



# Northern Dutchess Alliance

## Shared Service Study

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February 7, 2013

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# CRREO

Center for Research, Regional Education and Outreach  
[www.newpaltz.edu/crreo](http://www.newpaltz.edu/crreo)



The Northern Dutchess Alliance sponsored this Shared Services Study in response to the increasingly difficult economic realities facing our communities. We wish to thank the Town Board of the Town of Hyde Park and the Hudson River Valley Greenway; their support made this effort possible. We would also like to thank the communities in Northern Dutchess for their cooperation, knowledge and wisdom and their provision of information. We look forward to continued partnerships in the future.

The Northern Dutchess Alliance would also like to offer a special thank you to Gerald Benjamin and his staff colleagues, Joshua Simons and KT Tobin-Flusser, for their diligence and commitment to preparing a study that offers concrete solutions and steps forward to advance the sharing of municipal services. CRREO called upon the work of three dedicated undergraduate interns, Carling Devin, Ricardo Hernandez, and Roberto LoBianco for research support, and was assisted in its research by Ms. Emily Sobel. Thanks too to all the officials in Dutchess county government and other local and state governments in New York, recognized by name in this study, who provided information and support for this work.

The mission of the Northern Dutchess Alliance is to create a broad-based and inclusive institutional structure for regional cooperation and economic development throughout Northern Dutchess County with a public process that will lead to the implementation of the goals, ideas and policies established by the members of Northern Dutchess Alliance.

We stand ready to work with the communities of Northern Dutchess County to take the next step.

“Do what you can, with what you have, where you are.”

— Theodore Roosevelt

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## Executive Summary

This study considers the prospects for further intergovernmental collaboration by the towns and villages of Northern Dutchess County, a group of ten contiguous towns, and the four villages within them. There is considerable diversity across a range of measures in the jurisdictions under study when they are compared to each other. The total population living in Northern Dutchess County in 2010 was 70,555. Almost three-fifths of the region's population (57.3%) was concentrated in the three towns bordering the Hudson – Hyde Park, Red Hook and Rhinebeck. The region's municipalities were far less racially and ethnically diverse than New York state as a whole. Although they have 71% of the population, the combined full value real property tax base of the four most populous towns is 61.4% of the region towns' total. Spending levels by Northern Dutchess local governments roughly correlated with communities' population size. In general, smaller towns spent higher proportions of their budgets on maintaining and clearing their roads and bridges. Reflecting both needs and choices, the range of services provided in larger, more densely populated places was more diverse.

Northern Dutchess localities already work collaboratively with each other and with the Dutchess County government through both formal agreements and informal arrangements. However, the very small size and limited range of services of some governments in Northern Dutchess is itself limiting of the potential for collaboration. Three areas of were identified by a focus group comprised of local officials for particular attention in this study: highways, real property assessment and medical insurance costs for employees.

### Assessment:

In Northern Dutchess, where there are no cities, and villages have gone out of the assessing business, assessment is exclusively a town function. In 2009 almost 90% of the assessors in New York state were appointed officials. In Northern Dutchess in 2011, however, 30% of towns were served by three person elected assessment boards, and another 20% by elected assessors. . An example of informal intergovernmental collaboration is the assessor is shared by the towns of Milan and Red Hook. In all of Northern Dutchess County there are only four full time staff performing the assessment function, two assessors and two clerks. The reliance on part-time professional staff by most towns in the region necessarily limits the accessibility of the assessor to citizens and his or her availability to provide assistance.

State records showed the rolls of seven Northern Dutchess towns assessed at 100% of value, and current in 2011. Stanford last reassessed in 2003, Hyde Park in 1994 and Pine Plains in 1987.” In 2011 the Coefficient of Dispersion (COD), a statistic used to measure fairness in assessments, in Hyde Park was 17.16, for Pine Plains 12.37 and for Stanford 13.64 for residential properties. With regard to all properties, the ratios in these towns were 17.16, 18.37 and 17.07 respectively. There is evidence in recent Northern Dutchess town budgets of the need to provide for some costs associated with legal challenges to assessments.

There was vast disparity in per-parcel assessment costs in Northern Dutchess towns in 2011, ranging from \$5.66 in Hyde Park to \$41.15 in Amenia. In 2011, the ten Northern Dutchess Towns spent \$661,574 to support assessors' offices. Of this total most (\$504,046) was for personnel, not including budgeted but undistributed expenses for such items as employer's share of social security – and for full time employees - pension contributions and medical insurance. These approximated an additional \$116,098 for the year.

### Alternative models:

- Under the state's coordinated assessment program (CAP), financial inducements are offered to localities with appointed assessors in the same or adjacent counties to enter into a ten year agreement to appoint a single assessor, or within a county, to enter into an agreement with the county government to provide them assessing services. Jurisdictions that enter a CAP must agree to maintain the same uniform percentage of value and equalization rate as each other over the term of the agreement. As noted, Some northern Dutchess jurisdictions don't meet the conditions for this program. Moreover, state aid has been curtailed in recent years.
- There are examples in New York of the assessment function being performed at county level. Transferring this function is very difficult politically under provisions of the New York State constitution.
- In neighboring Orange County in the Hudson Valley, and in a number of other counties, legal responsibility for the function remains with the towns, but county government is contracting with them to do assessment. This achieves economies of scale, and savings for the towns, at no additional cost to the county.
- Elsewhere in the state one town to contract with a multiple others to provide do real property assessment for all.

### Transportation:

According to local filings with the New York state Comptroller, for Northern Dutchess Towns transportation it is consistently within the top two cost centers, ranking first for 7 jurisdictions and second for 3. In the four villages, in contrast, transportation expenditures as a percentage of the total budget are relatively low. Total spending in 2010 on transportation for towns was \$10,632,076; for villages it was \$963,201.) Experienced rates of increase of costs across municipalities over the 2000-2010 period varied widely: the average was a 32.5%.

Total local transportation costs are, of course, a function of the number of local highways miles within the jurisdiction. The region's jurisdictions also differ in their road densities, the ratio of the center lane local road miles they must operate and maintain to their geographic size, measured in square miles Town transportation costs are covered largely from the property tax levy. In Northern Dutchess, the Village of Rhinebeck has the greatest tax base per road mile (\$39,272,539), while the Town of Pine Plains has the smallest (\$8,848,068).

For the villages under study, on average from 2000 to 2010, the Village of Rhinebeck spends the most on the maintenance of its roads (\$32,507/mile). The Village of Tivoli spent the least (\$7,696/mile). Of the towns, The Town of Clinton spent the most (\$14,435). The Town of Stanford spent the least per mile (\$6,871). The mean of the average costs per mile for all municipalities under study was (\$12,442/mile).

There may be capacity in villages under study to contract with towns to more efficiently accomplish highway maintenance in some selected cases. For example for the town roads between the northern border of the Village of Tivoli and the southern border of Columbia County.

Nine of ten highway department heads in Northern Dutchess are elected; village department heads are appointed. Notwithstanding the town board's oversight and fiscal responsibilities, established in law, by virtue of their elected status of most town highway superintendents feel directly accountable to the local electorate and work with a degree of autonomy. In interviews for this study, most town supervisors reported positive relationships with their town's highway superintendent.

There is already extensive cooperative activity among town highway departments and between the county and town highway departments. Sharing of personnel, equipment and materials is routine, mostly under informal "handshake" agreements. Some are more formalized, reflecting the concern about liability expressed in one interview of a NDA town supervisor.

Several of the municipalities under study are under contract to plow county roads. All but one town supervisor indicated that he or she would be interested in continuing to do this, in plowing more county roads, or in beginning this practice where it is not in place. Data indicates that this would often be cost effective. However, officials reported in reviewing a draft of this plan that the county has diminished its willingness to engage in it in some locations.

The expansion of existing collaborations or their emulation should be explored. Additional collaborative purchasing might be considered. For instance,

- The Town and Village of Rhinebeck utilize a shared Fuel Depot. There is the potential to expand this to the Rhinebeck School District as well.
- Since the Town of North East and the Village of Millerton already share a sand and salt shed, the potential to collaborate to share a fuel depot might be explored.
- There is also the potential for the Town of Pine Plains and the Pine Plains Central School District to collaborate to share a fuel depot.
- The Town of Amenia is in need of a new salt shed. Leaders there indicated interest in the potential to rent space or otherwise collaborate with the County for use of the County salt shed, thereby avoiding the cost of construction and maintenance. The County Publics Works Department head expressed willingness to explore such an arrangement with Amenia.

Irregular municipal boundaries established long ago result in inefficiencies in highway maintenance. ) The path of roads takes them back and forth from one municipality to another; some municipalities that are unreachable without exiting and reentering the municipality. We drew circles centered on municipal garages the radius of which was the furthest point from a highway garage within a jurisdiction (Map 2) and identify specific possible efficiencies through further inter-town collaboration in highway maintenance. The intergovernmental agreements governing these collaborations could be modeled after the Town of Clinton Resolution 19 of 2008.

### **Health Insurance:**

When asked to assess their general operating challenges, based on a scale of 1 to 10 with 10 meaning "extremely challenging" and 1 meaning "not very challenging," health care costs receives the highest average response (9.0). Every NDA mayor or supervisor who responded answered with a 7 or higher for health care costs. In the ten years between 2001 and 2010 total cost for employee health insurance for northern Dutchess municipalities more than doubled, going from \$927,399 to \$1,882,842.

Both that proportion and rates of change in overall medical insurance costs paid for from taxes differ among localities for many reasons. For example, the number of covered employees in each municipality may vary from year to year, as does the kind of coverage required (individual, family, etc.). Other differences arise from varied requirements of union contracts, and local policy choices regarding the provision of coverage for retired employees and making insurance available to elected officials and part-time workers, all with differing degrees of individual contribution. Finally, localities have varied in the steps they have taken in recent years to control costs.

NDA non-union full-time workers were nearly as likely as unionized employees to receive medical insurance benefits. Eighty-six percent of the full-time non-union workforce receives benefits, compared with 89 percent of unionized full-time workers. These rates are in line with the national average (86%). 71% of the localities surveyed provide health care benefits to retirees. 29% of NDA municipalities offer medical insurance to at least some retired elected officials. 71% of the localities surveyed provide health care benefits to retirees. 29% of NDA municipalities offer medical insurance to at least some retired elected officials. In one quarter of NDA municipalities, part-time employees receive medical benefits, but only 12 percent of those in this category of employees are eligible. 38% of these governments offer these benefits to current elected officials (including those working full-time). In the NDA municipalities that offer health insurance benefits to elected officials, less than half (44 percent) are eligible; and of those that are eligible, only 38 percent opt-in to receive benefits.

For unionized workers, average monthly costs for family plans was \$1,476, for double coverage was \$1,183 and for single coverage was \$602. For non-unionized workers monthly payment for family plans was \$1,201, for double coverage was \$915, and for single coverage was \$457. In general, costs of insurance and costs to the municipality were significantly higher and individual contributions were significantly lower in unionized than in non-unionized jurisdictions. Costs sharing by employees were far above national averages.

Within their available range of discretion, the region's municipalities have undertaken a range of strategies to reduce costs, focused upon deductibles, employee contributions, copayments, eligibility management, alteration of benefit packages, incentives to healthier life style choices, and others.

It is demonstrated that municipal health insurance consortiums can increase bargaining power of employers, and reduce health insurance costs. Northern Dutchess local government leaders overwhelmingly expressed strong interest in exploring a consortium option. Sixty percent of them report already having, or expect to initiate soon, conversations either with either municipalities and/or the county in the creation of a collaborative approach to health care provisions. In response to an inquiry made in connection to this research, Tomkins county consortium leadership expressed willingness to visit Dutchess County to brief local officials about their experience.

## Introduction

This study considers the prospects for further intergovernmental collaboration by the towns and villages of Northern Dutchess County, a group of ten contiguous towns, and the four villages within them, ranging north to the border of Columbia County from the Poughkeepsie Town line and eastward from the Hudson River through rolling farmland and wooded areas to the Taconic Mountains on the Connecticut border. (Map I) The towns are Amenia, Clinton, Hyde Park, Milan, Northeast, Pine Plains, Pleasant Valley, Red Hook, Rhinebeck and Stanford. The Villages are Millerton, Red Hook, Rhinebeck and Tivoli. Seven of these towns and three villages are members of the Northern Dutchess Alliance, the study sponsor.<sup>1</sup> The Alliance, which in addition to municipal governments includes a large number of associated educational, environmental and business groups, was created in 2000 to develop collaborative regional efforts “to protect the resources that it [the region] values while accommodating future growth.”<sup>2</sup>

A basic commonality that all towns share is presence in a single county. Within the larger tri-state area all are relatively small in size of population.<sup>3</sup> Yet there is considerable diversity across a range of measures in the jurisdictions under study when they are compared to each other. The land area of Northern Dutchess County is 381.8 square miles, with the size of the smallest town, Pine Plains (30.2 sq.m.), varying significantly but not enormously from the largest, Stanford (49.6 sq.m.). Villages in New York state are more densely populated incorporated places within towns; their residents are simultaneously served by and are taxed to support both town and village governments.<sup>4</sup> Two of the four villages – Red Hook (1.1 sq. m.) and Tivoli (1.6 sq. m.) – are in the Town of Red Hook. The village of Rhinebeck (1.5 sq. m.) is within the town of the same name. Millerton (.6 sq. m.) is in the town of Northeast. Because they were founded to provide a greater level of services to smaller, more densely settled places, it is not surprising that the Northern Dutchess villages have by far the region’s highest population densities. Among the towns, Hyde Park is the most densely settled (588 people/sq. m.); Milan’s density (66 people/sq. m.) is the lowest.

The total population living in Northern Dutchess County in 2010 was 70,555. Almost three-fifths of the region’s population (57.3%) was concentrated in the three towns bordering the Hudson – Hyde Park, Red Hook and Rhinebeck, through which the major north/south rail link from New York City passes. (Metro North commuter service from that city terminates in the City of Poughkeepsie, just south of Hyde Park.) Another 13.7% live in Pleasant Valley, east of Poughkeepsie.

The most populous town in Northern Dutchess, Hyde Park (21, 571), has nine times the population of Milan, the least populous. About 9.5% of the region’s people (6,694) in 2010 were villagers. Rhinebeck, the most populous village (2,657) had almost three times as many residents in that year as Millerton, the least populous of the four (958).<sup>5</sup>

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<sup>1</sup> . Non-member jurisdictions are the towns of Amenia, Northeast and Pine Plains and the Village of Millerton

<sup>2</sup> . <http://www.northerndutchess.org/issues.html>

<sup>3</sup> . Gerald Benjamin and Richard Nathan. *Regionalism and Realism: A Study of Governments in the New York Metropolitan Area* (Washington: Brookings Institution Press, 2001) p. 11.

<sup>4</sup> . Hamlets are more densely supported places in northern Dutchess that are not incorporated and are not empowered to tax or deliver public services.

<sup>5</sup> . Villages are the only form of general purpose government that may be created or dissolved entirely by local action. Villages may encompass no more than 5 square miles. The minimum population currently required to create a village in New York State is 500. NYS Village Law § 2-200.1.

The region's municipalities were far less racially and ethnically diverse than New York state as a whole. Hyde Park had the highest concentration of African Americans (6.1%), and Millerton, on a small base, the highest proportion of people of Hispanic origin (13.7%). Villagers were far more likely to live in rental housing. Among towns, Amenia was distinctive for lower per capita income, higher occupancy of rental housing and lower per capita income, in part because the affluent portion of the community is a weekend population. Clinton's significantly exceeded other towns' affluence, as measured by annual per capita (\$45, 156) and household (\$117,464) income.

Interestingly, although they have 71% of the population, the combined full value real property tax base of the four most populous towns is 61.4% of the region towns' total. As result (and with the exception of Rhinebeck), the most populous Northern Dutchess towns with the biggest tax bases in absolute terms tend to have relative low bases relative to their populations. Among the towns, the available per-person full-value real property tax base – an important measure of capacity to provide public services within reasonable tax rates - ranges from \$221,560 in Stanford to \$93,829 in Hyde Park. Again with the exception of Rhinebeck, village per-capita tax bases tend to be at the lower end of the range for the region. Millerton's (\$88,206) is the lowest of the fourteen jurisdictions under study.

Spending levels by Northern Dutchess local governments roughly correlated with communities' population size. The villages of Red Hook and Rhinebeck were exceptions, with smaller populations but spending in the middle range for the 14 local governments. Hyde Park's spent \$8.9 million in 2010, the most of any northern Dutchess local government, followed by the towns of Rhinebeck (\$5.24 million), Red Hook (\$4.27 million) and Pleasant Valley (\$3.9 million). Pine Plains, at \$1.7 million, was the town with the lowest spending level, followed by Milan at \$1.97 million. Tivoli (\$1.19 million) and Millerton (\$1.2 million) had the smallest governmental budgets in the region.

Different levels of spending reflected the provision of different levels of services or different patterns of service delivery. In general, smaller towns spent higher proportions of their budgets on maintaining and clearing their roads and bridges. Reflecting both needs and choices, the range of services provided in larger, more densely populated places was more diverse. For example, the town of Hyde Park spent \$1.37 million on police in 2010. The villages of Red Hook and Rhinebeck also had significant police budgets; other localities did not. The cost of fire protection in villages was reflected in three of the four village budgets; Millerton was the exception. A number of towns, but not all, appropriated funds for pass through to fire districts for fire protection. Six towns made payments in support of local libraries; four others, and the village governments, did not.

An analysis done by the New York State Comptroller in 2006 considered such factors as population density, age of housing stock, and poverty rates using a statistical technique called "cluster analysis" to place the state's cities, towns and villages into four categories: large urban centers, small urban centers, suburban areas and rural places. There are, of course, no cities in the Northern Dutchess Alliance; not surprisingly, none of its jurisdictions classify as "urban" in the Comptroller's study. According to this study's results, the towns of Stanford, Pine Plains, Amenia and Northeast are "rural," the town and village of Rhinebeck and the towns of Red Hook, Pleasant Valley, Milan, Clinton and Hyde Park are suburban, and the Villages of Red Hook and

Tivoli emerged as small urban places. (Millerton was not categorized.)<sup>6</sup> Certainly this categorization may be debated, but it does show that one credible neutral systematic statistical analysis places Northern Dutchess municipalities in different categories.

The New York constitution makes “intergovernmental cooperation” a “purpose of the people of the state,” and gives local governments the “. . .power to agree, as authorized by act of the legislature, with the federal government, a state or one or more other governments within or without the state, to provide cooperatively, jointly or by contract any facility, service, activity or undertaking which each participating local government has the power to provide separately.”<sup>7</sup> Pursuant to this provision, and as further detailed below, Northern Dutchess localities already work collaboratively with each other and with the Dutchess County government through both formal agreements and informal arrangements.

However, the very small size and limited range of services of some governments in Northern Dutchess is itself limiting of the potential for collaboration. This is because to collaborate two or more localities must both be delivering a particular service (or want to) and see some benefit of acting in concert with another or others. Previous research showed that there are far fewer examples in the tri-state region of cooperation among multiple municipalities than between just two. In general, the number of collaborations counted diminished as the number of participating governments increased. Also, this previous study showed that nested governments (e.g. villages within towns, or towns within counties) were better candidates for collaboration than were adjacent ones, and that governments that were not proximate to each other rarely collaborated.<sup>8</sup>

For governments of the diverse size and scope of those in the Northern Dutchess region, our initial task therefore was to identify common concerns, interests or service areas where action might produce economies or efficiencies, while honoring communities’ desire for continued autonomy. To do this we invited elected officials of the region’s municipalities to a meeting on May 31<sup>st</sup>, 2012, at the Red Hook village Hall, at the outset of this study, to get their ideas regarding areas in which collaboration might be helpful to them. Of the many suggestions made, three gained broad agreement for particular focus: highways, real property assessment and medical insurance costs for employees.

## Real Property Assessment

Establishing the value of the tax base is an essential first step in levying the real property tax fairly; in almost all places in New York State responsibility for this task falls to city and town government, even though the work of the assessor is the basis of taxes collected to support the county government, school districts, villages and fire districts.<sup>9</sup> Necessary software, for which there is a small annual fee, is provided by the state. In Dutchess, as in most counties, databases are maintained at the county level. But the work to keep databases

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<sup>6</sup> . Office of the New York State Comptroller. Division of Local Government Services and Economic Development. *Outdated Municipal Structures* (October, 2006)

<http://www.osc.state.ny.us/localgov/pubs/research/munistructures.pdf>

<sup>7</sup> . Article IX § 1 and 1.c.

<sup>8</sup> . Benjamin and Nathan (2001) p. .

<sup>9</sup> . Villages may perform their own assessments; in Northern Dutchess none choose to do so. In Nassau and Tompkins Counties, assessment is a county function.

current and useful, and their actual use, is concentrated at the city and town (and in some places village) levels. In Northern Dutchess, where there are no cities, and villages have gone out of the assessing business, assessment is exclusively a town function.

Assessment in New York State may be done by a three person elected board, a single elected official, or a single appointed official. Where there are three persons boards, elections are staggered, with two members chosen in one election year and one in another. Movement from the traditional pattern, an elected three person board of assessment, to a single elected or appointed assessor may be achieved by local law, subject to permissive referendum. Both single appointed and single elected assessors serve for six years. Only two Northern Dutchess communities employ full time Assessors; another two have full time clerks who assist part time Assessors.<sup>10</sup> According to the state, in 2009 almost 90% of the assessors in New York were appointed officials.<sup>11</sup> As indicated in **Table 1**, in 2011 30% of towns in Northern Dutchess were served by three person elected assessment boards, and another 20% by elected assessors.

Town Assessors in the NDA		
Municipality	Assessor	Status
Town of Amenia	Gazzoli	Elected
Town of Clinton	Slocum	Appted.
Town of Hyde Park	Simmons - Acting	Appted.
Town of Pine Plains	Mara	Board Chair
Town of Milan	Hobson	Board Chair
Towns of Northeast	Johnson	Elected
Town of Pleasant Valley	Jonke	Appted.
Town of Red Hook	Hobson	Appted.
Town of Rhinebeck	Ruger	Board Ch.
Town of Stanford	Gotovich	Appted.

The U.S. Bureau of Labor Statistics in May of 2010 estimated the median salary for appraisers and assessors in the United States to be \$48,000/year. Those working for local government earned somewhat below the median, an average of \$45,370 (not including benefits).<sup>12</sup> In northern

Dutchess the Red Hook and Hyde Park assessors were listed as “full-time” on the attached table. (In fact one of these, the appointed Red Hook assessor, was also the elected chair of the Milan Board of Assessors.) Neither in 2012 was scheduled to earn the national median 2010 professional salary from a single jurisdiction, though the combined Red Hook/Milan compensation of the shared Assessor was \$62,178.

Modern real property assessment requires familiarity with state law and regulation and a capacity to master and use complex databases. The local assessor’s job is required not only to determine the value of many different classes of real estate, but also to administer a great variety of full and partial real policy tax exemptions and deal with public inquiries and complaints, many of them more appropriately brought to the Town Board and Supervisor, those who determine the local levy. Workload varies with activity in the real estate market; markets that result in significant price changes – either upward or downward – increase the demands upon the assessor. (According to data gathered by the New York State Department of Taxation

<sup>10</sup> . Following a pattern that has become common across the state, an assessor shared between Red Hook and Milan. This position is counted as full time in Red Hook for the purposes of this summary.

<sup>11</sup> . <http://www.tax.ny.gov/pit/property/assess/reform/electeassessors.htm>

<sup>12</sup> . Bureau of Labor Statistics, U.S. Department of Labor, *Occupational Outlook Handbook, 2012-13 Edition*, Appraisers and Assessors of Real Estate, on the Internet at <http://www.bls.gov/ooh/business-and-financial/appraisers-and-assessors-of-real-estate.htm> (visited October 29, 2012).

and Finance, between 2009 and 2011 average sales values for residence Dutchess County were flat, or slightly declining.)<sup>13</sup>

The assessor is also an important resource for others involved in administering the town government. The state assessor's association writes: "[T]he local Assessor is an invaluable information resource for E911, the census bureau, law enforcement agencies, planning and zoning boards, historical societies and rapidly changing technology issues. Tax departments rely on Assessors to correct errors in tax bills and direct bills to the appropriate owners. Planning, Zoning and Building Codes officials appreciate our knowledge of the municipality when dealing with master planning, development and construction issues."<sup>14</sup>

All assessors must meet basic certification requirements within three years of taking office. According to the Department of Taxation and Finance, "Appointed assessors and sole elected assessors are required to fulfill ongoing continuing education requirements... [but]... members of boards of elected assessors are not..."<sup>15</sup> State regulations specify education and experience requirements for sole appointed assessors.<sup>16</sup> Within a year of reelection or reappointment, certified assessors must be recertified.

## **Workload:**

A total of 31,511 parcels of land of the 110,564 in Dutchess County (28.5%) were in located in the Northern Dutchess towns. More than a quarter of the regional total was in Hyde Park (7867) and another quarter in Red Hook and Peasant Valley (combined). Amenia, Pine Plains, Northeast and Milan all had fewer than 2000 parcels. Almost three-quarters of the properties in the Northern Dutchess region (71.7%) are residential. Another 18% are classified as vacant land. The remaining 10% includes land classified as Agricultural (810), Commercial (1164), Recreational (92), Community Service (440), Industrial (52), Public Service (449) or Parks and Wild or Forested (201).

The assessor's job is made more complex because of the great range of full and partial tax exemptions that New York makes available. Almost two thirds of all the properties in Dutchess County (64.8%) receive a full or partial exemption from property taxation. This is largely because of the STAR program, which provides a partial exemption from school taxes for all primary residences. In the northern towns, the percent of properties with full or partial exemptions ranged from a low of 41% in Milan to a high of 69.5% in Hyde Park. The state initially offered aid to towns for the additional costs of administering the STAR program; this aid has not been available in recent years.

About a fifth of Northern Dutchess properties (6860) were wholly exempt from taxation, with the highest proportion of these in Red Hook and Rhinebeck, and the highest aggregated value of exemptions in those two towns and Hyde Park. Fully exempt properties in the northern portion of the county made up a higher proportion of the total number of exempt properties in Dutchess (31.7%) than these towns' properties were

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<sup>13</sup> . <http://www.tax.ny.gov/research/property/assess/sales/resmedian.htm>

<sup>14</sup> . New York State Assessor's Association. "Advantages of Local Assessing"  
<http://www.nyassessor.com/Advantages%20of%20Local%20Assessing.pdf> p.2.

<sup>15</sup> . <http://www.tax.ny.gov/pit/property/learn/assessors.htm>

<sup>16</sup> . [http://www.tax.ny.gov/pdf/publications/orpts/training/qualcert/assessor\\_minquals.pdf](http://www.tax.ny.gov/pdf/publications/orpts/training/qualcert/assessor_minquals.pdf)

of the total county number. Exempt properties usually get less attention from assessors; though they diminish the base, and therefore redistribute the tax burden, their accurate valuation has no practical impact.

Cyclical reassessment helps assure equity within a taxing jurisdiction. New York State has no mandated local reassessment cycle, but since 2010 has offered aid to assessing jurisdictions that have all their properties reappraised at least every four years. According to the New York State Department of Taxation and Finance, “Up to \$5 per parcel is available in the year of a full reappraisal with additional payments of up to \$2 in interim years.”<sup>17</sup> However, only Clinton’s budget clearly showed actual or expected state aid for this purpose in 2011 and 2012. According to assessors interviewed for this study, aid for years between reappraisals has been suspended by New York State in recent years.

State records showed the rolls of seven Northern Dutchess towns assessed at 100% of value, and current in 2011. Stanford last reassessed in 2003, Hyde Park in 1994 and Pine Plains in 1987. A statistic called a “Coefficient of Dispersion” (COD), used to determine the equity within assessing jurisdictions of property valuations. Raises questions about property owners are sharing the tax burden fairly in these towns.

## Liability:

The New York State Comptroller has written: “Inequitable practices can cause many taxpayers to challenge their assessments, and when major taxpayers achieve reductions through certiorari actions, it often has a significant impact on the property tax base.”<sup>18</sup> Because the assessor is a town official, the town bears legal liability to defend assessments that are challenged in the courts. (Others jurisdictions that use the tax rolls and might be negatively affected by an adverse judgment may help, but are not required to do so.) Expert real property tax attorneys of the Syracuse Law firm of Hancock and Estabrook, in a memorandum prepared in the year 2000 for the New York State Real Property Tax Alliance, noted that costs of litigation may include:

“... legal fees (hourly or contingent fee arrangement and disbursements), expert witness fees (usually a *per diem* fee, travel expenses of expert, hotel expenses, *etc.*), and stenographer’s fees for recording and typing the trial transcript (needed for preparation of the Proposed Findings of Fact and Conclusions of Law and the Post-Trial Brief).”<sup>19</sup>

And, of course, if a downward adjustment of values is required, taxing districts must make refunds of taxes already collected.

Though the level of detail is not available in all budgets to find a total number, there is evidence in recent Northern Dutchess town budgets of the need to provide for some costs associated with legal challenges to assessments. Rhinebeck is an example. Such challenges become more likely during financially difficult times, in which real estate values are dropping. They are encouraged by individuals or firms willing to spearhead these actions for groups of taxpayers, often on a contingent basis. One firm has recently actually urged taxpayers to challenge assessments as a matter of course, a practice that, if widely followed, would produce great additional burdens (and costs) on town government. They wrote in a recent newsletter: “All property owners are encouraged to protect their rights by filing a protest ever year. After all the data is reviewed, if it

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<sup>17</sup> . “Aid For Cyclical Reassessments” [http://www.tax.ny.gov/research/property/assess/state\\_aid/acr.htm](http://www.tax.ny.gov/research/property/assess/state_aid/acr.htm)

<sup>18</sup> . New York State Comptroller. Division of Local Government and School Accountability. *Property Taxes in New York State* (April, 2006) p. 15. <http://www.osc.state.ny.us/localgov/pubs/research/propertytaxes.pdf>

<sup>19</sup> . New York State Real Property Tax Alliance., “Understanding Real Property Assessment Review” p.14 <http://www.tax.ny.gov/pdf/publications/orpts/cert.pdf>

appears that an assessment is correct, the proceeding can be discontinued. However, if an assessment is incorrect, nothing can be done unless a protest was filed during the grievance period.”<sup>20</sup>

### Assessment Costs:

Annual costs for assessment in the ten Northern Dutchess towns in 2011 ranged from \$44,557 in Hyde Park to \$82,185 in Stanford (**Table 2**). It is counter-intuitive that the lowest per-parcel cost for this function is recorded in the jurisdiction in the region with the largest number of parcels and greatest population. There are alternative explanations for this, aspects each of which are likely accurate. On the one hand, Hyde Park may be achieving economies of scale. On the other, and indicated by the failure to reassess for almost twenty years and a relatively high COD, this town might not be dedicating sufficient resources to the proper performance of this function.

Assessment Costs			Table 2
Municipality	2011 Actual Budget		
	Personal Services	Equipment / Contractual	Total
Amenia	\$43,212	\$33,575	\$76,787
Clinton	\$44,810	\$4,155	\$48,965
Hyde Park*	\$44,454	\$103	\$44,557
Milan	\$48,037	\$7,950	\$55,987
Northeast	\$40,497		\$40,497
Pine Plains	\$35,814	\$10,586	\$ 46,400
Pleasant Valley	\$68,656	\$3,290	\$71,946
Red Hook	\$65,094	\$6,075	\$71,169
Rhinebeck	\$67,638	\$29,643	\$97,281
Stanford	\$45,835	\$36,350	\$ 82,185
<b>Total</b>	<b>\$504,046</b>	<b>\$131,727.43</b>	<b>\$635,773.80</b>

On-site measurement of the actual work performed in each town assessment office is beyond the scope of this study. Additionally, the necessary inclusion in some years of one time budget costs, for example for town-wide reappraisal, though possibly partially offset by state aid, brings jurisdiction-to-jurisdiction comparisons in any one budget year into question. One experienced assessor interviewed for this study noted that the national average per parcel assessment cost, with assessment done under IAAO guidelines, was \$21/parcel in 2011 dollars.<sup>21</sup> But a national average can mask great regional differences. In fact, there was vast disparity in per-parcel assessment costs in Northern Dutchess towns in 2011, ranging from \$5.66 in Hyde Park to \$41.15 in Amenia. Even including the effects of Hyde Park as an extreme

*Data Sources: Municipal Budgets and Interviews*

outlying case, the average per parcel cost for the ten Northern Dutchess towns was \$21.19, virtually right at the national average. Clinton, Pleasant Valley and Red Hook, all with their assessments at 100% of value and their rolls current, were below this average.

For the next year the pattern for budgeted per parcel assessment costs was similar, ranging from \$6.11 in Hyde Park to \$39.92 in Amenia, with a shift in the mean to \$25.55. Reflecting the effects of planned increase in contractual expenses, there was a dramatic rise in per parcel costs Pine Plains. In Clinton costs decreased significantly, due to a major reduction in personnel expenses.

<sup>20</sup> . Santemma and Deutsch, LLP. “The Tax Certiorari Procedure” in *TaxC Riders* (Winter 2011/120 p. 5. <http://santemmalaw.com/news.pdf>

<sup>21</sup> . E-mail message from Steven Reulke to Gerald Benjamin, November 1, 2012.

The spread of the cost for assessment over ten jurisdictions mask the size of the financial commitment to this effort, and the relative constancy of aggregate cost levels. In 2011, the ten Northern Dutchess Towns spent \$661,574 to support assessors' offices. Of this total most (\$504,046) was for personnel, and that does not include budgeted but undistributed expenses for such items as employer's share of social security – and for full time employees - pension contributions and medical insurance. These totaled approximately \$116,098 for the year. For 2012, some towns appeared to take steps to reduce their reliance on full-time staff and move some assessing work from local employees to contractors. In that year the northern Dutchess towns budgeted \$639,847 to pay for assessment, \$488,614 of which was for personnel.

Assessment Costs			Table 3
Municipality	2012 Actual Budget		
	Personal Services	Equipment / Contractual	Total
Amenia	\$43,212	\$31,275	\$74,487
Clinton	\$25,341	\$3,065	\$28,406
Hyde Park*	\$47,129	\$900	\$48,029
Milan	\$48,974	\$6,250	\$55,224
Northeast	\$40,645	\$15,000	\$55,645
Pine Plains	\$42,500	\$25,000	\$67,500
Pleasant Valley	\$69,079	\$2,460	\$71,539
Red Hook	\$64,355	\$11,100	\$75,455
Rhinebeck	\$61,544	\$21,633	\$83,177
Stanford	\$45,835	\$34,550	\$80,385
<b>Total</b>	<b>\$488,614</b>	<b>\$151,233.00</b>	<b>\$639,847.40</b>

*Data Sources: Municipal Budgets and Interviews*

The local availability of an assessor well known in and familiar with the community and its people, and easily available to respond to complaints or provide advice and assistance, is one argument made by the state assessor's association in defense of New York's highly decentralized assessment system.<sup>22</sup> One full time assessor in southern Dutchess County informally indicated that much of his time, and that of his small staff, was taken up with assisting citizens, many of them senior citizens, with the paperwork necessary to obtain partial tax exemptions.<sup>23</sup> In fact, however, in all of Northern Dutchess County there are only four full time staff performing the assessment function, two assessors and two clerks. The reliance on part-time professional staff by most towns in the region necessarily limits the accessibility of the assessor to citizens and his or her availability to provide assistance.

The state assessors association also argues that “Local assessment and tax administration is one of the most inexpensive and efficient functions of all government.” They say “It generally costs less than one percent of the total property tax collected to administer both the assessment and tax collection functions.”<sup>24</sup> But this is if the total collected by all governments that rely on the property tax is used as the base. It is towns, cities (and sometimes villages) that bear the entire cost of assessment, even though the assessor must administer distinct county and school exemptions. In 2011 towns spent about 3.4% of the amount they levied on assessment; this does not include the other local costs of administering the property tax, for example tax collection.

<sup>22</sup> . New York State Assessor's Association. “Advantages of Local Assessing” <http://www.nyassessor.com/Advantages%20of%20Local%20Assessing.pdf>

<sup>23</sup> . Conversation with J. Todd Wiley, Assessor, Town of New Windsor, November 8, 2012.

<sup>24</sup> . Ibid.

Assessment Costs							Table 4		
Municipality	Employees			Notes	Assessor \$	Clerk \$	Other*		
	Full-time	Part-time	Benefits?						
Amenia	1 - Assessor	2: 1 Assessor, 1 Clerk	No	\$32,182 (Special Project)	\$29,102	\$14,110	13,419††		
Clinton		1			\$19,432				
Hyde Park*			Yes		\$47,129				
Milan		4: Clerk, BoA	No; however, part-time employees have the ability to buy in through Flex/AFLAC.		\$15,258				
Northeast		2: 1 Assessor, 1 Clerk	No		39,020†				
Pine Plains		3: BoA	No		\$42,500				
Pleasant Valley		1 - Clerk	1: Assessor		Full time only	\$39,219		\$29,698	
Red Hook		1 - Assessor	1: Deputy Assessor		Full time only	\$46,920		\$17,435	
Rhinebeck		1 - Clerk	4: 1 Clerk, 3 on BoA		Full time only	26,691‡		\$23,135	\$8,518
Stanford			1: Assessor		No	\$44,242			
North East did a reval. In 2011 that cost \$21,973 (below budget) and started a reval. Reserve in 2012 at \$10,000									
Hyde Park adjusted 2011 budget, apparently to reduce costs when a vacancy occurred. P.S. budget was originally \$61,000									
* This is total for two Board of Assessor Members in Milan. There is a second part-time clerk in Rhinebeck.									
<b>In the following instances, the distribution of the money is unknown:</b>									
†Split between the Assessor and Clerk.									
‡Split between the Board of Assessors									
††Split between the members of the Board of Assessors who are not the Chair.									
<i>Data Source: Municipal Budgets, Municipal Web Sites, and Inquiries</i>									

### Alternatives:

Though New York State has among the largest number of assessing jurisdictions in the nation, with encouragement from the state the number has been steadily declining in recent years, as result of the decision by many villages to leave assessing to town government and the use of a variety of collaborative approaches.<sup>25</sup> The state persists in efforts to encourage formal and informal steps towards greater efficiency and effectiveness in assessment practices, with sensitivity to New York’s commitment to local autonomy in this area of administration and policy.<sup>26</sup> These are summarized here in three categories:

<sup>25</sup> . See <http://www.tax.ny.gov/pit/property/assess/reform/assessjurisbystate.htm>. This account relies upon descriptions of municipal options provided on the NYS Department of Taxation and Finance website: [http://www.tax.ny.gov/pubs\\_and\\_bulls/orpts/munioptions.htm](http://www.tax.ny.gov/pubs_and_bulls/orpts/munioptions.htm)

<sup>26</sup> . For a detailed summary an statistical analysis see: New York State Department of Tax Policy and Analysis. Office of Tax Policy Analysis. 2011 Report on Effectiveness of State Technical and Financial Assistance Programs for Property Tax Administration (march, 2011) <http://www.tax.ny.gov/pdf/publications/orpts/reports/eff2011.pdf>

**I. Coordinated Assessment Program (CAPs), With or Without County Participation.**

Under this program, established in law, a majority of the governing bodies of two or more assessing units with appointed assessors in the same or adjacent counties may enter into a ten year agreement to appoint a single assessor. Or alternatively, municipalities within a county may enter into an agreement with the county to provide them assessing services.<sup>27</sup> (Villages or assessing units with elected assessors may not enter such an agreement.) In general, New York does not prescribe that properties be assessed by a locality at full value, or at any uniform rate. The state’s only requirement is that assessment be on a “uniform percentage of value” within each assessing unit. However, jurisdictions that enter a CAP must agree to maintain the same uniform percentage of value and equalization rate as each other over the term of the agreement.

Assessing units that enter into a CAP agreement with a term of at least ten years are eligible to receive a one-time state payment of up to \$7 per parcel of land.<sup>28</sup> There were 29, 319 parcels in Northern Dutchess in 2012, with about a quarter of these in Hyde Park. **(Table 5)** Furthermore, up to \$5 per parcel in state aid is available for annual or triennial reassessments for assessing units with a CAP agreement. However, those units which withdraw from the program before the term period must pay the state back a prorated portion of the aid received.

Assessment Costs Per Parcel						Table 5
Municipality	2011 Assessment Budget	2012 Assessment Budget	Number of Parcels	Cost per parcel 2011	Cost per parcel 2012	
Town of Amenia	\$ 76,787.00	\$ 74,487.00	1866	\$ 41.15	\$ 39.92	
Town of Clinton	\$ 48,965.00	\$ 28,406.00	2383	\$ 20.55	\$ 11.92	
Town of Hyde Park	\$ 61,042.80	\$ 45,179.40	7867	\$ 7.76	\$ 5.74	
Town of Pine Plains	\$ 67,000.00	\$ 67,000.00	1705	\$ 39.30	\$ 39.30	
Town of Milan	\$ 55,987.00	\$ 55,224.00	1755	\$ 31.90	\$ 31.47	
Town of Pleasant Valley	\$ 71,946.00	\$ 71,539.00	3511	\$ 20.49	\$ 20.38	
Town of Red Hook	\$ 71,169.00	\$ 74,194.00	4304	\$ 16.54	\$ 17.24	
Town of Rhinebeck	\$ 98,203.00	\$ 83,177.00	3762	\$ 26.10	\$ 22.11	
Town of Stanford	\$ 82,185.00	\$ 80,385.00	2,166	\$ 37.94	\$ 37.11	
<b>Total:</b>	\$ 633,284.80	\$ 579,591.40	29319			

Data Sources: New York State Office of Taxation and Finance, Real Property Service, Municipal Budgets and Interviews

There are currently 62 active CAP agreements in New York State comprised of 141 municipalities, three of which are in Dutchess County: Fishkill and Wappinger; Beacon and East Fishkill; and La Grange and Union Vale.<sup>29</sup> In Northern Dutchess in 2011, seven of the ten towns were already assessing at the same 100% of value. But only five towns had an appointed assessor. Of these Hyde Park and Stanford were not assessing at full value.

<sup>27</sup> . N.Y. RPT. LAW § 579. A sample model CAP agreement may be found at: [http://www.tax.ny.gov/research/property/assess/state\\_aid/capagree.htm](http://www.tax.ny.gov/research/property/assess/state_aid/capagree.htm).

<sup>28</sup> [http://www.tax.ny.gov/research/property/assess/state\\_aid/consolidationincentiveaid.htm](http://www.tax.ny.gov/research/property/assess/state_aid/consolidationincentiveaid.htm)

<sup>29</sup> [http://orpts.tax.ny.gov/cfapps/MuniPro/muni\\_theme/state/capsrch.cfm?swis=13](http://orpts.tax.ny.gov/cfapps/MuniPro/muni_theme/state/capsrch.cfm?swis=13)

## II. *Alternative Approaches to a County role*

The county may be involved, as well, through other approaches:

- ***County Assessing***

One method is to shift full responsibility for the assessing function from all towns and cities (and villages, if they are still in the business) to the county. In Nassau County assessment for all jurisdictions but villages is done at the county level. Tompkins County has assumed the assessing function there. However, achieving this outcome elsewhere since has proven politically impossible. This is because the current home rule provision of the state constitution requires that such a transfer of a function to the county be done only upon the approval of referendum majorities within and outside that county's cities, each counted as a single unit. And if villages are involved, a majority within them as a single unit is also required.<sup>30</sup>

- ***Retention of Towns as the assessing unit, with a different division of labor between towns and the county.***

Counties prepare tax maps that are now used for a wide variety of purposes, and in most cases maintain the state-designed real property database that is used by local assessors. In most places, the state charge for the use of this database is paid by the towns. According to the County Director of Real Property Tax Services, Dutchess takes responsibility for certain data entry work after property transfers that elsewhere is done by the towns (at their expense).<sup>31</sup> In Dutchess, also, the county processes assessments and tax rolls and bills; towns and school districts mail tax bills.<sup>32</sup> More generally, the Dutchess County Real Property Tax Service Agency describes its relationship with the other local governments in that county in this way:

“The Real Property Tax Service Agency provides services to local assessors related to appraisals, sales, and revaluation projects. The Agency actively assists in the disposition of tax delinquent property and the preparation and distribution of tax and assessment rolls. This agency also investigates and makes recommendations to school districts, cities, villages and the county legislature concerning the correction of errors on tax rolls, acts as a liaison between the state and local government on property tax administration, provides training programs for assessors and boards of assessment review and provides escrow account management services to local municipalities.

The Dutchess County Charter directs the Agency to prepare tax rates for the county, towns and special districts. We also provide fee services for reproduction of tax maps and aerial photography, air photo enlargements, ad hoc data reporting and data entry services.”<sup>33</sup>

In some places in New York, counties take on responsibilities in connection with assessment that are more commonly borne by towns. Essex County provides a good example of a higher level of county involvement, though assessment remains a town function there. The summary provided by Charli B. Lewis, the Essex County Real Property Tax Services Director, includes a number activities performed by most counties, but

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<sup>30</sup> Article IX. Section 1.h.

<sup>31</sup> . Phone interview with Eric Axelsen, November 10, 2012.

<sup>32</sup> . The cost of billing may be charged back to towns. This is the case in Dutchess County, where the Real Property Service Department head says the cost is lower than that that would be paid to a private contractor.

<sup>33</sup> . <http://www.co.dutchess.ny.us/countygov/departments/realpropertytax/rpindex.htm>

also a range of data collection and entry work that goes beyond these. The county has 69,500 parcels. At a cost of \$270,000 Essex County, she says:

“... offers assessment support in the way of a Sr. Assessment Control Examiner, 2 Data Collectors and 1 Sr. Computer Operator. The Sr. Assessment Control Examiner works with the assessors in each town developing land schedules, trends, neighborhoods, cost and comp values, models and any other valuation help they may need. Our 2 data collectors work in all 18 towns with the assessor to make sure that inventory data is current...The Sr. Computer Operator offers clerical support for all 18 towns by way of address changes, putting exemptions on the roll after they are approved by the assessors, inputting deed information for sales, entering new assessed values, printing assessment rolls and reports. We also enter all re-leveys of taxes that have not been paid to towns, villages and schools. We also pay the license fees for all towns for the RPSV4 system that is used for valuation as it is housed at the county level. Remote users have access through a Citrix application. We also do mailings through this office for the assessors such as notice of increase/decreases in assessed value. We print, fold, stuff the envelopes and mail them.

County costs in Essex are offset by a 60 cent per parcel charge-back to towns (for a total of \$41,700) for some roll maintenance and printing expenses. The net county cost is therefore is \$228,300 or \$3.285/parcel.

- ***Still retaining formal legal responsibility, one or more assessing units in a county may contract with the county to provide some of or all assessing functions under Article 1437 of New York's Real Property Tax Law. If this path is taken, no referendum is required.***

Herkimer County does assessment under contract for the City of Little Falls, the town and village of Frankfort and the towns Winfield, Columbia, Litchfield, and Danube. Contracts may be for a single year, or a longer term. The county employs three assessors. Each participating municipality appoints a county employee in the Real Property Office as its assessor. Additional support is provided by a data collector employed by the county and, as needed, by other county staff. The county charges jurisdictions different rates for assessment and data collection, ranging from \$15/parcel for smaller places with fewer parcels to \$9/parcel for larger ones. The county does not cover costs for office supplies, printing, postage and clerical help in the jurisdictions with which it contracts. Still, these low rates are beginning to raise questions among county elected officials in this hard-pressed county about whether this approach to assessing is cost-effective for them.<sup>34</sup>

In Schuyler County, according to the county website, “...seven of the eight towns contract with the county for assessment services.”<sup>35</sup> The county employs two assessors who assess all its 13,000 parcels except the 400 in the Town of Cayuta. The county is committed under contract to maintain all roles at 100% of value. For this service it currently charges the towns \$13/parcel; despite increases in charges necessitated by the decline in state aid (which was formerly passed through by the towns to the county) towns still spend less than they did when assessing on their own (\$14.30/parcel). So long as it continues to pay for itself, county leaders support this approach. Tom Bloodgood, the Schuyler County Real Property Tax Services Director reports that the Town of Cayuta is now considering contracting the county for assessor services. If it does, Schuyler will be the first in New York to achieve de facto county-wide assessing by this method.<sup>36</sup>

Clinton and Erie counties are also contracting with some of their towns to perform the assessment function. Orange County offers an emerging Hudson Valley example. There, the towns of Deer Park and Chester contract with the county real property office for assessment services at \$16.50/parcel. A similar agreement

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<sup>34</sup> . Phone interview with Beth Sadlon, Herkimer Office of Real Property Tax Services Director

<sup>35</sup> . <http://www.schuylercounty.us/rptdept.htm>

<sup>36</sup> > Phone interview with Tom Bloodgood, November 6, 2012.

with the town of Goshen will be implemented next year. The county provides assessment and data collection services through the use of licensed appraisers working part-time.<sup>37</sup> Towns must provide part-time clerical staff for their assessors' offices and pay the annual fee for the use of state software system for assessing.<sup>38</sup>

According to the state, counties may be eligible for a one-time payment of \$1/parcel from the state when towns contract with their real property tax offices to provide specified assessment services.<sup>39</sup> In recent years, state aid has been uncertain. But even without taking account of any such support at \$16.50/parcel the annual assessing costs for northern Dutchess towns would be \$519,931.50. Of course, under the Orange County model towns retain some assessment costs, but it is worth noting that at the rates Orange is charging, Northern Dutchess towns would pay about 19% less for assessment than they collectively budgeted in 2012, and this does not include savings on benefits. In fact, Orange's per parcel rates are below the per-parcel costs currently budgeted for 2012 to assess the all the Northern Dutchess towns, except Clinton and Hyde Park.

## **II. Inter-town Arrangements**

About half of New York's assessing jurisdictions now share an assessor. In Northern Dutchess, an assessor is shared by the towns of Milan and Red Hook. This person, who became the single appointed assessor in Red Hook in 2011, previously served as the elected chair of the Board of Assessors in Milan, and continues in that post. Each town reaches a different financial arrangement with the shared assessor, and continues to assume other costs for this function. Under such a sharing arrangement, each assessing jurisdiction continues to maintain a separate tax role, and may even assess on a different but intra-jurisdictionally consistent basis. Both Milan and Red Hook are assessed at 100 percent of value.

Elsewhere in New York State there are examples of a network of jurisdictions employing a single assessor, often as a result of the entrepreneurial leadership of a well-placed, highly credentialed individual. David Briggs is the assessor for the City of Cortland and five towns in Cortland County. Together these jurisdictions include 14,000 parcels and constitute two-thirds of the county's land area. Briggs began as the city assessor, and added the adjacent, rapidly developing town of Cortlandville when that position became available. Over time he developed an arrangement in which these jurisdictions and others he incrementally added contracted with him to provide assessing services.<sup>40</sup>

In an alternative inter-local approach, Randall Holcomb, originally the Assessor in the Town of Busti, currently serves as the assessor for the city of Jamestown and eight towns in Chautauqua County. There are 52,000 parcels in these nine jurisdictions. Holcomb, who began his long career working as the town assessor for Busti, acted as "the 'lead agent' to incorporate a network of districts throughout the county," he said in 2010.<sup>41</sup> A charter detailing this network and how it works is attached (Chart I). Each participating jurisdiction enters into an intergovernmental agreement with Busti, which is at the center of this network. (See the attached sample agreement with the town of Ellery.) Busti generates an additional revenue stream; other

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<sup>37</sup> . Under the terms of their employment, appraisers may continue to do private work, but not within a jurisdiction in which they are employed by the county to do assessment.

<sup>38</sup> . Phone interview with John McCarey, Orange County Real Property Tax Service Director, November 2, 2012.

<sup>39</sup> . Section 1537 of the RPTL.

<sup>40</sup> . Phone interview with David Briggs, October 31, 2012.

<sup>41</sup> . <http://www.observertoday.com/page/content.detail/id/543830.html?nav=5007> Jason Rodriguez. Municipalities Encouraged to Keep Assessments Up To Date. *Dunkirk Observer*. August 11, 2010

participating jurisdictions lower their costs. The Busti Assessor provides assessing services to participating governments and retains control of staff. Municipalities contracting with Busti retain responsibility for office and other local administrative expenses and retain legal liability for their rolls. The overall operation requires a staff of nine full- and part-time people working out of three offices; the assessor, two full time and two part-time appraisers, and four full-time and one part time assessor clerks. There is some additional work given to private commercial appraisers. In some cases, participating municipalities retain some personnel on their own payrolls. In others they are employed by Busti. All are under the overall supervision of Holcomb, the formal appointee through Busti to the position of assessor for all participating localities.

In both Cortland and Chautauqua counties, the inclusion of a large portion of the parcels the group of jurisdictions sharing an assessor in a city helps distribute the workload, as key dates for preparing the roles differ in cities operating under charters than in towns, operating under general state law. Both Briggs and Holcomb are former presidents of the New York State Assessor's Association.

## Transportation

State and local roads and highways are the mass transportation systems of rural and suburban New York. All public and private life – personal, commercial, governmental - relies upon their proper construction and maintenance. It is not surprising, therefore, that transportation is often the major area of expense reported to the New York State Comptroller by suburban and rural governments or, depending upon other services offered, among the two or three most costly.

Local government responsibility for building and maintaining roads reaches back into colonial times. It is now shared, in a complex pattern, by counties, cities, towns and villages. As we consider this question, it is important to keep in mind how long ago our local governmental boundaries were established. In **Table 6** we provide the dates of founding for the towns and villages in Northern Dutchess. The one most recently established was the Village of Red Hook, in the year 1894. For comparison, the motor car came into widespread use in the United States in the 1920's.<sup>42</sup> The major state highway that passes through the region, the Taconic State Parkway, was built between 1925 and 1963. We are seeking efficiencies in the 21<sup>st</sup> century within a governmental structure devised in the 19<sup>th</sup> century.

### Major Cost Center:

For Northern Dutchess Towns transportation it is consistently within the top two cost centers, ranking first for 7 jurisdictions and second for 3. The Villages of Tivoli and Red Hook are the only municipalities where transportation expenditures are not one of the top three expenditures for that municipality. In the four villages, in contrast, transportation expenditures as a percentage of the total budget are relatively low. Villages are smaller in land area and provided a greater number of services.

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<sup>42</sup> <http://l3d.cs.colorado.edu/systems/agentsheets/New-Vista/automobile/>

Municipality	Date Incorporated
Town of Amenia	1788
Town of Clinton	1786
Town of Hyde Park	1810
Town of Milan	1818
Town of North East	1788
Town of Pine Plains	1823
Town of Pleasant Valley	1821
Town of Red Hook	1812
Town of Rhinebeck	1788
Town of Stanford	1793
Village of Millerton	1875
Village of Red Hook	1894
Village of Rhinebeck	1834
Village of Tivoli	1872

In 2010, the most recent year for which comparative data is available from the state, the Town of Stanford devoted the largest percentage of its budget to transportation (41.1%), while the Village of Tivoli devoted the lowest percentage (4.3%). In dollar amounts, the Town of Hyde Park spent the most on transportation: \$2,021,826, while the Village of Tivoli spent the least: \$47,731 (**Table 7**). Total spending on transportation for towns was \$10,632,076; for villages it was \$963,201.

#### **Cost Increases:**

From 2000-2010, most of the municipalities in Northern Dutchess saw increases in their total transportation expenditures. The largest increase was in the Village of Millerton (108.7%). The smallest increase in transportation expenditures

was in the Town of Stanford (5%). Both the Village of Tivoli and the Town of Rhinebeck decreased their expenditures, Tivoli by 19.5% and Rhinebeck by 40.8%. In the case of Rhinebeck, this is because of a very large expenditure in 2000. Excluding the year 2000, the Town of Rhinebeck shows a 44.9% increase. In the case of Tivoli, the data indicates that the Village has moved to an every other year schedule for improvements to facilities, as well as road replacement. The year 2010 fell on an off year, making the change from 2000 to 2010 look like a decrease (**Table 8**). The average increase for all municipalities under study was a 32.5%.

While the total expenditures on transportation (including facilities maintenance, equipment purchases, administration, machinery, street lighting, capital projects, and debt service) in this

time may have decreased, the expenditures for the maintenance of the roads (snow removal, street maintenance, bridge maintenance, and brush and weed removal) universally increased. The largest increase in these costs was in the Town of North East (135.4%), while the smallest increase was in the Village of Tivoli (11.8%). The average increase in expenditures for all municipalities for street maintenance was 73.1% (**Table 8**).

Municipality	2010 Transportation Expenditures	2010 Total Expenditures	Transportation as a % of Budget
Amenia	\$951,280	\$2,597,525	36.6%
Clinton	\$988,241	\$2,522,307	39.2%
Hyde Park	\$2,021,826	\$8,966,219	22.5%
Milan	\$754,087	\$1,973,984	38.2%
Millerton (V)	\$184,817	\$1,199,815	15.4%
North East	\$812,668	\$2,162,617	37.6%
Pine Plains	\$481,443	\$1,716,781	28.0%
Pleasant Valley	\$1,184,602	\$3,896,367	30.4%
Red Hook (T)	\$1,137,997	\$4,272,834	26.6%
Red Hook (V)	\$228,643	\$2,643,490	8.6%
Rhinebeck (T)	\$1,330,699	\$5,238,878	25.4%
Rhinebeck (V)	\$502,010	\$3,474,666	14.4%
Stanford	\$969,233	2356480	41.1%
Tivoli	\$47,731	1114876	4.3%

## Transportation Expenditure Trends

**Table 8**

Municipality	Road Miles*	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Amenia	31.7	512,600	473,136	506,900	510,482	524,903	683,994	585,868	826,372	940,230	612,115	951,280
Clinton	38.5	588,843	616,244	875,126	853,448	979,938	820,921	904,858	1,111,135	1,005,172	1,127,275	988,241
Hyde Park	93.3	1,586,429	1,583,124	1,601,524	1,860,478	1,855,176	3,419,391	4,412,194	3,237,817	3,000,197	2,878,855	2,021,826
Milan	51.8	457,686	443,200	460,079	568,589	467,830	541,912	558,283	742,226	1,138,254	833,255	754,087
Millerton (V)	4.9	88,570	127,715	134,356	89,409	95,862	136,391	178,155	113,638	173,404	163,504	184,817
North East	35.4	624,653	461,921	484,527	508,495	640,687	770,590	608,474	643,881	802,349	866,169	812,668
Pine Plains	38.9	449,893	462,701	458,654	572,005	483,354	646,607	585,427	703,226	516,895	581,342	481,443
Pleasant Valley	69.6	788,421	856,100	1,059,058	1,140,440	885,434	1,404,418	1,085,161	1,129,139	1,284,357	1,484,755	1,184,602
Red Hook (I)	57.9	834,652	775,598	818,550	1,013,789	830,704	1,012,135	857,042	1,205,854	1,074,284	1,013,245	1,137,997
Red Hook (V)	8.1	163,669	191,407	235,437	157,303	221,285	176,434	262,282	419,494	284,586	278,571	228,643
Rhinebeck (I)	57.9	2,248,997	917,832	1,063,170	903,690	1,192,455	926,194	1,105,402	931,294	1,255,872	1,166,620	1,330,699
Rhinebeck (V)	10.7	385,522	322,154	378,908	398,183	426,227	421,347	496,819	430,151	381,036	380,861	502,010
Stanford	62.6	922,964	727,349	548,691	964,682	959,794	888,402	790,110	857,786	954,981	977,816	969,233
Tivoli	5.1	59,300	50,726	58,080	65,419	69,388	168,382	64,884	158,496	86,361	177,368	47,731
Dutchess County	393.2	15,193,929	14,426,597	14,922,917	12,442,521	12,934,532	14,914,475	17,935,905	15,983,828	17,305,281	21,605,723	21,605,723

\*Municipal Roads Only

Municipality	% Change (2000-2010)	Average	Average \$ / Mile
Amenia	85.6%	647,989	20,441
Clinton	67.8%	897,382	23,309
Hyde Park	27.4%	2,496,092	26,753
Milan	64.8%	633,218	12,224
Millerton (V)	108.7%	135,075	27,566
North East	30.1%	656,765	18,553
Pine Plains	7.0%	540,141	13,885
Pleasant Valley	50.2%	1,118,353	16,068
Red Hook (I)	36.3%	961,259	16,602
Red Hook (V)	39.7%	238,101	29,395
Rhinebeck (I)	-40.8%	1,185,657	20,478
Rhinebeck (V)	30.2%	411,202	38,430
Stanford	5.0%	869,255	13,886
Tivoli	-19.5%	91,467	17,935
Dutchess County	42.2%	16,297,403	28,774

*Data Source: New York State Comptroller Division of Local Government and School Accountability.*

*Data Sources: New York State Comptroller Division of Local Government and School Accountability, New York State Department of Transportation*

## Street Maintenance Costs

Municipality	Table 9											
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Amenia	294,007	292,783	344,972	341,147	315,351	347,627	336,863	349,946	474,148	328,672	393,012	404,983
Clinton	384,556	393,965	442,333	494,501	527,425	606,110	564,131	612,996	722,315	686,340	678,500	753,882
Hyde Park	680,123	702,921	675,450	830,720	957,717	1,032,503	964,452	1,077,104	1,160,917	1,306,137	1,211,883	1,522,243
Milan	271,597	271,457	274,980	295,908	299,366	348,343	387,212	531,648	544,215	433,793	464,330	492,931
Millerton (V)	62,885	61,972	66,363	69,445	75,352	102,676	104,875	94,966	97,864	93,492	89,109	95,423
North East	232,236	238,551	234,147	299,151	300,486	350,433	363,191	428,026	494,206	500,164	484,010	546,705
Pine Plains	261,591	209,711	268,346	245,132	319,395	250,227	246,089	371,108	303,057	345,239	260,684	296,302
Pleasant Valley	455,580	511,056	527,988	615,369	570,829	702,243	613,344	693,641	763,453	850,889	836,058	786,878
Red Hook (I)	413,425	437,754	438,850	500,138	498,723	550,927	505,288	593,434	672,995	596,136	585,545	596,978
Red Hook (V)	127,717	143,246	195,579	120,931	165,042	139,093	216,171	336,933	170,086	168,364	140,537	211,069
Rhinebeck (I)	467,554	479,167	486,053	483,251	480,992	600,692	583,012	614,752	699,614	708,195	652,553	682,975
Rhinebeck (V)	309,548	254,211	330,157	366,172	393,844	385,772	429,562	353,139	332,602	330,690	340,425	383,176
Stanford	299,715	408,033	331,384	417,091	396,093	475,580	500,865	416,494	456,121	535,171	495,031	616,834
Tivoli (V)	27,786	29,901	27,896	48,958	47,056	53,279	36,545	54,373	44,552	36,436	24,954	31,058
<b>Total</b>	4,288,320	4,434,728	4,644,498	5,127,914	5,347,671	5,945,505	5,851,599	6,528,560	6,936,144	6,919,718	6,656,630	7,421,437

*Data Source: New York State Comptroller Division of Local Government and School Accountability.*

Street Maintenance Costs*				Table 10
Municipality	% Change 2000-2011	Average	Average \$ / Mile	Average \$ / Grid Density
Amenia	37.7%	347,139	10,951	473,073
Clinton	96.0%	555,743	14,435	549,969
Hyde Park	123.8%	963,630	10,328	379,048
Milan	81.5%	374,804	7,236	261,205
Millerton (V)	51.7%	83,545	17,050	10,230
North East	135.4%	356,782	10,079	435,395
Pine Plains	13.3%	280,053	7,199	220,298
Pleasant Valley	72.7%	649,132	9,327	304,047
Red Hook (T)	44.4%	526,656	9,096	329,274
Red Hook (V)	65.3%	174,882	21,590	23,749
Rhinebeck (T)	46.1%	568,712	9,822	350,657
Rhinebeck (V)	23.8%	347,829	32,507	48,761
Stanford	105.8%	430,143	6,871	340,817
Tivoli (V)	11.8%	39,249	7,696	12,313
<b>Total</b>	<b>73.1%</b>	<b>5,223,454</b>	<b>9,222</b>	<b>267,060</b>

### Resource Base:

Town transportation costs are covered largely from the property tax levy. State formula-based Consolidated Highway Improvement funds (CHIPS aid) are generally regarded by local officials as insufficient in amounts and opaque in character. With rare exceptions, town roads are not eligible for federal financial assistance for highways. The municipalities under study vary significantly in “tax capacity,” the local tax base each may draw upon to support government services, including transportation services (Table 11). Places that are bigger in area and less densely settled tend to deliver fewer services, but also to have a smaller resource base to draw upon to pay for them. With smaller bases these jurisdictions must tax at

greater rates to generate the same level of resources that others may gather from a bigger base with a lower rate. In Northern Dutchess, the Village of Rhinebeck has the greatest tax base per road mile (\$39,272,539), while the Town of Pine Plains has the smallest (\$8,848,068).

Full Taxable Value Per Mile and Total Population*				Table 11
Municipality	Full Value (2010)	Municipal Mileage	Value per Municipal Road Mile	Total Population (2010)
Amenia	\$573,457,315	31.7	\$18,090,136	4,436
Clinton	\$858,396,342	38.5	\$22,296,009	4,312
Hyde Park	\$2,023,986,060	93.3	\$21,693,313	21,571
Milan	\$458,329,922	51.8	\$8,848,068	2,370
Millerton (V)	\$84,501,094	4.9	\$17,245,121	958
North East	\$509,274,868	35.4	\$14,386,296	3,031
Pine Plains	\$361,896,770	38.9	\$9,303,259	2,473
Pleasant Valley	\$1,127,005,969	69.6	\$16,192,614	9,672
Red Hook	\$1,223,279,722	57.9	\$21,127,456	11,319
Red Hook (V)	\$202,763,519	8.1	\$25,032,533	1,961
Rhinebeck	\$1,360,602,235	57.9	\$23,499,175	7,548
Rhinebeck (V)	\$420,216,167	10.7	\$39,272,539	2,657
Stanford	\$847,022,568	62.6	\$13,530,712	3,823
Tivoli (V)	\$127,877,936	5.1	\$25,074,105	1,118

\*Data Sources: New York State Comptroller Division of Local Government and School Accountability, New York State Department of Transportation

### Workload Adjusted Cost:

Total local transportation costs are, of course, a function of the number of local highways miles within the jurisdiction. Among the towns in Northern Dutchess, Hyde Park has the most extensive local road network (93.3 miles), followed by Pleasant Valley (69.6) and Stanford (62.6). Amenia (31.7) and North East (35.4) maintain the fewest miles for owns in the region. The village of Rhinebeck maintains and operates 10.7 miles of streets, the most for the four villages in Northern Dutchess. Millerton’s (4.9 miles) is the least extensive street system.

The region’s jurisdictions also differ in their road densities, the ratio of the center lane local road miles they must operate and maintain to their geographic size, measured in square miles. Densities are greatest in villages, ranging from 11.7 road miles/square mile in Millerton to 4.06 in Tivoli. Among the towns Hyde Park (3.89) has the greatest road density, and Amenia (1.91) the least.

A simple comparison of total transportation expenditures across municipalities does not account for highways miles or road density, and is therefore misleading. To compare costs fairly, two metrics were utilized: the average cost per municipal road mile,<sup>43</sup> and the average cost per grid density (**Table 10**).<sup>44</sup> The former is most useful for towns; the later for villages. This is because more densely settled villages have a much higher street grid density than towns, making the cost per street grid density drastically lower, but much lower total mileage, making the cost per municipal road mile much larger.

Averages, based upon data provided by the New York State Comptroller for the period 2000 to 2011, were used to smooth out any year to year outliers in expenditures. Annual highway expenditures may vary significantly from year to year. For example, some municipalities may be in the midst of an equipment replacement program, while others who have completed such programs may, for the time being, have lower annual expenditures. The costs of maintenance per mile may also vary from place to place based on wear in high traffic areas, street grid density, the grade of the roads, the necessity to maintain bridges in a municipality, etc.

For the villages under study, on average from 2000 to 2010, the Village of Rhinebeck spends the most on the maintenance of its roads (\$32,507/mile). The Village of Tivoli spent the least (\$7,696/mile). Of the towns, The Town of Clinton spent the most (\$14,435). The Town of Stanford spent the least per mile (\$6,871). The mean of the average costs per mile for all municipalities under study was (\$12,442/mile) (**Table 10**). It is

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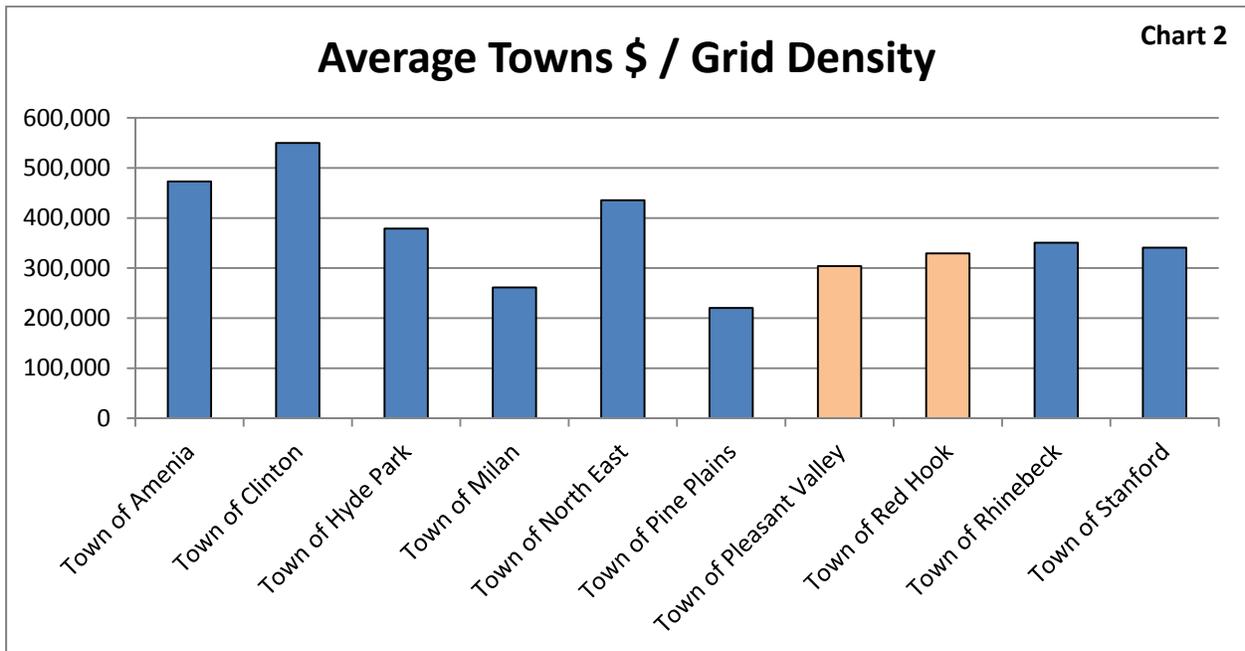
<sup>43</sup> Neither the revenues brought in by a municipality through the operations of the highway department (for example payment by the county to plow county roads) nor the concomitant work (miles of county roads paved) were included in this calculation, as the revenues from other governments are not universally reported. Local governments report benefits to the state as “undistributed costs.” Available data does not allow us to accurately estimate these provided to highway workers alone.

<sup>44</sup> This metric was used because it normalizes the expenditures among municipalities and takes into account the higher costs of repairing heavily trafficked street grids. Average cost per grid density was calculated using the following straightforward formula:

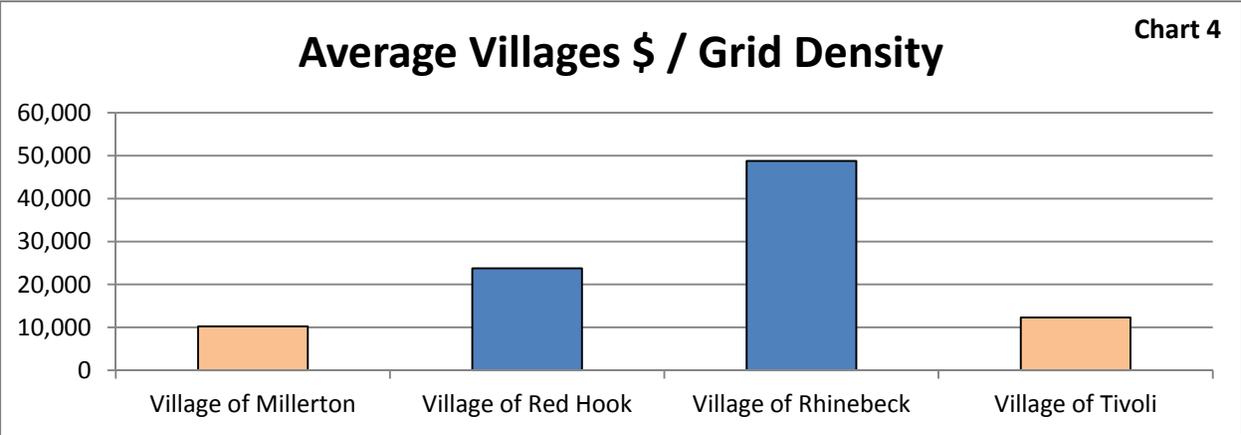
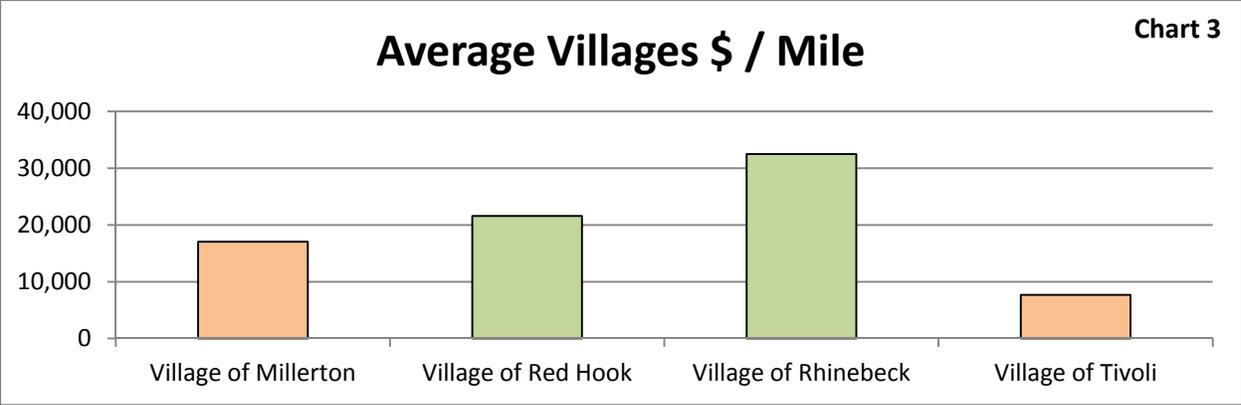
$$\frac{\text{Average\_}\$}{(\text{Municipal\_Road\_Miles/ Area})}$$

important to note that these figures do not include any transportation revenues (such as those for plowing county roads) that could offset the costs.

When examining the transportation costs per street grid density<sup>44</sup>, the towns and villages were separated in order to make them comparable. The area of the villages skews this metric so far that it is not useful for comparing towns and villages to one another.



*\*Data Sources: New York State Comptroller Division of Local Government and School Accountability, New York State Department of Transportation*



*\*Data Sources: New York State Comptroller Division of Local Government and School Accountability, New York State Department of Transportation*

**Charts 1 & 2, and 3 & 4** illustrate how measuring expenditures per mile and expenditures per street grid density can tell different stories. In **Charts 1 & 2** the Towns of Pleasant Valley and Red Hook are highlighted. While Pleasant Valley has a higher cost per municipal road mile for street maintenance, it has a lower cost than Red Hook relative to its street grid density. **Charts 3 & 4** demonstrate a similar difference in performance metrics between the Villages of Millerton and Tivoli. While the ranking of municipalities utilizing costs per mile or per street grid density are similar, the differences can be telling. It is also important to note that in comparing performance metrics for highway services, it is difficult to compare towns to villages using either metric. The density of the street grids in villages is much higher than in towns, and so the costs per street grid density are going to be much lower. The number of road miles in villages is much lower though, making the costs per mile much higher.

There is theoretically a minimum cost associated with maintaining roads. This includes the bare minimum of equipment necessary to plow the roads, repave, etc., as well as the minimum staffing required to operate the machinery. Though an analysis of the minimum highway costs necessary to maintain roads in the villages of the NDA was beyond the scope of this study, it is recommended that the villages under study examine their capacity, as it is quite possible that there is unutilized excess capacity within the village highway departments. If this is found to be the case, there is an argument to be made that it would benefit both the towns and villages if the towns were to utilize excess capacity under contract. One example of this would be the town roads between the northern border of the Village of Tivoli and the southern border of Columbia County.

These roads are among the most remote relative to the Town of Red Hook Highway Garage, but are proximate to the roads maintained by the Village of Tivoli.

Spending for transportation spending may be divided into the broad general categories of personnel, contractual expenditures, equipment and supplies, and materials. Personnel and supplies and materials costs must be covered from annual operating budgets. Equipment costs may be covered through borrowing, which increases costs, but causes those who benefit from the future use of the equipment to help pay the bill.

Personnel expenses comprise the greatest proportion of costs. Full- and part-time staffing vary greatly from town to town, but in general personnel expenses make up 35.28% of overall town transportation budgets and 38.46% of village budgets. Highway employees are represented by labor unions in 6 of the 14 Northern Dutchess towns and villages; their compensation packages are governed by collective bargaining agreements (**Table 13**). Average compensation levels of highway personnel in Northern Dutchess towns vary from \$6,116 in the Village of Millerton, to \$53,450 in the Town of Amenia (**Table 13**).

### **Governance:**

Most New York State towns have a Highway Department responsible for their roads and bridges, headed by a Superintendent, elected for a term of two years.<sup>45</sup> The term may be extended to four years, or the office made appointed, by local referendum.<sup>46</sup> In Northern Dutchess County 9 of 10 Highway Superintendents heads are elected, while one is appointed. For six of the towns the term of office is 4 years. There are still relatively few women serving as highway superintendents in New York State: 2 of these, Theresa Burke in the Town of Red Hook and Kathy Kinsella in the Town of Rhinebeck, are in Northern Dutchess. Both were elected.

The Town Highway Superintendent prepares the department's budget, which after review and negotiation is approved by the town board. Though he or she is elected, the Highway Superintendent is accountable to the town board. However, money provided for highways may not be spent by the town for other purposes.

According to one categorization, the principle responsibilities of the town highway department are:

- Construction, repair and reconstruction of roads, bridges and culverts;
- Maintenance of road signs and markings, as well as traffic signals;
- Snow plowing and ice control;
- Maintenance of shoulders and roadside areas;
- Maintenance of department vehicles and equipment; and
- Project planning and design (new construction and maintenance of existing infrastructure.)<sup>47</sup>

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<sup>45</sup> . NYS Town Law. Sections 20.a and b. But in accord with Section 20.k, a town that contracts with another municipality for five years or more for the provision of highway services may, subject to permissive referendum, abolish the position of Highway Superintendent . If thereafter the contract is terminated, the position may be reinstated, but as an appointive one.

<sup>46</sup> . NYS Town Law. Section 24.a.

<sup>47</sup> . Rowback (2012) p. 25.

Table 12

## Personnel Costs Associated With Street Maintenance\*\*

Municipality	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	AVG Personnel Cost	AVG Trans. Cost	Personnel / Total Trans Cost
Amenia	182,208	199,733	206,139	219,593	219,027	263,867	256,073	285,378	287,435	351,008	368,024	368,505	267,249	649,365	41.2%
Clinton	293,353	297,817	336,508	356,700	366,120	390,657	405,750	447,723	462,694	426,448	453,557	470,893	392,352	907,229	43.2%
Hyde Park	603,944	652,534	648,714	701,426	719,430	808,141	822,115	877,328	915,306	910,504	897,252	893,408	787,509	2,538,290	31.0%
Milan	219,588	172,900	167,944	182,668	175,396	208,898	211,456	224,922	248,094	251,329	254,941	271,006	215,762	688,530	31.3%
North East	154,616	166,459	166,260	196,271	188,750	200,811	178,459	192,233	187,742	182,319	204,345	213,133	185,950	672,379	27.7%
Pine Plains	153,529	170,687	163,473	150,290	148,230	164,289	173,881	209,304	217,209	239,562	193,844	203,348	182,304	540,167	33.7%
Pleasant Valley	310,598	326,287	345,122	412,699	380,837	464,536	433,312	436,781	521,111	523,971	533,337	488,705	431,441	1,119,440	38.5%
Red Hook	297,571	320,207	353,253	393,996	383,327	412,662	396,464	429,355	471,901	456,827	437,353	462,263	401,265	1,048,034	38.3%
Rhinebeck	326,174	305,549	346,853	372,601	363,717	410,548	407,432	444,071	469,030	481,452	464,122	478,089	405,803	1,192,606	34.0%
Stanford	272,531	301,853	301,289	341,619	372,256	329,673	348,657	368,729	379,991	409,604	398,609	421,791	353,883	914,960	38.7%
Millerton (V)	33,197	32,051	32,757	39,508	42,849	45,937	62,761	59,322	56,134	60,284	63,294	63,750	49,320	136,031	36.3%
Red Hook (V)	67,581	45,324	46,207	53,567	47,392	50,221	76,354	64,076	74,183	86,717	84,768	91,699	65,674	240,385	27.3%
(V)Rhinebeck	159,407	163,534	168,301	206,420	191,883	220,909	222,522	179,752	216,467	230,752	236,308	270,514	205,564	415,941	49.4%
Tivoli (V)	16,821	16,218	16,911	23,549	22,392	24,298	18,363	23,603	16,103	22,445	9,315	10,169	18,349	88,849	20.7%

## Highway Department Profiles

Table 13

Municipality	HW Supt.	Elected/ Appointed	Term	Party	Cross Endorsed?	Length of Service	Pay	F/T	# P/T and Seasonal
Amenia	Stanley Whitehead	Elected	4 years	Republican	no	19 years	\$56,490	5	Sometimes hire p/t wingmen
Clinton	Theron Tompkins	Elected	2 years	Republican	No	4 years	\$52,788	8	
Hyde Park	Walter E. Doyle	Elected	4 years	Republican	No (has been in past)	16 years	\$60,000	14	2 p/t flaggers -summer; p/t wingmen for plowing
Milan	Glen Bulter	Elected	4 years	Republican	Rep., Dem., Cons., Ind.	8 years	\$54,896	4	1 p/t
North East	Robert Stevens	Appointed	2 years	Republican	N/A	15 years	\$47,735	5	4 p/t (part time workers are seasonal employees)
Pine Plains	Barry Hay	Elected	4 years	Republican	Yes	2 years	\$64,000	3	1 p/t
Pleasant Valley	Butch Gardner	Elected	4 years	Republican	Dem., Rep., Con.	16 years	\$61,861	9	4 p/t (part time workers are seasonal employees)
Red Hook (I)	Theresa Burke	Elected	4 years	Independent	Dem., Rep., Con.	2.5 years	\$56,100	9	1 p/t; 6-9 seasonal (depending on need)
Rhinebeck (I)	Kathy Kinsella	Elected	2 years	Democrat	No	8 years	\$54,590	9	1 p/t; 6-10 seasonal
Stanford	Jim Myers	Elected	2 years	Republican	Yes	6 years	\$57,735	7	1 p/t
Millerton (V)	Larry Merwin	Appointed	1 year	Conservative	N/A	36 years	\$11,705	2	1 p/t; 1 seasonal (summer)
Red Hook (V)	Dan Streib	Appointed	1 year	N/A	N/A	13 years	\$20/hr	2	3-4 p/t
Rhinebeck (V)	Michael Wolff*	Appointed	1 year	N/A	N/A	2 years	\$24/hr	7	3 p/t (part time workers are seasonal employees)
Tivoli (V)	James Simmons	Appointed	No limit	N/A	N/A	30 years	\$24.5/hr	3	none

\*Foreman

\*\* \*Data Sources: New York State Comptroller Division of Local Government and School Accountability, New York State Department of Transportation, Interviews

Streets and Bridges in villages are the responsibility of the village board. Generally the board appoints a department head, who is accountable to it.<sup>48</sup> Three of the Villages: Millerton, Red Hook and Rhinebeck use one year terms, while the Village of Tivoli has no specified term. In Rhinebeck the department head is the Foreman of the Highway Department, in Red Hook the Highway Superintendent, in Tivoli the Superintendent of Public Works and in Millerton The Foreman of Highways and Water.

Notwithstanding the town board's oversight and fiscal responsibilities, established in law, by virtue of their elected status of most town highway superintendents feel directly accountable to the local electorate and work with a degree of autonomy. In interviews for this study, most town supervisors reported positive relationships with their town's highway superintendent.

### **Existing Collaborations :**

Since total spending on transportation is substantial, and because transportation is such a "big ticket" item for most area municipalities, it is a service area which might yield great savings through collaboration. In a recent report written for the New York State Association of Town Highway Superintendents, Brian O. Roback wrote: "[O]pportunities abound for continued and aggressive cooperation and shared services between contiguous and adjacent local governments. This is particularly true with the "back office" costs in support of human resources, health care, and purchasing of equipment, materials and supplies."<sup>49</sup> Local leaders in Northern Dutchess have demonstrated that they are already aware of this.

### **Formal and Informal agreements:**

There is a broad level of cooperative activity among town highway departments and between the county and town highway departments. Sharing of personnel, equipment and materials is routine, mostly under informal "handshake" agreements. Some are more formalized, reflecting the concern about liability expressed in one interview of a NDA town supervisor. The Town and Village of Red Hook share a highway garage and also a fuel depot with the Red Hook School District. The Town of North East and the Village of Millerton share sand and salt. The Town and Village of Rhinebeck share a fuel depot, a sand and salt shed, and collaboratively have purchased equipment together. The Town of Clinton has an inter-municipal agreement with the Town of Dover and The Town of Milan. (It is interesting to note that the Town of Dover does not share any borders with the Town of Clinton.) The Town of Milan has a formal agreement with Red Hook for snow plowing and the collaborative purchase of a wood chipper.

### **Agreements with the County:**

In addition there are also intergovernmental agreements between Dutchess County and several of the municipalities under study to plow county roads. The towns of Milan, Clinton, North East, Stanford, and Rhinebeck all have existing contracts to plow county roads within their jurisdictions. In the course of interviews with towns supervisors, several indicated that they would be interested in plowing more county roads, and some in municipalities which do not plow any county roads indicated that they were interested in doing so. One exception was the town of Stanford; there the Supervisor indicated that she wished to end this collaboration with the county this year.

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<sup>48</sup> . NYS Village Law. Generally, Article VI.

<sup>49</sup> . Brian O. Rowback. Delivering Highway Services at the Town Level in New York State (Albany: New York State Association of Town Highways Superintendents, December, 2010) p. 7.  
<http://www.nystownhwys.org/dmdocuments/Report%20Rowback%20Consolidation%20122010.pdf>

Currently the County is responsible for 396 miles of roads. It contracts with various towns for snow removal on 103.53 of those miles (26.14%). Of the miles of county roads that the towns provide snow removal for under contract, the town of Clinton plows a total of 20.18 miles, the Town of Milan plows 7.62 miles, the Town of North East plows 12.64 miles, the Town of Rhinebeck plows 6.27 miles, and the Town of Stanford plows 7.82 miles. The total miles of County roads plowed by the municipalities under study are 54.53 miles, more than half of all of the County road miles plowed by towns. In the 2011-2012 fiscal year, the municipalities under study earned a total \$93,047.59 in revenues from the County for snow removal. This was down dramatically from \$249,759.88 from 2010-2011, most likely due to the mild winter.

According to the acting head of the Dutchess County Department of Public Works, the County determines which municipalities to contract with based upon distance of roads from its existing facilities in the Town of Poughkeepsie, Rhinebeck, Pine Plains, Millbrook, Beekman, and Amenia (**Map 3**). (There appears to be some discretion with regards to this, however, as there is a County garage in Rhinebeck and the Town of Rhinebeck is contracted to plow 6.27 miles of County roads.

Using detailed data from the New York State Comptroller and data provided by the Dutchess County Department of Public Works, the cost per mile of reimbursements to the towns is compared to the total cost per mile associated with snow removal on municipal roads. In all cases but one (the Town of Clinton) the towns were reimbursed at a rate greater than we calculated for the per mile costs of snow removal on municipal roads. Since our calculation of cost per municipal road mile does not include employee fringe benefits, this outcome is not surprising. But the variance between municipalities is vast, and not entirely explained by this single factor. The Town of Clinton is the only municipality that is reimbursed by the county at a rate that is lower (by \$3,077 per mile) than the cost per mile to remove snow on municipal roads. In contrast, the Town of Rhinebeck is reimbursed at a rate that is \$4,179 more than the cost per mile to remove snow from municipal roads (**Table 14**).

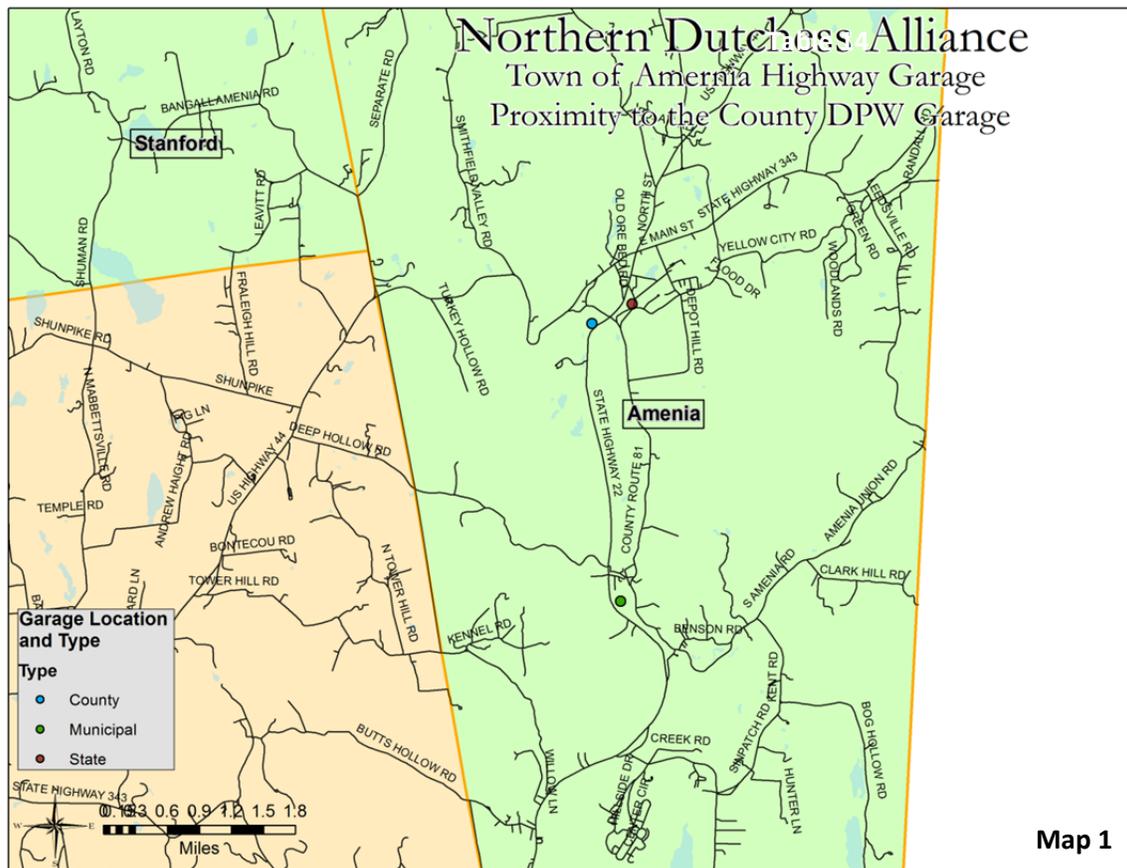
Costs and Reimbursement for Plowing County Roads											Table 14
Municipality	Municipal Road Miles	County Road Miles Plowed	Payment From County*			Reimbursement Per Mile			Average Reimbursement Per Mile	2009 - 2011 Average Cost Per Municipal Road Mile	Difference
			2009	2010	2011	2009	2010	2011			
Town of Clinton	38.5	19.28 20.18	54,155	28,185	74,426	2,809	1,462	3,688	2,653	6,575	-\$3,922
Town of Milan	51.8	7.62	20,932	21,285	25,126	2,747	2,793	3,297	2,946	2,768	\$177
Town of North East	35.4	12.64	12,876	56,307	57,892	1,019	4,455	4,580	3,351	2,749	\$602
Town of Rhinebeck	35.7	6.27	44,691	33,181	54,458	7,128	5,292	8,685	7,035	3,373	\$3,662
Town of Stanford	49.6	2.92 7.82	13,312	28,120	37,859	4,559	3,596	4,841	4,332	2,386	\$1,946

\*Includes County Cost of Sand and Salt, Excluding Delivery  
*Data Source: New York State Comptroller Division of Local Government and School Accountability, and Dutchess County Department of Public Works*

*Data Source: Dutchess County Department of Public Works*

### Expansion of Existing Collaborations:

The expansion of existing collaborations or their emulation should be explored. Additional collaborative purchasing might be considered. For instance, The Town and Village of Rhinebeck utilize a shared Fuel Depot. There is the potential to expand this to the Rhinebeck School District as well. Also, since the Town of North East and the Village of Millerton already share a sand and salt shed, the potential to collaborate to share a fuel depot might be explored. There is also the potential for the Town of Pine Plains and the Pine Plains Central School District to collaborate to share a fuel depot. The Town of Amenia, is in need of a new salt shed. Leaders there indicated interest in the potential to rent space or otherwise collaborate with the County for use of the County salt shed, thereby avoiding the cost of construction and maintenance. The county has a similar agreement with the Town of Beekman where the Town provided the land, the County built the salt shed, and the facility is operated jointly under an intergovernmental agreement. When asked, the Publics Works Department head expressed willingness to explore such an arrangement with Amenia. **Map 2** shows the proximity of the Town of Amenia Highway Garage to the Dutchess County DPW facility that houses the County salt shed.

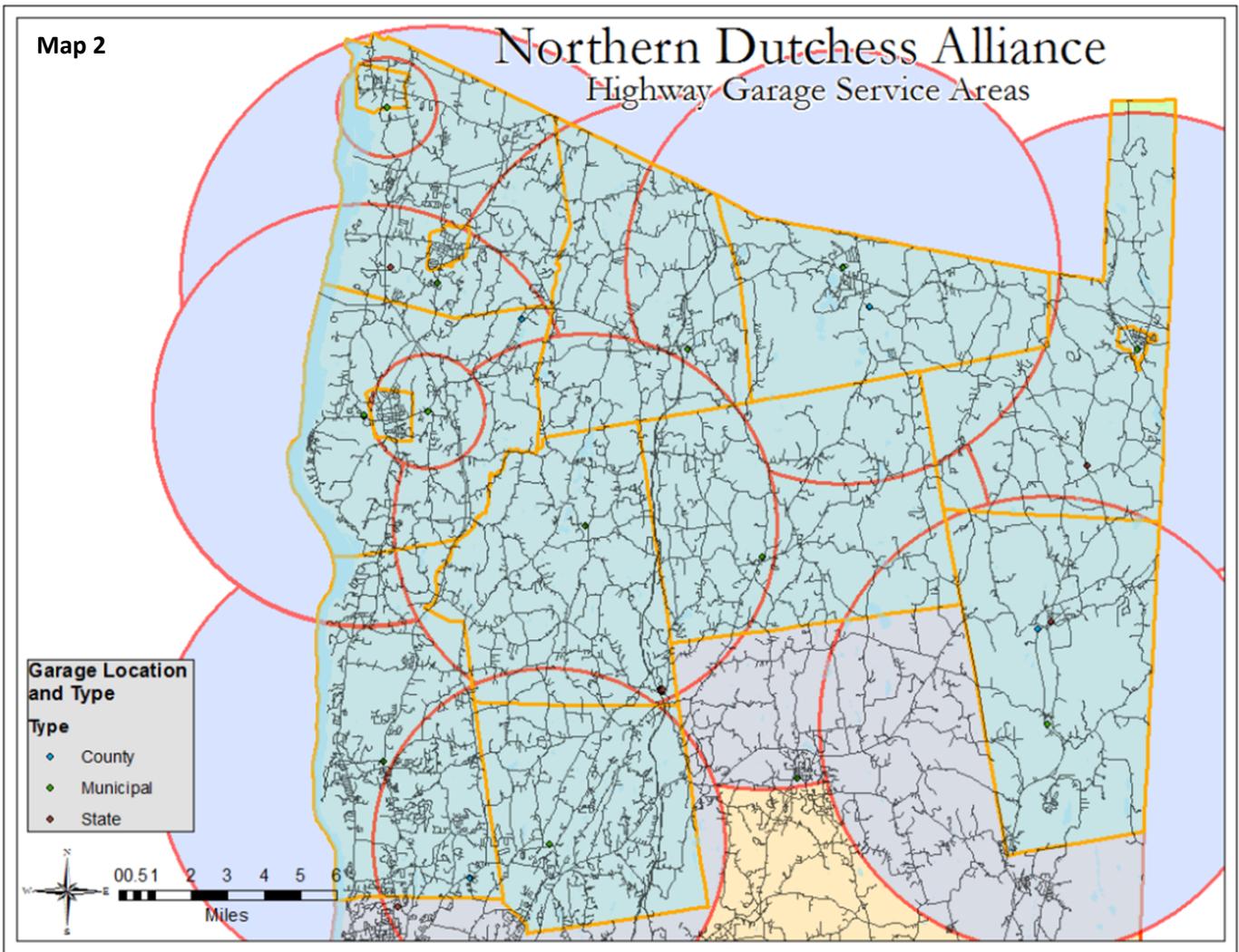


Further contracting with the county for the plowing of county roads could provide an expanded revenue source for municipalities to offset fixed transportation expenses, while also reduce the County's costs. The County's cost to plow its roads is not included in our data, but comparing the total cost of highway and facility maintenance of the Towns to the County shows that the County costs are greater (**Table 14**).

### Applying the County Collaboration Model to Intermunicipal Agreements:

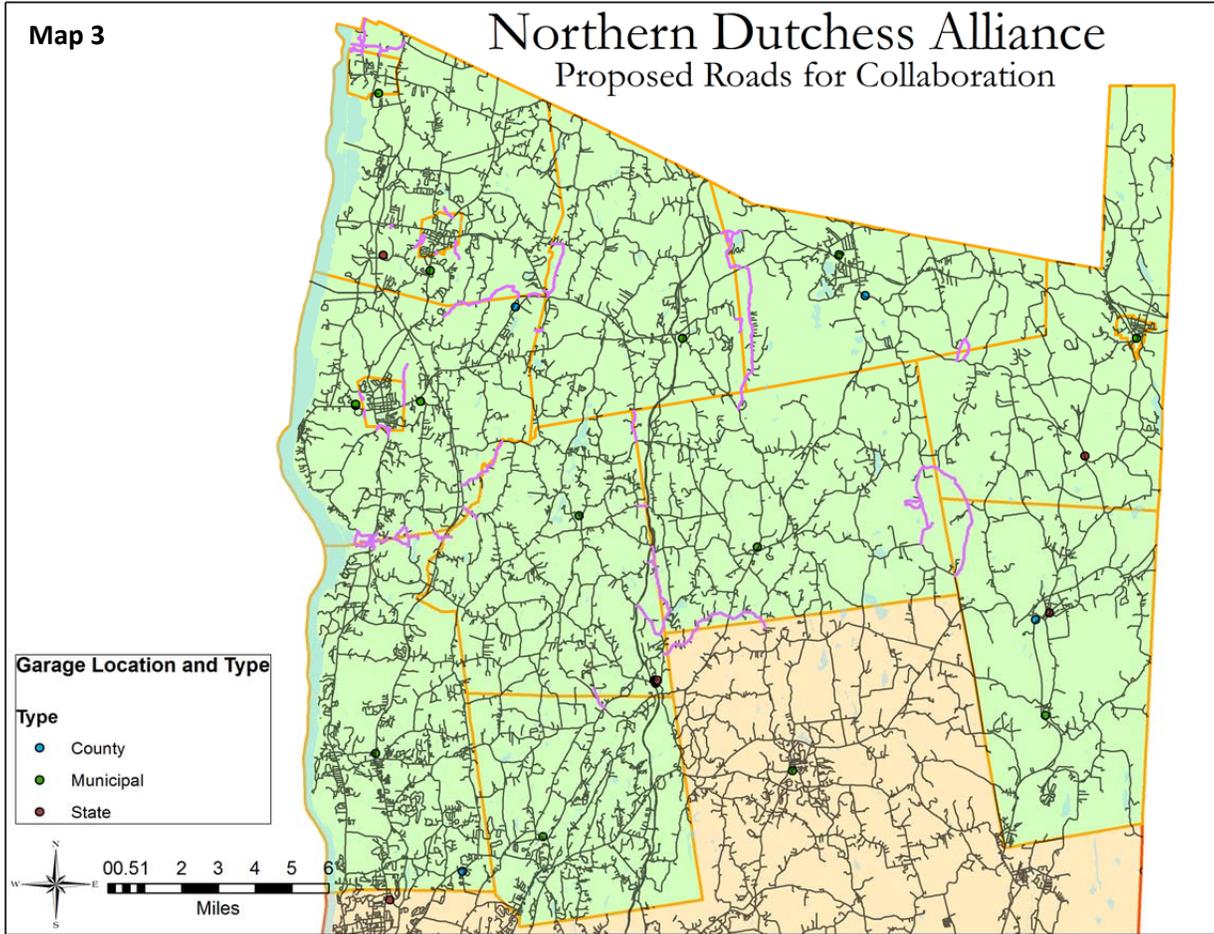
There is the opportunity for the municipalities under study to utilize the current model of collaboration with the County for the plowing of county roads to collaborate with one another. Municipal highway garages in towns tend to be centrally located within the municipality. In villages the garages tend to be located either outside of the municipality (the villages of Red Hook, Rhinebeck), or at the outskirts of the village (Tivoli and Millerton).

The irregular shapes of the municipalities create potential for overlap in areas in which services are provided. This may be illustrated by using the furthest point from a highway garage within a jurisdiction as a radius, and drawing circles with a center at the location of municipal the highway garages (**Map 2**). Moreover, the path of roads takes them back and forth from one municipality to another. There are roads in some municipalities that are unreachable without exiting and reentering the municipality. Cove Road is an example. It runs from the

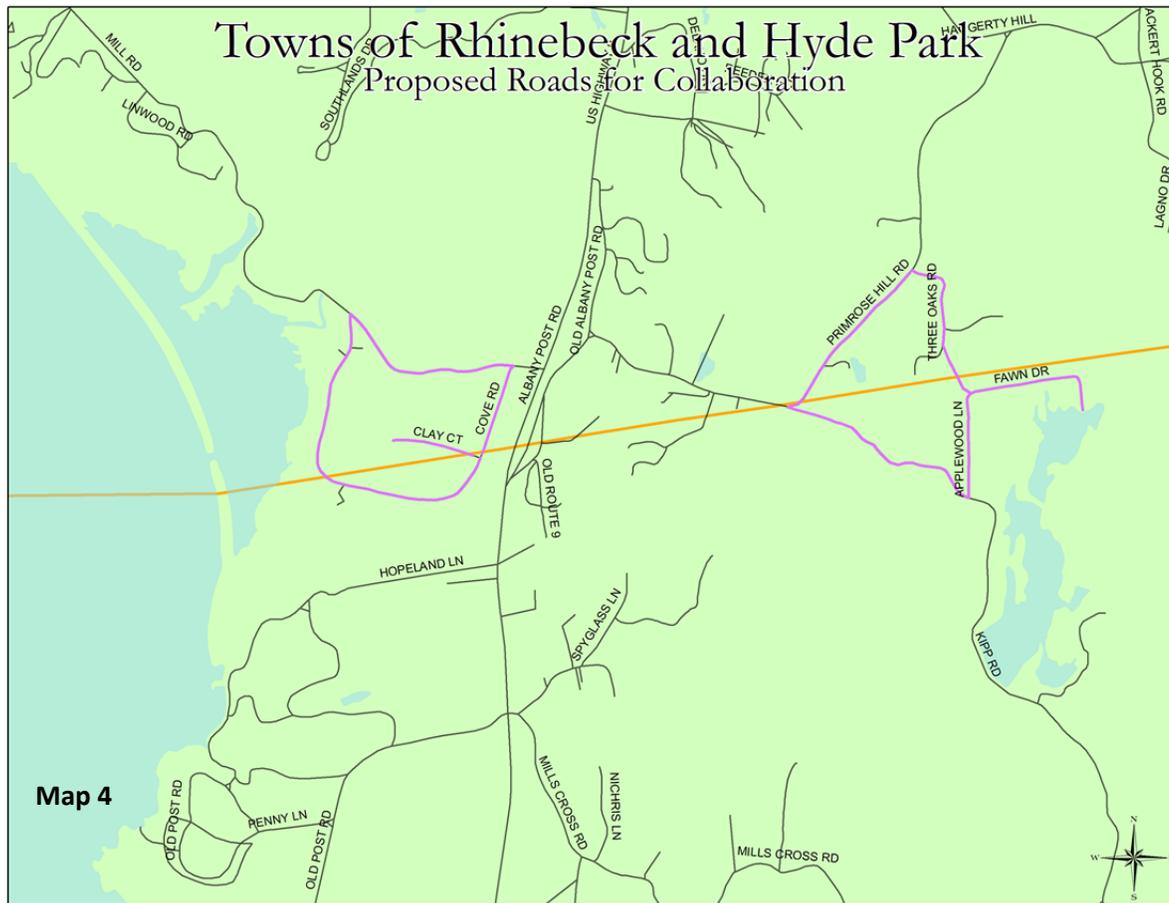


Town of Hyde Park into the Town of Rhinebeck, and back into Red Hook again. Baxter Road, which is mostly in the Town of Red Hook and is only accessible through the Village of Red Hook, is another example.

Since the County model is one directional (the County contracts the Town, and not vice versa), this model should be expanded to accommodate contracts where one town contracts another for service, where towns swap roads to plow with no monetary compensation in either direction, and any combination of the two which makes sense. **Map 3** shows roads that have been identified as likely targets for collaboration. In the next section specific examples will be given of how these arrangements could work, and what efficiencies could be achieved

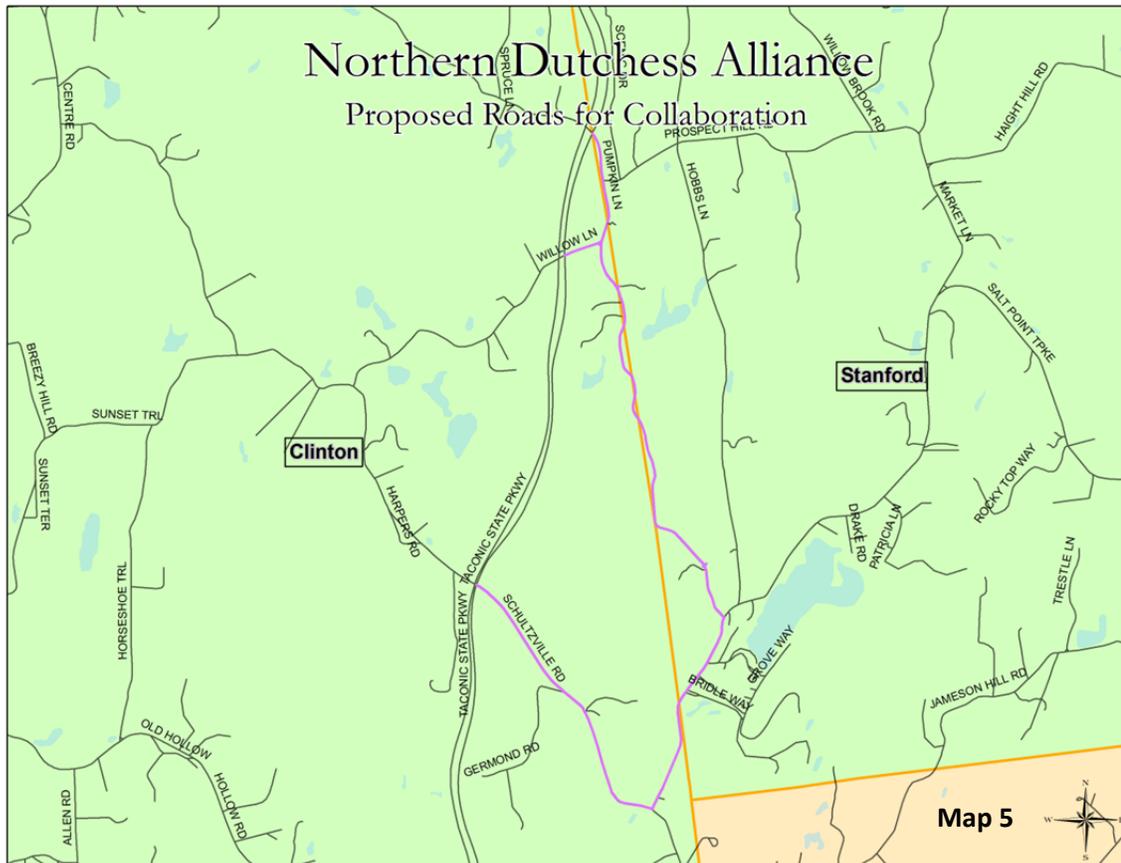


**Map 4** shows two groups of roads that form loops which cross the municipal border between the Towns of Rhinebeck and Hyde Park. On the left hand side of the map, Cove Road loops from South Mill Road in Rhinebeck down into Hyde Park, and back into Rhinebeck again. Clay Street, a dead end, begins in Hyde Park off of Cove Road, and runs into the Town of Rhinebeck. None of the portions of this street grid that are in Hyde Park are accessible without crossing into Rhinebeck. From an efficiency standpoint it makes far more sense for the Town of Rhinebeck to plow these roads than it does for Hyde Park to do so.



On the right hand side of **Map 4** is a loop created from Kipp Road, Primrose Hill Road (County Rt. 84), Three Oaks Road, and Applewood Lane. Fawn Drive is a dead end road that extends off of Applewood Lane. It is our understanding that the Town of Rhinebeck plows Primrose Hill Road (Co. Rt. 84). This loop is used as an example of how small loops could be created where one municipality plows roads in another municipality to achieve efficiencies. In this example it might make sense for the Town of Rhinebeck to plow Applewood Lane and Fawn Drive for the town of Hyde Park. While this could be done under contract where the Town of Rhinebeck is reimbursed, it might also make sense for Hyde Park to plow other roads for the Town of Rhinebeck. In this example it might make sense for the Town of Hyde Park to plow up Kip Road to Albany Post Road in exchange for Applewood Lane and Fawn Drive, or, from the previous example, Cove Road.

The border between the Towns of Stanford and Clinton also offer opportunities for collaboration. **Map 5** depicts the southern border between the two towns. The focus of collaboration would be on Pumpkin Lane, which winds back and forth across the border. Pumpkin Lane crosses the Taconic Parkway at the border of the two towns, and proceeds south, ending at a T-intersection with Salt Point Turnpike (County Road 17). Either one of the towns could plow the road more efficiently than both of them. Another opportunity that arises is County Road 17 itself. Currently the Town of Stanford plows 7.82 miles of County Roads, but is not planning on continuing to do so after the 2012-2013 winter season. The Town of Clinton currently plows 20.18 miles of County Roads, and has expressed an interest in expanding that number. There is the potential for the Town of Clinton to plow County Roads within the Town of Stanford.



### Looking Beyond Municipal Boundaries:

The general idea behind exploring these types of collaboration is to recognize the opportunities for collaboration that will yield efficiencies by looking beyond the paradigm of municipal boundaries. The intergovernmental agreements governing these collaborations could be modeled after the Town of Clinton Resolution 19 of 2008. This resolution established the parameters under which the Highway Department can enter into collaborative contracts with other municipalities (subject to the approval of the Town Supervisor). These provisions include:

- The Town Supervisor authorizes the Highway Superintendent to enter into shared services agreements with the highway department head, or their equivalent, in other municipalities.
- These shared services agreements can include renting, exchanging or lending of Department of Public Works/Highway machinery, tools and equipment with or without operators, or the borrowing or lending of supplies to or by the Town of Clinton. The value of borrowed materials or supplies may be returned in the form of similar types and amounts of materials or supplies or supplying equipment or services of equal value. However, the resolution imposes a \$10,000 limit on the aggregate value of any materials, equipment or machinery borrowed or loaned by the Town of Clinton at any given time.
- A restriction of \$10,000 may reduce the ability for the Town of Clinton to engage in simultaneous service sharing agreements with more than one municipality. For example, only eleven of twenty-four vehicles in the Town of Clinton's highway inventory are valued under \$10,000 and of those and of those, four are valued at \$5,000 or more. The rationale and efficacy of this restriction should be further evaluated.
- authorizes the highway superintendent to undertake repair or maintenance services of machinery or equipment for other municipalities pursuant to terms set forth by the superintendent.
- a partnering municipality must have enacted a contract or resolution similar to Resolution 19 and filed that document with the Town of Clinton's clerk. Furthermore, the Highway Superintendent must complete a shared services agreement memorandum outlining the specifics of an agreement, including identifying the materials or supplies subject to the agreement and the time and place of their delivery, and serves as authorization of the transaction.
- Records of all shared services transactions that take place must be submitted to the Town Board regularly for inspection.

Exact cost savings through collaboration is conditional upon the negotiation between the participating municipalities. In order to achieve cost savings, either the rate for services must be negotiated so that the municipality providing the service is doing so at or above their costs, and the municipality receiving the services is providing compensation for said services at or below their costs in such a manner that the net is below the municipal costs of providing services under the current paradigm, or the net effect of the collaboration creates efficiencies that reduce the cost for all partners for providing the services.

## Health Insurance

It has long been recognized that employee benefits are a major element of local government costs; chief among these is the expense of health insurance coverage. Almost two decades ago the national Advisory Commission on Intergovernmental Relations documented these costs as part of a major study *on Local Governmental Responsibilities in Health Care*.<sup>50</sup> According to the New York State Commission on Efficiency and Competitiveness in Local Government, in 2008 “Health insurance represent[ed] approximately half of spending on employee benefits,” and costs for providing coverage had increased by almost 70% in the most recent five years for which data was then available.<sup>51</sup> More recently, in a national study of local government leaders published in 2011, employee health care costs were identified one of two top concerns. The other was budgets, the expense side of which was were driven in part by these costs.<sup>52</sup>

Northern Dutchess elected leaders’ interest in containing the cost of employee health insurance is thus a regional manifestation of a persistent major national and statewide issue. According to the attached survey done for this study “When asked to assess their general operating challenges, based on a scale of 1 to 10 with 10 meaning “extremely challenging” and 1 meaning “not very challenging,” health care costs receives the highest average response (9.0). Every NDA mayor or supervisor who responded answered with a 7 or higher for health care costs.”<sup>53</sup>

These expressed concerns reflect documented experience. According to data available from the New York State Comptroller, in the ten years between 2001 and 2010 total cost for employee health insurance for northern Dutchess municipalities more than doubled, going from \$927,399 to \$1,882,842. However, the record for particular municipalities varies significantly. At one end of the spectrum, costs for Amenia more than tripled; at the other, those for Tivoli remained largely flat. (Table I)

The state comptroller’s numbers are indicative of a general trend, but must be read carefully. Though the source of state data is filings from the localities themselves, budgeted employee medical insurance expenses for localities differ, sometimes greatly, from totals reported by the state Comptroller. For example actual amounts budgeted for health insurance by the region’s jurisdiction with the greatest number of employees, Hyde Park, is more than three times greater than the total reported in the state database. Moreover, the comptroller’s data is for total spending, not the proportion of the expense paid for from tax levy funds.

Both that proportion and rates of change in overall medical insurance costs paid for from taxes differ among localities for many reasons. For example, the number of covered employees in each municipality may vary from year to year, as does the

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<sup>50</sup> . Retrieved January 15, 2013 from <http://www.library.unt.edu/gpo/acir/Reports/information/m-192.pdf>

<sup>51</sup> . The Commission. *21<sup>st</sup> Century Government* Commission Brief on “Municipal Health Insurance Contributions” reprinted at [http://nyslocalgov.org/pdf/Municipal\\_Employee\\_Health\\_Insurance\\_Contributions.pdf](http://nyslocalgov.org/pdf/Municipal_Employee_Health_Insurance_Contributions.pdf) and retrieved on January 15, 2013.

<sup>52</sup> . International City/County Management Association. (2012). *Local Government Employee Health Insurance Programs*, 2011. Washington, DC: ICMA Publications. Retrieved January 3, 2013, from <http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=3&cad=rja&ved=0CDQQFjAC&url=http%3A%2F%2Ficma.org%2FDocuments%2FDocument%2FDocument%2F303133&ei=t4F9UN36I9DH0AHc5IGIBQ&usg=AFQjCNHq5jM67qCSMcK779V2QK7t9s5pVQ>

<sup>53</sup> . See CRREO. Draft “Northern Dutchess Alliance Survey Results, January 7, 2013, p. 3. (appended). Note that survey results are based upon responses for 9 of 14 Northern Dutchess jurisdictions.

kind of coverage required (individual, family, etc.). Other differences arise from varied requirements of union contracts, and local policy choices regarding the provision of coverage for retired employees and making insurance available to elected officials and part-time workers, all with differing degrees of individual contribution. Finally, as further discussed below, localities have varied in the steps they have taken in recent years to control costs.

## Costs and Cost Containment

The United States leads the world in percentage of Gross Domestic Product and per capital spending devoted to health care. Our nation is also among the leaders among developed nations in the rate of growth of expenditures for this purpose.<sup>54</sup> Along with providing for the uninsured (between 1 in 6 and 1 in 7 Americans, according to national surveys) these costs have been a fundamental concern in the national debate about health care reform.<sup>55</sup> Within the nation, moreover, New York State is among the jurisdictions with the highest and most rapidly growing health care costs, and therefore health insurance premiums.<sup>56</sup> These core drivers of rising health insurance costs for local governments are beyond their control. We focus here upon what municipalities can do to contain their health.

Regarding choices more subject to state and or local action, critics have argued that health insurance costs are elevated, especially when compared to the private sector, because benefits are too extensive, cost sharing by insured workers is too low, eligibility for coverage is achieved too soon after hiring and, therefore, more employees actually opt into available plans.<sup>57</sup> Those who differ argued in response, that the availability of attractive benefit packages is both desirable as a matter of social policy and crucial to attracting capable people to public employment.<sup>58</sup>

### Labor Union Representation:

Municipal workers in New York local governments may be represented by labor unions. Benefit levels and cost-sharing arrangements are key elements in collective bargaining agreements. Over half (56%) of local governments responding to the CRREO survey have at least some portion of their workforce unionized. This proportion of local governments with employees represented by labor unions is slightly lower than the national average for local governments (62%).

Interestingly, NDA non-union full-time workers were nearly as likely as unionized employees to receive medical insurance benefits. Eighty-six percent of the full-time non-union workforce receives benefits, compared with 89 percent of unionized full-time workers. These rates are in line with the national average (86%).

### The Insured:

Health insurance coverage in the United States is employment-based. There is little dispute, therefore, about the basic practice of municipalities providing of health insurance for full-time local government employees. According to the CRREO survey for this study, all of the responding NDA municipalities provide health insurance benefits to at least some of their employees.

Full-time workers: Over 90 percent of NDA full-time employees are eligible for health insurance benefits, irrespective of union membership. This includes some elected officials who work full-time: highway superintendents are an example. Of those eligible, full-time workers in non-union jurisdictions (95 percent) are more likely compared with workers in unionized jurisdictions (84 percent) to elect to receive coverage, and on average, are eligible for benefits sooner.

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<sup>54</sup> . The Kaiser Family Foundation. "Health Care Spending in the United States and Selected OECD Countries" (April 2011) last visited on January 1, 2012 <http://www.kff.org/insurance/snapshot/OECD042111.cfm>

<sup>55</sup> . Robin A. Cohen, Ph.D., Michael E. Martinez, M.P.H., M.H.S.A., and Brian W. Ward, Ph.D.. Division of Health Interview Statistics, National Center for Health Statistics Centers for Disease Control and Prevention. "Health Insurance Coverage: Early Release of Estimates From the National Health Interview Survey, 2009." Last visited on January 15, 2013.

<sup>56</sup> . New York State Health Foundation. *Bending the Health care Cost Curve in New York State: Options for Saving Money and Improving Care* (July 2010) p. 6.

<sup>57</sup> . Josh Barro. *Cadillac Coverage: the High Cost of Public Employee Benefits* Civic Report 65. The Manhattan Institute (July, 2013) p. 1. Last visited on January 16, 2013. [http://www.manhattan-institute.org/html/cr\\_65.htm](http://www.manhattan-institute.org/html/cr_65.htm)

<sup>58</sup> . This question is part of a larger national debate about relative compensation levels of public and private sector workers that is beyond the scope of this analysis.

Retirees: 71% of the localities surveyed provide health care benefits to retirees. 29% of NDA municipalities offer medical insurance to at least some retired elected officials. The cost of actual and potential cost of health insurance for retired state and local government workers is a national issue.<sup>59</sup> In New York, one 2010 estimate was that the total long-term unfunded liability of the state's towns for retiree health insurance to be more than \$2.92 billion; the total for villages was put at \$819 million.<sup>60</sup>

Part-time workers: In one quarter of NDA municipalities, part-time employees receive medical benefits, but only 12 percent of those in this category of employees are eligible. The average number of hours an employee needs to work in order to qualify is 21 hours. Three in every four who are eligible do opt-in.

Elected Officials: 38% of these governments offer these benefits to current elected officials (including those working full-time). In the NDA municipalities that offer health insurance benefits to elected officials, less than half (44 percent) are eligible; and of those that are eligible, only 38 percent opt-in to receive benefits.

### **Cost and Cost-Sharing:**

Premiums: According to the Bureau of Labor Statistics, in 2011, individual health insurance premiums in the U.S averaged \$91 per month; for family plans it was \$397 per month. Whether or not they were unionized, average amounts paid by insured North Dutchess municipal employees were far below these totals. For unionized workers, average monthly costs for family plans was \$1,476, for double coverage was \$1,183 and for single coverage was \$602. For non-unionized workers monthly payment for family plans was \$1,201, for double coverage was \$915, and for single coverage was \$457. (See attached survey) In general, costs of insurance and costs to the municipality were significantly higher and individual contributions were significantly lower in unionized than in non-unionized jurisdictions.

Deductibles: Whether unionized or not, for NDA municipalities the average health insurance plan deductible is \$1500. Many negotiate higher deductible amounts with repayment of some or all of the deductible to covered employees to reduce premium amounts.

Employee Contribution: The State Commission on Local Government Economy and Competitiveness reported in 2008 that "According to a recent Department of Civil Service Survey, 53% of municipalities and 20% of school districts that responded do not require some or all of the employees in their largest employee groups to contribute towards their individual health insurance costs."<sup>61</sup> For Northern Dutchess, in about three quarters of cases localities reported that full-time local employees make some contribution to covering their health insurance costs. The level of this contribution varies from 5% to 25%, with the norm between 12% and 15%. In one quarter of cases, however, full-time municipal employees make no contribution to payment for their health insurance coverage.

Co-payments: All NDA municipal plans for unionized workers require co-pays for both doctor visits and pharmaceuticals. For non-union employees, 67 percent must pay co-pays for doctor visits and as a part of their pharmacy plan. The average doctor visit co-pay for NDA employees is \$23; for pharmacy co-pays, it is \$25 for union employees and \$35 for non-union staff. Nationally, 76 percent of the local government workforce must make co-payments.

### **Out-of-pocket Maximums:**

The total financial burden of deductibles and copayments to employees is limited by out of pockets maximums. The average of this maximum is higher in unionized (\$2500) than in non-unionized (\$1500) NDA municipalities.

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<sup>59</sup> . Steve Greenhouse. "States Aim Ax at Health Cost of Retirement" *The New York Times*, February 13, 2011 [http://www.nytimes.com/2011/02/14/business/14retirees.html?pagewanted=all&\\_r=0](http://www.nytimes.com/2011/02/14/business/14retirees.html?pagewanted=all&_r=0)

<sup>60</sup> . E.J. McMahon. *Iceberg Ahead. The Hidden Cost of Public Sector Employee Health Benefits in New York* (The Empire Center, September, 2012) p. 2. <http://www.empirecenter.org/Special-Reports/2010/10/icebergahead101310.cfm>

<sup>61</sup> The Commission. 21st Century Government Commission Brief on "Municipal Health Insurance Contributions" reprinted at [http://nyslocalgov.org/pdf/Municipal\\_Employee\\_Health\\_Insurance\\_Contributions.pdf](http://nyslocalgov.org/pdf/Municipal_Employee_Health_Insurance_Contributions.pdf) and retrieved on January 16, 2013.

**Costs to Elected Officials:** In the NDA municipalities that offer medical benefits to elected officials, all need to pay at least some portion of the premium. In one, the official needs to pay the entire amount; on average, participants pay 18% of the cost. Two thirds opt for a family plan, and the remainder receives a double plan. The average doctor visit co-pay for NDA elected officials with medical plans is \$25 and for pharmacy co-pays it is \$35. All have a deductible and an out-of-pocket maximum. The average deductible is \$750 and the maximum out-of-pocket is \$1500.

**Costs to part-time workers:** Part-time employees in NDA jurisdictions have only opted for single plans; they pay a much larger share of the cost compared to their full-time peers (58% on average) In one jurisdiction the ensured part-time employee must pay the entire premium.

**Cost to retirees.** All NDA retired municipal employees pay at least some portion of their health insurance. The average retired worker contribution ranges between 10-15 percent. Though a relatively small percentage (20%) of retired elected officials are eligible for health benefits, all those who receive them.

### **Benefits:**

Detail regarding benefits available to insured persons is contractually specified. In general, a key choice is between a Health Maintenance Organization (HMO), which restricts covered health care to a specified network of providers, and a Preferred Provider Organization (PPO), which allows paid access to any provider but with individual responsibility for the cost much smaller for specified providers that are under contract with it. Nationally, the trend for local government employers is away from the HMO model and towards the PPO model. In 2011, 27 percent of local governments offered HMO plans, compared with 39 percent in 1998. In contrast, nearly two thirds (62 percent) of local municipalities across the country opted for fee-for-service preferred provider (FFS PPOs) as the primary vehicle to deliver health care, compared with about one third (35 percent) in 1998 (BLS, 2012). In the Northern Dutchess region, unionized jurisdictions are more likely to be offer HMO plans (75 percent), compared with those not unionized, in which workers are offered point-of-service plans (83 percent).

Most NDA employees have pharmacy and disability coverage. All full-time unionized workers can obtain vision and dental plans, compared with two-thirds of their non-union counterparts. Union employees (88 percent) are more likely to be able to participate in Employee Assistance Programs (EAP), compared with non-union workers (17 percent). National rates for pharmacy (92 percent) coverage are in line with local rates. Disability coverage is a bit more likely locally compared with the national rate (74 percent). Dental and EAP rates for union workers are comparable to the national rate (92 percent and 74 percent, respectively), but non-union benefits are not. Locally, both union and non-union employees are much more likely to have a vision plan than their peers across the nation (35 percent).

Health Reimbursement Accounts (HRAs) or a Health Savings Accounts (HSAs) are IRS approved benefit plans set up so that municipalities can reimburse employee medical expenses. Non-union full time workers in NDA jurisdictions (67 percent) are more likely than the union workforce (38 percent) to have an HRA or HSA. These rates are higher than the national rate of 26 percent, but HRAs and HSAs are gaining popularity nationally.

*Providers:* Only three health insurance providers are utilized by Northern Dutchess Alliance governments responding to this survey: two thirds have at least one contract with MVP, one third has contracts with CDPHP, and one has signed on with the state Empire Plan. Interestingly, Empire plan monthly premiums were the highest identified in this study. Most localities (83 percent) negotiate and renew their contracts annually. Four in ten contracts are based on the calendar year, 24 percent end in May, with the remainder (36 percent) ending in some other month.

### **Cost Saving Measures:**

The available strategies for reducing taxpayer costs of employee health care for NDA local governments may be organized into four categories: reduce the number of people insured; decrease the proportion of payment for insurance made from taxpayer resources; reduce costs to the provider and therefore negotiated premiums; or improving bargaining power to induce providers to accept lower payments for providing the same level of benefits. As indicated in the attached survey responses, elements of all these approaches have been considered, and many attempted, by Northern Dutchess Alliance local governments. One major difficulty is that change is very difficult to achieve through collective bargaining in unionized

environments. In these circumstances it is almost always sought prospectively, so as to apply not to current but to future employees.

Reduce the number of persons covered:

- Do not offer insurance to part-time employees
- Do not offer insurance to elected officials employed part-time
- Do not offer insurance to retired employees
- Rigorously audit eligibility
- Limit eligibility for family members
- Alter eligibility criteria
- Offer payments in lieu of insurance

Decrease the amount paid from taxpayer resources

- Increase employee payment proportion (One approach, recommended by the Commission on Local Government Efficiency and Competitiveness, is a state mandated local government employee contribution as a percentage of the annual health insurance premium for a local government's particular plan that mirrors the percentage that State employees contribute for their Empire Plan as a floor)
- Higher copayments to reduce premiums, with full or partial repayment by localities of these to covered employees, with a net benefit to locality
- Raise out of pocket payment provision

Reduce provider costs to induce lower premiums

- Wellness programs
- Incentivize preventive care
- Incentivize "healthy lifestyles" (e.g. pay for anti-tobacco programs)
- Offer a lesser range of benefits
- Require use of generic drugs
- Cafeteria plans (with Flexible spending accounts)<sup>62</sup>

Induce providers to accept a lower level of payment for same service package

- Annual plan renegotiation
- Local government consortia to improve bargaining power

## Improving Bargaining Power:

The Ulster County Intergovernmental Study completed in 2010 reported that "Intergovernmental municipal self-insurance consortia that allow stabilizing or reducing costs and sharing risk are permitted under state law in New York, but until recently all ten active in New York State served school districts and BOCES, not general purpose governments, and were created before the passage in 1994 of the financial reserve, minimum size and minimum number of participating municipality requirements now found in Article 47 of the Insurance Law. Moreover, New York Insurance Law required that any municipality with fewer than 50 employees, or any —Multiple Employer Trust that included such a small municipality, have a —community rated rather than a less costly —experience rated health plan. However; with a 2007 grant from the SMSI Program in the Secretary of State's Office, and the cooperation of the State Insurance Department, Tompkins County's

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<sup>62</sup> . New York State Comptroller. *Greater Southern Tier Board of Cooperative Educational Services: Employee Health Insurance Cost Reduction Strategies* (2010-157) . Last visited January 15, 2013 <http://www.osc.state.ny.us/localgov/audits/schools/2011/greatersouthernboces.pdf>; see also NYS Comptroller. *Containing Employee Health Insurance Costs*. Last visited January 15, 2013 <http://www.osc.state.ny.us/localgov/costsavings/emphealth.pdf>

municipalities, working through the County Council of Governments, undertook to establish a health benefits consortium. This not-for-profit consortium sought to maintain benefits for all participants while spreading risk, lowering administrative costs, avoiding commissions, gaining benefits from the investment of funds in reserve accounts, and making cost increases smaller, more predictable and more timely (referent to local budget processes).

The consortium, governed by a board made up of local government officials and union representatives and administered under contract with Blue Cross/Blue shield, began operations in January 2010.”<sup>63</sup> It employs a weighted voting system. By mid-summer of 2012 thirteen of the county’s local governments were members, including the county and the city of Ithaca. (Two towns and two villages had not yet joined.) A beginning premise was that no jurisdiction’s employees would get less health care coverage than they had without the consortium. Nevertheless, in the first year the effort saved \$850,000 for participating governments, with the smallest jurisdictions benefiting the most from inclusion.”<sup>64</sup>

Though there are no NDA municipalities currently participating in a health insurance consortium or shared system, 17 percent expect to be doing so in the next two years. In fact, when surveyed, Northern Dutchess local government leaders overwhelmingly expressed strong interest in exploring a consortium option if it would reduce cost while providing necessary coverage. In fact, sixty percent of them report already having, or expect to initiate soon, conversations with either other municipalities and/or the county in the creation of a collaborative approach to health care provisions. In response to an inquiry made in connection to this research, Tomkins county consortium leadership expressed willingness to visit Dutchess County to brief local officials about their experience.

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<sup>63</sup> . CRREO. *Intergovernmental Collaboration in Ulster County* (September, 2010) P. 82 (footnotes removed) Last visited on January 15, 2013. [http://www.newpaltz.edu/crreo/intergovernmental\\_summary\\_report.pdf](http://www.newpaltz.edu/crreo/intergovernmental_summary_report.pdf)

<sup>64</sup> . Gerald Benjamin. Telephone interview with Jackie Kipola of the consortium. June 4, 2012.