Opportunities to Use Shared Services and Consolidation Strategies to Improve Efficiency, Effectiveness and Equity in Local Government

Observations from Three City/Town Groups in Upstate New York

April, 2008

Prepared for:
The New York State Commission on Local Government Efficiency and Competitiveness

CGR

Inform & Empower
Center for Governmental Research

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Charlie Zettek, Jr., M.S.
Project Director

1 South Washington Street
Suite 400
Rochester, NY 14614
585.325.6360

100 State Street
Suite 330
Albany, NY 12207
518.432.9428

www.cgr.org

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EXECUTIVE SUMMARY

Background

In November, 2007, the New York State Commission on Local Government Efficiency and Competitiveness (LGEC) engaged the Center for Governmental Research (CGR) to assist the Commission with analyzing how local government services were provided in three groups of cities and towns in upstate New York. The three groups are: 1. the City of Cortland and the Town of Cortlandville; 2. the City of Norwich, the Town of Norwich and the Town of North Norwich; 3. the City of Oneonta and the Town of Oneonta.

In each group, the city is completely surrounded by the town or towns. TABLE 1 provides a quick overview of key indicators for the communities in each group.

TABLE 1
Community Comparisons in Each Group

	City of Cortland*	Town of Cortlandville	Village of McGraw (2005)	City of Norwich	Town of Norwich	Town of North Norwich	City of Oneonta	Town of Oneonta
Population	18,423	7,958	967	7,203	3,928	1,983	13,238	5,152
Gross Revenues	$20,511,886	$6,721,661	$690,828	$9,601,431	$1,652,045	$839,520	$15,772,845	$2,367,540
Gross Expenses	$22,861,635	$6,266,952	$718,675	$8,731,626	$1,922,390	$882,020	$13,986,427	$2,093,391
Per Capita Expense	$1,241	$788	$743	$1,212	$489	$445	$1,057	$406
Total Fund Balance**	$2,866,067	$2,439,179	$0	$6,133,028	$898,198	$288,693	$11,434,386	$1,816,109

** Cortland expenses and revenues taken from 2006 financial statements*
***Excluding H Funds*
Source: OSC data - 2006 data except 2005 for McGraw

These three groups were selected for study because, in each case, local elected leaders were interested in evaluating opportunities to share services and/or consolidate. Thus, CGR approached the analysis with the stated intention of identifying specific ways the local governments in each group could reduce costs and/or improve services without increasing costs by:

- consolidating the city and town governments,
- consolidating services on a function-by-function basis, or
- sharing services on a function-by-function basis.

CGR conducted this project by analyzing multi-year expenditure, revenue and other fiscal data for each government as reported to the Office of State Comptroller (OSC), reviewing budget, personnel and other financial data provided by each government, and interviewing top elected and appointed officials in key functional service areas. CGR also created maps of the infrastructure (roads, water, sewer) and municipal and other service boundaries within each group. Because of time and budget constraints for this project, this analysis is presented as a reasonably detailed assessment of the issues and options for these three groups. Our report is intended to present workable and realistic ideas for the Commission to consider as future avenues to pursue for improving local government structures across the state.

Key Observations

As noted above, CGR initiated the project with the assumption that the primary objective was to identify cost efficiencies by overcoming constraints caused by current municipal boundaries (i.e., city, town,

village and district lines). The most direct way to overcome these constraints, and simplify the overall structure of local governance across the state would be to consolidate the towns with the cities. This report explores what might be expected to result from consolidating the towns and cities in the study.

Our findings suggest that there are complex dynamics at work within each of these groups that transcend a focus on just costs. While our initial line of questioning intended to focus on identifying efficiency opportunities from shared services and/or consolidation, it quickly became evident in interviews that community leaders recognize the need to directly address three other deep-rooted issues:

- recognition of the inequitable distribution of opportunities to collect locally generated tax revenues (property and sales taxes) needed to run local governments. A corollary issue in all three groups is the inequitable distribution of sales tax revenues within their counties.

- questioning whether or not certain services could be more effectively provided by one provider in a community rather than multiple providers. A corollary issue in all three groups is how to measure the effectiveness of various services – is it more effective to have multiple governing bodies or one governing body? Is it more effective to share resources across the community rather using artificial borders to create barriers to sharing?

- concern about the inequitable distribution of the costs to provide services within and among communities. A corollary issue in all three groups is – who has, and who should have, management control to make decisions that affect services, costs and who pays for them.

Thus, discussions about efficiency, effectiveness and equity are inextricably linked in the discussions about future governance structures in the communities in these three groups. Perhaps this, as much as anything, explains the deep seated concern about giving up an element of control. Sharing services and consolidating functions and structures requires giving up control, to a lesser or greater degree. Thus, this study provides significant anecdotal evidence to suggest that a key to developing successful strategies for fostering voluntary (as opposed to mandatory) consolidations is to ensure that any proposed changes clearly identify how effectiveness and equity would be improved in addition to the standard expectation of improved efficiencies.

It should also be noted however, that a number of community leaders interviewed as part of this study mentioned that if consolidation were mandated by the State, it would be easier to work through at the local level, because it would take the “politics out of the discussion” and create

an even playing field for the whole community to work from. One supervisor of a town summarized the issue when he said: "Stop giving out grants to municipalities to study the options, when it is left to a vote and can be voted down after spending the money. Our money would be much better spent if you mandate consolidation or shared services efforts among these towns and villages, and then offer grants to those municipalities in order to fund the process of consolidation or shared services. Spend the money on doing it, not studying it! That is the only way you will get it done - and it really needs to be done."

In short, an important observation from this study is that community leaders who initiate discussions about costs are really hoping to lead to a discussion about equity and opportunity. Undoubtedly, politics also plays a key part in perspectives surrounding consolidation efforts. However, CGR heard a sincere recognition by most of the community leaders we interviewed, in all three groups, that city and town borders create artificial barriers that limit rather than foster efficient, effective and equitable governance in their shared communities.

A few examples from this study will illustrate how primarily this principle is playing out in these three groups of municipalities.

Fire Services

Fire services present an interesting contrast in how different communities have organized themselves to provide services across municipal boundaries.

In both the Oneonta group and the Norwich group, the central, city-operated fire department (a combination of career and volunteer firefighters in Norwich and career and paid-call firefighters in Oneonta) provides fire fighting and rescue services under contract to the town. In fact, some of the volunteers in Norwich live in the towns, and thus this is truly a community fire department. In both groups, fire services are provided under a shared services agreement, which defines the services provided and how those costs are shared between the municipalities. In the Norwich group, the Town of Norwich contracts with the City of Norwich to provide fire service to the Town of Norwich Fire Protection District. In Oneonta, the Town of Oneonta created a Fire District (a separate governmental unit with a five-member elected Board of Commissioners) whose sole responsibility is to contract with the City of Oneonta to provide fire services to the District. The separate Fire District in the Town does appear to be a needless redundancy, and should be eliminated. However, it was initially created in order to give the Town leverage in negotiating with the City for fire services – the Town would be capable of creating its own fire department (through the district) if, in fact, the City imposed unfair conditions on its shared services agreement, or

failed to deliver adequate services. Except for this redundant shell of an organization, fire services in both Norwich and Oneonta are effectively provided in a consolidated, cross municipal basis, which is clearly an efficient structural model.

However, despite the existence of the shared municipal agreements, concerns about equity and service continue to create tensions. In Oneonta, the Town went so far as to create a governmental shell (the Fire District) to be able to create its own fire department in the event that town leaders came to the point where they believed the City was over-charging for services provided. By all accounts, the current fire services agreement is considered to be very fair and equitable, but it is unclear whether or not the success of this contract will motivate the Town to eliminate its fire district.

In Norwich, the Town of Norwich is currently pushing to create a new fire district, covering the area currently served by the city fire department, even though this would require special legislation and would, in fact, be adding a layer of governance. The Town is happy with the service being provided by the fire department, in fact, the Town Supervisor is a longstanding member of the volunteer component of the department. However, town leaders are uneasy about the costs that the City is charging the Town. Prior to this report, town leaders say they have been unable to obtain a true accounting of the costs being assigned to the fire department and proportionately billed to Town. Town leaders suspect that, because of the agreement, the City has loaded additional costs into the fire department in order to obtain additional revenue from the Town. Thus, the Town has proposed creating a district and folding the city fire department into the district. A district would be run by five elected fire commissioners, and Town leaders believe the commissioner form of governance would: a) give town voters an opportunity to elect the decision makers who would manage the costs of the department (versus the current situation, where fire cost management is entirely under the control of the City), b) make the department finances transparent, and c) ensure that only direct fire-related costs are included in the town bill.

The situation in Cortland is a stark contrast to the other two groups. Between the City of Cortland, the Town of Cortlandville Fire District, the Village of McGraw Fire District and the Village of Homer Fire District, there are four separate fire service agencies located within five miles of each other. The City of Cortland is the only department staffed with career firefighters, thus, it is the only one with immediate 24/7 response capability. While the City also relies on volunteers to supplement its career firefighters, the surrounding departments are 100% volunteer departments. The practical consequence of this is that the City of Cortland is requested, through mutual aid, to send at least one of its trucks to every fire call in the surrounding departments. However, unlike in the Norwich

and Oneonta groups, the surrounding town and two villages do not have any shared services agreements with the City, and do not reimburse the City for any of its fire costs. Thus, the City is burdened with paying the full costs for a department that clearly benefits the town and neighboring villages. Ironically, the Cortlandville Fire District has been able to raise funds, through town taxes, that have enabled it to build two fire stations and purchase new, state-of-the art equipment that is more up-to-date than the equipment that the City has been able to afford. Community leaders recognize that having four fire services has led to less efficient decisions. For example, the Cortlandville fire district was created in 1982 with the stated purpose of running a more efficient fire operation than the City. When looked at in a vacuum, the Cortlandville fire department is less costly than the city fire department, for a simple reason – it does not have to pay for career firefighters. However, in the context of the whole community, the Cortlandville fire department provides excessive fire-fighting redundancy in the area and has spent millions of dollars in equipment, so there is much more equipment than found in the Norwich and Oneonta groups. Ultimately, a combination of personalities, differing perspectives on how a fire service needs to be run, and the imbedded boundaries and histories of the existing districts, have prevented the Cortland community from creating a consolidated fire service that strikes an effective balance that incorporates both career and volunteer firefighters in a single, centrally managed fire department.

Having to fully bear the costs of its fire department is clearly a major contributing factor to the serious financial condition faced by the City of Cortland. For example, in both the Norwich and Oneonta groups, the cities receive over $500,000 in revenues from the surrounding towns for whom the city departments provide fire service. However, in the Cortland group, the City receives no revenues to support its fire department, again, because the Town has its own district, with the duplicative costs noted above.

Water and Sewer Services

In general, water and sewer services are managed around the same model in all three groups. The City owns the major water and sewage treatment facilities and core pipe infrastructure, which extends past city borders into developed sections of the towns. On the surface, it appears that water and sewer are managed on a regional basis, and thus are achieving the cost and service efficiencies inherent in regional management of functions with high capital costs. However, there are clear and interesting variations among the three groups that point out subtle issues that need to be addressed before a true regional cooperative consolidated approach to these services can be achieved.

In the Oneonta group, the City historically extended its water and sewer lines into adjacent town properties, and billed those customers directly (this arrangement is different than a water district because there is no formal agreement between the Town and City – these remain customers of the City who are located in the Town). However, the City has stopped providing those types of extensions. Meanwhile, independently, the town has created two separate water districts, using Town provided water (from wells). The Town and City recognize the need to develop a unified approach to provision of water and sewer services, and are currently studying development of a shared services agreement modeled on the fire services agreement. At this time, it is not known what governance model will result from these negotiations – whether the City will be assigned sole responsibility for managing the services, or whether some joint oversight board will be created to represent the needs of the City and Town.

The Norwich group has the most centralized management model of the three groups. The City owns, runs and maintains the water and sewer system plants and mains serving the City and the Town of Norwich. The City owns its internal water and sewer lines, and the Town owns lines in its districts. City water and sewer lines have been extended, both north and south into the Town, and the Town has created districts to charge users for these services and pay for capital costs. Shared services agreements between the City and Town set forth the service delivery, usage and cost sharing expectations, and fees are set by the City based upon these agreements. However, while the agreements set the framework for how the water and sewer systems are managed and charged, both the City and Town believe the agreements are flawed, which is creating tension in the community.

The City has two primary issues: a) water and sewer lines were run to large commercial developments located just outside City borders, thus, the City has effectively subsidized creation of large sales tax and property tax generators that benefit the Town but not the City; b), the Town is not enforcing compliance with the agreement that requires all town properties within the districts to tie into the city water and sewer lines (thereby depriving the City of anticipated revenue), and c) certain users in the town are exceeding effluent standards. On the other side of the coin, town leaders believe that the City is overcharging town customers for water and sewer services, in an attempt to generate additional revenue to subsidize city water and sewer customers. Currently, there has not been an attempt to re-open the water and sewer agreements to address these issues. While the Town has supported the City's request for federal funding for needed improvements to the sewage treatment plant, there is lack of agreement how to move past this uneasy stasis and create a consolidated approach to delivery of water and sewer services.

An interesting side issue in the Norwich group that illustrates the challenges and opportunities of a consolidated regional approach to water and sewer is how to address the need expressed by Town of North Norwich leaders to extend water and sewer lines through the intervening Town of Norwich, into North Norwich to go to the county airport. Extending these lines would create the opportunity for commercial development around the airport. However, there does not appear to be an entity that can play the leadership role to identify how to carry out this project, align the players and develop agreements that are equitable for all parties such that the region as a whole would benefit from this project.

The Cortland group presents an interesting variation on how water services are managed. Sewer services are managed similar to the model in the other two groups – the city sewage treatment plant is effectively the central collection point for the region (as it sits at the low point in the valley), and thus line extensions into the town are a logical extension of the city system. Sewer charges are paid for by sewer district charges outside of the City. Town leaders raised the question about sewer rates being higher for town users, however, this is not a major issue.

Water, on the other hand, is managed independently by both the Town and the City. This has evolved over time because the region is served by a large aquifer. Thus, the Town could easily drill and maintain and treat its own water source, and has opted to do so. The Town's water system is run by its own full-service water division. Town water lines do tie into the City's at certain points, so there is intentional back-up capability between the two systems, but otherwise, the systems are essentially independent. As a result, because the Town has its own water system, the Town has entertained the idea of running its own water main from the town's system under the Tioughnioga River to serve a commercial development area on the east side of the river, even though the City already has a water line under the river that could be extended to the town site. This project will include 60 service connections and is estimated at $1,000,000. The Town Supervisor is now pushing for utilization of the city's line, in order to avoid hundreds of thousands of dollars of duplicative costs. Currently, how water service will be provided to this new development is being negotiated between the Town and the City. However, what this points out is the fact that two independent water systems exist in the Town and the City creates the opportunity for inefficient current operations and capital investment decisions that are potentially sub-optimal for the region.

One additional variable is starting to impinge on management of water, and particularly sewer services in Norwich and Oneonta that will likely force more intentional centralized management of these systems. Because both groups are located within the Susquehanna River Basin, they anticipate having to meet new Federal water quality regulations over the next few years. This may require that communities impose more

utilization of municipal sewage collection systems (which would affect, for example, both the City and the Town of Norwich sewer districts) and make significant capital improvements to existing systems and plants (which will require all communities to determine how to equitably allocate and charge for the associated costs). This is likely to put a severe fiscal burden on local governments and will require new State and Federal funding initiatives. An external event such as imposition of new Federal standards may be a useful driver towards truly consolidated systems in Norwich and Oneonta that transcend municipal boundaries.

Moving Forward – Options for the Future

Our reports about the communities in each of these three groups are filled with individual stories and suggestions for potential opportunities to manage the delivery of local services differently. It strikes us that there are several key themes that emerge from these stories. These themes help define possible options for moving forward in a way that results in less local government structures, or at least modified governance structures, while also meeting the three goals of efficiency, effectiveness and equity.

Theme 1 – There is no need to require a "one-size-fits-all" solution.

This report highlights the fascinating variations that have evolved among communities that would seem to have a reasonably high degree of commonality. They all have roughly the same socio-economic characteristics, are roughly the same size and share the same geographic characteristics, being located within 60 miles of each other in the central New York agricultural belt. The only obvious difference between the areas is that Oneonta has two colleges – one public and one private, Cortland has one public college/university and Norwich has no higher education institutions. And yet, local community standards and expectations have resulted in a number of different models. These communities, and undoubtedly communities across the state, could benefit by understanding the different models and knowing which ones result in best practices. For example, the Oneonta fire services shared services agreement, and the process by which it was developed, is a best practices model that perhaps would help overcome problems with the current agreement in the Norwich group. The Oneonta model could also provide the framework for consolidation discussions in the Cortland group, however, current structural issues would need to be resolved as part of development of a regional shared services model in the Cortland group.

In short, there are clear and useful examples from each group where municipalities have developed working relationships to provide some functions using either a shared services or consolidated services model.

These examples demonstrate that there is a basket of options to achieve service efficiencies that supersede the constraints of municipal boundaries.

Theme 2 – In order to be successful in the long run, shared services agreements or consolidations must be perceived as being equitable.

It is important to recognize that not all existing shared services agreements within these three groups are considered to be successful. Many of them work because one municipality or the other felt pressured into making a choice of the lesser of two evils. For example, given the massive existing infrastructure investments made over time in city water and sewer systems, towns can not reasonably expect to create competitive systems, and thus are obligated to essentially take the terms proposed by city systems for extending lines past city borders. On the other hand, city systems need to expand to keep increasing revenue to offset growing imbedded costs, thus city systems have little leverage to negotiate ways to obtain the benefits of increased sales and property tax revenues that accompany the development occurring in the towns serviced by the city systems.

What we refer to as successful shared service agreements are those where both parties agree that the provision of services, management of costs and allocation of costs are reasonable, fair and equitable. Again, the Oneonta fire agreement stands out, but other examples were found for recreation agreements. Perhaps the most common examples are the informal sharing agreements between all municipalities for highway and DPW operations. No one questions that these work well – the major questions are simply – why can't these be expanded. The classic "why does the town drive over a city street with its plow up" rankles the public, but the rationale for why this happens is fairly straightforward – service and cost issues need to be worked out, and they simply haven't been in those cases. There are numerous examples across the state where one DPW operation provides services for another under contract. Thus, municipal leaders in these three communities could implement shared services agreements if desired.

Theme 3 – Consolidating whole municipal entities will require creative solutions to overcome the challenges of outdated borders, imbedded procedures, legal constraints and historical differences.

Discussions in these communities suggest that different issues will require different solutions, and that certain solutions that appear on the surface to

be desirable have challenges that need to be addressed. What follows is a brief review of key questions that should be addressed.

- Does consolidating towns into cities, so that a city is the surviving municipal entity, produce the most cost efficient outcome? CGR's report for each group examine both cost and revenue impacts of creating a single unified entity, but from two directions – the town being absorbed into the city, or, the city dissolving and becoming part of the town.

  - By adding all of the personnel savings that CGR identified in our initial assessment of efficiency opportunities that could come from consolidating the primary town and city in each group, costs could be reduced by approximately $1.3 million. This represents roughly 2% of the total $57.5 million in expenses of all three groups as shown in Table 1.

  - By way of comparison, consider the impact of one of the primary benefits of the area becoming a unified city. Cities can pre-empt sales tax, which, at least from the perspective of members of each group, will likely lead to a shift of substantial sales tax revenues from their surrounding counties to the city/town combination. Further, town court costs would be transferred to the state once they became consolidated into the city court. In both instances, local taxpayers would see substantial benefits, although, in effect, these would be cost transfers (to county and state taxpayers), rather than efficiency gains.

    To illustrate the potential impact, CGR estimated how sales tax pre-emption might affect the Cortland group. We estimate that total sales tax revenue that could be obtained by a consolidated City of Cortland could increase by $1 to $2 million. This would be shared by both the current residents of the City, as well as the residents of the current Town of Cortlandville and the Village of McGraw. While a cost shift of this magnitude from county taxpayers to a new consolidated city would likely not happen in one stroke, intentional planning of this shift over several years could result in additional sales tax revenue streams for cities.

- Simple scale questions also need to be raised – does it make sense to create cities in the middle of agricultural New York that are roughly comparable to Rochester and Buffalo in terms of land area? An obvious and related question is – what does it mean to create a city where up to two-thirds of the land is rural and agricultural?

- If a single consolidated entity is created, is it fair to charge all properties the same rate for services which are clearly differentiated between the higher density urban areas and the rural areas? One viable answer to

this question could be to create service zones within the new entity, based upon the Rome, Oneida and Saratoga Springs model.

- Are there consolidation models that do not require a radical combination of the town and city? Existing practices suggest that the answer is yes, there are practical models that could be used to effectively consolidate services on a function-by-function basis, where these models address the particular issues associated with each function. For example:

- For fire services, the central city department has been shown to work well in Oneonta and Norwich.

- For police services, none of the three groups have really developed a model whereby police services extend beyond city boundaries (although city police clearly do provide service beyond city boundaries on a mutual aid basis). Police services are one area where further consolidation modeling work would be helpful, in particular looking at options for city and County sheriff consolidations.

- Our impression is that communities would clearly benefit by having water and sewer services managed by a different model from having cities control these operations while meeting demand from surrounding towns. Water and sewer services infrastructure investments clearly impact economic development options within a greater community. And, as has been demonstrated, there is an inherent conflict between cities and towns with regard to how the benefits of commercial development are distributed within the greater community, and how costs are allocated among users of the systems. Finally, in the Susquehanna watershed, regional compliance issues are likely going to force coordinated community solutions. All of these variables suggest that a consolidated approach to managing these systems should be based on either creation of a county-run department, creation of an agency that cuts across municipal boundaries, or creation of an oversight board that is fairly representative of the affected municipalities, with such board having policy making authority over the city-run operations. Any of these models would help address the need to ensure that the economic benefits of development are shared equitably with the water and sewer system providers (currently city operations)

- To what extent should counties be involved in the solutions for delivery of cross-municipal services? Between the three counties within which the communities in this report reside, there are 83 municipalities including all towns, villages and cities (Cortland has 19, Chenango has 30 and Otsego has 34), providing services to a total population of 162,000 as of the 2000 census. We have identified several issues that

could be solved if consolidation occurs at a county level. Prime examples are: police services and the extent to which the County Sheriff should or could be providing police services to the entire community; equitable distribution of sales tax revenue; regional or sub-regional management of water and sewer systems. Leaders in the Norwich group, for example, discussed the potential benefits of a consolidated county-wide law-enforcement agency where the county would provide one base of revenues to pay for regional police services. In a number of states, counties are the providers of local government services. This management model tends to reduce the redundancies and resultant inefficiencies inherent in the New York model of local governance.

It is also interesting that in our interviews, officials who, on the face of it, appeared to be wholly against the idea of consolidation, ultimately appeared to support consolidation at the county level. For the same reason that many leaders expressed support for mandated consolidation as noted previously, a county consolidation model takes any historic differences between city/town/villages out of the picture, truly widens the service area, and eliminates many layers of government. These comments provide support for the separate study by the Commission looking at county consolidation issues.

To conclude, our observation is that leaders in these communities are genuinely interested in exploring opportunities for shared services, and some are interested in discussing consolidation. But these concepts only address the cost dimension of the more fundamental questions facing the greater communities encompassed within each group. That question is - how to maintain the fiscal health of the greater community, which requires fostering the perception that the area is a desirable place to live and do business, and that local government officials are doing their best to keep local government services effective and efficient. There is recognition by leaders in the towns outside the fiscally stressed cities that town leaders should assist the cities by increasing revenues and/or helping to share and/or absorb costs. However, the *quid pro quo* is that town leaders need to be able to convince their constituents that the revenue and/or cost sharing is fair and equitable and that this is not just a handout, i.e. that there is a genuine working partnership that protects the interests of the various participating municipalities.

Of course, that problem goes away if two governments are combined into one. However, in the absence of total consolidation and elimination of one or the other governing body, the interesting challenge going forward is going to be how to institutionalize structures that ensure: a) capital intensive services in higher density areas (roads, sewer, water, refuse collection), are managed efficiently; b) emergency response services are provided efficiently across the communities; c) economic development and distribution of related tax/revenue benefits are managed equitably.

These are the areas with the highest costs and highest revenue impacts. As shown in the three groups studied, it should not be assumed that a one-size-fits all solution will be the best. Rather, there should be a tool box of creative governance solutions from which communities can select those options that best meet the long term needs of each community.

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Staff Team

This project was led and managed by Charles Zettek Jr., Director of Government Management Services. Steve Mitchell, Director; Maria Ayoob, Senior Research Associate; Angela DiNisco, Senior Research Associate, Scott Sittig, Senior Research Associate; Kate McCloskey, Research/Technology Assistant; Katherine Corley, Research Assistant; and Hung Dang, Research Assistant helped with interviews, data collection, research, GIS mapping and preparation of this report.

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Chapter I: Greater Norwich Community: Municipal Consolidation Case Study

The Setting

The Center for Governmental Research (CGR) was engaged by the New York State Commission on Local Government Efficiency and Competitiveness (LGEC) to evaluate shared services and/or consolidation opportunities among the City of Norwich and the Towns of Norwich and North Norwich, located in Chenango County.

The City of Norwich is basically a triangle. Bridges on two sides of the triangle connect the City to the Town of Norwich, while Route 12 North connects the City to the Town of North Norwich. A map of the three municipalities shows that the infrastructure and population densities extend past the historical City boundaries into the Towns before the community quickly becomes much more rural. Thus, someone flying over the area at 30,000 feet would see an integrated pattern of urbanized development, a small zone of less dense suburban development (extending primarily into the Town of Norwich) and then rural areas, without any apparent constraint of artificial municipal boundaries

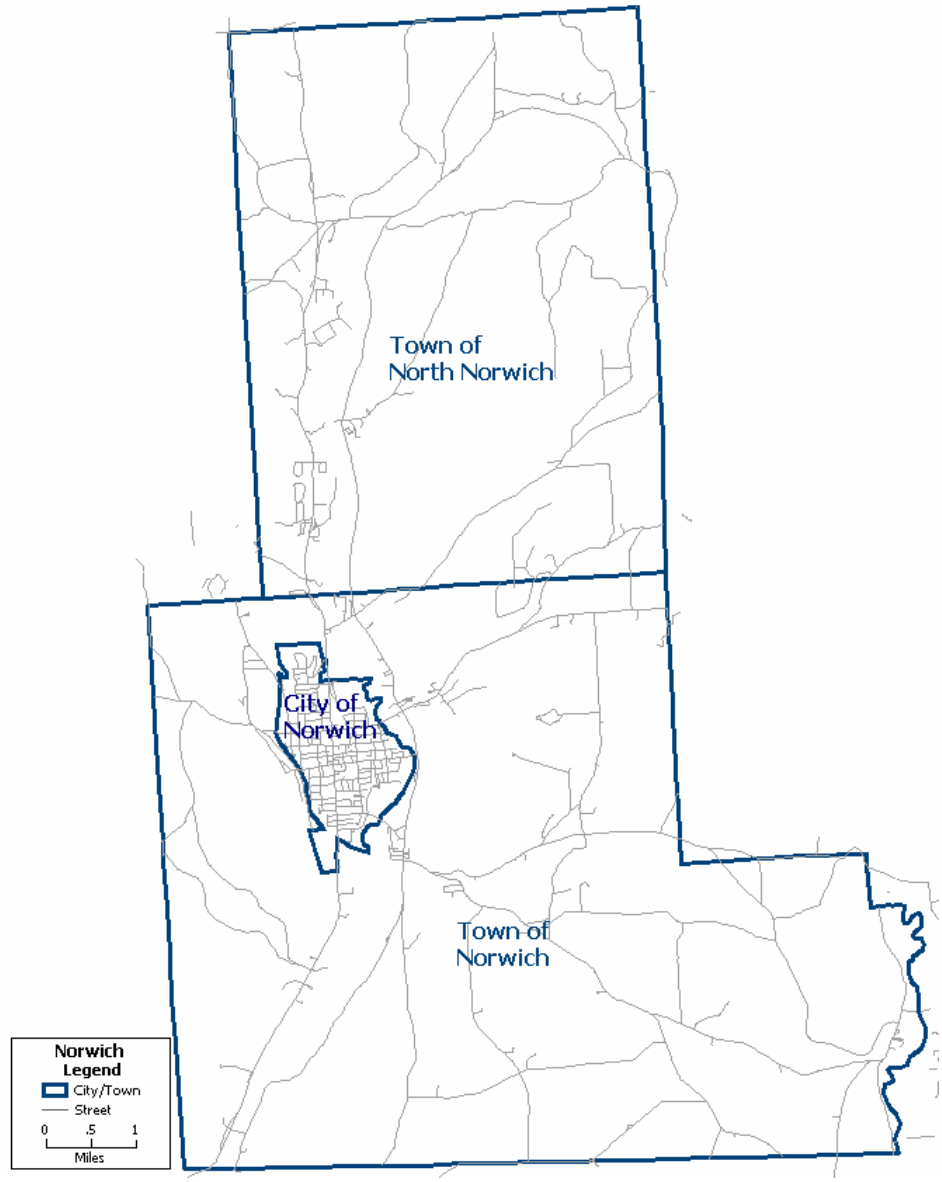
This report summarizes what we believe are the key observations about how the City and Town governments are organized, and how they provide the major local government services to their constituents. These observations are based on a review of local demographics, the built infrastructure, and the finance dates and operations of the two governments. Based on these, CGR outlines a number of options for restructuring government services within the greater Norwich community in ways that could make the communities more efficient and cost competitive.

Incorporation

The Town of Norwich was formed in 1793. The community of Norwich set itself off from the town by incorporating as a village in 1814, later becoming the City of Norwich in 1914. The Town of North Norwich was established in 1849. The City of Norwich is also the Chenango County Seat.

Population, Land Area and Elected Officials

The Town of Norwich encompasses a total of 42.1 square miles, of which .1 square miles is water. The City of Norwich has a total area of 2.0 square miles, all of it land. The town of North Norwich has a total area of 28.2 square miles, of which .04 square miles is water.



In the last five years, the greater community has seen a slight decrease (-1%) in population, with population reductions in both the City and the Town of North Norwich and slight growth in the Town of Norwich (2%).Government Structure.

Table 1: Norwich Cluster Population, 1900-2006

	1900	1950	1960	1970	1980	1990	2000	2006	% Change, 1900 to 2006	% Change, 1990 to 2006	% Change, 2000 to 2006
City of Norwich	-	8,816	9,175	8,843	8,082	7,613	7,355	7,203	-	-18%	-2%
Town of Norwich	7,004	1,738	2,587	3,221	4,042	4,084	3,841	3,928	-44%	126%	2%
Town of North Norwich	801	875	1,096	1,579	1,687	1,998	1,993	1,983	148%	127%	-1%
Total	**7,805**	**11,429**	**12,858**	**13,643**	**13,811**	**13,695**	**13,189**	**13,114**	**68%**	**15%**	**-1%**

Source: US Census Bureau

Elected Officials	
City of Norwich	• Mayor • Aldermen (6)
Town of North Norwich	• Town Supervisor • Council Members (4) • Town Clerk • Highway Supervisor • Town Judge (2, part-time)
Town of Norwich	• Town Supervisor • Council Members (4) • Town Clerk • Highway Supervisor • Town Judge (2, part-time)

Financial and Service Stories

Financial Story

Overview

The accompanying table captures the expenses the Norwich municipalities incurred in 2006 for major municipal functions/services. These figures are based on information reported by the New York State Office of State Comptroller (OSC). While OSC data are useful for developing general comparisons among municipalities, it is generally accepted that OSC data do not necessarily accurately reflect true expenditures or revenues. Thus, a more detailed analysis of financial information from each entity would be necessary for a technically correct assessment of expenditures and revenues.

The largest service expense – fire protection and control – is a shared service with the two towns contracting with the City of Norwich for the majority of their fire protection and control (each town also contracts with a volunteer fire company to cover a small portion of their township). Each municipality provides its own general government support services, employee benefits and highway services, the second, third and fourth largest service costs respectively. The City provides water and sewer services, the sixth largest service expense, to portions of the Town of Norwich (the Town of North Norwich relies on well and septic). Law enforcement for the City of Norwich is the next largest service expense in the municipalities (both towns rely on the county sheriff and state troopers for law enforcement).The combined debt service for the City and town of Norwich are the last major service expense.

Table 2: Norwich Cluster, Description of Major Service Provision by Budget Category

CITY OF NORWICH	TOWN OF NORTH NORWICH	TOWN OF NORWICH	TOTAL EXPENSE
GENERAL GOVERNMENT SUPPORT			
$1,066,395	$127,206	$602,274	**$1,795,875**
PUBLIC SAFETY			
Public Safety - Law Enforcement			
City Police	County Sheriff, State Troopers	County Sheriff, State Troopers; informal support from City police	
$1,126,555	$495	$4,094	$1,131,144
Public Safety - Fire Protection and Control			
City Fire Department	City Fire Department; North Norwich Volunteer Fire	City Fire Department; New Berlin Volunteer Fire	
$1,686,861	$164,792	$479,379	$2,331,032
Public Safety - Other			
$182,509	$3,137	$4,521	$190,167
PUBLIC SAFETY - TOTAL			
$2,995,925	**$168,424**	**$487,994**	**$3,652,343**
HEALTH			
$0	**$300**	**$155**	**$455**
TRANSPORTATION			
Transportation - Highway			
City Department of Public Works	Town of North Norwich Highway Department	Town of Norwich Highway Department	
$743,192	$531,033	$376,396	$1,650,621
Transportation - Other			
		$17,500	$17,500
TRANSPORTATION - TOTAL			
$743,192	**$531,033**	**$393,896**	**$1,668,121**
CULTURE AND RECREATION			
$238,171	**$4,048**	**$10,074**	**$252,293**
HOME AND COMMUNITY SERVICE			
Home and Community Service - Sewage			
City Department of Public Works	Septic	City Department of Public Works; septic	
$478,724	$0	$98,953	$577,677
Home and Community Service - Water			
City Department of Public Works	Well	City Department of Public Works; well	
$460,179	$0	$111,842	$572,021
Home and Community Service - Other			
$299,811	$0	$705	$300,516
HOME AND COMMUNITY SERVICE - TOTAL			
$1,238,714	**$0**	**$211,500**	**$1,450,214**
UNDISTRIBUTED			
Undistributed - Employees Benefits			
$1,569,515	$51,009	$99,988	$1,720,512
Undistributed - Debt Service			
$879,714	$0	$116,509	$996,223
UNDISTRIBUTED - TOTAL			
$2,449,229	**$51,009**	**$216,497**	**$2,716,735**
GRAND TOTAL			
$8,731,626	**$882,020**	**$1,922,390**	**$11,536,036**

Expenses

Total expenses for all three municipalities increased between 1997 and 2006. The City of Norwich saw a 69% growth in expenses to well over $8M, compared to 47% growth to nearly $800K in the Town of North Norwich, and 81% growth to $1.9M in the Town of Norwich.[1] Major drivers in the growth of municipal expenses in the past 10 years include general government support, public safety, water and sewer. Government support increased 31% in the City over the ten year period and makes up 12% of the budget. These expenses for government increased by 3% and 48% in the in the Towns of Norwich and North Norwich respectively over the same period. Fire protection expenses increased 197% in the City, 47% in the town of Norwich and 21% in the town of North Norwich. Fire protection is a significant budget item, representing 14% of the City budget, 36% of the Town of Norwich budget, and 23% of North Norwich's expense budget.

During the same period, water and sewer expenses increased 44% and 67% respectively for the City of Norwich, and by 729% and 147% for the Town of Norwich (from 2000-2006). These functions represent a small part of the municipal budgets for these entities, but the increased expense is a growing concern.

Expenses for employee benefits also increased significantly in all three municipalities. Expenses increased by 157% in the City of Norwich, 152% in the Town of North Norwich, and 146% in the Town of North Norwich. On average, employee benefits represent 13% of the total annual expenses in the City of Norwich, 5% of the total annual expenses in both towns.

Debt service over the ten-year period rose by 150% in the City of Norwich and 104% in the Town of Norwich, representing 13% and 6% of total annual expenses respectively for these municipalities.

Revenues

Total revenue in the period between 1997 and 2006 increased in all three municipalities, most notably in the Town of Norwich with a 54% increase to $1.6M. The City of Norwich realized 48% growth to $9.6M, and the Town of North Norwich realized 30% growth to just under $840K. Property tax represents the largest percentage of revenue for each municipality. Over the ten-year period, property tax represented close to half of all revenues in the Town of North Norwich, and Town of Norwich and 21% of total annual revenues in the City of Norwich. These revenues

[1] Throughout this report, financial indicators are reported in nominal dollars. i.e. not adjusted for inflation.

increased over the period by 68% in the City, 34% in the town of Norwich, and 7% in the Town of North Norwich.

Tax levies increased in all three municipalities. The City showed the most significant increase between 2000 and 2007 at 82% compared to 3% in the Town of Norwich and 8% in the Town of North Norwich. Tax rates in the City increased by 85% in this period to 16.11% while the Town of Norwich and Town of North Norwich decreased by 14% and 7% to 1.18% and 3.3% respectively.

Assessed Value

The full valuation of assessed real property between 1998 and 2005 increased in all three municipalities, most rapidly in the Town of North Norwich, by 22% (compared to 18% in the City and 12% in the Town of Norwich). Taxable value in the City decreased by 3% compared to an increase of 7% in the Town of North Norwich and 2% in the Town of Norwich. The Town of Norwich has the lowest ratio of full value to fully taxable assessed value at 63% (compared to 80% in the City and 88% in the Town of North Norwich). In 2000, tax-exempt properties represented 40% of the assessed value of all properties in the City (this number declined to 37% based on preliminary 2008 budget figures).

Sales tax revenue increased in all three municipalities between 1997 and 2006. The City saw 41% growth compared to 38% in the Town of Norwich and 27% in the Town of North Norwich. This revenue represents 16%, 28% and 22% of total annual revenues for these entities respectively (City, Norwich, North Norwich).

State aid also increased in all three municipalities between 1997 and 2006. The City saw 138% growth (13% of total revenue) compared to 68% in North Norwich (15% of revenue) and 43% in the Town of Norwich (10% of revenue). Federal aid increased significantly in the City (360%) and in the Town of North Norwich (701%), while decreasing in Town of Norwich (-100%).

Water and sewer revenues also saw increased growth - on average, these revenue sources each represent 11% of the City's annual revenues. Sewer revenues increased 27% between 1997 and 2006, while water revenues increased 79% in this period. In the Town of Norwich, sewer and water revenues represent 3% and 4% of annual revenues respectively and increased 1021% (2000-2006) and 516% between 1997 and 2006.

Fund Balance

The City of Norwich's total fund balance (general, water & sewer) increased to $4,778,119 from 1997 – 2006. This includes a 59% increase in the general fund. The general fund peaked in 2001, but has maintained a steady decline of 35% in the last four years to 2006. In contrast, both the

water fund and the sewer funds have shown steady increases of 103% and 383% respectively in the same period. To meet the new regulations at the waste-water facility, covering the Susquehanna River Basin, the City plans to invest $4.5M for RBC replacement in water treatment and $8M for a new gravity-fed water treatment facility and possibly additional staff. If the City cannot obtain a federal grant for this upgrade, it will need to tap the sewer fund balance.

The Town of North Norwich's total fund balance (general, highway, fire and lighting) was $288,693 in 2006, with a 1% increase between 1997 and 2006. The general fund, which represents 60% of the total, increased by 2% for this ten-year period, but increased by 40% in the last five years. The highway fund, which represents 40% of the total, increased by 11% for the ten-year period, but decreased 28% in the last five years.

The Town of Norwich's total fund balance (general, highway, fire, lighting, sewer and water) increased 35% in the ten-year period to $830,665, although in the last five years, there has been a steady decrease of 19%.

Implications

All three municipalities in the Norwich community have seen declining fund balances in the last five years, suggesting some level of fiscal distress. Both the City and the Town of Norwich have increased their debt burden. All three face increasing costs. While the expenses of some major services are shared (fire protection among all three municipalities, and water and sewer between the City and Town of Norwich), other significant costs (e.g., highway, general government support, employee benefits) are borne by each municipality. Both towns are dependent on property tax and sales tax. While they have room to increase property tax, they get limited sales tax from the county. The City has a more diversified revenue stream, but is likely nearing the political limits of its ability to increase property tax and its reliance on federal and state aid is problematic. Increased collaboration in terms of shared services and serious consideration of opportunities for consolidation offer a means to improve the fiscal stability and equity across the Norwich community.

Services Across the Communities

Municipal Services

A significant amount of inter-municipal sharing and/or consolidation of key services of fire, water and sewer currently take place between these two municipalities. There is also a fair amount of informal sharing of services in other functions. This section highlights how sharing is currently carried out between these communities.

Intermunicipal Services

There are nine inter-municipal agreements between the City of Norwich and other municipalities. These agreements cover fire, ambulance, water, sewer, leachate, and economic development

- There is an inter-municipal agreement between the City of Norwich, the Town of North Norwich, the Town of Norwich and the Town of Guildford for the City to provide fire protection services to specific sections in the towns. The first agreement was signed on February 1, 1994. A new agreement was signed on January 1, 2007 and extends until December 31, 2009, with annual renewals to 2011. Under this agreement, rates are determined based on the fire department budget submitted by the City Chamberlain, with proportional rates based on the assessed and levied taxable property in each municipality. The 2007 agreement provides five years of estimated contract rates for each township. The agreement establishes an ad hoc advisory committee to monitor and address any issues with the agreement. The members of the advisory committee include 3 persons each from the City and Town of Norwich, one person each from the Towns of North Norwich and Guilford, and the Fire Chief or his designee. Under the agreement, the City agrees to distribute 9% of its revenue to the Norwich Volunteer Firemen's Association. The agreement also allows the City to bill for the use of city water in fighting a fire.

- There is a separate agreement between the City of Norwich, the Town of North Norwich, the Town of Norwich, the Town of Guildford, and the Plymouth Fire District for the City to provide ambulance service to these entities. The current agreement was signed on January 1, 2007 and ends on December 31, 2009, with annual renewals until 2011. Rates, billable to the user/patient, are set forth in the agreement for: basic life support transport; level 1 advanced life support transport; level 2 advanced life support transport; advanced life support intercept; emergency services at scene; and mileage, basic life support and advanced life support per loaded mile.

- There is an inter-municipal agreement between the Town of Norwich and the City of Norwich in which the Town agrees to provide a full tax exemption to the City's water system properties located in the Town of Norwich built before April 21, 1972 (the date of the agreement) and a 30% tax-exemption to properties built after April 21, 1972. In exchange, the City agreed to drop a court case in which it was attempting to annex the properties into the City. Under the agreement, the City agrees to provide water and sewer services to the Town through water and sewer districts (to be established) to promote development in the Town. The rates charged to city residents are to be the same as those charged to the water district. There was an addendum to the agreement on December

14, 1976 to clarify language. The agreement expires on November 24, 2012.

- There are two inter-municipal agreements between the City of Norwich and the Town of Norwich establishing water districts in the town. The first agreement, signed on July 24, 1997 and expiring on December 31, 2027, established water districts 2 and 2A, while the second agreement, signed on November 19, 1996 and expiring on December 31, 2027, established water districts 3 and 3A. These agreements set forth the operating, maintenance and debt items to be allocated by the City to the town on an annual basis. Under the agreement, all costs are captured on a net basis (i.e., after accounting for federal and state aid). The agreements call for the Town to make quarterly payments to the City, and for the Town to bill and collect monies from the residents of the water districts. Under the agreements, the Town agrees to build the water district infrastructure, which the City agrees to maintain. Any property receiving water service is required to receive sewer service, and all properties in the District and within 100 feet of the water and/or sewer lines are required to connect to the town's water system.

- There are two inter-municipal agreements between the City of Norwich and the Town of Norwich establishing sewer districts in the Town. The first agreement, signed on July 24, 1997 and expiring on December 31, 2027, established sewer districts 2 and 2A, while the second agreement, signed on November 19, 1996 and expiring on December 31, 2027, established sewer districts 3 and 3A. These agreements set the reserve flow capacity for use by the Town and a charge for that capacity. Under the agreements, capital costs (operating, maintenance and debt) are allocated based on proportion to the share of the flow and strength design capacity reserved for treatment. Under the agreements, first-year billings were based on estimates, while subsequent billings are based on the actual costs from the previous year. Under the agreement, all costs are captured on a net basis (i.e., after accounting for federal and state aid). The agreements call for the town to make quarterly payments to the city. Under the agreements, the Town agrees to build the water district infrastructure, which the City agrees to maintain. The infrastructure includes meters to measure the flow into the city's waste water treatment system.

  There is also an inter-municipal agreement between the Board of Water Commissioners of City of Norwich and Chenango County Waste Management that became effective January 1, 1994. Under this agreement, the City agrees to process the County's pre-treated leachate at its waste water facility. The agreement sets forth a fee per gallon, which is reviewed annually. Under the agreement, the County agrees to take the city's sludge at a cost of $50 per load.

- There is an inter-municipal agreement between the City of Norwich, the Town of Norwich and the Town of North Norwich, first signed on February 1, 1994, under which the municipalities agree to work cooperatively under the auspices of the greater Norwich Development Corporation, on all planning, economic development and service delivery within the Greater Norwich area. The parties also "conceptually agree to explore and investigate alternatives to the current delivery system of services, including but not limited to, public/water sewer, fire protection, police/public safety, public works/highway, coordinated purchasing, and special use districts." There have been two addendums to this agreement. Under one, signed on March 7, 2005, the Greater Norwich Development Corporation became/agreed to manage Empire Zone #36. Under another, signed May 15, 2007, the Greater Norwich Development Corporation merged with the Chenango County Area Corporation to form the Development Chenango Corporation. The original agreement expires on February 1, 2009.

Fire Protection

The City of Norwich provides fire and ambulance on a regional model, covering 65 square miles in the City of Norwich, the Town of Norwich, the Town of North Norwich, and the Town of Guildford. The framework for setting rates for fire protection service is set forth in the inter-municipal agreements that are the basis for this service. The fees charged by the City to the towns were set several years ago by examining the assessed and true value of all properties and the cost of service. The price has been adjusted for inflation but not for value of properties. The Town of Norwich claims it has never been provided a detailed breakdown of the costs that are included in the cost of service, which has raised a concern that it is being unfairly charged for the fire services provided by the City. The Town suspects that administrative overhead costs and other services that are not provided to the Town are included in the total department budget. If this is the case, the Town is paying a hidden subsidy to the general city budget. To overcome this concern, the Town of Norwich board has passed a resolution calling for a study to examine the feasibility of establishing a consolidated Greater Norwich Fire District. The district would be governed by a board of fire commissioners with the power to set, and collect, the taxes necessary to provide fire protection to the Greater Norwich area. This resolution was adopted in keeping with the 1994 inter-municipal agreement establishing the Greater Norwich Development Corporation and in which the parties agreed to work together to explore ways to improve service delivery. The resolution states that the Town is willing to examine other service areas, but only after the fire study is completed.

It is not clear whether this resolution is about cost or control. The interviews suggest that the process for setting rates is not transparent. Given the significant increases in the cost of fire protection services and

the large percentage of total expenses it represents, the process warrants review. If cost is the issue, this review should address the town's concerns. If it is really an issue of control (i.e., the town wants more say in how the monies for fire protection are spent), it is difficult to justify the creation of another layer of government when there are mechanisms in the existing agreement -- the ad hoc advisory board – that could be used to address these concerns. The first step should be to make the existing mechanisms work more effectively to address any concerns. It was also stated that, in addition to questions about fire services, the community needs to address the changing demands for emergency management services (EMS) as part of this review.

Water and Sewer

The City of Norwich provides water and sewer services to the Town of Norwich through multiple water districts established through four separate inter-municipal agreements. Two issues related to these districts are billing and new environmental regulations.

Under these inter-municipal agreements, the City provides the Town with a total cost, which the Town then breaks down into districts. Each district is charged for its infrastructure, resulting in different rates for each district. The City would like a more transparent billing system and has offered to cover billing from the Town. According to the contracts, all establishments within the water district are supposed to tie in, but not all districts are in full compliance. To cover the loss of anticipated revenue, the City charges the Town 30% more than city residents. The fact that it took ten years for the City to collect $10K in emergency fees for District 3 owed by the Town (the City claims it is still owed the interest) is also indicative of the debates over billing for water and sewer services. To defuse these ongoing debates over billing, the City convened a meeting of the City, Town and State Comptroller on what was allowed in billing.

The 30-year contracts between the City and the Town for sewer service were written with no idea of what the future pollutants might be. There are no penalties in the agreements for failure to meet contract requirements. This is already a concern for the City, since at least one district in the Town is over its contracted limit of particulate matter. New Susquehanna River Basin regulations on water quality impact the water system and will make this an even more serious concern in the future. As noted earlier, the City will be making significant investment in facility upgrades to meet these new requirements. As the Susquehanna River Basin regulations kick-in, the impact of development in the town on the water basin (and the need for oversight) will be a growing issue.

Law Enforcement

While the City of Norwich police department provides police services within the city boundaries, it responds to calls outside of the City at the

request of the Sheriff or as part of the city's participation in the County's 911 System in which cars respond based on proximity. In 2007, city police responded to 126 calls in the Town of Norwich. A significant portion of the city's water system is located in towns that border the City. The city police do not have jurisdiction in these areas. The city police would like to expand its coverage area to provide the ability to: (1) be the first response for emergency calls, taking charge until the appropriate agents arrive there to conduct an investigation; (2) handle minor responses; and (3) patrol the city's water system.

Options for the Greater Norwich Community

Shared Services

There are two primary opportunities for increased sharing of services. These are:

Water and Sewer

As a result of the new environmental regulations for water and waste water in the Susquehanna River Basin, increased oversight of development in the entire watershed will be required to ensure compliance. Currently, there are really no existing structures and agreements to provide this oversight. The community did discuss creation of a regional water authority in the past, however, this did not occur. A regional water and sewer authority would be one way to create a structure to provide regional planning and oversight. An alternative structure would be to create an oversight board through a shared services agreement which specifically identifies how each municipality would be represented and the role and responsibility of the board.

Consolidated Highway Department

Highway costs are one of the largest costs in both town budgets, and a major cost in the City. The last five years have brought declining fund balances in both Towns' highway fund balances. While there is a degree of informal sharing of equipment and manpower between highway departments, greater efficiencies could be achieved from the economies of scale provided by a consolidated highway department.

Consolidation

This section explores two alternatives for full consolidation: consolidating the towns into the City and consolidating the City into the towns. Consolidating all municipalities at the county level is another option that is not explored here.

Option1. Expansion of City and Dissolution of Town(s)

Typically, discussion of town and city mergers assumes that the city would be the surviving entity. The towns would either be annexed by the city, or the towns would agree to merge with the city. Creating a new City of Norwich that incorporates the current Towns of Norwich and North Norwich would create a new municipal entity that would be 72.3 square miles in size, which would be a larger area than any of the major cities in the state.

Benefits for the Entire Community

- Increased Revenue

  Revenues per capita would likely increase for residents in the new City if the City exercised its capability for preemption of sales tax within its boundaries. The preemption of sales tax would allow for up to 50% of sales tax revenue to go to the larger city. The majority of retail development has been in the Town of Norwich but the resulting sales tax has been taken back and re-distributed by the County. Consolidation into the new City would enable it to gain a greater share of the sales tax generated by this development. The town would also have access to the diverse revenue streams that characterize the city budget, reducing their dependence on property and sales tax.

  Under current law, the consolidated municipality would receive an additional 25% of the municipalities' combined Aid and Incentives for Municipalities (AIM) (revenue sharing). This would result in $278,185 of additional AIM funding for new City of Norwich, based on the municipalities 2007-08 AIM funding. This additional AIM funding would continue indefinitely under current legislation. Over the first five years, total AIM funding with this incentive would be $1,390,925. In addition, the Executive Budget proposes two additional options that consolidating municipalities could choose from: 1) annual aid equal to 15 percent of the combined property tax levy, up to $1 million per year or 2) $250,000 in the first year, reduced by $50,000 a year for the following five years. If enacted, the consolidating municipality could choose one of the three options. CGR calculates that under Option 1, total AIM funding would be $649,484 per year, or $3,247,420 for the first five years, and under Option 2, the total for the first five years would be $750,000.

- Reduced Expenses

  Personnel savings would be realized from the consolidation of governments. At a minimum, the costs of general government support for the town(s) would be eliminated. For example, a consolidation would

result in a single city court, funded by the State, and one municipal governing body. This would help reduce costs for the entire community. A consolidation would also result in the consolidation of highway services highlighted as a shared services option, as well as consolidated law enforcement, and fire protection.

- More equitable distribution of costs and services

  A consolidation would equalize assessments and tax rates, making the system more transparent and producing a more equitable distribution of costs and services.

Potential Savings

The areas with the largest potential for immediate savings are listed below. Some functions that would appear to benefit from consolidation were not identified as having obvious efficiency savings from the outset. However, in the longer term, it could be expected that central management of currently separate functions would identify efficiencies. For those areas where immediate savings could be reasonably identified, the cost savings listed below reflect basic salary costs as reported in data provided by the municipalities. The purpose of these calculations is to identify reasonable minimum potential savings for use in driving future discussions.

- Governing Costs

Table 3 – Current Legislative/Management Costs

Town of North Norwich, 2008	6 people	$11K
Town of Norwich, 2008	6 people	$13K
City of Norwich, 2008	7 people	$39K
Total, 2008	**19 people**	**$63K**

A board or council of some kind would still be necessary but, we can assume a potential savings of approximately two mayor/supervisor levels and 10 board members.

Total Estimated Savings: $24K in personnel costs plus benefits.

- Clerk Function

  Currently, the City of Norwich has City Clerk/Director of Finance (this person also serves as the registrar of Vital Statistics and Tax Collector), a deputy city clerk and a deputy registrar. The Town of North Norwich has a Town Clerk/Tax Collector (who also serves as the registrar of vital statistics); and the Town of Norwich has a Town Clerk/registrar of Vital Statistics and a Tax Collector.

Minimum savings potential of duplicative operations if two town clerks were eliminated:

Total Estimated Savings: $28.5K plus benefits

- DPW Function

  Currently, the City has a DPW superintendent, and each Town has a Highway Superintendent (although the Town of Norwich's position is currently vacant).

  Minimum savings potential by eliminating duplicative DPW management function of two superintendents:

  Total Estimated Savings: $66K in personnel costs plus benefits

- Town Court Function:

  Minimum savings potential by eliminating town court function including 2 Town Justices and a town attorney:

  Total Estimated Savings: $40K in personnel costs plus benefits

Total Estimated Savings, Option 1

Total Savings: $158,500 per year plus benefits. Assuming 35% benefits for all full-time employees noted above, total estimated savings could be in the range of $214,000 per year.

Challenges/Limitations

While there are potential savings as identified above, there are numerous barriers or challenges to this option that need to be factored into any cost/benefit discussion. Major barriers/ challenges identified include:

- Home Rule – Article IX of the State Constitution has been significantly amended, adding the local government "bill of rights" and strengthening "home rule" authority. Article IX grants power to the local governments over their own property, affairs, and government; likewise, it restricts the power of the State Legislature to act regarding a local government's property, affairs, and government except by general law or special law upon a home rule request. This will be something to consider, but the Constitutional restriction on annexation should not restrict a consolidation, dissolution or incorporation of a city and/or a town.

- Merger of unionized professionals (in the City) with non-unionized professionals (in the Town) – pay rates, benefits and working conditions would need to be equalized, which will likely reduce personnel reduction savings. It will be necessary to ensure any special law

regarding the city –town consolidation clarify the rights and duties of the of the successor city with respect to their bargaining unit employees.

- There are specific Civil Service Law requirements for transferring employees, which would need to be followed carefully. In addition, the communities would need to develop a plan to transition from current staffing levels to any reduced levels that addresses currently filled positions, and whether or not to eliminate those positions or phase them out through attrition.

- It could be difficult to get agreement from citizens of the Town, who are likely to see a consolidation as "taking on the city's problems." Town residents, according to the leaders we interviewed, appear to be happy with the current state of affairs.

- It could be difficult to get agreement from citizens of the towns, who are likely to see a consolidation as "'taking on the city's problems." Town residents, according to the leaders we interviewed, appear to be happy with the current state of affairs. Personality conflicts and difficulties between officials could block successful completion of any consolidation initiative.

- Increased expenses: It is likely that a consolidated city Police force would need additional staff to cover the Towns.

- The potential of increased property taxes for current town taxpayers as the combined costs of the new entity are spread across the entire community. However, this is by no means clear – a detailed analysis of the impact on costs and how they would be distributed over the entire tax base is needed, including the potential for increasing sales tax revenues through preemption. It is also possible that the increased sales tax from preemption, in addition to the reduction of the total tax levy as a consequence of the cost savings identified above, could result in a significant property tax reduction for all taxpayers in both the current city and towns. Community leaders we interviewed were very concerned, however, that any changes to the county-wide sales tax, either through preemption or some other strategy, should be based on a plan that incorporates the needs of the entire county, so that shifts can occur over time to minimize negative impacts on county residents outside the new consolidated city.

- Any indebtedness would have to be allocated separately to current city and town taxpayers through separate debt districts, similar to the process used to hold harmless town taxpayers from paying village debt when a village dissolves.

Two-Tier Tax System

One of the concerns with consolidating the town(s) into the City is that a large portion of the town(s) has a rural character. Residents in these sections do not want city services, nor do they want to be part of the City.

A two-tiered tax system, currently used in Rome, Oneida and Saratoga Springs, offers a compelling compromise. Under this system, the city is divided into zones. Each zone receives a different set of services, and is taxed accordingly. This strategy would allow the municipalities to gain the benefits of consolidation noted above (e.g., increased sales tax revenue, Government is handled under one municipality), while recognizing the different character (and the reality of service distribution) in different parts of the town(s). The formalization of a high-service district (i.e., that with water, sewer, lighting) would also provide a foundation for planning future development.

Benefits to the community

The two-tiered tax option can be used in conjunction with Option 1 above.

- The two entities retain all of the benefits above
- Government is handled under one municipality
- Taxes are based on level of service and therefore can be at different rates in two different zones.
- Perception of fairness upheld for people currently paying much less in taxes.

Challenges/Limitations

If the rural zone is taxed at a lower rate but has significant future growth, more services would be necessary in this part of the community. This would necessitate making adjustments to the zones in order to keep the system fair.

Option 2: Expansion of Town and Dissolution of City

An alternative to dissolving the Town(s) into the City would be to dissolve the City into the Town(s). This option has rarely been discussed, but is certainly viable, and it has some merits. Creating a consolidated Town of Norwich would create a town with an urbanized core but without a separate form of government managing the urbanized core. Some interesting consequences to consider by taking this approach are described below.

Benefits for the Entire Community

- The Towns may see this in a more positive light since the Towns would be acquiring the City, potentially resulting in more favorable public opinion and increased support

- The Town can still retain AIM. AIM incentives would be the same as outlined above in the City consolidation section, subject to “small town” restrictions noted below.

- There is potential for expensive public safety services (police and fire) to be reconfigured, thus reducing costs and resulting taxes for ex-City taxpayers and the community overall.

  The City and Town of Norwich fire protection districts are already served by a consolidated fire department. However, a portion of the Town of North Norwich is served by the North Norwich Fire District. Further study may determine that dissolving the North Norwich Fire District, and replacing it with a Fire Protection District which then contracts with the City, could result in more efficient delivery of fire and ambulance services to the Town of North Norwich.

  Consolidating DPW operations would result in the same types of efficiencies as noted in Option 1. However, in order to ensure professional management of a consolidated operation, the Town should consider moving to an appointed (as is currently the case in the City) from elected Highway Superintendents. Initial savings would result from the elimination of one of the three top-level managers ($79,000 if the City DPW Superintendent were eliminated).

Challenges/Limitations

- The Town entity is unable to pre-empt sales tax under current law.

- The Town cannot levy the utility gross receipts tax which is a disadvantage.

- School districts wholly or partially within a city, with populations under 125K, can impose sales tax on utility services at a rate of up to 3%. A town school district would not be able to impose this. Also, constitutional debt limits are different – 5% for school districts within a city, and 10% outside of the city.

- Norwich would receive smaller aid increases if they became a consolidated town (5%) under AIM because they would fall into the definition of a "small town".

- Town takes on services that the City was providing, but has little experience in the required scale of service provision. Thus, retaining experienced city management would be critical.

- Town does not currently pay for police, and contracts with the city for fire – taking over the City would require a renegotiation of services and a decision on how to provide these services at most economical cost to taxpayers of the entire community

Unknowns

Because this option has never been considered, one "unknown" is:

- Can you retain a Town Court and dissolve the City (State) court? This would mean taking on expenses of city court, but also presumably obtaining related revenue.

CHAPTER II: THE GREATER CORTLAND COMMUNITY

Setting

The Center for Governmental Research (CGR) was engaged by the New York State Commission on Local Government Efficiency and Competitiveness (LGEC) to evaluate shared services and/or consolidation opportunities between the City of Cortland, the Town of Cortlandville and the Village of McGraw, located in Cortland County, New York.

The City of Cortland is completely surrounded by the Town of Cortlandville. A map of the two municipalities shows that the infrastructure and population densities extend past the historical City boundaries into the Town before the community becomes much more rural. Extending from this rural area are two more densely populated nodes, representing the Village of Homer to the North and the Village of McGraw to the Southeast. With the exception of these village 'nodes,' someone flying over the area at 30,000 feet would see an integrated pattern of urbanized development, less dense suburban development and then rural farmland/forests, without any apparent constraint of artificial municipal boundaries.

This report summarizes what we believe are the key observations about how the City, Town and Village governments are organized, and how they provide the major local government services to their constituents. These observations are based on a review of local demographics, the built infrastructure, and the finances and operations of the three governments. Based on these data, CGR outlines options for restructuring government services within the greater Cortland community encompassed by the Town and Village boundaries in ways that could make the communities more efficient and cost competitive.

Incorporation

The Town of Cortlandville was formed from Homer on April 11, 1829. Cortlandville became what was then the southern half of the Township of Homer, and then added the north-east corner of the Town of Virgil in 1845. The name Cortlandville was given to the Town because of its position as the County Seat of Cortland County. Cortlandville is situated on the western border of the County, but extends east to the center over approximately 50 miles. The east and west branches of the Tioughnioga River unite in this Town.

In 1853, the Village of Cortland (the present City of Cortland) set itself apart by incorporating as a village, and was re-incorporated in 1864. New York authorized a normal school (now State University of New York at Cortland) to be erected in the region in 1866.

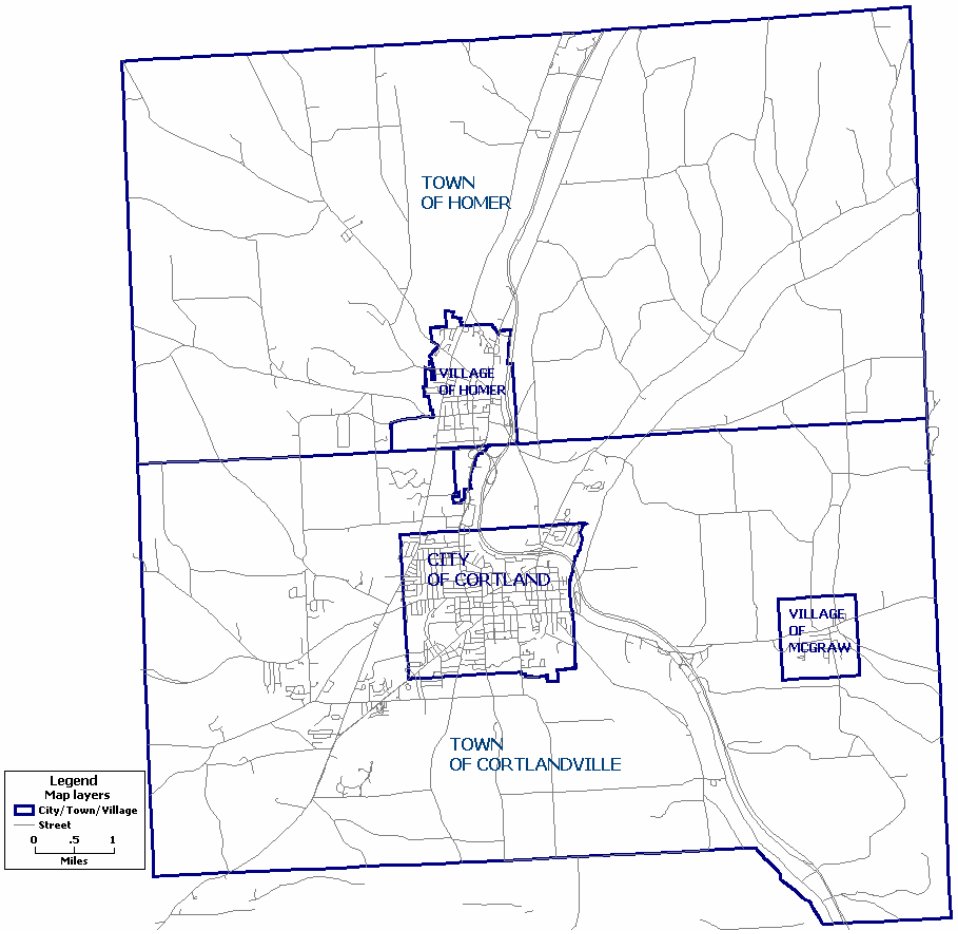
The City of Cortland incorporated in 1900 as the 41st City in the State of New York. Cortland is known as the "Crown City" because of its location on a plain formed by the convergence of seven valleys. Cortland is situated approximately 1,130 feet above sea level, making it the uppermost city to “crown” the state.

The Village of McGraw is in the eastern part of the Town of Cortlandville and is east of the City of Cortland. The community was first settled in approximately 1806 by Samuel McGraw. In the 19th Century the community styled itself as "Corset City." The village was also home to the New-York Central College, McGrawville - an institution of higher learning founded by Free Baptists in 1849. McGraw was incorporated as a village in 1869.

Population, Land Area and Elected Officials

For this report and study, the geography of the Greater Cortland Community includes the City of Cortland, Town of Cortlandville and Village of McGraw. We have anecdotal information on the Town and Village of Homer, but other nearby Towns that are not a part of this study include the Town of Marathon, the Town of Urgent, the Town of Solon, the Town of Scott and others.

The City of Cortland encompasses four square miles in the center of this community, and The Town of Cortlandville encompasses 50 square miles around the City’s borders, taking the shape of a horse-shoe. Within this Town, the village of McGraw is one square mile on the Eastern side.



The population of the larger community has stayed fairly stagnant over the last ten years. The trend in recent years has been for people living in the City to move out to the suburbs of Cortlandville where taxes are lower and there is more land available. Revenue generation for the City has become difficult with reduced property tax, and new forms of revenue are not easily available given the limitations of the city borders.

Table 1: Cortland Cluster Population, 1900-2006

	1900	1950	1960	1970	1980	1990	2000	2006	% Change, 1900 to 2006	% Change, 1990 to 2006	% Change, 2000 to 2006
City of Cortland	9,014	18,152	19,181	19,621	20,138	19,801	18,740	18,423	104%	1%	-2%
Town of Cortlandville	2,907	4,058	5,660	7,469	8,299	8,054	7,919	7,958	174%	96%	0%
Village of McGraw	2,381	1,197	1,276	1,319	1,188	1,074	991	967	-59%	-19%	-2%
Total	**14,302**	**23,407**	**26,117**	**28,409**	**29,625**	**28,929**	**27,650**	**27,348**	**91%**	**17%**	**-1%**

Source: US Census Bureau

Elected Officials	
City of Cortland	• Mayor • Aldermen (8) • City Judge
Town of Cortlandville	• Elected supervisor • Councilmen (4) • Town clerk (also collector of taxes) • Town justice • Highway superintendent.
Village of McGraw	• Mayor • Village trustees (4)

The Town and Village of Homer

The Town and Village of Homer did not form part of the larger study encompassed in this report, however due to their proximity to Cortland, and their contract with Cortlandville to provide fire protection services to part of the Town, as well as recent discussions over the last year between these municipalities on the subject of consolidation, CGR interviewed the Mayor of the Village Mike McDermott and Town supervisor Fred Forbes for comparison and anecdotal information. The village of Homer was founded in 1791, and incorporated into a village in 1835. It has a population of 3,468. The village provides police, fire, water, sewer and highway services to its residents. The tax rate for the village is $9.78 per $1000 of assessed property value. The Town of Homer has 6,900 people at a tax rate of $1.97 per $1000 of assessed property value. The Town has its own DPW, contracts to the Village for fire protection, and law enforcement is provided by the County Sheriff. The Supervisor of Homer, Fred Forbes would like to see consolidation occur at the county level or an effort to at least combine many towns in the area. There appears to be very

similar issues going on between these two municipalities as in Cortland, and any consolidation efforts on the part of the City of Cortland, Cortlandville and McGraw, should consider Homer also. It was also suggested during interviews that nearby towns of Preble, Scott, Virgil and Usher also be considered.

Financial and Service Stories

Financial Story

The accompanying table captures major expenses in the Cortland community incurred in 2006. These figures are based on information reported by the New York State Office of State Comptroller (OSC). While OSC data are useful for developing general comparisons among municipalities, it is generally accepted that OSC data do not necessarily accurately reflect true expenditures or revenues. Thus, a more detailed analysis of financial information from each entity would be necessary for a technically correct assessment of expenditures and revenues.

The largest service expense in the City of Cortland by far is public safety at $6.63M, or 30% of total expenses. Fire protection and control makes up 35% of this at $2.3M. By contrast, the Town of Cortlandville incurs only $46K in public safety costs or 0.8% of total expenses. Taxpayers are charged for fire services through a private fire district, and police services are provided by the County, therefore these are not costs incurred by the Town. However, each municipality provides its own DPW and highway services, employee benefits and general government support functions which are other major expense costs. Though each of these entities has a wholly separate municipal structure, the community does share some services – such as minimal collaboration on various projects relating to water, sewer and highway. City police and fire services answer mutual aid calls when necessary in the outlying Township or village; however neither the Town nor village reimburse the City for these services and there is no municipal agreement in place for shared services of public safety. Fully consolidated and shared resources could result in a more streamlined approach to service provision in this community, and reduce the expense of duplicative efforts.

Table 2: Cortland Cluster, Description of Major Service Provision by Budget Category

CITY OF CORTLAND	TOWN OF CORTLANDVILLE	VILLAGE OF MCGRAW	TOTAL EXPENSE
GENERAL GOVERNMENT SUPPORT			
$1,156,614	**$804,782**	**$99,929**	**$2,061,325**
PUBLIC SAFETY			
Public Safety - Law Enforcement			
72 employees, incl. 40 police officers	Covered by County Sherrif with backup from City and State	Village Policeman	3 separate entities
$3,523,363	$2,099	$30,455	$3,555,917
Public Safety - Fire Protection and Control			
38 employees including 36 full-time career firefighters	Private volunteer force with elected fire commissioner[1]	Volunteer force	
$2,329,633	$732,000	$91,128	$3,152,761
Public Safety - Other			
$777,826	$46,554	$1,185	$810,605
PUBLIC SAFETY - TOTAL			
$6,630,822	**$48,653**	**$122,768**	**$6,802,243**
HEALTH			
$0	**$2,538**	**$9**	**$2,547**
ECONOMIC DEVELOPMENT			
Economic Development - Promotion of Industry			
$273,755	**$0**	**$0**	**$273,755**
TRANSPORTATION			
Transportation - Highway			
City DPW oversees this function - DPW Sup't manages	Town DPW oversees this function, managed by elected Highway Sup't	Village DPW oversees this	3 separate entities
$1,341,339	**$2,257,468**	**$151,160**	**$3,749,967**
CULTURE AND RECREATION			
Culture and Recreation - Youth Services			
$290,209	$37,750	$42,148	$370,107
Culture and Recreation - Parks and Recreation			
$810,285	$523,295	$20,555	$1,354,135
Culture and Recreation - Other			
$197,699	$89,571	$9,768	$297,038
CULTURE AND RECREATION - TOTAL			
$1,298,193	**$650,616**	**$72,471**	**$2,021,280**
HOME AND COMMUNITY SERVICE			
Home and Community Service - Sewage			
City DPW oversees this function - DPW Sup't manages	Town DPW overseas this function - Water Sup't manages	Septic	2 separate entities
$1,765,697	$472,316	$97,677	$2,335,690
Home and Community Service - Sanitation			
City DPW oversees this function - DPW Sup't manages	Taxpayers/residents contract with private companies for their own trash pick-up	Taxpayers/residents contract with private companies for their own trash pick-up	Many entities providing service
$487,669	$0	$951	$488,620
Home and Community Service - Water			
City DPW oversees this function - DPW Sup't manages	Town DPW overseas this function with appointed Water Sup't manages	DPW administration - lift station, many residents have well systems	2 separate entities
$842,200	$288,829	42,360	$1,173,389
Home and Community Service - Community Development			
$620,734	$104,334	$30,432	**$755,500**
HOME AND COMMUNITY SERVICE - TOTAL			
$3,716,300	**$865,479**	**$171,420**	**$4,753,199**
UNDISTRIBUTED			
Undistributed - Employee Benefits			
$4,605,301	$626,680	$95,205	$5,327,186
Undistributed - Debt Service			
$2,402,044	$1,010,736	$5,713	$3,418,493
UNDISTRIBUTED - TOTAL			
$7,007,345	**$1,637,416**	**$100,918**	**$8,745,679**
GRAND TOTAL			
$21,424,368	**$6,266,952**	**$718,675**	**$28,409,995**

1. These costs, based on the 2008 fire district budget, are levied on the taxpayer by a special fire district and are not reported as an expense by the Town thus will not match financial data based on OSC reporting.

Expenses

From 1997 to 2006, expenses grew in both the City of Cortland and Town of Cortlandville. The City of Cortland has seen 40% growth to approximately $22M, with an even larger pattern of growth in Cortlandville of 54% to $6.2M.[2] The biggest growth can be seen in employee benefits and retirement costs, as well as general capital expenditures and personnel costs across every major service function. The City incurs high costs for public safety services, water & sewer and employee benefits. The Town of Cortlandville has historically paid employees higher wages than the City, resulting in a high cost of government, and has recently purchased new capital equipment and built new municipal structures.

The City of Cortland anticipates a great deal of capital expenditure over the next five years. This includes $2M for upgrading fire equipment, to replace old and outdated equipment. The City expects to need another $4-5M for capital equipment updates in other departments. The City is planning to build a fire station, for approximately $5M, (the current fire station was built in 1914, and cannot fit a new fire truck) and expects to break ground on this in 2010. The City also needs to renovate City Hall, and find a new location for municipal employees as they have been asked to give up their current space in City Hall for expansion of the City Court function. All of this is expected to be paid for via the issuing of bonds.

The Town of Cortlandville anticipates water and sewer lines to be its primary expense in the coming years. Currently the Town has a new fire station, Town hall, DPW and new, state of the art equipment for services. Growth in the Town will require new water and sewer lines, and the Town expects to incur additional costs for these in the short to mid-term future.

The Village of McGraw reported expenses of approximately $500K in 2004, and there has been limited information available for further analysis as part of this study.

Revenues

In 2006, OSC data reflected an increase in City of Cortland revenues of 20% to approximately $20M. However the last few years have seen little to no growth of revenues in the City. The 2008 budget for the City of Cortland shows expected revenues of $16.8M, a decrease of 20% in the last two years. The City of Cortlandville has seen a 58% increase in overall revenues in the same time period. The Village of McGraw has seen

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[2] Throughout this report, financial indicators are reported in nominal dollars, i.e. not adjusted for inflation.

a decline in revenue from $945K in 1997, and has not reported revenue information in 2006. The Village is not part of the revenue discussion below.

Assessed Value

The property tax revenue received in the City of Cortland has remained flat over the ten year period to 2006, while expenses have increased. The City has 48% exempt property within its borders.

The full-assessed value of taxable property in the Town of Cortlandville is 91% of the full value of the City of Cortland, a 9% increase in value over the ten year period. The full assessed value for both the City and the Town are reaching equal levels, while population in the City continues to be 58% larger than the Town.

Property tax rates have risen by 37% in the City of Cortland over the ten year period, reaching 16.38% in 2007. The tax rate in the Town of Cortlandville has increased by the same amount, reaching 3.7% over the same period.

The tax levy has grown by 38% in the City of Cortland, and 51% in the Town of Cortlandville. This shows that the increase in the levy has resulted in a direct increase in taxes for the City, while the Town has been able to increase the levy but not increase the rate by a corresponding amount. Potential reasons for this could be the subsequent increase in value of taxable property in the Town, offsetting the need to raise the tax rate.

Sales tax revenue has increased by 21% in the City and 16% in the Town over the ten year period. Between 40-50% of all sales tax revenue is actually generated in the Town of Cortlandville - as estimated by the Town Supervisor - and this town is the retail center of the county, bringing in an approximate total of $24M in sales tax revenue. The Town receives approximately $2M in sales tax revenue, or approximately 8% of sales tax generated in the County, the City receives approximately 18%, or a total of $4.3M. The remainder is split by agreement between the county and other municipalities in the county. Both municipalities agree that with a consolidated city, exercising pre-emption rights could mean the city would takes 50% of the sales tax revenue for the consolidated entity, or approximately $1-2M. in addition to what the separate entities currently receive.

State aid is an increasing source of revenue for both communities; this aid is growing more in the City of Cortland, making up a larger share of incoming revenue. The City has seen State aid increase 45% to $2.8M annually, and the Town receives approximately $300K annually.

Federal aid has also increased over the period – 43% in the City to $848K, and 100% in the Town of Cortlandville to $208K.

If a decline in funding were to occur, both municipalities could suffer due to this increased dependence on this aid.

Fund Balance

The overall fund balance for the City of Cortland decreased by 15% to $3.7M in the ten year period to 2006, after a high of nearly $6M in 1999 based on OSC data. The decrease from 2006 to 2008 has been more severe – the City of Cortland proposed budget for 2008 shows an appropriated fund balance of zero. The City plans to issue a bond to pay for any new expenses, including the anticipated capital building and equipment expenditures listed above.

The fund balance for the Town of Cortlandville has risen by 112.7% over the same period and is currently at $5.3M. Cortlandville attributes fund balance growth to increased property tax and sales tax revenue. Cortlandville continues to transfer or roll over approximately $1.5M a year into revenues from its fund balance, as this continues to grow.

The Town of Cortlandville has seen approximately $8-10M in full assessed value growth per year, which helps to offset the tax rate and increased expenditures. This revenue comes in the form of property and sales tax due to the increasing residential and business development in the Town. The City of Cortland hopes to receive approximately $1M in unpaid property taxes next year after an effort that was explained in interviews as: 'The city is planning a big foreclosure threat aimed at boosting collections 0.25% in the city'. This is not going to be enough money to cover anticipated expenses, but the City is eager to collect on what it is owed.

Implications

The financial picture is fairly straight-forward in this community. Expenses in the City of Cortland have risen, while revenue has seen almost no growth. This has left a widening gap between revenues and the expense of providing services, and has resulted in rising property taxes. Residents are moving to outlying suburbs of Cortlandville and Homer, and currently there is already 48% tax exempt property in the City. With no other sources of revenue, the fund balance has declined to nothing. The City of Cortland therefore is in a state of poor fiscal health. The City is attempting to restore its fiscal health to be more comparable to its neighbor Cortlandville and consolidation is one way to do this.

The opposite is true for the Town of Cortlandville. Residents have moved into Cortlandville from the City, business is growing here and taxable property is rising in value. Service costs have been kept under control,

primarily because the Town does not have police costs and has a volunteer fire department. As a consequence, the property tax rate has stayed very low in comparison to the City. Because revenues have grown, exceeding expenses, a positive fund balance and healthy fiscal picture have resulted. The Town could benefit from increased sales tax revenue through a consolidation, and some services could be improved through combined efforts with the City, however anecdotally it has been said that the "Town does not want to inherit the city's problems – things are going well here, and we want it to stay that way". However, during interviews, it was made clear that if the State were to mandate such a consolidation, local officials think success would be much easier than if it is up to the officials to promote, and community to decide. A mandate would remove politics and questions of equity from the equation.

A large-scale consolidation would help to equalize fiscal health in both communities. If the City consolidates, the Town would help to provide increased sales tax revenue, a positive fund balance, and streamlined production of services in the community. The City of Cortland could benefit from additional funds for capital investments, while the Town of Cortlandville could benefit from the additional sales tax revenue that could result from utilizing the city's pre-emption rights for sales tax. The large fund balance of Cortlandville could be helpful in investing in programs to draw new businesses and residents to the entire area, while both communities work together to provide services able to meet growth.

If a consolidation does not occur, it is not clear how the City of Cortland will continue to provide services to its residents. The City will continue to use debt to stay afloat and will require increased State aid and Federal aid to meet the challenges of the future. Without obvious increases in revenue sources, and no reserves, it is unclear how the City will repay debt without continued tax increases.

Services Across the Communities

While relatively few formal inter-municipal agreements between these communities were obtained by CGR, there is a fair amount of informal sharing of services. This section highlights how sharing is currently carried out between these communities.

Inter-Municipal Agreements

The City of Cortland has contracts with McGraw, Homer, and Cortlandville to provide wastewater service. This is a 30-year contract expiring in 2011. The City also has an agreement with Cortlandville to receive $18,000 for youth/recreation services. Under this agreement, the City allows Cortlandville residents to attend programs and waives any non-resident fees that would normally apply.

Law Enforcement

Approximately 40 police officers including five sergeants and two lieutenants work full time for the City of Cortland. These police officers are unionized. The Town of Cortlandville does not have a paid police force. The Town uses the county sheriff for law enforcement with backup from the City of Cortland and the State of NY. Currently there is no arrangement for reimbursement of services provided by the City to the Town. The City also provides tactical response SWAT for the larger community. SUNY Cortland is located in the City, and this is an additional draw on the city police force, especially during the weekends. Interview findings indicate that the force may be understaffed due to increased need to monitor nighttime weekend activity downtown. Meanwhile, there is an increasing need for greater law enforcement services in the Town due to increased development, especially retail development. Both City and Town officials are aware of this need.

SUNY has its own campus police who look after the campus, abutting roadways, the west campus and the sports complex.

The Village of McGraw pays one policeman to cover the village, however if the village were consolidated, the village could benefit from a rotating force already working in the area.

Fire Protection

The City of Cortland fire district provides fire protection and related services within the four square miles making up the City of Cortland, and is often first on the scene when responding to mutual aid calls for the surrounding Towns and villages. The City force has 36 career firemen and 38 volunteers, 10 of whom are qualified for interior structural fires. This force automatically responds to structural integrity fires in both the City and outlying areas, and is not reimbursed for services it provides through mutual aid. This service has three fire stations. One of these stations is an historic fire station built in 1914, which is now too small to fit new fire trucks. The City is planning to build a new fire station in 2010.

The Town of Cortlandville set up a fire district with an elected board of fire commissioners in 1982 and has two stations at different strategic positions in the Town. Previously the Town was covered by the City, Village of Homer and Village of McGraw. The all-volunteer fire district has five publicly elected commissioners, a fire chief and 52 volunteers. The annual budget for 2008 is approximately $752,000. The district recently bought a fire truck at a cost of over $800K, using money raised through the public and has several other large trucks, tankers, vehicles and capital equipment assets. The fire district sets its own tax levy at $1.59 per $1000 assessed value, and these revenues flow through the county to the district, and therefore do not show up in the Town budget. The district gets approximately 15 alarms per year, 10 fire calls a year and 1000 EMS calls

per year. It should be noted, that the area contracts with a private ambulance service and all entities are happy with this service.

The volunteer force agrees that the City provides mutual aid services and is not reimbursed, however interviewees for this report expressed that there is an important reciprocal relationship between the City and the Town. In the past, the City operated on nine people per shift, but now can only provide six people per shift. This means that volunteers are necessary, and the Town responds in kind. The City however, only calls upon the Town if after arriving at the scene, feels it is in need of mutual aid. It was the opinion of interviewees, that Cortlandville provides adequate mutual aid to the City when needed. In Cortlandville, mutual aid was an important point, and it was strongly expressed in interviews that the system of mutual aid remains in place because it is “the best system for the area”. Data to support this has been requested but is still outstanding. It was also expressed that “if any consolidation were to occur, than the most optimal solution is for a county-wide fire district, as this is really the most efficient way to run fire services.” During interviews it appeared that the Cortlandville fire commissioners may see a county consolidation rather favorably vs. a town-city consolidation of fire services. Unfortunately, differing views on career vs. volunteer, as well as how and where to spend tax dollars resulted in the creation of these separate fire districts at the tax payers expense. The equipment resources are inequitable between the City and Town, and there has been no recourse to address this, nor any inter-municipal agreements to provide fire protection. This has resulted in added expenses and inefficiencies all across the board in this community.

The village of McGraw has a volunteer service also with expenses of approximately $78K per year. The village has two fire trucks and provides some coverage of the east-side of Cortlandville. Volunteer support has dwindled in recent years given the location of McGraw, and need for residents to travel to work in other locations away from the village. Volunteer availability is minimal during the day and this is increasingly a difficulty for Cortlandville. In order for Cortlandville volunteers to manage the Polkville Station (Station 2), they must travel through the village of McGraw.

The Village of Homer provides service to a fire protection district in Cortlandville that is not covered by the Town fire district. The village has a strong volunteer company with 150 volunteers including 50 very active members.

Given the above synopsis, the geography of the Greater Cortland Community makes the case for a consolidated fire service in the community. During interviews, it was reported: "The geography of this community calls for a combined fire service – it just makes sense to have

one combined service covering the whole area." It appears that while most officials are in agreement that shared service makes sense, there is disagreement over how this could or should be done. Repeatedly, interviewees expressed the frustration that very strong personality conflicts and 'turf wars' continue to drive disagreements and stop change from occurring.

Water & Sewage

Water in this community is abundant due to the fact that the whole area sits on an aquifer. Water is sourced easily by digging into the ground and piping up (similar to a well). The Town and City have independent and wholly separate departments for this. The City of Cortland has three tanks and provides water to its residents and businesses. The Town has two tanks - water is completely separate from City, although the pipe systems do join at key points, providing necessary back-up.

The Town of Cortlandville is developing quickly and looking for new ways to bring water to residents. As the Town of Cortlandville grows, the need for extended water & sewage pipeline will grow also. The Town expects this to be a capital expense in the future.

The Town and City are currently collaborating on one project that involves business development near the river. The City already has pipe under the river. The Town has an option to build pipeline across the river to service growing development in one part of the Town. The estimated cost for this project is $1M, as it will include 60 service connections for hotels, businesses, etc. Because the City already has the needed pipeline, talks are occurring to collaborate on this project and save the expense of creating a new pipeline. However, the decision to collaborate is not yet final.

Highway

The City is four square miles in area, while the Town is 50 square miles in area. The two entities have wholly independent and separate departments for maintenance of the roads but informally share services where and when they can. The City and Town occasionally share services for snow removal. The two departments have different levels of equipment, with the Town having newer, larger trucks, compared to generally older City equipment. Consolidation would help to streamline these resources and offer a more unified service across the community reducing the need for duplicated efforts.

During interviews, it was reported that officials see an opportunity for better cooperation in DPW in order to reach agreement on 'who plows what streets.' A combined department could provide some benefits to all. If the departments consolidated, equipment could then be used more efficiently in both the City and Town, and resources streamlined.

Options for Greater Cortland Community

Shared Services

There are several opportunities for increased sharing or consolidation of services. Cost savings from these shared services would be similar to those identified in the next section that describes consolidation options. The primary shared services opportunities are:

Fire Protection

The City and Town districts have a mix of resources – consolidation of services would allow for both resources and staff to be streamlined over the entire community thereby providing better service to all. The City has a paid and unionized Fire Service with 36 full time career fire fighters. Because they are full-time and the service is staffed 24 hours a day, the City force is often first on the scene at mutual aid calls in Cortlandville. When the volunteers respond to their district, they take over when they arrive. This is an inefficient use of resources and if the service is consolidated, resources could be maximized to provide a better service. The redundant amount of equipment for a district that received 10 fire calls a year is unnecessary and inefficient.

Law Enforcement

The City has a large full-time force and the Town uses the services of the County Sheriff. The increased business development in the Town has led to an increased need for police protection. The City provides backup to these areas along with the State Police. Through a shared service agreement, the City could cover Cortlandville. Currently, the Town Supervisor is considering contracting out to the County Sheriff to pay for a police car and unit to be stationed in Cortlandville. If the Town and City share, the City would be reimbursed for its services, and the cost could be distributed over the region. Currently, city police are collaborating with the County Sheriff for a central booking service for the region. The City currently does not have appropriate methods to hold prisoners and the County will take prisoners until they can be arraigned. The City Police Chief would like to expand this to include Cortlandville. If the city police were to share services and cover Cortlandville also, the Police Chief reported he would potentially need an additional two or three patrolman.

DPW

A consolidated DPW would include highway, water and sewage. Currently, there are three separate departments, with some assistance being provided to the Village of McGraw's small department by the Town. By sharing these services and consolidating the function into one department across the region, duplication of duties could be eliminated. The City has expressed a desire to increase revenue from water and sewer

systems and the potential for this through consolidation is high, given the Town's need for additional lines. The Town is developing, and recognizes the need for future water and sewer services. The City already provides backup for water and has pipeline that could be extended, as opposed to drilling and creating new pipeline for new Town projects. Management of the function could be seamless and centralized. Administration of sewer could also be consolidated, and residents could pay tax on services they receive as one sewer district across the Town and City.

Sanitation

A detailed cost analysis is necessary for sanitation to determine if cost savings could result from a consolidated sanitation effort. Currently, a number of private entities provide garbage pick-up for Cortlandville residents, while the City contracts for garbage pick-up for city residents.

Details on personnel savings if duplicative functions were eliminated are listed below under the following consolidation options.

Consolidation

This section explores two alternatives for full consolidation: consolidating the Town into the City and consolidating the City into the Town. Consolidating all municipal operations at the county level was mentioned in several discussions within this group; however the modeling necessary to show benefits and costs was not part of this study

Option 1: Expansion of City and Dissolution of Town and Village

Typically, discussion of town, city and village mergers assumes that the city would be the surviving entity. The town and village would either be annexed by the city, or the town and village would agree to merge with the city. Creating a new City of Cortland that incorporates the current Town and Village would create a new municipal entity that would be 55 square miles in size, larger than any of the four largest cities in the State.

Benefits for the Entire Community

- Increased Sales Tax Revenue

  Under current law, increased sales tax revenue can be obtained through consolidation into one larger City. If the Town and City consolidate into one City, the larger City would have the potential to pre-empt sales tax revenue at up to 50% of sales generated in the City. Currently the majority of retail sales occur in the Town. Taxes collected on this revenue would become part of City sales tax revenue. This would allow for more equal distribution of revenue across the larger community.

Sales tax revenue is currently estimated at approximately $24M for Cortland County. Of this, approximately $4M goes to the City and $2M goes to the Town each year. The other $18M goes to the County of Cortland and is split among Towns and villages in the County.

Under consolidation, and assuming the combined entity utilizes pre-emption rights and claims 50% of the sales tax generated within the combined entity, the following calculation of new revenue would apply:

Table 3 – Effects of Consolidation on Sales Tax Revenue

Without Consolidation (Current Sales Tax Revenue)		
Total County sales tax revenue		$24,169,000
Portion to City	17.75%	$ 4,290,000
Portion to Town	8%	$ 1,933,000
Combined	**25.75%**	**$ 6,233,000**
Option 1 (60%): Expansion of City, Dissolution of Town		
Total potential sales tax revenue:60% of $24,169,000		$14,501,400
Portion to combined entity with 50% pre-emption		$7,250,700
Increase over current revenue		**$1,017,700**
Option 2 (70%): Expansion of City, Dissolution of Town		
Total potential sales tax revenue:70% of $24,169,000		$16,918,300
Portion to combined entity with 50% pre-emption		$8,459,150
Increase over current revenue		**$2,226,150**

- Additional AIM Revenue

Under current law, the consolidated municipality would receive an additional 25% of the municipalities' combined Aid and Incentives for Municipalities (AIM) (revenue sharing). This would result in $515,028 of additional AIM funding for new City of Cortland, based on the municipalities 2007-08 AIM funding. This additional AIM funding would continue indefinitely under current legislation. Over the first five years, total AIM funding with this incentive would be $2,575,140. In addition, the Executive Budget proposes two additional options that consolidating municipalities could choose from: 1) annual aid equal to 15 percent of the combined property tax levy, up to $1 million per year or 2) $250,000 in the first year, reduced by $50,000 a year for the following five years. If enacted, the consolidating municipality could choose one of the three options. CGR calculates that under Option 1, total AIM funding would be the maximum of $1,000,000 per year, or $5,000,000 for the first five years, and under Option 2, the total for the first five years would be $750,000.

- Reduced Expenses

  Personnel savings would be realized from the consolidation of governments. At a minimum, most if not all of the costs of general government support for the Town and Village would be eliminated.

- More equitable distribution of costs and services.

  A consolidation would equalize assessments and tax rates, making the system more transparent and producing a more equitable distribution of costs for the services provided.

- Additional local powers – obtained through the Municipal Home Rule Law NYS Constitution Article IX. Effectively the new City could now amend local laws in relation to "property, affairs or government" different to general law, covering what was previously the Town. Towns do not have these additional powers currently. This community would benefit from being able to determine its own laws around environment, property, licenses, ordinances and much more.

- Adoption of new tax collection laws – Cities have the power to change tax collection laws and claim gross utility taxes - the Town of Cortlandville currently does not have this power.

  Additional resources will be available for necessary capital projects to benefit whole community. For example, The City of Cortland needs a new fire station, new capital equipment and restoration of city buildings. These projects could come from combined fund balances of two entities.

Current Fund Balance, Cortlandville (OSC, 2006)	$5,366,000
Additional sales tax revenue (see above)	$5,851,500
Total Fund Balance of Combined Entity:	**$11,217,500**

Savings by Consolidation

The areas with the largest potential for immediate savings are listed below. Some functions that would appear to benefit from consolidation were not identified as having obvious efficiency savings from the outset – for example, water and sewer operations. However, in the long term, it could be expected that central management of two currently separate functions like water and sewer operations would identify efficiencies. For those areas where immediate savings could be reasonably identified, the cost savings listed below reflect basic salary costs as reported in data provided by the municipalities. The purpose of these calculations is to identify reasonable minimum potential savings for use in driving future discussions.

- Governing Costs

Table 4 – Current Legislative/Management Costs

Cortlandville Town Council, 2008	5 people	$60K
City of Cortland Council, 2008	9 people	$53K
Total, 2008	**14 people**	**$113K**

A board or council of some kind would still be necessary but for purposes of discussion, CGR assumes a potential savings of approximately one mayor/supervisor and three board members.

Total Estimated Savings: $40K in personnel costs plus benefits

- Clerk Function

Currently there is one Chief Administrative Officer, with a deputy, and a City Clerk with a deputy. In Cortlandville there is a Town Clerk with two deputies. The Town Clerk is also the collector of taxes for Cortlandville.

For purposes of discussion, if one Town clerk and two deputies were eliminated:

Total Estimated Savings: $85K in personnel costs plus benefits

- DPW Function

The DPW departments are currently managed by one City DPW superintendent and one Town Highway Superintendent with four deputies. Initial savings would come from eliminating a duplicative management function; in the long term additional savings could be realized as a result of reducing duplicate equipment and more efficiently coordinating services.

Minimum savings potential by eliminating, for discussion purposes, one superintendent and two deputies:

Total Estimated Savings: $162K in personnel costs plus benefits

- Town Court Function

Local taxpayers within the new City could see a direct cost reduction (although technically this would be a cost shift) because Town court personnel costs currently being paid by Town taxpayers would be eliminated if these personnel are consolidated into the City Court, which is funded by the New York State Court system. While the Town court costs would be eliminated, court related revenues would likely be retained at approximately the same level as if the Town court were not

abolished, based upon CGR's research into Town and City Court revenues

Minimum savings potential by eliminating the Town court function including, for purposes of discussion: 1 Town Justice, 3 Deputy Court Clerks and Town attorney:

Total Estimated Savings: $170K in personnel costs plus benefits

Total Estimated Savings, Option 1

$570,000 in personnel costs per year plus benefits. Assuming 35% benefits for all full-time employees noted above, total estimated savings could be in the range of $770,000 per year.

Challenges/Limitations

While there are potential savings as identified above, there are numerous barriers or challenges to this option that need to be factored into any cost/benefit discussion. Major barriers/ challenges identified include:

- Home Rule – Article IX of the State Constitution has been significantly amended, adding the local government "bill of rights" and strengthening "home rule" authority. Article IX grants power to the local governments over their own property, affairs, and government; likewise, it restricts the power of the State Legislature to act regarding a local government's property, affairs, and government except by general law or special law upon a home rule request. This will be something to consider, but the Constitutional restriction on annexation should not restrict a consolidation, dissolution or incorporation of a city and/or a town.

- Merger of unionized professionals (in the City) with non-unionized professionals (in the Town) – pay rates, benefits and working conditions would need to be equalized, which will likely reduce personnel reduction savings. It will be necessary to ensure any special law regarding the city –town consolidation clarify the rights and duties of the of the successor city with respect to their bargaining unit employees.

- There are also specific Civil Service Law requirements for transferring employees that would need to be followed carefully. In addition, the communities would need to develop a plan to transition from current staffing levels to any reduced levels that addresses currently filled positions, and whether or not to eliminate those positions or phase them out through attrition.

- It could be difficult to get agreement from citizens of the Town, who are likely to see a consolidation as "taking on the city's problems." Town residents, according to the leaders we interviewed, appear to be happy with the current state of affairs.

- Personality conflicts and difficulties between officials could block successful completion of any consolidation initiative. Disagreement between Town and City on spending could mean substantial conflict in any proposed consolidation of management functions.

- Increased expenses, e.g. a consolidated City Police force would need additional staff to cover the Town; costs of expanding water and sewer would fall to the new entity.

- The potential of increased property taxes for current Town taxpayers as the combined costs of the new entity are spread across the entire community. However, this is by no means clear – a detailed analysis of the impact on costs and how they would be distributed over the entire tax base is needed, including the potential for increasing sales tax revenues through preemption. It is also possible that the increased sales tax revenue from preemption, in addition to the reduction of the total tax levy as a consequence of the cost savings identified above, could result in a significant property tax reduction for all taxpayers in both the current City and Town. Community leaders we interviewed were very concerned, however, that any changes to the county-wide sales tax, either through preemption or some other strategy, should be based on a plan that incorporates the needs of the entire county, so that shifts can occur over time to minimize negative impacts on county residents outside the new consolidated city.

- Any indebtedness would have to be allocated separately to current city and town taxpayers through separate debt districts, similar to the process used to hold harmless town taxpayers from paying village debt when a village dissolves.

Two-Tier Tax System

One of the concerns with consolidating the town and village into the City is that a large portion of this area has a rural character. Residents in these sections do not necessarily want or need city services, and they do not want to incur taxes to pay for the city costs.

A two-tiered tax system, currently used in Rome, Oneida and Saratoga Springs, offers a compelling compromise. Under this system, the city is divided into zones. Each zone receives a different set of services, and is taxed accordingly. This strategy would allow the municipalities to gain the benefits of consolidation noted above (e.g., increased sales tax revenue, one government municipality for administration of services), while recognizing the different character (and the reality of service distribution) in different parts of the town or village. The formalization of a high-service district (i.e., one that has water, sewer, and lighting) would also provide a foundation for planning future development.

The two-tiered tax option can be used in conjunction with Option 1 above.

Benefits to the community

- The two entities retain all of the benefits above.
- Government is handled under one municipality.
- Taxes are based on level of service and therefore can be at different rates in two different zones.
- Perception of fairness upheld for people currently paying much less in taxes (Town of Cortlandville).

Limitations

If the rural zone (Cortlandville) is taxed at a lower rate but continues to grow, more services would be necessary in this part of the community. This would necessitate adjustments to the zones in order to keep the system fair.

Option 2: Expansion of Town and Dissolution of City and Village

An alternative to dissolving the Town and Village into the City would be to dissolve the City and Village into the Town. This option has rarely been discussed, but is certainly viable, and it has some merits. Creating a consolidated Town of Cortland would create a town with an urbanized core but without a separate form of government managing the urbanized core. Some interesting consequences to consider by taking this approach are described below.

Benefits to Entire Community

- The Town may see this in a more positive light since the Town would be acquiring the City, potentially resulting in more favorable public opinion and increased support.
- The Town can still retain AIM. AIM incentives would be the same as outlined above in the City consolidation section.
- There is potential for expensive public safety services to be reconfigured, thus reducing costs and resulting taxes for former City taxpayers and community overall.

  The Cortlandville Fire Company could be reconfigured to include career firemen currently working for City – and equally cover the entire community, under leadership of elected Fire Commissioners. This district would become a mixture of paid career and unpaid volunteer firemen. Taxes would be spread across the entire community, resulting in a reduction of costs for City.

DPW functions could be consolidated, resulting in the same types of efficiencies described in Option 1. Currently the Town has an elected Superintendent and two deputies which would cover the expanded operations with some of the city staff. For the purposes of discussion, elimination of the city DPW superintendent would result in an initial savings of $73K plus benefits.

The Town of Cortlandville government would take on all municipal services that City was providing. Currently the Town has better, more updated equipment, a new Town hall and a new fire station and staff are not currently unionized (town employees are generally higher paid than corresponding city employees).

The new entity would have more revenue to disperse over the entire community. Cortlandville currently has a surplus fund balance of $5.3M – this could be used as new entity deems fit: potentially to rehabilitate buildings/stores in what would become the new 'Town' center. Town can use this money over the entire community to provide better services or cultural opportunities to taxpayer.

If the City were dissolved, an opportunity for new planning could present itself. The Town could reconfigure this and attempt to bring new development into the City using surplus balance. For example, if City court was dissolved, and one or more fire stations relocated, the Town could potentially sell these buildings to developers in City.

Challenges/Limitations

As with the consolidation of the Town into the City, several interesting challenges or barriers would need to be addressed to move forward. Some key challenges are:

- The Town entity is unable to pre-empt sales tax under current law.
- The Town cannot levy the utility gross receipts tax which is a disadvantage.
- School districts wholly or partially within a city, with populations under 125K, can impose sales tax on utility services at a rate of up to 3%. A town school district would not be able to impose this. Also, constitutional debt limits are different – 5% for school districts within a city, and 10% outside of the city.
- Town does not currently pay for police, garbage, fire – taking over the City would require a renegotiation of services and a decision on how to provide these services at most economical cost to taxpayers of entire community. Residents of Town would most likely incur increased costs for services.

- The volunteer fire company is opposed to having a mixed career/volunteer force. Negotiations would be necessary to find an optimal solution for fire service given the history of differing perspectives.

Unknowns

Because this option has never been considered, there are a number of "unknowns." One such unknown is:

Can you retain a Town Court and dissolve the City (State) court? This would mean taking on expenses of the City court, but also being able to retain any revenues.

Chapter III: The Greater Oneonta Community

Setting

The Center for Governmental Research (CGR) was engaged by the New York State Commission on Local Government Efficiency and Competitiveness (LGEC) to evaluate shared services and/or consolidation opportunities between the City of Oneonta and Town of Oneonta, located in Otsego County.

The City of Oneonta is completely surrounded by the Town of Oneonta. A map of the two municipalities shows that the infrastructure and population densities extend past the historical City boundaries into the Town before the community becomes much more rural. Thus, someone flying over the area at 30,000 feet would see an integrated pattern of urbanized development, less dense suburban development and then rural farmland/forests, without any apparent constraint of artificial municipal boundaries.

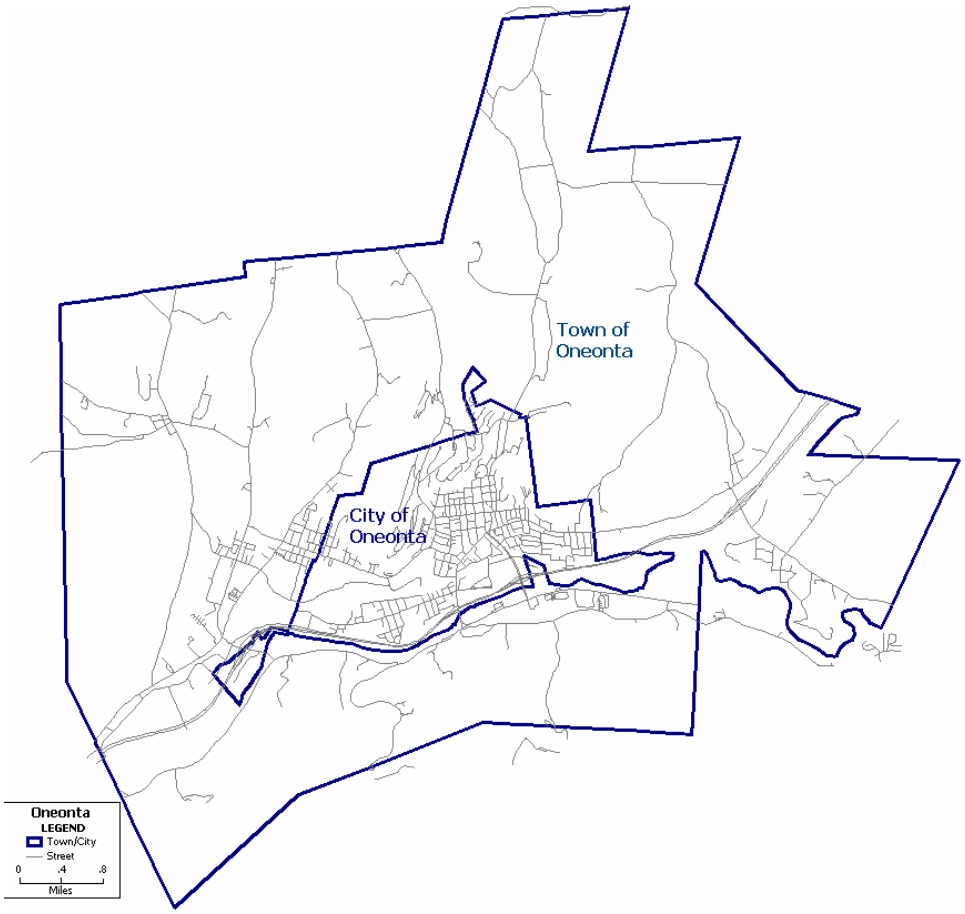
This report summarizes what we believe are the key observations about how the City and Town governments are organized, and how they provide the major local government services to their constituents. These observations are based on a review of local demographics, the built infrastructure, and the finances and operations of the two governments. Based on these data, CGR outlines a number of options for restructuring government services within the greater Oneonta community encompassed by the Town boundary in ways that could make the communities more efficient and cost competitive.

Incorporation

The Town of Oneonta was established in 1830 from parts of the Towns of Otego and Milford. The community of Oneonta set itself off from the town by incorporating as a village in 1848. The Village of Oneonta became a city in 1908.

Population, Land Area and Elected Officials

The Town of Oneonta has a total of 33.6 square miles. The City of Oneonta has a total area of 4.4 square miles.



In recent years (2000 to 2006), the community has seen minimal growth (0.6%). The Town has experienced modest growth (3.2%), while the City has experienced a slight decrease in population (-0.4%).

Table 1: Oneonta Cluster Population, 1900-2006

	1900	1950	1960	1970	1980	1990	2000	2006	% Change, 1900 to 2006	% Change, 1990 to 2006	% Change, 2000 to 2006
City of Oneonta	-	13,564	13,412	16,030	14,933	13,954	13,292	13,238	-	-2%	-0.41%
Town of Oneonta	8,910	3,508	4,068	4,185	4,655	4,963	4,994	5,152	-42%	47%	3.16%
Total	**8,910**	**17,072**	**17,480**	**20,215**	**19,588**	**18,917**	**18,286**	**18,390**	**106%**	**8%**	**0.57%**

Source: US Census Bureau

Elected Officials	
City of Oneonta	• Mayor • Aldermen (8) • City Judge
Town of Oneonta	• Town Supervisor • Board Members (4) • Town Clerk (also receiver of taxes) • Highway Supervisor

Financial and Service Stories

Financial Story

The accompanying table captures the expenses the Oneonta municipalities incurred in 2006 for different types of services. These figures are based on information reported by the New York State Office of State Comptroller (OSC). While OSC data are useful for developing general comparisons among municipalities, it is generally accepted that OSC data do not necessarily accurately reflect true expenditures or revenues. Thus, a more detailed analysis of financial information from each entity would be necessary for a technically correct assessment of expenditures and revenues.

A large service expense – fire protection and control – is a shared service with the Town of Oneonta Fire District contracting with the City of Oneonta for fire protection and control to the Town. Each municipality provides its own general government support services, highway, and debt services. Law enforcement, another of the largest combined costs, is dominated by expenditures for the City police. While the Town has a two-person police department, much of its law enforcement is provided by the County Sheriff and State Troopers. The City provides water and sewer services, which combined are the fifth largest service expense, to portions of the Town. The Town also operates two small water districts. Culture and recreation, the sixth largest combined expense, is dominated by expenses for City parks and youth programs (recreation) and the City library (culture).

Table 2: Oneonta Cluster, Description of Major Service Provision by Budget Category		
CITY OF ONEONTA	**TOWN OF ONEONTA**	**TOTAL EXPENSE**
GENERAL GOVERNMENT SUPPORT		
$2,300,052	**$366,959**	**$2,667,011**
EDUCATION		
$2,896	**$0**	**$2,896**
PUBLIC SAFETY		
Public Safety - Law Enforcement		
City Police	Town constables, County Sheriff, State Troopers	
$2,496,333	$38,031	$2,534,364
Public Safety - Fire Protection and Control[1]		
City Fire Department	Town of Oneonta Fire District contracts with City Fire Dept. for fire protection and ambulance; Town also contracts with the West Oneonta Fire District	
$2,225,395	$582,000	$2,807,395
Public Safety - Other		
$331,940	$96,934	$428,874
PUBLIC SAFETY - TOTAL		
$5,053,668	**$716,965**	**$5,770,633**
HEALTH		
$2,535	**$16,040**	**$18,575**
TRANSPORTATION		
Transportation - Highway		
City Department of Public Works	Town of Oneonta Highway Department	
$1,341,726	$751,092	$2,092,818
Transportation - Public Transportation[2]		
$93,270	$0	$93,270
Transportation - Other		
$40,189	$0	$40,189
TRANSPORTATION - TOTAL		
$1,475,185	**$751,092**	**$2,226,277**
ECONOMIC ASSISTANCE AND OPPORTUNITY		
$43,119	**$0**	**$43,119**
CULTURE AND RECREATION		
5 parks, library, youth programs	Playground, pool	
$1,296,686	**$101,724**	**$1,398,410**
HOME AND COMMUNITY SERVICE		
Home and Community Service - Sewage		
City Department of Public Works	City sewer to limited sections of town; Septic	
$894,713	$256,822	$1,151,535
Home and Community Service - Water		
City Department of Public Works	City water to limited sections of town; Town maintains two small water districts; Well	
$868,817	$24,842	$893,659
Home and Community Service - Other		
$199,254	$10,230	$209,484
HOME AND COMMUNITY SERVICE - TOTAL		
$1,962,784	**$291,894**	**$2,264,678**
UNDISTRIBUTED		
Undistributed - Employee Benefits		
$860,753	$175,863	$1,036,616
Undistributed - Debt Service		
$988,749	$249,854	$1,238,603
UNDISTRIBUTED - TOTAL		
$1,849,502	**$425,717**	**$2,275,219**
GRAND TOTAL		
$13,986,427	**$2,670,391**	**$16,656,818**

1. This figure is based on 2006 revenue reported in the City's 2007 budget. The revenue would have come from the Town of Oneonta Fire District tax, which is not reported in the Town's budget. It is reported here to provide a complete sense of services costs but will not be reflected in the 2006 financial data in the Appendix.

2. These figures exclude costs of bus service in both the City and the Town

Expenses

Total expenses increased for both municipalities between 1997 and 2006. The City of Oneonta saw a 40% increase, while the Town saw an increase of 12%[3]. The City's expenses have increased more rapidly in the last 5 years at 22%, compared to 10% in the Town. Major drivers of municipal expense growth include general government support (16% of City and Town expense budgets), public safety (police and fire), highway, water and sewer, debt and employee benefits, although the drivers are slightly different in each municipality.

The expenses with the largest percentage of growth in the City of Oneonta include: employee benefits (71%), law enforcement (67%), general government support (52%), transportation (45%), and fire protection and control (29%). These growing expenses also include some of the most significant expense items as a total of all expenses: public safety (police and fire) is 31% of total expenses, government support 16%, transportation and highway 11%. In the Town of Oneonta, expenses grew significantly in employee benefits (88%), water (57%), sewer (49%), government support (41%) and highway (16%). The largest expense items in the Town are: highway (36%), government support (16%) and water & sewer (12%).

Revenues

Total revenue increased in both municipalities in the period between 1997 and 2006. The City saw 53% growth, compared to 25% in the Town. Property tax represents the largest percentage of revenue in each municipality representing on average 43% of the total annual revenues in the Town, and 31% of total annual revenues in the City. From 1997 to 2006, property tax revenues increased by 32% in the City and by 2% in the Town of Oneonta. Tax levies have increased in both municipalities with the City seeing a 20% increase from 2000 – 2007 compared to 7% in the Town. Property tax rates in the City decreased 60% to $12.64 and can be attributed to the move to full value assessment. The Town tax rate showed a 2% decrease over the seven-year period to 3.44%.

Assessed Value

The full valuation of taxable real property between 1998 and 2005 increased in both municipalities, most rapidly in the Town of Oneonta (19% compared to 5% in the City). Fully taxable assessed value of property also increased in both municipalities, with assessed value in the City increasing by 180% compared to a 6% increase in the Town. The differences in trends between assessed and full value are explained by the

[3] Throughout this report, financial indicators are reported in nominal dollars, i.e. not adjusted for inflation.

City's move from assessing at 38% of market value in 1998 to full value assessment in 2005, while the Town was moving from full value assessment in 1998 to 90% assessment in 2005. In this period, the percentage of full value of property in the community represented by the City has declined slightly, from 56% to 52% of the community's total value, while the percentage of full value represented by the Town has increased from 44% to 48%.

The numbers for taxable assessed value of property in the City of Oneonta do not reflect the large amount of tax-exempt properties in the City. In 2000, tax-exempt properties represented 50% of the assessed value of all properties in the City. One of the concerns is that continued expansion of the largest non-profit entities (the hospital and the colleges) will take even more residential properties off of the tax base, further increasing the tax burden on the remaining residents.

Revenue from other taxes increased in the Town and City by 108% and 104% respectively (primarily made up of sales tax).

State aid increased 136% in the City and 107% in the Town between 1997 and 2006. Federal aid to both municipalities decreased 21% in the City and 100% in the Town in the same period and represents less than 1% of the total annual revenue of either municipality.

The Town saw an increase in water (19%) and sewer (5%) revenues over the period, while the City saw a decrease in water (-15%) and sewer revenues (-5%).

Fund Balance

The general fund balances increased in the Town and City of Oneonta by 300% and 203% respectively from 1997 to 2006. The City's four funds had combined assets of $11,434,386 at the end of 2006, with the general fund accounting for 86% of the combined assets. The Town's five funds had combined assets of $1,816,109 at the end of 2006, with the general fund representing 65%, the sewer fund 17%, and the highway fund 15.5% of combined assets.

Implications

Both municipalities in the Oneonta community have seen revenues increase faster than expenses, which has allowed them to reduce debt, and increase their fund balances. However, both face increasing costs and while the expenses of some major services are shared (fire protection, water and sewer), other significant costs (e.g., highway, general government support, employee benefits) are borne by each municipality. The result of this separation is seen in duplicative efforts and added costs for these functions.

Services Across the Community

Both municipalities rely heavily on property tax and sales tax revenues. The full valuation of taxable real properties (not counting exempt properties) is converging and almost equal in the City and Town in 2006. The City has a slightly more diversified revenue stream, but is likely nearing the political limits of its ability to increase property taxes. Both municipalities' reliance on state aid is a concern, because if state funding dries up, both entities could be in trouble. Increased collaboration in terms of shared services and serious consideration of options for consolidation offers a means to control costs and share fiscal resources in ways that will benefit everyone in the Oneonta community.

Inter-municipal Agreements

A significant amount of inter-municipal sharing and/or consolidation of key services of fire, water and sewer currently take place between these two municipalities. There is also a fair amount of informal sharing of services in other functions. This section highlights how sharing is currently carried out between these communities.

There are several inter-municipal agreements between the City of Oneonta and the Town of Oneonta, covering fire protection, water and sewer, and economic development. At the time of this report, CGR was only been able to obtain the recently negotiated fire protection agreement.

- A key shared service is covered by an inter-municipal agreement between the Town of Oneonta Fire District and the City of Oneonta for the City to provide fire protection services to the Town. We were informed that the initial agreement was signed shortly after the formation of the Town of Oneonta Fire District in fall 1979. A new agreement was signed on January 4, 2005 and extends until December 31, 2009. Under this agreement, the Town was to pay the City a pre-determined fee for fire protection service in 2005 ($517,500) and 2006 ($582,187). For calendar years 2007, 2008 and 2009, the annual payment is determined by:

1. Calculating the ratio of the "Total Full Value" of the Town Fire District to the total full value of the Town Fire District and the City, and

2. Multiplying that ratio by the most recent fiscal year "Total Net Costs" of the City Fire Department.

The costs and revenues to be used in determining "Total Net Costs" are explicitly set forth in an appendix to the agreement. The agreement also details how to calculate the figures for "Total Full Value." Payments are

made in 1/3 increments on June 1, September 1, and December 1, of the contract year.

- There is a separate inter-municipal agreement between the City and the Town for the City to provide ambulance service. While the users are billed on the basis of use, the City charges the Town an additional fee (currently $14,000) to cover bad debts/clients that do not pay.

- The City and Town cooperated in the creation of the Pony Farm Industrial Park. The City provided infrastructure, land, and funds, and the town also provided land. Both municipalities share in property tax revenues or Payments in Lieu of Taxes (PILOTS) from the industrial park. The park is managed by the County of Otsego Industrial Development Authority.

- The City had previously extended its water services to 600 residents in the Town of Oneonta, charging these residents a 50% premium for access to City water. The City recently decided it could no longer simply extend its services in this manner, and is negotiating a new inter-municipal agreement covering the creation of a new water district in the Town of Oneonta.

- The Town operates four sewer districts that tie into the City's water treatment facility. The City charges the Town for reserve capacity in its waste-water treatment system (at rates that are 50% above the City rates) based on sewer flow and volume of particulates. CGR was told that there are penalties in the contract if the Town exceeds its flow or particulate limits. The municipalities are currently negotiating a new contract.

Police Services

The City of Oneonta maintains a full service Police Department, paid for by city taxpayers as part of the city budget. The Town employs two part-time officers. The Town is also served by the County Sheriff who provides patrol and emergency response services as part of the service provided to towns and paid for by all county taxpayers.

Fire Protection

The City of Oneonta provides fire protection and ambulance service on a regional model, covering the City of Oneonta and the majority of the Town of Oneonta. The initial framework for setting rates for fire protection service was set forth in an early inter-municipal agreement between the Town of Oneonta Fire District and the City of Oneonta creating the basis for this service. The Town established a separate fire district in 1979 so that it would have the ability to create its own fire department. This provided a leverage point in negotiations with the City and a fall back in case a satisfactory agreement could not be reached. The

initial agreement allowed the City to submit an annual cost to the Town based on the City Fire Department's annual budget, with a prorated calculation of costs based on property value. Over time, the Town began to question the costs being charged by the City, and a revised agreement, now in effect, was negotiated that clearly specifies the line items that can be included in the Fire Department's cost expense allocations, as well as the formula for prorating costs to the Town. By all accounts, all parties are happy with the transparency and equity achieved in the new agreement.

As noted above, the City also provides ambulance service to the Town. While the users are billed on the basis of use, the City charges the Town an additional fee (currently $14,000) to cover bad debts/clients that do not pay. The ambulance contract was renegotiated at the same time as the fire protection agreement.

Water and Sewer

The City of Oneonta provides water and sewer services to some sections of the Town of Oneonta. The City used to unconditionally extend its lines into the Town, to the point where 600 Town residents were receiving City water service. Given the continued expansion of development in the Town, the City has decided it can no longer extend its service in this manner. It is currently negotiating with the Town for the creation of the first water district in the Town served by the City. The district is being implemented to cover a senior citizens housing development in the Town. The Town operates two water districts of its own. One was created to provide water to the Pyramid mall, while the other was "inherited" from a developer that built the system as part of a housing project. For both of these districts, the Town provides water from wells, and runs the districts with town employees. The Town would consider expanding both of its districts to meet future demand.

The Town operates four sewer districts that, through an inter-municipal agreement, empty into the City's waste water treatment system. The contracts between the City and the Town for sewer service are based on an allowable limit of flow of particulate matter into the City treatment plant from the Town. The contracts contain penalties for exceeding the contracted limits. The Town and the City are in the midst of prolonged negotiations for a new sewer contract.

The new Susquehanna River Basin regulations on water quality will impact the water system and make this an even more serious concern in the future. As the regulations kick in, the impact of development in the town on the water basin (and the need for oversight) will be a growing issue.

A significant portion of the City's water system and water shed are in the Town. The City would like: (1) an inter-municipal agreement to reduce the

assessment/property tax the City pays on its water system property in the Town; (2) the ability for the City police to patrol the water system properties; (3) the ability for the City to ensure that the City is fairly compensated if development in the Town increases demand for city services or city infrastructure costs or regulatory costs.

Public Transportation

The City operates a public transportation (bus) system that extends into the town (e.g., busses to south side malls and the airport). The Town contracts for fixed route and para-transit service on an annual basis.

Culture and Recreation

While both municipalities operate parks, only the City has a Youth Center and a library (the library is funded by city taxpayers, but is not operated by the City). Town residents make use of both facilities, and the Town makes an annual donation to the Youth Center and contracts for library services.

Emergency Management System (EMS)

During the 2006 flood, the City EMS took over response for the Town. While there were some difficulties in communicating due to the use of different communication systems, political boundaries dissolved in crisis – there was full equipment sharing, and representatives from the municipalities and the County met every day for two weeks. The City processed all of the necessary FEMA papers for both municipalities. Ironically, when the Town recently purchased new radio equipment, it did not talk to the City to check on the inter-operability of the proposed purchase with the City's system. The two systems do not work together.

Economic Development

As noted earlier, the County, City and Town collaborated on the development of the Pony Farm Industrial Park. The County and City do cooperative planning. The head of the city community development department is also chairman of the IDA, a fact that forces collaboration between the Town and City.

There is limited opportunity for further development within the current City borders. One parcel that has the potential for development will require cooperation with the Town to achieve usable access. Further development in the Town will depend in large part on access to the City's water and sewer services. In short, collaboration is required for both municipalities to take full advantage of opportunities for future development. The City's recently renewed comprehensive plan calls for enhanced collaboration with the Town on economic development. The Town intends to renew its comprehensive plan with an eye toward more planned development. This would seem to be fertile ground for shared services and/or consolidation.

Options for the Greater Oneonta Community

Community leaders told CGR that there have been at least four previous conversations on consolidation in recent memory. The last consolidation study, done in 1996, was motivated by a desire by the City to increase its sales tax revenue by taking in the retail development that was taking place in the Town just outside of the City. Many of the observations from that 1996 study are still relevant.

Shared Services

There are several opportunities for increased sharing or consolidation of services. Cost savings from these shared services would be similar to those identified in the next section that describes consolidation options. The primary shared services opportunities are:

Fire Protection

The Town of Oneonta Fire District negotiates a contract with the City of Oneonta for fire protection. By all accounts, both municipalities are satisfied with the agreement that was produced after the most recent negotiations. The Town of Oneonta Fire District could be eliminated, creating one less layer of government and enabling the Town Board of Supervisors to negotiate directly with the City. Since the Town already collects the Fire District tax, this would appear to be a logical reorganization.

The 1996 consolidation study recommended that consideration be given to creating a Regional Fire District encompassing the City of Oneonta, the Town of Oneonta, and the West Oneonta Fire District. This may result in additional incremental efficiencies to the larger agreement between the Town and the City.

Water and Sewer

While the City has historically provided water service to a limited number of Town residents, the Town and the City are currently entering into the creation of the first water district in the Town that will have access to City water. The Town operates two smaller water districts of its own. The City also provides sewer service through four districts in the Town.

Coordination of water and sewer service will be critical to future development in the Town. As a result of the new environmental regulations for water and waste water in the Susquehanna River Basin, increased oversight of development in the entire watershed will be required to ensure compliance. Under the existing structures and agreements, no one entity is responsible for providing a system-wide management perspective. A consolidated water and sewer operation

would be an appropriate structure to provide this oversight. An inter-municipal agreement establishing the operation could be modeled along the lines of the fire protection agreement.

Consolidated Highway Department

Highway costs are one of the top two costs in the Town budget and a major cost in the City. While there is a degree of informal sharing of equipment and manpower between highway departments, CGR believes that greater efficiencies could be achieved from the economies of scale provided by a consolidated highway department, although such efficiencies might be offset by desire for a higher level of service in the Town from a consolidated department.

Culture and Recreation

Currently, both the Town and the City operate parks and pools, and both municipalities are developing new parks. The City has a Youth Center for which the Town makes an annual donation for access for its youth. Thus, while the City provides some programming that serves both City and Town residents, a single consolidated program would provide management efficiencies and ensure that planning of new facilities and parks would complement each other rather than address the needs of just the City or just the Town.

Consolidation

Option 1: Expansion of City and Dissolution of Town

This section explores two alternatives for full consolidation: consolidating the Town into the City and consolidating the City into the Town.

Typically, discussion of town and city mergers assumes that the city would be the surviving entity. The town would either be annexed by the city, or the town would agree to merge with the city. Creating a new City of Oneonta that incorporates the current Town would create a new municipal entity that would be 33.6 square miles in size, which would be a larger area than Albany or Syracuse, and slightly smaller than Rochester.

Benefits for the Entire Community

- Increased Revenue

  Revenues per capita would likely increase for residents in the new City if the City exercised its capability for preemption of sales tax within its boundaries. The majority of retail development in the region has been in the Town of Oneonta, but the resulting sales tax has been taken and re-distributed by the County. Consolidation into the new City would enable the larger entity to have the potential to pre-empt sales tax revenue at up to 50% of sales generated in the consolidated entity, and share that with all of its residents. The Town would also have access to

the diverse revenue streams that characterize the City budget, reducing their dependence on property and sales tax.

AIM Consolidation Incentive: Under current law, the consolidated municipality would receive an additional 25% of the municipalities' combined Aid and Incentives for Municipalities (AIM) (revenue sharing). This would result in $556,233 of additional AIM funding for new City of Oneonta, based on the municipalities 2007-08 AIM funding. This additional AIM funding would continue indefinitely under current legislation. Over the first five years, total AIM funding with this incentive would be $2,781,165. In addition, the Executive Budget proposes two additional options that consolidating municipalities could choose from: 1) annual aid equal to 15 percent of the combined property tax levy, up to $1 million per year or 2) $250,000 in the first year, reduced by $50,000 a year for the following five years. If enacted, the consolidating municipality could choose one of the three options. CGR calculates that under Option 1, total AIM funding would be $723,298 per year, or $3,616,490 for the first five years, and under Option 2, the total for the first five years would be $750,000.

- Reduced Expenses

  Personnel savings would be realized from the consolidation of governments. At a minimum, most if not all of the costs of general government support for the Town would be eliminated (including court costs, as noted below). A consolidation would also result in the consolidation of highway services.

- More equitable distribution of costs and services.

  A consolidation would equalize assessments and tax rates, making the system more transparent and producing a more equitable distribution of costs for the services provided.

Potential Savings

The areas with the largest potential for immediate savings are listed below. Some functions that would appear to benefit from consolidation were not identified as having obvious efficiency savings from the outset – for example, water and sewer operations. However, in the long term, it could be expected that central management of two currently separate functions like water and sewer operations would identify efficiencies. For those areas where immediate savings could be reasonably identified, the cost savings listed below reflect basic salary costs as reported in data provided by the municipalities. The purpose of these calculations is to identify reasonable minimum potential savings for use in driving future discussions.

- Governing Costs

Table 3 – Current Legislative/Management Costs

Town of Oneonta, 2008	5 people	$47K
City of Oneonta, 2008	9 people	$72K
TOTAL, 2008	**14 people**	**$119K**

A governing board or council of some kind would still be necessary but for discussion purposes, CGR assumes a potential savings through elimination of one mayor/supervisor and three board members.

Total Estimated Savings: $47K in personnel costs plus benefits

- Clerk and Finance Functions

Currently the City staff includes one City Chamberlain, one City Clerk, two assistant clerks, and an assessor, while the Town has One Town Clerk, one Deputy Clerk, and an assessor.

A clerk function would still be necessary but for discussion purposes, CGR assumes a potential savings through elimination of one town Clerk, one Deputy Clerk, and an assessor.

Total Estimated Savings: $69K in personnel costs plus benefits

- DPW Function

The City Public Services Department includes a General Supervisor, four working supervisors, four heavy equipment operators, five motor equipment operators, three laborers, three maintenance workers, a security guard and two clerks. The Town Department of Public works includes a Superintendent, six highwaymen and a clerk.

While there would some savings potential by eliminating the duplicative DPW management function (one superintendent at $45K) the major benefit would be improved coordination of services. Long term, potential reduction of duplicate equipment could lead to lower equipment costs. The current DPW facilities would be retained to provide geographic diversity until a central management identifies whether or not operational efficiencies could be achieved from a single facility.

Total Savings: $45K in personnel costs plus benefits

- Town Court Function

  Local taxpayers within the new City could see a direct cost reduction (although technically this would be a cost shift) because Town court personnel costs currently being paid by Town taxpayers would be eliminated if these personnel, including the town justice, are consolidated into the City Court, which is funded by the New York State Court system. While the Town court costs would be eliminated, court related revenues would likely be retained at approximately the same level as if the Town court were not abolished, based upon CGR's research into Town and City Court revenues. Potential savings, for discussion purposes, would include eliminating local costs for two Town justices, the Senior Court Clerk and the Court Clerk. While not necessarily associated with the Town Court, CGR assumes the Town attorney functions could also be absorbed by the City attorney.

  Total Estimated Savings: $88K in personnel costs plus benefits

Total Estimated Savings, Option 1

$249,000 per year plus benefits. Assuming 35% benefits for all full-time employees noted above, total estimated savings could be in the range of $320,000 per year.

Challenges/Limitations

While there are potential savings as identified above, there are numerous barriers or challenges to this option that need to be factored into any cost/benefit discussion. Major barriers/challenges identified include:

- Home Rule – Article IX of the State Constitution has been significantly amended, adding the local government "bill of rights" and strengthening "home rule" authority. Article IX grants power to the local governments over their own property, affairs, and government; likewise, it restricts the power of the State Legislature to act regarding a local government's property, affairs, and government except by general law or special law upon a home rule request. This will be something to consider, but the Constitutional restriction on annexation should not restrict a consolidation, dissolution or incorporation of a city and/or a town.

- Merger of unionized professionals (in the City) with non-unionized professionals (in the Town) – pay rates, benefits and working conditions would need to be equalized, which will likely reduce personnel reduction savings. It will be necessary to ensure any special law regarding the city –town consolidation clarify the rights and duties of the of the successor city with respect to their bargaining unit employees.

- There are specific Civil Service Law requirements for transferring employees that would need to be followed carefully. In addition, the

communities would need to develop a plan to transition from current staffing levels to any reduced levels that addresses currently filled positions, and whether or not to eliminate those positions or phase them out through attrition.

- It could be difficult to get agreement from citizens of the Town, who are likely to see a consolidation as "taking on the city's problems." Town residents, according to the leaders we interviewed, appear to be happy with the current state of affairs.

- Increased expenses: It is likely that a consolidated city Police force would need additional staff to cover the Town, in addition to absorbing the two officers currently serving the Town.

- The potential of increased property taxes for current town taxpayers as the combined costs of the new entity are spread across the entire community. However, this is by no means clear – a detailed analysis of the impact on costs and how they would be distributed over the entire tax base is needed, including the potential for increasing sales tax revenues through preemption. It is also possible that the increased sales tax revenue from preemption, in addition to the reduction of the total tax levy as a consequence of the cost savings identified above, could result in a significant property tax reduction for all taxpayers in both the current City and Town. Community leaders we interviewed were very concerned, however, that any changes to the county-wide sales tax, either through preemption or some other strategy, should be based on a plan that incorporates the needs of the entire county, so that shifts can occur over time to minimize negative impacts on county residents outside the new consolidated city.

- Any indebtedness would have to be allocated separately to current City and Town taxpayers through separate debt districts, similar to the process used to hold harmless town taxpayers from paying village debt when a village dissolves.

Two-Tier Tax System

One of the concerns with consolidating the Town into the City is that a large portion of the Town has a rural character. Residents in these sections do not want city services, nor do they want to be part of the city.

A two-tiered tax system, currently used in Rome, Oneida and Saratoga Springs, offers a compelling compromise for resolving this dilemma. Under a two-tiered system, the city is divided into zones. Each zone receives a different set of services, and is taxed accordingly. This strategy would allow the municipalities to gain the benefits of consolidation noted above (e.g. increased sales tax revenue and efficiency cost reductions), while recognizing the different character (and the reality of different

service level needs) in different parts of the Town. The formalization of a high-service district (e.g. higher use city roads, water, sewer, police services, etc.) would also provide a logical basis for identifying future development areas.

Benefits to the community

The two-tiered tax option can be used in conjunction with Option 1 above.

- The two entities retain all of the benefits above
- Government is handled under one municipality
- Taxes are based on level of service and therefore can be at different rates in two different zones.
- Perception of fairness upheld for people currently paying much less in taxes (Town of Oneonta)

Challenges/Limitations

If the rural zone is taxed at a lower rate but has significant future growth, more services would be necessary in this part of the community. This would necessitate making adjustments to the zones in order to keep the system fair.

Option 2: Expansion of Town and Dissolution of City

An alternative to dissolving the Town into the City would be to dissolve the City into the Town. This option has rarely been discussed, but is certainly viable, and it has some merits. Creating a consolidated Town of Oneonta would create a town with an urbanized core but without a separate form of government managing the urbanized core. Some interesting consequences to consider by taking this approach are described below.

Benefits for the Entire Community

- The Town may see this in a more positive light since the Town would be acquiring the City, potentially resulting in more favorable public opinion and increased support
- The Town can still retain AIM. AIM incentives would be the same as outlined above in the City consolidation section.
- There is potential for expensive public safety services (police and fire) to be reconfigured, thus reducing costs and resulting taxes for ex-City taxpayers and community overall.

  Fire services might not be changed, however, elimination of a city fire department would mean the Town fire district would become a career

department. At the same time that change was managed, the district should consider including the West Oneonta Fired District, as previously recommended.

Consolidating DPW operations would result in the same types of efficiencies as noted in Option 1. However, in order to ensure professional management of a consolidated operation, the Town should consider moving to an appointed rather than an elected Highway Superintendent. Initial savings would result from the elimination of one of the two top-level managers ($49,000 plus benefits).

Challenges/Limitations

As with the consolidation of the Town into the City, several interesting challenges or barriers would need to be addressed to move forward. Some key challenges are:

- The Town entity is unable to pre-empt sales tax (a current limitation under law).
- The Town cannot levy the utility gross receipts tax which is a disadvantage.
- School districts wholly or partially within a city, with populations under 125K, can impose sales tax on utility services at a rate of up to 3%. A town school district would not be able to impose this. Also, constitutional debt limits are different – 5% for school districts within a city, and 10% outside of the city.
- The Town would be taking on services that the City was providing, but has little experience in the required scale of service provision. Thus, retaining experienced City management would be critical.
- The Town currently maintains a minimal police force, and contracts with the city for fire – taking over the City would require a renegotiation of services and a decision on how to provide these services at most economical cost to taxpayers of the entire community

Unknowns

Because this option has never previously been considered, the following question is unknown:

Can you retain a Town Court and dissolve the City (State) court? This would mean taking on expenses of the City court, but also potentially receiving related revenue.

APPENDIX A – NORWICH

Table A: Norwich Cluster, Total Expenses, 1997-2006[1]

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Change from 1997 - 2006
City of Norwich	$5,180,003	$5,383,836	$5,540,963	$6,604,503	$7,315,968	$7,396,056	$8,723,713	$11,463,140	$8,865,191	$8,731,626	69%
Town of North Norwich	$599,600	$520,118	$640,007	$540,192	$518,804	$570,181	$572,727	$581,805	$654,687	$882,020	47%
Town of Norwich	$1,061,402	$1,077,544	$931,450	$1,076,541	$1,187,069	$1,371,711	$1,187,280	$1,481,716	$1,423,084	$1,922,390	81%

Source: NYS Office of the State Comptroller

1. Excludes H Funds and Interfund Transfers

Note: Town of Norwich revenues and expenses for 2005 and 2006 may be inflated due to additional revenues and expenses received and incurred for flood catastrophe

Table B: Norwich Cluster, Expenses by Major Functional Area, 1997-2006[1]										
City of Norwich	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
TOTAL GENERAL GOVERNMENT SUPPORT	**$815,673**	**$802,046**	**$685,643**	**$725,765**	**$734,380**	**$825,799**	**$1,248,677**	**$861,001**	**$1,087,338**	**$1,066,395**
PUBLIC SAFETY										
Law Enforcement	$750,184	$801,038	$833,229	$886,826	$985,578	$1,051,412	$1,020,287	$1,072,428	$1,201,306	$1,126,555
Fire Protection and Control	$567,701	$817,629	$786,356	$915,474	$942,755	$1,120,975	$1,206,407	$1,182,441	$1,251,040	$1,686,861
Other	$55,793	$82,876	$103,700	$239,736	$127,036	$135,955	$230,982	$150,380	$160,663	$182,509
TOTAL PUBLIC SAFETY	**$1,373,678**	**$1,701,543**	**$1,723,285**	**$2,042,036**	**$2,055,369**	**$2,308,342**	**$2,457,676**	**$2,405,249**	**$2,613,009**	**$2,995,925**
TOTAL HEALTH	**$4,593**	**$2,003**	**$2,241**	**$2,252**	**$2,907**	**$2,326**	**$2,890**	**$57**	**$0**	**$0**
TRANSPORTATION										
Highway	$631,766	$639,826	$692,193	$809,688	$765,391	$720,642	$817,393	$823,664	$821,850	$743,192
TOTAL TRANSPORTATION	**$631,766**	**$639,826**	**$692,193**	**$809,688**	**$765,391**	**$720,642**	**$817,393**	**$823,664**	**$821,850**	**$743,192**
TOTAL CULTURE AND RECREATION	**$169,258**	**$189,999**	**$205,287**	**$221,588**	**$183,010**	**$193,098**	**$203,570**	**$390,487**	**$205,042**	**$238,171**
HOME AND COMMUNITY SERVICE										
Sewage	$286,993	$286,239	$316,689	$389,765	$388,518	$415,271	$450,014	$387,782	$516,725	$478,724
Water	$319,601	$441,351	$362,686	$466,025	$405,399	$367,846	$435,447	$500,006	$649,289	$460,179
Other	$615,633	$232,658	$454,165	$677,776	$1,018,954	$779,891	$826,503	$706,802	$664,030	$299,811
TOTAL HOME AND COMMUNITY SERVICE	**$1,222,227**	**$960,248**	**$1,133,540**	**$1,533,566**	**$1,812,871**	**$1,563,008**	**$1,711,964**	**$1,594,590**	**$1,830,044**	**$1,238,714**
UNDISTRIBUTED										
Employee Benefits	$611,266	$577,162	$656,384	$716,786	$763,797	$883,236	$1,159,286	$1,280,265	$1,424,420	$1,569,515
DEBT SERVICE	$351,542	$511,009	$442,390	$552,822	$998,243	$899,605	$1,122,257	$4,107,827	$883,488	$879,714
TOTAL UNDISTRIBUTED	**$962,808**	**$1,088,171**	**$1,098,774**	**$1,269,608**	**$1,762,040**	**$1,782,841**	**$2,281,543**	**$5,388,092**	**$2,307,908**	**$2,449,229**
CITY OF NORWICH GRAND TOTAL	**$5,180,003**	**$5,383,836**	**$5,540,963**	**$6,604,503**	**$7,315,968**	**$7,396,056**	**$8,723,713**	**$11,463,140**	**$8,865,191**	**$8,731,626**
Town of North Norwich	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
TOTALGENERAL GOVERNMENT SUPPORT	**$86,181**	**$105,825**	**$115,195**	**$118,168**	**$110,588**	**$149,641**	**$115,845**	**$124,311**	**$117,344**	**$127,206**
PUBLIC SAFETY										
Law Enforcement	$182	$137	$499	$202	$368	$0	$0	$0	$0	$495
Fire Protection and Control	$136,568	$137,229	$139,108	$139,811	$89,011	$145,133	$147,804	$150,226	$154,933	$164,792
Other	$4,867	$5,763	$4,095	$3,642	$3,049	$3,592	$3,114	$3,458	$3,321	$3,137
TOTAL PUBLIC SAFETY	**$141,617**	**$143,129**	**$143,702**	**$143,655**	**$92,428**	**$148,725**	**$150,918**	**$153,684**	**$158,254**	**$168,424**
TOTAL HEALTH	**$6,452**	**$1,403**	**$1,403**	**$1,403**	**$1,403**	**$1,403**	**$1,403**	**$760**	**$300**	**$300**
TRANSPORTATION										
Highway	$316,467	$233,340	$321,922	$252,095	$287,754	$243,809	$270,300	$253,957	$329,072	$531,033
TOTAL TRANSPORTATIOM	**$316,467**	**$233,340**	**$321,922**	**$252,095**	**$287,754**	**$243,809**	**$270,300**	**$253,957**	**$329,072**	**$531,033**
TOTAL CULTURE AND RECREATION	**$3,084**	**$2,600**	**$18,320**	**$3,653**	**$2,552**	**$2,954**	**$2,621**	**$2,130**	**$2,130**	**$4,048**
TOTAL HOME AND COMMUNITY SERVICE	**$16,182**	**$2,856**	**$0**	**$0**	**$15**	**$0**	**$0**	**$0**	**$0**	**$0**
UNDISTRIBUTED										
Employee Benefits	$20,209	$21,909	$22,825	$21,218	$24,064	$23,649	$31,640	$46,963	$47,587	$51,009
Debt Service	$9,408	$9,056	$16,640	$0	$0	$0	$0	$0	$0	$0
TOTAL UNDISTRIBUTED	**$29,617**	**$30,965**	**$39,465**	**$21,218**	**$24,064**	**$23,649**	**$31,640**	**$46,963**	**$47,587**	**$51,009**
TOWN OF NORTH NORWICH GRAND TOTAL	**$599,600**	**$520,118**	**$640,007**	**$540,192**	**$518,804**	**$570,181**	**$572,727**	**$581,805**	**$654,687**	**$882,020**
Town of Norwich	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
TOTAL GENERAL GOVERNMENT SUPPORT	**$158,206**	**$125,500**	**$105,502**	**$104,649**	**$120,733**	**$121,182**	**$126,256**	**$177,932**	**$170,312**	**$602,274**
PUBLIC SAFETY										
Law Enforcement	$2,130	$1,812	$1,700	$1,905	$1,903	$1,963	$2,491	$2,288	$3,883	$4,094
Fire Protection and Control	$325,668	$460,711	$380,000	$424,860	$419,451	$461,784	$439,608	$452,548	$465,320	$479,379
Other	$5,440	$5,921	$5,376	$6,950	$8,943	$6,455	$4,526	$4,743	$4,783	$4,521
TOTAL PUBLIC SAFETY	**$333,238**	**$468,444**	**$387,076**	**$433,715**	**$430,297**	**$470,202**	**$446,625**	**$459,579**	**$473,986**	**$487,994**
TOTAL HEALTH	**$175**	**$300**	**$100**	**$92**	**$370**	**$850**	**$670**	**$163**	**$150**	**$155**
TRANSPORTATION										
Highway	$419,732	$345,999	$289,185	$340,239	$359,700	$427,304	$306,091	$455,884	$374,595	$376,396
Other	$17,823	$17,500	$17,500	$17,500	$17,500	$17,500	$17,500	$17,500	$17,500	$17,500
TOTAL TRANSPORTATION	**$437,555**	**$363,499**	**$306,685**	**$357,739**	**$377,200**	**$444,804**	**$323,591**	**$473,384**	**$392,095**	**$393,896**
TOTAL CULTURE AND RECREATION	**$3,500**	**$11,500**	**$8,000**	**$8,600**	**$8,600**	**$8,640**	**$8,480**	**$8,660**	**$8,730**	**$10,074**
HOME AND COMMUNITY SERVICE										
Sewage	$0	$0	$0	$40,091	$79,127	$80,343	$37,653	$99,691	$77,719	$98,953
Water	$13,497	$4,804	$43,363	$21,587	$56,589	$87,841	$62,321	$72,779	$85,781	$111,842
Other	$17,549	$3,721	$3,339	$2,606	$5,722	$440	$440	$540	$861	$705
TOTAL HOME AND COMMUNITY SERVICE	**$31,046**	**$8,525**	**$46,702**	**$64,284**	**$141,438**	**$168,624**	**$100,414**	**$173,010**	**$164,361**	**$211,500**
UNDISTRIBUTED										
Employee Benefits	$40,656	$42,301	$46,692	$52,032	$53,217	$69,332	$73,839	$84,369	$92,296	$99,988
Debt Service	$57,026	$57,475	$30,693	$55,430	$55,214	$88,077	$107,405	$104,619	$121,154	$116,509
TOTAL UNDISTRIBUTED	**$97,682**	**$99,776**	**$77,385**	**$107,462**	**$108,431**	**$157,409**	**$181,244**	**$188,988**	**$213,450**	**$216,497**
TOWN OF NORWICH GRAND TOTAL	**$1,061,402**	**$1,077,544**	**$931,450**	**$1,076,541**	**$1,187,069**	**$1,371,711**	**$1,187,280**	**$1,481,716**	**$1,423,084**	**$1,922,390**

1. Interfund Transfers and H Fund Items

2. City of Norwich DPW Functions inlcudes Highway, Parks Maintenance (Included in Culture and Recreation Total), Water and Sewer

Source: NYS Office of the State Comptroller

Table C: Norwich Cluster, Assessed Value, 1998-2005

YEAR	Assessed Value Fully Taxable	Full Valuation of Taxable Real Property	Assessed Value Fully Taxable	Full Valuation of Taxable Real Property	Assessed Value Fully Taxable	Full Valuation of Taxable Real Property
	CITY OF NORWICH		TOWN OF NORTH NORWICH		TOWN OF NORWICH	
1998	$140,222,180	$144,558,948	$45,608,931	$45,166,301	$81,982,432	$118,283,699
1999	$139,408,863	$139,478,602	$46,200,025	$43,970,710	$81,949,867	$115,568,843
2000	$138,182,204	$148,871,153	$46,347,343	$46,342,708	$82,179,959	$117,165,610
2001	$136,073,248	$150,907,450	$46,406,146	$47,664,488	$83,131,085	$120,619,682
2002	$135,531,360	$162,996,224	$47,040,265	$52,658,977	$83,203,844	$130,885,392
2003	$134,737,525	$161,015,207	$47,343,435	$53,928,049	$84,135,928	$131,462,387
2004	$135,135,373	$156,225,864	$47,367,936	$51,486,886	$84,715,481	$140,443,436
2005	$135,950,970	$169,938,713	$48,617,820	$55,247,522	$83,565,605	$132,643,817

Source: NYS Office of the State Comptroller

Table D: Norwich Cluster, Total Revenue, 1997-2006

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	10 Year Change
City of Norwich	$6,501,882	$5,731,433	$6,410,337	$7,276,392	$7,890,733	$7,782,379	$7,846,148	$8,288,202	$8,708,829	$9,601,431	48%
Town of North Norwich	$645,901	$587,898	$611,059	$646,688	$575,945	$586,454	$601,062	$698,360	$663,817	$839,520	30%
Town of Norwich	$1,075,852	$1,080,987	$1,134,264	$1,150,868	$1,253,610	$1,367,099	$1,256,206	$1,424,454	$1,486,233	$1,652,045	54%

Source: NYS Office of the State Comptroller

Table E: Norwich Cluster, Revenue by Major Source, 1997-2006[1]

City of Norwich	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Property Tax Revenue[2]	$1,228,387	$1,282,918	$1,274,625	$1,390,402	$1,729,197	$1,769,040	$1,887,562	$1,903,833	$2,017,689	$2,066,278
Sales Tax[3]	$948,310	$1,016,387	$1,240,945	$1,103,384	$1,158,192	$1,202,777	$1,171,380	$1,192,685	$1,308,837	$1,333,551
State Aid	$645,701	$825,509	$826,619	$962,766	$996,521	$1,020,148	$1,083,730	$1,063,181	$1,241,904	$1,537,482
Federal Aid	$0	$0	$56,400	$450,601	$71,110	$52,473	$187,296	$657,634	$658,281	$259,408
Sewer Revenue	$737,826	$792,521	$821,434	$804,616	$801,526	$899,941	$886,393	$914,907	$822,661	$939,312
Water Revenue	$564,833	$601,360	$675,172	$746,435	$848,971	$929,718	$925,820	$931,643	$961,461	$1,009,799
Revenue from Services to Other Governments	$493,081	$478,665	$488,688	$492,663	$508,123	$521,756	$536,501	$551,705	$567,715	$585,992
Other Revenue	$1,883,744	$734,073	$1,026,454	$1,325,525	$1,777,093	$1,386,526	$1,167,466	$1,072,614	$1,130,281	$1,869,609
Total Revenue	**$6,501,882**	**$5,731,433**	**$6,410,337**	**$7,276,392**	**$7,890,733**	**$7,782,379**	**$7,846,148**	**$8,288,202**	**$8,708,829**	**$9,601,431**
Town of North Norwich	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
Property Tax Revenue[2]	$335,094	$334,653	$338,325	$342,273	$273,794	$332,051	$340,446	$349,970	$350,568	$358,589
Sales Tax[3]	$134,644	$141,200	$121,639	$132,386	$125,257	$148,855	$149,372	$142,821	$153,795	$171,508
State Aid	$86,593	$67,936	$67,131	$75,421	$124,656	$72,373	$81,914	$164,973	$87,052	$145,556
Federal Aid	$15,652	$0	$0	$48,193	$0	$0	$0	$0	$33,313	$125,300
Other Revenue	$73,918	$44,109	$83,964	$48,415	$52,238	$33,175	$29,330	$40,596	$39,089	$38,567
Total Revenue	**$645,901**	**$587,898**	**$611,059**	**$646,688**	**$575,945**	**$586,454**	**$601,062**	**$698,360**	**$663,817**	**$839,520**
Town of Norwich	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
Property Tax Revenue[2]	$551,734	$549,587	$549,680	$554,823	$601,433	$694,451	$661,924	$657,801	$691,805	$736,710
Sales Tax[3]	$306,917	$321,388	$308,651	$351,857	$328,453	$373,812	$371,851	$385,061	$387,105	$423,726
State Aid	$130,507	$104,183	$119,714	$80,644	$142,815	$114,888	$59,581	$218,144	$144,546	$186,462
Federal Aid	$18,957	$49,305	$0	$12,740	$0	$0	$7,306	$0	$0	$0
Sewer Revenue	$0	$0	$0	$14,781	$31,098	$62,159	$48,310	$47,449	$79,310	$91,078
Water Revenue	$11,287	$5,328	$66,920	$32,474	$50,392	$70,032	$56,018	$56,196	$96,694	$126,501
Other Revenue	$56,450	$51,196	$89,299	$103,549	$99,419	$51,757	$51,216	$59,803	$86,773	$87,568
Total Revenue	**$1,075,852**	**$1,080,987**	**$1,134,264**	**$1,150,868**	**$1,253,610**	**$1,367,099**	**$1,256,206**	**$1,424,454**	**$1,486,233**	**$1,652,045**

1. Excludes H fund and Interfund Transfers
2. Includes other payment in lieu of taxes; interest and penalties on real property taxes
2. Includes other Non-Property,County-Distributed Tax Revenue

Source: NYS Office of the State Comptroller

Table F: Norwich Cluster, Tax Levies, 2000-2007

	2000	2001	2002	2003	2004	2005	2006	2007
City of Norwich	$1,205,662	$1,569,827	$1,611,963	$1,614,019	$1,778,790	$1,936,213	$2,066,907	$2,191,186
Town of North Norwich	$166,000	$156,000	$156,000	$162,000	$168,000	$165,000	$161,000	$165,500
Special District	$137,690	$135,740	$140,537	$143,546	$145,553	$150,237	$159,082	$163,540
	$303,690	$291,740	$296,537	$305,546	$313,553	$315,237	$320,082	$329,040
Town of Norwich	$113,646	$106,146	$109,167	$92,631	$89,966	$105,652	$111,772	$110,994
Special District	$441,181	$493,788	$578,301	$563,987	$571,662	$577,650	$609,819	$629,321
	$554,827	$599,934	$687,468	$656,618	$661,628	$683,302	$721,591	$740,315

Source: NYS Office of the State Comptroller

Table G: Norwich Cluster, Tax Rates, 2000-2007

	2000	2001	2002	2003	2004	2005	2006	2007
City of Norwich	8.73	11.54	11.89	11.98	13.16	14.24	15.22	16.11
Town of North Norwich	3.58	3.36	3.32	3.42	3.55	3.39	3.28	3.33
Town of Norwich	1.38	1.28	1.31	1.1	1.06	1.27	1.29	1.18

Source: NYS Office of the State Comptroller

Table H: Norwich Cluster, Fund Balances, 1997-2006[1]

City of Norwich										
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
A Fund	$1,052,957	$902,028	$1,425,146	$1,117,162	$2,406,688	$2,580,863	$2,162,910	$2,011,946	$1,699,979	$1,672,867
FX Fund	$409,991	$295,586	$323,732	$404,442	$784,032	$815,331	$775,313	$797,982	$614,291	$832,263
G Fund	$468,494	$459,228	$559,488	$395,680	$1,616,208	$1,773,969	$1,512,783	$1,817,232	$1,940,875	$2,262,989
CS Fund	$26,863	$25,732	$22,321	$22,970	$0	$0	$0	$0	$0	$0
CD Fund	$1,434,979	$1,423,977	$1,309,558	$1,343,674	$1,197,610	$834,050	$574,901	$685,070	$857,933	$876,187
V Fund	$252,030	$263,342	$465,064	$1,055,652	$978,738	$999,268	$917,327	$564,480	$513,665	$488,722
Town of North Norwich										
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
A Fund	$168,654	$163,195	$141,095	$157,657	$160,682	$122,771	$119,544	$207,909	$199,196	$172,640
DA Fund	$103,995	$131,459	$157,278	$124,309	$148,584	$160,353	$145,684	$145,670	$139,825	$114,941
SF Fund	$12,245	$9,926	$7,472	$9,162	$5,084	$3,158	$1,427	$1,049	$922	$1,055
SL Fund	$1,572	$1,798	$2,085	$3,149	$2,869	$3,455	$3,988	$2,570	$1,164	$57
Town of Norwich										
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
A Fund	$316,382	$337,506	$446,259	$494,727	$557,159	$634,455	$684,996	$824,733	$882,103	$565,570
DA Fund	$205,315	$216,182	$286,907	$374,615	$431,561	$377,451	$393,405	$277,635	$258,286	$281,914
SF Fund	$69,234	$1	$25,948	$11,479	$1,737	$5,761	$24,233	$25,546	$32,302	$43,936
SL Fund	$14,827	$16,464	$17,674	$20,318	$17,126	$16,347	$18,584	$18,793	$21,304	$23,635
SS Fund	$0	$0	$0	$3,246	-$15,428	-$22,859	-$19,752	-$81,829	-$69,682	-$83,262
SW Fund	$10,313	$5,314	$27,893	$34,661	$29,300	$11,905	-$4,115	-$25,582	-$23,396	-$1,128
CD Fund	$2,242	$48,266	$69,193	$69,144	$67,101	$67,233	$67,243	$67,391	$67,529	$67,533

1. Excludes H Fund

Source: NYS Office of the Comptroller

Table I: Norwich Cluster, Indebtedness, 1998-2005

City of Norwich	1998	1999	2000	2001	2002	2003	2004	2005
Constitutional Debt Limit	$11,055,083	$10,654,104	$10,409,685	$10,455,373	$10,685,761	$10,920,223	$11,215,168	$11,509,412
Total Issued During Fiscal Year	$2,215,000	$4,634,000	$8,683,822	$870,000	$3,665,000	$3,877,684	$4,795,000	$0
Total Paid During Fiscal Year	$2,450,000	$1,265,000	$4,779,000	$999,000	$4,039,822	$4,615,245	$5,391,947	$573,718
Total Not Subject to Limit	$4,185,000	$4,050,000	$8,029,822	$7,884,822	$7,695,000	$7,142,439	$6,900,492	$6,541,774
Total Subject to Limit	$1,130,000	$4,634,000	$4,559,000	$4,575,000	$4,390,000	$4,205,000	$3,850,000	$3,635,000
Total Debt Outstanding	$5,315,000	$8,684,000	$12,588,822	$12,459,822	$12,085,000	$11,347,439	$10,750,492	$10,176,774
Town of North Norwich	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
Constitutional Debt Limit	$3,536,972	$3,432,532	$3,361,228	$3,297,665	$3,301,245	$3,529,136	$3,653,803	$3,846,005
Total Issued During Fiscal Year	$0	$0	$0	$0	$0	$0	$0	$0
Total Paid During Fiscal Year	$8,000	$16,000	$0	$0	$0	$0	$0	$0
Total Not Subject to Limit	$0	$0	$0	$0	$0	$0	$0	$0
Total Subject to Limit	$16,000	$0	$0	$0	$0	$0	$0	$0
Total Debt Outstanding	$16,000	$0	$0	$0	$0	$0	$0	$0
Town of Norwich	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
Constitutional Debt Limit	$8,135,367	$8,164,725	$8,194,440	$8,237,586	$8,435,325	$8,968,071	$9,184,766	$9,621,629
Total Issued During Fiscal Year	$589,625	$1,770,318	$0	$583,650	$318,903	$0	$0	$0
Total Paid During Fiscal Year	$55,000	$789,625	$236,668	$601,150	$616,038	$73,156	$73,145	$76,598
Total Not Subject to Limit	$789,625	$1,770,318	$583,650	$0	$0	$0	$0	$0
Total Subject to Limit	$0	$0	$950,000	$1,516,150	$1,277,150	$1,204,001	$1,130,856	$1,054,734
Total Debt Outstanding	$789,625	$1,770,318	$1,533,650	$1,516,150	$1,277,150	$1,204,001	$1,130,856	$1,054,734

Source: NYS Office of the Comptroller

Appendix B – Norwich Interviews

City of Norwich

Joseph Maiurano, Mayor
William Roberts, City Clerk/Director of Finance/Tax Collector
Carl Ivarson, Public Works Supervisor
Joseph Ancelino, Police and Fire Chief
A. Wesley Jones, Emergency Management Officer
Deborah DeForest, Director HR
Robert Mason, Youth Bureau Director

Town of North Norwich

Richard Decker, Supervisor
Loretta Smith, Town Clerk/Tax Collector
Albert (Ben) Rounds, Superintendent of Highway
Linda Seymour, Councilman
Robert Wansor, Councilman

Town of Norwich

David Law, Supervisor
Charles W. Brooks, Town Board Member
Milton Shepier, Town Board Member

Other

Dick Snyder, Snyder Communications

APPENDIX C – CORTLAND

Table A: Cortland Cluster Cluster, Total Expenses, 1997-2006[1,2]

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Change from 1997 - 2006
City of Cortland*	$19,663,313	$19,338,884	$20,644,374	$21,302,215	$21,897,506	$22,693,863	$24,269,132	$23,724,947	$26,465,598	$27,495,506	40%
Town of Cortlandville	$4,078,292	$4,142,946	$4,560,904	$4,575,077	$4,966,522	$5,170,394	$5,317,514	$5,335,973	$5,904,099	$6,266,952	54%
Village of McGraw		$962,571	$629,514	$581,802	$763,422	$717,556	$798,457	$832,094	$718,675		-25%

1. Excludes H Funds and Interfund Transfers
2. Village of McGraw data only available for 1998-2005

Source: NYS Office of the State Comptroller

*Currently being updated by CGR
includes undistributed employee benefit & debt expenses

Table B: Cortland Cluster, Expenses by Major Functional Area, 1997-2006[1]

City of Cortland	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
TOTAL GENERAL GOVERNMENT SUPPORT	**$899,465**	**$1,027,871**	**$1,083,549**	**$1,076,834**	**$1,089,171**	**$1,152,412**	**$1,210,251**	**$1,213,692**	**$1,268,240**	**$1,156,614**
PUBLIC SAFETY										
Law Enforcement	$2,018,570	$2,092,368	$2,212,520	$2,349,248	$2,399,143	$2,535,824	$2,588,414	$2,765,524	$3,150,904	$3,246,760
Fire Protection and Control	$5,728,857	$5,917,631	$6,278,774	$6,748,776	$6,733,687	$7,080,064	$7,252,978	$7,649,236	$8,511,946	$8,823,153
Other	$361,302	$344,230	$397,262	$419,177	$514,398	$532,628	$516,545	$523,573	$539,832	$632,047
TOTAL PUBLIC SAFETY*	**$8,108,729**	**$8,354,229**	**$8,888,556**	**$9,517,201**	**$9,647,228**	**$10,148,516**	**$10,357,937**	**$10,938,333**	**$12,202,682**	**$12,701,960**
TOTAL TRANSPORTATION	**$1,233,735**	**$1,151,082**	**$1,195,277**	**$1,126,884**	**$1,042,421**	**$1,023,068**	**$1,148,456**	**$1,086,116**	**$1,178,295**	**$1,341,339**
TOTAL PROMOTION OF INDUSTRY	**$0**	**$11,673**	**$43,465**	**$56,927**	**$226,214**	**$66,676**	**$229,130**	**$64,401**	**$131,609**	**$273,755**
TOTAL CULTURE AND RECREATION	**$929,907**	**$1,004,204**	**$1,046,597**	**$1,093,707**	**$1,151,319**	**$1,149,225**	**$1,149,357**	**$1,218,173**	**$1,252,202**	**$1,298,193**
HOME AND COMMUNITY SERVICE										
Sewage	$1,729,415	$1,818,769	$1,811,862	$1,903,897	$2,090,902	$1,991,097	$2,023,332	$2,096,986	$1,967,553	$1,765,697
Water	$884,730	$902,445	$1,115,671	$1,019,863	$926,297	$1,019,596	$1,065,141	$894,151	$813,220	$842,200
Other	$1,698,450	$1,380,478	$1,131,961	$1,055,189	$1,017,241	$1,301,985	$1,562,922	$1,216,877	$1,079,283	$1,108,403
TOTAL HOME AND COMMUNITY SERVICE	**$4,312,595**	**$4,101,692**	**$4,059,494**	**$3,978,949**	**$4,034,440**	**$4,312,678**	**$4,651,395**	**$4,208,014**	**$3,860,056**	**$3,716,300**
CITY OF CORTLAND GRAND TOTAL	**$15,484,431**	**$15,650,751**	**$16,316,938**	**$16,850,502**	**$17,190,793**	**$17,852,575**	**$18,746,526**	**$18,728,729**	**$19,893,084**	**$20,488,161**
Town of Cortlandville	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
TOTALGENERAL GOVERNMENT SUPPORT	**$507,383**	**$517,645**	**$529,744**	**$553,863**	**$667,849**	**$617,370**	**$696,136**	**$740,052**	**$779,266**	**$804,782**
PUBLIC SAFETY										
Law Enforcement	$0	$0	$0	$0	$0	$0	$0	$0	$0	$2,099
Other	$30,487	$31,591	$29,511	$32,751	$36,913	$36,573	$38,612	$34,680	$40,855	$46,554
TOTAL PUBLIC SAFETY	**$30,487**	**$31,591**	**$29,511**	**$32,751**	**$36,913**	**$36,573**	**$38,612**	**$34,680**	**$40,855**	**$48,653**
TOTAL HEALTH	**$9,889**	**$10,744**	**$10,856**	**$11,003**	**$11,089**	**$13,588**	**$14,442**	**$13,514**	**$2,000**	**$2,538**
TOTAL TRANSPORTATION	**$1,602,112**	**$1,728,023**	**$2,013,270**	**$1,919,609**	**$1,863,819**	**$2,158,224**	**$2,021,724**	**$1,940,131**	**$2,171,918**	**$2,257,468**
TOTAL CULTURE AND RECREATION	**$129,623**	**$132,304**	**$107,966**	**$126,032**	**$150,946**	**$170,166**	**$158,213**	**$224,182**	**$368,068**	**$650,616**
HOME AND COMMUNITY SERVICE										
Sewage	$548,118	$475,980	$627,224	$496,737	$613,263	$575,805	$524,812	$448,732	$533,307	$472,316
Water	$195,380	$211,946	$206,884	$246,809	$321,623	$248,908	$283,563	$268,894	$310,852	$288,829
Other	$107,423	$77,995	$65,929	$66,377	$71,140	$127,536	$83,218	$122,645	$93,960	$104,334
TOTAL HOME AND COMMUNITY SERVICE	**$850,921**	**$765,921**	**$900,037**	**$809,923**	**$1,006,026**	**$952,249**	**$891,593**	**$840,271**	**$938,119**	**$865,479**
TOWN OF CORTLANDVILLE GRAND TOTAL	**$3,130,415**	**$3,186,228**	**$3,591,384**	**$3,453,181**	**$3,736,642**	**$3,949,370**	**$3,821,920**	**$3,793,730**	**$4,300,226**	**$4,629,536**

Table B: Cortland Cluster, Expenses by Major Functional Area, 1997-2006[1]

Village of McGraw	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
TOTAL GENERAL GOVERNMENT SUPPORT		**$99,747**	**$94,690**	**$92,456**	**$100,082**	**$100,824**	**$101,032**	**$114,766**	**$99,929**	
PUBLIC SAFETY										
Law Enforcement		$21,114	$26,293	$25,353	$27,691	$25,983	$28,325	$30,648	$30,455	
Fire Protection and Control		$23,593	$33,356	$21,974	$29,449	$26,097	$19,004	$24,896	$91,128	
Other		$6,150	$4,950	$4,950	$5,050	$6,900	$6,780	$5,280	$1,185	
TOTAL PUBLIC SAFETY		**$50,857**	**$64,599**	**$52,277**	**$62,190**	**$58,980**	**$54,109**	**$60,824**	**$122,768**	
TOTAL HEALTH		**$1**	**$90**	**$311**	**$0**	**$0**	**$0**	**$224**	**$9**	
TOTAL TRANSPORTATION		**$137,789**	**$123,733**	**$132,832**	**$169,175**	**$149,562**	**$132,981**	**$185,307**	**$151,160**	
TOTAL ECONOMIC DEVELOPMENT		**$0**	**$0**	**$0**	**$0**	**$1,200**	**$1,200**	**$900**	**$0**	
TOTAL CULTURE AND RECREATION		**$92,974**	**$69,199**	**$67,092**	**$66,402**	**$75,726**	**$71,313**	**$94,363**	**$72,471**	
HOME AND COMMUNITY SERVICE										
Sewage		$85,116	$86,762	$92,382	$88,789	$86,005	$91,055	$86,572	$97,677	
Water		$38,120	$41,425	$39,090	$45,265	$41,618	$34,935	$41,531	$42,360	
Other		$411,886	$85,514	$42,665	$175,721	$138,050	$251,194	$164,507	$31,383	
TOTAL HOME AND COMMUNITY SERVICE		**$535,122**	**$213,701**	**$174,137**	**$309,775**	**$265,673**	**$377,184**	**$292,610**	**$171,420**	
UNDISTRIBUTED										
Employee Benefits		$46,081	$46,293	$46,238	$50,085	$59,878	$54,925	$77,387	$95,205	
Debt Service		$0	$17,209	$16,459	$5,713	$5,713	$5,713	$5,713	$5,713	
TOTAL UNDISTRIBUTED		**$46,081**	**$63,502**	**$62,697**	**$55,798**	**$65,591**	**$60,638**	**$83,100**	**$100,918**	
VILLAGE OF MCGRAW GRAND TOTAL		**$962,571**	**$629,514**	**$581,802**	**$763,422**	**$717,556**	**$798,457**	**$832,094**	**$718,675**	

1. Interfund Transfers and H Fund Items Excluded

Source: NYS Office of the State Comptroller

Table C: Cortland Cluster, Assessed Value, 1998-2005

YEAR	Assessed Value Fully Taxable	Full Valuation of Taxable Real Property	Assessed Value Fully Taxable	Full Valuation of Taxable Real Property	Assessed Value Fully Taxable	Full Valuation of Taxable Real Property
	CITY OF CORTLAND		TOWN OF CORTLANDVILLE		VILLAGE OF MCGRAW	
1998	$395,995,429	$384,386,943	$331,588,793	$345,297,087	$11,391,274	$15,978,782
1999	$393,231,783	$370,938,386	$330,320,867	$330,320,867	$19,298,495	$20,096,319
2000	$390,910,366	$377,253,779	$331,975,784	$331,975,784	$19,136,846	$19,136,846
2001	$391,832,627	$374,923,574	$334,549,264	$326,644,467	$18,899,541	$18,899,541
2002	$389,523,985	$377,701,915	$339,191,375	$339,191,375	$18,758,227	$18,315,003
2003	$390,485,282	$390,485,282	$340,538,983	$340,538,983	$18,812,101	$18,812,101
2004	$390,893,501	$390,893,501	$346,066,029	$364,280,030	$18,883,034	$18,883,034
2005	$395,581,132	$407,815,600	$360,183,414	$387,293,993	$18,931,510	$19,927,905

Source: NYS Office of the State Comptroller

Table D: Cortland Cluster, Total Revenue, 1997-2006

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	10 Year Change[1]
City of Cortland	$16,165,732	$16,565,026	$16,395,107	$16,605,363	$17,425,680	$17,922,623	$18,887,625	$18,694,778	$19,804,137	$20,114,876	24%
Town of Cortlandville	$4,265,924	$4,323,241	$5,049,310	$4,954,932	$4,833,706	$5,228,231	$5,486,510	$6,137,675	$6,163,661	$6,721,661	58%
Village of McGraw		$995,879	$625,128	$599,431	$758,599	$718,301	$835,727	$792,018	$690,828		-31%

1. For Village of McGraw, Change from 1998-2005

Source: NYS Office of the State Comptroller

Table E: Cortland Cluster, Revenue by Major Source, 1997-2006[1]

City of Cortland	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Property Tax Revenue[2]	$5,774,396	$5,679,475	$5,629,654	$5,535,364	$5,925,147	$6,040,562	$6,204,769	$6,836,189	$6,907,571	$7,145,770
Sales Tax[3]	$3,108,915	$3,048,550	$3,304,028	$3,480,169	$3,326,742	$3,576,384	$3,803,518	$3,840,938	$3,837,030	$3,978,907
Other Taxes[4]	$299,510	$277,219	$272,907	$236,303	$273,786	$243,656	$261,500	$272,362	$271,981	$272,450
State Aid	$1,558,864	$1,645,407	$1,714,311	$1,741,433	$1,743,972	$1,798,136	$1,878,626	$1,921,964	$2,591,359	$2,815,450
Federal Aid	$481,786	$411,061	$351,663	$276,000	$547,295	$762,407	$1,243,467	$813,169	$500,778	$568,573
Sewer Revenue	$1,970,212	$2,002,137	$2,025,843	$2,028,059	$2,270,351	$2,139,505	$2,235,528	$1,811,436	$1,863,310	$1,873,312
Water Revenue	$1,181,196	$1,239,711	$1,160,155	$1,251,140	$1,390,506	$1,448,145	$1,376,470	$1,256,784	$1,308,740	$1,281,910
Revenue from Services to Other Governments	$109,262	$118,262	$112,262	$110,262	$136,262	$125,371	$105,562	$115,102	$199,560	$140,815
Other Revenue	$1,681,591	$2,143,204	$1,824,284	$1,946,633	$1,811,619	$1,788,457	$1,778,185	$1,826,834	$2,323,808	$2,037,689
Total Revenue	**$16,165,732**	**$16,565,026**	**$16,395,107**	**$16,605,363**	**$17,425,680**	**$17,922,623**	**$18,887,625**	**$18,694,778**	**$19,804,137**	**$20,114,876**
Town of Cortlandville	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
Property Tax Revenue[2]	$1,149,942	$1,170,681	$1,486,229	$1,523,285	$1,576,069	$1,800,841	$2,001,529	$2,579,588	$2,554,296	$2,577,784
Sales Tax[3]	$1,657,636	$1,629,838	$1,681,252	$1,760,264	$1,693,273	$1,782,072	$1,861,027	$1,840,746	$1,831,455	$1,942,851
State Aid	$175,323	$247,489	$263,069	$239,406	$163,153	$308,071	$304,904	$299,887	$297,251	$609,735
Federal Aid	$0	$679	$639	$543	$476	$486	$454	$0	$823	$436
Sewer Revenue	$651,772	$595,180	$533,569	$628,806	$658,779	$619,486	$559,021	$519,291	$526,108	$506,552
Water Revenue	$295,498	$301,188	$307,295	$321,515	$319,734	$321,940	$325,560	$340,256	$352,357	$341,808
Revenue from Services to Other Governments	$0	$25,373	$329,829	$18,048	$0	$0	$0	$0	$0	$0
Other Revenue	$335,753	$352,813	$447,428	$463,065	$422,222	$395,335	$434,015	$557,907	$601,371	$742,495
Total Revenue	**$4,265,924**	**$4,323,241**	**$5,049,310**	**$4,954,932**	**$4,833,706**	**$5,228,231**	**$5,486,510**	**$6,137,675**	**$6,163,661**	**$6,721,661**
Village of McGraw[5]	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
Property Tax Revenue[2]		$186,984	$199,986	$198,286	$200,205	$198,552	$202,349	$206,204	$211,142	
Sales Tax[3]		$94,482	$103,392	$107,304	$107,569	$102,751	$109,157	$109,161	$106,828	
Other Taxes[4]		$19,576	$19,621	$19,355	$21,940	$23,142	$22,552	$22,884	$25,054	
State Aid		$59,223	$21,987	$38,300	$45,293	$32,883	$26,143	$57,208	$118,427	
Federal Aid		$307,098	$1,453	$888	$109,723	$99,849	$214,853	$137,458	$0	
Sewer Revenue		$84,632	$85,417	$81,610	$84,356	$91,033	$79,915	$89,575	$91,843	
Water Revenue		$59,334	$60,019	$58,564	$59,222	$57,956	$57,460	$60,905	$61,960	
Other Revenue		$184,550	$133,253	$95,124	$130,291	$112,135	$123,298	$108,623	$75,574	
Total Revenue	**$0**	**$995,879**	**$625,128**	**$599,431**	**$758,599**	**$718,301**	**$835,727**	**$792,018**	**$690,828**	**$0**

1. Excludes H fund and Interfund Transfers
2. Includes other payment in lieu of taxes; interest and penalties on real property taxes
3. Includes other Non-Property,County-Distributed Tax Revenue
4. Utilities Gross Receipts Tax
5. Data only available for 1998-2005

Source: NYS Office of the State Comptroller

Table F: Cortland Cluster, Tax Levies, 2000-2007

	2000	2001	2002	2003	2004	2005	2006	2007
City of Cortland	$4,041,145	$4,364,437	$4,620,923	$4,936,248	$5,430,683	$5,685,842	$6,221,684	$6,551,638
Town of Cortlandville	$792,000	$841,000	$936,512	$1,005,829	$1,603,233	$1,617,928	$1,567,136	$1,637,699
Village of McGraw	$191,368	$193,720	$192,272	$195,646	$200,349		$227,251	$249,610

Source: NYS Office of the State Comptroller

Table G: Cortland Cluster, Tax Rates, 2000-2007

	2000	2001	2002	2003	2004	2005	2006	2007
City of Cortland	10.33	11.14	11.86	12.64	13.89	14.37	15.61	16.38
Town of Cortlandville	2.43	2.56	2.82	3.01	4.77	4.62	3.55	3.7
Village of McGraw	10	10.25	10.25	10.4	10.61		11.92	11.65

Source: NYS Office of the State Comptroller

Table H: Cortland Cluster, Fund Balances, 1997-2006[1]

City of Cortland										
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
A Fund	$2,380,848	$2,599,244	$2,538,663	$2,116,857	$1,833,752	$1,632,160	$1,098,569	$1,584,929	$743,314	$331,397
CD Fund	$570,735	$858,773	$874,487	$976,836	$1,073,329	$1,204,574	$1,350,718	$1,452,601	$1,434,200	$1,478,028
CL Fund	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
CS Fund	$151,578	$199,453	$156,881	$125,391	$0	$0	$0	$0	$0	$0
FX Fund	$548,908	$604,497	$407,753	$365,776	$517,871	$649,612	$603,424	$467,597	$274,148	$192,588
G Fund	$1,102,502	$1,730,638	$1,878,541	$1,721,771	$1,993,409	$2,015,547	$2,014,125	$1,586,288	$1,175,901	$864,054
									Total	**$2,866,067**
Town of Cortlandville										
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
DA Fund	$14,808	$36,000	$0	$70,352	$113,350	$135,395	$137,373	$139,321	$139,808	$124,779
DB Fund	$777,439	$741,478	$967,974	$1,025,250	$1,104,508	$947,275	$849,622	$1,048,686	$823,027	$888,837
SL Fund	$5,233	$5,487	$5,707	$6,016	$0	$0	$0	$0	$0	$0
CS Fund	$38,483	$42,126	$45,588	$49,270	$0	$0	$0	$0	$0	$0
FX Fund	$484,195	$572,678	$670,703	$744,322	$1,098,698	$1,187,050	$1,234,865	$1,327,320	$1,355,281	$1,425,563
									Total	**$2,439,179**
Village of McGraw										
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
A Fund		$383,209	$354,057	$380,305	$587,670	$474,555	$512,516	$482,653	$495,882	
CD Fund		$119,423	$131,220	$135,694	$129,580	$150,798	$165,966	$186,233	$210,436	
CM Fund		$29,112	$25,345	$23,883	$21,721	$25,205	$32,710	$40,197	$49,899	
CS Fund		$10,432	$10,904	$11,430	$0	$0	$0	$0	$0	
FX Fund		$228,226	$248,382	$234,063	$159,624	$157,366	$138,996	$151,327	$166,498	
G Fund		$175,119	$178,501	$170,844	$188,899	$196,593	$192,165	$201,410	$202,182	

1. Excludes H Fund

Source: NYS Office of the Comptroller

Table I: Cortland Cluster, Indebtedness, 1998-2005

City of Cortland	1998	1999	2000	2001	2002	2003	2004	2005
Constitutional Debt Limit	$26,523,916	$26,484,946	$26,465,983	$26,392,864	$26,478,241	$26,757,613	$27,185,478	$27,871,182
Total Issued During Fiscal Year	$1,210,000	$0	$1,290,000	$0	$3,720,000	$0	$300,000	$3,379,500
Total Paid During Fiscal Year	$1,535,000	$1,660,000	$1,710,000	$1,730,000	$1,745,000	$1,770,000	$1,834,406	$1,975,000
Total Not Subject to Limit	$13,550,000	$12,790,000	$12,025,000	$11,250,000	$10,475,000	$9,675,000	$8,870,594	$8,255,594
Total Subject to Limit	$8,430,000	$7,530,000	$7,875,000	$6,920,000	$9,670,000	$8,700,000	$7,970,000	$9,989,500
Total Debt Outstanding	$21,980,000	$20,320,000	$19,900,000	$18,170,000	$20,145,000	$18,375,000	$16,840,594	$18,245,094
Town of Cortlandville	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
Constitutional Debt Limit	$21,788,010	$22,144,758	$22,509,559	$22,901,667	$23,428,014	$23,836,829	$24,611,284	$26,395,704
Total Issued During Fiscal Year	$1,580,425	$753,000	$2,270,000	$941,000	$151,000	$0	$5,733,286	$2,607,226
Total Paid During Fiscal Year	$7,138,654	$5,219,278	$7,145,326	$7,642,175	$7,358,023	$6,753,972	$7,267,286	$7,848,131
Total Not Subject to Limit	$7,138,654	$5,219,278	$7,145,326	$7,642,175	$7,358,023	$6,753,972	$7,267,286	$7,848,131
Total Subject to Limit	$0	$2,333,425	$0	$0	$0	$0	$0	$0
Total Debt Outstanding	$7,138,654	$7,552,703	$7,145,326	$7,642,175	$7,358,023	$6,753,972	$7,267,286	$7,848,131
Village of McGraw	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
Constitutional Debt Limit	$1,064,561	$1,221,792	$1,258,228	$1,293,970	$1,333,637	$1,316,651	$0	$1,350,214
Total Issued During Fiscal Year	$0	$0	$0	$450,000	$0	$0	$0	$0
Total Paid During Fiscal Year	$14,463	$14,575	$14,689	$4,806	$454,926	$5,049	$0	$0
Total Not Subject to Limit	$0	$0	$0	$450,000	$0	$0	$0	$0
Total Subject to Limit	$65,537	$50,962	$36,273	$31,917	$26,991	$21,942	$0	$0
Total Debt Outstanding	$65,537	$50,962	$36,273	$481,917	$26,991	$21,942	$0	$0

Source: NYS Office of the Comptroller

Appendix D – Cortland Interviews

City of Cortland

Tom Gallagher, Mayor
Andy Damiano, City Clerk/Director of Finance/Tax Collector
Chris Bistocchi, DPW Supervisor
James Nichols, Police Chief
Denis Baron, Fire Chief
Sheryl Massman, Deputy Clerk

Town of Cortlandville

Richard Tupper, Supervisor
Karen Snyder Town Clerk/Tax Collector
Karl Bush, Superintendent of Highway
Pete Alteri, Water/Sewer Deputy Superintendent
Cortlandville Fire District Board of Fire Commissioners
Wayne Friedman, Cortlandville Fire District Chief

Village of McGraw

Did not respond to letter, or repeated calls for interview

Town of Homer

Fred Forbes, Supervisor
Patrick Snyder, Town Attorney

Village of Homer

Mike McDermott, Mayor

APPENDIX E – ONEONTA

Table A: Oneonta Cluster, Total Expenses, 1997-2006[1]

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Change from 1997 - 2006
City of Oneonta	$9,965,587	$9,393,432	$10,134,533	$10,593,841	$10,948,710	$11,467,547	$12,154,583	$12,955,772	$13,329,447	$13,986,427	40%
Town of Oneonta	$1,861,800	$1,801,102	$1,843,600	$1,861,845	$1,785,994	$1,910,189	$1,910,313	$1,835,871	$1,950,346	$2,093,391	12%

1. Excludes H Funds and Interfund Transfers

Source: NYS Office of the State Comptroller

Table B: Oneonta Cluster, Expenses by Major Functional Area, 1997-2006[1]										
City of Oneonta	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
TOTAL GENERAL GOVERNMENT SUPPORT	**$1,514,171**	**$1,469,620**	**$1,658,177**	**$1,609,053**	**$1,691,366**	**$1,799,771**	**$1,984,798**	**$2,328,747**	**$2,247,927**	**$2,300,052**
EDUCATION	**$3,116**	**$454**	**$4,028**	**$3,445**	**$3,185**	**$615**	**$5,654**	**$3,095**	**$2,949**	**$2,896**
PUBLIC SAFETY										
Law Enforcement	$1,492,930	$1,566,561	$1,699,449	$1,646,557	$1,755,224	$1,811,800	$1,999,809	$2,187,939	$2,204,754	$2,496,333
Fire Protection and Control	$1,731,304	$1,413,122	$1,464,873	$1,502,196	$1,554,690	$1,750,402	$2,082,198	$1,927,549	$2,029,016	$2,225,395
Other	$255,198	$224,909	$240,833	$242,394	$268,362	$281,134	$304,573	$325,031	$320,700	$331,940
TOTAL PUBLIC SAFETY	**$3,479,432**	**$3,204,592**	**$3,405,155**	**$3,391,147**	**$3,578,276**	**$3,843,336**	**$4,386,580**	**$4,440,519**	**$4,554,470**	**$5,053,668**
TOTAL HEALTH	**$8,125**	**$650**	**$55**	**$2,229**	**$2,630**	**$1,280**	**$4,386**	**$2,566**	**$1,958**	**$2,535**
TOTAL TRANSPORTATION	**$1,015,393**	**$920,160**	**$999,917**	**$1,167,929**	**$1,178,374**	**$1,250,664**	**$1,312,951**	**$1,513,699**	**$1,452,238**	**$1,475,185**
TOTAL ECONOMIC ASSISTANCE AND OPPORTUNITY	**$20,707**	**$8,811**	**$26,440**	**$40,118**	**$42,745**	**$21,714**	**$29,604**	**$92,912**	**$27,415**	**$43,119**
TOTAL CULTURE AND RECREATION	**$980,042**	**$1,010,582**	**$1,091,399**	**$1,161,785**	**$1,273,736**	**$1,367,647**	**$1,149,309**	**$1,212,980**	**$1,207,169**	**$1,296,686**
HOME AND COMMUNITY SERVICE										
Sewage	$651,399	$551,482	$584,815	$623,742	$693,442	$711,155	$849,476	$804,995	$918,573	$894,713
Water	$593,351	$556,289	$695,396	$639,200	$826,979	$763,637	$744,767	$882,167	$923,719	$868,817
Other	$121,960	$128,629	$97,273	$109,976	$118,652	$145,644	$142,999	$134,226	$297,383	$199,254
TOTAL HOME AND COMMUNITY SERVICE	**$1,366,710**	**$1,236,400**	**$1,377,484**	**$1,372,918**	**$1,639,073**	**$1,620,436**	**$1,737,242**	**$1,821,388**	**$2,139,675**	**$1,962,784**
UNDISTRIBUTED										
Employee Benefits	$504,171	$499,567	$555,874	$483,090	$546,505	$642,756	$732,997	$701,659	$818,273	$860,753
Debt Service	$1,073,720	$1,042,596	$1,016,004	$1,362,127	$992,820	$919,328	$811,062	$838,207	$877,373	$988,749
TOTAL UNDISTRIBUTED	**$1,577,891**	**$1,542,163**	**$1,571,878**	**$1,845,217**	**$1,539,325**	**$1,562,084**	**$1,544,059**	**$1,539,866**	**$1,695,646**	**$1,849,502**
CITY OF ONEONTA GRAND TOTAL	**$9,965,587**	**$9,393,432**	**$10,134,533**	**$10,593,841**	**$10,948,710**	**$11,467,547**	**$12,154,583**	**$12,955,772**	**$13,329,447**	**$13,986,427**
Town of Oneonta	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
TOTALGENERAL GOVERNMENT SUPPORT	**$259,440**	**$271,620**	**$265,767**	**$270,261**	**$282,908**	**$310,424**	**$319,272**	**$339,928**	**$351,081**	**$366,959**
PUBLIC SAFETY										
Law Enforcement	$28,855	$17,603	$17,474	$36,543	$17,490	$43,380	$20,641	$53,148	$29,335	$38,031
Other	$54,030	$50,817	$61,871	$56,746	$53,760	$57,749	$71,642	$57,334	$85,523	$96,934
TOTAL PUBLIC SAFETY	**$82,885**	**$68,420**	**$79,345**	**$93,289**	**$71,250**	**$101,129**	**$92,283**	**$110,482**	**$114,858**	**$134,965**
TOTAL HEALTH	**$14,721**	**$13,552**	**$13,540**	**$13,540**	**$13,540**	**$14,040**	**$14,040**	**$15,540**	**$15,540**	**$16,040**
TOTAL TRANSPORTATION	**$652,857**	**$652,877**	**$700,401**	**$678,215**	**$646,806**	**$695,512**	**$665,353**	**$637,979**	**$719,079**	**$756,092**
TOTAL CULTURE AND RECREATION	**$63,933**	**$59,026**	**$56,454**	**$109,603**	**$73,809**	**$79,504**	**$113,407**	**$90,372**	**$92,568**	**$101,724**
HOME AND COMMUNITY SERVICE										
Sewage	$172,161	$167,329	$161,428	$194,881	$186,935	$235,060	$267,618	$176,124	$201,411	$256,822
Water	$16,093	$24,462	$20,613	$26,629	$33,585	$23,340	$23,632	$21,880	$22,416	$24,842
Other	$14,145	$11,070	$16,774	$12,046	$10,627	$9,164	$10,674	$12,291	$10,872	$10,230
TOTAL HOME AND COMMUNITY SERVICE	**$202,399**	**$202,861**	**$198,815**	**$233,556**	**$231,147**	**$267,564**	**$301,924**	**$210,295**	**$234,699**	**$291,894**
UNDISTRIBUTED										
Employee Benefits	$93,738	$101,802	$108,483	$108,521	$114,071	$112,272	$113,667	$159,895	$165,561	$175,863
Debt Service	$491,827	$430,944	$420,795	$354,860	$352,463	$329,744	$290,367	$271,380	$256,960	$249,854
TOTAL UNDISTRIBUTED	**$585,565**	**$532,746**	**$529,278**	**$463,381**	**$466,534**	**$442,016**	**$404,034**	**$431,275**	**$422,521**	**$425,717**
TOWN OF ONEONTA GRAND TOTAL	**$1,861,800**	**$1,801,102**	**$1,843,600**	**$1,861,845**	**$1,785,994**	**$1,910,189**	**$1,910,313**	**$1,835,871**	**$1,950,346**	**$2,093,391**

1. Excludes Interfund Transfers and H Fund Items

Source: NYS Office of the State Comptroller

Table C: Oneonta Cluster, Assessed Value, 1998-2005

YEAR	Assessed Value Fully Taxable	Full Valuation of Taxable Real Property	Assessed Value Fully Taxable	Full Valuation of Taxable Real Property
	City of Oneonta		Town of Oneonta	
1998	$107,173,965	$285,264,746	$231,838,802	$228,277,670
1999	$105,757,420	$281,344,560	$233,817,452	$226,765,058
2000	$104,832,301	$265,465,437	$237,181,494	$241,775,223
2001	$272,064,844	$272,064,844	$240,572,709	$243,642,605
2002	$272,328,331	$272,328,331	$241,412,600	$251,079,147
2003	$271,630,726	$291,543,121	$243,781,547	$271,653,161
2004	$294,744,352	$294,744,352	$240,835,648	$271,364,110
2005	$299,656,635	$299,656,635	$244,685,312	$271,872,568

Source: NYS Office of the State Comptroller

Table D: Oneonta Cluster, Total Revenue, 1997-2006

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	10 Year Change
City of Oneonta	$10,324,510	$10,795,105	$11,269,353	$11,979,961	$12,242,573	$12,623,606	$12,954,397	$13,896,042	$14,722,547	$15,772,845	53%
Town of Oneonta	$1,890,263	$2,012,163	$1,980,760	$1,972,182	$1,986,607	$2,108,250	$2,151,114	$2,118,557	$2,309,912	$2,367,540	25%

Source: NYS Office of the State Comptroller

Table E: Oneonta Cluster, Revenue by Major Source, 1997-2006[1]

City of Oneonta	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Property Tax Revenue[2]	$3,390,271	$3,406,399	$3,535,907	$3,602,856	$3,839,600	$4,063,579	$4,254,021	$4,382,199	$4,469,286	$4,474,693
Other Taxes[3]	$2,023,278	$2,016,470	$2,265,605	$2,357,421	$2,361,136	$2,572,110	$2,707,869	$3,685,231	$3,940,204	$4,125,481
State Aid	$1,014,865	$1,534,461	$1,551,370	$1,633,665	$1,680,064	$1,730,108	$1,740,887	$1,824,666	$2,001,741	$2,398,204
Federal Aid	$0	$16,924	$0	$0	$0	$8,414	$60,845	$202	$5,504	$13,362
Sewer Revenue	$956,959	$801,843	$873,853	$948,807	$942,663	$951,379	$941,249	$892,172	$852,877	$810,249
Water Revenue	$1,159,758	$971,824	$1,072,950	$1,123,037	$1,075,408	$1,098,239	$1,085,486	$1,053,984	$1,032,213	$1,105,569
Revenue from Services to Other Governments	$395,424	$399,636	$435,974	$513,042	$537,419	$604,903	$667,390	$637,775	$754,661	$829,758
Other Revenue	$1,383,955	$1,647,548	$1,533,694	$1,801,133	$1,806,283	$1,594,874	$1,496,650	$1,419,813	$1,666,061	$2,015,529
Total Revenue	**$10,324,510**	**$10,795,105**	**$11,269,353**	**$11,979,961**	**$12,242,573**	**$12,623,606**	**$12,954,397**	**$13,896,042**	**$14,722,547**	**$15,772,845**
Town of Oneonta	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
Property Tax Revenue[2]	$909,057	$882,227	$887,307	$887,387	$904,371	$907,255	$912,627	$887,888	$908,880	$923,837
Other Taxes[3]	$223,461	$224,756	$250,993	$268,597	$267,142	$317,260	$325,200	$414,419	$427,638	$465,424
Sewer Revenue	$411,588	$452,117	$448,631	$419,282	$452,476	$451,305	$475,539	$373,796	$406,851	$433,256
Water Revenue	$27,408	$28,641	$28,352	$32,568	$36,307	$36,062	$34,163	$31,399	$31,706	$32,729
Revenue from Services to Other Governments	$13,127	$13,009	$14,435	$12,272	$23,125	$8,860	$19,972	$11,745	$21,621	$12,382
State Aid	$120,667	$160,860	$146,638	$159,391	$136,431	$215,760	$197,210	$225,396	$301,697	$250,264
Federal Aid	$34,782	$64,908	$395	$0	$187	$0	$21,396	$0	$8,987	$0
Other Revenue	$150,173	$185,645	$204,009	$192,685	$166,568	$171,748	$165,007	$173,914	$202,532	$249,648
Total Revenue	**$1,890,263**	**$2,012,163**	**$1,980,760**	**$1,972,182**	**$1,986,607**	**$2,108,250**	**$2,151,114**	**$2,118,557**	**$2,309,912**	**$2,367,540**

1. Excludes H fund and Interfund Transfers
2. Includes other payment in lieu of taxes; interest and penalties on real property taxes
3. Includes other Non-Property,County-Distributed Tax Revenue

Source: NYS Office of the State Comptroller

Table F: Oneonta Cluster, Tax Levies, 2000-2007

	2000	2001	2002	2003	2004	2005	2006	2007
City of Oneonta	$3,285,000	$3,416,337	$3,652,064	$3,851,450	$3,963,050	$4,036,310	$4,036,310	$3,936,310
Town of Oneonta	$830,134	$842,004	$844,943	$850,511	$835,660	$846,610	$869,286	$885,678

Source: NYS Office of the State Comptroller

Table G: Oneonta Cluster, Tax Rates, 2000-2007

	2000	2001	2002	2003	2004	2005	2006	2007
City of Oneonta	31.34	12.56	13.41	14.17	13.44	13.46	13.01	12.64
Town of Oneonta	3.5	3.5	3.5	3.49	3.47	3.46	3.46	3.44

Source: NYS Office of the State Comptroller

Table H: Oneonta Cluster, Fund Balances, 1997-2006[1]

City of Oneonta										
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
A Fund	$3,248,850	$4,296,833	$5,027,105	$5,845,300	$6,363,639	$7,015,498	$7,363,600	$8,207,291	$8,950,910	$9,835,451
FX Fund	$529,356	$725,067	$810,530	$1,122,313	$1,036,030	$859,396	$683,843	$526,663	$435,808	$393,448
G Fund	$420,560	$485,306	$615,134	$802,713	$637,491	$875,041	$1,121,522	$1,025,384	$1,021,297	$948,336
L Fund	$99,936	$133,332	$125,340	$130,356	$136,031	$87,270	$115,384	$111,972	$203,256	$257,151
Town of Oneonta										
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
A Fund	$294,870	$385,906	$512,748	$433,729	$438,299	$617,515	$761,259	$671,649	$1,005,843	$1,178,097
DA Fund	$93,502	$131,144	$95,781	$83,124	$123,457	$141,955	$213,141	$277,728	$287,150	$280,864
SL Fund	$2,638	$5,416	$5,429	$10,325	$13,646	$17,097	$17,854	$12,944	$13,159	$9,584
SS Fund	$82,404	$99,325	$126,120	$105,277	$122,178	$266,211	$281,733	$292,461	$309,520	$305,327
SW Fund	$15,379	$12,373	$13,573	$13,516	$9,228	$24,232	$29,590	$34,040	$38,386	$42,237

1. Excludes H Fund

Source: NYS Office of the Comptroller

Table I: Oneonta Cluster, Indebtedness, 1998-2005

City of Oneonta	1998	1999	2000	2001	2002	2003	2004	2005
Constitutional Debt Limit	$20,099,895	$19,935,358	$19,671,378	$19,270,551	$19,358,448	$19,546,045	$20,024,722	$20,558,462
Total Issued During Fiscal Year	$0	$504,000	$959,000	$0	$2,715,000	$2,100,000	$1,200,000	$2,410,000
Total Paid During Fiscal Year	$724,000	$645,000	$1,701,000	$667,810	$2,450,380	$1,463,090	$1,775,940	$1,798,950
Total Not Subject to Limit	$4,488,138	$4,154,630	$3,830,122	$3,507,408	$4,120,899	$5,119,595	$4,892,676	$3,451,757
Total Subject to Limit	$3,821,862	$4,014,370	$3,596,878	$3,251,782	$2,902,911	$2,541,125	$2,192,104	$4,244,073
Total Debt Outstanding	$8,310,000	$8,169,000	$7,427,000	$6,759,190	$7,023,810	$7,660,720	$7,084,780	$7,695,830
Town of Oneonta	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
Constitutional Debt Limit	$15,280,007	$15,604,274	$16,082,051	$16,367,426	$16,681,556	$17,913,199	$18,334,562	$19,368,584
Total Issued During Fiscal Year	$360,000	$325,000	$0	$0	$36,000	$0	$0	$0
Total Paid During Fiscal Year	$606,800	$537,500	$210,200	$210,200	$246,200	$190,200	$190,200	$180,200
Total Not Subject to Limit	$1,887,000	$1,768,000	$2,246,100	$2,035,900	$1,825,700	$1,635,500	$1,445,300	$1,265,100
Total Subject to Limit	$781,800	$688,300	$0	$0	$0	$0	$0	$0
Total Debt Outstanding	$2,668,800	$2,456,300	$2,246,100	$2,035,900	$1,825,700	$1,635,500	$1,445,300	$1,265,100

Source: NYS Office of the Comptroller

Appendix F – Oneonta Interviews

Town of Oneonta

Bob Wood, Town Supervisor
Jim Hurtubise, Superintendent of Highways

City of Oneonta

John Nader, Mayor
Dave Martindale, Chamberlain
Stab Shaffer, Water Treatment Plant Supervisor
Larry Harrison, Public Services Supervisor
Joe Bernier, Community Development and Engineering