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INTERLOCAL COLLABORATION AND REGIONALISM GRANTS

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You asked for a description of the laws authorizing (1) towns to collaborate on different activities and (2) state grants or other financial incentives for towns that do so. This report updates OLR report [2011-R-0364](#).

SUMMARY

Many statutes allow towns to collaborate on different activities. Some give them broad authority to (1) collaborate on any activity they can perform separately, (2) jointly finance projects and activities, or (3) share tax revenue. Other statutes specify the activity and how towns may collaborate to undertake it. This includes allowing towns to establish a regional entity to perform a specific municipal function (e.g., health, education, or waste management) and join together to implement a regional property revaluation program or purchase employee health insurance.

The law authorizes various state grant programs and subsidies to incentivize towns to join together to deliver a service, purchase capital equipment, or implement a capital project. The Regional Performance Incentive Grant Program provides grants to towns and regional entities for jointly performing a service they have been performing separately. It has been used to fund a variety of regional initiatives, including information technology, public safety, and public works-related projects.

There are also a number of grants and subsidies for towns that collaborate to provide specific public services. For example, the State Department of Education (SDE) administers a competitive grant program for school districts and regional education service centers (RESCs) that establish interdistrict cooperative programs. In addition, the Office of State-Wide Emergency Telecommunications (OSET) offers financial incentives to encourage towns to consolidate their 9-1-1 operations.

Towns that join together to purchase capital equipment may qualify for the Intertown Capital Equipment Purchase Incentive Program, which pays up to 50% or \$250,000 of the cost of buying or leasing a vehicle or other equipment. Groups of towns collaborating on a capital project are also eligible for Small Town Economic Assistance Program (STEAP) grants.

BROAD AUTHORITY FOR INTERLOCAL COLLABORATION

The law gives towns and municipal bodies (e.g., special taxing districts and municipal districts) blanket authority to enter into interlocal agreements to perform jointly any function that any statute, special act, charter, or home-rule ordinance allows them to perform individually ([CGS § 7-148cc](#) and [§ 7-339a](#) et seq.). It specifies how participants must enter into and approve these agreements, but gives towns flexibility in negotiating their provisions.

Towns may also collaborate to finance projects and activities. [CGS § 7-136n](#) allows them to jointly issue bonds to fund any type of project or activity. It specifies the conditions and procedures for issuing these bonds.

[CGS § 7-148bb](#) allows two or more towns to share real and personal property tax revenue. Those that choose to do so must adopt an agreement endorsed by each participating town's legislative body. Among other things, the agreement must identify the source of the shared revenue and describe how the towns will collect and share it.

AUTHORIZATION FOR SPECIFIED ACTIVITIES

Several statutes allow towns to jointly perform specific services or activities by creating an interlocal body or by some other method. Towns can establish a wide variety of regional entities with responsibilities for specific municipal functions, such as health, education, transportation, waste management, or economic development, among other things. OLR Reports [2008-R-0533](#) and [2010-R-0072](#) describe these entities and their responsibilities and powers.

The law also allows towns to collaborate on specific services without creating an entity to do so. For example, they can establish a regional property revaluation program ([CGS § 12-62q](#)); purchase employee health insurance ([CGS § 7-464b](#)); or establish cooperative arrangements to provide school accommodation services, programs, or activities ([CGS § 10-158a](#)). (OLR Report [2006-R-0616](#) describes the process school boards must follow in entering into these cooperative arrangements.)

Towns can also collaborate for economic development purposes. OLR report [2009-R-0233](#) describes some of the ways in which they can do so. In addition, the law allows towns that belong to the same federal economic development district to enter into mutual agreements to promote regional economic development and share the real and personal property tax revenue that the development generates ([CGS § 7-148kk](#)). Another statute allows towns, through their regional planning and economic development organizations, to organize regional economic development districts, prepare economic development plans, and apply for state and federal economic development funds to implement them ([CGS § 32-741](#)).

FINANCIAL INCENTIVES FOR INTERLOCAL COLLABORATION

Regional Performance Incentive Grant Program

Under the Regional Performance Incentive Grant Program, the Office of Policy and Management (OPM) provides funds to towns and regional entities for jointly performing a service they have been performing separately ([CGS, 2012 Supplement, § 4-124s](#)). The program is open to two or more municipalities, regional planning organizations, regional economic development districts, and any combination of these eligible entities.

According to OPM's [program guidelines](#), proposed projects must:

1. be new (on a regional basis),
2. demonstrate cost savings,
3. not result in any loss of services, and
4. be sustainable on a regional basis once established.

The OPM secretary must give priority to proposals that (1) involve all of a regional entity's member municipalities and increase their purchasing power or provide cost savings and (2) economic development districts submit.

The legislature created the grant program in 2007 and used \$8.6 million in FY 07 budget surplus funds to fund 24 grants in FY 08. These grants funded (1) information technology, (2) administrative services, (3) public safety, (4) human services, and (5) public works-related projects. [PA 11-6](#) established a dedicated funding source (a portion of the state hotel tax and rental car surcharge) and account to fund future grants under the program. The Office of Fiscal Analysis estimates that the account will receive \$7.2 million in FY 12 and \$7.4 million in FY 13.

OPM's [Annual Report on the Regional Performance Incentive Program](#) summarizes the projects that have been awarded grants under the program and their status as of March 2012. It also provides a list of the applicants for FY 12 grant awards.

Education Grants and Subsidies

The state provides a number of financial incentives to towns and school districts to encourage them to provide education services on a regional or interdistrict basis.

- Towns receive an Education Cost Sharing grant bonus for each student enrolled in a regional district ([CGS, 2012 Supplement, § 10-262h](#), as amended by [PA 12-116](#)).
- School districts and RESCs operating interdistrict magnet schools receive a state operating grant for each enrolled student ([CGS, 2012 Supplement, § 10-264l](#), as amended by [PA 12-116](#)).
- Regional school districts and multi-town cooperative arrangements are eligible for higher reimbursement rates for school construction costs ([CGS, 2012 Supplement, § 10-285a](#)).
- School districts and RESCs that establish interdistrict cooperative programs (e.g., summer school programs and staff sharing arrangements) may apply for a competitive grant from SDE to fund the programs ([CGS § 10-74d](#)).

- K-12 regional districts and high school regional districts receive a higher reimbursement rate (10 and 5 percentage points, respectively) for eligible school transportation costs ([CGS, 2012 Supplement, § 10-266m](#)).

Subsidies for Regional and Multi-Town Public Safety Answering Points (PSAPs)

OSET offers financial incentives to encourage towns to take advantage of economies of scale by (1) forming multi-jurisdiction PSAPs (i.e., facilities that receive 9-1-1 calls and dispatch emergency response services) and (2) consolidating PSAP operations by eliminating secondary answering points (facilities to which PSAPs transfer 9-1-1 calls instead of dispatching emergency services or transferring the calls to another public safety agency (Conn. Agencies Reg. § 28-24-1(6)). OSET provides:

1. annual subsidies to towns with PSAPs that receive and process 9-1-1 calls for three or more towns (regional emergency telecommunication centers) or for two towns (multi-town PSAPs);
2. one-time, transition funding to help towns offset the cost of forming regional or multi-town PSAPs;
3. annual subsidies to towns that have more than 40,000 residents and reduced funding for each year that they continue to use a secondary answering point; and
4. service credits to encourage dispatch centers to regionalize.

OSET disburses the subsidies based on a formula that considers aggregate population, number of 9-1-1 calls in a given year, and number of emergency services dispatched (Conn. Agencies Regs. §§ 28-24-1 *et seq.*). The formula is designed to give the largest subsidies to towns that have consolidated services and are served by regional PSAPs.

Intertown Capital Equipment Purchase Incentive Program

In 2011, the legislature established a new grant program, administered by the OPM secretary, to help municipalities jointly buy or lease needed vehicles or capital equipment.

The program provides grants to pay up to 50% or \$250,000, whichever is less, of the cost of buying or leasing (1) a maintenance vehicle, pickup truck, tractor, truck tractor, utility trailer, or similar vehicle or (2) any other equipment, including data processing equipment

with a unit price under \$1,000, that has an expected remaining useful life of at least five years from the purchase or lease date. The municipality must use the vehicle or equipment to perform or deliver a required government function or service.

The law authorizes \$10 million in bonds for FY 12 and FY 13 for the grant program. Further information about the program is available on OPM's website: <http://www.ct.gov/opm/cwp/view.asp?A=2985&Q=489860>.

STEAP Grants

A 2011 law makes groups of municipalities eligible for STEAP grants, as long as each municipality that is a member of the group is otherwise eligible for the grants ([PA 11-123](#)). STEAP provides grants for capital projects to municipalities that do not qualify for the Urban Action grant program, which is meant mainly for cities and economically distressed towns. A municipality can receive up to \$500,000 each fiscal year in total STEAP grants, including any grants it receives as part of a group.

In FY 12, OPM awarded STEAP grants for a variety of capital projects, including reconstructing roads, bridges, and sidewalks; repairing and improving town buildings, beaches, and streetscapes; and constructing recreation facilities. It also awarded an \$80,000 grant to a group of six towns (Canaan, Cornwall, Goshen, Kent, Norfolk, Salisbury, and Sharon) to coordinate marketing and promote local businesses.

The list of FY 12 grant awards is available here:
http://www.ct.gov/opm/lib/opm/2012_STEAP_Awards.pdf.

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