>State Decentralization 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>NY</td>
<td>0.64</td>
</tr>
<tr>
<td>PA</td>
<td>0.55</td>
</tr>
<tr>
<td>NJ</td>
<td>0.54</td>
</tr>
<tr>
<td>CT</td>
<td>0.48</td>
</tr>
<tr>
<td>MA</td>
<td>0.44</td>
</tr>
<tr>
<td>VT</td>
<td>0.38</td>
</tr>
</tbody>
</table>

State Aid has fallen in real terms since the recession

Total State Aid 2000-2012
Constant U.S. Dollars, 2009=100

Presenter analysis based on data from: Office of the New York State Comptroller, 2014 www.osc.state.ny.us/localgov/index.htm
Cities are controlling their expenditures

Expenditures, 2000-2012
Constant U.S. Dollars, 2009=100

 présente analysis based on data from: Office of the New York State Comptroller, 2014
www.osc.state.ny.us/localgov/index.htm
Property Taxes Flat or Falling (even before the Tax Cap)

Property Tax Revenue, 2000-2012
Constant U.S. Dollars, 2009=100

Presenter analysis based on data from: Office of the New York State Comptroller, 2014 www.osc.state.ny.us/localgov/index.htm
We need new alternatives

Need a State Level Partner
- Recentralize fiscal responsibility for services to the state level
  - Bring level of decentralization in line with other states to increase local government competitiveness

Give local governments more flexibility
- In sharing services with other municipalities and districts
- In co-production with citizens
- In collaboration with labor unions

Provide an administrative structure to facilitate sharing
- A ‘BOCES’ for local government (see Hayes’ report)

Need Regional Approaches
- Cities cannot solve this on their own (due to poverty, tax-exempt tax base, regional structure of the economy)
Resources – found at www.mildredwarner.org/restructuring

- Inter-municipal Sharing: BOCES helps Towns and Schools Cooperate across New York, Hayes
- Shared Services in New York State: A Reform That Works, Homsy et al.
- Shared School Services: A Common Response to Fiscal Stress, Sipple et al.
- Consolidation, Shared Services and Mandate Relief: Localities Can’t Do it Alone, Warner
- Inter-Municipal Cooperation and Costs: Expectations and Evidence, Bel and Warner
GRACE UNDER PRESSURE: INNOVATION IN A TIME OF FORCED EFFICIENCIES

Municipal Innovation Exchange Summit

April 25, 2014 • Syracuse, NY
ECONOMIC LANDSCAPE

Edmund J. McMahon
President and Founder
Empire Center for Public Policy, Inc.
New York’s Economic Landscape

Municipal Innovation Exchange Summit
April 25, 2014

E.J. McMahon
President
100 State Street, Suite 600
Albany, NY 12207
518-434-3100 • info@empirecenter.org
New York State trailed the national job creation rate during the 2003-07 expansion, but lost fewer jobs in the Great Recession and bounced back to its previous employment peak more quickly.

Source: US Bureau of Labor Statistics, non seasonally adjusted March data; 2014 data are preliminary
After dropping sharply in the month after Hurricane Sandy, private sector job growth in New York was behind the national average in 2013, resulting in a three-year growth rate lower than the national average.
The Division of the Budget predicts that payroll employment in New York State will continue growing more slowly than the US average.
Private employment upstate in March 2014 was still nearly 2% below the 2000 level. Downstate, by contrast, now has 9% more private jobs than it did in 2000.

Source: US Bureau of Labor Statistics, non seasonally adjusted March data; 2014 preliminary
Year-to-Year Change
Private Employment
3/13 – 3/14

Losing jobs or no change in jobs
Gaining jobs slower than the state rate
Gaining jobs at close to the state rate *
Gaining jobs faster than the state rate

New York State Department of Labor
<table>
<thead>
<tr>
<th></th>
<th>March 2014*</th>
<th>February 2014</th>
<th>March 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>6.7</td>
<td>6.7</td>
<td>7.5</td>
</tr>
<tr>
<td>New York State</td>
<td>6.9</td>
<td>6.8</td>
<td>7.9</td>
</tr>
<tr>
<td>New York City</td>
<td>8.0</td>
<td>7.9</td>
<td>8.8</td>
</tr>
<tr>
<td>NYS, outside NYC</td>
<td>6.0</td>
<td>6.0</td>
<td>7.2</td>
</tr>
</tbody>
</table>

*Data are preliminary and subject to change, based on standard procedures outlined by the U.S. Bureau of Labor Statistics.*
Despite the region’s net job losses, the unemployment rate in upstate New York was at or below the national average from 2000 to 2012 — reflecting a decline in the upstate labor force.
Unemployment Rates
(March 2014)

County Unemployment Rates (not seasonally adjusted)
- Rate is 9.0 percent or greater
- Rate is 8.0 - 8.9 percent
- Rate is 7.0 - 7.9 percent
- Rate is 6.0 - 6.9 percent
- Rate is less than 6.0 percent

*New York State Department of Labor*
Change in Sales Tax Collections from 2012 to 2013

Percentage Change
- Decline more than 3 percent
- Decline less than 3 percent
- Increase less than 3 percent
- Increase between 3 and 6 percent
- Increase more than 6 percent

Source: Department of Taxation and Finance; additional calculations by the Office of the State Comptroller.
In sum

- Private employment upstate peaked in 2000 and hasn’t fully recovered from the last two recessions.

- Binghamton, Elmira and Utica-Rome metropolitan areas have suffered the biggest job losses upstate since 2000.

- Upstate’s relative economic decline is strongly related to its long-term loss of manufacturing jobs—which has exceeded the national decline — and its failure to generate sufficient new employment opportunities in other sectors.

- The lack of opportunity in upstate New York is reflected in population trends over the past two decades—especially the region’s failure to retain young adults.
The Demographic - Economic Feedback Loop

- New York lost a net 1.6 million residents to other states between 2000 and 2010.
The Demographic - Economic Feedback Loop

• New York lost a net 1.6 million residents to other states between 2000 and 2010.

• For a second consecutive decade, New York’s net population loss due to domestic migration was the highest of any state as a percentage of population.
The Demographic - Economic Feedback Loop

- New York lost a net 1.6 million residents to other states between 2000 and 2010.

- For a second consecutive decade, New York’s net population loss due to domestic migration was the highest of any state as a percentage of population.

- New York’s net migration loss – the sum of domestic and foreign migration – increased over the last decade to its highest level since the 1970s. Thirteen states had negative net migration between 2000 and 2010, and only three (Illinois, Louisiana and Michigan) lost a bigger share of their populations to migration than New York.
During the 12 months ending last July 1, New York suffered a net domestic migration loss of 104,000 people — i.e., 104,000 more people moved out of the state than moved into it from the rest of the country. This slightly exceeded the number of foreign immigrants moving here.
### Domestic Migration To (From) States
Biggest Gainers and Losers, 2010-13, Ranked by Shares of 2010 Population,

<table>
<thead>
<tr>
<th>Rank</th>
<th>State</th>
<th>Total 2010</th>
<th>Share 2010</th>
<th>Total 2010</th>
<th>Share 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>North Dakota</td>
<td>34,621</td>
<td>5.1%</td>
<td>15,587</td>
<td>-0.8%</td>
</tr>
<tr>
<td>2</td>
<td>D.C.</td>
<td>20,973</td>
<td>3.5%</td>
<td>(5,576)</td>
<td>-0.8%</td>
</tr>
<tr>
<td>3</td>
<td>Colorado</td>
<td>99,952</td>
<td>2.0%</td>
<td>(102,430)</td>
<td>-0.9%</td>
</tr>
<tr>
<td>4</td>
<td>Florida</td>
<td>308,152</td>
<td>1.6%</td>
<td>(26,949)</td>
<td>-0.9%</td>
</tr>
<tr>
<td>5</td>
<td>South Carolina</td>
<td>74,925</td>
<td>1.6%</td>
<td>(123,636)</td>
<td>-1.3%</td>
</tr>
<tr>
<td>6</td>
<td>Texas</td>
<td>403,590</td>
<td>1.6%</td>
<td>(50,500)</td>
<td>-1.4%</td>
</tr>
<tr>
<td>7</td>
<td>South Dakota</td>
<td>11,556</td>
<td>1.4%</td>
<td>(17,331)</td>
<td>-1.6%</td>
</tr>
<tr>
<td>8</td>
<td>Wyoming</td>
<td>7,814</td>
<td>1.4%</td>
<td>(148,150)</td>
<td>-1.7%</td>
</tr>
<tr>
<td>9</td>
<td>Montana</td>
<td>12,826</td>
<td>1.3%</td>
<td>(328,538)</td>
<td>-1.7%</td>
</tr>
<tr>
<td>10</td>
<td>Arizona</td>
<td>74,704</td>
<td>1.2%</td>
<td>(224,704)</td>
<td>-1.8%</td>
</tr>
</tbody>
</table>

*Source: U.S. Census Bureau*
Between 1990 and 2010, New York State got older, faster, than the rest of the country— and the trend was especially pronounced upstate. By 2010, Census data show, the upstate region’s population included significantly fewer children, teens and young adults than the national average.
Upstate New York’s age distribution closely tracked the nation’s in 1990. Main deviation from the national norm was a larger percentage of residents in their late teens and early 20s, reflecting the region’s exceptionally large concentration of colleges and universities.
The exodus of young adults from upstate after 1990 opened a noticeable gap between the region and U.S. in this category by 2010. With even fewer young people settling in the region, upstate’s population of children also fell more sharply, while the middle-aged share increase.
In 1990, New York had fewer children and slightly more people in their 20s than the national average.
By 2010, the city still had fewer children than the nation as a whole, but considerably more 23-35 year olds.
The downstate suburbs in 1990 had fewer children and more middle-aged residents compared to the US as a whole.
By 2010, downstate suburbs had somewhat more teenagers than the US, but noticeably fewer residents between 20 and early 30s.
What is the state doing to promote more economic growth?
2014-15 Budget Tax Cuts

- Corporate Tax Reform and Rate Cut (7.1% to 6.5%)
- Elimination of Corp. Net Income Tax on Incorporated Manufacturers
- 20% Property Tax Credit for Non-incorporated manufacturers
- Gradual increase in taxable estate threshold
- Total tax cut impact = $1 billion by 2018-19
  (Note: total business and estate taxes in 2014 = $9 billion)
“…world-class destination gaming resorts that will attract tourists to Upstate New York and support thousands of good paying jobs as well as new revenue for local businesses.”
Casino gaming will create “over 10,000 good-paying jobs.”

— NY Jobs Now Committee Ad
Casino gaming will create “over 10,000 good-paying jobs.”

— NY Jobs Now Committee Ad

10,000 jobs = 0.5% of total upstate private employment
Casino gaming will create “over 10,000 good-paying jobs.”

— NY Jobs Now Committee Ad

10,000 jobs = 0.5% of total upstate private employment

Natural gas exploration would create 13,491 jobs in “low development scenario” and 53,969 jobs in “avg. development scenario.”

— NYS DEC Draft EIS
Where Albany’s (Non-Federal) Money Comes From

- Personal Income Tax: 46%
- Other Misc. Receipts: 22%
- Sales Tax: 14%
- Business Taxes: 9%
- Lottery: 4%
- Other User Taxes & Fees: 3%
- Other Taxes: 2%
- Other User Taxes & Fees: 3%
- Personal Income Tax: 46%
Receipts from traditional Lottery games have barely risen since 2004. Most of the growth in total Lottery and gaming receipts over the past 10 years has been generated by racino VLTs, which in 2014 are expected to yield $880 million for education – about 1.3 percent of total projected state revenues.
Components of K-12 School Aid
$23.26 billion in FY 2013-14
Projected state gaming tax revenues are equivalent to 1 percent of total school aid and STAR as of 2013-14.
# Projected Gaming Fiscal Impact

**Western New York / Finger Lakes Region**

<table>
<thead>
<tr>
<th>County</th>
<th>Total 2011 Real Property Taxes</th>
<th>Est. Revenue Distribution</th>
<th>Gaming Revenue as Share of 2011 Property Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allegany</td>
<td>74,418,417</td>
<td>1,524,949</td>
<td>2.0%</td>
</tr>
<tr>
<td>Cattaraugus</td>
<td>126,106,545</td>
<td>10,175,534</td>
<td>8.1%</td>
</tr>
<tr>
<td>Chautauqua</td>
<td>198,200,367</td>
<td>3,426,000</td>
<td>1.7%</td>
</tr>
<tr>
<td>Chemung</td>
<td>102,574,932</td>
<td>968,828</td>
<td>0.9%</td>
</tr>
<tr>
<td>Erie</td>
<td>1,340,265,135</td>
<td>21,961,098</td>
<td>1.6%</td>
</tr>
<tr>
<td>Genesee</td>
<td>83,301,955</td>
<td>1,474,861</td>
<td>1.8%</td>
</tr>
<tr>
<td>Livingston</td>
<td>97,768,123</td>
<td>1,406,632</td>
<td>1.4%</td>
</tr>
<tr>
<td>Monroe</td>
<td>1,348,744,737</td>
<td>15,584,035</td>
<td>1.2%</td>
</tr>
<tr>
<td>Niagara</td>
<td>305,874,941</td>
<td>27,824,892</td>
<td>9.1%</td>
</tr>
<tr>
<td>Ontario</td>
<td>200,002,995</td>
<td>2,174,794</td>
<td>1.1%</td>
</tr>
<tr>
<td>Orleans</td>
<td>57,020,107</td>
<td>1,161,894</td>
<td>2.0%</td>
</tr>
<tr>
<td>Schuyler</td>
<td>18,096,943</td>
<td>189,258</td>
<td>1.0%</td>
</tr>
<tr>
<td>Steuben</td>
<td>158,940,455</td>
<td>2,820,597</td>
<td>1.8%</td>
</tr>
<tr>
<td>Wayne</td>
<td>145,470,625</td>
<td>1,173,979</td>
<td>0.8%</td>
</tr>
<tr>
<td>Wyoming</td>
<td>51,704,440</td>
<td>843,273</td>
<td>1.6%</td>
</tr>
<tr>
<td>Yates</td>
<td>44,085,678</td>
<td>425,260</td>
<td>1.0%</td>
</tr>
<tr>
<td>Regional Total</td>
<td>4,352,576,395</td>
<td>93,135,884</td>
<td>2.1%</td>
</tr>
</tbody>
</table>

*Source: State Comptroller’s Office, Division of the Budget*
Key variables:

• Size of markets in which casinos are located

• Impact of proposed tax rates on casino proposals

• Extent of true “destination” status

• Impact of casinos on other local businesses and closest existing racinos in NY

• Continued casino development in neighboring states
START-UP NY

Benefits:

• Participating companies in START-UP NY will pay no income tax; no business, corporate state or local taxes; no sales tax; no property tax; and no franchise fees for 10 years.

• Employees in participating companies will pay no income taxes for the first five years.

• For the second five years, employees will pay no taxes on income up to $200,000 of wages for individuals, $250,000 for a head of household, and $300,000 for taxpayers filing a joint return.

• The number of net new jobs eligible for personal income tax benefits will not exceed 10,000 new jobs per year.
START-UP NY

Who is Eligible:

Businesses aligned with or furthering the academic mission of the campus, college or university sponsoring the tax-free community, creating or maintaining net new jobs. Limited to:

- new start-up companies;
- companies from out-of-state relocating to New York State; or
- expansions of an existing New York State company – for example, a company creating a new line of business or opening a new advanced manufacturing facility – as long as it can demonstrate that it is creating new jobs and not moving existing jobs.

EXCLUDED: retail and wholesale; restaurants and hospitality; professional practices like law firms and medical practices; and energy production and distribution companies
START-UP NY

*Where (outside NYC):*

- Vacant land or vacant building space on SUNY campuses;
- Any business incubator with a bona fide affiliation to the campus, university or college; and
- Up to 200,000 square feet within one mile of a campus (for every campus north or west of Westchester County), or further with approval from ESD;
- Same for private colleges and universities, capped at 3 million square feet with potential for 600,000 more.
- Up to 20 “strategic properties” consisting of State-owned vacant land, State-owned vacant facilities or State-owned facilities that are in the process of closing and becoming vacant.
START-UP NY

How:

• Each public university community will develop a plan for the types of businesses it intends to attract and the locations that will be tax-free. Businesses will apply directly to the participating college and, once a business is accepted, ESD will have 60 days to review the application to ensure eligibility.

• Private college or university zones to be allocated by the 3-member START-UP NY program board in a manner that ensures regional balance and balance among eligible rural, urban and suburban areas.
START-UP NY

Paperwork:

• Businesses will have to submit certification to ESD, and falsifying certifications will be a felony.

• Companies that do not meet the terms of the program – including meeting their job creation targets – may have their benefits reduced, suspended or terminated.

• ESD will have the authority to review company data to ensure that jobs have been created and maintained, and to end participation by companies that have not created net new jobs.

• ESD will be required to publish a comprehensive annual report to enable the public to evaluate the program’s impact.
State Revenue Concerns
Wall Street was the goose that laid golden eggs for state government during the record 2003-07 expansion of state tax revenues. Federal bailouts propped up the Street in the immediate wake of the Great Recession, but the industry is now undergoing a shakeout characterized by reduced employment and bonuses. Securities industry employment in NYC is down 25,600 (13.5%) since financial crisis.

*Bottom line: fewer golden eggs for Albany.*
The December 2011 tax law changes, extended in March 2013, ensure New York will remain heavily dependent on the top 1% of taxpayers – whose incomes are especially volatile, vulnerable to economic shocks and federal policy changes.
New York’s Economic Landscape

• Very slow job growth outside New York City, projected to remain below national average on a statewide basis through 2017.
New York’s Economic Landscape

• Very slow job growth outside New York City, projected to remain below national average on a statewide basis through 2017.

• Aging population; loss of younger “millennial” generation upstate and in downstate suburbs.
New York’s Economic Landscape

• Very slow job growth outside New York City, projected to remain below national average on a statewide basis through 2017.

• Aging population; loss of younger “millennial” generation upstate and in downstate suburbs.

• Limited tax base growth and tight revenue constraints at the state and local level.
GRACE UNDER PRESSURE:
INNOVATION IN A TIME OF FORCED EFFICIENCIES

Municipal Innovation Exchange Summit
April 25, 2014 • Syracuse, NY
OFFICER AND CEO ROUNDTABLE

Stephen Acquario, *Executive Director, NYSAC*
Peter Baynes, *Executive Director, NYCOM*
Gerry Geist, *Executive Director, AOT*
Timothy Kremer, *Executive Director, NYSSBA*
Hon. Mark R. Alger, *President, NYSAC*
Hon. Edmond J. Theobald, *Supervisor, Town of Manlius*
Hon. Richard Donovan, *President, NYCOM*
Lynne Lenhardt, *President, NYSSBA*
GRACE UNDER PRESSURE:
INNOVATION IN A TIME OF FORCED EFFICIENCIES
Municipal Innovation Exchange Summit
April 25, 2014 • Syracuse, NY
COOPERATIVE PURCHASING

Chris Mellis
National Program Manager
U.S. Communities
Cooperative Purchasing Solutions

Competitively solicited by lead public agency
“The U.S. Communities program delivers procurement tools to help transform government and improve operating results for public agencies nationwide.”
National Cooperative Purchasing Program

• Operates on the same principles as local and regional cooperatives
• National structure for public agencies to aggregate collective purchasing power
• Improves the overall effectiveness of the purchasing processes
• Nonprofit organization
Presence and Credibility

National Association of Counties (NACo)

Association of School Business Officials International (ASBO)

NIGP: The Institute for Public Procurement

National League of Cities (NLC)

United States Conference of Mayors (USCM)

New York State School Boards Association (NYSAC)

State Sponsors: Over 90 State Sponsors Nationally

www.uscommunities.org
Public Benefit & Purpose

• **Founders:** Founded, owned and governed by ASBO, NACo, NIGP, NLC, USCM for the benefit of public agencies

• **Organization:** Nonprofit partnership of associations dedicated to establishing solutions to save time and money

• **Principles:** Stringent supplier commitments and standards to ensure public agencies interests are served
Advisory Board

Auburn University, AL  
City of Chicago, IL  
City and County of Denver, CO  
City of Houston, TX  
City of Kansas City, MO  
City of Los Angeles, CA  
City of San Antonio, TX  
City of Seattle, WA  
Cobb County, GA  
Denver Public Schools, CO  
Emory University, GA  
Fairfax County, VA  
Fresno Unified School District, CA

Great Valley School District, PA  
Harford County Public Schools, MD  
Hennepin County, MN  
Los Angeles County, CA  
Maricopa County, AZ  
Miami-Dade County, FL  
North Carolina State University, NC  
Orange County, NY  
Port of Portland, OR  
Prince William County Schools, VA  
Salem-Keizer School District, OR  
San Diego Unified School District, CA  
The School District of Collier County, FL

Advisory Board Program Purchased Over $146 Million in 2013
Professional Oversight

• Procurement: Advisory Board of well-respected public procurement professionals to ensure responsible and ethical best practices

• Administration: Dedicated team of field and administrative professionals to ensure supplier performance and public agency benefit

Accountability and Transparency

• Lead Public Agencies to ensure open and competitive solicitation process

• Integrity: Supplier audits and verification to ensure pricing integrity and public agency benefit
Eligible Agencies

- Cities
- Counties
- Special Districts
- K-12 (Public or Private)
- Universities and Colleges (Public or Private)
- Nonprofit Organizations
- State Agencies
Solicitation Process

• Solicitations are run by a Lead Public Agency (LPA)
  ❖ The RFP or ITB is issued by the LPA and posted online
  ❖ National evaluation team - public procurement officials from 3 to 5 public agencies across the country
• Evaluation is performed and award is made
• Contracts are held and managed day to day by LPA
• All RFP/ITB and Contract documents are available on www.uscommunities.org
• LPA’s are available for questions about solicitation
The Cooperative GOLD Standard

- Integrity of procurement standards
- Founded and owned by five distinguished sponsors
- Oversight from national advisory board of purchasing professionals
- Strict contract compliance and supplier commitments
- Annual contract audits and benchmarking
- Innovative resources: online shopping portal, educational webinars and trainings
Solutions

• Focus on providing full solutions to public agencies
• Contracts include ability to purchase products and services accompanying them

🛠 Facilities
✍ Office & School
✈ Specialty
🖥 Technology
## Solutions

<table>
<thead>
<tr>
<th>Company</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-COMMERCE MARKETPLACE</td>
<td>GREEN SOLUTIONS</td>
</tr>
<tr>
<td>MAINTENANCE &amp; HARDWARE SUPPLIES</td>
<td>MAINTENANCE &amp; HARDWARE SUPPLIES</td>
</tr>
<tr>
<td>TELECOMMUNICATIONS &amp; SECURITY SERVICES</td>
<td>FOOD PRODUCTS &amp; RELATED SUPPLIES</td>
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<tr>
<td>UNIFORM &amp; WORK APPAREL</td>
<td>SCHOOL SUPPLIES</td>
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<tr>
<td>OFFICE SUPPLIES</td>
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<tr>
<td>FACILITY CLEANING &amp; SERVICES</td>
<td>ROOFING SUPPLIES &amp; SERVICES</td>
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<tr>
<td>TECHNOLOGY PRODUCTS &amp; SOLUTIONS</td>
<td>TEMPORARY STAFFING SOLUTIONS</td>
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<td>AUTO PARTS &amp; ACCESSORIES</td>
<td>OFFICE FURNITURE</td>
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<td>HERMAN MILLER</td>
<td>OFFICE FURNITURE</td>
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<td>EMPIRE TODAY Carpet &amp; Flooring</td>
<td>CARPET &amp; FLOORING</td>
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<tr>
<td>APPLIED INDUSTRIAL TECHNOLOGIES</td>
<td>INDUSTRIAL SUPPLIES</td>
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<td>WORKFORCE MANAGEMENT SOLUTIONS</td>
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<tr>
<td>SAFWARE-MALLORY</td>
<td>HOMELAND SECURITY &amp; PUBLIC SAFETY</td>
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<td>TRADITION ENERGY</td>
<td>ENERGY MANAGEMENT &amp; CONSULTING</td>
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<td>HAWORTH</td>
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<td>GRAYBAR</td>
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<td>MULTIFUNCTION DEVICES &amp; MANAGED PRINT SERVICES</td>
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<td>BI GROUP COMPANY</td>
<td>OFFENDER MONITORING SOLUTIONS</td>
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<td>TAPCO</td>
<td>TRAFFIC CONTROL PRODUCTS &amp; SOLUTIONS</td>
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<td>KOMPAN PLAYGROUND SOLUTIONS</td>
<td>PARK &amp; PLAYGROUND</td>
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<tr>
<td>GAME TIME</td>
<td>PARK &amp; PLAYGROUND</td>
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<td>AMSAN JANPAK</td>
<td>JANITORIAL SUPPLIES</td>
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<td>TECHNOLOGY PRODUCTS &amp; SOLUTIONS</td>
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<td>FISHER SCIENCE EDUCATION</td>
<td>SCIENCE/LAB SUPPLIES &amp; EQUIPMENT</td>
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<td>BSH SPORTS US GAMES</td>
<td>ATHLETIC SUPPLIES &amp; P.E. EQUIPMENT</td>
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1. [REGISTER NOW]
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3. Can register more than one dept. and buyer
4. Registration enables agency to use program and to be automatically notified of new contracts and solutions
New York OSC Guidance

• (1) The contract must have been let by the United States or any agency thereof, any state or any other political subdivision or district therein. Therefore, there must be an underlying contract let by one of the listed governmental entities. Contracts developed for use by local governments that are let by private parties (e.g., a private company, association or not-for-profit corporation is the party awarding the contract to the vendor), and not by the United States or any agency thereof, any state or any other political subdivision or district therein, would not fall within the exception.

• The phrase “any state or other political subdivision or district therein” clearly includes other states, and political subdivisions in other states. In our view, it also includes New York State political subdivisions. Therefore, in addition to the current competitive bidding exception for certain purchases through contracts of New York State counties (County Law § 408-a; GML § 103 [3]), local governments also may purchase through qualifying contracts let by other New York State political subdivisions under this exception.
CITY OF CHARLOTTE/CHARLOTTE-MECKLENBURG
Procurement Services Division
600 East Fourth Street
Charlotte, North Carolina 28202

Request For Proposals #269-2010-183
PLAYGROUND EQUIPMENT, SURFACING, SITE FURNISHINGS
AND RELATED PRODUCTS AND SERVICES

Charlotte-Mecklenburg Procurement Services is requesting proposals from interested organizations to provide Playground Equipment, Surfacing, Site Furnishings, Related Products and Services to satisfactorily support the Charlotte-Mecklenburg Park and Recreation Department, and other public agencies supported under this contract. This Request for Proposals is issued on behalf of the U.S. Communities Government Purchasing Alliance through a public agency clause, which provides that any county, city, special district, local government, school district, private K-12 school, technical or vocational school, higher education institution (including community colleges, colleges and universities, both public and private), state, other government agency or nonprofit organization may purchase Products and Services through this contract. Therefore, respondents to this acquisition must give due consideration to the potential market.
New York OSC Guidance

• (2) The contract must have been made available for use by other governmental entities. This means that the other governmental entity has taken steps to make its contract available for New York local governments. In general, this would occur by inclusion in the contract let by the other entity of a clause extending the terms and conditions of the contract to other governmental entities. Unilateral offers by vendors to extend contract pricing and other terms and conditions would not fall within the exception.
COMPETITIVE SOLICITATION

BY FAIRFAX COUNTY

FOR

LEASE OR PURCHASE OF MULTIFUNCTION DEVICES, MANAGED PRINT SERVICES AND ANY OTHER RELATED PRODUCTS, SERVICES AND SOLUTIONS

ON BEHALF OF ITSELF AND OTHER GOVERNMENT AGENCIES

AND MADE AVAILABLE THROUGH THE U.S. COMMUNITIES GOVERNMENT PURCHASING ALLIANCE

RFP # 2000000264
(3) The contract must have been “let to the lowest responsible bidder or on the basis of best value in a manner consistent with this section.” The term “consistent with this section” refers to General Municipal Law § 103 (and related case law) applicable to New York State political subdivisions. The purchasing local government would need to obtain background information on the procedures used to let the contract and, as necessary, consult with its counsel, to determine whether this prerequisite is met. Additional guidance on complying with this prerequisite follows.
3.11 Evaluation of Proposals

Charlotte-Mecklenburg will evaluate Proposals in accordance with, and subject to, the relevant statutes, ordinances, rules and regulations that govern its procurement practices.

U.S. Communities Advisory Board members will assist the Lead Public Agency in evaluating proposals. The Supplier(s) that respond(s) affirmatively meets the criteria set forth in this Request for Proposal will be eligible for a contract award. U.S. Communities reserves the right to make available or not make available Master Agreements awarded by a Lead Public Agency to Participating Public Agencies.

To be deemed responsive, it is important for the Supplier to provide appropriate detail to demonstrate satisfaction of each criterion and compliance with the performance provisions outlined in this RFP. The Supplier’s proposal will be the primary source of information used in the evaluation process. Failure of any Supplier to submit information requested may result in the elimination of the Proposal from further evaluation.

Charlotte-Mecklenburg reserves the right to require Supplier interviews as determined necessary.

The Evaluation Team alone will determine the responsible Supplier(s) whose proposal is most advantageous to the Lead Public Agency and potential Participating Public Agencies, based on the following criteria:

A. Compliance with the terms and conditions of the RFP;
B. Ability to meet the performance requirements of this RFP;
C. Experience, Background, Qualifications, Capability, Marketing, (including past performances, administration, management capabilities);
D. Products and services offerings;
E. Proposed Playgrounds per Section 4.15.4 – taking into consideration design, quality, durability, play value, and price;
F. Pricing/discount/rebate schedules;
G. Cost effectiveness and Value;
New York OSC Guidance

• Public solicitation of bids or, in the case of best value, offers. A public solicitation is consistent with the statutory advertising requirement in GML § 103.6 and serves to ensure that the purposes of GML § 103 are furthered.

• Submission of sealed bids or offers, or analogous procedures to secure and preserve the integrity of the process and confidentiality of the bids or offers submitted. A secure competitive bidding or best value process is consistent with the sealed competitive bidding and competitive offering requirements of GML § 1037 and helps foster honest competition and guard against collusion.

• Preparation of specifications, or a similar document that provides a common standard for bidders or offerers to compete fairly. Consistent with the purposes of GML § 103, the contracting entity, in advance of the submission of bids or offers, should convey the nature of the goods or services and other information necessary for prospective bidders or offerers to make an intelligent evaluation and bid or offer, without being unduly restrictive.8 In the case of a best value process, this generally should include a description of the manner in which the evaluation of the offers and award of the contract will be conducted and, as appropriate, identify the relative importance or weight of price and non-price factors.9

• Award to the lowest bidder who materially or substantially meets the bid specifications and is determined to be a responsible bidder, or in the case of a best value process, an award to the responsive and responsible offerer10 which optimizes quality, cost and efficiency, reflecting objective and quantifiable analysis, whenever possible.11 A contract awarded through a negotiation process would not be consistent with the requirements and purposes of awarding to the lowest responsible bidder or on the basis of best value in a manner consistent with GML § 103.
U.S. Communities Compliance

1. SCOPE OF CONTRACT:

1.1. The purpose of this Request for Proposal is to solicit sealed proposals from qualified Offerors to establish a contract or contracts through competitive negotiation with the County of Fairfax, Virginia (Fairfax County Government hereinafter referred to as: the "County", "FCG", and, "Fairfax"; Fairfax County Public Schools hereinafter referred to as the "County", the "Schools", "FCPS", and "Fairfax") for the provision of;

1.2. Multi-function Devices (MFD's a.k.a. Multi-function Printers (MFP's), Copiers, etc.) - The complete catalog of products, accessories and supplies available from the Manufacturer (or authorized dealers); including but not limited to; wide format, high production, digital duplicators, fax, printers, and scanners for lease or purchase.

1.3. Managed Print Services – Supplier to provide outsourced management for a fleet of devices to include initial assessment, ongoing optimization of device deployment to maximize productivity and reduce costs, life-cycle management of devices, device repair and maintenance, supplies replenishment and proactive supplies replenishment, help desk support, on-site technical support, education and end-user training, real time fleet usage monitoring and reporting, formalized reporting on operations, and any other services required for the management of print services.

State in which Incorporated: 

__________________________  
Vendor Legally Authorized  
Signature                   

__________________________  
Date                       

__________________________  
Print Name and Title        

__________________________  
Secretary                  

Sealed proposals subject to terms and conditions of this Request for Proposal will be received by the Fairfax County Purchasing Agent at 12000 Government Center Parkway, Suite 427, Fairfax, Virginia 22035-0013 until the date/time specified above.

AN EQUAL OPPORTUNITY PURCHASING ORGANIZATION
MASTER INTERGOVERNMENTAL COOPERATIVE PURCHASING AGREEMENT

This Master Intergovernmental Cooperative Purchasing Agreement ("Agreement") is made between certain government agencies that execute a Lead Public Agency Certificate (collectively, "Lead Public Agencies") to be appended and made a part hereof and other government agencies ("Participating Public Agencies") that agree to the terms and conditions hereof through the U.S. Communities registration process and made a part hereof.

RECITALS

WHEREAS, after a competitive solicitation and selection process by Lead Public Agencies, in compliance with their own policies, procedures, rules and regulations, a number of suppliers (each, a "Contract Supplier") have entered into Master Agreements with Lead Public Agencies to provide a variety of goods, products and services based on national and international volumes (herein "Products and Services");

WHEREAS, Master Agreements are made available by Lead Public Agencies through U.S. Communities and provide that Participating Public Agencies may purchase Products and Services on the same terms, conditions and pricing as the Lead Public Agency, subject to any applicable local purchasing ordinances and the laws of the State of purchase;
# U.S. Communities Compliance

<table>
<thead>
<tr>
<th></th>
<th>Firestone</th>
<th>Garland</th>
<th>Simon</th>
<th>Roth</th>
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Program Information

www.uscommunities.org

- Register online
- Authorizing legal statutes
- Frequently asked questions (FAQ) sheet
- Documentation: original solicitation and contract
- References: Advisory Board members, state sponsors
- Supplier links, product information & contact information
- Participant login page
Don’t Be Shy!

www.uscommunities.org/ny

Doug Looney, Northeast Program Manager
• U.S. Communities
• Cell: (314) 210-8058
• dlooney@uscommunities.org
NUTS AND BOLTS OF PLANNING YOUR PROJECT

Erika Rosenberg
Associate Director of the Center for Governmental Research

Scott Sittig
Associate Director of the Center for Governmental Research
Nuts and Bolts of Planning Your Project

5 Critical Steps to a Successful Outcome

A presentation of the Center for Governmental Research, Inc.

www.cgr.org
Today’s Presenters

- **Erika Rosenberg**
  
  *Associate Director at CGR, Rochester (NY)*
  
  *Project director / manager for education / human services engagements and community profiles*

- **Scott Sittig**
  
  *Associate Director at CGR, Rochester (NY)*
  
  *Project director / manager for municipal efficiency / restructuring engagements*
Welcome

- The goal of this session is to identify critical steps in developing a shared services project
  - *Our focus today is on process: How can you maximize your potential for success?*

- CGR has developed a white paper on this subject and it is available at [www.cgr.org](http://www.cgr.org)

- Exact location:
About CGR | Who we are

- **Founded in 1915**
  - Pushing the leading edge of government efficiency for ninety-nine years

- **Nonprofit corporation providing objective analysis, mission-critical data and strategic counsel**
  - Public sector (state, county, municipal)
  - Education sector (school districts, regional providers)
  - Nonprofits and foundations
  - Business community

- **Areas of expertise**
  - Government management (esp. consolidation, shared services and reorganization)
  - Police, fire and emergency management
  - Economic analysis and public finance
  - Health and human services
  - Education
About CGR | Delivering results, further

**New York:** CGR has completed more work on government efficiency, effectiveness and reorganization in New York than any other organization over the past ten years, spanning every major service area and region of the state.

**Ohio:** CGR has completed efficiency, shared service and consolidation work with municipalities, counties, foundations, chambers of commerce and educational service centers in Metro Cleveland and Metro Dayton.

**New Jersey:** CGR was project manager for NJ’s most significant government consolidation in a century: designing and analyzing the 2013 merger of Princeton Borough and Township (one of three NJ efficiency projects since 2009).

**Massachusetts:** CGR has completed efficiency and shared service work with municipalities and regional land use agencies on issues of public safety, emergency communications and tax assessment services.
Today’s Agenda

- **Why** is process critically important to the success of municipal efficiency efforts?

- **How** broad is the range of options available to local governments as they seek to improve efficiency?

- **What** steps need to be taken to position your community’s effort for success?
Difficult Times

The Great Recession's Impact on Local Government Finances

(Total of all municipalities, school districts and special districts in NY)

Revenue minus Expenditures (in billions)

Source: U.S. Census Bureau
Tax Cap and Incentives

- **Tax cap** continues to place pressure on local governments with unfunded mandates and rising costs for healthcare, pension and challenging collective bargaining agreements.

- **Incentives:** 2014–15 State budget has new incentives for sharing services and consolidating functions.
Difficult Choices

- What we’ve seen in the field over 100 years of CGR’s experience
  - Municipal and school leadership jobs have grown more challenging
  - Public demand for high quality services keeps growing
  - The margin for error has shrunk, and the stakes are higher
A Range of Options

Within a single government

Ad hoc, inter-departmental cooperation
Shared data and information
Functional “backup”
Administrative consolidation
Programmatic consolidation
Departmental consolidation

Across multiple governments

Ad hoc, “Handshake” Cooperation
Mutual Aid
Shared Services
Functional Consolidation via Contract
Municipal Consolidation
Metro Consolidation
### Number of local governments in Chemung County spending $ in each service area

(Each block represents one local government unit spending in that service)

<table>
<thead>
<tr>
<th>Service Area</th>
<th>Spending Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Works</td>
<td></td>
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<tr>
<td>Culture and Recreation</td>
<td></td>
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<tr>
<td>Finance and Audit</td>
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<tr>
<td>Zoning and Planning</td>
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<tr>
<td>Executive</td>
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<td>Legislature</td>
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<td>Legal</td>
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<td>Judicial</td>
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<tr>
<td>Elections</td>
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<td>Fire</td>
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<tr>
<td>Assessment</td>
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<tr>
<td>Clerk</td>
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<tr>
<td>Animal Control</td>
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<td>Sanitation and Garbage</td>
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<tr>
<td>Water</td>
<td></td>
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<tr>
<td>Economic Development</td>
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<tr>
<td>Parks</td>
<td></td>
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<tr>
<td>Police</td>
<td></td>
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<tr>
<td>Tax Collection</td>
<td></td>
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<tr>
<td>Sewer</td>
<td></td>
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<tr>
<td>Records Management</td>
<td></td>
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<tr>
<td>Public Safety</td>
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<tr>
<td>Engineer</td>
<td></td>
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<tr>
<td>IT and Data Processing</td>
<td></td>
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<tr>
<td>Community Development</td>
<td></td>
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<tr>
<td>Public Health</td>
<td></td>
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<tr>
<td>Personnel and HR.</td>
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<tr>
<td>Probation and Jail</td>
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<tr>
<td>Social Services</td>
<td></td>
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<tr>
<td>Public Transportation</td>
<td></td>
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<tr>
<td>Mental Health</td>
<td></td>
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</tbody>
</table>

**Legend**

- **Over $1 million**
- **Over $500k**
- **Over $100k**
- **Over $50k**
- **< $50k**
Examples to Consider

- **Intra-governmental**
  - *Departmental efficiencies, consolidation*
  - *Facility management (alternatives to incarceration, nursing home)*

- **Inter-governmental - Low-hanging fruit**
  - *Assessment*
  - *Tax collection*
  - *Purchasing*
  - *Other back-office*

- **Toughest “nuts to crack”**
  - *Public safety – police, fire*
  - *Highway, DPW*
Key Variables

- Leadership relationships
  - Trust, ego
- Union considerations
  - Local contracts, scaling comp up or down
- Geographic and service constraints
  - Differing levels of service
- Expectations of key stakeholders
  - Cost savings vs. efficiency
- Public appetite for change
- Transparency/Communication
Process Lessons

- Princeton’s experience as a template
  - Every community is different; these process lessons can drive a greater likelihood of success regardless of the specific type of efficiency effort

- Princeton’s success was:
  - High profile
  - A long-time in the making
  - Built on shared services / trust as a foundation for further cooperation
  - Able to provide tangible evidence of service, fiscal benefits
  - Deeply committed to public engagement
Getting Started

- See the range of options as a continuum
  - Service optimization
  - Shared services
  - Consolidation
Step 1

- Understand your community
  - Every community has a different starting point for efficiency efforts
  - The role of government is essential
  - Understanding the public’s desire / need to be involved
  - What is the appetite for change? Level of urgency? Driving force?
Step 2

- Establish an oversight commission and operating procedures
  - *It is critical to have an objective oversight committee or commission which bears the responsibility of guiding the planning effort.*
  - *What is the optimal balance of commission membership? Why is it important to include both elected officials and members of the public?*
Step 2

- Establish operating procedures for the commission
  - Adopt policies for making decisions; set “rules of the road” to ensure an additive dialogue
  - Rely on the community’s past experience, but don’t be trapped or limited by it
  - Establish the public’s trust in the process and procedures
  - Recognize the commission’s role: To evaluate, not implement
Step 3

- Be clear and transparent
  - Serves two essential purposes
    - Catalyzes public engagement
    - Provides for an objective evaluation of options and impacts
  - Public engagement in Princeton and the importance of public meetings
Step 3

- Be clear and transparent
  - The role of the independent consultant
    - Objective, analytical and process driven
    - Specific expertise to navigate the process and ensure progress against goals
Step 4

- A credible and thorough study process
  - The importance of a balanced study process
  - A mechanism for engaging the community and other stakeholders
Step 4

- A credible and thorough study process

  - Phase 1: **Baseline analysis**
    - Building a shared knowledge base
    - Seeing departments / municipalities in a common context
Step 4

- A credible and thorough study process

- **Phase 2: Options analysis**
  - Critical review; Identifying and evaluating alternatives and their impacts

<table>
<thead>
<tr>
<th>Forms of Gov</th>
<th>Elect Mayor</th>
<th>Mayor Vote</th>
<th>Mayor Term</th>
<th>Governing Body Size</th>
<th>Governing Body President</th>
<th>Police Options</th>
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<tbody>
<tr>
<td>Borough</td>
<td>Yes</td>
<td>Yes, veto</td>
<td>4</td>
<td>6</td>
<td>Mayor</td>
<td></td>
</tr>
<tr>
<td>Township</td>
<td>No</td>
<td>Votes</td>
<td>3 or 5</td>
<td>Mayor</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Sworn Positions

- 61
- 60
- 60
- 54
- 51
- 46

- Chief: 2
- Captain: 2
- Lieutenant: 3
- Sergeant: 14
- Corporal: 4
- Detective: 5
- Officers: 31

### Salary Costs (using medians)

- Current State: $7,327,753
- Model 1: $6,931,208
- Model 2: $7,152,883
- Model 3: $6,237,807
- Model 3a: $5,936,625
- Model 4: $5,549,445

### Cost v. (Savings)

- % Change: -5.4%

### All-In Costs (using medians)

- Current State: $10,977,441
- Model 1: $10,385,878
- Model 2: $10,726,529
- Model 3: $9,325,880
- Model 3a: $8,877,030
- Model 4: $8,184,120

### Cost v. (Savings)

- % Change: -5.4%
Consolidation Study

For information related to the Joint Shared Services and Consolidation Commission, including its reports and recommendations produced during 2010-11

Implementation Process

For information related to the Transition Task Force established to facilitate implementation of the merger during 2012, including meeting schedules and key documents

On November 8, 2011, voters in the Borough and Township of Princeton approved a ballot measure to consolidate their two local governments. The merger to a single Princeton took effect on January 1, 2013. This website served as the central resource for sharing information with the community during the consolidation process.
Options Analysis and Report:
Review of Governance and Service Alternatives for the Town of Rye and Villages of Port Chester, Rye Brook and Mamaroneck

Public Forum #3:
The Steering Committee would like to thank those residents who attended and participated in the Nov 28, 2012 public forum. Video from that meeting can be accessed here, and the slide presentation can be accessed here.

The Study
The Town of Rye and Villages of Rye Brook, Port Chester and Mamaroneck jointly received a Local Government Efficiency Grant from the NYS Department of State to study governance and service options for the community. Among the options being explored are dissolution of the Town of Rye and the creation of coterminous town/villages in Port Chester and Rye Brook. The goal is to inform decisions about the most efficient way to govern and most cost effective way to deliver municipal services in the future.

The Committee
The Town dissolution feasibility study and village alternatives analysis is being developed by a Steering Committee of Town and Village officials, with assistance from the Center for Governmental Research (CGR), a nonprofit management consulting organization with expertise in government management, public finance and municipal consolidation processes.

Feedback
The Steering Committee and CGR encourage public engagement in this process. Please submit your comments, questions and other feedback by clicking here.
Step 5

- The community campaign
  - Once the recommendation has been made, and especially if voter approval is required
  - Two components: 1) Information sessions, 2) Citizens’ campaign
  - The role of the commission continues throughout
Step 5

- The community campaign
  - The importance of a “champion for change”
  - Sample strategies
  - The importance of a rapid response system to address information gaps, critical questions and misinformation
Reviewing the Steps

- Five components for maximizing your success
  - Understand your community’s starting point
  - Establish a commission and operating procedures
  - Ensure transparency
  - Conduct a thorough, objective study process
  - Catalyze an active, fact-based community dialogue
A Range of Options

Within a single government

Ad hoc, “Handshake” Cooperation
Mutual Aid
Shared Services
Functional “backup”
Administrative consolidation
Programmatic consolidation
Departmental consolidation

Across multiple governments

Ad hoc inter-departmental cooperation
Shared data and information
Functional Consolidation via Contract
Municipal Consolidation
Metro Consolidation
Other White Papers & Contact Information

- **White Paper**
  - *Public Safety and Public Works Service Efficiency: How to overcome skepticism and fear of losing control*
  - *Also online at [www.cgr.org](http://www.cgr.org)*

- **Contact Us**
  - Erika Rosenberg – [erosenberg@cgr.org](mailto:erosenberg@cgr.org) or 585-327-7066
  - Scott Sittig – [ssittig@cgr.org](mailto:ssittig@cgr.org) or 585-327-7082
Nuts and Bolts of Planning Your Project
5 Critical Steps to a Successful Outcome

A presentation of the Center for Governmental Research, Inc.
www.cgr.org
GRACE UNDER PRESSURE: INNOVATION IN A TIME OF FORCED EFFICIENCIES

Municipal Innovation Exchange Summit

April 25, 2014 • Syracuse, NY
THE MIX
GRACE UNDER PRESSURE:
INNOVATION IN A TIME OF FORCED EFFICIENCIES

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