

Consolidation

Nationwide Perspective

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Learning from Other States

- Other states took the same path as WA
 - In Indiana, there are 3,086 local governments
 - There are 566 municipalities within New Jersey
 - Kansas had 3,877 local governments in 2002
- Many have already consolidated/started consolidation.
 - Indiana, New York, New Jersey, Michigan
 - International – Australia, Canada, Norway
- We can learn from their mistakes & steal their good ideas.

NOTE: In much of the literature, there are states that are looking at restructuring local government. Nearly all of these reports report that special purpose districts are one of the most inefficient options, and reduce public accountability because voters don't know what agency is delivering the service.

Consolidation Models

Government-Government Merger

Government AB

City-County

New Orleans-Orleans Parish, 1805, Cusseta City- Chattahoochee County, Georgia, 2003

New SPD

In Coventry, Rhode Island, 4 of the state's 7 fire districts merged into the Coventry Fire District. Throughout, the district areas, savings ranged from 8-29 cents that they used to buy more equipment.

There have been only 32 successful mergers of cities with their counties since 1805 and with 22 happening in the last 40 years. Since 1990 there have been 17 attempts at consolidation with only four successes. West Virginia Commission Report.

Consolidation Models

- Failed Attempt
- Successful Attempt

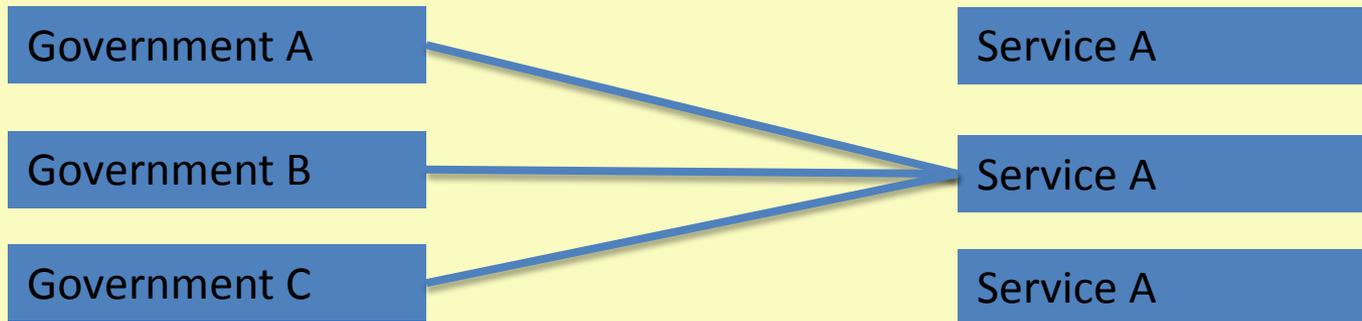


Government-to-Government Mergers since 1970
- 2009 Study by Ball State University in Indiana

Consolidation Models

Services Merger

*Most Common &
Literature Indicates it's the Quickest Way to Efficiency*



LA County, - 45% of local governments use contracts to provide police services.

Consolidating Services

- Police
- Fire
- Roads
- Parks & Recreation
- Libraries
- Health/Human Services
- 911 Call Centers
- Capital-intensive services; IT

Least Visible to the Public

- Personnel Services
- Purchasing
- Finance
- Public Works
- Planning
- Solid Waste

Advantages based on National Trends

- **Fiscal Impact**

- Direct savings indeterminate as a national trend.
- Increased credit strength.
- Expanded ability to attract federal/state funding

- **Efficiency**

- Economies of Scale – Smaller Jurisdictions
- X-inefficiency - Larger Jurisdictions
- Regionalism, land use planning

- **Equity**

- **Democratic Control:** Voters know who is responsible for providing governmental services.

Disadvantages/Misconceptions

- There is a **limited economic development benefit** to consolidation.
 - Exception: Mergers to accomplish a particular economic development goal. E.g. UNIGOV, Indiana
- **Local Control**
 - Literature divided
 - Provision of service v. Production of service
- **Transition** Costs can be Significant
- **Referendum** Efforts: Government-to-Government Mergers
- **It's not easy:** “transformation will be disruptive, even painful, in the short run.” (Kernan Shepard)

Indiana

- 3,086 Local Governments
- Different from WA: Townships
- 2007 created the Indiana Commission on local government reform.
- Successful City-County Merger – Indianapolis & Unigov (not voter approved).

Michigan

Lesson Learned: Services Merger v. Government-to-Government Merger

- Fewer SPDs than WA
- 2007 – State attempted to incentive government-to-government mergers w/ townships & counties.
- Began encouraging service sharing. Now, $\frac{3}{4}$ of townships provide police services via contract, 50% share building inspectors, 62% share water services, and 79% share sewer.

New York

- 2010 – Created the Local Government Efficiency Dept.
- Focused on towns/villages.
- Statutory process for consolidation (government-to-government mergers).
 - Voter approved and non-voter approved options.
- Local Government Efficiency grants.

Successful Consolidations

Three main requirements:

- Political Will
- Public Demand
- Labor

Must be wanted at the local level, & each consolidation completes financial modeling.

Ideal Service Mergers

Service mergers work best for services that are:

- Capital Intensive
- Employee Intensive
- Skill Intensive

What have other states done?

- Commissions, studies, reports – we're already on the path to consolidation!
- Each local government reports on consolidation/collaboration efforts. (MI)
- Local governments can create service districts, with differentiated levels of service & corresponding tax rates. (IN)
- State law requirements mandating consolidation at certain population thresholds. (less successful)
- Most states require voter approval for consolidation, and have statutes that control consolidation process (KS, MI, NY, etc.)

What have other states done? Cont.

- Compensation for preliminary costs related to consolidation; merger & transition grants.
- If jurisdictions did not merge, state contributions reduced. (stick rather than carrot)
- If jurisdictions consolidating, funding cuts were restored.
- Legislative delegation representing the area must introduce a bill to authorize the consolidation.
(KS)
- Integrating consolidation into collective bargaining for service mergers.

Questions?

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