

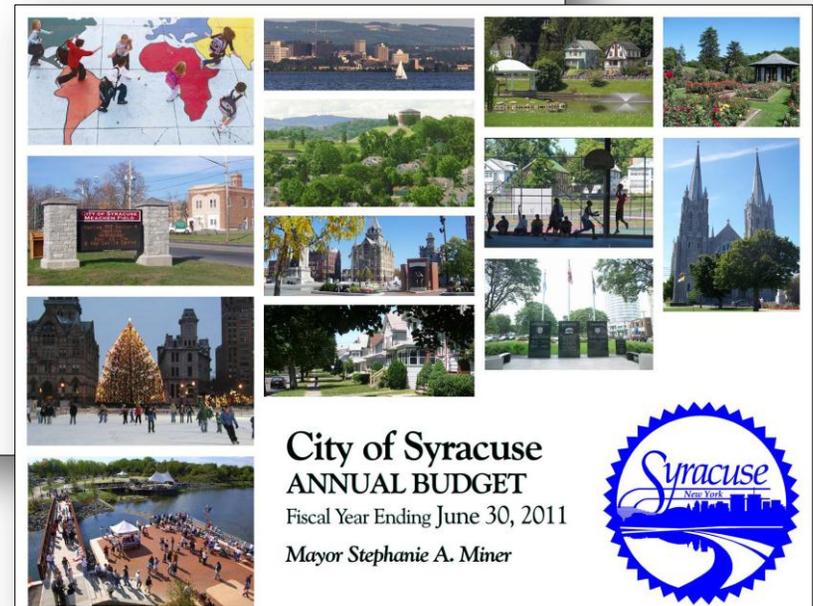
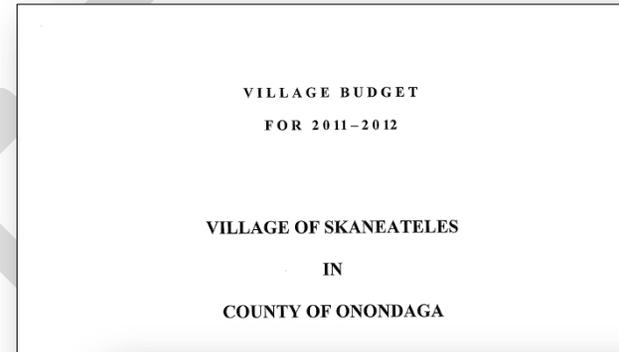


**ELEMENTS OF SUSTAINABLE
DEVELOPMENT:**
Government Finance

The *Government Finance* element explores how development patterns in Onondaga County have affected the ability of local governments to provide the high quality of life their residents have come to expect.

Introduction

Fiscally sustainable communities are those places that provide services that consistently contribute to a high quality of life for residents, and do so in a manner that is cost-effective for current and future generations. This includes the community’s ability to provide parks and recreation opportunities, high quality educational facilities, safe neighborhoods, functioning infrastructure, and the general health, safety and welfare of its residents. The ability to provide these services is greatly affected by the type and pattern of development as this directly impacts a community’s costs and revenues. Development in Onondaga County has become increasingly scattered, and in the absence of population growth over the last decades, local governments and the private sector have built more roads, water and sewer infrastructure, schools, fire stations, libraries, parks, etc., for the same amount of people. The fiscal inefficiencies of this development model are stretching the





budgets of service providers and hampering the ability of governments to maintain a consistent level of service – and the ability of taxpayers to fund it.

Government Structure

According to the New York State Commission on Local Government Efficiency & Competitiveness, governance in New York State and Onondaga County is highly fragmented. There are 105 local government entities and more than 1,000 special benefit districts in the County, including:

- 1 city;
- 19 towns;
- 15 villages;
- 26 school districts; and
- 44 fire departments;

Each municipality, through home rule powers granted by New York State, has its own government structure, provides services to residents, and collects taxes or fees to pay for those services and services provided by the various districts.

A growing movement in New York State and across the country in recent years has been the investigation into new ways to consider the structure of government to increase efficiencies and eliminate any unnecessary duplication of services across the many service

boundaries and layers of government through sharing of services, consolidation, and regionalization of service.

Property Tax

Government revenues typically come from the collection of real property tax, sales tax and fees, as well as state and federal aid. As can be seen in Figure GF-1, real property taxes generate more revenue for local governments than any other source, particularly for towns, villages, school districts, and fire districts. According to the New York State Comptroller, property taxes represent 79 percent of all local taxes imposed in the state, and from 2000 to 2005 property tax levies grew by 42 percent, far outpacing an inflation rate of 13 percent.

Property owners in New York State are burdened with some of the highest property taxes in the country. According to the State Comptroller, per capita property taxes in New York are 49 percent higher than the national average. According to the Census Bureau's 2009 American Community Survey, nine of the top ten counties with highest property taxes in the country in terms of percentage of home value are counties in New York, including Onondaga County at number seven with median property taxes of 2.5 percent of median home value.



**Figure GF-1: Local Government Revenue Sources for
New York State (2005)**

SOURCE: NYS Office of the State Comptroller

Government Unit	PERCENT DISTRIBUTION OF REVENUE SOURCES				
	Real Property Taxes	Non-property Taxes	State Aid	Federal Aid	All Other
Counties	25	28.2	12.7	15	29.1
Cities	27.2	20.4	18.1	7	27.3
Towns	50.4	11.3	11.2	3	24.1
Villages	45.7	7.5	6.9	3	36.9
School Districts	54.8	1	34.7	5.1	4.4
Fire Districts	90.7	--	--	--	9.3
TOTAL	31.6	8.8	25.7	6.6	27.3

The majority of property taxes levied in Onondaga County support school districts. Of all County property taxes collected in 2010, 59 percent went to school districts, 22 percent to the County (including water and sewer fees), 13 percent to the city, town, and village governments, 3 percent to fire districts, and 3 percent to special districts (*Sustainable Development Plan: Fiscal Impact Modeling report*).

Sales Tax

In addition to the State rate of 4 percent, Onondaga County collects 4 percent sales tax on the purchase of goods and services. The County is authorized to share its portion of property tax revenue

and has done so with municipal governments and school districts within its borders. In the most recent sales tax sharing agreement approved in May 2010, the County opted to retain a higher percentage (73.6 percent) of sales tax receipts to cover rapidly rising social service program costs borne by the County. While revenue sharing with municipalities was reconsidered during negotiations, limited allocations to the City of Syracuse, schools and villages were maintained at varying levels to support the protection of these vulnerable regional assets.

Government Expenditures

The services provided by governments typically depend on the particular level of government and location within the region. According to the NYS Department of State *Local Government Handbook*, county-level expenditures mainly support social services, as well as a wide variety of other services, while city, town, and village expenditures tend to focus on public safety and infrastructure (see Figure GF-2). School district expenditures, not represented in the following tables, are also a significant local taxpayer expense.



Figure GF-2: Local Government Expenditures by Function for New York State (2005)

SOURCE: NYS Office of the State Comptroller

Government Function	PERCENT DISTRIBUTION OF EXPENDITURES				
	Counties	Cities	Towns	Villages	Total
General Government	13.8	16.5	19.1	19.3	15.5
Public Safety	18.7	46.5	17.7	29.4	22.5
Health	12.8	0.2	2.4	0.4	8.6
Transportation	5.9	7.5	22.7	11.9	9.5
Economic Assistance	35.7	0.9	1.2	0.5	22.9
Culture and Recreation	1.7	5.9	10.5	7.8	4.2
Education	5.7	0	0	0	3.6
Home and Other Community Services	5.7	22.3	26.4	30.7	13.2
Total	100	100	100	100	100

In the County’s 2012 budget, of the 372.4 million local dollars collected, 47 percent is allocated to State mandated programs (Medicaid, social service programs, etc.), 31.1 percent towards public safety, 4.7 percent towards highways, 4.6 percent towards debt service, 4.2 percent towards health, 3.2 percent towards parks, and 5.2 percent towards all other expenses. Almost the entire County property tax levy is used to fund State mandated programs.

Rising Costs

It is worth noting that significant pressures are being realized at all levels of government in recent years, given the economic recession, as well as dramatic increases since the early 2000s in employee health care and retiree benefit costs. Increases in social service costs such as Medicaid have also been seen at the County level. In addition to already steep property, income and sales taxes in New York State, local, regional and state governments are investigating reductions in service delivery, staffing levels, as well as reform in government structure to lessen the burden to taxpayers. In addition, rising employee health care and pension costs are placing a significant strain on all levels of government in the State.

Infrastructure Ownership and Maintenance

Transportation

Responsibility for the construction and care of the region’s extensive transportation network falls under the purview of a large list of entities – New York State, the NYS Thruway Authority, Onondaga County, all its individual towns, villages and the City, as well as private owners. Additionally, transit service is provided by the Central New York Regional Transportation Authority, various private rail lines run through the region, and air service is provided within the Syracuse metro area. Annual maintenance of roadways and sidewalk infrastructure, including paving, plowing, drainage, and mowing, falls to each owner along the system.

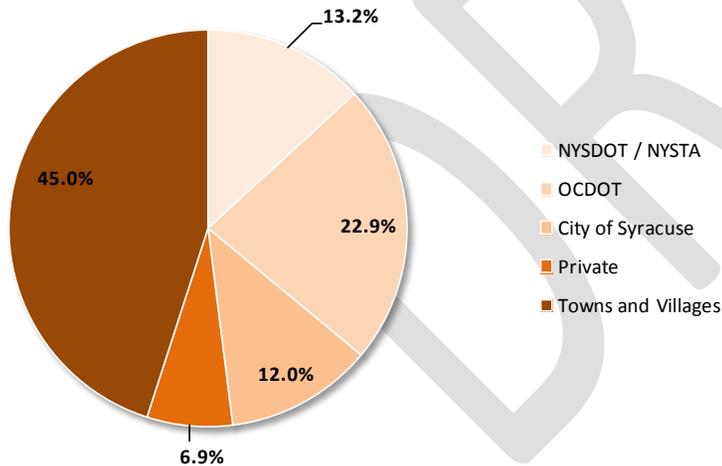


As noted in the 2011 update to the Long Range Transportation Plan (LRTP) developed by the Syracuse Metropolitan Transportation Council (SMTC), there are over 3,500 centerline miles of roads in the Metropolitan Planning Area (MPA), which includes all of Onondaga County and small portions of Oswego and Madison counties. Approximately 45 percent of road miles in Onondaga County are owned by towns and villages. However, only 3 percent, or 50 miles, of roads under town or village ownership inside the SMTC boundary meet thresholds to receive federal funds for long term upkeep. From 1997 to 2006, over 60 miles of new roads were built in the County; all local roads and primarily residential streets despite regional population stagnation.

As the urbanized area in and around Syracuse has gradually expanded, the SMTC Planning Area boundary has also grown. Subsequent to the 2000 census, the Urbanized Area (State’s planning and funding area boundary) expanded very slightly for the first time into neighboring Madison County and picked up additional acreage in Oswego County. This is a reflection on the patterns of suburbanization spreading to the north and east from the City of Syracuse. According to the LRTP, approximately 72 percent (\$290,573,000) of all funds spent through the Transportation Improvement Program (TIP) are used to maintain existing infrastructure.

Figure GF-3: Road Centerline Miles by Jurisdiction

SOURCE: Syracuse Metropolitan Transportation Council



Wastewater

There are more than 3,000 miles of sewer infrastructure in the County, including 600 miles of County-owned trunk sewers and approximately 2,400 miles of municipally-owned pipelines. The treatment of wastewater for most municipalities in the County is provided by the Onondaga County Department of Water Environment Protection (WEP), which processes over 33 billion gallons of wastewater each year. To accomplish this, Onondaga County WEP operates six wastewater treatment plants, more than 150 pumping stations, and eight wet weather facilities throughout the Consolidated Sanitary District. OCDWEP also maintains, on contract, most of the town-owned wastewater collection systems that feed into the County’s trunk system. Of note, The City of Syracuse maintains its own local sewers, and the Villages of Jordan, Marcellus, Minoa, Skaneateles, and Tully own and maintain their



own self-contained sewage treatment plants and collection systems (see Figure GF-4).

Between 2001 and 2011, 39 miles of municipal sewers were added in the County and the number of wastewater pumping stations operated by OCDWEP increased from 120 to 151, an increase of 21 percent. During this same time, the OCDWEP reports that the number of properties supporting the wastewater system decreased by 2 percent from the peak number of units in 2002. In addition, the Onondaga County Consolidated Sanitary District expanded by 12,550 acres since 1998. From 1982 to 2012, the sewer unit charge used to fund OCDWEP operations increased from \$67.06 per unit to \$358.68 per unit, an increase of over 400 percent during a time of population stagnation.

From a fiscal perspective, a number of issues are placing strain on the County’s wastewater systems and operations, including:

- New development is locating in less ‘serviceable’ areas, requiring an increased reliance on pump stations versus gravity fed sewer lines to transmit flow, which increase maintenance and energy costs.
- OCDWEP contracts to perform sewer maintenance duties at the Town level stretch limited staff and financial resources and the ability to effectively maintain the trunk system.
- Varying municipal equipment and installation specifications during construction of new sewer lines leads to premature

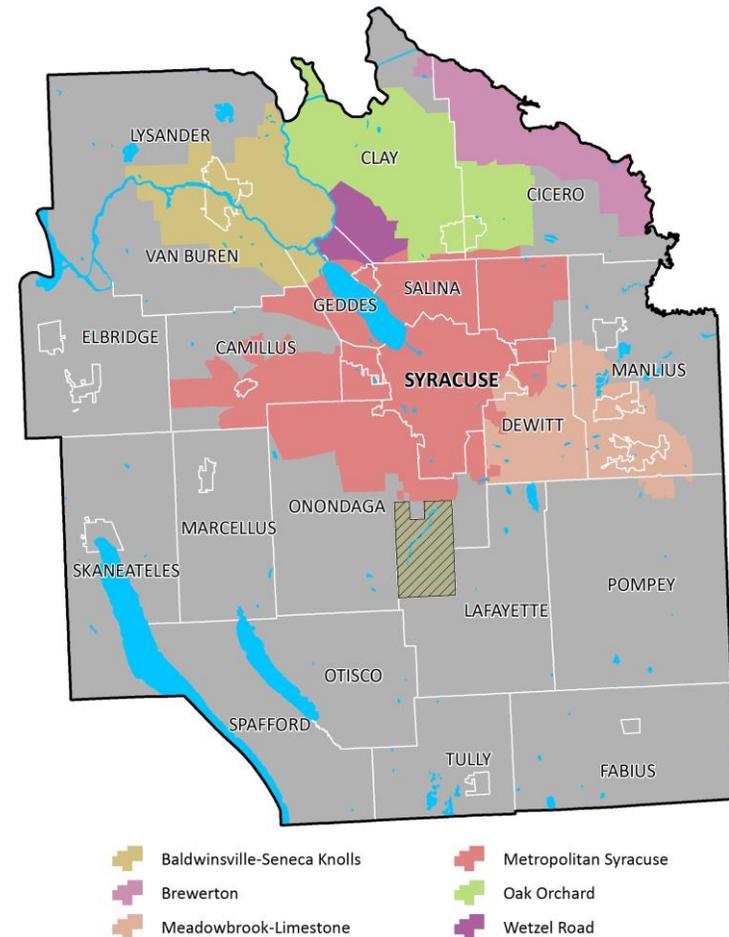


Figure GF-4: Onondaga County Treatment Plant Service Areas

SOURCE: Syracuse-Onondaga County Planning Agency



maintenance needs and inconsistencies in equipment and maintenance needs from municipality to municipality.

- Antiquated systems and improper connections are sending large quantities of stormwater into the wastewater system, creating huge financial burdens for retrofitting of systems and inefficiencies in unnecessarily transmitting and treating stormwater.
- New development activity is gradually placing capacity demands and pressures on some existing regional treatment facilities and transmission lines, even as other facilities operate well under capacity.

Drinking Water

There are three primary entities responsible for providing water service in Onondaga County – the Metropolitan Water Board (MWB), the Onondaga County Water Authority (OCWA), and the City of Syracuse.

The MWB is the administrative body of the Onondaga County Water District (OCWD), which provides wholesale drinking water from Lake Ontario to Central New York. The MWB collects ad valorem taxes from three zones of assessment in the OCWD and from customers outside the OCWD, to fund major capital improvement projects, while operating and maintenance costs are funded through the sale of water. The MWB can sustain production of 60 million gallons per day and store more than 110 million gallons of water.



Figure GF-5: Skaneateles Lake

SOURCE: www.fingerlakes411.com

The OCWA is a public benefit corporation that was formed in 1951 to operate and maintain a water supply and distribution system for the benefit of the residents in and around Onondaga County. OCWA serves 24 towns and villages in Onondaga County and approximately 340,000 people throughout the multi-county region. OCWA treats and delivers water from Otisco Lake and purchases wholesale water from the MWB and the City of Syracuse. OCWA does not have taxing authority and is financed solely through the retail and wholesale sale of water and related services.

In Onondaga County from the start of 2001 to the end of 2008, OCWA installed 126 miles of new water mains on behalf of developers, towns, and villages; leased from towns 18 miles of



water mains built on behalf of newly formed water districts; and installed 1,075 fire hydrants, two new tanks, and two new pumping stations. The continued expansion of water infrastructure without population increases may result in cost increases similar to those experienced with sanitary sewer service.

The Syracuse Water Department (SWD) is responsible for the retail supply of water to the City of Syracuse. The SWD also provides water service through wholesale and other agreements to other municipalities in the County, including the Towns of Camillus, DeWitt, Geddes, Onondaga, Salina, and Skaneateles, and the Villages of Elbridge and Jordan. Since 1894, Skaneateles Lake has served as the primary water supply for the City of Syracuse. According to the SWD's May 2011 newsletter, the SWD owns over 500 miles of water lines that convey water from the Lake to the City and then deliver it throughout the City. The SWD system also includes water storage at 3 reservoirs, and is struggling to balance a rapidly aging infrastructure and declining population.

The Villages of Baldwinsville and Tully operate water systems with their own well water sources. The Village of Skaneateles operates its own water system, which draws water from Skaneateles Lake. The Town of Skaneateles and the Villages of Jordan and Elbridge retail Skaneateles Lake water through the City of Syracuse. The Town of Elbridge partners with the Villages of Elbridge and Jordan for its water supply.

Sprawl and Infrastructure

Over the past several decades, Onondaga County has gradually undergone a dramatic redistribution of population, characterized by sprawling land development patterns further from the urban core and disinvestment in the central city and first ring communities. Urban sprawl affects government finances at all levels by undermining the cost-effective provision of infrastructure and services. Research on the 'costs of sprawl' from a solely fiscal perspective has focused on the following areas:

- While public services may be somewhat more costly in urban areas, increasing use of underutilized infrastructure in infill areas creates limited new service demands while creating new revenue to support the existing system.
- Generally, communities with more compact development patterns require fewer linear feet of infrastructure, such as sewer and water lines, than low-density counterparts.
- Communities with more compact development patterns often collect more property tax revenue per acre than low-density counterparts.
- The spread of growth over a larger geography can create new urban service area boundaries for municipalities and force increased driving distances by municipal fleets, or necessitate the creation of satellite facilities to decrease transportation costs.



Stretched Thin - A Case Study

A local suburban municipality owns 125+ miles of local roads. Municipal budget pressures result in major rehabilitation funds only covering approximately 2 miles annually. This equates to a 60+ year rehabilitation schedule, despite a realistic average roadway lifespan of 30 to 40 years.

- Post-War federal and state policies and funding drove massive investments in suburban infrastructure expansion. Federal and state subsidization of new infrastructure is increasingly scarce, and the ability for a region with limited population growth to compete for funding at the national level is severely limited. Growth subsidies are being reduced and eliminated in federal, state and regional governments across the country as these are not sustainable.
- Generally, the addition of new development without population growth equates to a newly vacant unit somewhere within the region, for every new unit that is created. Vacancies in neighborhoods and commercial districts can have deleterious impacts on housing values, the tax base, the ability to support public services, and maintain economic competitiveness.

- Infrastructure in some communities in Onondaga County dates back to the 1800s. Much of this original infrastructure, as well as much of the region's post-war infrastructure is now beyond its design life and requires major repair and replacement, at a major cost to rate payers and governments. Given the fiscal burden of the existing system, adding new infrastructure to the system with no comparable population growth may simply exacerbate these maintenance burdens in the future.

If inefficient sprawl development patterns continue, government and taxpayers will be faced with ever-increasing costs, impacting their ability to provide the quality and quantity of services residents have come to expect.

Property Tax and Fiscal Impact Analysis

The role that property taxes play in financing governments and schools has a significant impact on land use decision making and development patterns. As a home rule state, the power to control land use in New York is granted to the cities, towns, and villages. Given their reliance on property taxes for revenues, municipalities feel pressure to continually grow their tax base to support rising town, village, school district, fire and special district budgets. This leads to competition between municipalities for new growth, especially commercial growth, and inefficiencies in the location and balance of land uses within many communities.



Aunoo
abapuuoo

SUSTAINABLE DEVELOPMENT PLAN

Government Finance



This reliance on property tax and development results in regional ‘winners and losers’ – those that can attract high value, low demand land uses will benefit, despite the impacts those particular development patterns have on the region or whether new development is occurring at the expense of another community in the region. Those municipalities that bear the fiscal burden of providing beneficial land uses necessary for a high quality of life, but with low or negative fiscal benefit (e.g., parks, playgrounds) suffer.

The region’s municipal revenue structures and fragmented governments play a central role in the inefficiencies in land use planning and increased service costs, causing overwhelming imbalances within local economies. The current structure offers perceived fiscal benefits to communities that can cheaply attract new development (e.g., due to limited obstacles on open land). Unfortunately, many of these communities do not consider the many direct and indirect economic, social and environmental costs to the region that accompany these patterns of development.

Much of the development that has occurred in the County over the last few decades has been low-density, single family residential. While municipalities seek this growth, studies have shown that residential development requires more in municipal services than it yields in tax revenues.

Fiscal Impact Analysis

Based on the results of the fiscal impact analysis performed as part of the *Sustainable Development Plan*, suburban residential development requires \$734.61 more in services per ¼ acre than it generates in tax revenue. This is due to the high number of students and residents requiring municipal services. Couple the demand for services with the amount of land consumed by low-density, suburban residential development, and it becomes the mostly costly land use type. Dense urban residential development requires more in services than it generates in revenue, as well; however, as there are many more residential households on a given acreage in urban areas than in suburban areas, the total impact is less.

Dense urban-commercial properties, on the other hand, bring in the greatest amount of net revenue per ¼ acre. This is not surprising since commercial properties in urbanized areas are typically very dense in that improvements are typically concentrated on a limited number of acres.

Finally, the analysis found that smart growth principles applied to Onondaga County would result in approximately \$21 million more in net fiscal benefit to the region as a whole than would our current development trends.



Findings

- Property taxes in New York State are among the highest in the nation. In an effort to alleviate burdens on taxpayers, all levels of government must continue to do more with less. Some local and regional governments are finding increased efficiencies and cost savings through the sharing of services, consolidations, and regionalization of services.
- State mandated programs (e.g. Medicaid) place a tremendous burden on Onondaga County's budget. In the 2012 budget, nearly the entire County property tax levy will be used to fund State mandates.
- The right to regulate the development of land falls largely to the 35 different municipalities in Onondaga County. Regional infrastructure is controlled by a variety of local, regional and statewide entities, in a highly fragmented system. The relationship between land use planning and infrastructure cannot be understated, and every effort must be made to align local and regional goals for development, maintenance and protection of assets.
- Reliance on property taxes results in competition between municipalities for development to grow their tax base to support municipal and school budgets. Municipalities feel they cannot say no to development, even if it does not fit with their local plans, for fear that it will just go somewhere else. Rural communities feel pressure to attract development despite their desire to remain rural.
- Low density single family housing tracts dominate the suburban landscape, despite evidence that shows that residential development requires more in services than it generates in tax revenue. School districts may benefit from the increased revenues; however, municipalities must identify ways to fill the funding gap or cut services.
- Fiscal impact analysis shows that the placement of development within the County directly affects the net fiscal impact realized from that development. However, achieving regional goals and efficiencies in land use is often challenging, as the power to control land use lies with fragmented municipalities, with an overwhelming reliance on development to create new property tax revenue to fund municipal operations.
- National reporting, as well as local analysis done for the *Sustainable Development Plan*, indicates that development patterns based on smart growth principals can result in a higher net fiscal benefit for the region than would continuation of our current sprawling development trends.
- Despite a static population, the County's developed land area has continued to grow along with related transportation, wastewater, and water infrastructure. Sprawl without population growth creates new urban service demands without added wealth regional to support it.



Aunoo
abapuuoo

SUSTAINABLE DEVELOPMENT PLAN

Government Finance



- All forms of infrastructure in the County are aging, major investments to critical facilities are imminent, and needs exceed the region's fiscal capacity. As such, the addition of new infrastructure and maintenance demands within the region should be carefully critiqued.
- Due to a variety of pressures, including inefficient development patterns, increasing regulation and environmental standards, employee costs, school district needs, municipalities are struggling to deliver services at manageable costs to taxpayers. Municipalities are encouraged to consider the efficiencies of smart growth and compact development patterns as a way to maximize local expenditures on infrastructure.
- The value of all County property suffers from a struggling center City and underutilized villages.
- The current structure of governance offers perceived benefits to municipal budgets of communities that can cheaply attract new development with limited obstacles on open land. These communities must also consider many direct and indirect economic, social and environmental costs that accompany these patterns of development.



Ajunoq
abapuuq

SUSTAINABLE DEVELOPMENT PLAN

Government Finance



DRAFT