



Lessons on Collaboration and Consolidation from Michigan

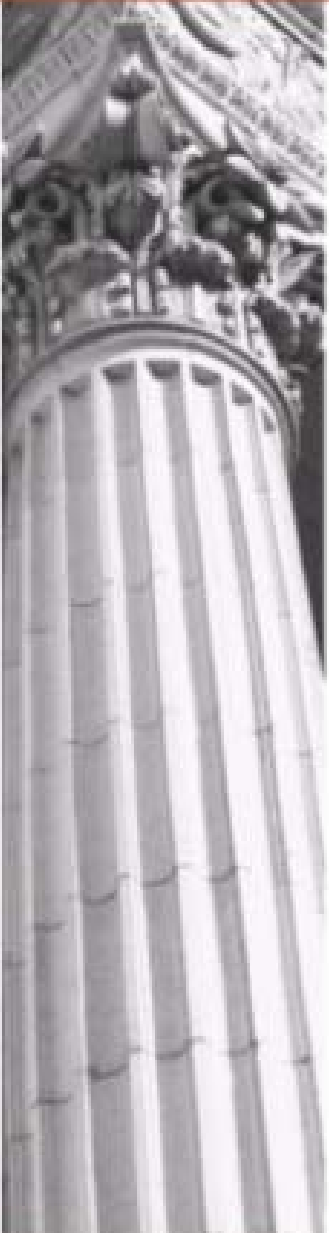
Eric Luper
CRC's Director of Local Affairs

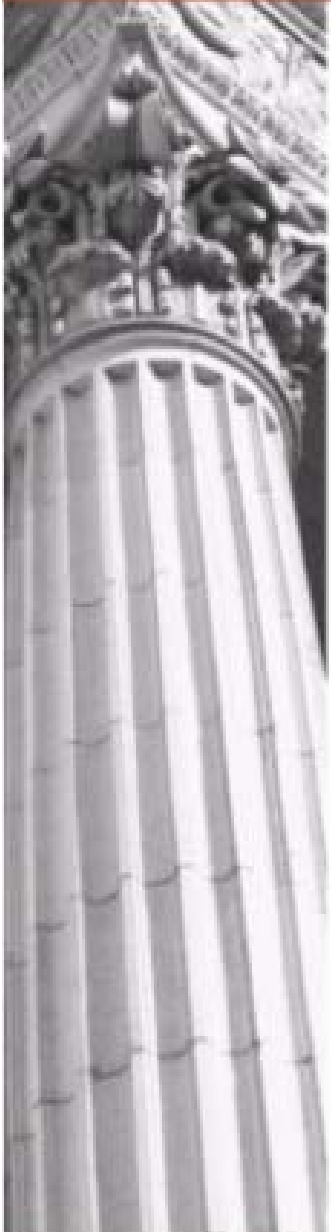
GRA Policy Conference
July 30, 2013



3 Values Upheld by CRC

- **CRC works to make state and local governments better by making them**
 - Effective
 - Efficient
 - Accountable
- **Effectiveness and efficiency cannot be accomplished in Michigan working solely with individual local governments**





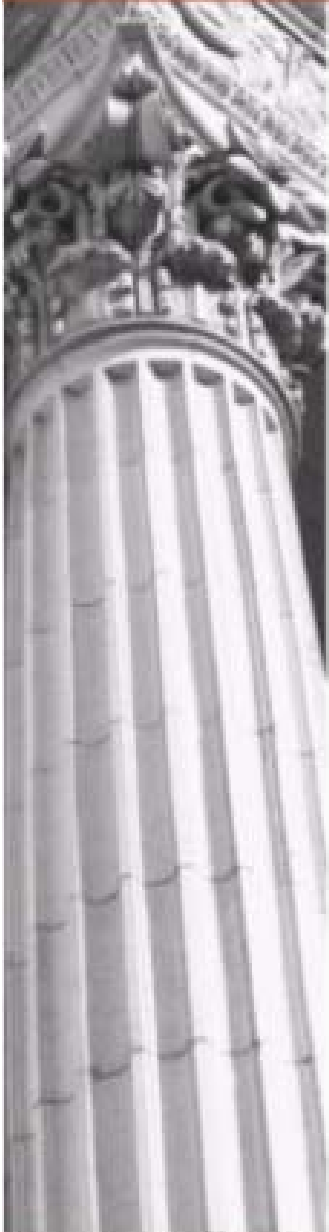
Snapshot of Michigan Local Governments

- **General Purpose Local Governments**
 - Counties 83
 - Townships 1,240
 - Cities 275
 - Villages 259
- **Total 1,857**



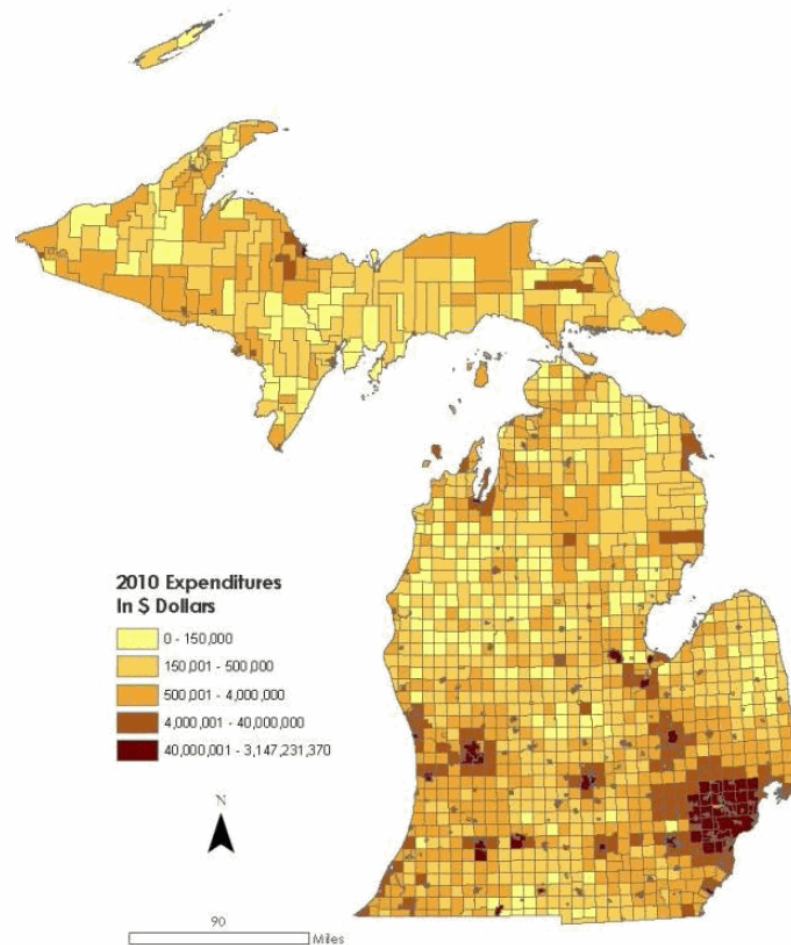
Most Governments Small in Population, Geography, Tax Base

	<u>All CVTs</u>	<u>Cities</u>	<u>Villages</u>	<u>Townships</u>
Average Pop	5,575	17,494	1,089	3,864
Median Pop	1,764	5,485	763	1,746
Max Pop	713,777	713,777	10,267	96,796
Min Pop	10	290	114	10
% Pop < 1K	29%	7%	63%	27%
% Pop < 5K	81%	48%	99%	85%
Avg Area		6.4 sq ml	1.2 sq ml	44 sq ml
Median Area		3.4 sq ml	1.0 sq ml	35 sq ml





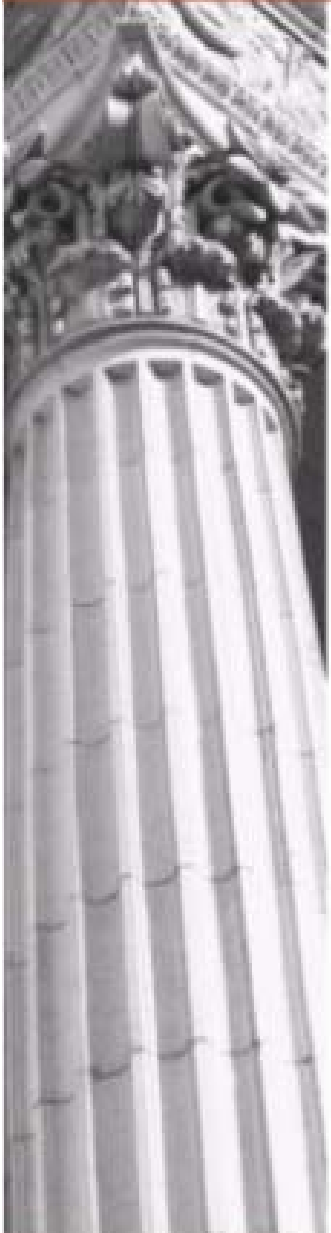
Economics of Service Delivery do not always create natural partners

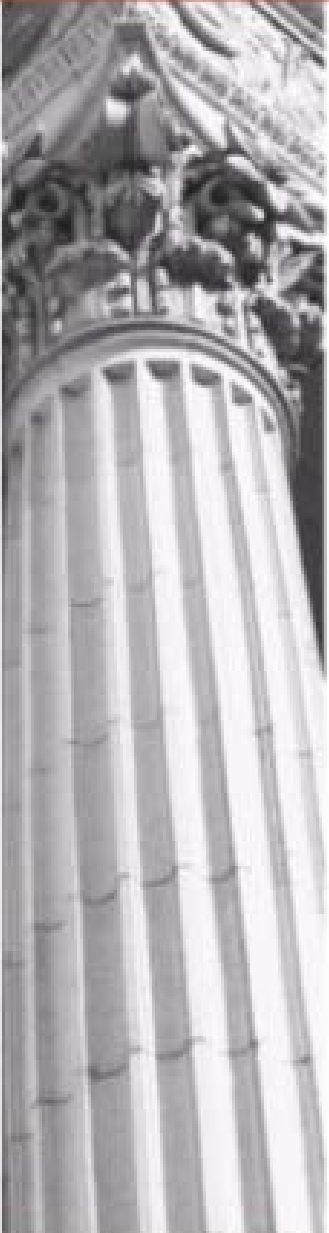




Options to Streamline Local Government

- **Consolidate Individual Units** – 2 or more governments reorganize as a single government
- **City/County Consolidation** – largest city and county consolidate folding in other governments
- **Intergovernmental Collaboration** – Consolidate providers of individual services but leave same number of governments collaborate to achieve economies of scale





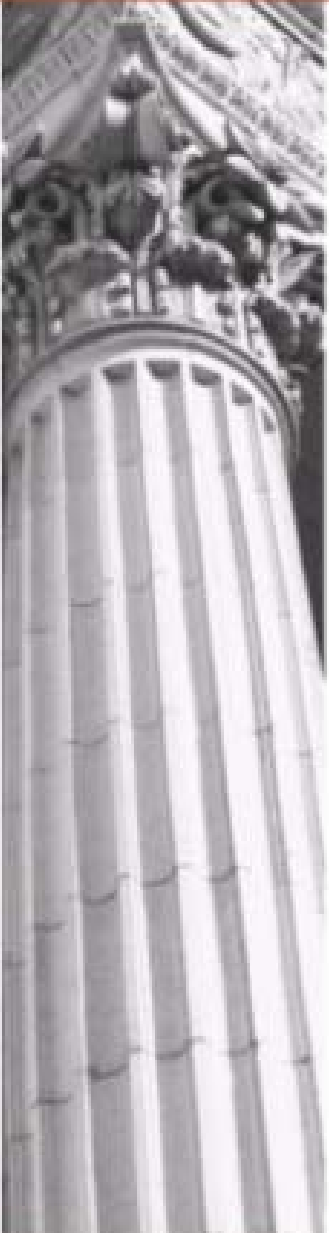
Consolidate Whole Governments

- Are there adjoining governments that are more alike than different?
- Is the menu of services provided alike?
- Is there duplication in service provision?
- Are services provided at same levels?
- Are there similarities in tax base/tax effort?
- Are the people of a common character?



City/County Consolidation

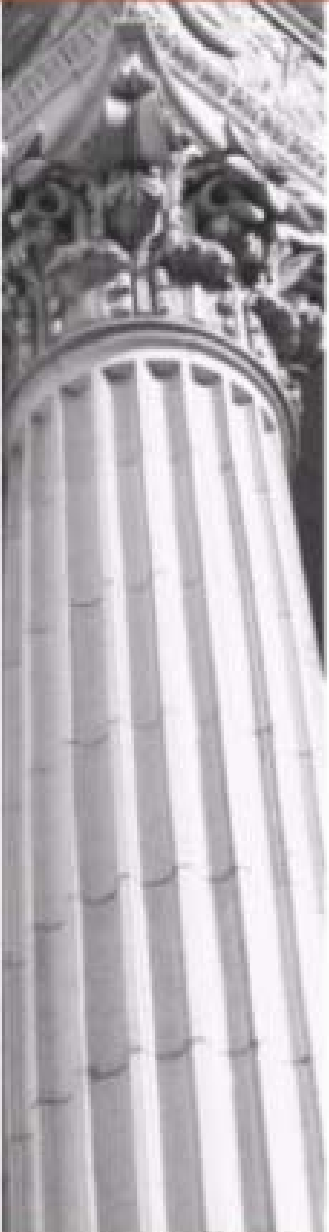
- Is there duplication in county and municipal services?
- Are services well suited to countywide provision?
- Do the major city and the county seek to increase their stature to better compete for development?





Consolidate Providers of Individual Services

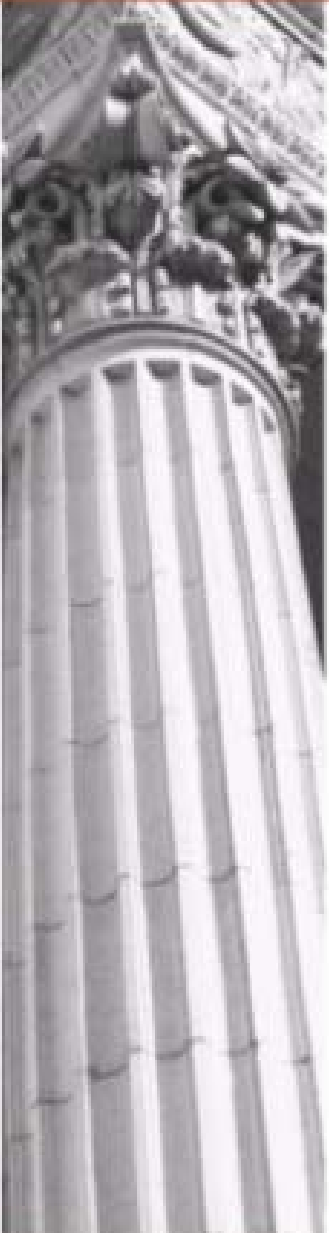
- **Is there duplication in the provision of individual services?**
 - Among municipalities?
 - Between county and municipalities?
- **Are there achievable economies of scale that could help reduce the cost of provision for these services?**





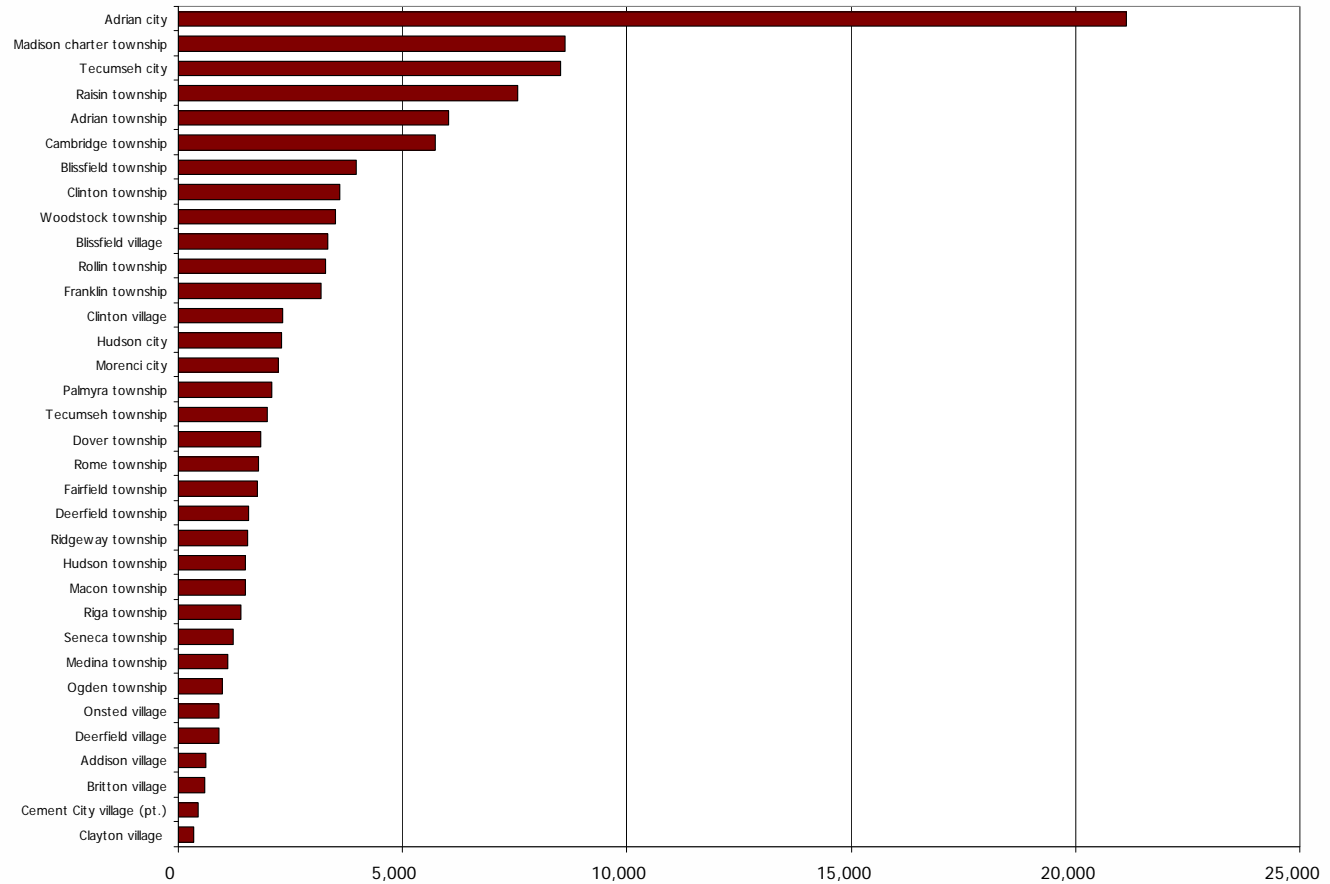
How Homogonous are the Communities?

- Is there reason to expect there is uniformity of service provision?
- Do local governments operate in similar manner?
- Are taxes uniformly applied by local governments?



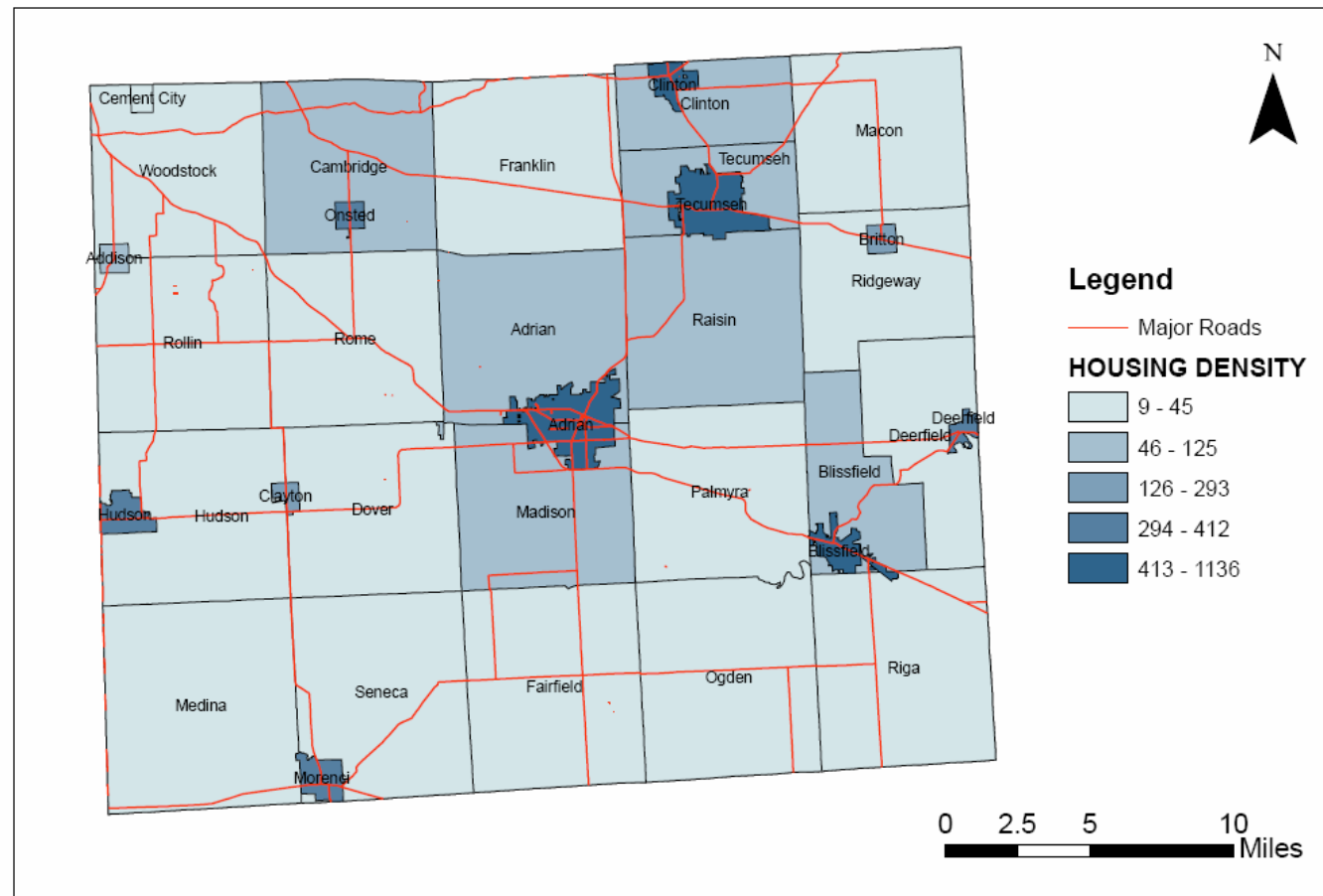


Population of Lenawee County Municipalities, 2010



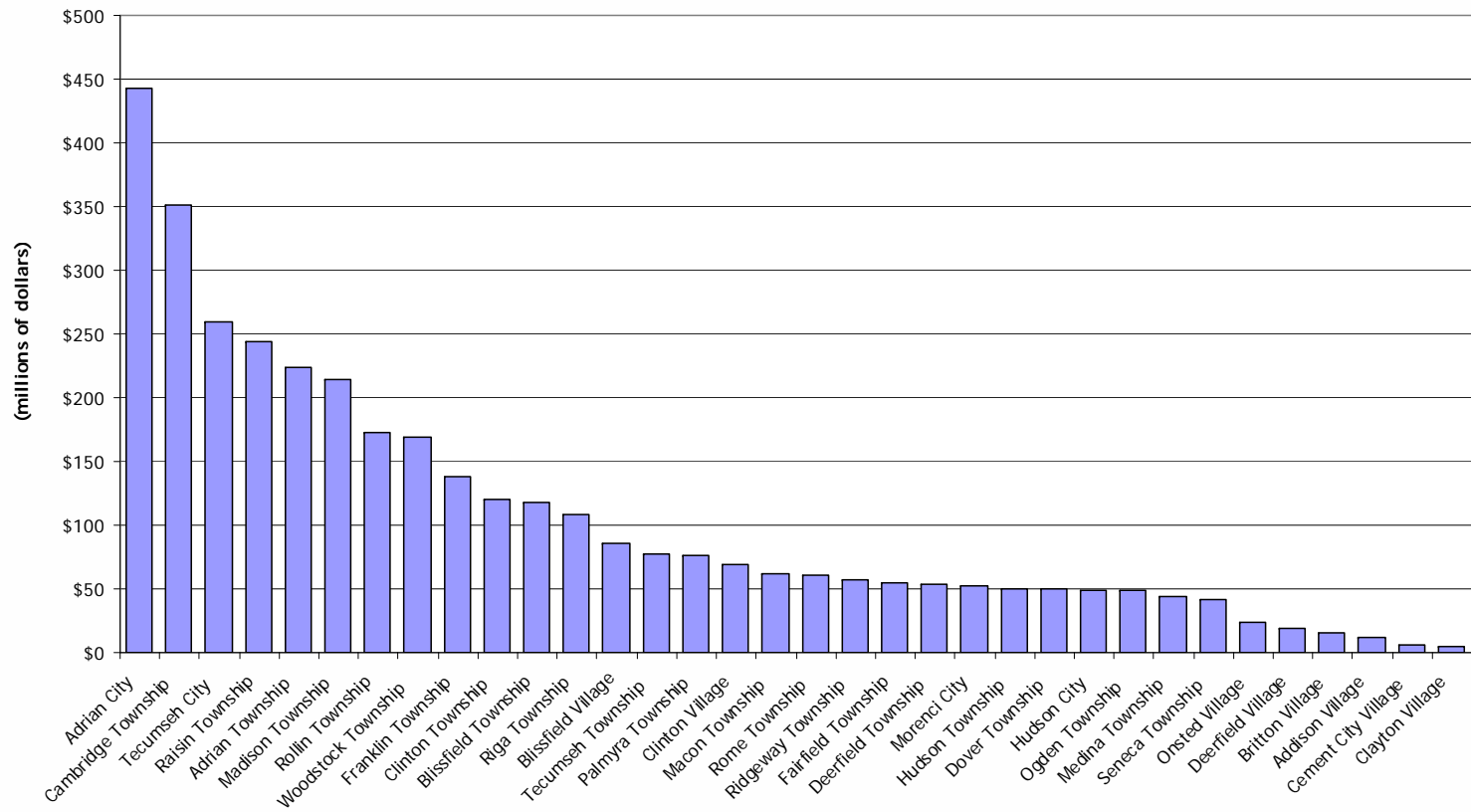


Houses per Square Mile, 2010 Lenawee County, MI





Taxable Value, 2010 Lenawee County Governments





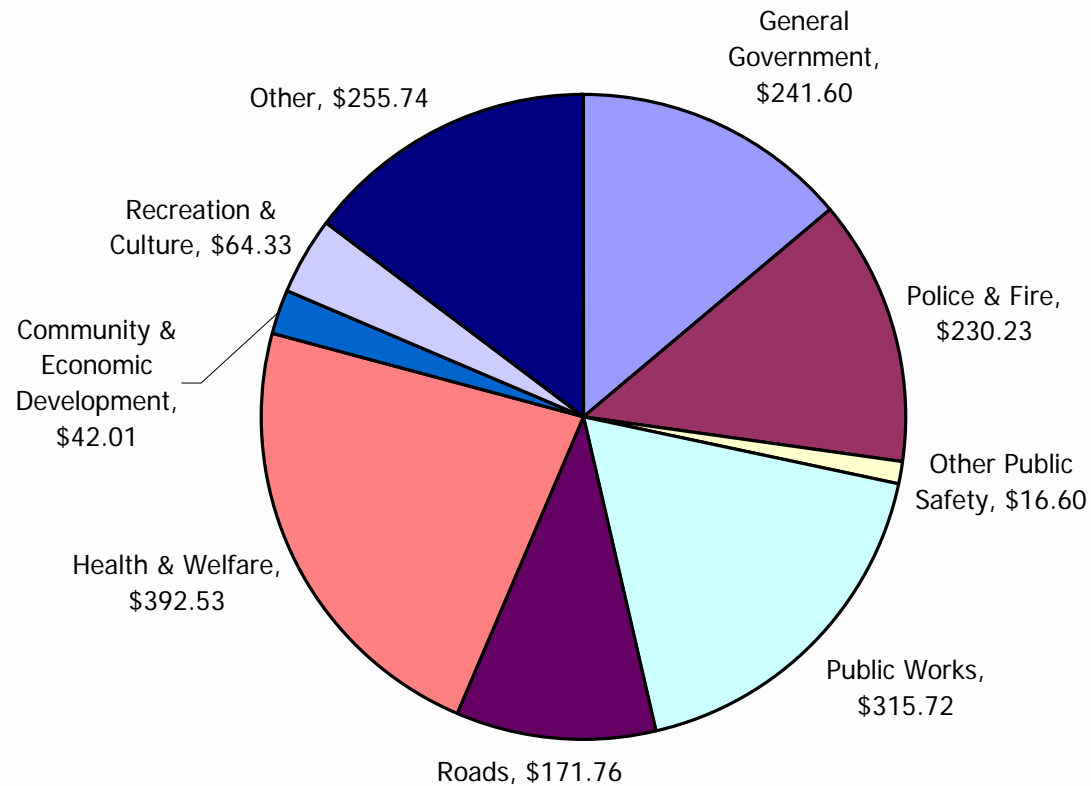
Recap

- **Vast differences in**
 - Where people live
 - How closely together people live
 - Household income
 - Taxable Value of Property
 - Tax Rates levied on property
 - Self-generated property tax revenue





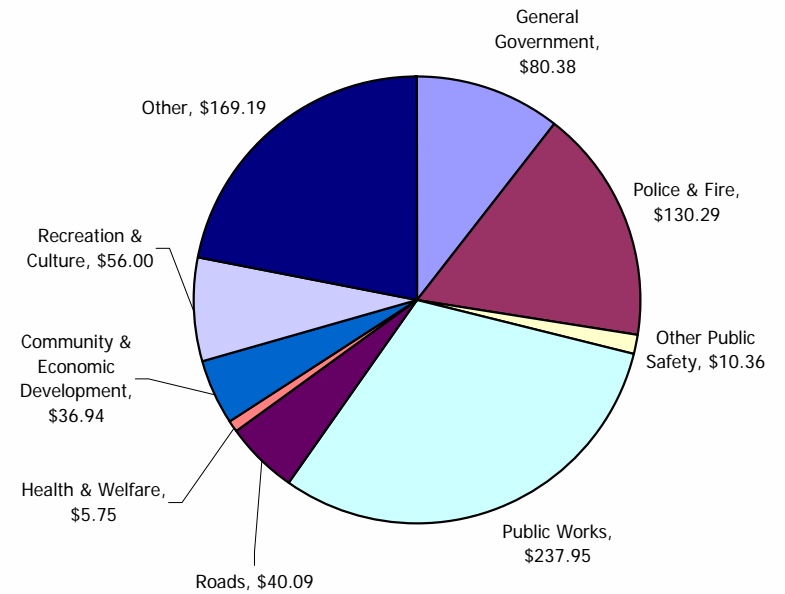
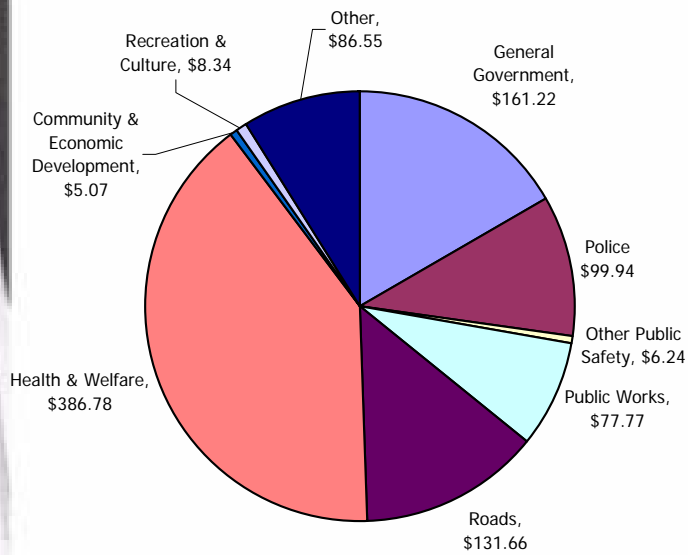
2010 Expenditures by Category for Lenawee County and all Cities, Villages, & Townships

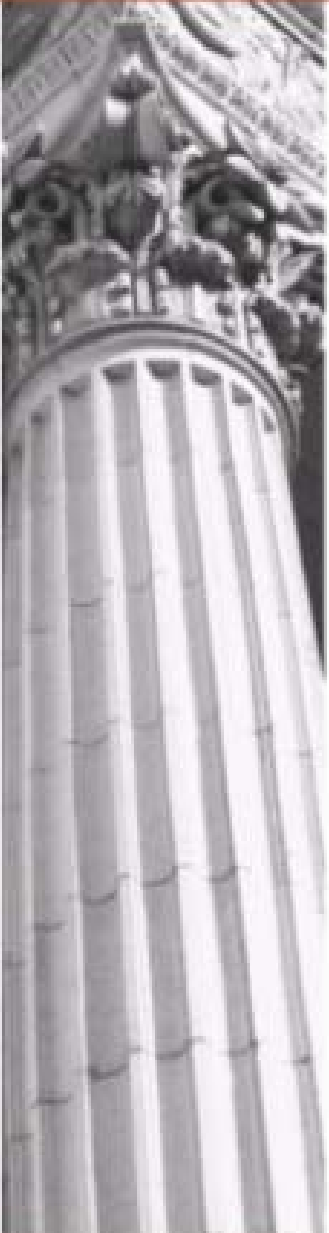




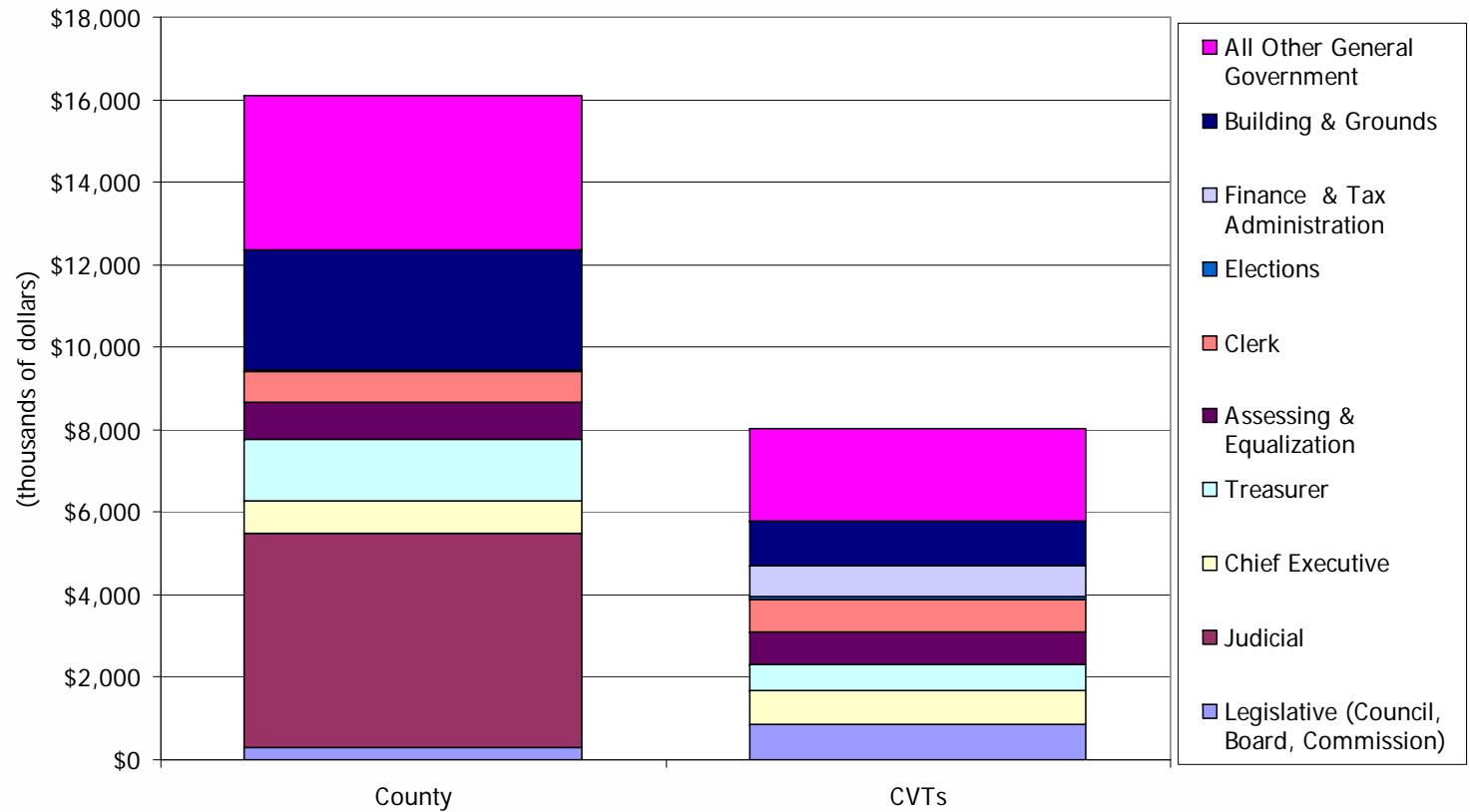
2010 Expenditures for: Lenawee County

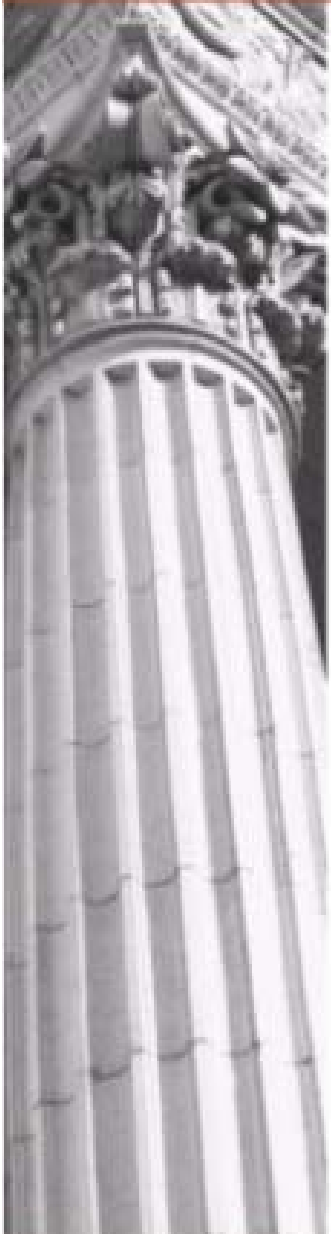
All CVTs



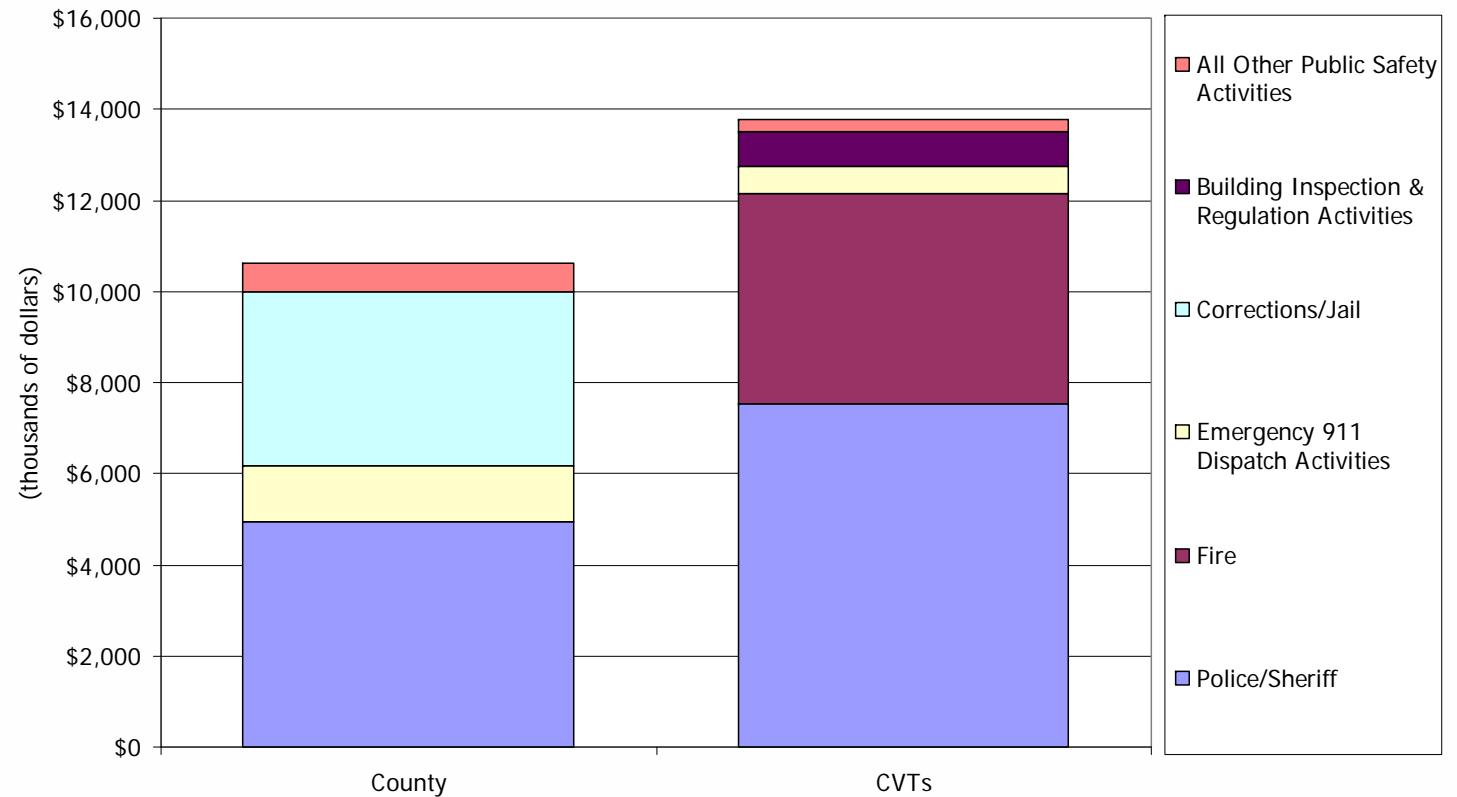


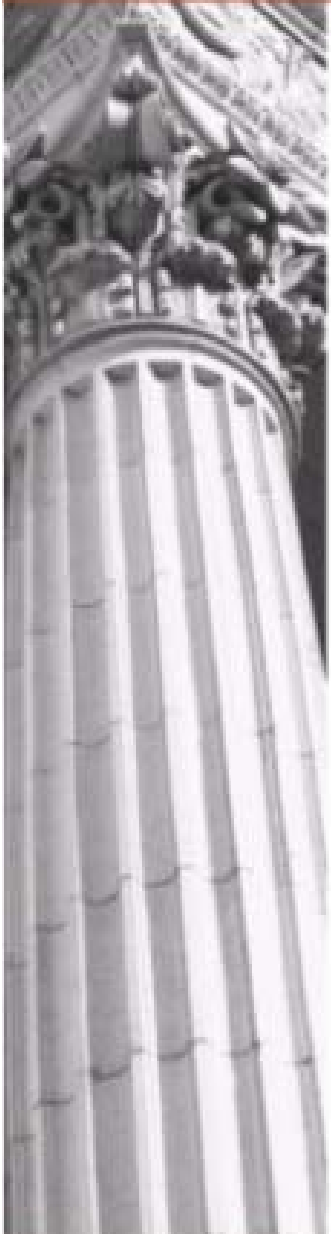
General Government Expenditures



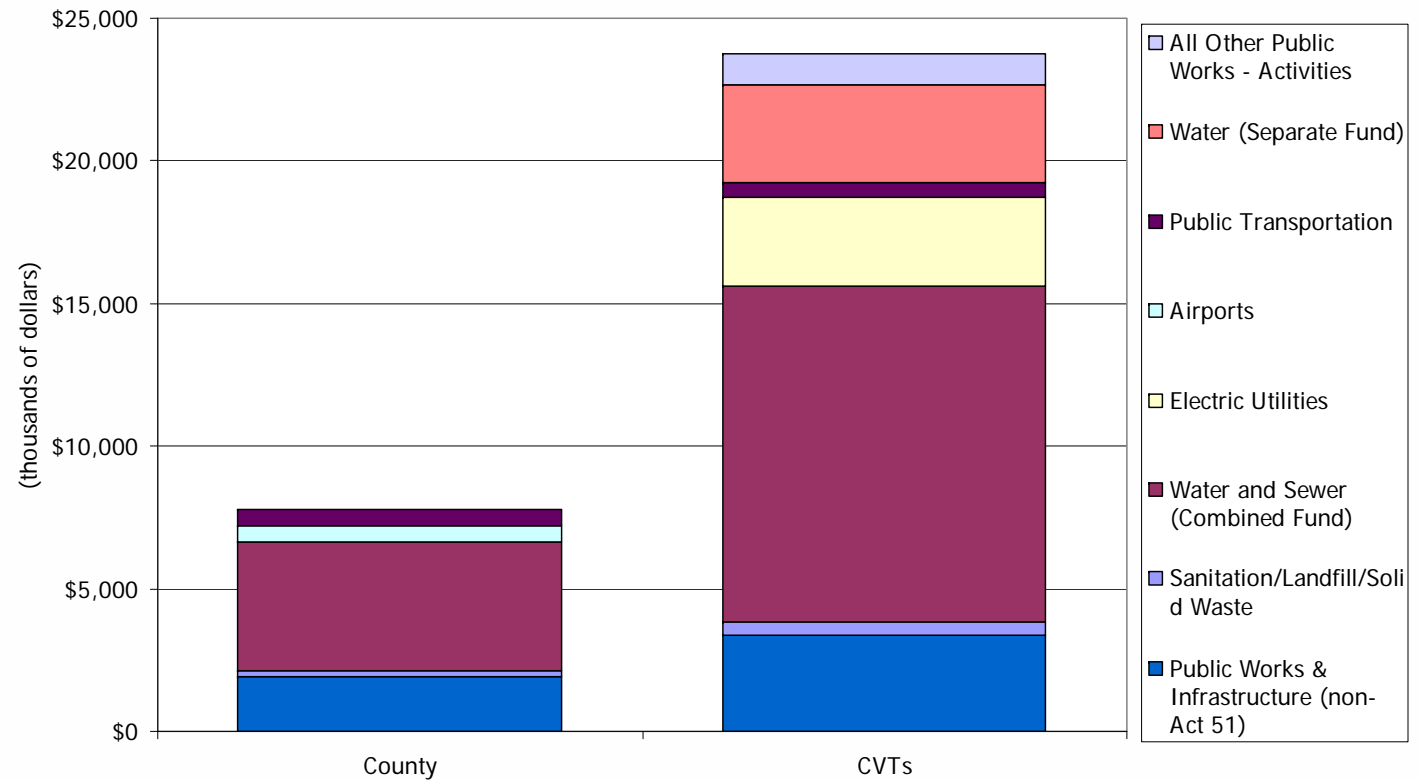


Public Safety Expenditures



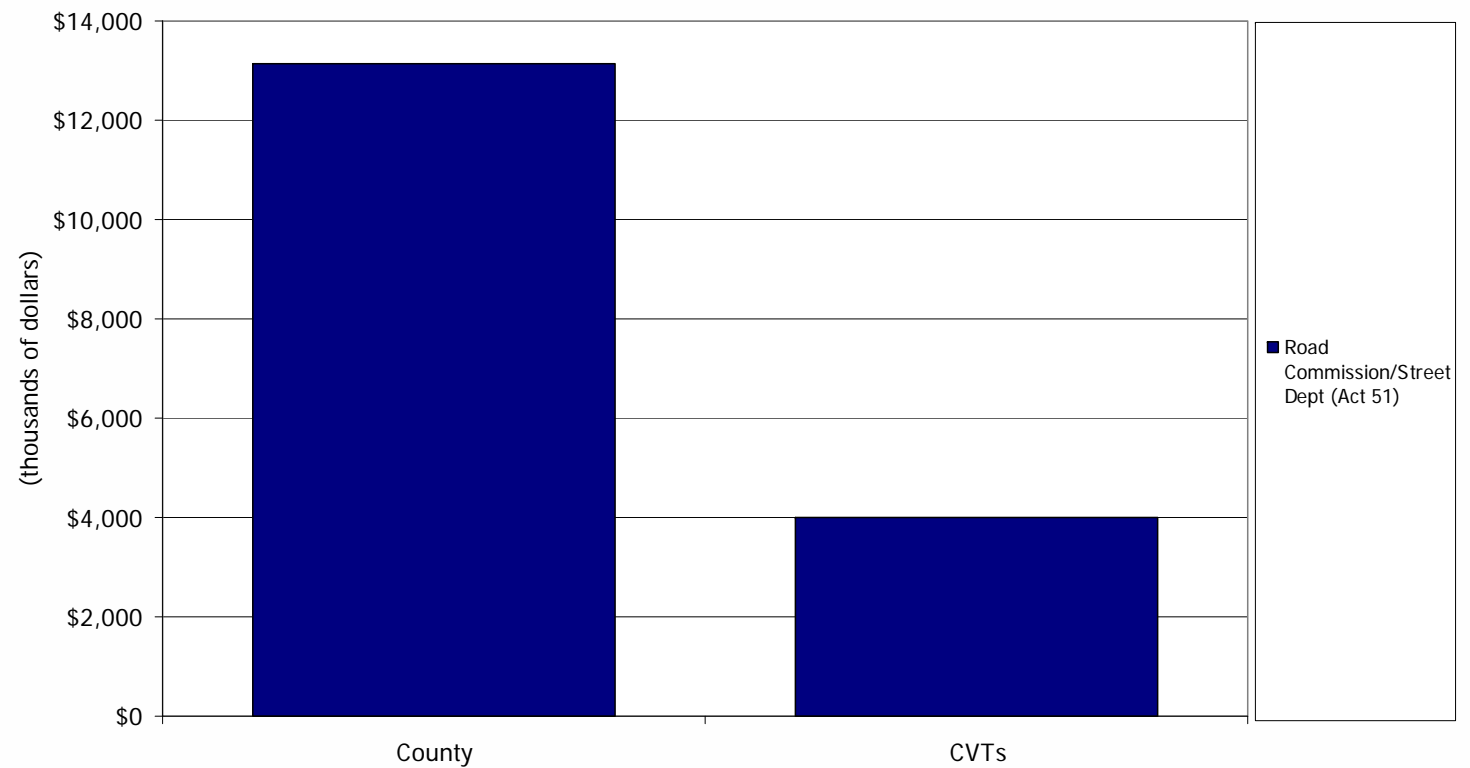


Public Works Expenditures



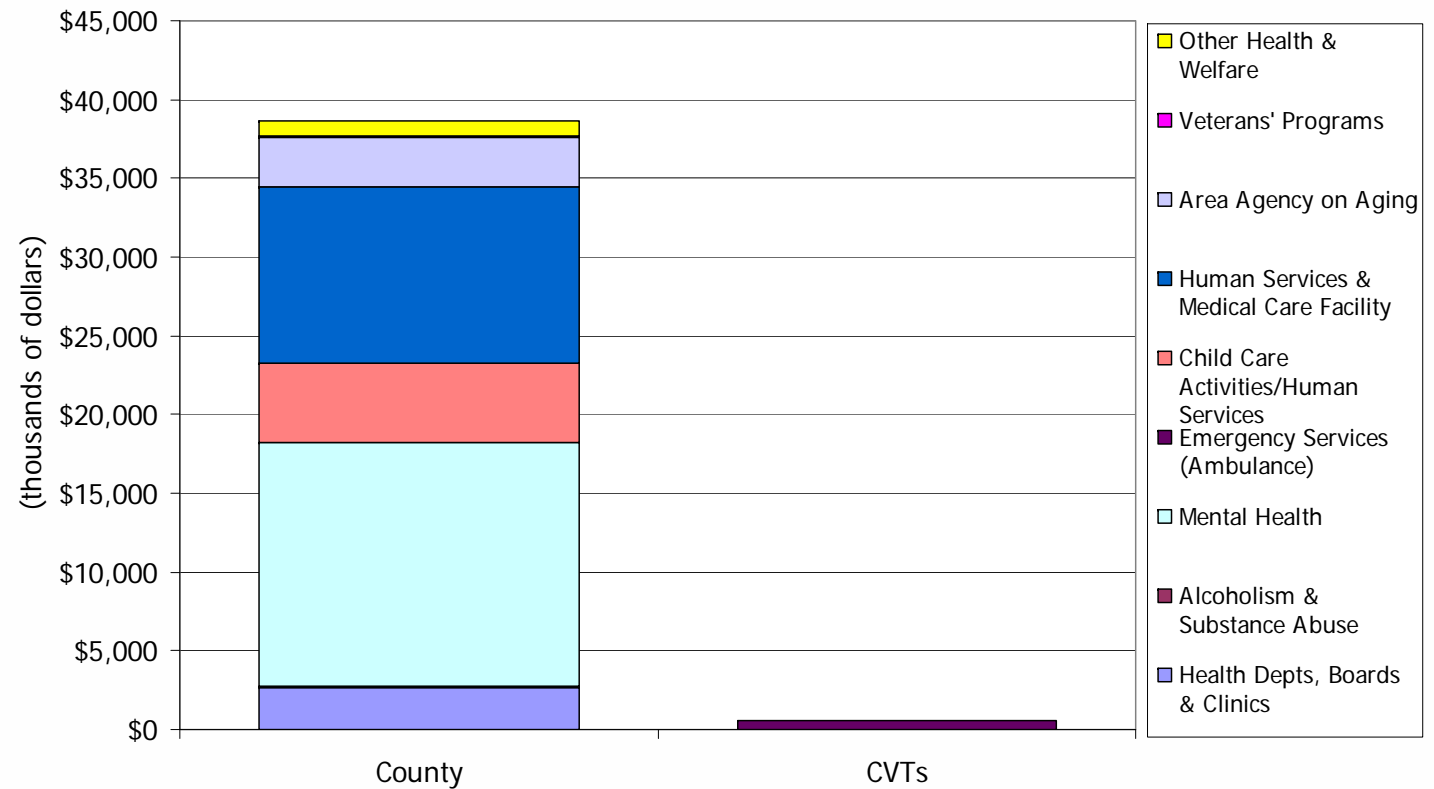


Road Expenditures



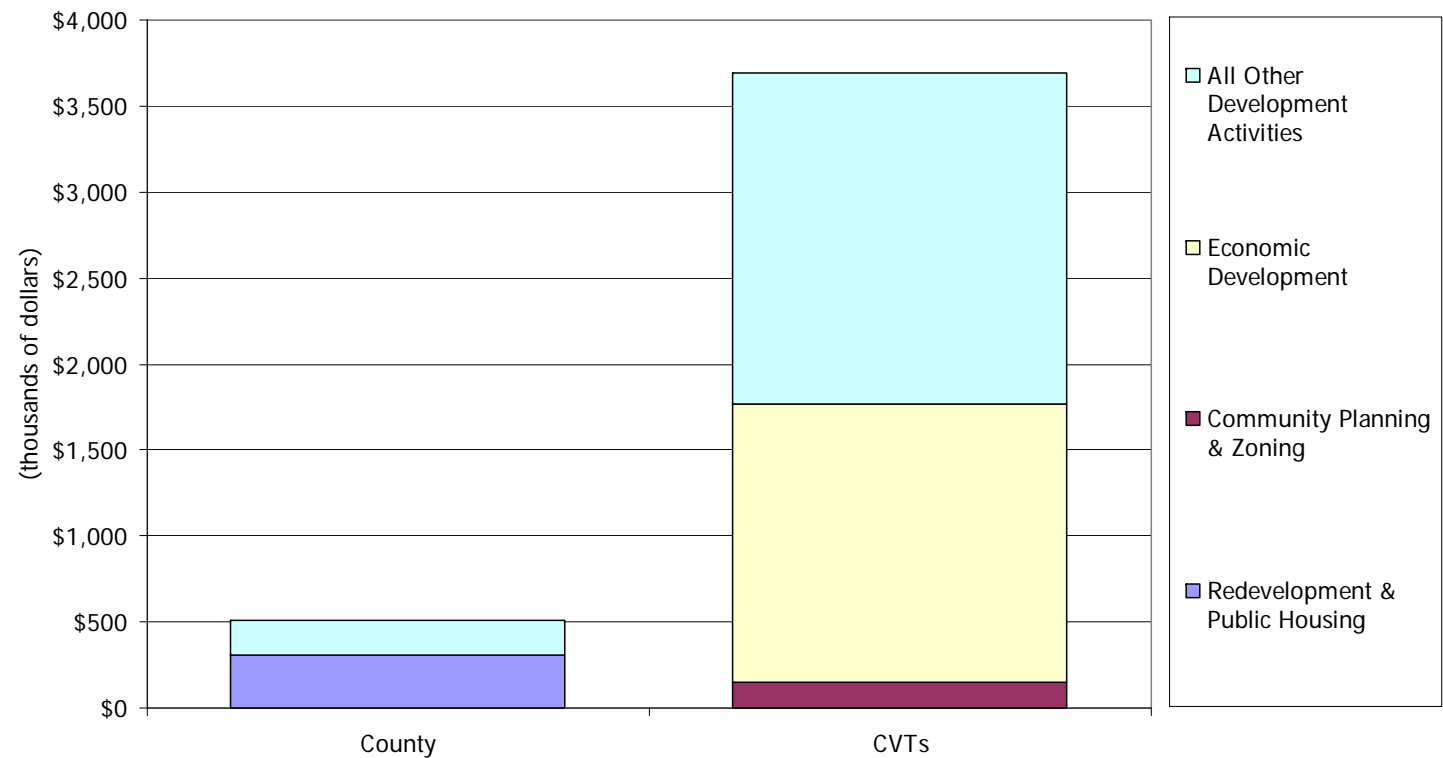


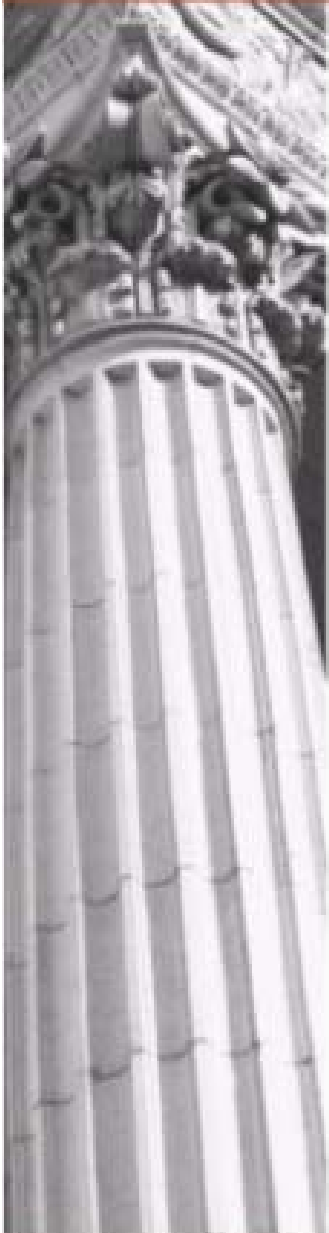
Health and Welfare Expenditures



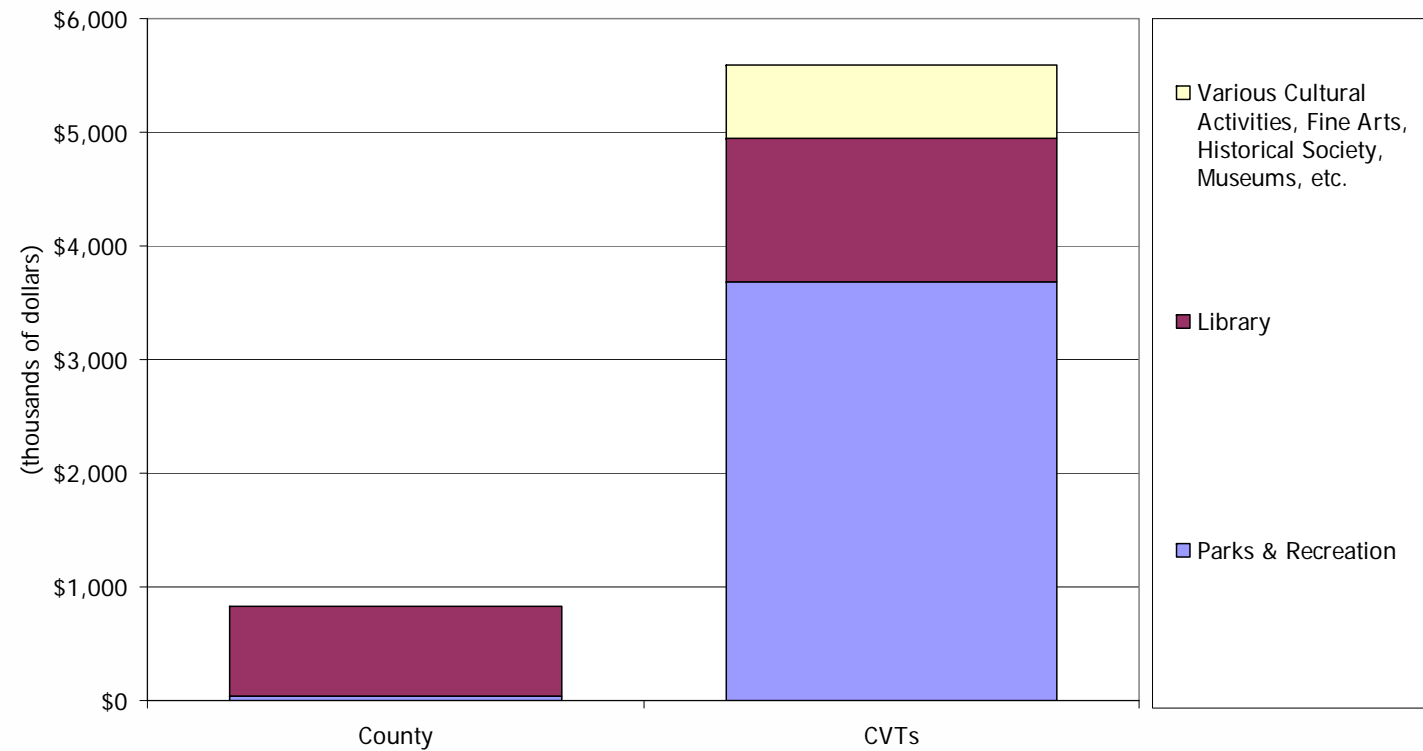


Community & Economic Development Expenditures





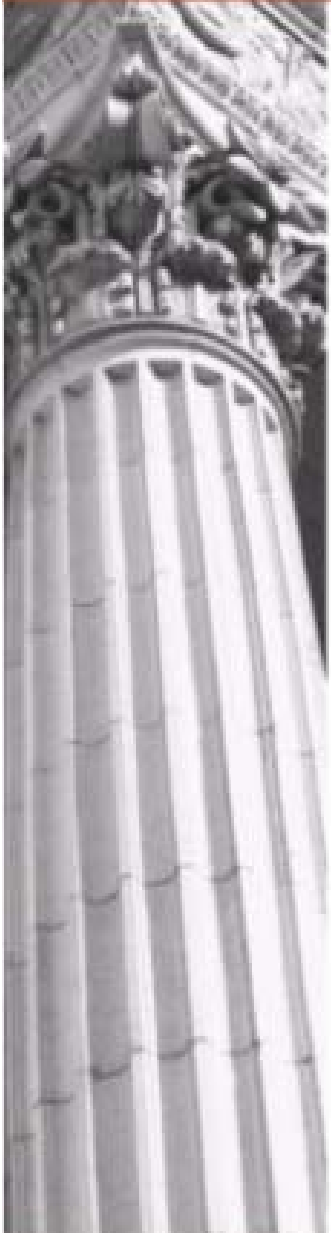
Recreation & Culture Expenditures





Let's Evaluate

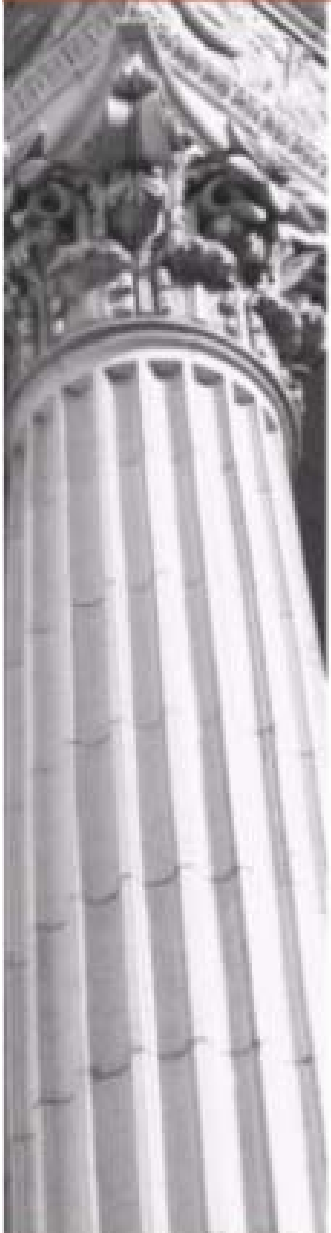
- **Local Government Consolidation**
 - Some duplication of services among CVTs
 - Vast differences between individual governments in size of population, population density, housing density, tax capacity
 - Concentrations of needs are spread throughout the county
 - Opportunities to consolidate local governments are limited





More Evaluation

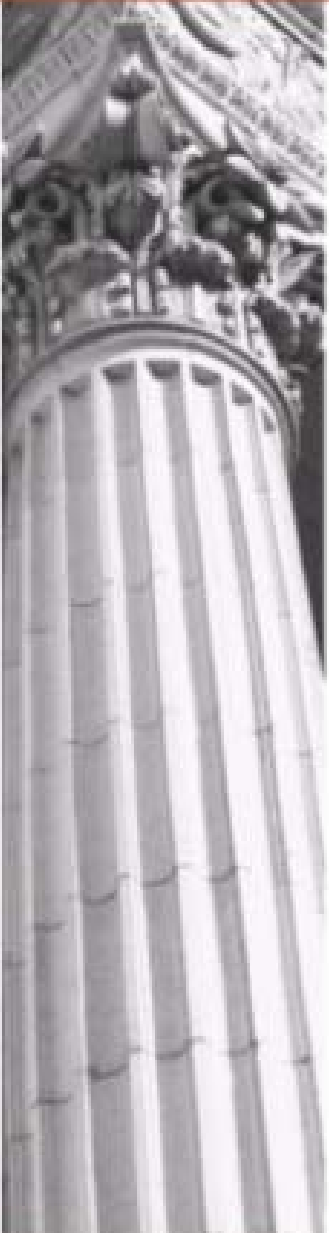
- **City/County Consolidation**
 - Some duplication
police, roads, library, general government
 - No duplication in several services
health and welfare, courts, jails, water and sewer, fire protection, building inspection
 - Population shift out of major cities into nearby townships and smaller cities

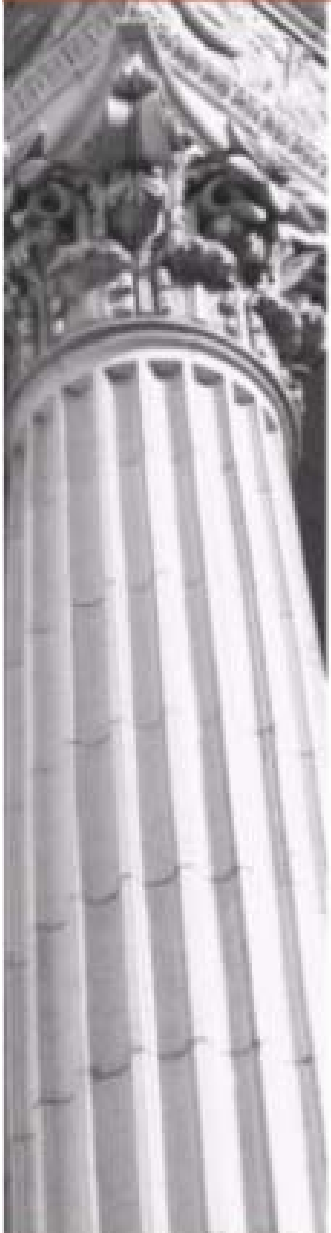




Evaluation

- **Intergovernmental Collaboration**
 - Duplication evident in provision of services between county and CVTs and among CVTs
 - Opportunity to address this and create some savings with targeted intergovernmental collaboration





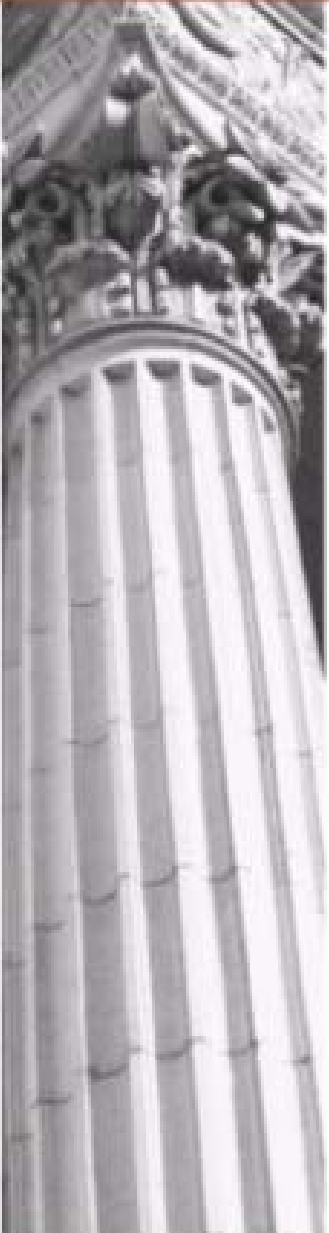
Horizontal Collaboration

- Michigan's laws authorize allow two or more local governments – cities, villages, townships, counties, school districts, special authorities, and special districts – to collaborate with each other to jointly provide any service that each is authorized to provide individually
- Sometimes harder to accomplish outside of urban areas because of differences between local governments



Most Frequent Services Delivered with Horizontal Collaboration

- Water and Sewer
- Fire Protection
- Library
- Transit
- Community Swimming Pool
- Haz/Mat Response
- Senior Center





Vertical Collaboration

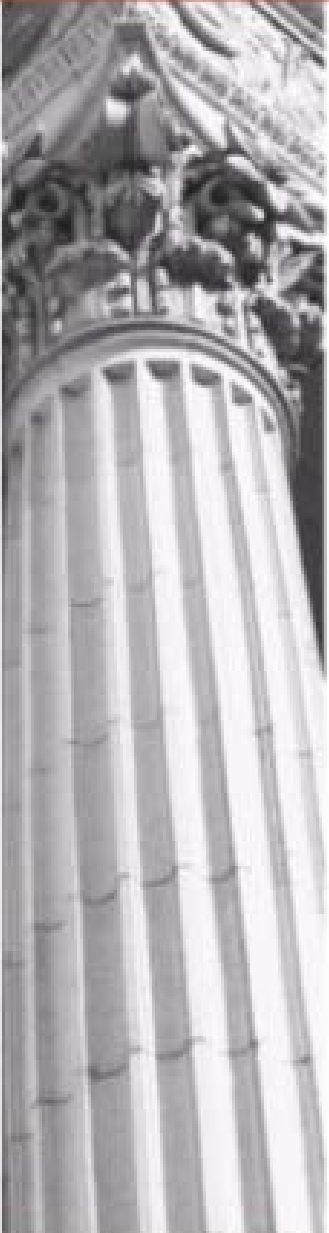
- **County performs functions on behalf of municipalities**
 - Costs may be shared between counties and CVTs
- **Municipalities contract with the county or the state to have functions performed**
- **The county and state governments simply assume responsibility for the performance of specific functions, thus relieving the municipalities of any performance duties**



Most Frequent Services Delivered with Vertical Collaboration

- Police Patrol
- Property Assessing
- Well/Septic Permitting
- Public Safety Dispatch
- GIS





Private Provision

- Sometimes governments contract with a private contractor to provide governmental services
- Other private providers simply reflect the private sector filling a market niche that is filled by local governments elsewhere
- Depends on availability of private contractors and market competition



Most Frequent Services Delivered with 3rd Party Collaboration

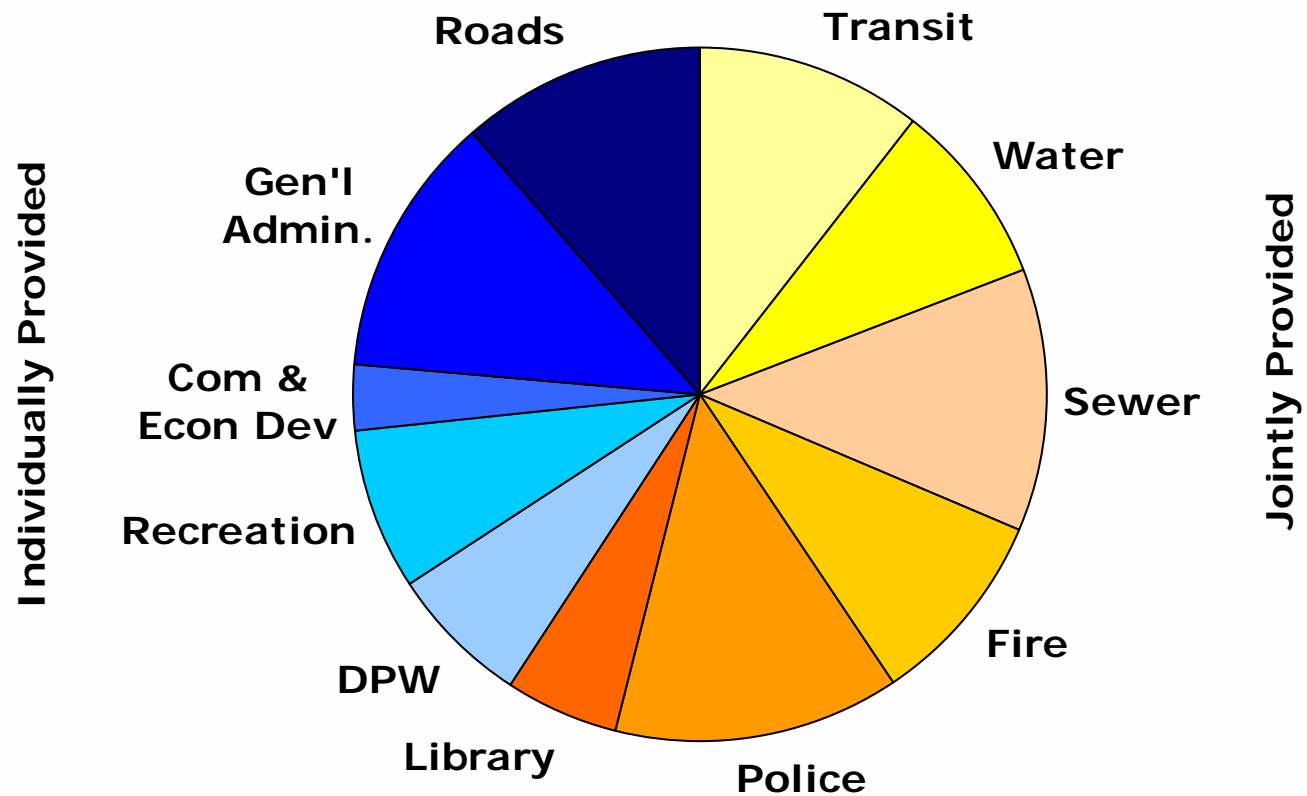
- Utilities
- Surveying
- Engineering
- Vehicle Maintenance
- Building security
- Janitorial Services





Is Collaboration a Stepping Stone to Consolidation?

Aggregate spending amounts for Saugatuck and Douglas, 2012





Michigan's Scarce History of Government Consolidation

- 1960s- the City of Jackson, attempted to merge with the surrounding townships of Leoni, Summit, and Blackman.
- 1984- the City of Battle Creek annexed Battle Creek Township in whole.
- 1999- the cities of Iron River and Stambaugh and the Village of Mineral Hills merged to create a new City of Iron River.
- 2005- an effort to merge the City of Grand Blanc with Grand Blanc Township was defeated.
- 2012- residents of Onekama Village elected not to dissolve the village to merge with township
- 2013- Saugatuck and Douglas will vote on merger in November



Thank You

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