

Changing the Way Government Works

Best Practices for Intergovernmental Collaboration in
Michigan

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“The question we ask today is not whether our government is too big or too small, but whether it works”.

– President Barack Obama
Inaugural Address

The Ann Arbor region faces a serious economic crisis with serious consequences for local governments. Washtenaw County, for example, recently reported that it will need to cut \$26 million from the budget over the next three years in order to match expenditures and revenue.¹ Plummeting land and home values have taken tax revenue with them, forcing local governments to carefully consider service cuts. Shrinking revenues are not, however, the only problem. Inefficiencies in our current government structure, including the duplication of services in a relatively small geographic region, damage overall service provision.

A 2007 report for Governor Granholm called it a “structural challenge.” According to the report, “Fundamentally, Michigan must reform its spending and taxing and must reinvent the way state and local governments deliver services to be more efficient and productive.”² One possible reform included: “Encouraging, and *if need be requiring*, local units of government and school districts to share or consolidate administrative services and deliver them more cost effectively” (emphasis added).³ This emphasis on intergovernmental collaboration (IGC) to improve efficiencies and services is not new but has certainly received renewed interest in the last several years. Another report for the governor in 2006 called IGC “one of the tools available to cope with fiscal stress.”⁴ The Center for Michigan advocates requiring “intensified consolidation and service sharing in schools and local government”⁵ while the Citizens Research Council of Michigan (CRC) underscores that “Consolidating governmental units and/or functions and services can reduce the costs of government by capitalizing on economies of scale.”⁶

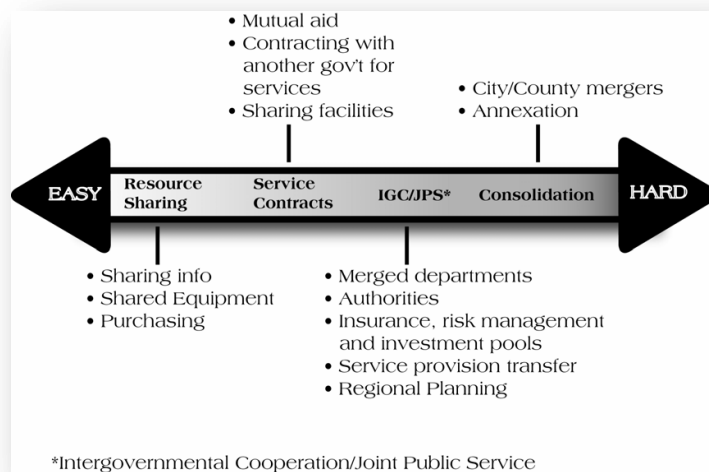
According to one survey there is support among Michigianians for shared or consolidation of services with other units of local government. A 2007 telephone survey inquired about the attitudes of Michigan residents toward strategies for dealing with fiscal stress. 54% of respondents either strongly agreed or agreed with contracting with another local government to provide services at a lower cost.⁷ Consolidating service operations with another local government had both stronger support (66% strongly agree or agree) and less respondents who strongly opposed (18% compared to 24%) than contracting with another local government. The survey revealed, however, a fine line to walk for regions considering IGC – 59% of respondents disagreed or strongly disagreed with transferring responsibility of funding and delivering services to the county, state, or a special district

government. Although Professor Jered Carr of Wayne State University, cautioned that respondents were “clearly not enthusiastic” about these strategies, the survey results do indicate a willingness on the part of the public to investigate the possibilities for IGC.⁸

With growing public support, increasing support from civic organizations, and the implied threat from the state of ultimately requiring cooperation, many local governments are examining the possibilities for additional IGC opportunities as a way of ending the duplication of services and increasing government efficiencies and effectiveness.

What is Intergovernmental Collaboration?

Intergovernmental collaboration can take many forms; the Michigan Government Finance Officers Association developed the following spectrum to illustrate the various types of collaboration and the relative difficulty in achieving each.



Source: *The Business Case for Interlocal Cooperation: A White Paper from the Michigan Government Finance Officers Association*

There are a number of vehicles for achieving collaboration including contracting, user fees or service charges, grants or subsidies, and the use of regulatory or taxing authority.⁹ The types of services that can be applied to this spectrum are nearly unlimited, though some are easier than others.

In 2005 the Citizens Research Council of Michigan (CRC) conducted a survey of every city, village, township, and county government in 25 Michigan counties to examine the provision of 116 governmental functions. Specifically the survey inquired whether or not the responding municipalities directly provided services or under some sort of joint agreement with another

government, a special district, or through a private contractor.¹⁰ In 2008 the CRC published a report on consolidating local government services and identified several interesting patterns from the 2005 survey. Most notably, local units of government clearly found it beneficial to collaboratively provide some services more than others. Additionally, the economic attributes of services are determining factors in deciding which services can best be provided collaboratively.¹¹ CRC divided the attributes into three categories: capital intensive, technically intensive, or labor intensive.

Capital intensive services involve significant expenditures for required resources and local governments can thus capitalize on economies of scale. The CRC gave the example of a fire truck –

Services Most Frequently Indicated as Cooperative Ventures

- Fire Fighting/Rescue
- Library
- Water and Sewer
- Ambulance/EMS
- 911/Radio Communications
- Public Transit
- Water Metering and Billing
- Watershed Management
- Emergency & Disaster Response Planning
- Senior Center
- Property Assessing
- Building Inspection
- Park(s)
- Recycling

Source: *Catalog of Local Government Services in Michigan*
Citizens Research Council of Michigan September 2005

the cost is fixed and does not increase in proportion to the size of the population served by the fire truck. The marginal cost of providing fire service to a broader area is relatively small.

The second economic attribute category – *technically intensive services* – generally requires individuals with college degrees or certifications (i.e. medical examiners, engineers, appraisers, lawyers). Governments can capitalize on economies of skill; the marginal cost of providing a professional service to an additional service area is relatively smaller than two individual units paying for their own professional.¹² *Labor intensive services* account for the largest proportion of local government services and had the highest “self-provision” rates in the *Catalog*.¹³ In contrast to the first two categories it is more difficult to capitalize on the economies of labor intensive services; the marginal cost to

add an additional service area or population is directly related to the amount of staff needed to provide adequate service.¹⁴

Understanding these attributes is critical in deciding not only which services make the best candidates for collaboration, but for defining which collaborative relationship will be the best fit. The CRC identified three basic types of collaboration:

1. **Horizontal Collaboration** exists between two or more equal units of government (i.e. cooperation between cities, villages, and townships). Horizontal collaboration is most often used for capital intensive services.¹⁵
2. **Vertical Collaboration** occurs when services or functions are performed by different levels of government; this most often means collaboration between a county and city, village or township. Technically intensive services are most often associated with vertical collaboration.¹⁶
3. **Indirect Collaboration** is when two or more governments contract with a private entity to provide governmental services.

CRC provided an unscientific classification of the 116 services included in its 2005 survey. Each service was coded according to the level of necessity for government provision, as well as its fit into one of the three economic attribute categories. This matrix may serve as a useful benchmark for initial consideration about which collaborative relationship will be most useful for a specific service.

For example, Property Assessing was rated as a 3 (the highest level) in terms of necessity for government provision and a 3 for the technical expertise needed to provide the service. Thus, Property Assessing is a prime candidate for vertical collaboration. Interestingly however, 76% of the government units in Washtenaw County that responded to the CRC survey directly provide the service themselves. In contrast, 66% of responding units in Oakland County provide the same service through some sort of collaborative relationship, including 4 units that contract with a private provider. Clearly, governments in Oakland County have found some benefit in collaborating on Property Assessment that governments in Washtenaw County have not identified or simply not been able to capitalize on.

Where does Intergovernmental Collaboration Happen?

IGC is possible where interests are shared. Shared interests may include increasing or improving the types of services provided, service provision or economic savings. Potential economic savings must be carefully balanced however with political and cultural costs that may weigh heavier on the minds of elected officials than shared interests.¹⁷ The most frequently cited obstacle to IGC is loss of local control. Citizens and officials alike often believe that service quality will suffer under IGC and their ability to affect change in the service will be reduced. The Michigan Government Finance Officers Association reported that “less direct elected official oversight and/or reduced

citizen participation may diminish traditional checks and balances beyond what would otherwise be prudent.”¹⁸ Shared interests are necessary, but not sufficient; IGCs must be structured to incentivize participation. That is, the benefits of saving tax payer dollars and the potential to improve service quality must be greater than the costs of possible loss of control.

The CRC identified three practices¹⁹ that Oakland County employs which to empower local units in participating in IGC and perhaps alleviate some fears about loss of control. First, Oakland County differed from other counties in its approach to intergovernmental collaboration. Rather than hosting intergovernmental summits, the county organized service groups around individual services to dialogue with local units of government to find out how the county could better serve them. Next, in an effort to assist local units avoid extra costs to implementing IGCs, the county established the Capital and Cooperative Initiatives Revolving Fund (CCIRF) through which the county provides funding for a third-party to study the feasibility of a specific collaboration. Finally, the county suggests that counties look not only at what they need to do better, but to also examine what services local units of government may be struggling to provide, or want to provide but cannot. These three practices, when followed, foster the kind of relationships and understanding that will help collaboration succeed.

Wm. Art Holdsworth, Deputy Director for Management and Budget of Oakland County, outlined several critical points to setting the stage for a successful IGC:²⁰

- Cultivate positive professional relationships to build trust
- Third party facilitation helps reach consensus

Oakland County and the “Culture of Collaboration”

Oakland County, made up of 60 cities, villages and townships, is consistently identified as a leader in intergovernmental collaboration. The county is the major driver; when considering efforts to improve its own service provision the county identifies opportunities for vertical collaboration. For example, when county leaders were working to improve communications between their offices and other government entities, they installed a fiber-optic network to service not only county buildings, but all municipal, police, and court buildings in the county.¹ This improved efficiencies for the county and local governments, and also contributed to a “culture of collaboration”, setting the table for bigger cost-saving collaborations down the road. County leaders in Oakland County recognize that improvements in local government operations can strengthen and improve the entire county.

Source: Approaches to Consolidating Local Government Services. Report 354, November 2008. Citizens Research Council of Michigan. Available online: <http://www.crcmich.org/PUBLICAT/2000s/2008/rpt354.html>

- All participants need to accrue benefits
- Involve all stakeholders from the beginning
- Success breeds success; begin with easier endeavors to build momentum
- Understanding the difference between production and provision of a service and the legal empowerments to collaborate

Figure 1 illustrates why the last point, understanding the legal empowerments to collaborate, is particularly important.

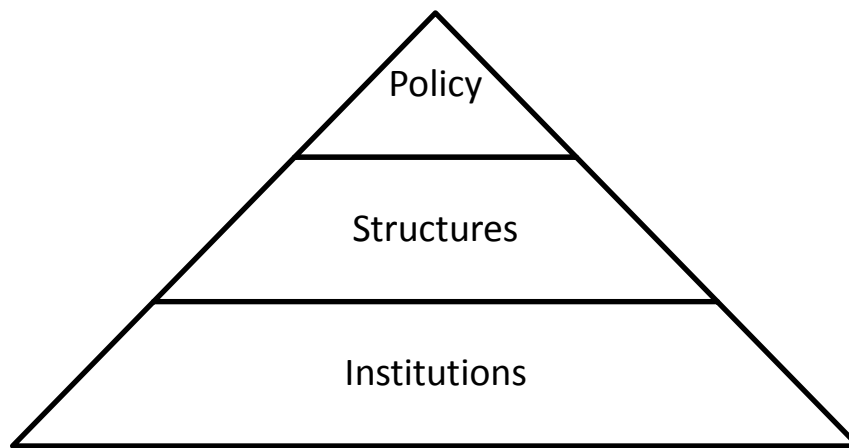


Figure 1. Hierarchy of Collaborative Relationships²¹

The bottom third of the pyramid “Institutions” defines structures and policy and what they can do. For example, Washtenaw County has a Water Resources Commissioner – a structure – and will always have a Water Resources Commissioner unless there is a change to the state constitution – an institution. Institutions are the most difficult to change. “Structures” refers to counties, cities, or townships. These are slightly easier to change. The top third – or “Policy” is implemented by the structures to govern and facilitate the provision of services. These are relatively easy to change. It is important to keep this hierarchy in mind when considering potential collaborations. Does the collaboration you are considering take place at the policy or structure level? Is the particular service determined by the constitution? If so, the collaboration will be more difficult to achieve.

In the last several years Indiana has taken aggressive steps to make local government more efficient. Indiana’s experiences serve as a useful example for understanding the hierarchy of collaborative relationships.

Lessons from Indiana and the Hierarchy of Collaborative Relationships

The 2006 Governor’s Task Force on Local Government Services and Fiscal Stability recommended the creation of the *State Commission on Local Government Sustainability and Intergovernmental Cooperation*.²² This commission would be structured similar to the *Indiana Commission on Local Government Reform* – the brainchild of Indiana Governor Mitch Daniels. The Commission was charged to “Develop recommendations to reform and restructure local government in Indiana in order to increase the efficiency and effectiveness of its operations and reduce costs to Hoosier taxpayers.”²³

The commission’s report decried the duplication of services and the lack of cooperation among local governments and made 27 specific, (and in most cases sweeping) recommendations to improve local government in Indiana. The recommendations are divided by government type - county, township, schools, cities and towns, libraries and special districts, with seven recommendations aimed generally at local governments and providing support and monitoring for implementation of the recommendations.

Recommendation #3 calls for transferring the responsibility of administering the duties of the county auditor, treasurer, recorder, assessor, surveyor, sheriff and coroner to the county executive. This example underscores the importance of understanding the hierarchy. These structures - county auditor, treasurer – are mandated and defined, at the institutional level, in this case the Indiana Constitution. It may make perfect sense to move these structures under one elected county executive, but to do so would require a change at the institutional level. The commission stressed it did not foresee the need for a constitutional convention, but recommended that amendments to the constitution be made as necessary.

Some of the recommendations involve relatively simple policy changes: prompting joint purchasing by schools and strengthening the joint purchasing infrastructure for libraries, for example. Most of the recommendations, however, involve changes at the structural level, whether in the halls of the state legislature, county boardrooms, or city council chambers. Changes at the structural level often involve more consolidation than collaboration. For example, recommendation #9 calls for the transfer of administrative duties of township government for assessment, poor relief, fire protection, EMS, cemeteries and any other remaining responsibilities to the county executive. The commission rationalized the recommendation this way:

. . . townships often are too small, in terms of land area and population, to provide cost-effective public services. This problem only becomes more pronounced with increasing administrative, staffing, training and equipment requirements, particularly for fire protection. Broad variations in resources among so many local governments create inequities in basic services and taxes, such as fire protection, emergency medical services and poor relief.²⁴

Streamlining administrative functions in order to achieve a more efficient use of funds is at the heart of these suggested government reforms. Improvements in efficiencies at the structural and policy levels can be facilitated by the drastic changes recommended here, although the politics involved can be daunting. Recall that 59% of respondents in Professor Jered Carr's survey of Michigan residents opposed transferring funding and service provision over to the county or state.²⁵ Furthermore, reports on IGC repeatedly warn about advocating these kinds of far-reaching reforms. A 2003 SEMCOG report said fears over loss of control as "at times can appear to be [an] insurmountable [obstacle]" and continued that "the loss of control often becomes enmeshed in turf protection."²⁶ Several of the Indiana recommended reforms were passed into law in 2008, but the more sweeping changes, including the aforementioned township reforms, the creation of a single county executive, and transferring all municipal health departments to the county were not made. Governor Daniels included these in his 2009 legislative agenda.

When a region considers IGC it must, from the outset, clearly outline where it intends to go. A 2005 gathering of more than 70 experts on regional collaboration in Lansing urged that in considering collaborations "Everyone has to understand everyone else's motives and needs." Furthermore, the conference concluded that townships are critical to collaboration, "They must be assured at the very beginning that annexation, dissolution or any other kind of land or tax grab is off the table."²⁷ This will pave the way for collaboration.

The same gathering also urged groups considering IGC to "Start small, think big." It was recommended that a number of collaborative projects be discussed and narrowed to the most immediately achievable. These will likely be in the "Policy" portion of the hierarchy. This strategy produces 'easy victories' and gives the collaborators credibility with the press and public.²⁸ As the Ann Arbor Region Task Force for Government and Education Efficiency and Effectiveness moves forward it may very well want to adopt this "Start small, think big" strategy. Though some of the

reforms recommended in the Indiana report may seem enticing we must remember these two important lessons:

1. *Hierarchy of Collaborative Relationships*: when potential collaborations are discussed, remember to consider at which level the implementation will take place and at which level the change must be made. Reforms that require constitutional or even statutory changes will involve different stakeholders and conversations than those that do not.
2. *Communicate Collaboration Not Consolidation*: Collaborations are built on trust among all parties; where tax dollars, sense of community, and political power are involved all participants must tread lightly. The opportunities are too great to lose because potential collaborators fail to properly communicate on the end goal.

SEMCOG estimates that there are currently 65 laws on the books in Michigan that provide enabling authority for collaboration in seven broad service categories: general authorities, public works, transportation, public improvements, services to the public, administration, and miscellaneous.²⁹ Local governments have a relatively wide range of authority for jointly providing services that they already provide individually. There is currently ample legal ground for local governments in Michigan to enter into significant efficiency-saving collaborations, without the need to change institutions or significantly alter structures.

Where to Start

The Government and Education Efficiency and Effectiveness Task Force is charged to: “Achieve efficiencies in governments and school systems through shared services, regionalized services and structural change.” Following is a discussion of some important considerations from reports by the CRC, the Michigan Government Finance Officers Association (MGFOA), SEMCOG, that can make or break IGCs.

What prompts IGC?

IGC is most frequently prompted by the ever present desire to make government more efficient and responsive. SEMCOG outlined a more explicit and proactive expression: “the desire to capture economic savings in the provision of a specific service, to obtain an increased level of service or to obtain a service which might not be possible under self-production/provision.”³⁰

Ideally, neighboring governments would proactively seek out and put into operation collaborative operations. Unfortunately, as a group of representatives from Michigan communities who had long

participated in IGC noted, collaborations often develop as a result of an incident or crisis. The group remarked that communities do not need to create an incident but that “the current financial condition of most of our municipalities certainly qualifies as reason enough to begin collaborative efforts.”³¹ Crisis creates opportunities for IGC; in particularly drastic situations it may create a de facto mandate for IGC.

Identify Stakeholders

Intergovernmental collaboration is difficult enough without potential of being storm walled by an influential individual, municipality, or organization. To avoid this scenario the Michigan Government Finance Officers Association suggests that gauging stakeholder support for any collaboration ought to top the list of action steps toward collaboration.³² The suggested list of stakeholders includes elected officials and management from local governments, union representatives, businesses, non-profits, faith-based organizations, schools, and vendors.

“[W]ithout confidence . . . joint service provision is not likely to occur.”

- *Citizens Research Council*

The list also included the public and the media, perhaps the two most critical groups that are also among the more difficult to effectively involve. As anyone who works with government is well aware, securing public input is difficult at best. MGFOA suggests soliciting input from the public as early and often as possible. The Indiana Commission on Local Government Reform made significant efforts to not only include the public, but to make public input easy. The commission conducted interviews with representatives from the public, held forums in several cities, and allowed comments and input to be submitted via their website, email, and voicemail – all totaling 1,500 comments and suggestions. The Internet and Web 2.0 technologies can be particularly useful tools for making it easy for the public to have their say.³³

MGFOA highlighted the double-edged nature of the media – it can be a key ally in weighing and building support for IGC, but can just as easily be used to empower opposition. MGFOA warned against publicizing any IGC efforts prematurely; sensitive information and discussions should not be revealed before agreements are made.

As discussed previously, several reports underlined the importance of building relationships of trust prior to pursuing IGC. The Citizens Research Council pointed out that some IGCs “[require] locally elected leaders to place responsibility for provision of functions or services in others over whom they have no direct control . . . without confidence . . . joint service provision is not likely to occur.”³⁴ This kind of confidence and trust cannot be built overnight; the MGFOA reported that

participants in many successful participants IGC endeavors said it began with informal discussions among peers concerning common problems and solutions; it was a trust building exercise that gradually grew.³⁵

Make the Business Case

Improved efficiencies and the associated cost savings to the participating parties are among the more obvious reasons to pursue an IGC in the first place. Equally, if not more, important are the potential regional economic development impacts. IGCs help citizens, business, and government to think regionally and contribute to an overall culture of cooperation that can lead to tangible benefits for the entire region. In a region where IGCs are prominent, communities will be less likely to compete for an incoming business, but will rather work together to ensure that the region lands the business. IGCs can “break down barriers to doing business – whether real or perceived – to encourage companies to set up shop or expand within the region.

Potential savings and the intangible benefits of a culture of cooperation will be lost if the financing of potential collaborations are not carefully considered. Determining the best legal mechanism and the appropriate financing arrangement for a potential collaboration is critical. For example, fire services are often jointly-provided under an authority. This is a separate legal entity from a city, township, or county, with legal authority generate revenue through taxes. Elected officials representing eight Washtenaw County units of government recently agreed to conduct a feasibility study to examine the possibility of developing a regional fire department.³⁶ This would likely mean that the existing departments – the Chelsea Area Fire Authority, the Dexter Area Fire Department, and the Scio Township Fire Department – would form one unified authority.

Forming a fire authority would involve considerably different conversations than collaborating to jointly provide property assessment, which might be accomplished on a fee for service basis. Cost sharing can be a significant roadblock in achieving collaborations. A MFGOA publication warned potential collaborators of the “donor status” syndrome, where one unit becomes, or feels it is becoming, the primary funding source for the IGC, and suggested that participants give a large share of the credit to the “donor” unit. Equally important however, is the fact that not every unit will benefit equally from every IGC; “the unit that benefits the *least* may need public kudos the most.”³⁷ It is important to establish a clear understanding of what service levels will be under the new arrangement.

When costs and benefits are agreed upon, potential collaborators are faced with determining the best structure for cost allocation. MGFOA suggests two broad categories of cost allocation:³⁸

1. *Match Costs to Usage*: this can be accomplished through several different vehicles, including average cost pricing, annual fees, a percentage share based on usage, or some combination of these. This method directly ties costs to the service.
2. *Indirect Means*: This method, as its name implies, is less direct. It often involves a weighed formula using several factors (often population or State Equalized Value). Once the factors are agreed to, a percentage share of the service is assigned. The product of the factors and the percentage shares are applied to total costs, and the cost is allocated accordingly.

Lynn Harvey, a professor of State and Local Government at Michigan State University, wrote an excellent guide on these and other cost allocation methods that should inform IGC negotiations. It is available on SEMCOG's website.³⁹

Role of Counties

County government has the distinct advantage of being the “invisible” government, and thus faces fewer barriers to collaboration. Elected officials in townships, villages, and cities are more likely to see county as a collaborator rather than a competitor. The county can encourage a regional view of services and economic development rather than a more narrowly focused township or city view. “Indeed, by acting to improve the service provision abilities of the counties [sic] weakest units, county officials are making the county as a whole a more attractive place to live or locate a business for everyone in the county.”⁴⁰

Counties can also play a significant role in developing horizontal collaborations, serving as a third-party forum to build relationships of trust and establishing a culture of collaboration in the region. Elected officials and management at the county level generally already have working relationships with local government officials, and other potential stakeholders including non-profits, vendors, businesses, and unions. Counties can leverage these relationships to bring interested parties to the table and where a vertical collaboration may not produce sufficient savings, help foster a more efficient horizontal collaboration. Whether vertical or horizontal, pursuing and facilitating IGC is in a county's best interest. CRC explained “An expansion of a city or township tax base is also an expansion of the county tax base. Thus . . . collaboration is mutually beneficial because local governments benefit from higher service levels at lower cost and counties minimize excess capacity.”⁴¹

Selecting Services for Collaboration

IGCs are creatures of economics. Achieving improved economies of scale and skill are at the heart of most IGCs. Consequently, an earnest assessment of both the economic attributes of services should precede a jump to IGCs. Can the same cost-savings of a proposed collaboration be achieved through improved self-provision? If so, energies should be focused on making those improvements. If not, an IGC may be appropriate.

The CRC suggests that municipalities begin by classifying every function and service as either primarily capital intensive, technically intensive, or labor intensive.⁴² This classification clarifies the economic attributes of each service, its potential for improved economies of scale (capital intensive) or skill (technically intensive), and thus which services are best candidates for IGC. Each service was classified as a 1, 2, or 3 under each economic attribute. A 1 was assigned if that economic attribute was low for that given service, a “2” when the attribute was moderate, and a “3” when the economic attribute defined the government’s ability to provide the service. For example, Attorney/Legal services is technically intensive so it was assigned a “3” under technical expertise, but only as a 1 under capital intensive. Appendix C shows CRC’s classification of the services identified in its 2005 survey.

In addition to classifying the economic attributes of each service, CRC also classified the basic necessity of government to provide the service. If all governments are expected to provide a service it is classified as a “3”, when policy makers have flexibility in providing the service it is given a “2”, and when the service is optional it is classified as a “1”. Again, for example, all governments are expected to collect taxes, so that service is classified as a “3”. In contrast, since having a website is optional, it is classified as a “1”.

Table 1 shows some of the services that CRC found to be the most frequently cited as cooperative ventures in its survey of 24 Michigan counties. Services are classified in five categories – self provision, horizontal collaboration (which includes collaboration across townships, cities, and villages) vertical collaboration (collaboration with the county or state) private provider, and does not provide service (this category also includes units who did respond that they did not know how the service was provided). The percentages represent the number of units reporting that category out of the total number of responding units in Washtenaw County. For example, 21 units responded concerning Property Assessing, and 16, or 76% provide the service themselves.

This table shows a number of interesting trends; first, a large number of the most frequently collaboratively-provided services are optional services (Basic 1). Second, Washtenaw County has

moderate levels of collaboration on these particular services, and where there is collaboration, it is generally horizontal collaboration. Additionally, the services where the combined collaboration – horizontal, vertical, and private provision – is highest tend to be capital intensive services.

Ambulance/EMS, 911/Radio Communication, and Fire Fighting Rescue involve expensive but fixed-price equipment purchases. The marginal cost of a fire truck or piece of dispatch equipment being used to service one more municipality is relatively low.

Table 1: 2005 Washtenaw County: CRC Survey Services Most Frequently Cited as Cooperative Ventures <small>Source: CRC Catalog of Local Government Services in Michigan</small>	Self Provision	Horizontal Collaboration	Vertical Collaboration	Private Provider	Does Not Provide Service
Survey Results:					
Basic 3/Technical 3					
Property Assessing	76%	14%	5%	5%	
Basic 2/Technical 3					
Building Inspection	39%	35%	17%		9%
Emergency & Disaster Response Planning	23%	17%	50%		10%
Ambulance/EMS	13%	29%	16%	35%	6%
Storm Water Management	43%		33%		24%
Basic 1/Technical 3					
Watershed Management	12%	12%	52%		24%
Basic 3/Technical 2					
911/Radio Communications	21%	8%	54%		17%
Basic 2/Technical 2					
Fire Fighting/Rescue	35%	61%	4%		
Library	4%	46%	4%		46%
Basic 1/Technical 1					
Recycling	25%	25%	8%	33%	8%
Water Metering and Billing	48%	10%	5%		38%
Public Bus System		29%	5%		67%
Park(s)	40%	8%	24%		28%
Senior Center	22%	17%	13%	4%	43%

Most of the services on this list are also highly visible services. The public wants and understands ambulances, libraries, transit, and parks. Collaboration on these services makes sense to the public and governments that do so are likely to receive high praise.

Interestingly, Property Assessing has the least amount of collaboration yet, according to CRC’s classification, it is a prime candidate for vertical collaboration. It received a “3” on Basic Service – all governments are expected to provide this service – and a “3” for Technical Expertise, indicating a significant opportunity to capitalize on economies of skill. In fact, as Table 2 shows, Washtenaw County has very little collaboration on 4 of the 5 services that fall into the same category.

Table 2: 2005 Washtenaw County Services <small>Source: CRC Catalog of Local Government Services in Michigan</small>	Self Provision	Horizontal Collaboration	Vertical Collaboration	Private Provider	Does Not Provide Service
Survey Results:					
Basic 3/Technical 3					
Property Assessing	76%	14%	5%	5%	
Treasury	95%			5%	
Accounting	95%			5%	
Tax Collection	90%			10%	
Attorney/Legal Services	24%		14%	43%	19%
Basic 2/Technical 3					
Building Inspection	39%	35%	17%		9%
Code Enforcement	50%	32%	14%		5%
Basic 3/Technical 2					
Elections Administration	70%	7%	22%		
911/Radio Communications	21%	8%	54%		17%
Patrol/Emergency Response: Street	29%	13%	54%		4%
Fiscal Services Purchasing	100%				
Payroll Benefits	68%			27%	5%
Basic 2/Technical 2					
Building Permits	45%	36%	14%		5%
Fire Fighting/Rescue	35%	61%	4%		
Zoning Administration and Enforcement	95%		5%		
Basic 1 / Technical 2					
Community Planning & Development	64%		8%	28%	
Business Retention/Expansion	33%	8%	8%	14%	37%
Business Licensing	26%	4%	26%	5%	39%
Website Development/Management	50%		36%	10%	4%

The other services in Table 2 also fall into potentially high collaboration categories. The visibility, or lack thereof, of these services is one possible explanation why these seemingly excellent candidates for collaboration have little to none. In contrast to the list of most frequently cited collaborative services, many services on this list are “invisible” to the public. Members of the public

are not concerned with who assesses their property, and certainly don't want to be bothered with who is collecting taxes. This should, however, encourage rather than discourage collaboration on these services. Most members of the public are not concerned with the purchasing or accounting functions of local governments, so long as the processes are transparent and efficient. These services constitute some of the "low-hanging" fruit when it comes to selecting services for collaboration that may yield easy victories. In many cases, collaboration on these services can have significant savings for local units of government. Pittsfield Township, for example, is currently in negotiations to have Washtenaw County provide human resources services, including payroll benefits. This would save the township from hiring another human resources director, at a cost of more than \$98,000 in salary and benefits.⁴³

Saving tax payer dollars anywhere in the county positively affects the region as a whole. The project outcome for the Government and Education Efficiency and Effectiveness Task Force outlines that savings from government efficiencies be redeployed to community assets to help in attracting and retaining talent and companies to the region.. Although services in the final category of Table 2 are optional, they are important to this emphasis on economic development. Businesses considering locating in the Ann Arbor Region would likely appreciate a streamlined approach to licensing and other interactions with the government. Municipal websites, if properly developed and managed, can make government more transparent and also have significant potential for savings to citizen needs to interact with government (licenses and other forms, paying taxes electronically, etc).

Conclusion

Citizens rightfully expect their interactions with government to be as efficient as possible. These expectations are raised in the face of sobering economic times. With talks of service cuts, opportunities to create efficiency in the invisible services and redeploy savings to front-office services should be explored. The services in Table 2 appear to be excellent candidates for eliminating duplication of services and improving efficiencies in government operations. Further analysis should be conducted on the services in Table 2 to determine if collaboration will indeed produce cost savings. A prioritization then needs to be made of which potential collaborations are "low-hanging fruit" and thus, hopefully, easy victories. Low hanging fruit may not offer the most cost savings, but are helpful in establishing relationships of trust and a culture of collaboration that will lead to greater collaborative cost savings down the road.

The internal and external pressures for governments to collaborate are mounting. As tax revenues fall, governments are faced with increasingly difficult internal decisions regarding potential reductions in service delivery or full-out service cuts. Externally, citizens and businesses demand efficient interactions with government and expect quality service provision despite shrinking budgets. Calls are increasing from civic organizations like the Center for Michigan to reorganize government to operate more efficiently. Both the governor and the state legislature have commissions that are preparing to make recommendations that may make institutional and/or structural changes to facilitate or mandate intergovernmental collaboration. Local governments in the Ann Arbor region can capitalize on mounting pressures to shape these recommendations or mandates to change how government works.

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