

# **Shared Public Water Services Feasibility Study**

Inc. Village of Farmingdale  
Nassau County, New York

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## 1.0 INTRODUCTION

This Feasibility Study on Shared Public Water Services was undertaken by the Incorporated Village of Farmingdale (Village) with the consent of the South Farmingdale Water District (District). Holzmacher, McLendon & Murrell, P.C. (H2M) has been retained to perform this study. The study serves to identify and evaluate a broad range of restructuring options for the Village in an effort to improve the efficiency of their water supply operations. In recent times, the need to improve operational efficiency and reduce costs, while still maintaining a high level of water service, has become apparent to many water suppliers. The current economic conditions and high costs of operations have initiated a movement within the water supply industry to improve efficiencies for the betterment of the communities they serve. This translates into the ultimate goal of providing the highest level of service at the lowest possible cost. The necessity to optimize operational methods and performance of public water suppliers is also evident in the mutual challenges they currently face. Throughout the country, staffing issues, workforce experience, and regulatory compliance have become increasing concerns among water suppliers. The Village and the District understand the current difficulties in operating a reliable and cost effective water supply system and have committed to sustaining the high quality water service they have been providing for many years, as evidenced in their authorization of this feasibility study.

As public water suppliers, the Village and the District have concluded that they have an obligation to explore opportunities to maintain and expand their technical, managerial, and financial capabilities to enable them to consistently provide a safe and adequate drinking supply. This responsibility is the basis of this study and the incentive in analyzing restructuring options. The Incorporated Village of Farmingdale has taken a lead role in this investigation due to their present operational and managerial deficiencies. The South Farmingdale Water District is a logical partner in the shared services investigation as it is a full-time neighboring water supplier. The analysis focuses on combining Village and District services and administration. Through funding from a General Efficiency Planning Grant under the NY State Department of State,



Local Government Efficiency Grant Program, the following Feasibility Study on Shared Public Water Services for the Incorporated Village of Farmingdale has been conducted.



## **2.0 SCOPE & OBJECTIVES**

The purpose of this study is to evaluate and recommend shared public water service alternatives for the Village. In doing so, the functions and needs of the Village and the District as it relates to public water supply will be assessed. The study aims to identify areas of water supply system operation and management that can be integrated to increase efficiency and achieve cost savings. A wide range of cooperative measures will be discussed and the feasibility of each examined at varying levels of cooperation. In order to fully evaluate the feasibility of a shared services agreement between the Village and the District, a review of current facility operation and financial status will be provided in this study. In addition, funding mechanisms for the implementation of recommended shared services alternatives will be presented.



### **3.0 DESCRIPTION AND ASSESSMENT OF WATER SYSTEMS AND OPERATIONS**

The Incorporated Village of Farmingdale and the South Farmingdale Water District are located within the Town of Oyster Bay in the eastern portion of Nassau County. The Village of Farmingdale functions as a full governing organization in charge of all operations and facilities within its juridical region. The Village maintains a Water Department that provides public water supply to its residents. The South Farmingdale Water District is a special local district that provides potable water supply service. Geographically, the Village and the District maintain adjacent service areas, as portrayed in Figure 3-1. The water supply systems and governance of the Village and District will further be discussed in the following subsections.

In addition, this section of the study will assess each water system as it relates to regulatory compliance, capacity and current and projected needs. Although not directly enforceable, the operational Standards of the American Water Works Association (AWWA) are regarded to represent best practices within the water supply industry. Accordingly, AWWA Standards G-I 00 and G200 (*current editions*) have been used to determine and assess best practices, respectively, in Water Treatment Plant Operation and Management and in Distribution Systems Operation and Management. Major assessment categories consist of regulatory compliance requirements, operational management practices, plant / facility management and maintenance, water quality management and distribution system management programs.

#### **3.1- VILLAGE OF FARMINGDALE WATER DEPARTMENT**

##### **3.1.1- GOVERNANCE AND STAFFING**

Administration of the Village is directed by a Mayor and Board of Trustees (Board). The Board of Trustees is the legislative body responsible for establishing policy and sanctioning expenditures. In addition to the Mayor, the Board is comprised of four members, each elected to staggered four-year terms. The Mayor serves as the chief executive officer of the Village. A



Clerk-Treasurer is appointed by the Board to administrate fiscal duties. The Village also employs a Superintendent of Public Works to oversee facility operation.

All water operations within the Village are carried out by the Water Department which functions under the supervision of the Public Works Department. A Grade IB New York State Health Department (NYSDOH) certified Water Treatment Plant Operator is required to operate the Village Water System. This Grade level is predicated on the population that is served by the water system. Historically, the Water Department has been directly operated under the management of a full-time Water Plant Supervisor, however this position has been vacant since the retirement of its last holder in 2008. Since that time, the Village has retained a part-time consulting operator certified at the 1B Grade Level for Water Treatment Operators pursuant to the NY State Sanitary Code. The consulting operator has been designated as the Water Operator in Responsible Charge for the Village of Farmingdale Water Department and is responsible for making water facility operation decisions that require the 1B Grade Level certification under State code. Additional staff within the Water Department includes two water servicers who perform daily system operations and report to the Water Operator in Responsible Charge. Both water servicers hold a NYSDOH Grade IIB Water Plant Operator certification.

Administration functions are also performed by the Village Superintendent of Public Works, Village Clerk and administrative staff on a prorated based. Based on this proration of Water Department support, the operations and administrative staffing is presently equivalent to 3.8 full time positions.

### **3.1.2 – EXISTING WATER SUPPLY SYSTEM**

The Incorporated Village of Farmingdale supplies potable water to an estimated population of 9,091 in an area of about 1.1 square miles. During 2008, the population of the Village was reported to be 8,400 however a review of current data during 2009 computed the population to be 9,091. The Village's water supply service area is essentially comprised of the entire Incorporated Village of Farmingdale bordered on the west and south by the South Farmingdale Water District, to the north by the Bethpage State Park, and on the east by the Nassau/Suffolk County-line and a small section located outside of the Village boundary within



the Town of Oyster Bay. This section is identified as the Northeast Farmingdale extension. Currently, the Village distributes water to approximately 2,135 services through the use of 30.9 miles of water main.

The Village obtains its entire water supply from groundwater sources by means of three (3) deep wells drilled into the Magothy Aquifer. The supply wells are located on two separate plant sites within the Village boundaries. Well No. 1-3 is located at Plant No. 1 on Eastern Parkway and Well Nos. 2-2 and 2-3 are located at Plant No. 2 on Ridge Road. The total approved capacity of the wells is 5.4 million gallons per day (MGD). The Village employs water treatment consisting of hypochlorite for disinfection and sodium hydroxide for pH adjustment at each of the well sites. Both well facilities are operated primarily by electric power and are equipped with auxiliary diesel power diesel engines for emergency use. A summary of existing supply wells is tabulated in Table 3-1.

The distribution system consists of two (2) storage tanks with a combined volume of 0.9 million gallons (MG). A 500,000 gallon elevated storage tank is located at Plant No. 1. The elevated storage tank is utilized to maintain the distribution system's pressure, resulting in a single pressure zone. The second storage tank is a 400,000 gallon ground storage tank located at Plant No. 2. The Village's storage facilities are summarized in Table 3-2.

The Village maintains five (5) emergency interconnections with its neighboring public water suppliers. These include one (1) interconnection with the Bethpage Water District, two (2) interconnections with the South Farmingdale Water District, and two (2) interconnections with the East Farmingdale Water District. Currently, four (4) of the five (5) interconnections are operational. The interconnection with the South Farmingdale Water District on Hempstead Turnpike (NYS Route 24) is inoperable at this time. The Village's interconnections and locations are outlined in Table 3-3. Based on recent calculations, the Village has more than ample interconnection capacity with four (4) operational interconnections.

The repair to the Hempstead Turnpike (State Route 24) interconnection is on hold at this time due to cost and traffic concerns. The cost to excavate and restore the state roadway is



prohibitive at this time. Furthermore this state road is a vital major thoroughfare for the area. Repair and restoration would severely impact traffic conditions. Based on the fact that the Village has more than adequate interconnection capacity, the cost and impact to traffic does not justify repair at this time. The valves on both side of the cracked section of interconnecting pipe are in the closed position. Therefore there is no leakage of water under the roadway.

The Village is presently performing a significant upgrade of the water meter reading system. This upgrade when completed during January 2010, resulted in the replacement of all meters with radio read technology. The installation of new meters resulted in the reliable and accurate recording of water usage which will result in increased water sales revenue. It is recommended that residential water meters be replaced at ten to fifteen year intervals since these devices will lose accuracy and under record consumption. The radio read technology that is presently used by the Village improves efficiency related to meter reading and billing. A fixed net system is used by the Village which uses an antenna / receiver installed on the Eastern Parkway elevated tank to acquire meter readings. This receiver has the ability to read meters throughout the entire Village and several miles beyond its boundaries.

Up until November 2008, the Village Water Department provided service to residents within the entire Village and to a small section located outside of the Inc. Village boundary within the Town of Oyster Bay. This section was referred to as the “Northeast Farmingdale extension” and was identified as a separate area since residents did not pay property taxes to the Village. The extension contained approximately 300 residential connections with all customers billed directly by the Village. There was no reselling of water on a wholesale basis. Furthermore the extension area distribution system is fully hydraulically integrated with the Village water system. Isolation of the extension cannot be performed without an adverse impact to water supply operations since the Village and Northeast extension operate as a single system. The Nassau County Health Department had recommended that the extension be assigned the same Federal Public Water Supply Identification (PWS ID) number as the Village as a means to coordinate and consolidate water quality sampling and other water supply regulatory activities.



Upon review of the request by the Responsible Operator In Charge of the Village system it was conclusively determined that the assigning of a single PWS ID number will provide economic benefit to both the Village and county health department through the consolidation and coordination of distribution water sampling schedules and related regulatory compliance programs. The consolidation was implemented and notification was provided to the Town of Oyster Bay and Nassau County Department of Health.

### **3.1.3 – REGULATORY COMPLIANCE**

The quality of the water supplied by the Village complies with the stringent requirement of Part 5 of the New York State sanitary code. At present only basic treatment for pH adjustment and disinfection is performed. No comprehensive wellhead treatment is performed at this time.

As a public water supplier, the Village is committed to maintaining a high level of regulatory compliance to ensure a safe and adequate drinking supply. The water department operates under the regulation of Federal, State, and local water supply law. Although not directly enforceable, the operational Standards of the American Water Works Association (AWWA) are regarded to represent best practices within the water supply industry. The Village has historically demonstrated conformity with the guidelines established in the AWWA standards.

Pursuant to the State Sanitary code, comprehensive sanitary surveys are required to be conducted at a minimum 3 year interval for community water systems. The most recent sanitary survey of the Village's water supply system was conducted by the Nassau County Department of Health in August of 2009. The survey consisted of a complete system inspection and review of regulatory records to determine compliance with the requirements of Part 5 of the New York State Sanitary Code (NYSSC) and Article VI of the Nassau County Public Health Ordinance



(NCPHO). As part of the survey, a field inspection was performed on all three of the Village supply wells and both storage tanks. Overall, the results of the sanitary survey indicate a high level of regulatory compliance with the exception of the following violations:

- The Village maintains an extensive Cross Connection Control Program as required by Subpart 5-1.31(a)(3) of the NYSSC and the Nassau County Department of Health (NCDOH). The Sanitary Code requires that all backflow prevention devices be tested at least annually. A review of the Village's Cross Connection Control Program Reports submitted to the County Health Department revealed incomplete reporting for the year 2007 as well as less than 100% compliance in years 2006 and 2008. In response to these findings, the Village Water Department has submitted the complete 2007 Cross Connection Control Report. In order to ensure 100% annual testing compliance, the Water Department has modified their existing customer notification process to begin during the month of June. In the past, the process began with a reminder letter issued in the month of August with a second warning notice issued during the month of September should compliance not be met. If testing compliance was not achieved by the end of October, a Notice of Violation was issued. Failure to comply with the Notice of Violation resulted in the issuance of a court appearance ticket. Although the actual process of notification has remained the same, the earlier initiation of notification will help achieve full testing compliance by the end of the calendar year.
- As previously stated, the Village maintains five (5) interconnections with its neighboring water suppliers. Article VI, Section 14 (e) of the NCPHO requires interconnections between water supply systems to be tested on at least an annual basis. The sanitary survey indicates the Village's failure to comply with this regulation. As presented in the Village of Farmingdale Water Department's Monthly Operating Reports, only two of the five interconnections were tested in 2008. In order to correct this violation, the Village had committed to completing a full interconnection test by December 31, 2009.
- Physical inspection of the water supply system exposed violations of Subpart 5-1.71(b) of NYSSC which calls for "due care and diligence in the operation and maintenance of these



facilities [water treatment plants] and their appurtenances to ensure continued compliance with the provisions of this Subpart [5-1 Public Water Systems].” These violations were related to minor maintenance repairs and the need for additional security measures at the Village’s plant sites. All violations have been addressed by the Village and corrective actions have or will be made.

- Lastly, the sanitary survey presented recommended upgrades/modifications to the Village’s water storage tanks and supply wells, pursuant to AWWA standards. The upgrades included tank painting and minor well rehabilitation measures. The Village has reviewed the recommendations and has exhibited its intent to comply with these upgrades within the near future.

The Village has successfully responded to all violations disclosed in the 2009 sanitary survey and continues to meet its regulatory obligations.

### **3.1.4 – CURRENT AND PROJECTED NEEDS**

The Village Water Department is currently facing a capacity deficiency. As defined by the U.S. Environmental Protection Agency (EPA), water system capacity is “*the ability to plan for, achieve, and maintain compliance with applicable drinking water standards. Capacity has three components: technical, managerial, and financial.*” Many of the capacity issues within the Water Department relate to the fact that the Village does not specialize in water supply and must function to serve all aspects of the community. Although the water department operates a relatively small water supply system, the same level of attention and specialization is necessary to provide safe drinking water to all of its costumers as is with larger water suppliers.

The most significant challenge the Village is currently facing is related to the daily management of the water system by a NYSDOH qualified operator. As previously discussed, the Water Plant Supervisor position is currently vacant and the Village must rely upon a temporary consulting operator. The Village Superintendent of Public Works has also taken on the responsibilities associated with the administration of water supply operations. The need for a



full-time water department supervisor is apparent. The Village must obtain a water treatment plant operator certified at the Grade 1B level as reliance on the consulting operator in responsible charge shall not be prolonged for an extended period of time. The Water Department also lacks management and service personnel. The Village employs only two water servicemen to perform daily facility operations. Staff from the public works highway department is utilized on an as-needed basis for assistance in certain operational duties, such as water main repairs. In order to effectively operate the water supply system, additional staff trained in water supply operations must be retained.

To determine the current and future supply and storage capacity needs of a water system, average day, maximum day, peak hour and maximum day plus fire flow statistics are reviewed and analyzed. Average daily demand represents the total yearly pumpage uniformly distributed or averaged over the entire calendar year. This statistic provides a basis of forecasting estimated revenues budgetary purposes and is utilized in long-range water resources planning with respect to safe yield. Average day demand as it relates to system capacity assessment is used to establish the base need for minimum standby power pumping capacity during short-term regional electrical power outages.

Maximum day pumpage statistics are reviewed to evaluate available supply well capacity while peak hour and maximum day plus fire flow demand is used to analyze combined supply well and storage facility capacity requirements. Supply sources must be designed and maintained to satisfy average and maximum day demand. Storage facilities and excess well capacity must be capable of providing an adequate supply of potable water to satisfy peak hour and fire flow demands on the maximum day. Inadequate supply well and / or storage capacity under maximum day, peak hour and maximum day plus fire flow demand conditions can result in system pressures that are far below normal operating requirements.

Based on a review of Village Water Department pumpage statistics and capacity data, the system has adequate capacity to satisfy average day, maximum day and peak hour / maximum day plus fire flow demand conditions. This determination is summarized as follows:

Village of Farmingdale Water Department System Capacity Summary*			
Demand Category	Actual System Capacity (MGD)	Peak Demand Recorded (MGD)	Surplus/ (Deficit) (MGD)
Average Day	3.6	1.6	2.0
Max. Day	5.4	3.2	2.2
Peak Hr.	6.8	5.5	1.3
Max Day + Fire Flow	6.8	4.5	2.3

\* Based on data from 2007 Emergency Plan

The current daily capacity of the system sufficiently meets historic maximum day demands however it may prove to be inadequate during emergency situations. AWWA Standards recommend maintaining a total source capacity equaling or exceeding the design maximum day demand with the largest producing supply well out of service. In this case the Village Ridge Road Plant (Plant 2) provides 3.72 MGD of supply well capacity and 0.4 million gallons of storage. Should this Plant site be removed from service, the system would not be capable of meeting maximum day demands, and be unable to provide adequate fire flow. The Village has been aware of this concern and pursued obtaining land for a potential well site but has not obtained a suitable location at this time.

The Village system has a strong track record of regulatory compliance based on the commitment of the Village government and diligence of the Public Works staff. Since the Village has the responsibility to provide other services and maintain non-water supply infrastructure, funds to invest into the water supply infrastructure to provide continuous upgrades are not always available. Village governments are presently under significant pressure to keep property taxes as low as possible. The Mayor and Board of Trustees have taken progressive and proactive steps to fund Water Department operations and maintenance by recently increasing water rates to appropriate levels.

The water supply facilities, while regulatory compliant, range in age from 20 to 40 years and are approaching the time that significant rehabilitation is required in order to ensure reliable



operation and efficiency. Controls and instrumentation are antiquated and have resulted in more frequent and expensive repair. Rehabilitation of the Eastern Parkway elevated storage tank is required in the next two years and the same is recommended for the Ridge Road ground storage facility within the next three years.

Recently the Village became aware of three (3) known Superfund sites that are located upgradient of the Village's public water supply wellfield known as Plant No. 1 (Eastern Parkway). Each site is being investigated/remediated by a separate potentially responsible party (PRP). In addition, the Village has been informed by NYSDEC that the State is conducting an area-wide study to locate other potential groundwater contamination sources in the area that have the potential of impacting the Village water supply wells. NYSDEC has stated that there could be several additional hazardous waste spills upgradient of the Village water system. Therefore wellhead treatment for VOC removal at Plant 1 may be required in the future. Unless a responsible party that has the financial resources is identified, the Village will have to incur the significant cost of wellhead treatment. If the Village does not properly plan for future wellhead treatment, it will be required to remove 33 percent of its capacity from service due to water quality issues.

## **3.2 – SOUTH FARMINGDALE WATER DISTRICT**

### **3.2.1– GOVERNANCE AND STAFFING**

The South Farmingdale Water District is administered by an elected Board of Water Commissioners. The Board is comprised of three members who set policy and approve expenditures. Positions on the Board include Chairman, Secretary and Treasurer. The Water District also employs a Superintendent who oversees day-to-day operations, supervises a General Foreman and seven (7) water operators, and who reports to the Board of Commissioners. The District's Business Manager is responsible for day-to-day management of five administrative staff.



### 3.2.2 – EXISTING WATER SUPPLY SYSTEM

The South Farmingdale Water District presently supplies potable water to an estimated population of 44,700 through 12,675 metered service connections. Geographically, the District water supply service area covers an approximate 5.5 square mile area. Adjacent water purveyors to the District include the Massapequa Water District and New York Water Service Corp. to the south; New York Water Service Corp. to the west; East Farmingdale Water District to the east; and the Incorporated Village of Farmingdale and Bethpage Water District to the north.

The District currently obtains its entire potable water supply from the Magothy formation through eleven (11) wells at six (6) individual plant sites throughout its service area. All eleven (11) supply facilities provide a combined available capacity of 20.74 million gallons per day (MGD). A summary of each supply well is presented in Table 3-4.

Water treatment methods employed by the District include pH adjustment for corrosion control, iron sequestering, and disinfection for all active wells. Sodium hydroxide is currently used for pH adjustment while sodium hypochlorite is employed for disinfection. A long chained phosphate (Aqua Mag) is utilized by the District for iron sequestering purposes at all eleven well sites. Iron removal systems are in place to remove the naturally occurring iron from the raw water at Well Nos. 2-2, 2-3, 5-1, and 6-2. A granular activated carbon (GAC) plant is in place at Well No. 5-1 for the removal of a volatile organic compound (VOC), 1,1-Dichloroethane. VOC treatment at Plant No. 1 has been authorized and construction is scheduled to commence during 2010.

The District currently maintains four (4) storage tanks with a total volume of 3.2 million gallons (MG) at four (4) locations in the system. A 1.0 MG elevated storage tank is located at Plant No. 1. This elevated storage facility is used primarily to maintain and regulate static pressures throughout the service area. The remaining tanks are ground storage tanks ranging in individual capacity from 0.6 to 1.0 MG and located at plant sites throughout the service area. A summary of each storage tank is provided in Table 3-5.



The Water District maintains seventeen (17) emergency interconnections with five (5) other adjacent water suppliers. As previously discussed the Hempstead Turnpike (State Route 24) interconnection with the Village is not operational at this time. Therefore the District maintains sixteen (16) operational interconnections. All of the operational interconnections are for emergency use in either direction by agreement with the adjoining water suppliers. The interconnection locations, sizes and adjacent suppliers are listed in Table 3-6.

### **3.2.3 – REGULATORY COMPLIANCE**

Similar to the Village Water Department, the Water District also provides high quality potable water that meets the rigorous requirements of the New York State Sanitary code. As described in the prior section, the Water District has successfully faced water quality challenges that required the significant capital investment for wellhead treatment for VOC and iron removal at many facilities.

As a large community water supplier, the South Farmingdale Water District is fully aware of its obligation to comply with all applicable Federal, State, and local regulations. Historically, the District has exhibited a high level of regulatory compliance. The most recent sanitary survey of the District's facilities and operations was conducted in 2005. The survey included a field inspection of the District's supply wells and storage facilities as well as a review of office records in order to determine the level of compliance with Part 5 of the NYSSC and Article VI of the NCPHO. The results indicate the District's water system to be in high regulatory conformance with minimal violations.

A review of the District's semi-annual cross connection reports reveal a violation of Section 5-1.31(a)(3) of the NYSSC which requires all backflow prevention devices be tested at least annually. Cross connection reports submitted for 2002, 2003, and 2004 indicate less than full compliance with this sanitary code requirement.

The District was also found to be in violation of the requirements of Article VI, Section 14e of the NCPHO which regulates interconnection testing. Pursuant to this section of the



NCPHO, all interconnections must be exercised and inspected to ensure they are operational on at least an annual basis. The District’s annual interconnection valve tests were determined to be unsatisfactory as valves were not fully opened during time of inspection. The District has expressed its intent to upgrade all interconnections to facilitate full testing in order to achieve full compliance of Article VI.

The remaining results of the sanitary survey consisted of recommended actions to be taken by the District pursuant to AWWA standards. These actions included minor infrastructure upgrades and additional plant site security measures to be taken. As evidenced in this sanitary survey, the District remains in high regulatory compliance and continues to exhibit its commitment to providing a high level of water supply service.

### 3.2.2 – CURRENT AND PROJECTED NEEDS

The Water District system has adequate capacity to satisfy average day, maximum day and peak hour / maximum day plus fire flow demand conditions based on the review of recent pumpage and capacity data as summarized on the following table:

<b>South Farmingdale WD Capacity Summary*</b>			
<b>Demand Category</b>	<b>System Capacity (MGD)</b>	<b>Demand Recorded (MGD)</b>	<b>Surplus/ (Deficit) (MGD)</b>
Average Day	13.1	4.9	8.2
Max. Day	20.5	13.4	7.1
Peak Hr.	23.7	21.4	2.3
Max Day + F.F.	23.7	18.4	5.3

\* Based on data from 2007 Emergency Plan

An assessment of the Water District with the largest plant out of service revealed that the system has ample capacity. This is based on the removal of the Langdon Road Plant (Plant 1)



from service. This plant is the location of three supply wells (combined capacity of 5.5 MGD) and a 1.0 MG elevated storage tank.

The Water District has a practice of performing a “present and future needs” study of its system on a 5 to 10 year basis. It is considered good management practice to perform such planning studies at least every 10 years to assess critical water system parameters such as capacity, quality and infrastructure condition. Such plans must proactively address the various aspects of operations, including water supply and treatment, storage, transmission / distribution and building facilities. Recent studies were completed during 1996 and 2004 which resulted in the formulation and implementation of many capital improvement projects that improved the reliability and performance of the water supply, storage and distribution system.

The most recent 2004 study recommend water system improvements that included the following projects which have been implemented or are under current design / construction:

- Plant 1 - Shop building renovations and fire sprinkler
- Plant 1 - New diesel powered engine / generator
- Plant 1 - Well 1-2 replacement
- Plant 2 - Replace filter vessels
- Plant 3 - New primary service & interior renovations
- Plant 5 – New primary service & interior renovations
- Distribution System - Replacement of asbestos water main
- Distribution System - Replacement of water main on Crestwood Ave.

Other recommended projects which include Plant 6 – Security lighting, meter replacement & interior renovations; Plant 6 - New engine /generator; and water meter upgrades to radio read have financing in place but have not been authorized by the Water District at this time.

The 2004 study was used as the basis and justification to obtain authorization for long term financing in the amount of \$8,550,000 through the Town of Oyster Bay. Significant water and tax rate increases have been avoided through the use of reserve funds, proper planning and



appropriately timed investments in order for the district to continue to maintain a reliable infrastructure.

Several Water District facilities have been or are projected to be impacted by volatile organic compound (VOC) contamination. Plant 5 is currently impacted by VOC contamination which resulted in the recent installation of a granular activated carbon filtration system at the facility. Wellhead treatment for Plant 1 has been designed and will be constructed during 2010. The responsible party for the contamination impacting Plant 1 has been identified and will be reimbursing the Water District for the capital and operation and maintenance cost of wellhead treatment at Plant 1.



## **4.0 FINANCIAL REVIEW AND EVALUATION**

The water system functions of both the Village and Water District have many common elements as it relates to regulatory compliance and meeting the potable and fire protection needs of the communities both entities serve. The governance, size and scope of services provided by each entity will impact revenue sources, expense, level of service and amount of infrastructure investment that is related to water system operations. In addition to water supply, the Village maintains other infrastructure such as roads, street lighting, parks, public parking lots, etc. Whereas the Water District is strictly required to focus on providing services related to water supply and distribution. Both models of governing and providing services in a focused or widespread manner provide opportunities to leverage the strengths of each entity.

Table 4-1 provides a side by side summary comparison of the attributes of each water system. Because of the difference in service area size, water demand, population and number of service connections, a straight comparison of expenses and revenues cannot be assessed. This information will be used to normalize the financial data in order to provide a better comparison of expenses and revenues. The goal of this analysis will be used to determine target areas for improving efficiencies and reducing operating costs. It should be noted that the fiscal year for the Water District is consistent with a calendar year (January 1 through December 31<sup>st</sup>) while the Village fiscal year spans over two calendar years from June 1<sup>st</sup> and to May 31<sup>st</sup>. The financial review of each entity will take the differences in fiscal accounting periods into consideration.

### **4.1 EXPENSES AND REVENUES**

Based on most recent (2008-2009) audited financial data (refer to Table 4-2), total revenue collected by the Village Water Department was documented to be \$1,039,507. The Village Water Department is sustained primarily through metered water sales. This accounts for 90 percent of the revenue derived for the Department. The remaining 10 % is obtained through



unmetered sales, penalties, interest and miscellaneous charges. It should be noted that the Village collected over \$ 3.4 million in property taxes during the fiscal year but did not make any allocation to Water Department operations through this specific revenue stream. During fiscal year 2008 - 2009, the Village received \$159,743 from cell antenna leases revenue (*installed on the elevated storage tank*) but did not allocate any of the revenue to the Water Department. Commencing in the current 2009-2010 fiscal year, the Village advises that \$45,000 of new cell antenna revenue will be allocated to the Water Department.

As summarized in Table 4-3, the Water District recorded \$4,157,731 in total revenue during the most recent 2009 audit period. 45 % of the revenue was derived through metered water sales, 41 % from property taxes and the remaining 14 % was obtained from unmetered sales, penalties, rental of real property (*cell antenna leases*), interest and miscellaneous charges.

During the most recent audit financial period, the Village Water Department incurred \$809,546 in total expenses resulting in a surplus of \$229,961 when compared to total revenues collected. Total Water District expenses for the 2009 audit period were documented to be \$5,124,147. When compared to total revenues, this yields a \$966,416 deficit. The total expenses reflect interfund transfers amounting to \$864,075 for the Water District while interfund transfers for the Village Water Department were \$0. Therefore the Water District experienced an operating deficit of \$102,341. It should be noted that the \$864,075 Water District interfund transfer was applied to an unexpected need to provide wellhead treatment at a facility that suddenly experienced contamination. According to Water District management, the 2009 fiscal and calendar year was a low water pumpage and sales year that can be attributed to cool weather and higher than normal precipitation experienced during the summer / warm weather months. The Village may realize a reduction in water sales revenue upon completion of the audit of the 2009-2010 fiscal year. This data will reflect the weather conditions that were experienced by all regional water purveyors last summer.

Surpluses are generally transferred to capital and repair reserve funds. Conversely funds are transferred from reserves for major planned and emergency capital projects. Such reserve funds are important to stabilize water and tax rates in order to perform major infrastructure



rehabilitation projects. For example, the rehabilitation of a 500,000 gallon elevated water storage tank is generally required every 10 to 15 years at an estimated cost of \$1.5 to \$1.8 million. Therefore, the availability of reserve funds will offset the need to obtain additional debt service and / or require a dramatic increase in rates. At present both entities are capable of generating sufficient revenue to sustain operations. This observation is supported when average operating expenses are compared to average revenues over five fiscal years. The Village has experienced a five year average operating surplus of \$117,829 while the Water District has a documented average operating surplus of \$303,335. Presently the Water District maintains capital reserve accounts that accumulate positive balances through the appropriation of operating surplus funds. Currently the Village does not allocate reserve funds for future major Water Department capital and rehabilitation projects. Therefore, the Village may want to consider allocating Water Department surplus funds to a capital reserve account for future system and infrastructure improvements. Furthermore such funds are vital should unexpected wellhead treatment needs arise.

Table 4-4 was developed to assess expense categories over a five year fiscal reporting period to compare common categories between both systems. The areas that indicate large differences will be examined in greater detail to determine if a shared services function could achieve potential savings. Based the financial data reviewed, 34.6% of Village Water Department expenses are associated with Transmission and Distribution functions, while 16.1 % are associated with the identical function for the Water District. We question what expenses are grouped into the Transmission and Distribution function and anticipate that the two entities define the line item differently. The “Source of Supply, Power and Pumping” and “Administration” areas for the Water District are the largest expense categories while the same areas for the Village Water Department range from 23.3 to 21.3 %. Most other categories, with the exception of debt service, are within close proximity to each other on a percentage basis.

At present the Administration costs for the Village Water District are lower since the Water Department Supervisor position has not been replaced with a Grade IB water plant operator. With benefits the cost to hire a Grade IB operator is approximately \$145,000 per year. Presently, the Village has retained a part-time consulting operator at an annual cost of \$30,000.



The local health department is permitting this arrangement to exist until the Village assesses its options. However, the health department has indicated that the Village will be required to hire a full time operator in the future. Therefore, annual Administration expenses could increase by approximately \$115,000. The Village may want to explore contracting out a Grade IB supervision arrangement with the Water District since they have more than one IB operator.

## **4.2 WATER RATE STRUCTURE**

As summarized on Table 4-5, both the Water District and Village utilize increasing block rate schedules. Utilizing an increasing block schedule promotes water conservation by charging a high rate as usage increases. Furthermore it is a fair method of allocating the cost of operations and infrastructure associated with meeting the water demands for large water users. Presently the Water District reads meters and bills consumers on a quarterly basis. The Village Water Department performs the same function on an annual basis. With the full implementation of radio read meters scheduled to be completed by the end of 2010, the Village may want to consider reading meters and invoicing accounts on a quarterly or semi-annual basis as a means to improve cash flow related to Water Department operations.

The Village assesses property taxes to residents within the incorporated areas however; the revenue is not applied to Water Department operations. As previously discussed, the Water District collects the majority of its revenues through both water rates and property taxes. The following section (Section 4.3) will review water related revenues and expenses on a normalized basis to assess and compare customer water supply costs.

Based on 2009 data, the Village Water Department billed 75.3 % of the water pumped while the Water District billed 90%. During 2008 the accounted for water rate for the Village was 92.5 % while the Water District rate was computed to be once again at 90 %. This data attribute is important to determine the effectiveness of conveying water to the consumer with minimal losses in the transmission and distribution system. Simply computed, “unaccounted for water” is the difference between the volume of water metered at the source discharge (wellhead)



and the volume billed to all customers. In essence, unaccounted for water is water that is not metered. Therefore the non-metered water can be primarily attributed to leaks within the transmission and distribution system, authorized hydrant use (water main flushing, fire department activity, etc) and unauthorized hydrant usage. The American Water Works Association (AWWA) Leak Detection and Accountability Committee in 1996 recommended less than 10 percent as a benchmark for “unaccounted for” water.

Based on present data, the unaccounted for water rate for the Village is 24.7 % which is well above the desired 10 % benchmark. Recently, the Village replaced a defective check valve at Well 1-3 which mitigated an estimated daily water loss that ranged from 28,000 to 57,000 gallons. At the high water loss range this only translates into an approximate 5% unaccounted for water rate. The “unaccounted for” water rate for the District is at the 10 % threshold, therefore both entities may want to consider the joint implementation of a leak detection program.

#### **4.3 SERVICE DELIVERY COST**

To account for the differences related to size and scale of water service operations, data must be normalized to facilitate an objective comparison and perform a rational assessment. As summarized on Table 4-6, audited financial data (averaged over the past five years) was normalized based on a “per thousand gallons pumped”. This is standard practice when comparing water systems and a common financial parameter used within the industry. This analysis provides a reasonable method for assessing data while being mindful of system attributes that could result in significantly higher and lower revenue and expense values.

Total expenses for the Village Water Department were calculated to be \$1.81 per thousand pumped while a value of \$2.30 for the same parameter was computed for the Water District. Extracting debt service from the calculation to assess operating expenses yields a \$1.60 value for the Village and \$1.99 per thousand pumped for the Water District.



Chemical and electricity cost were reviewed in greater detail to determine if significant differences between the water systems exist. As summarize on Table 4-6, the electricity cost on a per thousand pumped basis were virtually identical. A joint energy efficiency study may yield recommendations for reducing energy costs, however, both systems are equal in terms of energy costs to produce and pump potable water. This means that neither system is operating with better energy efficiency than the other. Chemical and testing costs varied from \$0.19 per thousand pumped for the Village to \$0.24 for the Water District, where sequestering agents are used at well sites with elevated iron levels. Based on differences in water quality and water system size, the Water District as expected performs more testing and uses more chemicals (based on volume and diversity) than the Village system. Noting the level of the iron concentrations in the raw water of the District, we would expect the chemical costs to be higher for the District. Both systems can derive a mutual savings benefit by jointly bidding and purchasing water treatment chemicals and equipment that are common to both systems, as discussed later in this study.

The differences in normalized expenses can be attributed to the capital investment made in infrastructure and operating expenses associated with wellhead treatment. In the case of the Water District three plant sites are equipped with wellhead treatment for iron removal, one plant has been retrofitted with a GAC filtration system for VOC removal and a large scale VOC and iron removal system is planned for another plant site. All water plant facilities have also been upgraded to improve reliability and employ the latest technology for water system control and emergency back-up power. At this time, the Water District has made significant improvements to its system and has no short term plans (*outside of the planned VOC / Iron removal wellhead treatment system that will be funded by a responsible party*) to perform significant upgrades. It should also be noted that wellhead treatment will also increase system operating costs due to increased energy use (pumpage), water quality testing, chemicals and equipment maintenance.

The Village has been fortunate to have exceptional good raw water quality that only requires basic pH adjustment and disinfection treatment. Therefore investment and extensive O&M for costly wellhead treatment has not been required. As discussed in Section 3 of this study, upgradient water quality conditions indicate that wellhead treatment for VOC removal at the Eastern Parkway Plant may be required in the next 5 to 10 years. Presently, the NYSDEC is



investigating upgradient groundwater conditions and may be able to formulate a more accurate assessment on the timing for future wellhead treatment. Depending upon the nature and magnitude of the VOC contamination, the capital cost for wellhead treatment can range from \$800,000 to \$1,600,000 per well with operating costs ranging from \$20,000 to \$70,000 per year.

Based on the assessment of the Village Water Department, the last significant investment and upgrade of water plant infrastructure was over 20 years ago. Much of the major mechanical and electrical equipment and system are approximately 20 to 40 years old and approaching the end of its useful life. Therefore the Village is required to make a significant investment into its water system infrastructure to be on equal physical condition to the South Farmingdale Water District as it relates to reliability, technology and useful life. As summarized on Table 4-7, the Village is anticipated to expend an estimated \$1,408,000 for capital improvements to upgrade buildings, mechanical, standby power, electrical and instrumentation and control systems. This estimate excludes any future wellhead treatment.

The Village will also be required to rehabilitate the Eastern Parkway Elevated Storage Tank during 2010 / 2011 based on the results of recent tank inspections. Estimated cost to rehabilitate the storage structure is projected to be \$1,750,000. The ground storage tank is recommended for rehabilitation during 2012. Rehabilitation of this structure is estimated to be \$500,000 at this time. Presently the Village does not have reserve funds in place and will be required to seek financing in order to implement the recommended rehabilitation projects related to Water Plant and Storage facilities. This would significantly increase Water Department debt service. Therefore it is predicted that Village Water Department expenses will increase over the next 5 years.

The Water District has incurred significant debt service expenses to upgrade its infrastructure. Similar to the Village the Water District is required to expend significant funds to rehabilitate water storage facilities at recommended 10 year intervals. Long term financing for such projects is minimized since the Water District places surplus funds and revenues from cell antenna leases into a repair reserve fund. As previously discussed, the Water District will be



constructing a new VOC / Iron removal treatment system at Plant no. 1. Because the VOC contamination plume was associated with a responsible party that has adequate financial resources, the capital and operating costs associated with the new wellhead treatment system will not be borne by the Water District. Based on the present condition of the Water District infrastructure and availability of reserve funds, water system costs are projected to remain relatively stable over the next 5 years.

Table 4-8 provides a normalized customer cost comparison based on cost per 1,000 gallons billed, per service connection and per population. The calculated costs are based on 2009 data. On a per thousand gallon billed basis, the Village resident cost was calculated to be \$2.65 while the Water District customer cost was computed to be \$2.69. The current disparity in costs can be attributed to the infrastructure, operations and administration topics previously discussed in detail. When the data is assessed on an annual per service connection basis, the Village cost is computed to be \$440 while the Water District cost is calculated at \$301. This assessment skews the disparity between both systems since it does not account for the zoning and building use differences between both communities. The Village provides water to far more multiple dwellings than the Water District which is zoned primarily for single family dwelling. Therefore the density of the Village is greater than the Water District which would result in increase water consumption and cost per connection. Therefore a comparison on a per population basis provides a better representation which yields a per population cost for the Village of \$103 and \$85 for the Water District.

The Village faces financial challenges in the short term as it relates to its water system infrastructure upgrades and rehabilitation needs. This study was initiated by the Village in recognition of this need and to explore options for reducing water system costs that would be of mutual benefit to them and the adjoining Water District. Customer costs for the residents served by the Village Water Department are projected to escalate as improvements to the system are implemented. The following section will formulate recommendations to facilitate potential cost saving to the residents of both communities.

## **5.0 REVIEW OF REGIONAL SHARED SERVICES STUDIES**

Reviewing existing studies and related reports are useful for benchmarking and formulating recommendations that relate to the water supply functions and needs of the Village and Water District. The following subsections details the studies and reports reviewed and summarizes the findings and recommendations that pertain to this study.

### **5.1 – GENERAL REPORTS AND STUDIES**

#### **5.1.1 - COMMISSION ON LOCAL GOVERNMENT EFFICIENCY AND COMPETITIVENESS**

During April 2007 the Commission on Local Government Efficiency and Competitiveness (<http://nyslocalgov.org>) was established under Executive Order no. 11 by the Governor. The commission was charged to examine ways to strengthen and streamline local government, reduce costs and improve effectiveness, maximize informed participation in local elections, and facilitate shared services, consolidation and regional governance. A report was subsequently issued during April 2008 entitled, “21st Century Local Government: Report of the New York State Commission on Local Government Efficiency and Competitiveness”. The recommendations formulated as it relates to this study included the following:

##### **Regional Services**

- Expand local governments’ ability to share services
- Allow renegotiation of collective bargaining agreements when consolidations occur

##### **Aid & Incentives**

- Local Government Efficiency Grants and 21st Century Demonstration Projects
- Encourage regional solutions, cooperative services and consolidation

The genesis of the funding for this study and state support of share service and efficiency initiatives are a product of the Commission’s report/

### **5.1.2 - NEW YORK STATE OFFICE OF THE STATE COMPTROLLER**

The New York State office of the State Comptroller through the Division of Local Government and School Accountability provided guidance and research documents to assist local governments with improving efficiencies and promoting share services. A November 2009 research brief was issued entitled “Shared Services among New York’s Local Governments” (<http://www.osc.state.ny.us/localgov/pubs/research/sharedservices.pdf>). The brief reported that 181 joint government activity arrangements were reported throughout the state. Nine percent involved water related activities.

Under the public works section of the research document the following “water” related activities / cooperative agreements were noted and summarized:

- The Town of Cape Vincent and the Village of Cape Vincent were both in need of new water tanks and combined their efforts to purchase a single 500,000 gallon tank to serve both municipalities. The joint effort has produced \$1 million in savings by eliminating the need for tanks in both the Village and Town water districts. It also reduced the average cost per household in the water districts by approximately \$200 per year. The cost per user to build two tanks was estimated at approximately \$1,000 for town residents. Under the joint purchase, the costs were cut to \$600 per resident. Village residents originally were opposed to the plan because they did not want to pay for Town residential use. However, it was explained to Village residents that the costs for them would be less, and they would have a long-term solution instead of temporarily repairing the old water tank. Also, the new tank was larger, which provided better residential water pressure and better fire protection. This project was recognized by the Central New York Branch of the American Public Works Association as an environmental “project of the year.”
- The Town of Eden along with five other municipalities in southwest Erie County originally partnered with the Erie County Water Authority to develop a study that would



find a regional solution to inadequate water supply in the municipalities. Eden secured a \$4.2 million grant from the U.S. Department of Agriculture Rural Development to extend an existing pipeline from the Authority to the Town. Although the other municipalities eventually chose not to participate at this time, they have the ability to do so in the future. The bidding process for the construction phase of the project is underway and is expected to be completed by the end of August 2009, with actual construction estimated to be complete by early 2011.

### **5.1.3 - NASSAU COUNTY OFFICE OF THE COMPTROLLER**

During December 2006 the Nassau County Comptroller issued a report entitled “Cost-Saving Ideas for Special Districts in Nassau County”. The report developed several cost saving initiatives that are of mutual interest to the Village and Water District ([http://www.nassaucountyny.gov/agencies/Comptroller/Docs/PDF/Cost\\_Saving\\_Initiatives121306.pdf](http://www.nassaucountyny.gov/agencies/Comptroller/Docs/PDF/Cost_Saving_Initiatives121306.pdf)). Recommendations included entering Into Municipal Cooperation Agreements to obtain goods and services in order gain leverage by offering providers bulk purchases in exchange for lower prices. The county comptrollers’ report noted that each of the three Towns in Nassau County has a department that performs certain services such as tree pruning, snow plowing, road paving, and sign making. It was also noted that New York State General Municipal Law authorizes municipalities to provide services to other governments. The study also recommended shared administrative services such as payroll functions as another means to reduce costs.

### **5.1.4 - ENVIROMENTAL PROTECTION AGENCY**

The EPA issued a summary targeting small systems (*servicing populations under 3,300*) entitled “Gaining Operational and Managerial Efficiencies through Water System Partnerships Case Studies” during October 2009 ([http://www.epa.gov/ogwdw/smallsystems/pdfs/casestudies\\_smallsystems\\_gainingoperational.pdf](http://www.epa.gov/ogwdw/smallsystems/pdfs/casestudies_smallsystems_gainingoperational.pdf)). A total of ten partnership case studies were presented as a means to demonstrate the benefits of strategic partnerships. Partnership examples included the following major categories with example provided for each:

- Informal Cooperation
  - Sharing equipment
  - Sharing bulk supply purchases
  - Mutual aid agreements
- Contractual Assistance
  - Operation and maintenance
  - Engineering
  - Purchasing water
- Joint Powers Agency
  - Shared system management
  - Shared operators
  - Shared source water
- Ownership Transfer
  - Acquisition and physical interconnection
  - Acquisition and satellite management
  - Transfer of privately owned system to new or existing public entity.

Case studies were summarized to illustrate the examples of successful partnerships for each category presented.

## **5.2 – REGIONAL SHARED SERVICE STUDIES**

The joint Village and Water District study is a unique undertaking. Our review of recent regional shared services studies found all to be between mutual villages and towns and villages. Five studies were reviewed and the elements related to water supply functions are summarized below.

### **5.2.1 – VILLAGES OF CARTHAGE AND WEST CARTHAGE**

**Title:** Summary of Municipal Service Alternatives Villages of Carthage and West Carthage, New York

**Study performed by:** DMG-MAXIMUS of Framingham, Massachusetts

**Date:** July 14, 1999

**Full report reference:** <http://www.dos.state.ny.us/lgss/pdfs/carthage.pdf>



### **Scope and Summary:**

The Villages of Carthage and West Carthage determined that it was appropriate to consider the options available to the two villages for improving (through sharing and / or consolidation) the effectiveness and efficiency of service delivery to their communities. These goals are summarized in the group's mission statement: *To analyze, study, and remove, if necessary, organizational and administrative barriers to economic growth and fiscal stability that might exist in and between the villages of Carthage and West Carthage. And, to identify opportunities for cooperation which could enhance the quality of life and improve service delivery in our communities.*

The study included a community survey, review of existing municipal services, recommendations for alternatives and reorganization and strategies for implementation.

### **Observations and Recommendations Related to Water Supply Functions:**

The study notes that the water and wastewater "facilities" are jointly owned, operated and maintained by the Villages, which stated that it was an excellent example of consolidation between the Villages. It was notes that the Village's water distribution systems are not jointly owned, operated, or maintained, except in a very limited means as described an amendment to an existing Inter-Municipal Agreement.

Since a portion of the water supply operations were consolidated and a limited inter-municipal agreement existed between the Villages only the following suggestion was formulated: *One avenue that could be pursued would be the Joint Operations and Maintenance of both the water and sewer distribution systems. This would require further*



*coordination between the two DPW's of each Village, and could be pursued if the political leadership of both communities desire. Possibly, the Village's DPW's could be consolidated, and there may be manpower and equipment savings if this did occur. The Authority made no attempt to evaluate consolidation of the DPW's and/or the distribution systems*

### **5.2.2 – VILLAGE AND TOWN OF COBLESKILL**

**Title:** A Study of Shared Service Opportunities for the Village and Town of Cobleskill, NY

**Study performed by:** Center for Governmental Research (CRG), Rochester, New York

**Date:** July 2008

**Full report reference:**

<http://www.schohariecountyny.gov/CountyWebSite/villcob/ConsolidatedCobleskillFinalReport.pdf>

**Scope and Summary:**

The combination of local development, land use and control, perceived high property taxes in the Village, and water and sewer service sharing conflicts have put pressure on Town and Village leaders to identify solutions. In 2007 the Village of Cobleskill applied for a Shared Municipal Services Incentive (SMSI) grant made available through the NYS Local Government Accountability Office. The Village reached out to the Town of Cobleskill to submit the application and the two municipalities received a grant to study opportunities for sharing services.



The study evaluated the profile of each community, evaluated existing services, reviewed shared service opportunities and explored full consolidation by becoming a city.

**Observations and Recommendations Related to Water Supply Functions:**

CGR identified several options that would lead to increased efficiency and/or cost savings. As it relates to water supply the study noted that the Village has the opportunity to act like a regional water authority for several communities due to its location and its water source and capacity. The study stated that these facts represent a significant source of revenue and with proper rate setting and planning, this system could be self-sustaining for many years to come. It was notes that the additional revenue does have the possibility to lower Village water rates (by expanding the user base) thus helping to alleviate another burden on Village taxpayers. CGR recommended a Regional Water and Sewer Committee comprised of Village and Town residents (similar to an existing Highway Committee) be established. It was recommended that the committee could deal with equity issues, including how to compensate the Village for development that could occur in the Town-outside-Village due to expansion of water and/or sewer services.

**5.2.3 – VILLAGE AND TOWN OF ALLEGANY**

**Title:** Opportunities for Shared Services for the Village and Town of Allegany

**Study performed by:** Center for Governmental Research (CRG), Rochester, New York

**Date:** April 2008

**Full report reference:** [http://www.allegany.org/images/upload/cgr\\_final\\_report - village town of allegany.pdf](http://www.allegany.org/images/upload/cgr_final_report_-_village_town_of_allegany.pdf)



**Scope and Summary:**

The study for the Village of Allegany and the Town of Allegany was conducted to identify opportunities for the two municipalities to improve services and reduce costs through shared municipal services strategies. The report provided detailed information about each of the Village and Town operations where the potential exists for shared services, including administrative, court, police, water, sewer, code enforcement and street/highway operations. The options to improve operations and reduce costs ranged from making changes within existing departments, to creating single shared departments, to creating a single consolidated government to manage all local services.

**Observations and Recommendations Related to Water Supply Functions:**

The study revealed an inequity in the water rate structure with water users outside the Village paying a significantly higher cost for water service. It was also documented that 60% of the Village water system capacity is going unused (excess capacity). CGR noted duplication related to water billings and in maintenance since both governments are involved in both. Recommendations included:

- Have the Town become responsible for the water function.
- Create a Shared Services Cooperative Board for Water & Sewer
- Dissolve the Village were as the former village is “central” district and former village water staff remained intact, with billing for all districts (Town and former Village) from the central district.



## **5.2.4 – VILLAGE OF LAKE PLACID AND TOWN OF NORTH ELBA**

**Title:** Village of Lake Placid/Town of North Elba Shared Services Study - DRAFT

**Study performed by:** Center for Governmental Research (CRG), Rochester, New York

**Date:** October 2008

**Full report reference:** <http://www.cgr.org/docs/FinalReportDRAFT10-27.pdf>

### **Scope and Summary:**

The study was initiated to identify opportunities for joint cost sharing between the village and town, and to develop a template for cooperative agreements that could form the basis for cost sharing arrangements. In particular the study specifically addressed the following:

- Opportunities within parks, highways and public works;
- Options for equalizing water and sewer rates within the broader context of joint cost sharing; and
- The feasibility of aligning the village and town fiscal years to facilitate joint budget planning.

### **Observations and Recommendations Related to Water Supply Functions:**

The study recommended that a Water and Sewer Shared Services Board be established between the Village and Town. In addition it was recommended that an Agreement be implemented to revise rates to share costs equitably across rate payers and shares assessed value benefits across all rate payers.



## 5.2.5 – TOWN OF PORTLAND AND VILLAGE OF BROCTON

**Title:** Analyzing Service Delivery Options Town of Portland and Village of Brocton, New York

**Study performed by:** Center for Governmental Research (CRG), Rochester, New York and SUNY Fredonia Center for Rural Regional Development and Governance

**Date:** February 1999

**Full report reference:** [http://www.fredonia.edu/CRRDG/portland\\_brocton.asp](http://www.fredonia.edu/CRRDG/portland_brocton.asp)

### **Scope and Summary:**

The February 1999 study was a follow-up to an initial 1992 study completed by the State University of New York College at Fredonia. The study identified a series of strategies designed to lessen the cost burden on the municipalities while maintaining the effectiveness of their services. Among the areas the 1992 study identified were:

- shared facilities and services by highway and streets departments;
- mutual municipal facilities and consolidated administrative services;
- consolidation to a single zoning code enforcement system;
- a task force charged with facilitating a community dialogue;
- The tourism potential of Lake Erie State Park.

The updated study conducted by CGR assessed the feasibility of inter-municipal cooperation between Portland and Brocton on a department-by-department basis. A survey was also conducted to obtain feedback from Village and Town residents related to quality of service, support for shared services and consolidation concerns.

**Observations and Recommendations Related to Water Supply Functions:**

The consultant formulated the following specific recommendation related to water utility functions:

- *While a consolidation of public works departments at the Town level can be accomplished with highway and streets departments, the Village generates revenues from water. CGR therefore recommends establishing a utilities department at the Village level, which would be responsible for all administration, billing, and service related to the provision of water services in the community. In light of CGR's recommendation that the VDPW superintendent assume a deputy role in a consolidated town wide department, a senior utility employee (e.g. the sewer plant operator, the head filter plant operator, or the line man) should be appointed to oversee utility administration at the Village level with a nominal increase in salary. This employee would supervise all water provision within the Village and the two Town water districts, as well as sewer and electric services within the Village*
  
- *Recommended that all responsibilities related to the provision of water be handled by the Village of Brocton. Considering that the Village owns and operates the related infrastructure and has several water employees at its disposal for administration, repair, and service, the Village is best equipped to be the vehicle for this service within the community. Such a structural modification would bring all billing and water-related service under a single administrative roof, eliminating the division of tasks between Town and Village offices. It would also enable the current Town water employee to join the Highway Department, where he already spends much of his time. The Town would continue to contract with the Village for water provision in districts 1 and 3. The Village would also assume control of contracting for Town water districts 2 and 4, and would reserve the right to provide its own water to those districts if it was willing to provide for the necessary infrastructure.*

The above recommendations were further summarized as follows:

- Establish Village utilities office to handle all billing, administration, and service of water provision in Village and two Town water districts
- Select a senior utility employee (e.g. sewer plant operator, head filter plant operator, or line man) to oversee utility administration at the Village level with nominal salary increase



The survey results related to consolidation concerns ranged from over 80 % of the responding residents concerned with an increase in taxes to over 20 % concerned with the loss of community identity.

