Tompkins County Shared Services Plan

As Recommended by the Tompkins County Shared Services Panel

July 19, 2017

Introduction: Local governments within Tompkins County have a well-earned reputation for innovation. Two generations ago, municipal and county leaders took the unprecedented step of consolidating the property tax assessment function at nearly the same time as Tompkins and Cortland Counties came together in a unique partnership to form Tompkins-Cortland Community College. Since then, public safety communications, public transit, records management, law enforcement technology, geographic information systems, water and wastewater treatment, and employee health benefits have been brought together under common organizational structures. A recent report by graduate students in the Cornell University Institute for Public Affairs and Johnson Graduate School of Management documented annual savings of $4 million from just a few of these pioneering ventures.

Over the past several years, as a companion to its 2012 imposition of a property tax cap, New York State has “discovered” the benefits of shared services, and has launched several initiatives to compel local governments to share services or consolidate. The latest, the 2017 “County-wide Shared Services Property Tax Savings Plan Law”, gives counties until September 15, 2017 to identify shared services that will result in new property tax savings. The process is aided by an advisory panel of mayors and supervisors (who must also approve the final Plan), and informed by public employee unions, civic leaders, and the general public.

As in earlier State initiatives, the 2017 Shared Services Law doesn’t account for the past performance of counties like Tompkins. The expectations placed on Tompkins County are the same as in communities considering innovations such as centralized assessment or a health benefits consortium for the first time.

In meetings spanning three months, the Tompkins County Shared Services Panel considered a variety of shared services possibilities that would meet the State’s test of producing new property tax savings, and the State’s timeline that requires a report with certified savings by September 15th.

This report summarizes the Panel’s findings and recommendations, and is the County Administrator’s Shared Services Plan for review by the County Legislature.

**Shared Services Panel’s Findings and Recommendations**

Findings: The Panel did not find any “low hanging fruit” that would produce significant, recurring new property tax savings. In fact, examples cited by the State for consideration by counties read like a list of accomplishments already made in Tompkins County: health benefits consortia (GTMHIC), energy purchasing consortia (MEGA), shared insurance cooperatives (NYMIR), shared plowing (County contracts with towns for snow plowing), shared highway equipment (informal arrangements throughout the County), reduction in back office overhead (centralized assessment.)

The Panel did find merit in several relatively small shared service candidates, and agreed to stay together as a group to delve deeper into a few larger shared services possibilities that require more careful analysis and consideration than can occur within the deadlines set by the State.

**Recommendations:** The Panel recommends including the following shared services proposals in the County’s Shared Services Plan:

1. The creation of a ***Tompkins County Council of Governments (TCCOG) Training Academy to*** serve as a vehicle to provide affordable, high-quality training to all local governments within the County. The Training Academy would be operated by Tompkins Cortland Community College and offer a curriculum of training desired by, and beneficial to, all local governments regardless of size. Building on the existing Supervising For Success program, this program would offer a variety of courses currently beyond the reach of smaller governments, or that carry a higher cost when secured individually rather than collectively. Examples of training include Customer Service, Cultural Competence, Compliance, Hazardous Materials Handling, Code Enforcement, De-Escalation, Safety Training, municipal accounting/financial software training, meeting management for staff and for public officials, and certain mandatory trainings. A steering committee comprised of municipal human resources officials, elected officials, and TC3 officials would monitor the program to ensure that course offerings remained in keeping with the training desired by local governments within the County.

**Savings Estimate: $17,000**. Based on survey results from seven municipalities that represent approximately 90% of the municipal employment in the County, local governments are now spending approximately $170,000 for training (excluding police and fire training for the City and County). It is estimated that the centralized approach to training will save 10% of the cost of training, or $17,000 of recurring annual savings. Although not easily quantifiable, reducing the cost and proximity of training will make it more likely that local governments will send staff to training, thereby resulting in improvements in the quality of service and efficiency of delivery.

1. The creation and maintenance of a ***Service Modernization Plan*** by the County for use by all municipalities. The Plan would use LaserFische software, already in place to store and manage municipal records, to automate a multitude of routine paper-intensive tasks currently done by hand. These tasks could include processing FOIL requests, building permits, marriage licenses, demolition permits, work orders, anonymous tips, sealed court cases, and many more. The automated systems would generate a database that will result in user-friendly reports for the municipal clients. Tompkins County would provide access to the system, training, and data storage.

**Savings Estimate: $50,600.** It is estimated that town and village clerks will save an average of two hours per week in processing time after these applications are in operation. At an average salary of $45,000 plus a 50% fringe benefit factor, the hourly cost of a clerk averages $32.45. There are 15 clerks and 52 weeks in the year. Therefore, a two hour per week savings for clerks is valued at $50,614 ($32.45/hour x 104 hours per year x 15 clerks).

1. The creation and management of a ***purchasing pool*** to facilitate the lowest-cost acquisition of contemporary ***financial software***. Many municipalities are relying on “workhorse” financial systems that are reliable, but not as user-friendly or versatile as they desire. Moreover, as unit prices often vary with volume, the cost of a financial software system may go down if multiple municipalities pool their demand and issue a common bid. In consultation with municipalities, the County’s Finance Department and Information Technology Services (ITS) department will serve a facilitation role by helping to prepare and release an RFP for a standardized, contemporary financial software that may later open the door for a more centralized approach to functions such as payroll, accounts payable, purchasing, and tax collection. County staff would also work with municipalities to negotiate a final contract with the successful vendor.

**Savings Estimate: $1,000.** The primary benefit of the joint purchasing approach is not to realize an immediate cash savings, but to enable all municipalities to exercise their collective buying power to attract vendors of various financial software products who may offer attractive features not currently available, or affordable, to smaller governments. Additionally, the joint purchasing approach may result in a common financial software platform that may help open the door to future shared services.

1. The acquisition and operation of a ***countywide mass notification system*** available to all municipalities in the County. The system will enable local governments to alert all residents within a specific geographic area to matters of urgent importance (e.g., floods, hazardous waste spills), and to advise residents who chose to be notified of matters of consequence to them (e.g., brush pick-up, parking restrictions, etc.) in a highly efficient and consistent manner. Alerts are issued via telephone, text messages, faxes, and social media. The system will take the place of multiple means of communicating, often requiring hours of staff work, that may not reach all of those who need to be, or want to be, alerted. Instead of each municipality purchasing a mass notification system (the City and Town of Ithaca are already contemplating such a purchase), Tompkins County will acquire and operate the system, and allow municipalities to tailor the system to their needs and priorities through the granting of administrative rights.

**Savings Estimate: $6,500 per** year vs. cost if the largest of the individual municipalities (City, Town of Ithaca, County) purchased their own systems.

1. The creation and management of a ***purchasing pool*** ***to facilitate the conversion of street lights to high efficiency LED fixtures.*** There are significant greenhouse gas reduction benefits and cost savings associated with the conversion of conventional street lights to LED fixtures. It is estimated that the cost of maintenance and energy drops 75% when a streetlight is converted to LED; a savings that allows a rapid 5-6 year payback on the initial investment in re-lamping. A collaborative approach, led by the City of Ithaca which has already undertaken extensive exploratory work on a transition, could vastly accelerate the transition to LED streetlights across the county, allowing both environmental and economic savings to be realized much sooner than if each municipality approached the project on its own. Additionally, it is estimated that the installation cost for smaller municipalities would drop by approximately 10% if the project was a part of a single countywide bid.

**Savings Estimate: $170,000 annually**, net of the cost to amortize the installation of 3,000 new lights. Additionally, towns and villages are expected to save $30,556 on the cost of installation by being a part of a single countywide bid for an installation contractor.

1. Expansion of the **Greater Tompkins County Municipal Health Insurance Consortium**. In 2018, current municipal members of the Consortium intend to accept at least two new municipalities o the “pooled risk” arrangement. The expansion of membership will require a re-constituted Consortium, an amended Municipal Operating Agreement, and re-calculation of “ownership shares,” i.e., a virtually new organization. Accordingly, this initiative is incorporated in Tompkins County’s shared services plan, as well as the shared services plans of the new members, and will generate an annual savings of approximately $1.75 million shared by members of the Consortium.

**Savings Estimate**: $1.75 million annually, based on 2015 study of shared services and efficiency in Tompkins County by graduate students at Cornell University Institute for Public Affairs and Johnson School of Management.)

**Recommended Areas for Additional In-Depth Review:**

1. Back-Office Administrative Services, including:
	* Payroll
	* Purchasing
	* Accounts Payable
	* Tax Collection,
	* IT Support

If certain administrative/overhead functions could be performed with quality, responsiveness, and at a lower cost by a central entity, municipalities could focus on direct core services. The TST BOCES Central Business Office (CBO) model could serve as a template for a similar centralized administrative services unit hosted by the County. BOCES provides member school districts with administrative services that include accounts payable, payroll, tax collection, and information technology. In a municipal version of the CBO model, the County would establish a stand-alone unit dedicated to providing specific administrative services on contract to municipalities.

As a potential alternative, TST BOCES is legally authorized, and appears to have the capacity, to extend its current services to include municipalities on a contract/fee-for-service basis. Because the organizational infrastructure has already been developed at TST BOCES, this is a viable alternative an should be considered alongside a County model.

* + Panel discussions have clearly shown that many municipalities would value expert IT support and access to contemporary software systems that could be provided by the County’s ITS department. As office automation technology moves rapidly toward “Virtual Desktop” technology that provides central software and support to office automation in multiple locations, an expanded County ITS role in supporting municipalities should be possible at a relatively low cost. The greatest barrier will be the lack of high speed access to municipal facilities in the rural parts of the County.

Additionally, a fee-based sharing of County GIS services is of particular interest to several municipalities, and should be pursued expeditiously.

* + Centralized tax collection is viewed as the most “politically” difficult change to implement and carries a risk of increasing the distance between governments and those they serve. However, as BOCES has shown, the efficiencies gained through a centralized approach can be significant. The County Administrator recommends a review of the benefits and costs of BOCES assuming this function.
	+ A variation on the back office theme would provide administrative support to town and village highway departments, particularly in identifying and writing grants for infrastructure projects.
1. Code Enforcement. The Panel found that while the code enforcement function has links to the land-use authority of municipal governments, centralization of the function may result in cost and quality benefits similar to that followed centralization of the assessment function.
2. Fleet Maintenance. There may be savings associated with a centralized approach to fleet maintenance similar, in some respects, to the centralized back office services concept. Here, a centralized maintenance facility could repair trucks and heavy equipment used by multiple governments and related agencies, such as fire districts/departments.

**Other Areas Following A Collaborative/Shared Services Approach and Worthy of State Support:**

In addition to the items above, the Panel discussed two major issues that are being approached in a collaborative fashion. While neither now requires the involvement of all of the mayors and supervisors who serve on the Shared Services Panel, the members believe that cost savings and improvements in quality will accompany a shared services approach to the following projects, and that New York State should incentivize these large-scale shared services activities through the provision of grant funds offered through the NYS Department of State or other agencies:

* **Wastewater Treatment**. A collaborative approach to optimizing the capacity of the Cayuga Heights and City of Ithaca Wastewater Treatment Plants by the six entities served by those facilities. As contemplated in a 2003 agreement, the six entities will come together to find solutions to deal with stormwater issues taxing the capacity of the Cayuga Heights facility which are more cost effective than a $5 million expansion of the plant. These discussions have already begun, but will continue beyond the timelines established by the Shared Services Initiative law.
* **Stormwater Management.** The requirements associated with stormwater management are expected to increase and include greater discharge monitoring and culvert maintenance. This is being approached from a regional perspective, with the participation of multiple governments. The Panel supports these inter-governmental efforts and believes the scope of these challenge warrants grant assistance from the State.

**Conclusion**

The Tompkins County Shared Services Panel is pleased that its deliberations have helped identify or accelerate several promising shared service initiatives. While the anticipated savings are not on the magnitude of the many consolidations and collaborations undertaken earlier in Tompkins County, we note the savings produced by our recommendations will be in addition to the several millions of dollars being saved each year as the result of those prior efforts.

We encourage the Tompkins County Legislature to review the proposed Shared Services Plan and to offer any comments it may have by September 1, 2017, so the Panel may comply with State Law by voting on a final plan before September 15, 2017.

**Shared Services Panel Members**

Supervisors Mayors

Mark Witmer, Caroline Linda Woodard, Cayuga Heights

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Jason Leifer, Dryden David Fogel, Freeville

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