



NYSAC

NEW YORK STATE  
ASSOCIATION OF COUNTIES

---

# The Shared Municipal Service Incentive Program: A Policy Primer

---

June 2006

This publication is part of a series of public policy briefings developed by the New York State Association of Counties on timely issues impacting our local governments.

Hon. Rocco J. DiVeronica, President  
Stephen J. Acquario, Executive Director  
Kenneth A. Crannell, Legislative Director

[www.nysac.org](http://www.nysac.org)

# The Shared Municipal Service Incentive Program: A Policy Primer

June 2006

©

Copyright 2006

New York State Association of Counties

The Association grants permission to reprint the full  
briefing document provided this coverage is included.

Hon. Rocco J. DiVeronica, President  
Stephen J. Acquario, Executive Director  
Kenneth A. Crannell, Legislative Director



# NYSAC

NEW YORK STATE  
ASSOCIATION OF COUNTIES

111 Pine Street, Albany, NY 12207

[www.nysac.org](http://www.nysac.org)

# The Shared Municipal Service Incentive Program: A NYSAC Policy Primer

*This publication is part of a series of public policy briefings developed by the New York State Association of Counties on timely issues impacting our local governments.*

## **Introduction**

Providing municipal services is a complex and demanding task for any level of government and through inter-municipal cooperation, localities can increase the effectiveness and efficiency of local service delivery. As with any level of service, local budgetary constraints have a major impact on how, or to what degree, a service can be provided. Increasing state mandates and the rising cost of energy, fuel and construction material have taken a toll on every municipal service that is provided at the county level.

In New York, counties began as entities of the State; tasked with carrying out specific functions on its behalf at the local level. Over time, counties grew into separate regional governments with unique powers and responsibilities. From county highway maintenance to health care and public safety, the 62 counties that make up New York State are capable of handling any job, and providing the best services to the local population. Given their capacity for regional influence, counties are well positioned to provide leadership with shared municipal services.

## **The Shared Municipal Incentive Program**

The Shared Municipal Services Incentive (SMSI) program, established as part of the enacted 2005/2006 State budget, is a \$2.75 million dollar grant program created to assist municipalities with their work to consolidate local government services, cut spending and save tax dollars. The program allows local government units to apply for grant monies to cover the costs associated with shared services plans, cooperative agreements, mergers, consolidations and dissolutions (see appendix I).

This year, the program was modified and expanded as part of the Governor's 2006/2007 executive budget proposal. The budget negotiation process between the Senate and Assembly included several manifestations of the program. In the final enacted state budget, the program was given a one-year extension and an additional allocation of funds to support municipal consolidation efforts.

Other modifications to the SMSI program enacted as part of the 2006/2007 State Budget include (see appendix III for more information):

- Expansion of the total SMSI program from \$2.75 million dollars to \$25 million dollars
  - o \$5.5 million in grant funding for existing municipal service consolidations/mergers. The individual awards cap was increased from \$100,000 to \$200,000
  - o \$4 million in grant funding for consolidation of local highway services with individual awards capped at \$300,000
  - o \$4.5 million in grant funding for consolidation of local employee health insurance with individual awards capped at \$500,000
  - o \$1 million in grant funding for a new countywide shared services program with individual awards capped at \$300,000. This new program is geared specifically toward counties that develop shared services plans that include services encompassing at least fifty-percent of the cities, towns, villages and school districts within their borders
  - o \$10 million in matching-grant funding for costs associated with the consolidation or merger of two or more local governments into one government body; individual matching grant awards are capped at \$1 million

NYSAC advocated for many of these changes prior to their enactment by providing testimony to both the New York State Assembly committees on Local Governments and the Committee on Government Operations. Our written testimony outlined how the expansion of this program was vital to the continued success of shared municipal projects across the state and would allow even greater cost savings to local tax payers (see appendix II).

The Department of State received 266 applications for SMSI grant monies during the first round of funding. According to the Department of State (DOS), thirty-one of those applicants included county government participants as the primary applicant. The initial application process began in November of 2005 and ended in January 2006. The DOS is now in the process of both reviewing initial funding applications and adjusting the application process to reflect the programmatic changes in the enacted state budget for the upcoming round of grants.

### **Inter-Municipal Agreements**

During the first round of SMSI funding, many of the applicants included their plans to enter into an inter-municipal agreement (IMA) with another municipal corporation. An IMA is essentially a contractual business agreement between two or more units of local government. Under existing state law, an IMA may be entered into by any county outside the City of New York, a city, town, village, board of education, fire or school district. Municipalities may perform or provide any function of service jointly which they may perform or provide individually (NYS Constitution, Article IX, § 1, paragraph C & Article 5-G of the New York State General Municipal Law).

Municipalities may join forces on a variety of projects including shared road maintenance and highway equipment use, storm and wastewater treatment facilities, code enforcement and comprehensive land use plans and a host of other projects. The cooperating

governments have the potential to reap many benefits from an IMA, such as providing greater service disbursement to a larger geographical area, provide access to specialized county staff and experience cost savings through joint use of existing equipment or material purchasing.

The first required step in the forming of an IMA is the passage of a joint inter-municipal cooperation agreement resolution. This resolution should outline the nature of the agreement, summarize the implementation plan and the goals of the proposed project (see appendix IV). An additional but optional step in the IMA process is the formation a joint municipal survey committee. This elective step in the development process will allow all municipalities involved to voice ideas, conduct research and air concerns prior to the drafting of an IMA contract (NYS General Municipal Law 239-n). The findings of such a committee can be of great assistance in the drafting of an IMA contract agreement.

IMA contract agreements come in two types; direct service agreements or joint service agreements. Direct service contracts allow one governmental unit to provide services for one or several other units of governments. For example, agreements between a town and village government to provide limited highway maintenance services to the smaller of the two units would be considered a direct service contract.

Municipalities may also elect to enter into joint service agreements for various projects. This type of agreement involves two or more governmental units agreeing to jointly perform a municipal service or construct a facility that will be jointly used. Projects requiring a joint service agreement include shared water supply distribution systems or combined wastewater treatment facilities.

Regardless of which IMA contract the municipalities decide best fits their particular needs,

any IMA should be entered into as a written contractual agreement and not a mere “handshake” agreement between local government officials. Agreements that are not made in writing, or made without legislative consent, are outside the scope of existing statutes found in the GML. These loose bargains do not carry the force of law and run the risk of exposing all units of government involved to possible liability.

### **Examples of successful Shared Services Projects**

Consolidation of government services is an emerging trend throughout every level of government. Nearly every county in the state has consolidated departments or joined forces with another unit of government in some form over the last several years in an effort to cut costs. Many examples of successful shared service projects involving county governments exist throughout New York State. Joint ventures between the City of Rochester and Monroe County have become virtually seamless to the public. At one time, nearly every public safety service provider in Monroe County funded and operated its own public safety dispatch unit. This included the city police, fire and EMS, the County Sheriff’s department and each individual town and village police department. With the development of 911-call technology, a centralized emergency communications system evolved. In this case, the City operates the service on behalf of all participating units handling 1.2 million calls per year. The County funds 98% of the \$11.3 million dollar operating expenses for the system, with the city supplying the other 2%, which is comprised of non-building related capital expenditures. It is worth noting that similar inter-municipal collaborations can be found in county-administrated public safety answering points (PSAPS) throughout the State.

In 2005, Broome County entered into an agreement to provide the Village of Endicott with a variety of human resource services; in particular labor relation negotiations. The village agreed to pay the county \$55-per hour for the use of their labor negotiator, creating a revenue source for the county. This agreement resulted in a savings of between \$56,281 to

\$64,572 for the village by leaving their labor negotiator position vacant. The County experienced a net gain of \$16,318 in revenue as a result of negotiated per-hour rate (see appendix V).

Many other examples of county inter-municipal projects exist throughout New York State. Some of the more recent instances of joint local ventures include (see appendix VI for more information):

- Cattaraugus County entered into an IMA with the City of Olean in 2005 for use of the county fuel depot
- In 2005, Schenectady County entered into an IMA with the Town of Rotterdam to provide the town police department with vehicle repair and maintenance services
- Washington County has had a long standing opened IMA with several towns and villages throughout the county to provide highway maintenance and construction

## Conclusion

Combining the experience and knowledge of two or more local governments through shared service agreements allows local governments to provide critical services that many residents rely on at lower costs to taxpayers and more efficiently. As every level of government looks to reduce overall spending, shared municipal services and inter-municipal agreements will continue to provide a practical alternative to tax increases and program cuts, while allowing counties to continue to be the most efficient level of government in New York State.

If you have any questions regarding this document, or the SMSI program, please contact NYSAC Senior Legislative Representative & Federal Relation Coordinator, Peter Savage, at (518) 465-1473 or via email at [psavage@nysac.org](mailto:psavage@nysac.org).