

Examining the Role of County Government in Local Government Consolidation

Robert H. Feller, Esq.

Bond

CAASNY Annual Meeting

May 2017
Cooperstown, NY

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Introduction – Governor Cuomo’s Proposal

- Proposed legislation would require counties executives to submit cost-saving plans to county legislators by August 1st.
- Lawmakers would have 45 days to act and, if they do nothing, the plan would go before the voters in the fall
- If the plan is rejected, a new plan for consolidation or shared services would have to be devised again the following year and would go through the same approval process



Water and Wastewater

- Two areas where consolidation may be considered are the provision of wastewater disposal and water supply services.
- There are a number of reasons why economies of scale may make consolidation of these services under county management attractive.

Benefits of Consolidation of Wastewater Disposal and/or Water Supply Services

1. Fewer treatment facilities needed.
2. Spread fixed expenses over a wider user base.
3. Avoids the need to develop expertise in operations/regulatory compliance multiple times.
4. Easier to develop excess capacity and use it where needed.
5. May have easier time with obtaining grants/loans.
6. May be easier for county to borrow than would be the case for a small municipality.



Problems with Consolidation

1. Minority interests or problems that affect localized areas may not be dealt with adequately.
2. Administration is further removed from consumers of services.
3. Larger bureaucracy.
4. Addressing equalities in expansion scenarios where growth is very uneven across the service area

Options for Consolidation

Options on Treatment Plants

- Existing municipal (town/village/city) plants could be placed under county control.
- A county operation could be started for new plants.
- Some combination of the two.

Options on Conveyance Lines

- County control over treatment plants and conveyance lines
- County control over treatment plants and municipal control over control over conveyance lines



Methods for Establishing County/Regional Operations in Wastewater Management and Water Supply

1. County district under Article 5-A of the County Law
2. Inter-municipal agreement pursuant to GML Article 5-G
3. Sewer or water authority under Public Authorities Law



County Districts – County Law Article 5-A

- In order for the County to be involved directly in the management of wastewater or water supply, a district has to be created under County Law Article 5-A.
- No district is needed a separate public authority is created by the State Legislature.



Administration of County District

- Very flexible – Can be a county department, an individual or a board. A board has the advantage of providing balanced representation of the various communities and interests served.
- The Board can be structured in order to protect the rights of the communities served. The composition of the board can reflect the communities served. Larger communities can be given more than one representative or representatives can have weighted voting. To protect minority rights, rules can require a super-majority for certain questions such as expansion of treatment capacity or of the service area.



Provision for Excess Capacity

- When the district is established, it can include authorization for excess capacity. The excess capacity can be used for future population growth and/or as an incentive to attract new commercial or industrial operations. The cost for this excess capacity can be levied as a general county charge.



Rates – Zones of Assessment

- Flexibility in rate design.
- Rates can be set based on basis of benefit, ad valorem or user fees.
- Can set rates uniformly or can establish separate “zones of assessment”.
- If district is expanded, rates can be set for core district and expanded area separately or can be consolidated.



Inter-municipal Agreement GML Article 5-G

1. A group of municipalities can sign an agreement to provide services in common.
2. Each municipality must have legal authority itself to provide the service.



Inter-municipal Agreement GML Article 5-G

1. Counties can only provide sewer/water services through a district.
2. Under the first option, services can be provided by county district to customers outside the district. Usually this is done by selling services to municipalities outside the district by contract (i.e. town districts, cities or villages) although services could be sold directly to an end user as well (e.g. an industrial user).
3. Under the second option, the county district can be one of several municipalities that enter into an agreement to provide joint services. This arrangement would be governed by a board established in that agreement.



Water or Sewer Authority – Public Authorities Law

1. These authorities are established by legislative act.
2. The act determines the makeup of the governing body and the authorities of that body.
3. Unlike the other options, any borrowing not based on the credit of the county.
4. Concerns exist that such authorities are not adequately responsive to the public process.



Issues for County Water and Wastewater Infrastructure Projects

- Governance: Type of governing body; membership; voting structure.
- Excess Capacity/Infrastructure philosophy (is infrastructure intended to accommodate existing and anticipated growth or is it a tool to promote growth?)
- Expansion – When and where to build new infrastructure?
- Local impacts/benefits – are there adequate mechanisms to ensure equity and protect minority interests?
- How are costs distributed over the user base?



Robert H. Feller, Esq.
Bond Schoeneck & King PLLC
22 Corporate Woods Blvd, Suite 501
Albany, NY 12211
rfeller@bsk.com
518-533-3222

