

**Nassau County  
Office of the Comptroller**



**Cost Disparities in Special Districts in Nassau County**

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**NASSAU COUNTY  
OFFICE OF THE COMPTROLLER**

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## EXECUTIVE SUMMARY

This report analyzes what Nassau County residents pay for garbage collection, water and fire protection. We looked at town-run and commissioner-run special districts, and the private companies that deliver water in many areas. The report shows that the cost to residents varies widely depending on where they live. Significant opportunities for saving taxpayers' money exist.

Many Nassau County residents receive garbage collection, water, and fire protection, from special districts, governmental units created to provide a service to residents who do not live in villages or cities. The over 200 special taxing districts in Nassau County levied over \$491 million in property taxes in 2007, and also collected user fees, licenses and penalties.

Most homeowners expect that their garbage will be collected, water provided and fire protection delivered, without giving much thought to the possibility that the cost of the service may vary significantly from one neighborhood to another. This report shows that is what is happening here in Nassau: residents of some special districts pay upwards of three times what County residents pay in other districts for the same services.

This report shows the variation in pricing is caused by a combination of two factors: (1) the district spends more; and (2) the district has significantly more commercial property than the average district to subsidize the cost charged to residential home owners. We found no meaningful differences based on quality of service. The most important factor is how tightly a district controls spending.

Our analysis shows in the Towns of Hempstead and Oyster Bay, sanitation districts run by commissioners spend more to provide services than districts run by towns. The greatest savings opportunity for taxpayers is in the Town of Hempstead sanitation districts. If the Town were to provide garbage collection services in commissioner-run districts at the same cost per household as the districts run by the town, taxpayers would save approximately \$18 million, a savings of \$168 per household.

Similarly, this report shows that town-run water districts are generally less expensive for residential taxpayers than those run by commissioners. Unlike sanitation and fire services, water is provided to many Nassau residents by private companies. Our analysis shows that water provided by private companies is significantly more expensive than water provided by governmental entities. Private water costs are inflated by the property taxes imposed on the companies' real estate and the companies' return on investment in the form of dividends. In effect, residents in areas served by water companies pay for their water usage and pay additional property taxes to the school districts, special districts, villages, towns and county where the water companies' real property is located.

Although outside the scope of this report, another key consideration for water providers is whether private companies can equal governments as stewards of the Island's water supply and water quality. Even with the regulatory oversight of the Department of Environmental Conservation, it is not likely that private companies have the same motivation as governments do to take the long view on the investments needed to best protect our water supply and quality.

We found that fire protection districts, which have town negotiated contracts, are generally cheaper for residents than fire districts, which provide fire services directly. For instance those Woodmere residents who live in the Woodmere fire district paid on average \$592 in fire taxes in 2006. Woodmere residents who live in the Woodmere fire protection district paid \$214 on average in 2006. The Woodmere Fire Department provides the service to both the district and the fire protection district. Woodmere is an extreme example, but it is not likely that residents who pay more because they live in a fire district receive any incremental benefit equal to their greater tax payment.

The amount of commercial property in each district mattered at the extremes. Residential taxpayers in districts with a very high percentage of commercial property pay less for services, and those residential taxpayers in districts with very little commercial property pay more. In Glenwood, where commercial property pays 98.6% of the fire and sanitary district tax levies, homeowners paid \$22 for fire protection and \$5 for garbage service in 2006.

However, we found that outside the extremes, the amount of commercial property in a district mattered less than district spending. When districts controlled costs but had only an average amount of commercial property, residential homeowners still paid less for services than residents of higher spending districts that had more commercial tax money to subsidize the cost of operations. For example, in the Albertson-Searingtown-Herricks Sanitation District, where homeowners paid \$272 for back door garbage pick-up in 2006, commercial taxpayers contributed only 21.6% the tax levy, while homeowners in the Syosset Sanitation District, where commercial taxpayers contributed 44.7% of the tax levy, paid \$541 for back door service in 2006.

For commercial property owners, special district taxes impose an additional burden, especially when they do not receive the service they are paying for. While sanitation districts collect hundreds of thousands of dollars from commercial property owners, most commercial properties have to pay a commercial carter to have their garbage taken away.

Costs do not appear to correlate to the quality of sanitation, water or fire service. Garbage pick up at the back door three times a week cost \$371 a household in Manhasset and \$913 a household in Syosset in 2006. Water provided by the Westbury Water District at an average annual cost of \$330 a household is almost four times more expensive than water provided by the Jericho Water District at an average annual cost of \$87 household. Residents of the North Lynbrook Fire Protection District, who paid an average of \$122 in taxes in 2006, are probably receiving the same level of fire service as residents of near-by South Hempstead who paid an average of \$480 for fire protection.

The bottom line is that hundreds of thousands of Nassau County residents pay far too much for sanitation, water and fire service. Where the opportunity to reduce costs exists, governments should take the necessary steps to cut expenses and follow the models that exist in our own backyard to deliver the same service for less money. This office's report on *Cost Savings Ideas for Special Districts in Nassau County*<sup>1</sup> identified

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<sup>1</sup>Howard S. Weitzman *Cost Savings Ideas for Special Districts in Nassau County* (December 13, 2006) [http://www.nassaucountyny.gov/agencies/Comptroller/Docs/PDF/Cost\\_Saving\\_Initiatives121306.pdf](http://www.nassaucountyny.gov/agencies/Comptroller/Docs/PDF/Cost_Saving_Initiatives121306.pdf)

between \$23.8 and \$35.7 million in potential tax savings if all districts followed the suggestions to cut costs.

Legislative changes should be considered to save taxpayers money with no reduction in services. State Comptroller Tom DiNapoli has called for legislation requiring the towns to take over providing services from the districts.<sup>2</sup> Comptroller Weitzman has proposed that the Governor's Commission on Local Government Efficiency and Competitiveness recommend that towns operate sanitary services for special districts. This report confirms that residents would save substantially from such a change.

As long as commissioners continue to operate special districts, Town Supervisors and Boards can exercise their authority to reduce proposed spending by most commissioner-run special districts including sanitation and water districts.<sup>3</sup> Comptroller DiNapoli and County Executive Suozzi have called for legislation expanding this town oversight of district budgets.<sup>4</sup>

County officials have suggested other legislative changes. Since special district elections are not held on the same day as school, town, county, or village elections, turnout is usually low. Review by the Nassau County Comptroller's Office has shown that turnout in some special district elections is less than 2% of eligible voters.<sup>5</sup> County Executive Suozzi has proposed that special district elections be held on the same day, making it simpler for voters to participate in the electoral process.<sup>6</sup>

To the extent that commercial property owners provide a greater subsidy to residential homeowners for special district services in some districts but not others, it may be possible to reduce costs to residents, by changing district boundaries or sharing the commercial tax base within a town, as Nassau County Assessor Harvey Levinson has proposed.<sup>7</sup>

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<sup>2</sup> <http://osc.state.ny.us/localgov/pubs/research/townspecialdistricts.pdf>

<sup>3</sup> Town Law §215[10] authorizes Town Boards to reduce proposed district expenditures, except debt service. Revenues may not be reduced. The law does not authorize Town Boards to reduce proposed Fire District expenditures.

<sup>4</sup> <http://osc.state.ny.us/press/releases/june07/060607.htm>

<sup>5</sup> Howard S. Weitzman, *Nassau County Special Districts: The Case for Reform* (Dec. 19, 2005), <http://www.co.nassau.us/comptroller/auditreports.html>

<sup>6</sup> Thomas R. Suozzi, *A Special District Election Date Study: A Crazy Quilt* (July 23, 2007)

<sup>7</sup> Harvey Levinson, *Finding Relief from a Taxing Situation* (January 23, 2006)

This report shows that before any legislative changes are made, districts that spend more to provide the same services as their neighbors can and should reduce the costs they impose on taxpayers without reducing their levels of service.

### Background

In 2005, the Office of Comptroller Howard Weitzman issued audits of five sanitation districts in Nassau County. The audits found wasteful spending practices in some of the commissioner-run districts. The audits also suggested that districts charged taxpayers different amounts to have their garbage picked up, and that the amount levied by each district was unrelated to the type of service (i.e., pick up at the curb or backdoor), the frequency of service or to the amount of garbage collected.<sup>8</sup>

A follow up report, *Nassau County Special Districts: The Case for Reform*, issued in December 2005, found that commissioner-run special districts were at high risk for a lack of budget accountability, lack of governmental transparency, and excessive and inappropriate spending. In general, the report found that districts run by the Towns provided services to residents at a lower cost than the same services provided by districts run by commissioners. The report called for a conference to explore whether other avenues for providing services might benefit the people of Nassau County.

Under the leadership of Comptroller Weitzman, a *Conference on Nassau County Special Districts* was held in June 2006, with a turnout of approximately 400 concerned Nassau County residents. Hosted by a bi-partisan group of elected officials, including then Assemblyman Thomas DiNapoli, then Senator Michael Balboni, County Executive Thomas R. Suozzi, Comptroller Howard S. Weitzman, Chairman of the Board of Assessors Harvey Levinson, and Supervisors Jon Kaiman, Kate Murray and John Venditto, along with Richard Guardino, Dean of Hofstra University's Center for Suburban Studies, and sponsored by Hofstra University, Cablevision, the Long Island Association, the Rauch Foundation and Herald Communities Newspapers. Conference speakers described the existing districts and discussed other avenues for organizing the provision of services to residents.

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<sup>8</sup> [Nassaucountyny.gov/agencies/comptroller/audits/index/html](http://Nassaucountyny.gov/agencies/comptroller/audits/index/html)

Following the conference, committee organizers agreed that it was important to analyze whether there were real opportunities for cost savings in district spending practices. Comptroller Weitzman organized meetings with representatives of fire, water and sanitation districts to discuss areas of expenditures and identify what savings opportunities might exist.

In December 2006, the Comptroller issued the *Report on Cost-Saving Ideas for Special Districts in Nassau County*.<sup>9</sup> The report analyzed areas of expenditure, such as insurance, hiring, and purchasing, and suggested avenues to cut those costs. The report estimated that between \$23.8 million and \$35.7 million of special district taxes imposed in 2006 could have been eliminated by adoption of more careful spending practices. The report also encouraged the towns to be vigilant in exercising their statutory authority to strike excess sanitation and water district spending from proposed budgets each year. New York State Comptroller Tom DiNapoli issued a report on special districts “Town Special Districts in New York: Background, Trends and Issues” in 2007. The report explained how special districts are structured, how they operate, analyzed their fiscal burden on property owners, called for consideration of legislation compelling the towns to take over services when most of the town population received services from districts and provides a state-wide context for some of the concerns raised by special districts.<sup>10</sup>

Review of special districts is now occurring statewide. At his inauguration, Governor Spitzer announced the formation of a Commission on Local Government Efficiency and Competitiveness to study what can be done to lower the expense of government in New York State. The Governor appointed two local members to the Commission: Comptroller Weitzman and Senator Craig Johnson. The Commission’s hearings have explored the costs imposed by multiple governments delivering services in the state. The Commission is scheduled to issue a report by April 2008

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<sup>9</sup> The report can be found at [http://www.nassaucountyny.gov/agencies/Comptroller/Docs/PDF/Cost\\_Saving\\_Initiatives121306.pdf](http://www.nassaucountyny.gov/agencies/Comptroller/Docs/PDF/Cost_Saving_Initiatives121306.pdf)

<sup>10</sup> The report can be found at: <http://osc.state.ny.us/localgov/pubs/research/townspecialdistricts.pdf>

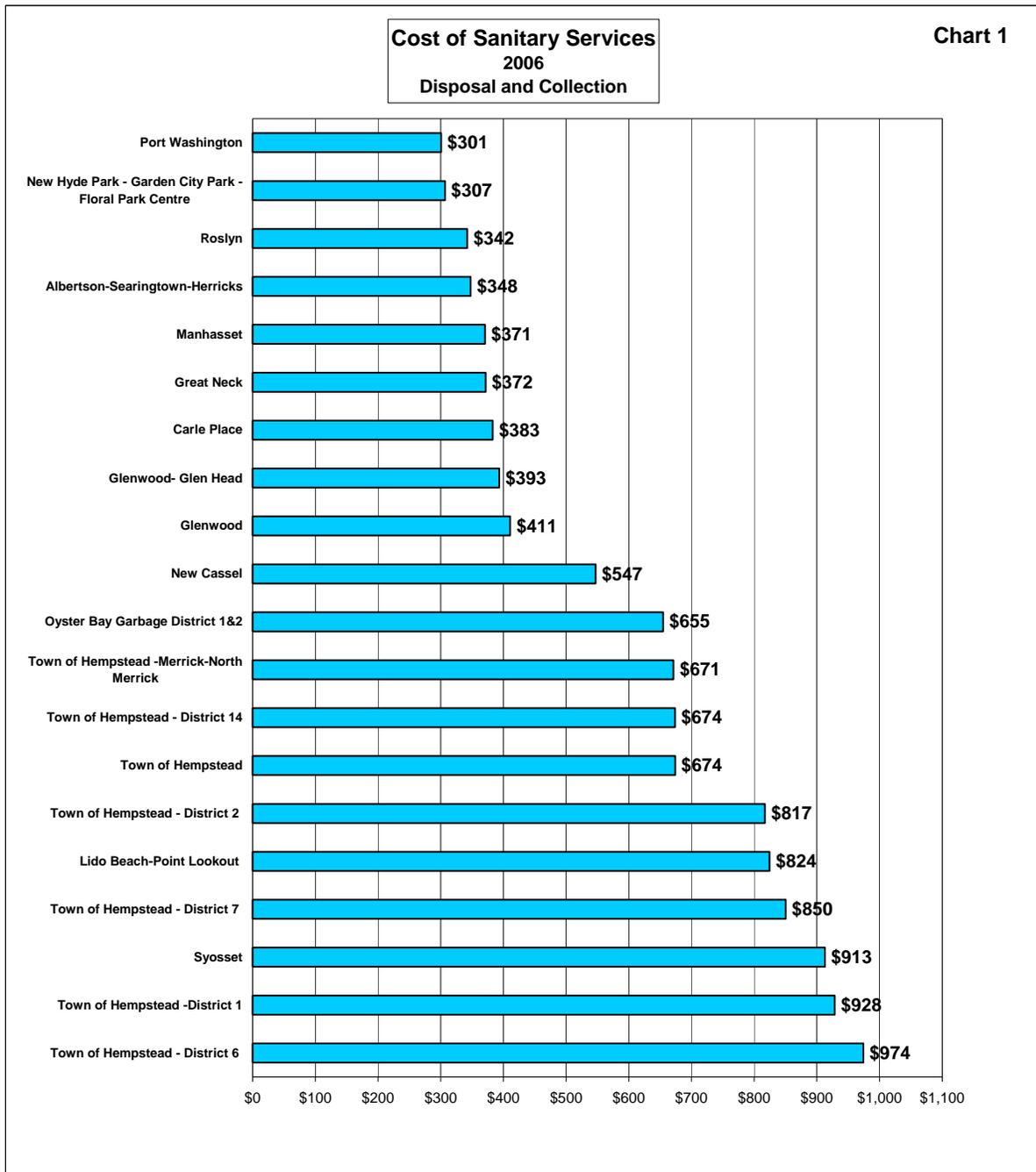
## **What do Nassau County residents pay for sanitation, water and fire service?**

**(1)**

### **Sanitary Services**

Sanitary special districts provide garbage collection for most Nassau County residents who live outside of villages or cities. Despite their identical mission, sanitary special districts charge varying amounts to residents. Because sanitary special districts predominantly serve residential owners and most commercial properties must pay separately to have their garbage picked up, we analyzed the cost of sanitary services in each district by dividing the districts' operating budgets by the number of residential homes in the district. Our cost analysis is based on the district's budget for garbage collection and disposal or the tax paid by the average district resident for garbage disposal, in those areas where a tax is separately charged.

The cost analysis shows that sanitary services could be provided at a cost of \$301 per household in 2006; that's what the Port Washington district spent. Yet three Nassau County special districts spent over \$900 per household just to pick and up and dispose of garbage last year.

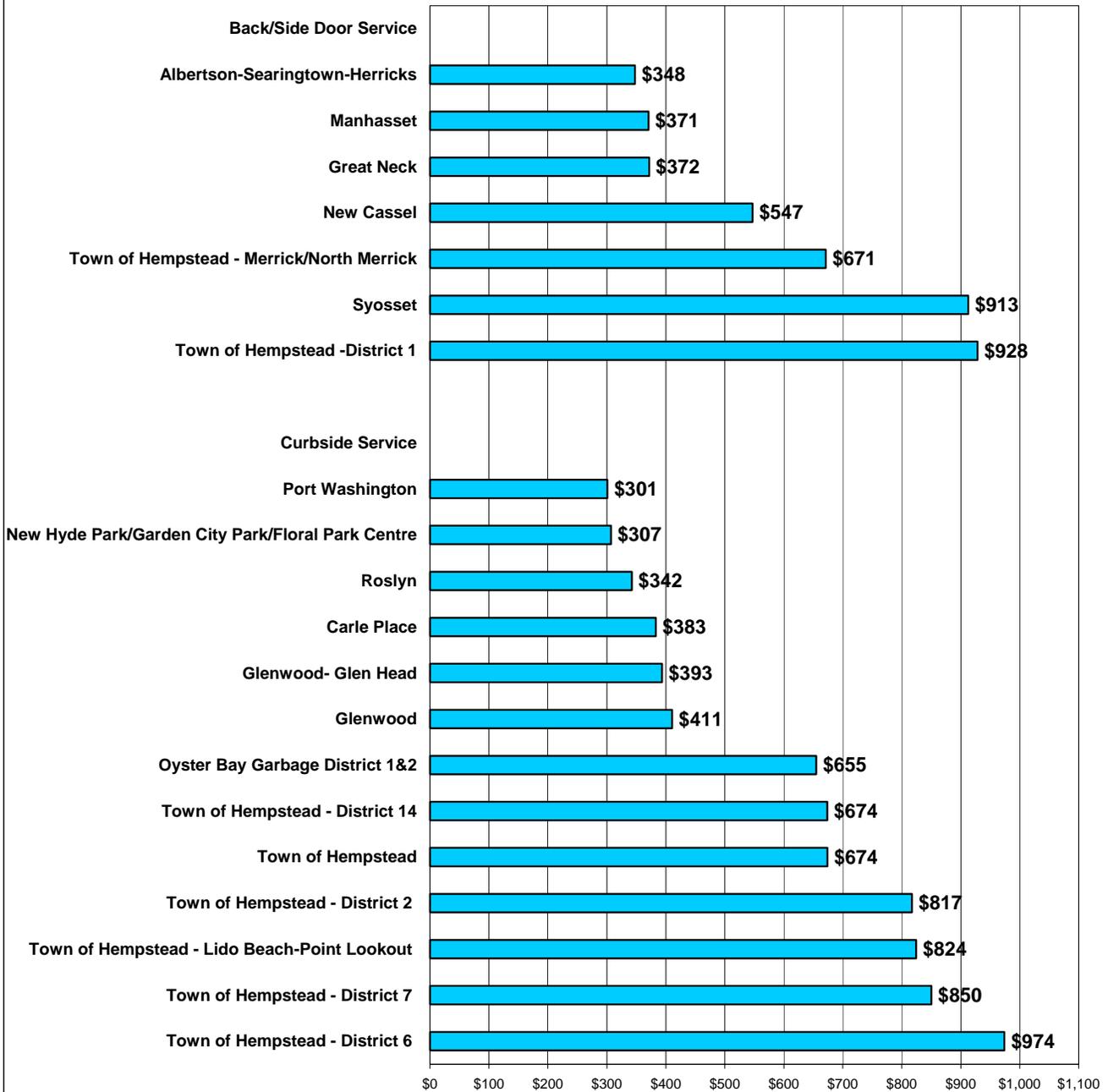


**Quality of Service**

Our analysis found that the differences in cost are not related to the quality of service. Some districts provide back door service, so that residents do not have to take their garbage cans out to the curb and back. Most districts only provide curbside service. In response to audits by this office, Town of Hempstead District 1 and the Syosset District claimed that their higher costs were justified because they provided back door service. Yet our analysis shows that back door service could be provided at a

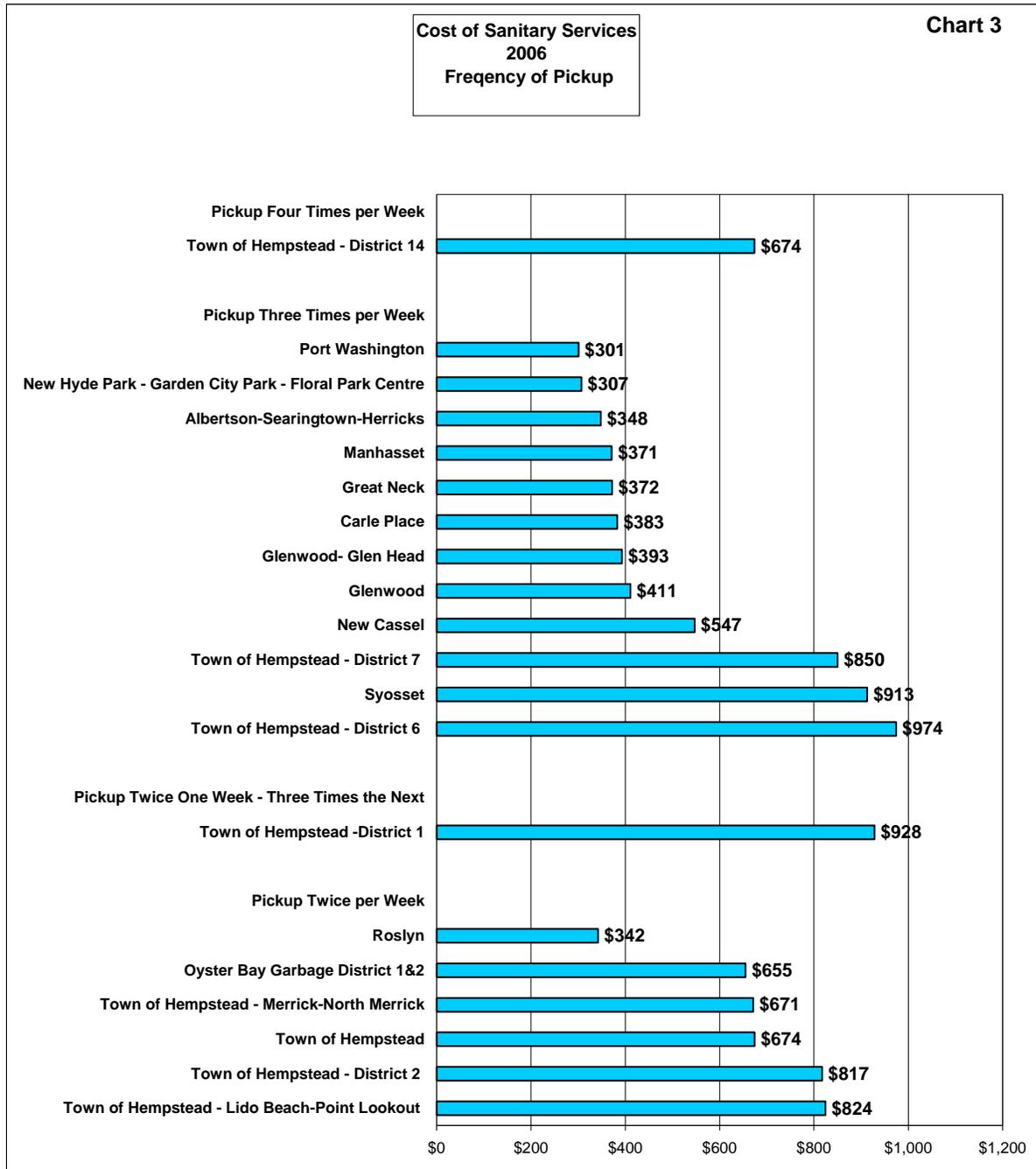
lower cost to taxpayers. Back door service was provided at the cost of \$371 per household in the town-run Manhasset District in 2006, and at a cost of \$671 per household by the town-run Merrick-North Merrick district in 2006 while back door service cost \$928 per household in the Five Towns area served by the commissioner-run Town of Hempstead District 1 in 2006.

**Cost of Sanitary Services  
2006  
Back/Side Door vs. Curbside Service**



## Frequency of Pick-up

Similarly, the cost difference is not explained by frequency of garbage pick-up. Some districts that offer pick-up three times a week cost half as much as districts picking up garbage twice a week.



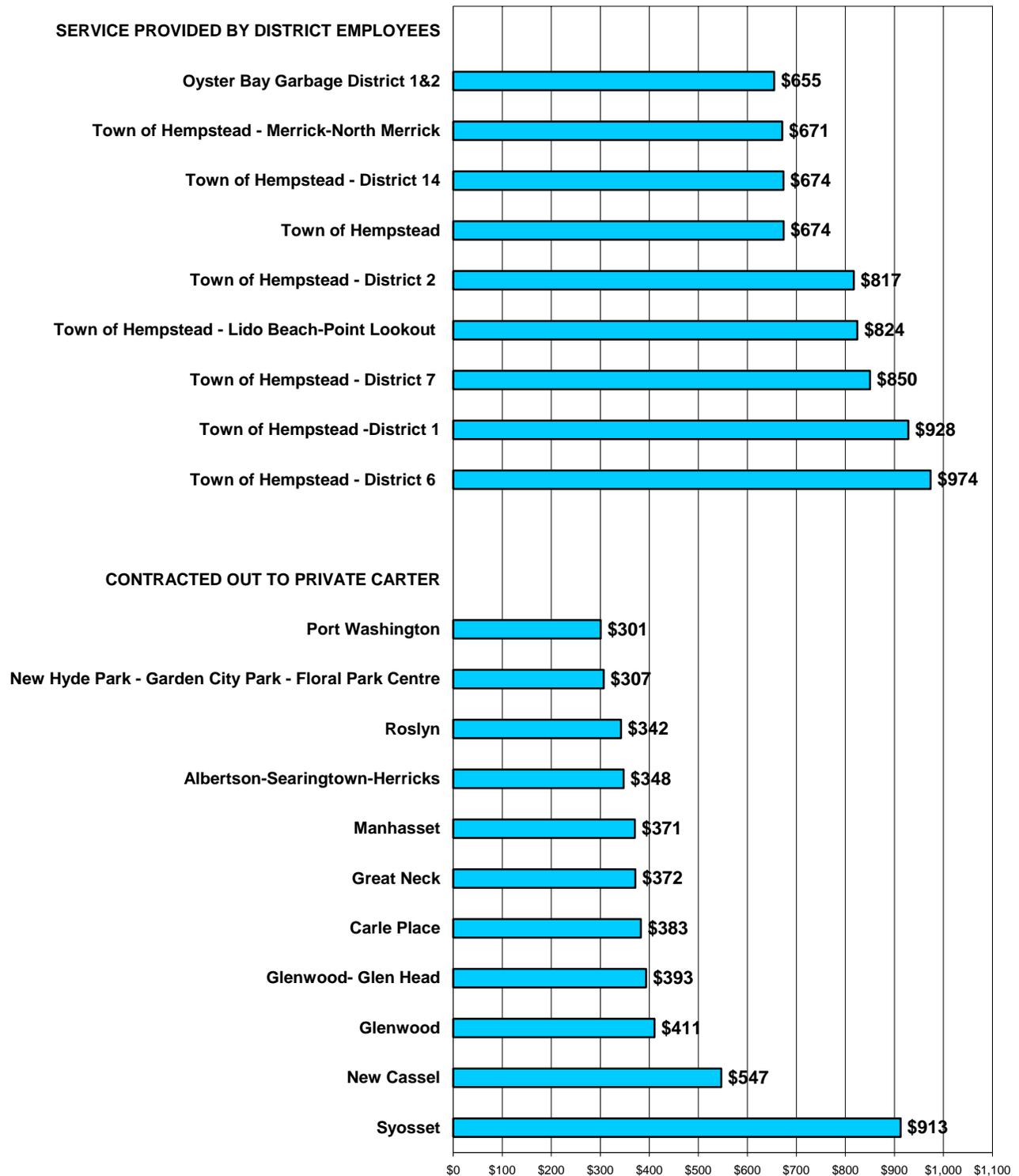
### **Private Carters vs. Municipal Employees**

One obvious source of cost disparity is that with one exception, private carters cost less than a municipal workforce. The exception, the commissioner-run Syosset District, has costs more than double the average for districts using private carters. As the chart below demonstrates, the cost for private carters averaged \$426 per household in 2006. The cost for municipal employees averaged \$785 per household.

Yet even if it is assumed that the districts that use private carters will continue to do so, and the districts that use municipal employees will continue their employment, there is substantial room for cost savings in many commissioner-run districts. The district run by the Town of Hempstead with municipal employees costs \$674 per household. Town of Hempstead District 6, run by commissioners with municipal employees, costs \$974 per household.

**Cost of Sanitary Services  
2006  
Private Carters vs. Municipal Employees**

**Chart 4**



### **Town-run vs. Commissioner-run**

Town-run districts generally do a better job of controlling their spending than commissioner-run districts. New York State Comptroller Tom DiNapoli has recommended legislation compelling the towns to take over services when most of the town population received services from districts.<sup>11</sup> Comptroller Weitzman has proposed that the Governor's Commission on Local Government Efficiency and Competitiveness recommend that towns assume the operation of sanitation services, while leaving the districts in place for taxing purposes. If such legislation were enacted, the biggest winners would be residents of the Town of Hempstead who currently are served by commissioner-run districts.

In the Town of Hempstead over 70,000 households are served by commissioner-run sanitation districts. There, town-run districts averaged \$723 per household in annual costs in 2006, while commissioner-run districts averaged \$849. If the Town of Hempstead had provided garbage collection at its 2006 average cost to residential homeowners within the special districts headed by commissioners, taxpayers would have saved approximately \$18 million in collection costs alone. It is also reasonable to assume that by providing collection services to a larger base of residents, the Town could lower their average cost per household even further, saving Hempstead homeowners millions more.

This was also apparent in the Town of Oyster Bay, where the combined Oyster Bay Garbage Districts 1 and 2, which serve most town residents and are run by the town, had an average cost per household of \$655 in 2006<sup>12</sup>. The much smaller Syosset sanitation district in the Town of Oyster Bay, which has about 1% of the households of the town-run districts, is headed by commissioners, at an average cost per household of \$913.

In the Town of North Hempstead, the commissioner-run districts are generally operated at the same cost as the town-run districts.

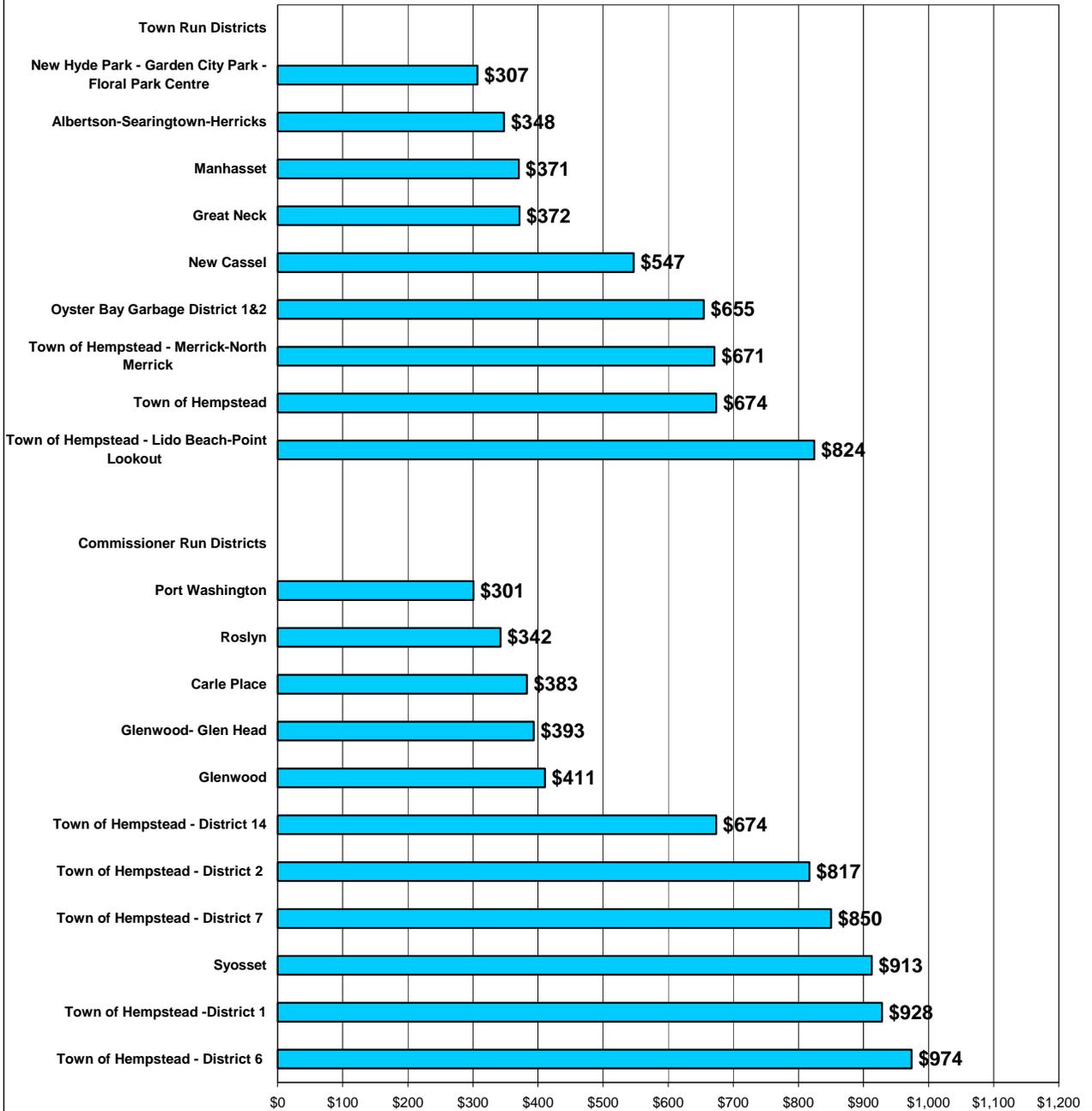
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<sup>11</sup> The report can be found at: <http://osc.state.ny.us/localgov/pubs/research/townspecialdistricts.pdf>

<sup>12</sup> Our analysis of sanitation costs for the districts run by the Town of Oyster Bay combines districts one and two because the districts' expenses are reported by the Town on a combined basis in their budget.

**Cost of Sanitary Services  
2006  
Town Run Vs. Commissioner Run**

**Chart 5**



## Savings opportunity in the Town of Hempstead

The chart below shows our calculation of the \$18,020,413 in total savings to Town of Hempstead taxpayers in commissioner-run special district if the Town delivered sanitary services to all districts at the Town's current cost. The savings would be realized by residential and commercial property taxpayers, as presented in the chart below. The average savings for residential property tax payers would be \$168 annually.

### Savings Opportunity in the Town of Hempstead

**Chart 6**

Potential Savings if Commissioner Run Districts Operated at Town Run District Cost levels

	2006						
	Total Collection Costs	Collection Cost per Class 1 Parcel	Potential Savings if Collection was performed at the Town's Collection Cost Levels	Potential Tax Savings per Parcel			
				Class 1	Class 2	Class 3	Class 4
District 1	\$11,197,000	\$769	\$4,385,269	\$175	\$1,031	\$4,161	\$745
District 2	9,689,200	\$640	\$2,599,000	\$124	\$845	\$6,227	\$357
District 6	23,486,000	\$784	\$9,472,100	\$223	\$2,745	\$11,067	\$1,019
District 7	6,282,008	\$636	\$1,660,344	\$86	\$1,288	\$16,831	\$353
District 14**	325,000	\$361	(\$96,300)	(\$78)	(\$111)	(\$1,269)	(\$653)
Town Run Sanitation*	37,129,750	\$468	n/a	n/a	n/a	n/a	n/a
<b>Total Savings Opportunity</b>			\$18,020,413				

\* Town of Hempstead Sanitation, Lido Beach/Point Lookout, Merrick-North Merrick

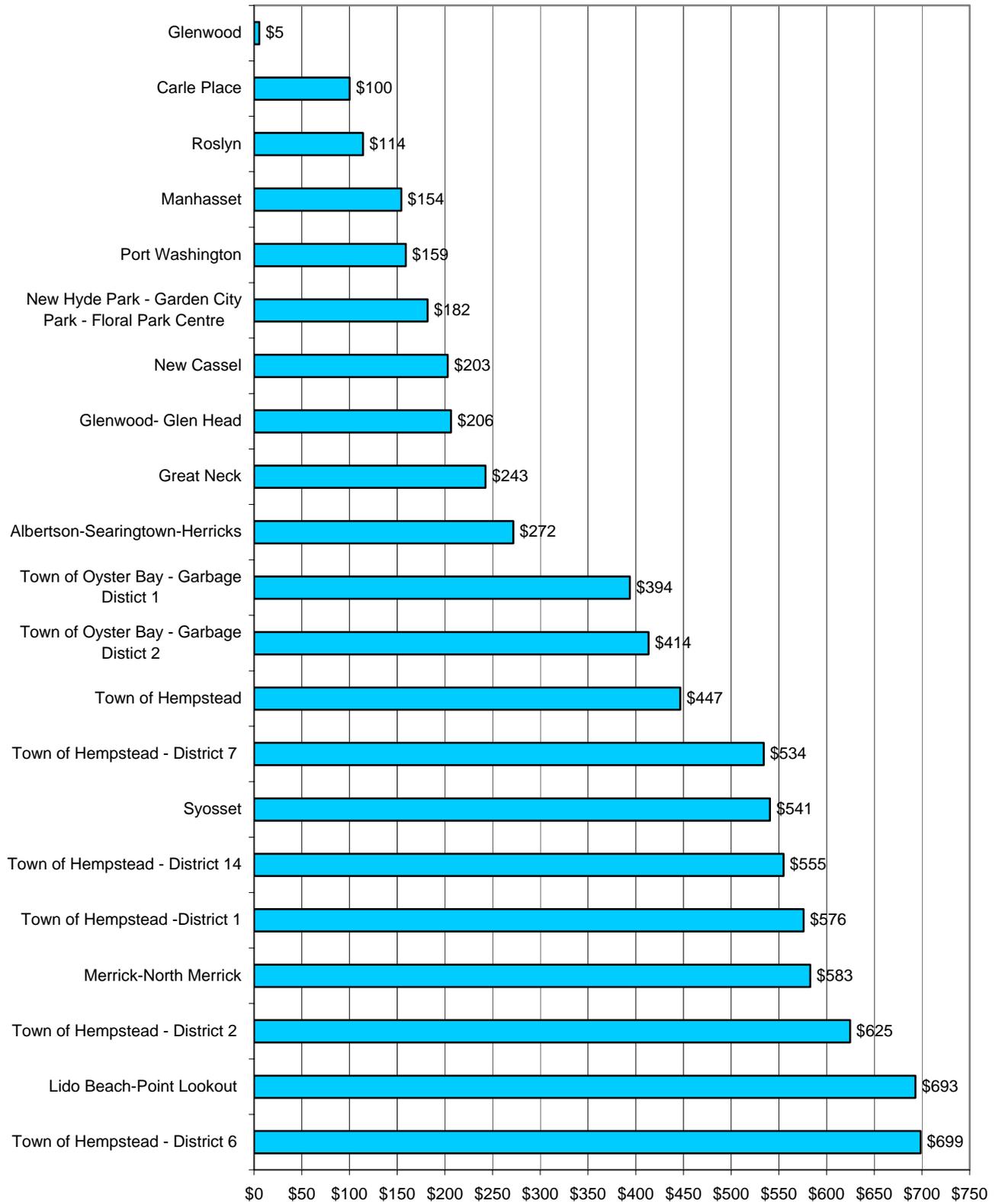
\*\* Although included in the chart, District 14 is non-representative because it serves only 900 parcels.

## **Residential Taxes**

The cost of sanitary services can also be analyzed by comparing the average sanitary district tax per average residence in the district. An analysis based on taxes paid by residents separates out the portion of the cost of the service that is absorbed by commercial property taxpayers. Commercial properties are charged sanitary district taxes but generally receive no sanitary service from the district. Therefore an analysis based on residential taxes will show that homeowners pay less per household than their share of the cost. The chart “Residential Taxes for Sanitary Services” lists all Nassau County sanitary districts by ascending order of average tax burden. The chart shows that the average annual tax in 2006 for a residential home owner for sanitary services is lowest in Glenwood (\$5) and highest in District 6, Town of Hempstead (\$699).

The analysis based on taxes also shows that the town-run districts are more effective at keeping residential charges low than the commissioner-run districts, at least in the Towns of Hempstead and Oyster Bay. For example, a home with a market value of \$629,600 in the Town of Hempstead-run district covering Wantagh would have been charged \$424 in taxes in 2007 for sanitary collection. A home with a market value of \$632,000 in Baldwin, which is served by the commissioner-run Town of Hempstead Sanitary District 2 would have been charged \$832 in taxes in 2007 for sanitary collection.

**Residential Taxes for Sanitary Services  
2006**



Comparing districts by average residential tax paid shows similar results to the cost analysis. There is a wide disparity in what residential homeowners are charged and wide disparity in cost depending on which sanitary district provides the service. The cost is not directly related to the quality of the service (back door vs. curb side; frequency of pick-up). The cost is related to whether the district employs its workers or contracts out for the service. However, even with municipal sanitation workers, the Town of Hempstead runs its sanitation districts at a cost that would deliver a savings of approximately \$168 per household annually if the town took over operations in the commissioner-run districts.

### **Note on Methodology**

Sanitary services provided by special districts include garbage pickup and garbage disposal. Although garbage disposal is sometimes separately taxed, we combined the two charges for purposes of our analysis. From the consumer point of view, the necessary service is the same, the garbage must be picked up and appropriately dealt with, whether the taxes are bundled or imposed separately.

Charts 1 - 6 are based on Districts' costs. Chart 7 is based on the average residential tax. To calculate costs, we took the operating costs reported in the towns' budget books and added the related disposal costs for class 1 properties, this was then divided by the number of class 1 properties in the district. The costs of the two districts run by the Town of Oyster Bay were analyzed as a combined single district because the Town reports the two districts' expenses on a combined basis in their budget book. To calculate average residential tax in a uniform manner, we determined the average value of a home in each district and used the district's 2006 class one special district tax rate and, where applicable, the class one disposal tax rate, to determine the average tax paid for the service within each district.

Frequency of service did not include rubbish or yard waste pick-ups.

A summary of information concerning each district's residential parcels, tax rates, and computation of average tax per residential parcel is in the table below.

Chart 8

**SANITARY DISTRICTS**  
2006  
Fact Sheet

District Name	Operated By	Number of Class 1 Parcels	Total Assessed Value	Average Market Value Per Parcel (\$000)	Tax Levy (\$000)	Tax Rate for Collection	Tax Rate for Refuse/Solid Waste Disposal	Combined Tax Rate	Estimated Tax Including Disposal Taxes per Average Parcel (\$)	Class 1 Tax Levy as Percent of Total Tax Levy (for collection only)
Town of Hempstead - District 1	Comm	14,564	39,025	536	8,387	21.490	11.575	21.490	576	58.82%
Town of Hempstead - District 2	Comm	15,150	23,244	307	6,775	29.146	11.575	40.721	625	72.15%
Town of Hempstead - District 6	Comm	29,975	49,324	329	15,230	30.878	11.575	42.453	699	70.55%
Town of Hempstead - District 7	Comm	9,883	18,318	371	3,159	17.243	11.575	28.818	534	51.05%
Town of Hempstead - District 14	Comm	900	2,431	540	218	8.969	11.575	20.544	555	72.68%
Lido Beach-Point Lookout	Town	2,134	5,608	526	830	14.803	11.575	26.378	693	75.78%
Merrick-North Merrick	Town	11,576	24,543	424	3,908	15.923	11.575	27.498	583	79.29%
Town of Hempstead	Town	65,553	113,090	345	16,193	14.319	11.575	25.894	447	60.31%
Carle Place	Comm	1,491	2,683	360	149	5.560		5.560	100	26.23%
Glenwood	Comm	82	157	384	0	0.285		0.285	5	1.36%
Manhasset	Town	2,291	9,931	867	354	3.561		3.561	154	42.19%
New Cassel	Town	2,578	3,503	272	523	14.931		14.931	203	37.53%
Port Washington	Comm	5,962	18,162	609	948	5.218		5.218	159	56.06%
Roslyn	Comm	1,270	2,821	444	145	5.142		5.142	114	33.36%
Albion-Searingtown-Herricks	Town	7,510	21,634	576	2,041	9.432		9.432	272	79.08%
New Hyde Park - Garden City Park - Floral Park Centre	Town	6,656	13,805	415	1,211	8.771		8.771	182	61.23%
Great Neck	Town	1,518	4,651	613	368	7.917		7.917	243	66.26%
Glenwood- Glen Head	Comm	2,391	5,467	457	494	9.029		9.029	206	52.47%
Town of Oyster Bay - Garbage District 1	Town	60,511	120,601	399	16,812	13.940	5.821	19.761	394	60.51%
Town of Oyster Bay - Garbage District 2	Town	10,594	22,039	416	3,072	14.058	5.821	19.879	414	60.51%
Syosset	Comm	759	2,122	559	287	13.520	5.821	19.341	541	56.62%

(2)

### Water Service

Nassau County homeowners who live outside of villages and cities receive water from private water companies, authorities and special districts.

To understand what homeowners pay for water, it is not sufficient to look simply at property taxes, as we did with sanitary service. Water providers that are governmental entities impose property taxes, but private water providers do not have the right to levy taxes. Moreover, all water providers, even those that levy property taxes, charge homeowners fees for water use. Therefore, our analysis of the cost to residential homeowners for water service includes both property taxes and water use fees.

An analysis of the revenue reported by water districts in 2005 shows that the majority of special districts receive more of their revenue from water use charges than from property taxes. At the two extremes, the Jericho water district received only 3% of its revenue from property taxes and the Glenwood water district received 61% of its revenue from property taxes. Although each district's user charges vary, most districts charge more per gallon as usage increases. Therefore, to the extent that revenue is derived from usage charges rather than property taxes, the cost of water to homeowners will more accurately reflect their water consumption. In addition, some water districts have substantial revenues from sources other than water users.

The chart below shows the percentage of district revenue from taxes, charges and other sources for those districts that filed annual reports with the Comptroller's Office.

Water District Revenue Sources  
2006

Chart 9

Name of Water District	Budgeted Revenue in Dollars				Percentage of Revenue			
	Property Taxes	Water Usage	Other	Total Revenue	Property Taxes	Water Usage	Other	Total
Albertson	1,130,684	1,080,385	386,808	2,597,877	43.52%	41.59%	14.89%	100.00%
Carle Place	1,163,950	674,000	204,500	2,042,450	56.99%	33.00%	10.01%	100.00%
Franklin Square	937,427	1,234,275	118,500	2,290,202	40.93%	53.89%	5.17%	100.00%
Glenwood	188,269	143,600	1,500	333,369	56.47%	43.08%	0.45%	100.00%
Hicksville	4,431,194	2,984,660	176,075	7,591,929	58.37%	39.31%	2.32%	100.00%
Jericho	254,400	5,062,387	167,640	5,484,427	4.64%	92.30%	3.06%	100.00%
Locust Valley	335,487	1,000,847	128,000	1,464,334	22.91%	68.35%	8.74%	100.00%
Massapequa	2,000,000	2,811,500	337,638	5,149,138	38.84%	54.60%	6.56%	100.00%
Oyster Bay	735,714	885,300	371,000	1,992,014	36.93%	44.44%	18.62%	100.00%
Plainview	2,759,697	1,946,520	628,708	5,334,925	51.73%	36.49%	11.78%	100.00%
Port Washington	1,286,213	2,854,547	110,000	4,250,760	30.26%	67.15%	2.59%	100.00%
Roslyn	1,930,620	1,506,875	30,000	3,467,495	55.68%	43.46%	0.87%	100.00%
West Hempstead -Hempstead Gardens	1,338,556	1,527,500	175,000	3,041,056	44.02%	50.23%	5.75%	100.00%
<b>Total</b>	<b>18,492,211</b>	<b>23,712,396</b>	<b>2,835,369</b>	<b>45,039,976</b>	<b>41.06%</b>	<b>52.65%</b>	<b>6.30%</b>	<b>100.00%</b>

Some water districts have substantial revenues from sources other than taxes or water use charges. The chart below breaks down the source of revenue for those districts receiving 10% or more of their revenue from non-tax or charge sources. Rental income, for example from commercial cell phone towers, made up 17.5% of the revenue of the Oyster Bay Water District in 2006. Other districts have accumulated substantial surpluses to the point where interest income on fund balances was 23.5 % of revenue for the Cathedral Gardens District in 2005.

Taxpayers benefit when water districts subsidize operations with rental income. There is little benefit to taxpayers, however, when districts over-tax to such an extent that interest on money sitting in district bank accounts amounts to more than 20% of district revenues. Taxpayers have better uses for their own money than paying it to a special district that does not need the money for operations. Districts with substantial surpluses should consider lowering taxes or charges rather than continuing to collect money that the district is simply depositing for investment income.

<b>Water Districts Other Revenues</b>										<b>Chart 10</b>
Name of Water District	Year	Total all Revenues	Total Other Revenues	Components of Other Revenue					Other Revenue as a Percentage of Total Revenue	
				Interest Income	Rental Income	Sales to Contractors	Grumman Payments	Misc.*		
Bethpage	2005	4,586,042	816,933	131,224	394,823	20,438	170,571	99,877	18%	
Carle Place	2006	2,103,282	267,562	39,233	195,047			33,282	13%	
Cathedral Gardens	2005	71,380	16,786	16,786				0	24%	
Locust Valley	2006	1,904,658	218,050	40,112	161,509	12,901		3,528	11%	
Oyster Bay	2006	1,969,237	421,413	75,969	345,444			0	21%	
West Hempstead - Hempstead Gardens	2006	3,272,305	322,767	54,758	268,009			0	10%	
Westbury	2005	4,232,900	417,637	198,991	**	3,027		215,619	10%	

\* Miscellaneous includes sale of property, compensation for loss, insurance recoveries and other.  
 \*\* Described as use of money and property.

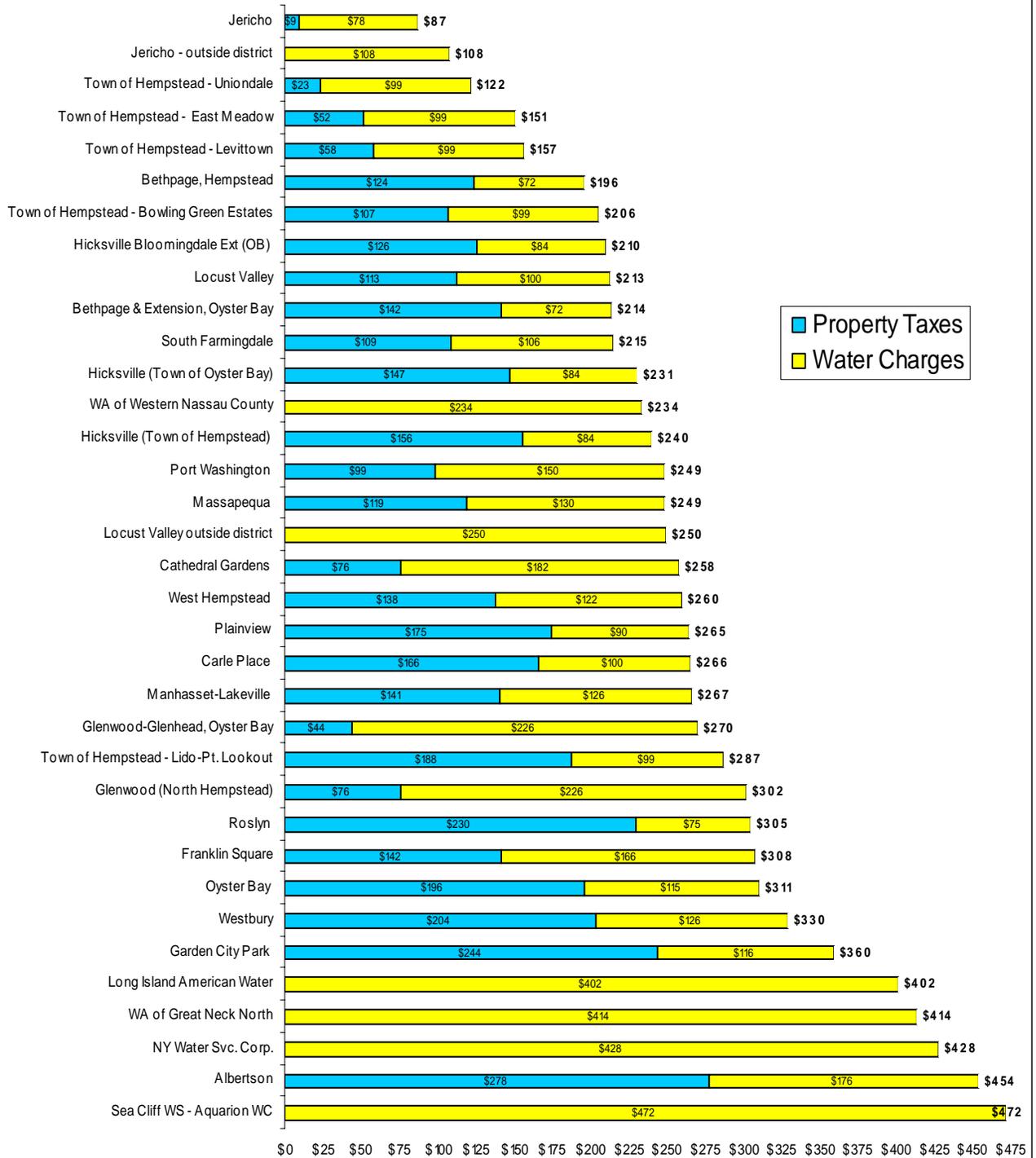
In analyzing the cost of water for the owner of an average priced home in Nassau County, we assumed that the homeowner would use 100,000 gallons of water annually. Based on that assumption and applying the district's property tax rate to the average valued home in the district, the annual cost of water in 2006 to homeowners ranged from \$87 in the Jericho Water District to \$472 to residents served by the Sea Cliff Water Service.

# Water District Costs

Chart 11

Annual Cost - 2006

Average Home Value in Each District - 100,000 Gallons per Year



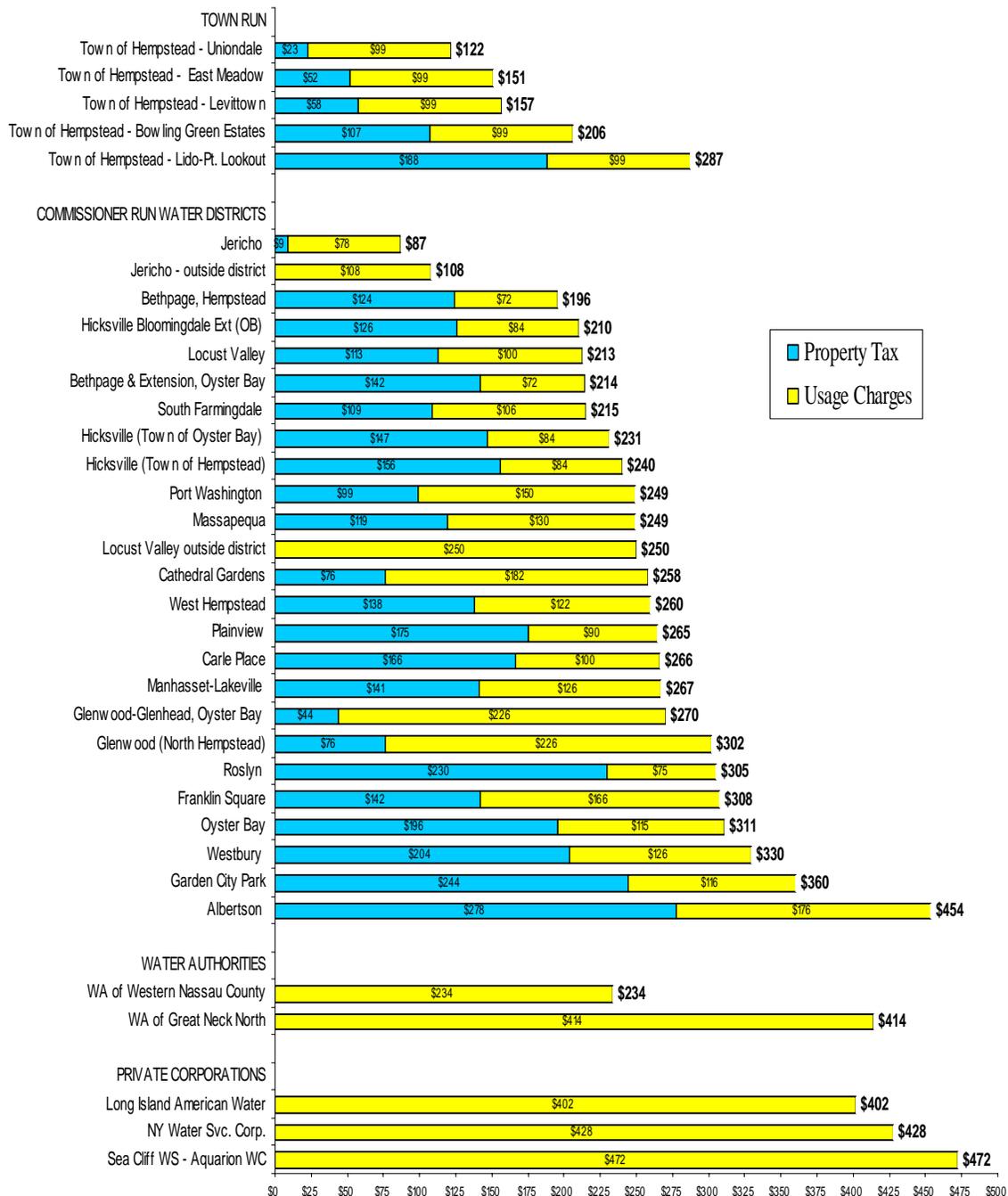
Three of the five least expensive water providers are town-run special districts in the Town of Hempstead. Governmental suppliers generally charge consumers less for water but there is a significant disparity within that group. When analyzed by form of governance, it is apparent that town-run water districts are less expensive than commissioner-run districts. Operating costs should be the same for two types of districts. Yet the average cost to residential homeowners for commissioner-run districts was \$257 in 2006; the average cost to homeowners for town-run districts was \$185. Considering that the analysis holds usage constant, it appears that simply buying a home in a town-run water district instead of a commissioner-run district would save most Nassau County residents money. While water district costs can vary because some districts need to drill deeper wells or provide additional treatment to water, our audits of water districts have also identified areas of unnecessary spending by water districts.<sup>13</sup>

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<sup>13</sup> The Comptroller's Office has issued audit reports on the East Meadow, Franklin Square, Hicksville, and Westbury Water Districts.

**Water District Costs**  
 Annual Cost 2006 - By Type of Governance  
 Average Home in Each District - 100,000 Gallons per Year

**Chart 12**



Three of the five most expensive water providers are private companies. Residents whose water is provided by private companies pay for the cost of providing the water, and in addition pay for expenses not associated with governmental providers including the cost of returning a profit to shareholders; the cost of borrowing at taxable interest rates and the cost of property taxes. While outside the scope of this report, it is also likely that private companies are not as reliable stewards of water resources as governments can be. With the pressure of returning a profit on investment, private companies are less likely to devote the necessary resources to protecting and enhancing Long Island's water.

The cost of property taxes paid by private water companies is significant. In 2006, Long Island Water paid \$11,706,720 in school, town, special district and county taxes, New York Water paid \$7,481,388 and Sea Cliff Water paid \$751,669. The property taxes paid by these three companies total \$19,939,777, almost one-third of the total revenue of the three water companies.<sup>14</sup>

The property tax income is sufficiently significant to the school districts to have made it politically not feasible to have the companies taken over by a water authority when the issue was broached in the 1990's. Any government takeover would probably require the continuation of PILOT's,<sup>15</sup> at least for a period of time. Assuming this continued expense, and the expense of paying for the takeover of the companies, it is not likely that residents would see significant immediate savings from a takeover of the water companies, although they would likely see a decline in the rate of increase over time. The Water Authority of Great Neck North, which took over the Citizens Water Supply Company in a condemnation in 1989, paid \$2,000,639 in principal and interest in 2006, or 27.2% of revenues. Yet even with that high level of debt service, which includes the cost of paying for the acquisition of the system, the Water Authority of Great Neck North is now less expensive for residents than the charges imposed by two of the three private water companies operating in Nassau County. Given the high cost of water for users serviced by private water companies, it may be time to explore again whether the many County residents who still receive water from private companies would benefit if this resource were taken over by the government.

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<sup>14</sup> In 2007, Aqua America took over New York Water and Sea Cliff.

<sup>15</sup> Payments in Lieu of Taxes, or "PILOT"s, are payments made to compensate local governments for taxes they would have received if a taxable entity owned real property.

In addition to costs unique to private water companies, what consumers pay for water can differ because of greater extraction or treatment expense in some areas. Yet at least one water district does no water drilling or treatment; the Cathedral Gardens district merely takes water from West Hempstead and distributes it to the 342 parcels in Cathedral Gardens. It is hard to understand what benefit the residents of Cathedral Gardens receive by paying three commissioners that would not be more efficiently and cheaply accomplished by having West Hempstead run their operations, even if a decision was made against extending the boundaries of the West Hempstead district. In sum, the inefficient management of water resources also increases the cost of water to Nassau County residents.

#### **Note on Methodology**

For the cost component that is based on property tax, we calculated the average value home in the jurisdiction served by the water district and applied the district's 2006 class one tax rate to the home's assessed value. For the usage fee component, we calculated the annual cost of using 100,000 gallons of water.

Water Districts

2006

Fact Sheet

Chart 13

District/Company	Operated By:	Total Tax Levy (\$000)	Class 1 Tax Levy (\$000)	Class 1 Tax Levy as % of Total Levy	Avg. Fair Market Value Class 1 Parcel (\$000)	Avg. Tax per Class 1 Parcel (\$)	First 50,000 Gallons (\$)	Second 50,000 Gallons (\$)	Cost Tax +100,000 gallons (\$)	Total gallons pumped (millions)	Total gallons delivered to consumers	Metered water use (billed directly to customers) (%)
Albertson	Comm	1,446	1,093	76%	605	278	88	88	454	788	688	87.00
Bethpage & Extension, Oyster Bay	Comm	1,689	1,027	61%	369	142	29	43	214	1,410	1,356	96.20
Bethpage, Hempstead	Comm	190	115	61%	321	124	29	43	196	See Bethpage and Extension, Oyster Bay, WD		
Carle Place	Comm	1,164	434	37%	393	166	50	50	266	601	505	84.00
Cathedral Gardens	Comm	36	22	62%	420	76	87	95	258		52	N/A
Franklin Square	Comm	937	681	73%	345	142	86	80	308	783	744	95.00
Garden City Park	Comm	2,109	1,546	73%	520	244	56	60	360	1,300	1,183	91.00
Glenwood (North Hempstead)	Comm	188	15	8%	892	76	113	113	302	71	67	94.95
Glenwood-Glenhead (Oyster Bay)	Comm	190	102	53%	544	44	113	113	270	See Glenwood		
Hicksville (Town of Hempstead)	Comm	394	247	63%	343	156	39	45	240	See Hicksville		
Hicksville Bloomingdale Extension (Town of Hempstead)	Comm	355	104	29%	337	126	39	45	210			
Great Neck	Town	51	34	66%	844	38		38				
Hicksville (Town of Oyster Bay)	Comm	3,683	1,716	47%	336	147	39	45	231	2,640	2,297	87.00
Jericho - Outside District	Comm						53	55	108	See Jericho		See Jericho
Jericho	Comm	254	162	64%	785	9	38	40	87	10,580	9,932	96.22
Locust Valley outside district	Comm						125	125	250	See Locust Valley		
Locust Valley	Comm	336	271	81%	959	113	50	50	213	811	689	85.00
Long Island American Water	Private						238	164	402	10,580	9,932	93.87
Manhasset-Lakeville	Comm	2,618	1,355	52%	908	141	63	63	267	2,630	2,520	95.82
Massapequa	Comm	2,000	1,575	79%	435	119	65	65	249	2,240	2,106	94.00
NY Water Svc. Corp.	Private						199	229	428	6,228	5,431	87.20
Oyster Bay	Comm	611	402	66%	718	196	50	65	311	454	436	96.00
Plainview	Comm	2,760	1,707	62%	456	175	37	53	265	1,610	1,562	97.00
Port Washington	Comm	1,286	781	61%	643	99	70	80	249	1,484	1,382	93.17
Roslyn	Comm	1,930	1,222	63%	744	230	38	37	305	1,282	1,257	98.09
Sea Cliff WS - Aquatiron WC	Private						236	236	472	542	497	91.60
South Farmingdale	Comm	1,619	1,332	82%	351	109	46	60	215	1,900	1,710	90.00
Town of Hempstead - East Meadow	Town	934	660	71%	350	52	37	62	151	See Bowling Green Estates		
Town of Hempstead - Bowling Green Estates	Town	342	311	91%	378	107	37	62	206	7,021	5,933	84.51
Town of Hempstead - Levittown	Town	892	668	75%	304	58	37	62	157	See Bowling Green Estates		
Town of Hempstead - Lido-Pt. Lookout	Town	529	401	76%	527	188	37	62	287	299	282	94.33
Town of Hempstead - Uniondale	Town	281	126	45%	275	23	37	62	122	See Bowling Green Estates		
WA of Great Neck North	Authority						237	177	414	1,698	1,541	90.76
WA of Western Nassau County	Authority						123	111	234	4,410	3,749	85.00
West Hempstead	Comm	1,339	989	74%	362	138	57	65	260	1,270	1,194	94.00
Westbury	Comm	2,402	1,088	45%	307	204	63	63	330	1,110	1,048	94.40

## **Fire Districts**

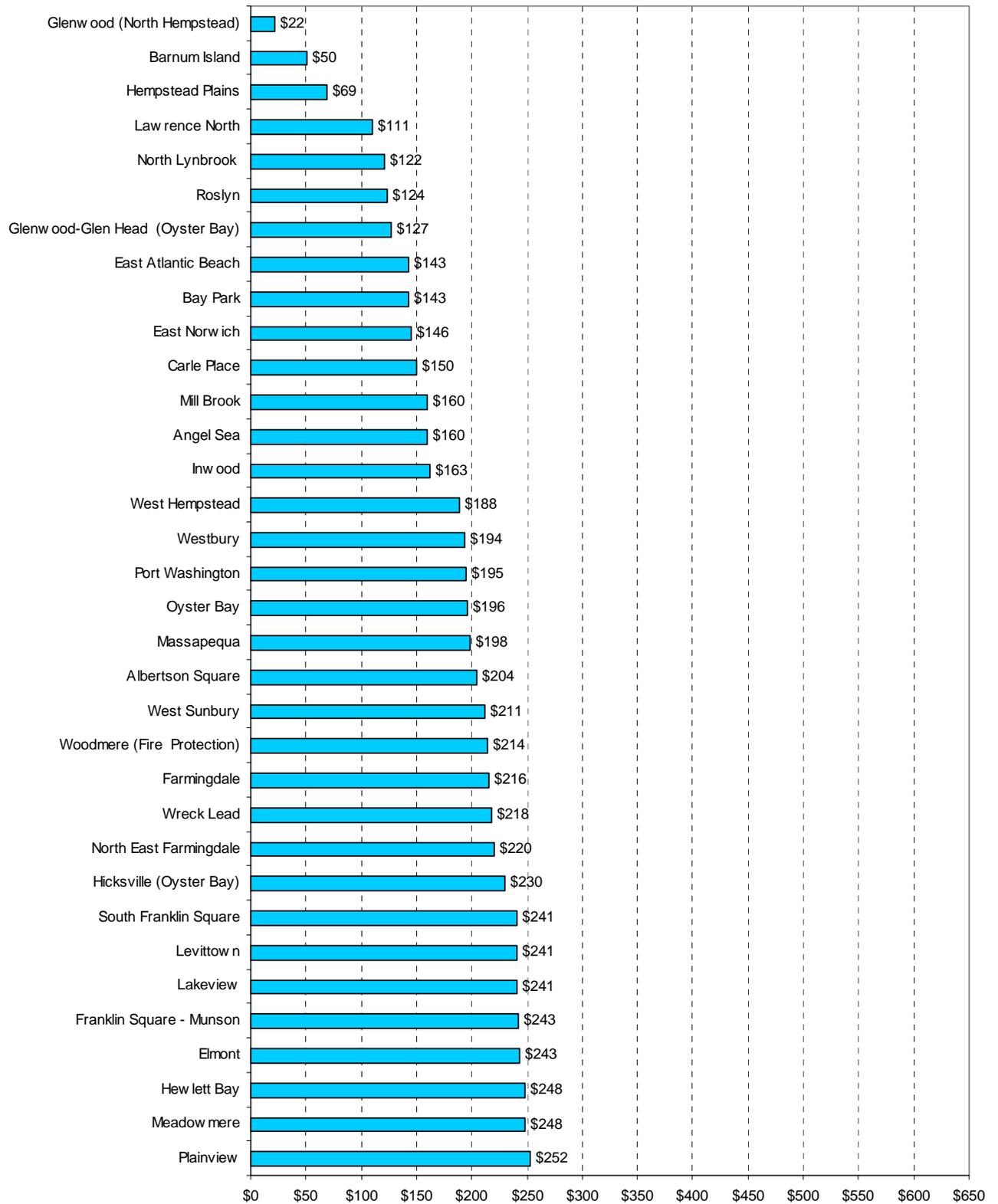
We compared fire district costs by calculating the property tax for the average valued home in each district. It would not be accurate to compare the actual cost, as measured by fire budgets, since the districts also protect commercial properties. Therefore, the analysis looks only at the taxes paid by the average district resident.

Because we compared districts using the average valued home for each district, we would expect little variation in taxes between districts. There should be no variation in quality of service when comparing fire districts, and the districts should each face similar expenses. We have assumed that districts with large commercial properties or tall apartment buildings would require more equipment, but would have a larger tax base to assume the costs. Therefore it was surprising to find that even when the outliers are dropped, some fire districts charge homeowners double what other districts charge for fire protection.

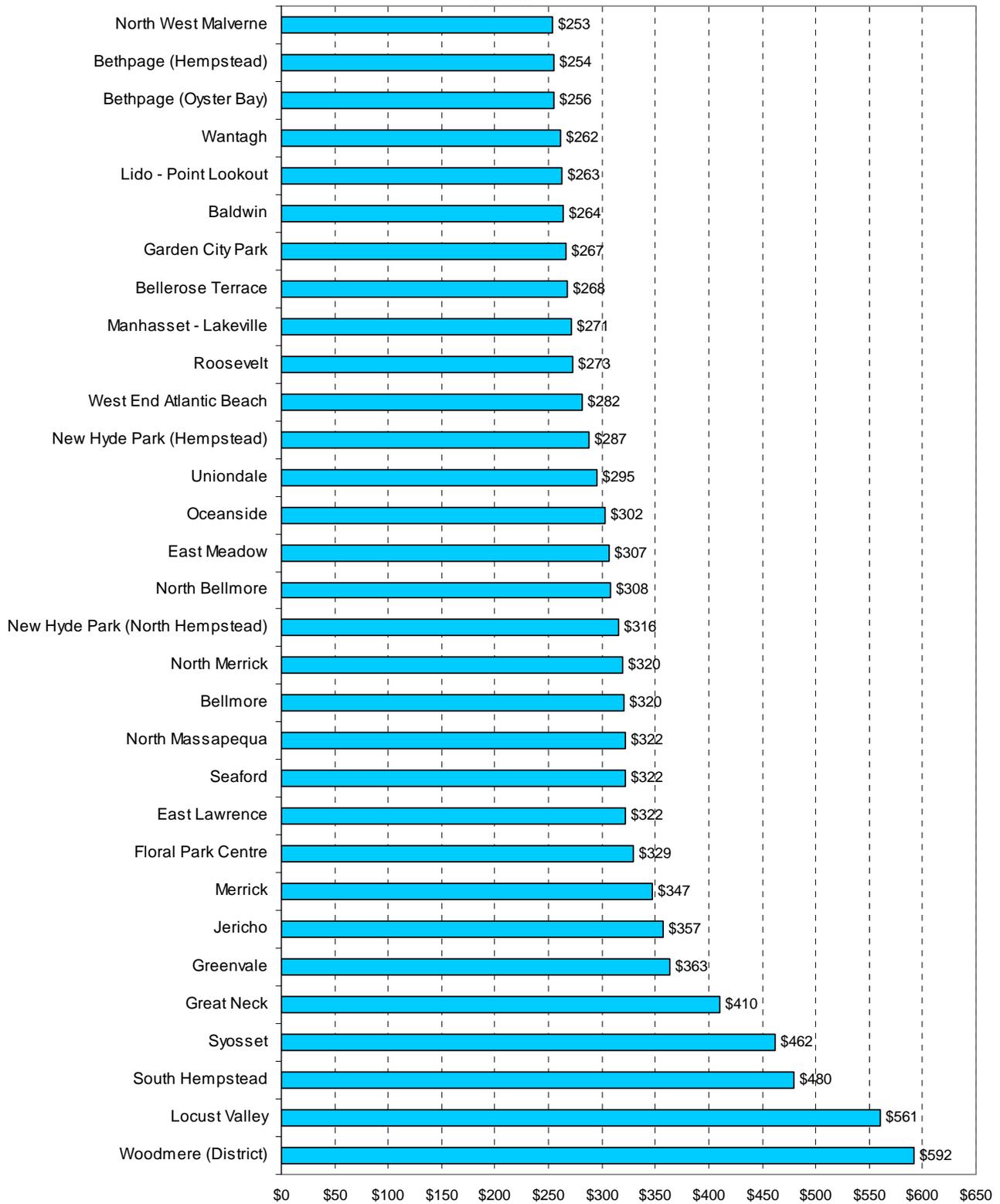
The fire districts that are the most expensive for homeowners impose taxes that vastly exceed the average for Nassau County. Residential homeowners in the Woodmere district paid \$592 for fire service in 2006. Residential homeowners in Locust Valley paid \$561. Yet the average tax County-wide imposed on residential property owners for fire services in 2006 was only \$252.

Comparing all districts from the least to the most expensive, the range in residential tax is from \$22 annually in Glenwood, where commercial taxpayers heavily subsidize the residential property tax, to \$592 in Woodmere.

### Fire and Fire Protection Districts 2006 Annual Tax Part 1



**Fire and Fire Protection Districts**  
**2006 Annual Tax**  
**Part II**



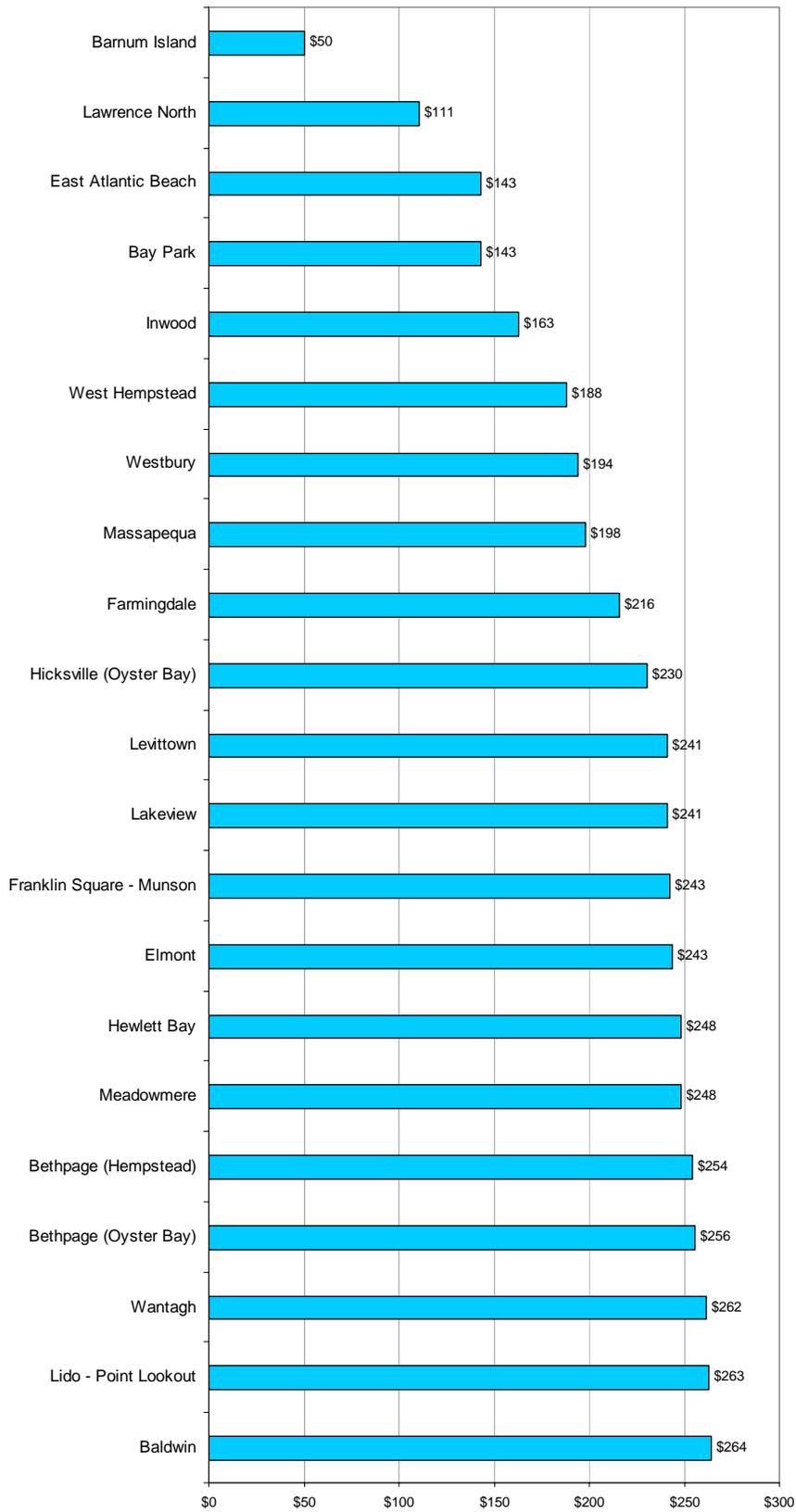
There are no town-run fire districts, so there is no opportunity to compare costs between districts headed by commissioners and districts headed by a town board. However, we did find that fire protection districts, where towns negotiate the fire contract, were generally more cost effective for residents than fire districts. The difference reflects the greater professionalism and attention to costs that a general government, such as a town or village, can bring to budgeting. Towns can be expected to actively negotiate a contract for fire service, perhaps because it is easier to enter into hard negotiations when a municipality is negotiating with an outside provider. Commissioners of fire districts have no other budget to manage, and no workers to oversee apart from their fire department. Consequently, they probably find it less palatable to act aggressively to keep costs low.

However, it is harder to understand the disparity in costs between fire districts and fire protection districts when the same entity is providing the service in both types of districts. For instance, some residents of Woodmere live in a fire protection district and others live in a fire district and both are served by the same fire company. There is a similar percentage of commercial property within the tax base of the two districts. Therefore, it would make sense that fire costs in both parts of Woodmere would be nearly identical. Yet in 2006, the fire district residents paid \$592 on average while the fire protection district residents paid only \$214. Similarly, homeowners in the Hempstead Plains Fire Protection Districts paid an average tax of \$69 in 2006 while homeowners in the Westbury Fire District paid an average tax of \$194. Both districts are served by the Westbury Fire Department, both have similar average valued homes and the Fire Protection District has only half as much commercial property in its tax base as the Fire District. It is hard to conceive that costs are almost three times higher in the two fire districts than in the fire protection districts.

The chart below sorts the districts by district type: fire districts and fire protection districts.

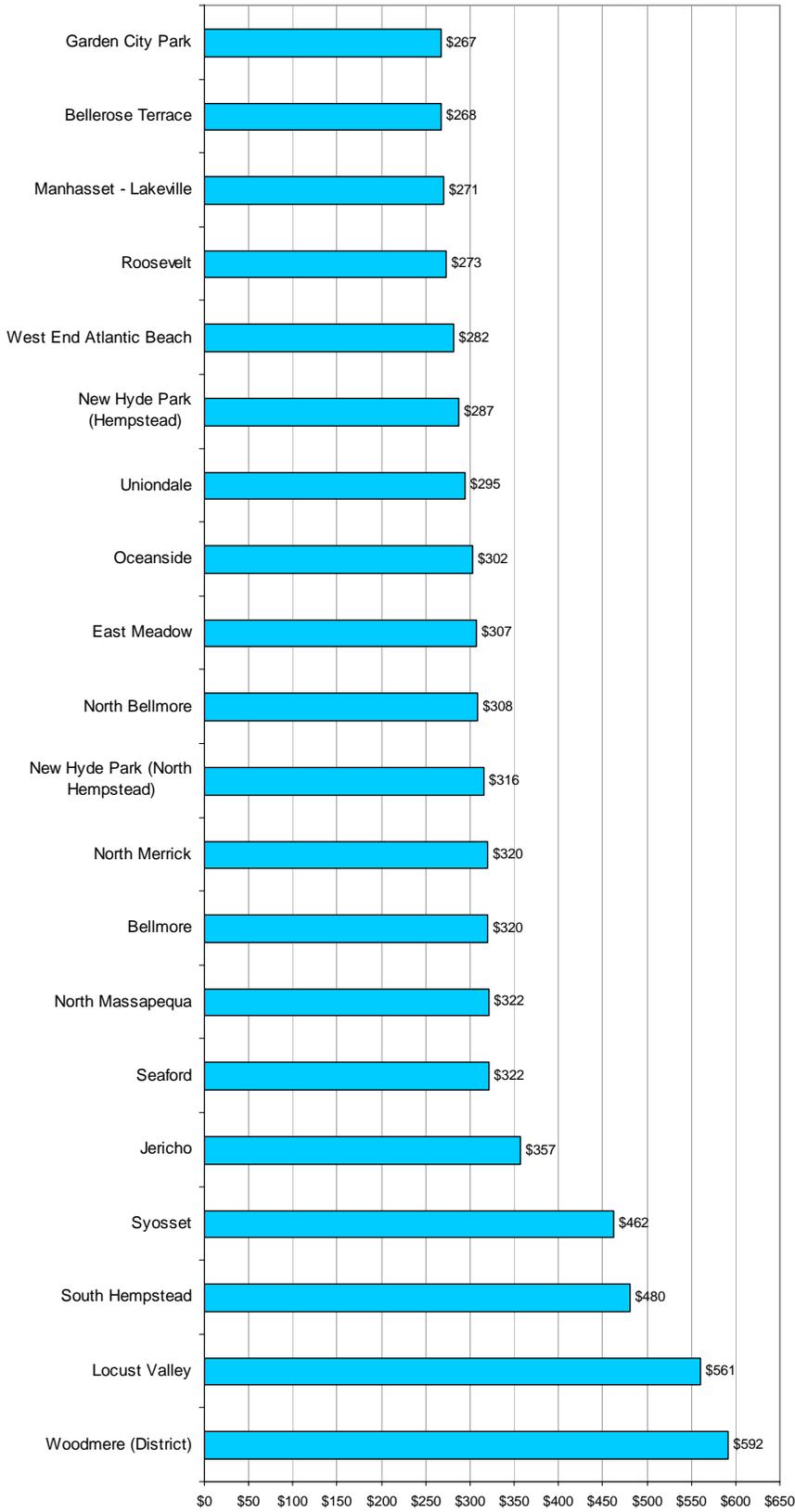
**Fire Districts**  
**2006 Annual Tax by District Type**  
**Part I**

**Chart 15**

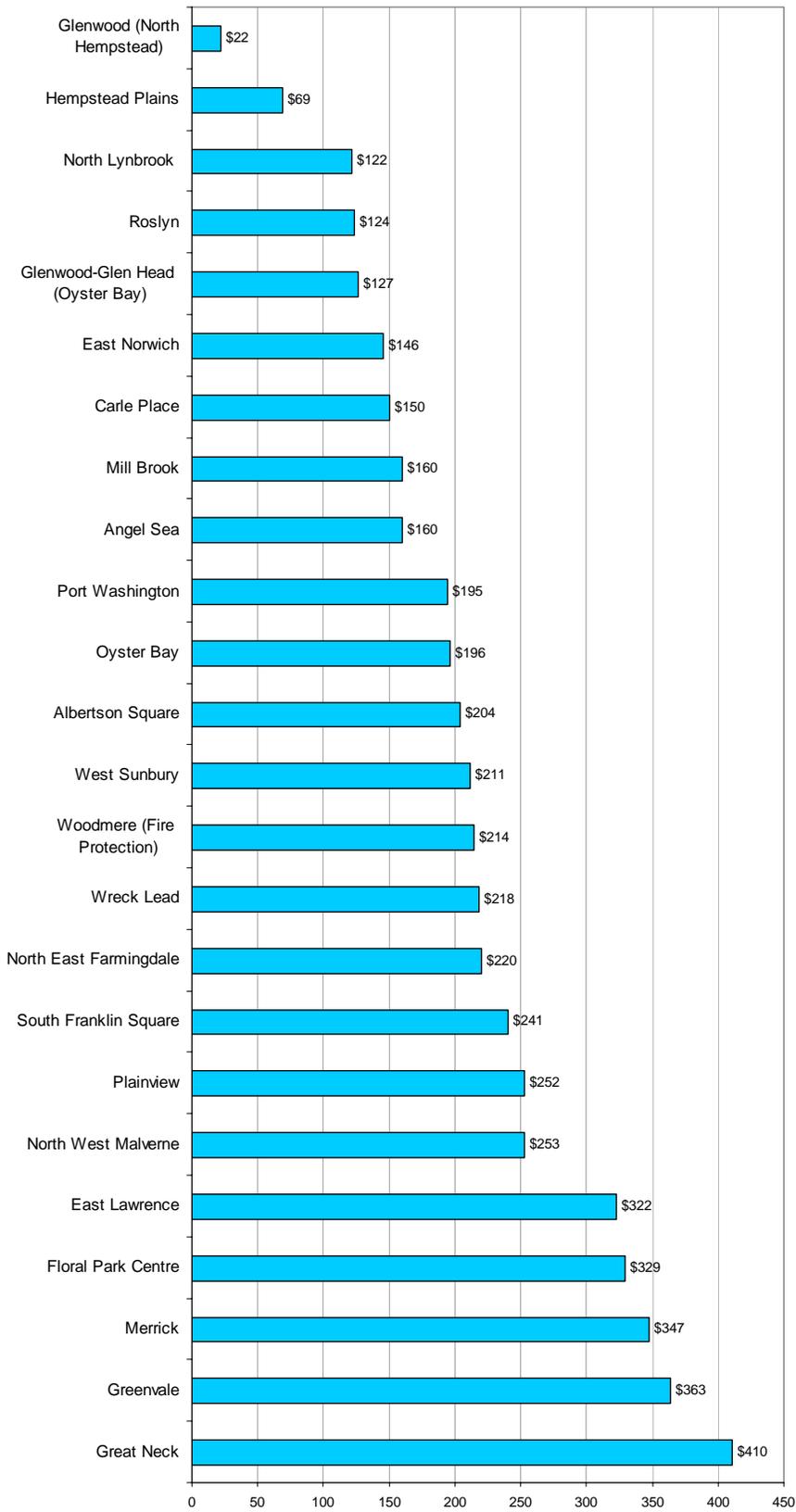


**Fire Districts**  
**2006 Annual Tax by District Type**  
**Part II**

**Chart 15**  
**(Cont.)**



**Fire Protection Districts**  
2006 Annual Tax by District Type



**Note on the data**

We calculated what residents pay in fire taxes by taking the average value home in the fire district and applying the district's 2006 class one tax rate to the home's assessed value.

# Fire Protection Services

Chart 17

## 2006 Fact Sheet

District Type	Taxing Jurisdiction District Name	Operated By	Fire Department	Assessed Value Class 1 (\$'000)	Number of Class 1 Parcels	FMV for AVG Parcel (\$'000)	Tax Levy (Extended) (\$'000)	Tax Rate	Tax per Average Parcel
Fire Protection	Albertson Square	Town	ALBERTSON FIRE COMPANY	11,680	3,874	\$603	\$790	6.768	\$204
Fire Protection	Angel Sea	Town	EAST ROCKAWAY VILLAGE F.D.	130	90	\$288	\$14	11.088	\$160
Fire	Baldwin	Comm	BALDWIN F.D.	16,338	9,706	\$337	\$2,562	15.681	\$264
Fire	Barnum Island	Comm	ISLAND PARK F.D.	1,615	946	\$341	\$48	2.956	\$50
Fire	Bay Park	Comm	EAST ROCKAWAY	1,220	827	\$295	\$118	9.684	\$143
Fire	Bellerose Terrace	Comm	BELLEROSE TERRACE F.D.	934	587	\$318	\$157	16.830	\$268
Fire	Bellmore	Comm	BELLMORE F.D.	11,548	5,597	\$413	\$1,792	15.519	\$320
Fire	Bethpage (Hempstead)	Comm	BETHPAGE F.D.	1,279	805	\$318	\$205	16.008	\$254
Fire	Bethpage (Oyster Bay)	Comm	BETHPAGE F.D.	15,915	8,764	\$363	\$2,239	14.071	\$256
Fire Protection	Carle Place	Town	CARLE PLACE HOOK, LADDER & HOSE CO. NO. 1	5,131	2,633	\$390	\$395	7.707	\$150
Fire	East Atlantic Beach	Comm	LONG BEACH F.D.	2,157	832	\$519	\$119	5.510	\$143
Fire Protection	East Lawrence	Town	LAWRENCE-CEDARHURST F.D., INC.	170	58	\$586	\$19	10.998	\$322
Fire	East Meadow	Comm	EAST MEADOW F.D.	19,313	11,296	\$342	\$3,467	17.954	\$307
Fire Protection	East Norwich	Town	EAST NORWICH VOLUNTEER FIRE CO.	2,824	1,084	\$521	\$158	5.591	\$146
Fire	Elmont	Comm	ELMONT F.D.	20,532	13,407	\$306	\$3,265	15.900	\$243
Fire	Farmingdale	Comm	FARMINGDALE F.D.	7,972	4,868	\$328	\$1,051	13.178	\$216
Fire Protection	Floral Park Centre	Town	FLORAL PARK CENTRE FIRE CO.	472	270	\$350	\$89	18.811	\$329
Fire	Franklin Square - Munson	Comm	FRANKLIN SQUARE & MUNSON F.D.	13,831	7,619	\$363	\$1,849	13.368	\$243
Fire	Garden City Park	Comm	GARDEN CITY PARK WATER/F.D.	16,486	6,369	\$518	\$1,699	10.305	\$267
Fire Protection	Glenwood (North Hempstead)	Town	GLENWOOD HOOK AND LADDER INC.	157	82	\$384	\$2	1.162	\$22
Fire Protection	Glenwood-Glen Head (Oyster Bay)	Town	GLENWOOD HOOK AND LADDER INC.	7,031	2,904	\$484	\$368	5.240	\$127
Fire Protection	Great Neck	Town	GREAT NECK ALERT FIRE COMPANY & GREAT NECK VILLAGE (VIGILANTS)	3,746	879	\$852	\$361	9.630	\$410
Fire Protection	Greenvale	Town	ROSLYN IND. INC. FIRE COMPANY	349	123	\$567	\$45	12.824	\$363
Fire Protection	Hempstead Plains	Town	WESTBURY F.D.	4,455	2,299	\$388	\$158	3.550	\$69
Fire	Hewlett Bay	Comm	HEWLETT BAY F.D.	9,161	3,130	\$585	\$777	8.483	\$248
Fire	Hicksville (Oyster Bay)	Comm	HICKSVILLE F.D.	20,113	12,065	\$333	\$2,780	13.820	\$230
Fire	Inwood	Comm	INWOOD F.D.	2,047	1,478	\$277	\$240	11.737	\$163
Fire	Jericho	Comm	JERICO F.D.	12,749	3,831	\$666	\$1,368	10.728	\$357
Fire	Lakeview	Comm	LAKEVIEW F.D.	5,282	3,403	\$310	\$820	15.518	\$241
Fire	Lawrence North	Comm	LAWRENCE-CEDARHURST F.D., INC.	474	290	\$327	\$32	6.760	\$111
Fire	Levittown	Comm	LEVITTOWN F.D.	13,329	8,735	\$305	\$2,103	15.778	\$241
Fire	Lido - Point Lookout	Comm	LIDO AND POINT LOOKOUT F.D.	5,608	2,134	\$526	\$560	9.995	\$263
Fire	Locust Valley	Comm	LOCUST VALLEY F.D.	11,575	2,428	\$953	\$1,362	11.763	\$561
Fire	Manhasset - Lakeville	Comm	MANHASSET-LAKEVILLE F.D.	40,066	8,725	\$918	\$2,363	5.898	\$271
Fire	Massapequa	Comm	MASSAPEQUA F.D.	38,980	18,796	\$415	\$3,726	9.559	\$198
Fire	Meadowmere	Comm	MEADOWMERE PARK F.D.	212	149	\$285	\$37	17.424	\$248
Fire Protection	Merrick	Town	MERRICK F.D.	14,272	5,991	\$476	\$2,080	14.577	\$347
Fire Protection	Mill Brook	Town	VALLEY STREAM F.D.	2,141	1,165	\$368	\$186	8.681	\$160
Fire	New Hyde Park (Hempstead)	Comm	NEW HYDE PARK F.D.	2,336	1,228	\$380	\$353	15.098	\$287
Fire	New Hyde Park (North Hempstead)	Comm	NEW HYDE PARK F.D.	9,501	4,782	\$397	\$1,512	15.910	\$316
Fire	North Bellmore	Comm	NORTH BELLMORE F.D.	15,322	8,613	\$356	\$2,656	17.332	\$308
Fire Protection	North East Farmingdale	Town	FARMINGDALE F.D.	301	161	\$374	\$35	11.772	\$220
Fire Protection	North Lynbrook	Town	MALVERNE F.D.	392	216	\$363	\$26	6.703	\$122
Fire	North Massapequa	Comm	NORTH MASSAPEQUA F.D.	11,252	6,049	\$372	\$1,948	17	\$322
Fire	North Merrick	Comm	NORTH MERRICK F.D.	8,942	4,874	\$367	\$1,557	17.415	\$320
Fire Protection	North West Malverne	Town	MALVERNE VILLAGE F.D.	2,170	1,192	\$364	\$302	13.903	\$253
Fire	Oceanside	Comm	OCEANSIDE F.D.	18,219	9,815	\$371	\$2,969	16.296	\$302
Fire Protection	Oyster Bay	Town	OYSTER BAY FIRE CO. NO. 1 & ATLANTIC STEAMER FIRE CO. OYSTER BAY	3,992		\$500	\$314	7.855	\$196
Fire Protection	Plainview	Town	PLAINVIEW VOLUNTEER F.D., INC	22,657	9,849	\$460	\$2,486	10.974	\$252
Fire Protection	Port Washington	Town	PORT WASHINGTON F.D.	15,012		\$634	\$921	6.135	\$195
Fire	Roosevelt	Comm	ROOSEVELT F.D.	4,451	4,007	\$222	\$1,093	24.546	\$273
Fire Protection	Roslyn	Town	ROSLYN HIGHLANDS FIRE COMPANY & ROSLYN RESCUE FIRE COMPANY	2,962		\$445	\$164	5.554	\$124
Fire	Seaford	Comm	SEAFORD F.D.	6,068	3,138	\$387	\$1,011	16.656	\$322
Fire Protection	South Franklin Square	Town	FRANKLIN SQUARE-MUNSON F.D.F.D.	1,255	668	\$376	\$161	12.799	\$241
Fire	South Hempstead	Comm	SOUTH HEMPSTEAD F.D.	2,201	1,234	\$357	\$592	26.911	\$480
Fire	Syosset	Comm	SYOSSET F.D.	33,296	10,093	\$660	\$4,666	14.014	\$462
Fire	Uniondale	Comm	UNIONDALE F.D.	7,415	5,469	\$271	\$1,613	21.752	\$295
Fire	Wantagh	Comm	WANTAGH F.D.	30,764	17,411	\$353	\$4,556	14.809	\$262
Fire	West End Atlantic Beach	Comm	LONG BEACH F.D.	3,298	1,146	\$576	\$323	9.799	\$282
Fire	West Hempstead	Comm	WEST HEMPSTEAD F.D.	5,671	3,238	\$350	\$610	10.749	\$188
Fire Protection	West Sunbury	Town	HEWLETT BAY F.D.F.D.	4,437	1,778	\$499	\$376	8.472	\$211
Fire	Westbury	Comm	WESTBURY F.D.	8,171	5,364	\$305	\$1,040	12.728	\$194
Fire	Woodmere (District)	Comm	WOODMERE F.D.	7,687	2,832	\$543	\$1,675	21.794	\$592
Fire Protection	Woodmere (Fire Protection)	Town	WOODMERE F.D.	534	223	\$479	\$48	8.946	\$214
Fire Protection	Wreck Lead	Town	ISLAND PARK VILLAGE F.D.	982	501	\$392	\$109	11.15	\$218

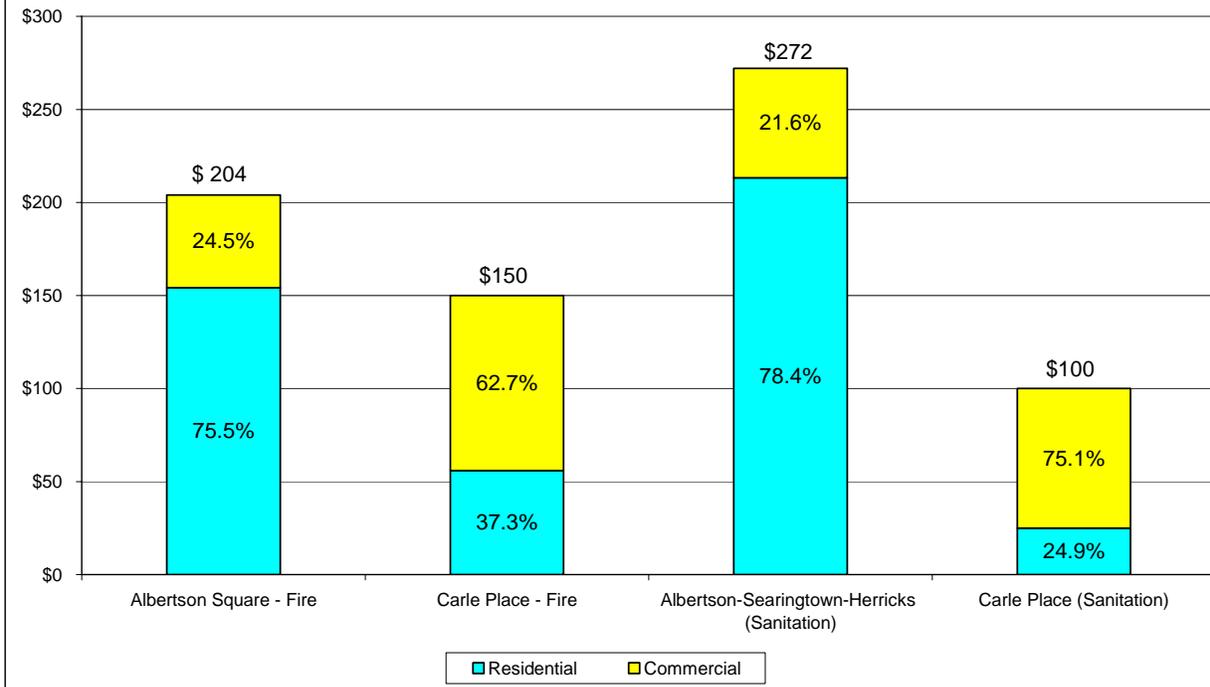
**What is the impact of the commercial tax base on residential special district costs?**

Generally, residents of special districts with a high concentration of commercial properties pay a lower tax per parcel than residents of special districts with little commercial property. This is most evident in Glenwood where commercial properties paid 99% of the total tax levy for sanitary services and fire protection services in 2006. Residents of Glenwood paid only \$5 per year on average for sanitary services and \$22 per year for fire services.

Commercial property rich districts can charge residents lower taxes. For example, commercial properties in Carle Place contribute 63% of the fire district and 75% of the sanitary district taxes, while in nearby Albertson, commercial properties contribute 24% of the fire district and 22% of the sanitary district taxes. With less commercial property to take up the tax burden, residents in Albertson pay more than residents in Carle Place for fire and sanitary services. In 2006, Carle Place residents paid \$150 for fire protection while Albertson residents paid \$204; for sanitary services, Carle Place residents paid \$100 while Albertson residents paid \$272.

**Impact of Commerical Property  
on Albertson and Carle Place Fire and Sanitation Districts  
2006**

Chart 18



In sanitary districts, where service is generally not provided to commercial property owners, we expected that there would be a straight correlation between the percentage of commercial property in a district’s tax base and the average residential tax bill for the district. We did not find such a straight forward result.

Residential tax burdens do not strictly correlate with the percentage of commercial property in a sanitary district. The Town of Oyster Bay Garbage District 1 has a tax base with 41.4% commercial property, similar to the tax base of Town of Hempstead Sanitary District 1, which is 42.7% commercial. Yet residents of the town-run Oyster Bay district paid an average tax of \$394 and residents of the commissioner-run Hempstead district paid an average tax of \$576. The sanitation districts in Albertson and Merrick had the lowest percentage of commercial property in their tax bases, 21.6% and 21.4% respectively. Yet the Albertson resident’s average sanitary tax of \$272 was lower than the average sanitary tax county-wide at \$366. While the average residential tax in the Merrick district was higher at \$583, there are three sanitary districts that have a greater percentage of commercial property making up the

tax base, and yet they impose taxes from \$42 to \$116 higher than the Merrick district's average residential tax.

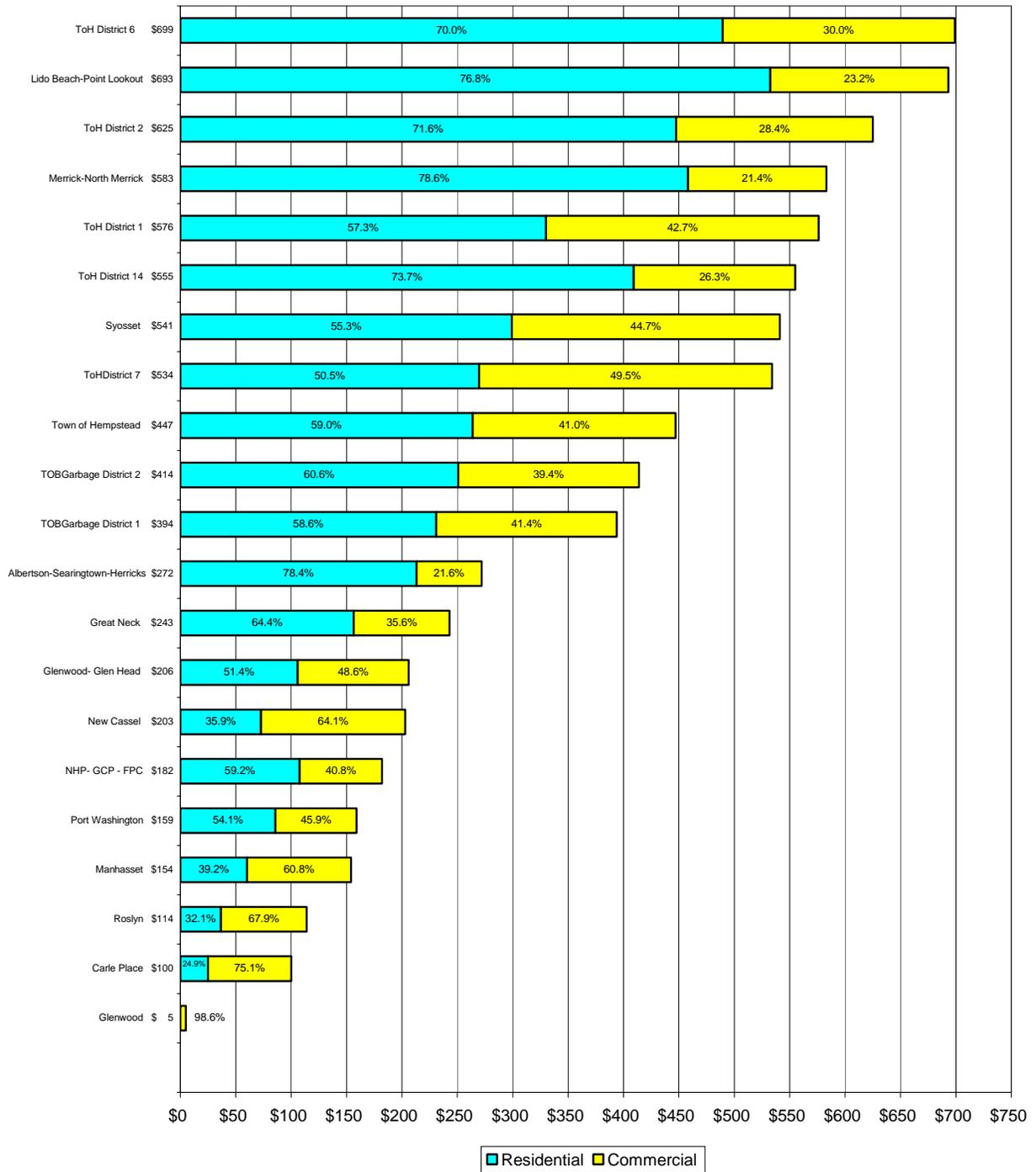
There is no clear correlation between the percentage of commercial property in a sanitary district's tax base and residential taxes even when we compare districts that hire municipal employees only with each other. Thus, residents of the Town of Hempstead Sanitary District 7, the district with the most commercial property for all the sanitation districts with municipal employees, pay higher taxes (\$534 annually) than residents of the Town of Hempstead District or Oyster Bay Garbage District 2, which have less commercial property and charge lower average residential taxes (\$447 and \$414 respectively).

For districts that contract out sanitary services, residents of Syosset pay far more in taxes, an average of \$541 annually, than residents of Albertson (\$272), even though commercial property owners in Syosset pay 45% of the tax levy while in Albertson they pay only 22% of the tax levy.

Thus, it appears that effective cost management by sanitary districts is more important to keeping the cost to taxpayers low, than the commercial subsidy. Town-run districts cost less than commissioner-run sanitary districts, without consideration of the amount of commercial property in the district. Districts that contract out for sanitary service cost less than districts with municipal employees, without consideration of the commercial property in the district.

**Sanitary Districts**  
**Average Residential Property Tax and**  
**Percentage of Total Levy Paid by Residential and Commercial Properties**  
**2006**

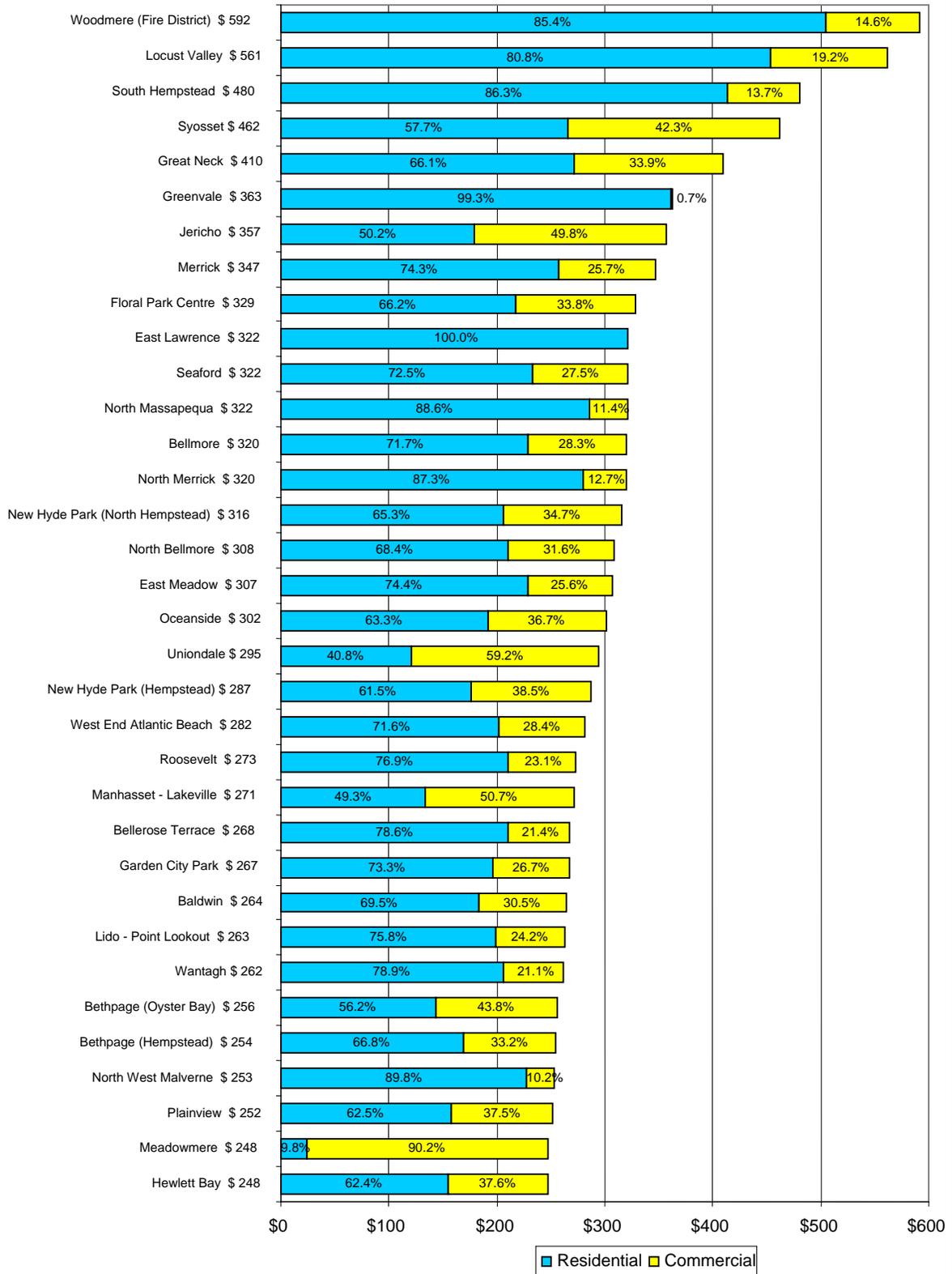
**Chart 19**



Similarly, residential taxes in fire districts do not directly correlate to the percentage of commercial property in the tax base. Since fire services are provided to all types of property and it may cost more to protect commercial properties, it is not as clear that commercial taxpayers subsidize residential tax payers in fire districts. The following chart shows that when commercial property makes up a larger component of the tax levy, the taxes on residential property are lower. Thus, at the extreme the two fire districts where residential owners pay \$50 or less a year for fire service, commercial property makes up at least 91% of the tax levy. At the other extreme, the two fire districts where residential owners pay over \$560 a year for fire service, commercial property made up only 17% of the tax levy. However, the fourteen fire and fire protection districts in the middle range that charged residential owners from \$250 - \$300 annually, had commercial property making up from 10% to 59% of their tax levy. Thus, fire districts that lacked a large commercial tax base were still able to control the taxes levied on residential homeowners by keeping costs down.

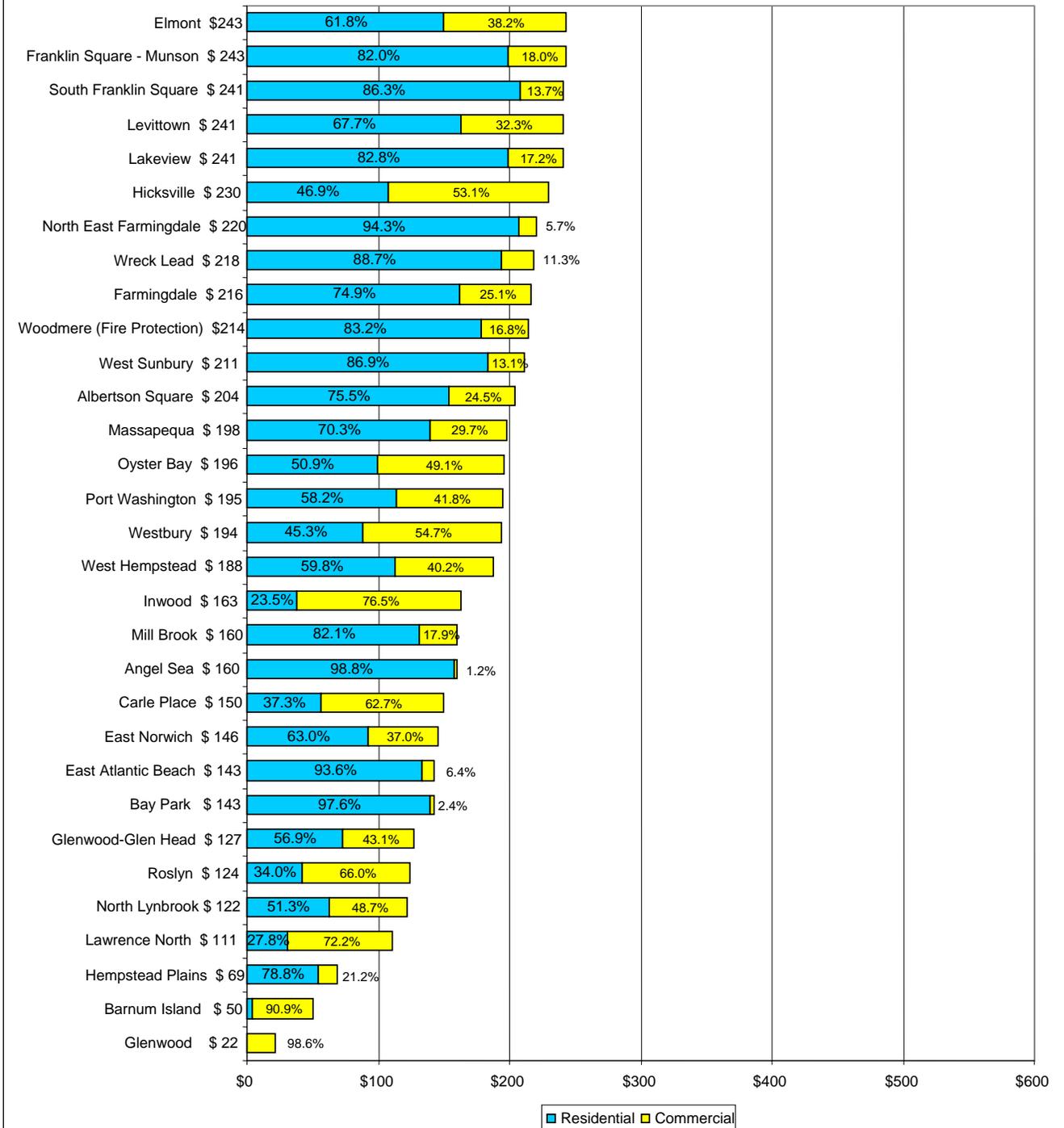
**Fire Districts**  
**Average Residential Property Tax and**  
**Percentage of Total Tax Levy Paid by Residential and Commercial Properties**  
**2006**  
**Part I**

**Chart 20**



**Fire Districts**  
**Average Residential Property Tax and**  
**Percentage of Total Tax Levy Paid by Residential and Commercial Properties**  
**2006**  
**Part II**

**Chart 20**  
**(Cont.)**



Since taxes are only one component of the charges to residents in water districts, the amount of commercial property in a district has even less of an impact on the cost to residential users than in sanitation districts. There did not appear to be any correlation between concentrations of commercial property and lower costs to residential property owners in water districts.

### Conclusion

Most Nassau County residents could pay significantly less for sanitation, fire and water services if they lived in a lower tax district, without any reduction in the quality of their service.

**Chart 21**  
**Summary of Tax Ranges by Type of Service**

<b>Service</b>	<b>Tax Per Home*</b>	<b>Cost Per Home</b>
Garbage	\$100 - \$699	\$301 - \$974
Water	\$87- 472**	n/a
Fire	\$50 - \$592	n/a

\* Excludes Glenwood

\*\* Water tax figure includes Water Usage Charge

The most important step that can be taken to bring down special district property taxes is to control special district spending. The towns have a major role in controlling costs for sanitary and water services. Town-run districts manage costs better than commissioner-run districts. State Comptroller Tom DiNapoli stated in a report on special districts that it is time to consider town delivery of services currently delivered by commissioner-run districts. Comptroller Weitzman has suggested that the Governor’s Commission on Local Government Efficiency and Competitiveness recommend that the towns take over operation of sanitary services for the commissioner-run districts. This report demonstrates that at least for sanitation services, there is an opportunity to save Nassau County residents approximately \$18 million dollars by moving sanitation operations from commissioner-run districts to town-run districts, without changing the distribution of commercial property in each district. This report also shows that town-run water districts are more cost effective than commissioner-run

water districts, and town negotiated fire contracts in fire protection districts are more cost effective than commissioner-run fire districts.

For those commissioner-run districts that remain, strong town oversight is critical to bringing costs down. Town Supervisors should vigorously exercise their authority to review proposed district spending, which is an authority they have over all districts except fire districts. Many districts headed by commissioners could easily trim their budgets. The *Cost Savings Report* issued by this office presents steps that could have saved Nassau taxpayers approximately \$24 to \$36 million in district spending in 2006.

Nassau County residents deserve high quality services, but should not be taken advantage of. By eliminating millions of dollars of unnecessary expense, special districts could lower tax bills to the benefit of all our residents.