

Conducting a Cost of Community Services Study

Source: USDA

DESCRIPTION

Cost of Community Services (COCS) studies are a case study approach used to determine the average fiscal contribution of existing local land uses. A subset of the much larger field of fiscal analysis, COCS studies have emerged as an inexpensive and reliable tool to measure direct fiscal relationships. Their particular niche is to evaluate working and open lands on equal ground with residential, commercial and industrial land uses.

COCS studies are a snapshot in time of costs versus revenues for each type of land use. They do not predict future costs or revenues or the impact of future growth. They do provide a baseline of current information to help local officials and citizens make informed land use and policy decisions.

METHODOLOGY

In a COCS study, researchers organize financial records to assign the cost of municipal services to working and open lands, as well as to residential, commercial and industrial development. Researchers meet with local sponsors to define the scope of the project and identify land use categories to study. For example, working lands may include farm, forest and/or ranch lands. Residential development includes all housing, including rentals, but if there is a migrant agricultural work force, temporary housing for these workers would be considered part of agricultural land use. Often in rural communities, commercial and industrial land uses are combined. COCS studies' findings are displayed as a set of ratios that compare annual revenues to annual expenditures for a community's unique mix of land uses.

COCS studies involve three basic steps:

1. Collect data on local revenues and expenditures.
2. Group revenues and expenditures and allocate them to the community's major land use categories.
3. Analyze the data and calculate revenue- to expenditure ratios for each land use category.

The process is straightforward, but ensuring reliable figures requires local oversight. The most complicated task is interpreting existing records to reflect COCS land use categories. Allocating revenues and expenses requires a significant amount of research, including extensive interviews with financial officers and public administrators.

HISTORY

Communities often evaluate the impact of growth on local budgets by conducting or commissioning fiscal impact analyses. Fiscal impact analyses project public costs and revenues from different land development patterns. They generally show that residential development is a net fiscal loss for communities and recommend commercial and industrial development as a strategy to balance local budgets.

Rural towns and counties that would benefit from fiscal impact analyses rarely have the expertise or resources to conduct them, as studies tend to be expensive. Also, fiscal impact analyses rarely consider the contribution of working and other open lands uses, which are very important to rural economies. Agricultural land is converted to development more commonly than any other land use.

American Farmland Trust (AFT) developed COCS studies in the mid-1980s to provide communities with a straightforward and inexpensive way to measure the contribution of agricultural lands to the local tax base. Since then, COCS studies have been conducted in at least 95 communities in the United States.

FUNCTIONS & PURPOSES

Communities pay a high price for unplanned growth. Scattered development frequently causes traffic congestion, air and water pollution, loss of open space and increased demand for costly public services. This is why it is important for citizens and local leaders to understand the relationships between

residential and commercial growth, agricultural land use, conservation and their community's bottom line.

COCS studies help address three claims that are commonly made in rural or suburban communities facing growth pressures:

1. Open lands—including productive farms and forests—are an interim land use that should be developed to their “highest and best use.”
2. Agricultural land gets an unfair tax break when it is assessed at its current use value for farming or ranching instead of at its potential use value for residential or commercial development.
3. Residential development will lower property taxes by increasing the tax base.

While it is true that an acre of land with a new house generates more total revenue than an acre of hay or corn, this tells us little about a community's bottom line. In areas where agriculture or forestry are major industries, it is especially important to consider the real property tax contribution of privately owned working lands. Working and other open lands may generate less revenue than residential, commercial or industrial properties, but they require little public infrastructure and few services.

COCS studies conducted over the last 15 years show working lands generate more public revenues than they receive back in public services. Their impact on community coffers is similar to that of other commercial and industrial land uses. On average, because residential land uses do not cover their costs, they must be subsidized by other community land uses. Converting agricultural land to residential land use should not be seen as a way to balance local budgets.

The findings of COCS studies are consistent with those of conventional fiscal impact analyses, which document the high cost of residential development and recommend commercial and industrial development to help balance local budgets. What is unique about COCS studies is that they show that agricultural land is similar to other commercial and industrial land uses. In every community studied, farmland has generated a fiscal surplus to help offset

the shortfall created by residential demand for public services. This is true even when the land is assessed at its current, agricultural use.

Communities need reliable information to help them see the full picture of their land uses. COCS studies are an inexpensive way to evaluate the net contribution of working and open lands. They can help local leaders discard the notion that natural resources must be converted to other uses to ensure fiscal stability. They also dispel the myths that residential development leads to lower taxes, that differential assessment programs give landowners an “unfair” tax break, and that farmland is an interim land use just waiting around for development.

One type of land use is not intrinsically better than another, and COCS studies are not meant to judge the overall public good or long-term merits of any land use or taxing structure. It is up to communities to balance goals such as maintaining affordable housing, creating jobs and conserving land. With good planning, these goals can complement rather than compete with each other. COCS studies give communities another tool to make decisions about their futures.

SUMMARY: COST OF COMMUNITY SERVICES STUDIES



Graph: Median cost—per dollar of revenue raised—to provide public services to different land uses.

Consolidation Checklist

Source: Consolidation for Towns and Villages
James A. Coon Local Government Technical Series
NYS DOS

Cost savings checklist

Use the following checklist to see what the potential is for cost saving changes in your government. Add questions of your own, if you'd like. Put a check in the **Yes** column for each change that you think is possible. Check the **Presently Being Done** column if you have already made the change.

		Yes	Presently Being Done
GENERAL GOVERNMENT			
Mayor/Supervisor	1. Can any of these positions be combined?	_____	_____
Trustees	Clerk with Treasurer	_____	_____
Justices	Tax Collector with Clerk	_____	_____
Treasurer	Village and Town Attorney	_____	_____
Tax Collector	Village and Town Engineer	_____	_____
Clerk	Village and Town Clerk	_____	_____
Assessor	2. Can any positions be eliminated?	_____	_____
Attorney	Village Justice	_____	_____
Engineer	Town Justice	_____	_____
Buildings	Village Assessor	_____	_____
Central Garage	3. Can any activities be housed in one building, used by several governments?	_____	_____
	All clerks,	_____	_____
	All tax collectors	_____	_____
	All garages	_____	_____
PUBLIC SAFETY			
Police	1. Can police services be merged?	_____	_____
Fire	Be contracted for with another government?	_____	_____
Traffic Control	Utilize common dispatching with fire services?	_____	_____
Safety Inspection	2. Could one person provide the same service to separate governments?	_____	_____
Control of Animals	One dog warden	_____	_____
	One building inspector	_____	_____
HIGHWAYS			
	1. Could separate highway departments have a common maintenance shop?	_____	_____
	A common storage yard or building?	_____	_____
	Common equipment (Payloaders, rollers, graders)?	_____	_____
	Common purchase of supplies?	_____	_____

		Yes	Presently Being Done
HIGHWAYS continued	2. Could highway crews from separate governments work together?	_____	_____
	To pave streets?	_____	_____
	To operate a landfill?	_____	_____
	To plow snow?	_____	_____
	To collect garbage?	_____	_____
	3. Can highway crews also maintain parks?	_____	_____
	Assist water and sewer plant operations?	_____	_____
HEALTH Public Health Registrar of Vital Statistics Ambulance	1. Could one person be health officer for both town and village?	_____	_____
	2. Can ambulance services be provided jointly?	_____	_____
	Be housed jointly?	_____	_____
	Use police/fire dispatching services?	_____	_____
RECREATION	1. Can playgrounds be jointly maintained and operated?	_____	_____
	2. Can one government, under contract, provide other governments with recreation programs?	_____	_____
SANITATION	1. Could garbage be collected under contract with private carters or other governments?	_____	_____
	2. Could a few governments use a common landfill site?	_____	_____
WATER	1. Could preparation of water bills be mechanized or computerized?	_____	_____
OTHER	_____	_____	_____
	_____	_____	_____
	_____	_____	_____

If you placed many checks in the **Yes** column, then you might want to consider some of the management improvements suggested by those answers before you consider town-village consolidation.

If, on the other hand, many of the improvements on this checklist are **Presently Being Done**, then you may want to seriously consider merging your government with others as the next step in your management improvement program.

Intermunicipal Agreements

Source: Pace Law School—Land Use Law Center

DEFINITION

An intermunicipal agreement (IMA) is a cooperative or contractual arrangement between two or more municipalities. Under the town, village and city law, local governments are specifically authorized to enter into IMAs to adopt compatible comprehensive plans and ordinances as well as other land use regulations including wetlands and flood plain ordinances; aquifer protection, watershed enhancement and corridor development plans; and historic preservation, cultural resource protection, erosion control, and visual buffering programs. Local governments also may agree to establish joint planning, zoning, historic preservation and conservation advisory boards and hire joint inspection and enforcement officers. Specifically mentioned in the enabling legislation is the use of IMAs to create an "intermunicipal overlay district for the purpose of protecting, enhancing or developing community resources that encompass two or more municipalities."

IMAs can be used to provide for more effective, cost-efficient and consistent enforcement of existing land use plans and regulations. One municipality may agree to be responsible for hiring and supervising enforcement officers on behalf of itself and one or more others. Two or more municipalities may agree to hire enforcement and administrative personnel for land use purposes and to jointly supervise them and share the costs. Any local administrative agency that handles land use issues can be established as a joint board with one or more nearby communities.

PURPOSE

There are several reasons for municipalities to enter into IMAs. First, they may be adopted to achieve cost-efficiency - to create a more optimal scale of operations for fiscal purposes and administrative efficiency. Second, IMAs can be formed to use citizen board members more capably and efficiently. Third, IMAs can be used to effect control of natural resource or economic market areas that extend beyond municipal borders. Fourth, they may be used to limit the negative impact of projects and activities approved by neighboring municipalities. Fifth, municipalities entering into IMAs may qualify for incentives and funding that would not otherwise be available.

WHEN

Municipalities in rural and sparsely settled regions of the state have used this authority to establish cost-effective and practical approaches to zoning and planning administration. In these instances, volunteers to serve on local administrative bodies are limited and the number of

matters coming before local boards relatively few. There are many examples of communities in such settings establishing joint planning and joint zoning boards and hiring joint land use enforcement officers.

In more densely settled or rapidly developing regions, some municipalities and counties are using IMAs to manage their common waterfront areas, to coordinate their efforts to conserve shared watershed and wetlands areas, to exert control over a larger economic market and to achieve administrative and fiscal efficiency.

Local officials are frequently frustrated by the land use actions of their neighbors. Sometimes this is due to the negative intermunicipal impact of a particular development project. Other times it may be because one municipality, acting alone, cannot achieve its objectives. Economic development activities in one community, for example, cannot reverse negative trends in the larger economic market area. Parallel action among localities in the entire market area may be required for any noticeable effect to be had. One community, for example, cannot create enough supply to meet the regional demand for affordable housing. Efforts in one community to protect natural resource areas that are shared with adjacent municipalities frequently do not achieve resource preservation without compatible efforts in all the communities.

Economic development, housing demand and resource protection are but three examples of issues that often require joint action to be effective. When confronted with such challenges, intermunicipal agreements offer localities an opportunity to develop mutually compatible land use plans, ordinances and enforcement programs to accomplish together what they cannot achieve alone.

AUTHORITY

The New York State legislature has made it abundantly clear that towns, villages, cities and counties have extensive authority and great flexibility to cooperate in the adoption and enforcement of their land use plans and regulations.

In 1960, the general municipal law was amended to give all municipal corporations, including towns, villages, cities and counties, the authority to enter into intermunicipal agreements for the joint performance of their respective functions. In 1992, provisions were added to the town, village and city law to encourage intermunicipal cooperation regarding land use planning and regulation. Finally, in 1993, the general municipal law and the town,

village and city law were amended to make it clear that local governments may enter into cooperative agreements with county governments, allowing counties to assist localities with the preparation of comprehensive plans, land use regulations and the administration and enforcement of local land use plans and regulations.

IMPLEMENTATION

Once the municipalities involved research an agreement to cooperate on a land use issue, the legal process for proceeding is simple. First, the IMA must be adopted by a majority vote of the legislative bodies of each participating municipality. Then, the IMA must be carried out according to its terms.

Getting started often presents a stumbling block for interested municipalities. The first step in the process is to determine what land use issues have intermunicipal implications that two or more communities are willing to handle compatibly. Some communities use this step in the process to engage their citizens in the development of an intermunicipal vision for their area and the development of a clear idea of how each community can help accomplish that vision. The next step is to form an intermunicipal committee or task force to look into the issues identified and determine whether it is practical to develop an intermunicipal strategy to resolve them. Cooperating municipalities may form a formal "intergovernmental relations council" for this purpose. Such councils may be funded through local revenues.

Once such an approach is deemed potentially fruitful, the committee must develop the details of the agreement that will eventually be drafted by the attorneys for the municipalities and presented to the legislatures for their considerations. Where there are controversial matters to be resolved in this process, it may be helpful to retain an independent mediator to facilitate the resolution of the issues among the members of the intermunicipal committee.

The terms that should be contained in an IMA include, among others, the responsibilities of each municipality with respect to the adoption or amendment of local ordinances, the commitment of resources to implement or enforce those ordinances, the hiring and termination of joint personnel, the detailing of their responsibilities and how their time and payment will be divided, insurance, dispute resolution, and the duration, monitoring, review, amendment, extension and termination of the agreement.

LIMITATIONS AND CONCERNS

Although IMAs can provide for the adoption of compatible plans and ordinances, those legislative actions must be

undertaken by each locality separately, in conformance with the IMA. For example, one jurisdiction cannot adopt a zoning ordinance and make it applicable in another. Both jurisdictions must adopt the agreed upon ordinance separately. They can, however, provide for the joint implementation, enforcement and administration of the separately adopted ordinances.

IMAs provide an excellent vehicle for coordinating intermunicipal activity, but they can go only so far in binding the discretion of future local legislative bodies. Like many other agreements, they serve their parties as long as they are useful and agreeable to those involved. Although an IMA can include penalty and termination clauses for failure to comply with its terms, an IMA cannot prevent future legislatures from acting to protect the public health, safety and welfare simply because that action is inconsistent with the agreement.

CITATIONS

1. General Municipal Law § 119-o, adopted in 1960, gives all municipal governments the authority to act together to perform functions each can perform separately.
2. General City Law § 20-g, Town Law § 284 and Village Law § 7-741, adopted in 1992, authorize towns, villages and cities to enter into IMAs for land use purposes.
3. General City Law § 20-g, Town Law § 284 and Village § 7-741 are identical to General Municipal Law § 119-u and allow municipalities to enter into intermunicipal agreements with counties to receive professional planning services through county planning agencies.
4. General Municipal Law § 239 (n) provides authority to local governments to establish intergovernmental relations councils to promote intercommunity planning and develop areas for municipal cooperation.
5. The costs associated with joint land use planning may be apportioned among the participating municipalities on any equitable basis. 67 St.Comp. 562 (1967).

REFERENCES:

1. Utilizing Intermunicipal Agreements in Land-Use Decisionmaking, Michael Murphy and Joseph Stinson, Land Use Law Center, 1996.
2. Land Use Policies Adopted by New York State, Steven Carney, Land Use Law Center, 1995.
3. Intermunicipal Cooperation in Land Use Planning, Technical Memorandum of the Government Law Center, October, 1994. Albany Law School, 80 New Scotland Avenue, Albany, NY 12208; (518) 445-2329.
4. N.Y. Department of State, Local Governmental Technical Series: Intergovernmental Cooperation. NYS Department of State, Division of Legal Services, 162 Washington Avenue, Albany, NY 12231; (518) 473-3355.