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**STREAMLINING LOCAL GOVERNMENT
SERVICE DELIVERY IN LENAWEE COUNTY**

JANUARY 2012

REPORT 375

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CITIZENS RESEARCH COUNCIL OF MICHIGAN

January 11, 2012

One Lenawee Community Leaders:

Pursuant to your request there is transmitted herewith the Citizens Research Council of Michigan report describing a recommended approach to streamlining local government service provision in Lenawee County.

The enclosed report considers the possibilities for consolidation, city/county consolidation and intergovernmental collaboration as alternatives for streamlining service delivery. Given the concentrations of people and households in just a few communities within the county, the report recommends that the community leaders concentrate their efforts on intergovernmental collaboration. Furthermore, it is recommended that the efforts accentuate the county government as a service provider and agency for performing functions on behalf of the local governments.

By asking key questions about local government service delivery at a time of continuing economic decline, you have positioned Lenawee County to be a leader in reform of local government services.

We hope this report helps Lenawee County to make informed decisions relative to this important issue.

Respectfully Submitted

Eric Lupher
Director of Local Affairs



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Summary

Michigan's structure of local government is characterized by a quilt of townships with cities and villages sprinkled among the townships. Because each of these local governments acts as an autonomous unit, there is a sense that this structure creates duplication and inefficiency.

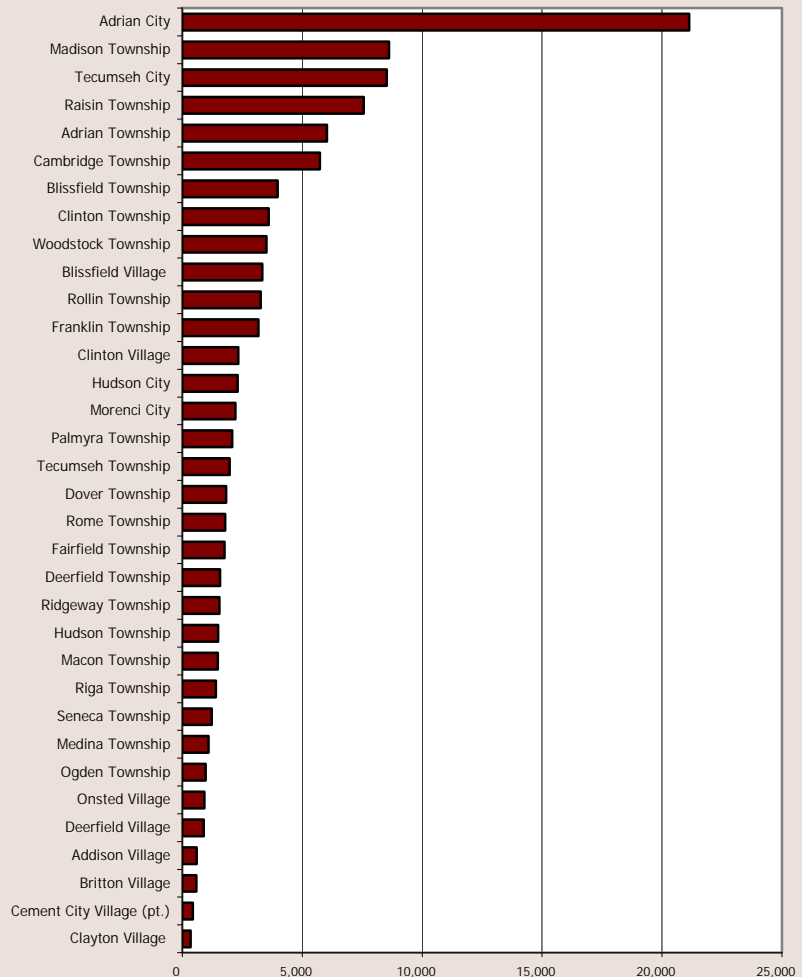
Added to the problems with the structure of local government are the economic conditions in which Michigan businesses, residents and local governments are currently operating. The erosion of jobs, primarily in the manufacturing sector; an exodus of people and businesses to other states; and plummeting property values and tax revenues have made it difficult to operate in the private and public sectors.

The seemingly logical response to these issues is for state and local government policymakers to seek ways to streamline the delivery of local government services. Efforts to achieve this goal can take three forms: policymakers can (1) take action to consolidate the number of local governments; (2) pursue a city/county consolidation; or (3) use intergovernmental collaboration to seek efficiencies for individual services. In the context of Michigan's economic malaise and scarce tax revenues, government leaders, civic leaders, residents, and others are asking how the provision of local government services might transform to continue to meet the needs of the communities.

This report develops a vision of the structure of local government in

Lenawee County, Michigan, that will streamline the provision of local government services. It discusses the compelling reasons for consolidating government service provision, including discussion of the people and places in the county, identification of current service providers, reporting of the cost of providing services, and identification of duplication and over-

Chart A
Population of Lenawee County Municipalities, 2010



Source: U.S. Census Bureau, 2010.

lap that exists in the current service provision model. It explores the consolidation alternatives available to the leaders of Lenawee County and identifies a path for change, identifying the functions and ser-

VICES for which consolidation of local government services would serve to minimize duplication and lead to efficiencies by capitalizing on economies of scale.

About Lenawee County and its Local Governments

Lenawee County has a population of about 100,000 people with 34 units of government, including four cities, seven villages, 22 townships, and the county government. The City of Adrian, Michigan's 52nd largest city and by far Lenawee County's largest, has 21 percent of the total population and the six largest governments constitute 57 percent of the county total. The other governments are either very small geographic entities with small populations or sparsely populated townships.

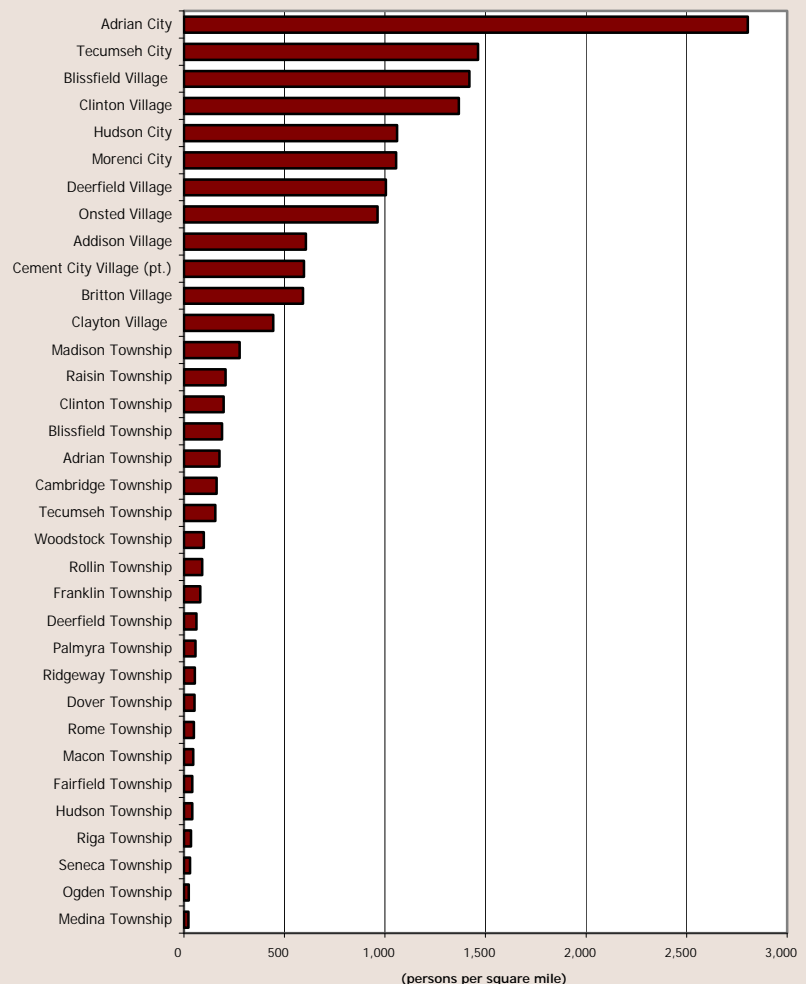
demand more governmental services. Sound, smell, and visual pollution tend to affect more people in densely populated municipalities than is the case in relatively sparsely populated unincorporated areas. Planning and zoning tend to take on added signifi-

The Goal of Streamlined Service Delivery

Several of the incorporated municipalities in Lenawee County well illustrate the conundrum of local government service provision. The cities of Hudson and Morenci and the villages of Addison, Blissfield, Britton, Cement City, Clinton, Clayton, Deerfield, and Onsted have 2010 populations ranging from 344 people in Clayton to 2,336 in Clinton (See **Chart A**). Relatively small governments such as these lack the population to warrant independent delivery of some services, lack the critical mass of people to always be able to find ably suited individuals to carry out some technically difficult tasks, and lack the tax base to afford the capital assets or high wages demanded by highly skilled individuals.

However, it is these same incorporated entities that rank high in population density (See **Chart B**). Densely populated areas create the potential for more negative externalities and

Chart B
Population Density in Lenawee County Municipalities, 2010



Source: U.S. Census Bureau, 2010.

cance. Water and sewer services are in greater demand. Fire fighting techniques tend to be more aggressive, as required to keep fires from spreading to adjacent properties.

In order to streamline local government service delivery, local governments must take actions to match the area provided by governmental services with the optimal service areas for the capital intensive or technically-intensive services. This can occur by consolidating existing governments or by using inter-governmental agreements to consolidate service providers for individual services.

Consolidation is used to reduce the number of governmental units. This can be achieved when cities or villages annex unincorporated territory, by merging two or more adjoining governments into a single entity, or (because villages overlay townships and village residents are served by both the village and township governments) by dissolving villages to leave only the townships. Michigan has not had cities annex whole townships and has only had one merger of existing governments in the past 50 years.

The people in each jurisdiction within Lenawee County are similar. Also, the benefits of having larger

governments might be seen with more diversified tax bases, better land use decisions, and better opportunities to attract social and economic development. However, the differences among these jurisdictions in the tax bases, tax efforts, the services provided result in an analysis of little opportunity for savings. For each jurisdiction that would benefit, another community would be taking on the cost of services previously not provided, and the consequent higher tax burden to fund the services.

City/county consolidations have been used in other states to eliminate duplication between the county governments and largest cities in those counties. Those regions have benefited with the realization of operational efficiencies, aligning those contributing to the funding of municipal services with those benefiting from their provision, and with increased stature that allows the regions to better compete for economic development on a national stage. However, an analysis of the finances of these local governments fails to identify costly service overlap between the county and municipal services and it is not necessarily a primary goal to increase the stature of the City of Adrian or Lenawee County to attract economic development.

Intergovernmental Collaboration

It is recommended that the Lenawee County governments concentrate on intergovernmental collaboration as a means of gaining the benefits of local government consolidation and city/county consolidation without surrendering their identities and independence. Each governmental service can be handled independently, allowing those governments interested in providing particular services to their residents to voluntarily participate in collaborative efforts.

Furthermore, by understanding the people and places in Lenawee County it is possible to recommend a clear direction that Lenawee County and its local governments should take to strategically identify the functions and services that will be most productively provided through collaboration.

About Intergovernmental Collaboration

Michigan local governments use intergovernmental collaboration to provide services more efficiently and to avoid duplication of effort; provide services or service levels that individual governments cannot afford to provide on their own; provide services or deal with problems that transcend the boundaries of individual units; and minimize externalities. Collaboration is used to effectively deal with economic development, land use planning, quality of life assets, and to better manage the delivery of services provided by multiple jurisdictions. Local governments cooperate in a multitude of forms, including: consultation; voluntary regional commissions and councils; mutual aid pacts; joint service provision; joint purchasing; contracting to have functions performed and services provided to their residents; and special authorities.

Intergovernmental collaboration that occurs between two or more local governments – cities, villages, townships, school districts, special authorities, and special districts – to jointly provide any services that each is authorized to provide individually can be thought of as *horizontal collaboration*. Although one partner in a collaboration of this type may bring more to the partnership than the other(s), horizontal collaboration exists when two or more units at equal levels of local government agree to work together. (For purposes of this analysis, cities, villages, and townships are considered equal levels of local governments.)

Intergovernmental collaboration also occurs when local governments collaborate with the State or

county governments. Such collaboration may take the form of municipalities sharing the cost of functions performed by their counties; municipalities contracting with their counties or the State to have functions performed; or the county governments simply assuming responsibility for the performance of specific functions, thus relieving the municipalities of function performance duties. These forms of relationships can be thought of as *vertical collaboration*. Unlike horizontal collaboration in which two or more units at the same level of government work together for the provision of services, vertical collaboration exists when local governments have functions performed by different levels of government.

Recommendations for Lenawee County

Extensive and meaningful new horizontal collaboration will be difficult in Lenawee County because the local governments display wide variance in population and housing units; the local governments display wide variance in the number of services provided; the local governments have varying capacity to tax themselves to provide services; and the local governments exert varying tax effort to fund those services. Only a few governments are positioned to take on greater service provision responsibility – Lenawee County and the cities of Adrian and Tecumseh and the Lenawee County government. Of these, the Lenawee County government has the best working relationship with all of the local governments in the county. The recommendations that follow are designed to capitalize on that dynamic.

Most Significant Actions

The first set of recommendations will have the most significant results in reducing the cost (or keeping future costs from escalating) of local government in Lenawee County.

Adopt County-Wide Practices to Control Urban Sprawl

Analysis of the services provided by the Lenawee County local governments and the methods employed to deliver those services revealed little duplication at the present time. However, analysis of the population trends revealed an out-migration from the county's core cities and steady growth in a few townships. The urban sprawl that is evident in the

growth that has already occurred has not amounted to significant problems. But if streamlined service delivery is a goal, with minimal duplication in service provision, that sprawl must be reigned in soon.

The most significant set of reforms that can be enacted to control future urban sprawl in Lenawee County is to shift the focus of land use planning, zoning, community development, regional marketing, and economic development from the individual units to a regional or county-wide focus.

State law enables county, regional, and multi-jurisdictional land use planning and zoning, but the laws generally require positive action by the local governments to defer those powers beyond their boundaries.

The structure is in place for county-wide economic development with the Lenawee County Economic Development Corporation (LEDC). The November, 2011, vote against a dedicated tax levy will hamper the ability of this body to perform the tasks it was created to perform, but county and local government officials should seek ways of working with the LEDC to keep economic development focused at the county level. Even without dedicated county-wide funding, county, regional, and multi-jurisdictional is possible as voluntary actions by the individual local governments.

Tangential to the soft functions of planning, zoning, community development, regional marketing, and economic development, are several functions related

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to the ability to inhabit structures, including the issuance of building permits, building inspection (mechanical, electrical, etc.), code enforcement, and well and septic permits.

County Leadership to Facilitate Collaboration

Strong Michigan counties are those that recognize that they are only as strong as their weakest local government. The ability to attract new economic development and to fund county services is enhanced when all of the local governments within the county are solvent, well run, efficient in their use of taxpayer dollars, and welcoming to residents and visitors. County governments are in a strong position to help their local governments become and stay strong economic actors, but it can require a champion to point the county in that direction.

The authorizing act under which most Michigan counties operate does not create the best structure for counties to serve that role. It creates a multi-purpose county commission, vested with both legislative and executive responsibilities, and divides other executive responsibilities among a number of independently elected officials. County commissioners are independently elected from county districts that usually contain multiple local governments. While they are elected to serve the whole county, it is inescapable that they are beholden to the residents in their districts that elect them and to the local governments that serve those residents.

That dynamic can be changed by moving to a structure providing for an independently elected county executive.

County Support of Police and Fire Operations

It is recommended that the sheriff position the county department to continue providing police protection where the county is the current provider, but to provide support services to the independent police departments. The idea is to free up officers in the municipal police departments to perform the tasks they do best – providing patrol/emergency response services. The county should provide the capacity to handle all other tasks associated with operating a police department.

The county sheriff should extend the role it currently provides so that all emergency dispatch 9-1-1 services are handled through the county. All special units – child sexual abuse, vice, auto theft, cold cases, drugs, etc. – should be at the county level. The county also should provide support to handle all administrative tasks on behalf of the municipal departments.

The county should explore the ability to provide similar support for the municipal fire departments in the county.

Finally, all purchasing for the public safety organizations should be handled by the county.

County Support of Road Care

The Lenawee County road commission should make its services available to any jurisdiction to care for the roads on a contractual basis. The road commission has the necessary equipment and can better leverage its resources by specializing solely on roads.

Even if contracting with the county road commission for full care of the municipal roads is not amenable to the smaller cities and villages, the road commission should position itself to provide a number of auxiliary services for those municipal road agencies. Purchasing, road signs and traffic lights, and engineering are examples of functions for which the local governments might find savings by contracting with the county road commission.

General Government Reforms

An easy starting point for the county to extend its strengths to the operations of the local governments is in the internal operations of government. These are functions that happen out of the public's eye, and thus, collaboration should not be threatening to the elected officials or the taxpayers that support each individual government.

Greater involvement by the county to perform certain functions could streamline local government operations. Instead of having personnel in as many as 34 individual local governments performing each function independently, the county could have a few personnel performing the functions for multiple units of local government.

Create a “Cloud”

A first step in initiating this form of vertical collaboration would be for the county and local governments to integrate their communication infrastructure by investing in a broadband system to connect all of the local governments to the county.

By wiring the government facilities, Lenawee County could situate itself and the local governments to collaborate in an economical, efficient manner on many service areas. Establishment of a high speed intranet connecting all county, city, village, township facilities within Lenawee County would better enable these governments to operate in the 21st Century and would create an infrastructure for improvements in many of the areas for which the county and local governments interact.

Creation of a secure intranet among the local governments would improve opportunities for file sharing and development of resources to capitalize on advances in communication. Building off of the interconnectedness offered by a local government intranet, the county could develop sufficient computer infrastructure to host websites, email service, databases, and other services for the benefit of the local governments. It should begin by focusing on functions that the county performs as part of the business operations of running the county.

Information Technology

With or without the investment in a broadband network to tie the government centers in Lenawee County together, the county is in a position to help the local governments with their information technology needs. Information technology includes the management of computers and peripheral equipment within the governments, the use of geographic information systems (GIS) for strategic placement of governmental assets, and the provision of websites to disseminate information to the public.

Forms. All forms that are common throughout the governments should be standardized and made available for download through a common portal on the county website. This could include forms for such things as zoning, business licensing, animal licens-

ing, property assessment appeals, parks facility reservations, and so on.

Printing of Municipal Documents. The county should investigate the potential of serving as a resource for the local governments when large volumes of any documents do need to be produced. The county facilities are readily accessible to the local governments throughout the county and the savings the county could potentially offer would make it worth the time and fuel of the local governments to transport printed material from the county offices.

Records/Archives. Like printing, local governments in Lenawee County and throughout Michigan largely house and archive records in house. The ability of the county to invest in the necessary machinery and software would allow the local governments to migrate to an electronic storage of their records in a more cost effective system.

Elections

The counties could do more to facilitate the conduct of elections by the cities and townships. This role could include the education of city and township clerks on election law and the mechanics of conducting elections, joint purchasing of machinery and other materials needed for the conduct of elections, and for archiving of elections records.

Fiscal Services

Creation of an intranet to tie together the government centers throughout the county would also allow the county to offer certain fiscal services to the local governments. The county could provide, or contract to provide, property assessing and tax collections on behalf of the local governments. It could also assist the local governments with their treasury functions, accounting and financial record keeping, and provide a gathering point to benefit the local governments with joint purchasing.

Human Resources

CRC's survey of local governments found that the human resource functions are typically provided independently by each governmental entity. This stands in some contrast to the private sector where a market niche has been created by companies pro-

STREAMLINING LOCAL GOVERNMENT SERVICE DELIVERY IN LENAWEE COUNTY

viding human resource services for small and mid-sized companies to allow them to remain focused on their core mission. An intranet would allow the county to assume the role that payroll and HR companies play in the private sector.

Building Regulation

Creation of an intranet to tie together the government centers throughout the county would facilitate collaboration in the performance of local governments' building regulation functions. Whether the building regulation functions are kept at the local level or moved to the county, an intranet would allow the local governments to better utilize their resources in issuing building permits, performing building inspections, doing code enforcement activities, and, where applicable, issuing well and septic permits.

Other Services

A number of services lend themselves to collaboration and/or contracting with private providers.

Building and Property Services

Local governments provide a number of services related to the maintenance of their own assets or designed to service the privately owned properties within their jurisdictions. As it relates to the local governments' assets, these services include building security, janitorial services, and cemetery services. They include the provision and operation of parks and playgrounds, community/recreation/senior centers, swimming pools, and forestry services. Local governments have fleets of vehicles that vary in number and character for which they have programs for the purchase, maintenance, and storage of their vehicles. Local governments also provide services to service the proper-

ties within their jurisdictions, such as solid waste collection and disposal and recycling.

These types of services do not lend themselves to horizontal collaboration in Lenawee County for a number of reasons. First, these services are not uniformly provided throughout the county. Smaller local governments, especially lightly populated townships tend not to provide many of these services. Second, it is not clear that economies of scale exist in the provision of these services. Most are fairly labor intensive services that require little capital investment for their provision.

It is recommended that the Lenawee County local governments explore contracts with private providers (many already do so) or joint service provision arrangements with the school districts for the provision of these types of services.

Position the County for New Services

Twenty years ago, the provision of broadband and Wi-Fi infrastructure for computer access to the Internet is a prospect few government officials contemplated. Those that quickly recognized the importance of these services as an economic development tool and to provide quality of life services for their residents were best able to define the government's role and vest the proper level of government with responsibility for their provision.

Lenawee County and its local governments need to be vigilant that governments may be called upon to provide new services. Without ties to past performance, they should be open to fitting the governmental service to the level of government best suited to its provision based on the economic characteristics of the service.

Conclusion

It is recommended that Lenawee County concentrate new intergovernmental collaboration efforts on strengthening county operations to better serve the needs of the local governments. These efforts should begin by focusing planning, zoning, community development, regional marketing, and economic development efforts with the county, instead of the individual local governments, to better direct new development to those governments with the capacity to provide services. This will relieve several fast growing townships from having to develop new service delivery capacities and help to preserve green space to keep agriculture as a valued economic activity in the county.

Additionally, the county should be positioned to perform a number of functions that would allow the local governments to concentrate on their core missions. The county provision of specialized and auxiliary police and fire service would allow the local governments with police and fire departments to focus on the core public safety missions they were created to perform. The county can also create an information technology infrastructure that would allow it to support local government services related to document creation and management, elections, fiscal services, human resources, and building regulation.

STREAMLINING LOCAL GOVERNMENT SERVICE DELIVERY IN LENAWEE COUNTY

Introduction

Michigan's structure of local government is characterized by a quilt of townships with cities and villages sprinkled among the townships. School districts overlap the cities, villages, and townships in patterns that are sometimes, but usually not, coterminous with those general-purpose governments. The general-purpose local governments are located within counties and school districts are located within intermediate school districts. Because each of these local governments acts as an autonomous unit, there is a sense that this structure creates duplication and inefficiency.

Added to the problems with the structure of local government are the economic conditions in which

Michigan businesses, residents and local governments are currently operating. The erosion of jobs, primarily in the manufacturing sector; an exodus of people and businesses to other states; and plummeting property values and tax revenues have made it difficult to operate in the private and public sectors.

The seemingly logical response to these issues is for state and local government policymakers to seek ways to streamline the delivery of local government services. Efforts to achieve this goal can take three forms: policymakers can (1) take action to consolidate the number of local governments; (2) pursue a city/county consolidation; or (3) use intergovernmental-

About this Report

The Citizens Research Council of Michigan (CRC) was contracted by One Lenawee, a citizen-led community development initiative that seeks to make Lenawee County a more desirable place to live, locate a business, and visit. The One Lenawee effort identified agriculture, the arts, community development, education, marketing the county, and improving the cost and structure of local government as six priority areas to concentrate its energy and resources.

Specifically with regard to local government, the group's stated vision for Lenawee County is to have "A community that controls its own destiny, has its own identity, saves tax dollars, and is attractive to new and existing businesses and residents." To accomplish this, One Lenawee partnered with the Citizens Research Council of Michigan and the University of Michigan's Gerald R. Ford School of Public Policy to spearhead a proactive, data-driven process to streamline and modernize local government services.

CRC, as the lead researcher on this project, was asked to identify and understand all government services provided in Lenawee County, and their costs. The data will be used to educate the community about what local government services are provided, by what means, and at what cost. One Lenawee hopes to use this report to help local governments consider possibilities for sharing resources and expertise to perform programs and provide services across traditional governmental boundaries.

The following report describes and analyzes current and future population, economic, fiscal, and governmental trends in Lenawee County. To accomplish this, a survey of the Lenawee County local governments was conducted to understand service delivery methods. Using results from the survey and other data, this report analyzes the current service delivery methods and costs in Lenawee governments to assess opportunities for governmental restructuring and expanded collaboration and cost restructuring, and develops recommendations for streamlining local government service provision in Lenawee County.

tal collaboration to seek efficiencies for individual services. In the context of Michigan's economic malaise and scarce tax revenues, government leaders, civic leaders, residents, and others are asking how the provision of local government services might transform to continue to meet the needs of the communities.

This report develops a vision of the structure of local government in Lenawee County, Michigan, that will streamline the provision of local government services. It discusses the compelling reasons for consolidating government service provision, including discussion of the people and places in the county, identification of current service providers, reporting of the cost of providing services, and identification of duplication and overlap that exists in the current service provision model. It explores the consolidation alternatives available to the leaders of Lenawee County, identifying the functions and services for which consolidation of local government services would minimize duplication and lead to efficiencies by capitalizing on economies of scale.

Michigan's Economic Conditions

The Great Recession, as the 2009 national recession has commonly been termed, was the worst economic downturn experienced since the Great Depression of the 1930s. At 18 months in length, it lasted longer than any recessionary period since the Great Depression. The recession was evidenced by deep job losses, especially in the manufacturing sector. Troubles in the financial sector compounded the situation, with the foreclosure crisis and a severe slow down in residential and business lending.

The Michigan economy never recovered from the 2001 recession and the Great Recession had a significant effect on the state. Michigan employment fell by 815,000 (17 percent) between 2000 and 2010 with 290,000 jobs lost in 2009 alone. Michigan was

last or next to last among the 50 states in population growth, growth in real per capita gross domestic product, employment growth, and growth in real per capita income from 2000 to 2010.¹

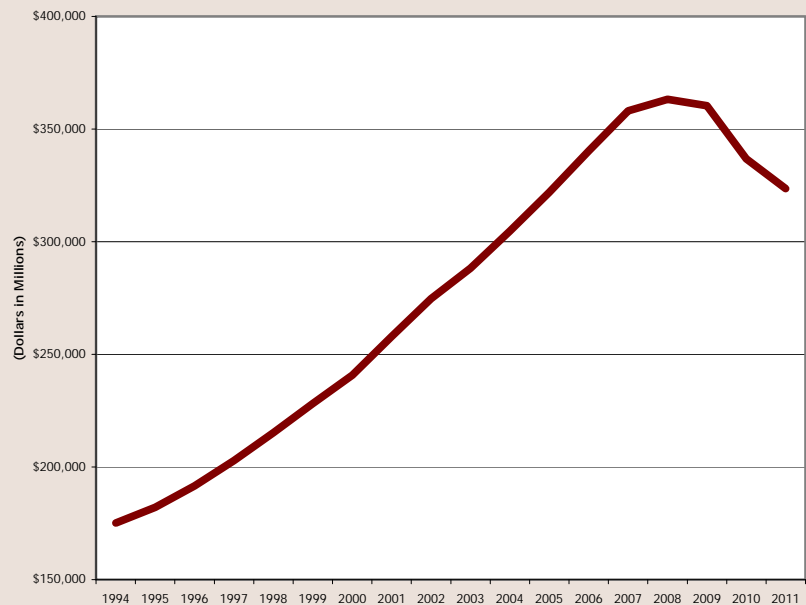
This sour economy has translated into hardship for Michigan's local governments. Their two primary sources of revenues – property taxes and state revenue sharing – are both in contraction, resulting in less funding to pay for governmental services.

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Property Taxes

The primary source of locally-raised revenue for Mich-

Chart 1
Michigan Statewide Taxable Value, 1994 - 2011



Source: Michigan Department of Treasury.

STREAMLINING LOCAL GOVERNMENT SERVICE DELIVERY IN LENAWEE COUNTY

Michigan local governments, the property tax, has experienced a severe erosion of its base over the past four years. After increasing at an average rate of 5.7 percent per year from 1994 to 2007, the bursting of the housing bubble, the subsequent foreclosure crisis, and the collapse of the manufacturing sector have resulted in a statewide average decline in taxable values of 2.5 percent per year since 2007 (See **Chart 1**). Statewide taxable value is down a total of 9.6 percent through 2011, and is projected to continue declining for another two to four years. Michigan's constitutional property tax limitations, that will kick in when the real estate markets recover, will result in very slow growth out of the downturn.

Revenue Sharing

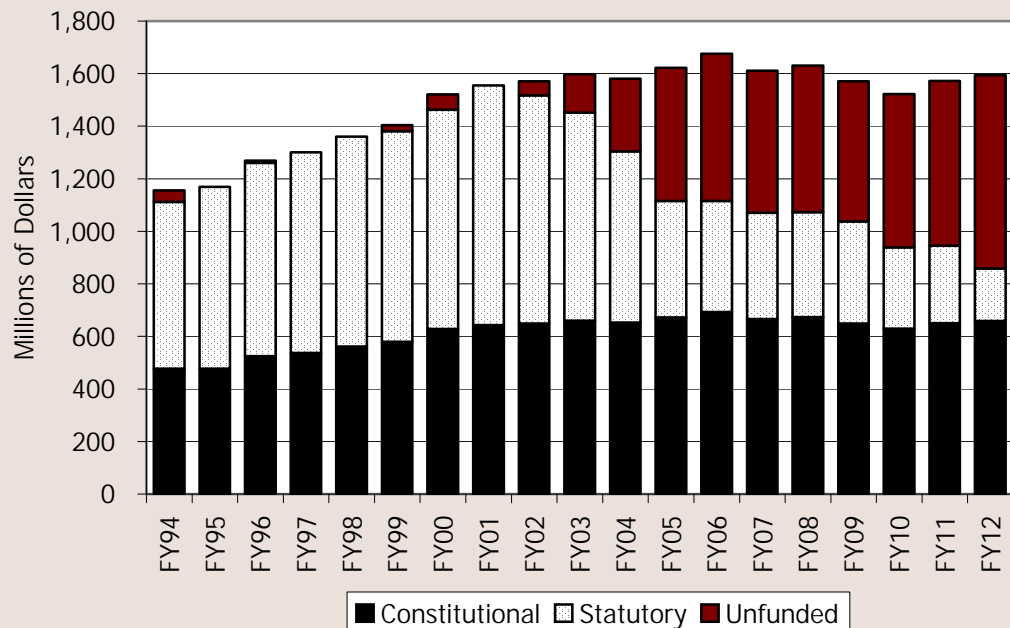
Historically, the State of Michigan has provided a broad range of financial support to its local units of government—cities, villages, townships, counties, school districts, and community colleges. Prior to Michigan's economic downturn that began in 2001, three-fifths of all state-levied taxes, fees and other charges, almost \$15 billion in FY2000, were paid to local units of government. At that time, the unrestricted state revenue sharing program was the second largest category of aid after School Aid. This program distributes state tax revenues to cities, villages, townships, and counties based on constitutional and statutory formula calculations. The constitutional formula distributes funding on a per capita basis. The statutory formula attempts to recognize the varying demands placed on the local governments. The

expenditure of these funds may support any programs the individual unit operates. Over 1,800 local units of government benefit from these revenue allocations.

For many units, revenue sharing was their largest source of revenue in the recent past. That has changed over the past decade as the state has diverted to other state purposes revenue that was previously statutorily earmarked for distribution to local governments through the state revenue sharing program. State policymakers altered the budget in reaction to recessionary pressures on the state's finances by targeting funds that are distributed to recipients that have the ability to raise revenues through other means.

Chart 2 shows how the reductions in statutory revenue sharing payments over the past ten years (represented by the brown "Unfunded" portions of the bars) have reduced the statutory revenue sharing program. These cuts have eliminated statutory payments to about 1,300 of Michigan's 1,776 local units of government, predominantly townships. By any

Chart 2
Reduced State Revenue Sharing Payments to Local Governments, 1994 - 2011



Source: Michigan Department of Treasury, CRC calculations.

comparative measure, the diversion of state revenue sharing dollars has contributed more to balancing the state's General Fund budget than any other area of the budget. During the period FY2001-FY2011, total revenue sharing payments, including constitutional allocations which have increased, are down 44 percent, with statutory payments dropping 76 percent. The state distributed \$912.7 million to local governments in statutory revenue sharing in FY2001, but in FY2012, only \$215 million remains. Only about 490 cities and larger townships are eligible to receive any statutory payments in FY2012.

Michigan Local Government

Michigan local government is characterized by a large number of local governments with overlapping geographical boundaries and often overlapping service responsibility and taxing authority. Not all states have organized their local governments in similar manners. Only a few states – predominantly in New England (Connecticut, Massachusetts, Maine, New Hampshire, and Vermont), the mid-Atlantic (New Jersey, Pennsylvania, and New York), and the old Northwest Territory (Ohio, Indiana, Illinois, and Wisconsin) – are organized in a manner similar to Michigan with unincorporated towns or townships serving geographic areas outside of cities. Most of those states have not authorized their townships to serve as complete service providers to the extent found in Michigan law. Most Southern and Western states operate with much simpler local government organizations. Residents of these states receive local government services from cities or counties, with county service areas ending where city service areas begin. It is common in these states for special purpose authorities to be established in unincorporated areas of counties to provide certain services that are provided by general-purpose governments in Michigan.

Michigan's arrangement of local government, with a large number of locally-elected government officials finds its basis in the concepts of Jacksonian Democracy (Michigan's arrangement of local government is described in some detail in **Appendix A**). Early to mid-19th century political theory held that the problem with government was the appointive status of

government officials. The cure proposed was to have as many officials as possible elected directly to short (two-year) terms. This approach, which would theoretically keep democracy close to the people, reflected the frontiersman's belief in personal versatility and his suspicion of specialization. Government was not believed to require specialized skills or training. It

was hoped that the fragmentation of power and frequent turnover of officials would prevent the formation of a government aristocracy. Government close to the people with high levels of accountability was valued over government operating at optimal efficiency.

Some contextual background describing how local governments in different states endeavor to align service areas with geographical

boundaries helps to explain how Michigan is different from many of its peers. States served solely by cities and counties permit their cities to expand, through annexation, to provide municipal services to newly urbanized areas. These states struggle with the tension for tax base growth between the cities and counties, but the role of cities as full service governmental units is a deciding factor in settling these issues. In contrast, the local governments in states such as Michigan are essentially land locked. A municipality therefore cannot expand without another city, village, or township ceding some of its territory – and thus its tax base. This arrangement has served to stifle the geographical expansion of individual governments and has resulted in frequent mismatches between the optimal service provision areas for individual services and the geographic boundaries of the local governments with responsibilities for providing those services. Because of this arrangement, Michigan has had only very minor changes in the geographic boundaries of its municipalities over the past 40 years and intergovernmental collaboration has taken on increased significance as a tool to better align services with their optimal service areas.

The perception thus arises that the plethora of local governments in Michigan creates inefficiencies and therefore the cost of local government in Michigan is greater than the cost of local government in other states.

Michigan local government is characterized by a large number of local governments with overlapping geographical boundaries and often overlapping service responsibility and taxing authority.

The Goal of Streamlined Service Delivery

In the face of declining or slowly growing revenues, local governments must find ways to streamline the delivery of their services. This is made more difficult by the division of relatively small geographic regions into multiple governmental entities. The challenge is to find ways to either consolidate whole units of government or consolidate the provision of services so that the areas receiving the services reflects a critical mass needed to warrant delivery of those services and the areas supporting the services are sufficient to minimize the burden on any single class of taxpayers.

In the face of declining or slowly growing revenues, local governments must find ways to streamline the delivery of their services.

To the extent that local government is a labor intensive business, the sizes of the service providers will reflect the sizes of the populations served. But not all governmental services are labor intensive. Local governments must invest in capital assets or hire skilled personnel to provide some services. It is for the provision of these services that Michigan's local governments struggle to economize their operations. Once the capital intensive assets, or technically talented persons, are acquired for the operations of local government, they are often capable of servicing people and areas beyond the boundaries of an individual local government. A byproduct of Michigan's arrangement of a large number of small local governments is that very few units are sufficient in population or geographic size to adequately capture the economies of scale inherent in most capital intensive services or economies of skill inherent in many technically intensive functions.

Several of the incorporated municipalities in Lenawee County well illustrate the conundrum of local government service provision. Most of the cities and villages are relatively small, with 2010 populations ranging from 344 people in Clayton to 2,336 in Clinton (See **Chart 4** on page 11). These governments serve relatively small numbers of properties. The number of housing units in each jurisdiction ranges from 110 in Clayton to 1,365 in Blissfield (See **Chart 8** on page 21). Relatively small governments such as these lack the population to warrant independent

delivery of some services, lack the critical mass of people to always be able to find ably suited individuals to carry out some technically difficult tasks, and lack the tax base to afford the capital assets or high wages demanded by highly skilled individuals.

However, it is these same incorporated entities that rank high in population density (See **Chart 5** on page 14) and housing density (See **Chart 9** on page 22). Externalities occur when market transactions affect those that are not party to those transactions. Market transactions can create positive or

negative externalities.

Densely populated areas create the potential for more negative externalities and demand more governmental services. Sound, smell, and visual pollution tend to affect more people in densely populated municipalities than is the case in relatively sparsely populated unincorporated areas. Planning and zoning tend to take on added significance. Water and sewer services are in greater demand. Fire fighting techniques tend to be more aggressive, as required to keep fires from spreading to adjacent properties.

When the economy is strong and governmental coffers are flush, the balkanization of governments can be justified in the name of choice. Relatively small individual governments allow choices for locating homes and businesses to reflect the preferences for particular services and/or different service levels. However, when the economy is weak and governments are struggling to fund the services to which their residents have become accustomed, then the residents and taxpayers of the region must ask whether the cost of maintaining individual local governments and individual local government service providers can be supported.

In order to streamline local government service delivery, local governments must take actions to match existing governmental service areas with the service areas optimal for capital intensive or technically-intensive services. This can occur by consolidat-

ing existing governments or by using intergovernmental agreements to consolidate service providers for individual services.

Consolidation is used to reduce the number of governmental units. This can be achieved when cities or villages annex unincorporated territory, by merging two or more adjoining governments into a single entity, or (because villages overlay townships and village residents are served by both the village and township governments) by dissolving villages to leave only the townships. To date, no Michigan city has annexed a whole township and there has been only one merger of existing governments in the past 50 years.

Because there have been so few consolidations of local governments in Michigan, it is difficult to identify the factors that work for or against successful consolidations. Factors that have been identified as potentially meaningful include:

- Similarities or differences of the people in each jurisdiction – people often attempt to be near others with similar values or characteristics.
- Similarities or differences in the tax base and tax effort – would consolidation result in higher tax rates for residents of one of the communities? Would the tax base wealth of one community be used to support the benefits of another community?
- Similarities or differences in the services provided – would consolidation result in the addition of new services? The loss of valued services? Or a change in the level of services?
- Past relationships of municipal leaders – consolidations are thought to be more likely to occur if the present leaders of each community can amicably work toward that goal.
- Opportunity for a well-balanced community – would a single entity have a stronger and more diversified tax base than do the individual governments? Would it be better suited to make land use decisions than are the individual governments? Would it be better at attracting social and economic development than the individual governments can do?

- Opportunities for savings and/or service improvements – would consolidation result in savings that could be reflected in reduced taxes? Would residents receive better governmental services for the same price? Is it worth the effort?

Different from consolidation of individual local governments – wedding together cities, villages and/or townships – is the idea of consolidating city and county governments. Nationally, 28 city/county consolidated governments exist in 15 different states; none are in Michigan.

City/county consolidations have been proposed and have been implemented for various reasons, mostly related to the following categories:

- Eliminate duplication and save taxpayer dollars – would it result in savings that could be reflected in reduced taxes? Is there redundancy in the actions of the county and municipal governments?
- Create operational efficiency – would it better align all of the contributors to the provision of governmental services? Would residents receive better governmental services?
- Trade power for tax base – would it better align those contributing to the funding of municipal services with those benefiting from their provision? Would residents of unincorporated areas benefit from having greater input on the operations of the primary governments?
- Increase in stature – does the size of the primary government hamper it from attracting economic development?

As with consolidation of cities, villages, and/or townships, research and analysis may identify the potential for cost savings from city-county consolidation, but political opposition by residents, who fear loss of accountability and a sense of community, often defeat such proposals. In addition to public opposition, governmental consolidations must overcome bureaucratic resistance from local public officials whose jobs may be threatened by the consolidation process. **Appendix B** provides a more detailed discussion of the merits of consolidation.

STREAMLINING LOCAL GOVERNMENT SERVICE DELIVERY IN LENAWEE COUNTY

Intergovernmental collaboration is a less threatening alternative to the full consolidation of governments. Governmental units create collaboration agreements for the joint performance of individual business functions and the joint provision of individual governmental services. The end goals of intergovernmental collaboration align with those of full consolidations. Michigan local governments use intergovernmental collaboration to provide services more efficiently and to avoid duplication of effort; provide services or service levels that individual governments cannot afford to provide on their own; provide services or deal with problems that transcend the boundaries of individual units; and minimize externalities. Collaboration is used to more effectively deal with economic development, land use planning and quality of life assets, and to better manage the delivery of services provided by multiple jurisdictions. Local governments have long

Governmental units create collaboration agreements for the joint performance of individual business functions and the joint provision of individual governmental services.

used intergovernmental collaboration as a tool for providing services, but the contraction of tax dollars that has already occurred and can be expected to continue into the near future make the achievement of efficiencies paramount.

In service consolidation, the geographic lines on a map are not altered but service delivery transcends those lines to reflect regional service areas supported by regional tax bases. Local governments cooperate in a multitude of forms, including: consultation; voluntary regional commissions and councils; mutual aid pacts; joint service provision; joint purchasing;

contracting to have functions performed and services provided to their residents; and special authorities. Collaboration is most commonly envisioned as a series of relationships between general purpose local governments (counties, cities, villages, and townships) or among school districts.

About Lenawee County and its Local Governments

Part of any analysis of local government service provision must include a description of the communities to whom the services are provided. Local governmental services are provided to people and to properties. Analysis of service delivery options therefore must consider the number of people and properties served in each community, the density of the people and properties, and the rate of growth each community is experiencing.

Lenawee County

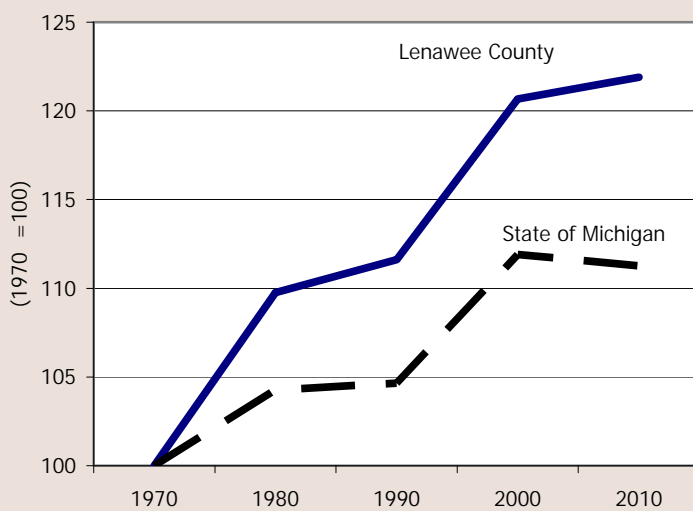
Lenawee County resides along Michigan's southern border near the state's southeast corner (See **Map 1**). It has more farms than any other county in Michigan (1,686) and ranks third among the counties in the number of acres of farmland (348,611).²

In 2010, Lenawee County had a population of 99,892, one-fifth of whom lived in the City of Adrian. The county grew by 20 percent since 1970, but only by one percent between 2000 and 2010. In both cases

Map 1
Lenawee County's Location in the State of Michigan



Chart 3
Total Population Growth
Lenawee County and Michigan, 1970 – 2010



Source: U.S. Census Bureau, 2010.

this growth was faster than the Michigan average: Michigan's population has grown by only eleven percent since 1970, and declined by 0.6 percent since 2000 (See **Chart 3**).

The population of Lenawee County ranked 21st among Michigan's 83 counties in 2010. It is worth noting that Lenawee County's population is smaller than six Michigan cities: Detroit (713,777), Grand Rapids (188,040), Warren (134,056), Sterling Heights (129,699), Ann Arbor (113,934), Lansing (114,297), and Flint (102,434). The county is roughly equal in size to two Wayne County cities: Dearborn (98,153) and Livonia (96,942), and two metropolitan Detroit charter townships: Clinton (96,796) and Canton (90,173).

Lenawee County's population is more homogenous than Michigan's overall population. In the 2010 census, 87.6 percent of Lenawee County's population

Table 1
Lenawee County and the State of Michigan, 2010

	Lenawee County	Michigan
Population	99,892	9,883,640
Race/ Ethnicity		
White Persons not Hispanic	87.6%	76.6%
Black Persons	2.5%	14.2%
Persons of Hispanic/Latino Origin	7.6%	4.4%
Median Household Income	\$ 46,684	\$ 45,254
Percent of Persons below Poverty Level	13.3%	16.1%
Median Age	38.9 years	37.7 years
Percent under 18	23.2%	23.6%
Percent over 65	14.5%	13.4%

Source: U.S. Census Bureau, 2010, Quick Facts, <http://quickfacts.census.gov/qfd/states/26/26091.html>.

identified themselves as white persons not of Hispanic decent; 76.6 percent of Michigan's population identified themselves in this manner. Only 2.5 percent of Lenawee County's residents are black persons compared to 14.2 percent of the Michigan population. A larger percentage (7.6 percent) of the Lenawee County population is of Hispanic/Latino origin; 4.4 percent of the Michigan population is Hispanic/Latino. (See **Table 1**.)

Lenawee County residents have a slightly higher median household income (\$46,684) than for Michigan residents as a whole (\$45,254). Related to this, only 13.3 percent of the persons in Lenawee County were below the poverty level in 2010, compared to 16.1 percent for all of Michigan. Lenawee County's age distribution is very similar to the state's overall.

Individual Governments

Lenawee County is subdivided into 33 general purpose local units of government, including 4 cities, 7 villages, 3 charter townships, and 19 general law townships. (See **Figure 1**.)

The City of Adrian, Michigan's 52nd largest city and by far Lenawee County's largest, is the county seat,

home to the intermediate school district, and host of Adrian College, Sienna Heights University, and a campus of Jackson Community College. Adrian had a 2000 population of 21,574, but has lost 441 people in the years since to give it a 2010 population of 21,133.

Figure 1
Lenawee County General Purpose Local Governments

<u>Cities</u>	<u>Villages</u>	<u>Charter Townships</u>	<u>General Law Townships</u>
Adrian	Addison	Adrian	Blissfield
Hudson	Blissfield	Madison	Cambridge
Morenci	Britton	Raisin	Clinton
Tecumseh	Cement City*		Deerfield
	Clayton		Dover
	Clinton		Fairfield
	Onsted		Franklin
			Hudson
			Macon
			Medina
			Ogden
			Palmyra
			Ridgeway
			Riga
			Rollin
			Rome
			Seneca
			Tecumseh
			Woodstock

* Cement City Village straddles two counties, residing in both Jackson and Lenawee Counties.

Similarities and Differences in the People and Places of Lenawee County

Attempts to put governments together, either through full consolidations or consolidation of service delivery agencies, assumes that the commonalities among the people and the places in Lenawee County will be reflected in communities larger than the current municipalities.

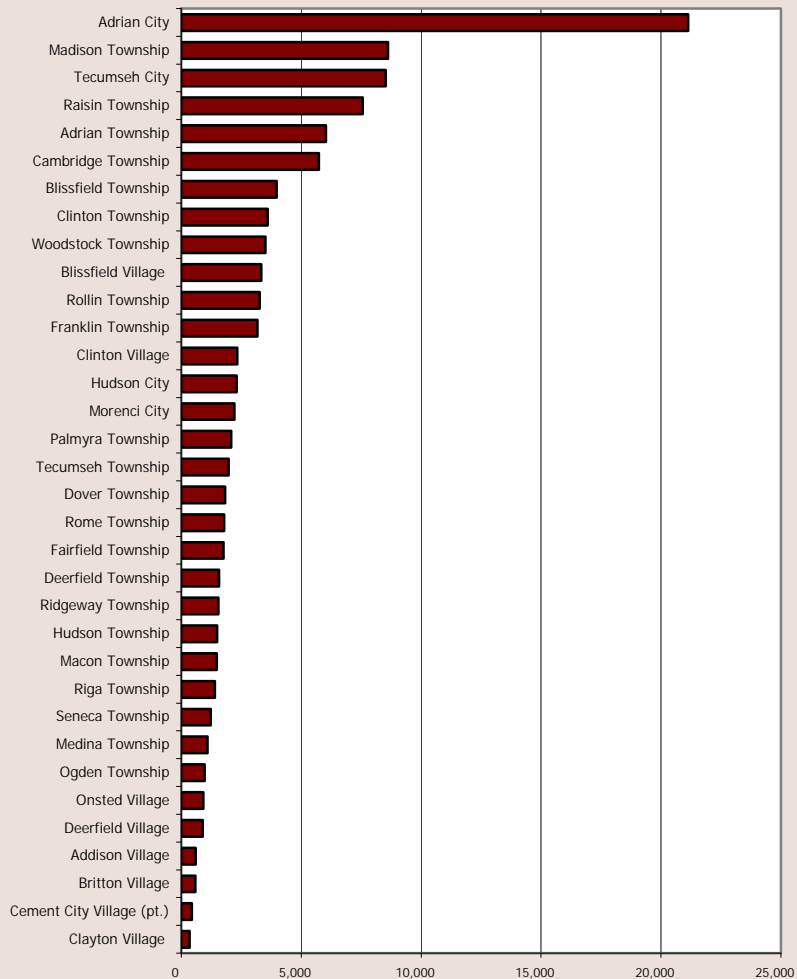
Population

As outlined in the box on page 82, the services provided by governments and the level of service provision is often a function of the populations served and the density of those populations.

Lenawee County communities vary in size, ranging from 21,133 in the City of Adrian to the smallest village, Clayton with 344 residents. As can be seen in **Chart 4** and **Map 2**, the size of the Lenawee County local governments is highly skewed toward smaller populations. Only two villages, Clinton and Blissfield, have populations greater than 1,000 people. Only four townships have populations greater than 4,000 people. The six largest governments – the City of Adrian, Madison Charter Township, the City of Tecumseh, Raisin Charter Township, Adrian Charter Township, and Cambridge Township – constitute 56.7 percent of the total county population.

The average Michigan county has 22 local governments. This includes several counties in the Upper Peninsula that have less than 10 local governments. The lakes that define Michigan's borders and the lakes within Michigan create vast differences in the geographic size of Michigan's counties.

Chart 4
Population of Lenawee County Municipalities, 2010



Source: U.S. Census Bureau, 2010.

STREAMLINING LOCAL GOVERNMENT SERVICE DELIVERY IN LENAWEE COUNTY

Lenawee County local governments average 2,938 people per governmental unit. The average Michigan county has 4,095 people per governmental unit. Twenty-six other counties have higher averages in the number of people per governmental unit. **Table 2** shows Washtenaw and Jackson Counties (because of their proximity to Lenawee County) and the 10 counties with 2010 populations closest to Lenawee County's total population of 99,892 people

(five above and five below). The 10 counties closest to Lenawee County average 26 units of government and 4,104 people per governmental unit.

Governments exist to manage the interaction between people, so it can be expected that communities with more people located close together will organize more governmental services to serve those people.

Table 2
Select Michigan Counties – Population and Average Population per Governmental Unit, 2010

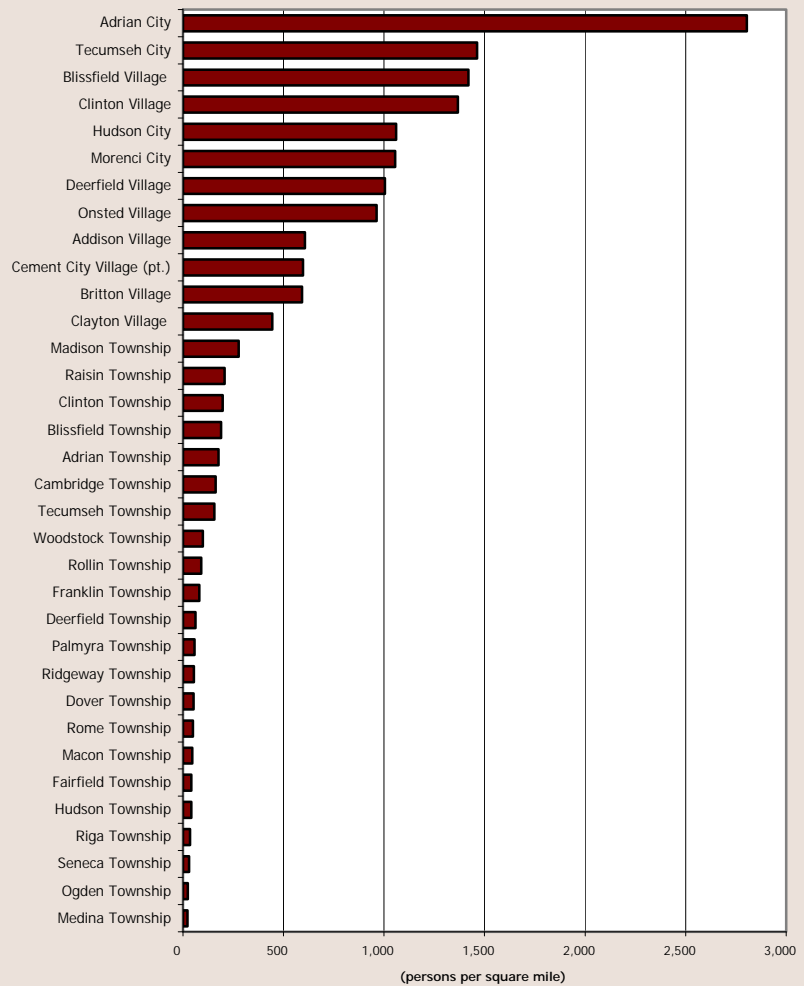
<u>County</u>	<u>2010 Population</u>	<u>Rank Among All 83 Counties</u>	<u>Number of Cities, Villages and Townships</u>	<u>Average Population per Governmental Unit</u>	<u>Rank Among All 83 Counties</u>
Washtenaw	344,791	6	28	12,314	6
Jackson	160,248	14	27	5,935	13
Monroe	152,021	16	25	6,081	12
Calhoun	136,146	17	28	4,862	18
Allegan	111,408	18	35	3,183	23
Bay	107,771	19	19	5,672	14
Eaton	107,759	20	27	3,991	21
Lenawee	99,892	21	34	2,938	27
Lapeer	88,319	22	28	3,154	24
Grand Traverse	86,986	23	16	5,437	16
Midland	83,629	24	19	4,402	19
Van Buren	76,258	25	29	2,630	30
Clinton	75,382	26	27	2,792	29

Source: U.S. Census, CRC calculations.

As can be seen in **Chart 5** and **Map 3**, Lenawee County's cities and villages are far more densely populated than the townships that surround them (even the largest charter townships). With 21,133 people spread over a little more than seven square miles, the City of Adrian has the highest level of population density with 2,800 people per square mile. The next three most densely populated jurisdictions – the City of Tecumseh, Blissfield Village, and Clinton Village – average 1,400 people per square mile. Seventeen of the 22 townships have less than 100 people per square mile (see lightest blue shaded townships in **Map 3**).

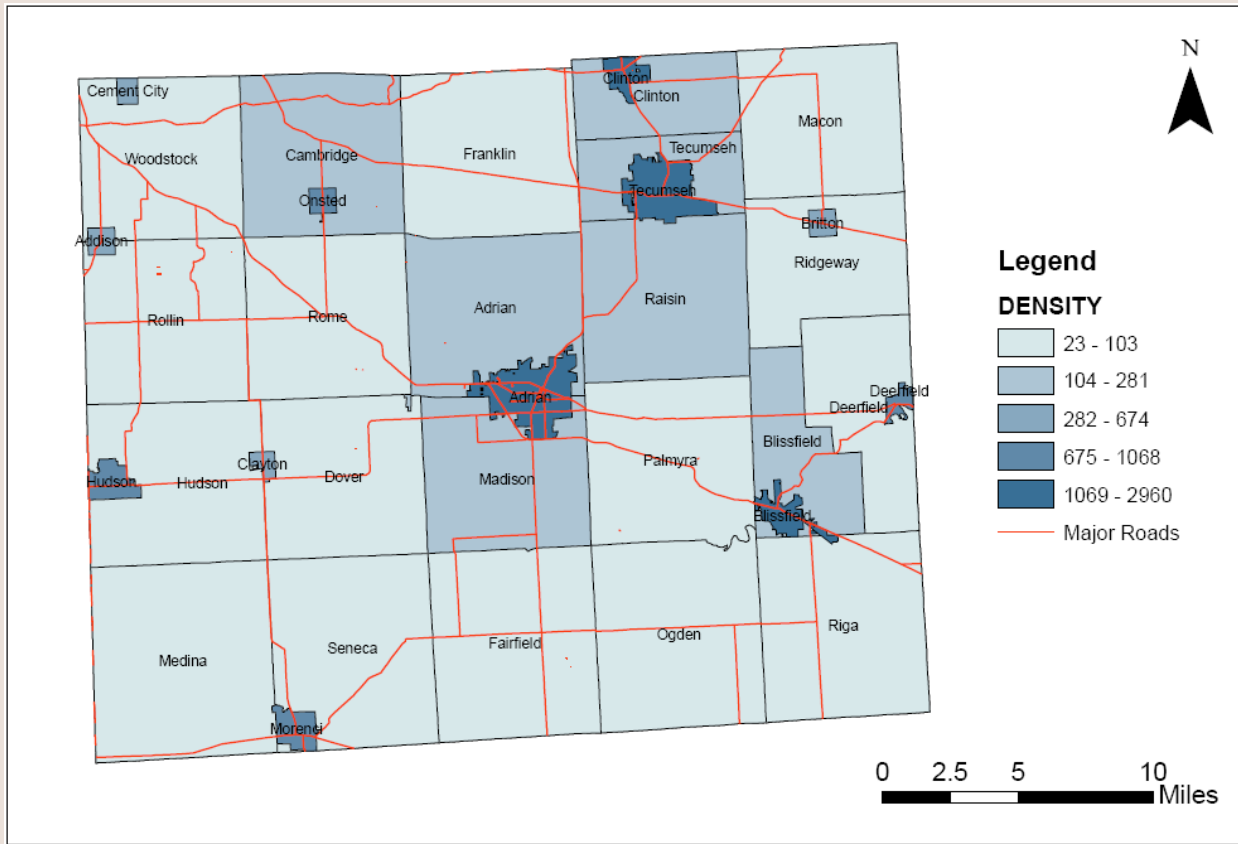
While more than one-half of the population is located in a few governments in the middle of Lenawee County, concentrations of population density are sprinkled throughout the county. The cities and villages have the highest levels of population density. There is then a fair drop off to the townships with the higher population densities – Adrian, Cambridge, Madison, Raisin, Tecumseh, Clinton, and Blissfield. The remaining townships have very minimal population density as is reflected in the light blue shading in **Map 3**.

Chart 5
Population Density in Lenawee County Municipalities, 2010



Source: U.S. Census Bureau, 2010.

Map 3
Population Density in Lenawee County Municipalities, 2010



Source: U.S. Census Bureau, 2010.

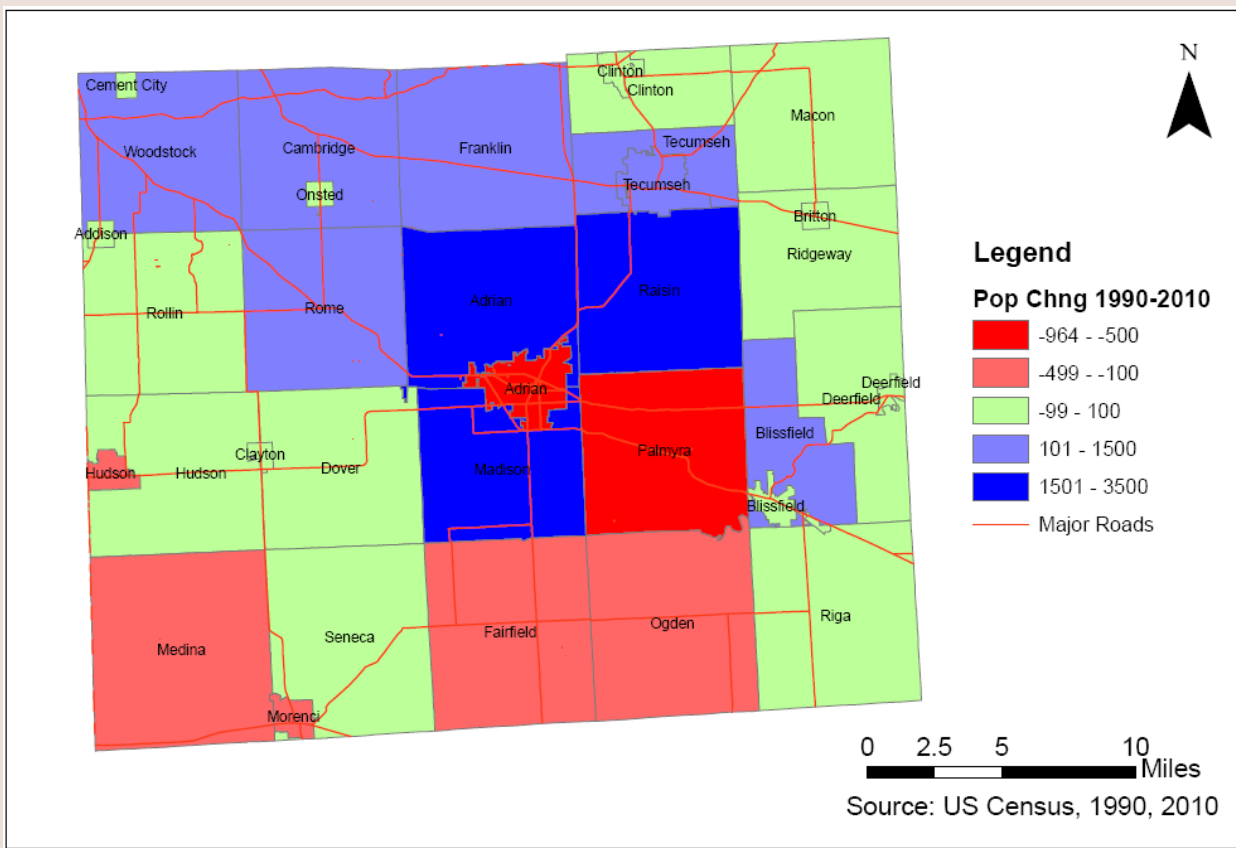
The service provision data presented later in this report represents a snapshot of current arrangements. **Maps 4** and **5** show where population growth has occurred over the past 20 years. It can be expected that the governments experiencing the most population growth will be asked to provide new services or services at higher levels as their populations grow and as their communities become more densely populated. Conversely, those experiencing population loss may have the capacity to provide services at higher levels, but are being left with excess capacity because of the out migration.

The pattern of population growth in the Lenawee County communities reflects the general pattern seen throughout Michigan, where cities and villages are

losing population and population is growing in the townships. The City of Adrian, Lenawee County's largest city, was the biggest loser of population, losing almost 1,000 people in the period from 1990 to 2010. The smaller cities of Hudson and Morenci also lost population during this period. Other population losers during this period were Palmyra Township and the southern townships of Medina, Ogden, and Fairfield.

The townships surrounding the City of Adrian – Madison (+3,270), Raisin (+1,911), and Adrian (+1,699) – were the biggest gainers during the period of 1990 to 2010. These three townships gained almost 7,000 new residents during this period. The City of Tecumseh

Map 4
Population Growth in Lenawee County by Municipality, 1990 - 2010



Source: U.S. Census Bureau, 2010.

(+1,304) and Cambridge Township (+1,059) were the next biggest gainers. (See **Map 4**.)

The population losses represented in **Map 4** do not necessarily tell the whole story, because the gains or losses occurred to bases of varying sizes. The City of Adrian lost 964 people from a 1990 base of 22,097 people, a loss of only 4.4 percent. Medina Township's loss of 278 people from a 1990 base of 1,368 people represented a 20.3 percent loss over this period.

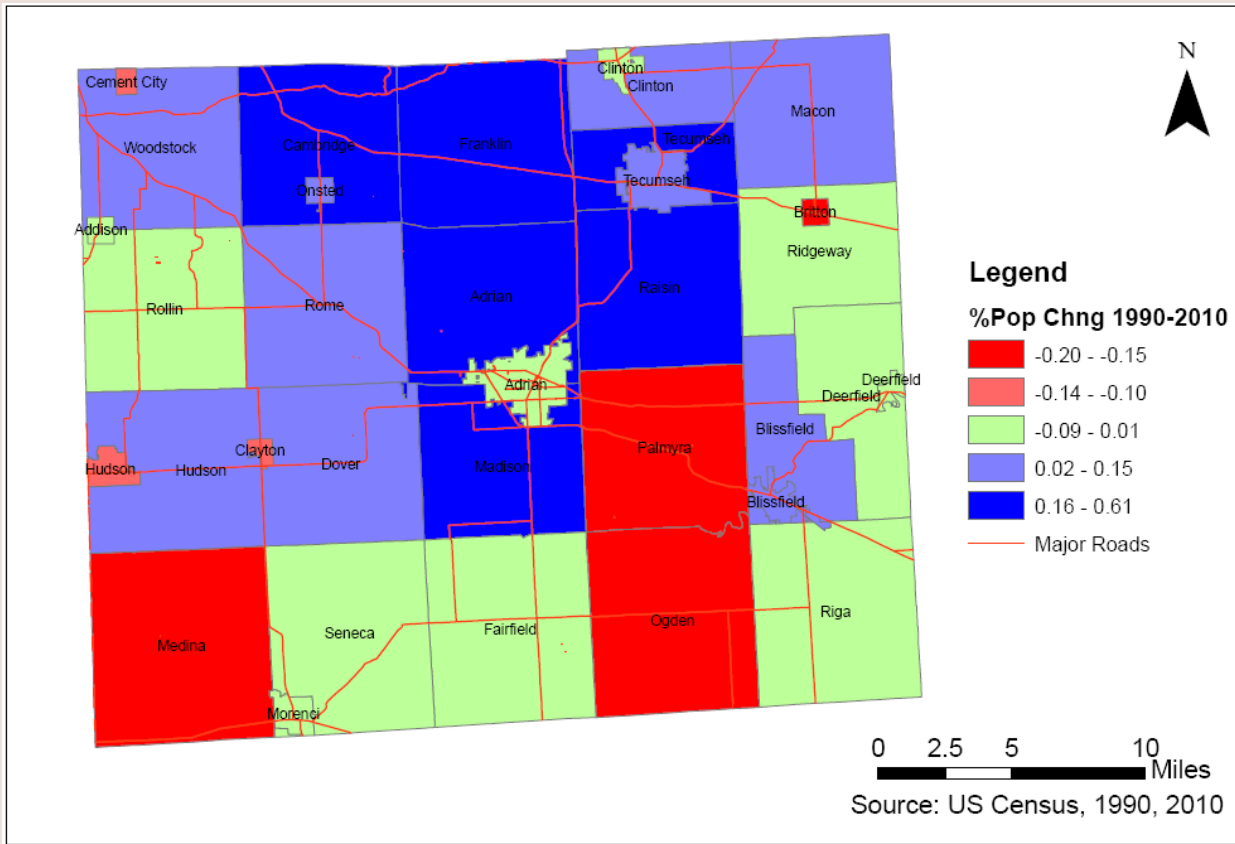
Map 5 shows the percent change in population from 1990 to 2010. The population gainers remain the same, located in the northern, central parts of the county, including: Madison Township (+61.1 per-

cent), Adrian Township (+39.2 percent), Raisin Township (+33.8 percent), Cambridge Township (+29.4 percent), Franklin Township (+28.3 percent), and Tecumseh Township (+28.1 percent).

The communities that lost the biggest percentage of their populations were Medina Township (-20.3 percent), Palmyra Township (-19.9 percent), Britton Village (-15.6 percent), Odgen Township (-15.1 percent), Cement City (-11.2 percent in the portion in Lenawee County), the City of Hudson (-10.6 percent), and Clayton Village (-10.4 percent).

In general the Lenawee County community felt a movement away from the incorporated cities and into the unincorporated townships.

Map 5
Percent Change in Population in Lenawee County by Municipality, 1990 - 2010



Source: U.S. Census Bureau, 2010.

Race and Ethnicity

As mentioned with regard to **Table 1**, Lenawee County's population is more homogenous than Michigan's overall population. This is reflected in an analysis of the race and ethnicity of each Lenawee County community. Madison Township (13.6 percent of its population), Macon Township (5.7 percent), and the City of Adrian (4.4 percent) are the only communities with any significant concentrations of African Americans. Every other community has a smaller percentage of African Americans than the county average (2.5 percent). Onsted Village (1.6 percent

of its population) is the only place with more than one percent of its population reported as Native American.

Likewise, people that reported themselves of Hispanic or Latino origin are concentrated in just a few Lenawee County communities, including the City of Adrian (18.8 percent of its population), Madison Township (8.5 percent), Dover Township (7.7 percent), Adrian Township (7.4 percent), and Palmyra Township (7.0 percent). Every other community has less than the county average of Hispanics/Latinos (7.6 percent). (See **Table 3**.)

Table 3
Race and Ethnicity in Lenawee County by Community, 2010

	Total Population	White		Black		Native American		Other Race or Multiracial		Persons of Hispanic/Latino Origin	
		Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Lenawee County	99,892	92,174	92.3%	2,539	2.5%	475	0.5%	4,704	4.7%	7,614	7.6%
Addison Village	605	587	97.0%	3	0.5%	-	0.0%	15	2.5%	6	1.0%
Adrian City	21,133	17,782	84.1%	926	4.4%	123	0.6%	2,302	10.9%	3,983	18.8%
Adrian Township	6,035	5,744	95.2%	70	1.2%	18	0.3%	203	3.4%	449	7.4%
Blissfield Township	3,973	3,841	96.7%	13	0.3%	17	0.4%	102	2.6%	192	4.8%
Blissfield Village	3,340	3,225	96.6%	9	0.3%	17	0.5%	89	2.7%	172	5.1%
Britton Village	586	578	98.6%	1	0.2%	1	0.2%	6	1.0%	11	1.9%
Cambridge Township	5,733	5,555	96.9%	21	0.4%	28	0.5%	129	2.3%	148	2.6%
Cement City Village	438	419	95.7%	-	0.0%	-	0.0%	19	4.3%	11	2.5%
Clayton Village	344	322	93.6%	6	1.7%	1	0.3%	15	4.4%	19	5.5%
Clinton Township	3,604	3,472	96.3%	11	0.3%	16	0.4%	105	2.9%	78	2.2%
Clinton Village	2,336	2,256	96.6%	4	0.2%	12	0.5%	64	2.7%	57	2.4%
Deerfield Township	1,568	1,507	96.1%	5	0.3%	14	0.9%	42	2.7%	90	5.7%
Deerfield Village	898	853	95.0%	4	0.4%	8	0.9%	33	3.7%	37	4.1%
Dover Township	1,834	1,721	93.8%	13	0.7%	11	0.6%	89	4.9%	142	7.7%
Fairfield Township	1,764	1,693	96.0%	10	0.6%	6	0.3%	55	3.1%	52	2.9%
Franklin Township	3,174	3,065	96.6%	9	0.3%	19	0.6%	81	2.6%	80	2.5%
Hudson City	2,307	2,220	96.2%	17	0.7%	11	0.5%	59	2.6%	98	4.2%
Hudson Township	1,497	1,472	98.3%	5	0.3%	-	0.0%	20	1.3%	26	1.7%
Macon Township	1,486	1,367	92.0%	84	5.7%	9	0.6%	26	1.7%	35	2.4%
Madison Township	8,621	6,997	81.2%	1,174	13.6%	55	0.6%	395	4.6%	731	8.5%
Medina Township	1,090	1,056	96.9%	3	0.3%	1	0.1%	30	2.8%	35	3.2%
Morenci City	2,220	2,135	96.2%	22	1.0%	7	0.3%	56	2.5%	99	4.5%
Ogden Township	973	946	97.2%	2	0.2%	2	0.2%	23	2.4%	37	3.8%
Onsted Village	917	882	96.2%	2	0.2%	15	1.6%	18	2.0%	15	1.6%
Palmyra Township	2,084	2,008	96.4%	11	0.5%	7	0.3%	58	2.8%	145	7.0%
Raisin Township	7,559	7,184	95.0%	54	0.7%	33	0.4%	288	3.8%	404	5.3%
Ridgeway Township	1,542	1,487	96.4%	4	0.3%	6	0.4%	45	2.9%	40	2.6%
Riga Township	1,406	1,367	97.2%	-	0.0%	4	0.3%	35	2.5%	51	3.6%
Rollin Township	3,270	3,174	97.1%	8	0.2%	13	0.4%	75	2.3%	85	2.6%
Rome Township	1,791	1,736	96.9%	6	0.3%	5	0.3%	44	2.5%	58	3.2%
Seneca Township	1,230	1,201	97.6%	3	0.2%	6	0.5%	20	1.6%	42	3.4%
Tecumseh City	8,521	8,182	96.0%	34	0.4%	37	0.4%	134	1.6%	3	0.0%
Tecumseh Township	1,972	1,873	95.0%	17	0.9%	16	0.8%	66	3.3%	88	4.5%
Woodstock Township	3,505	3,389	96.7%	17	0.5%	11	0.3%	88	2.5%	47	1.3%

Source: U.S. Census Bureau, 2010.

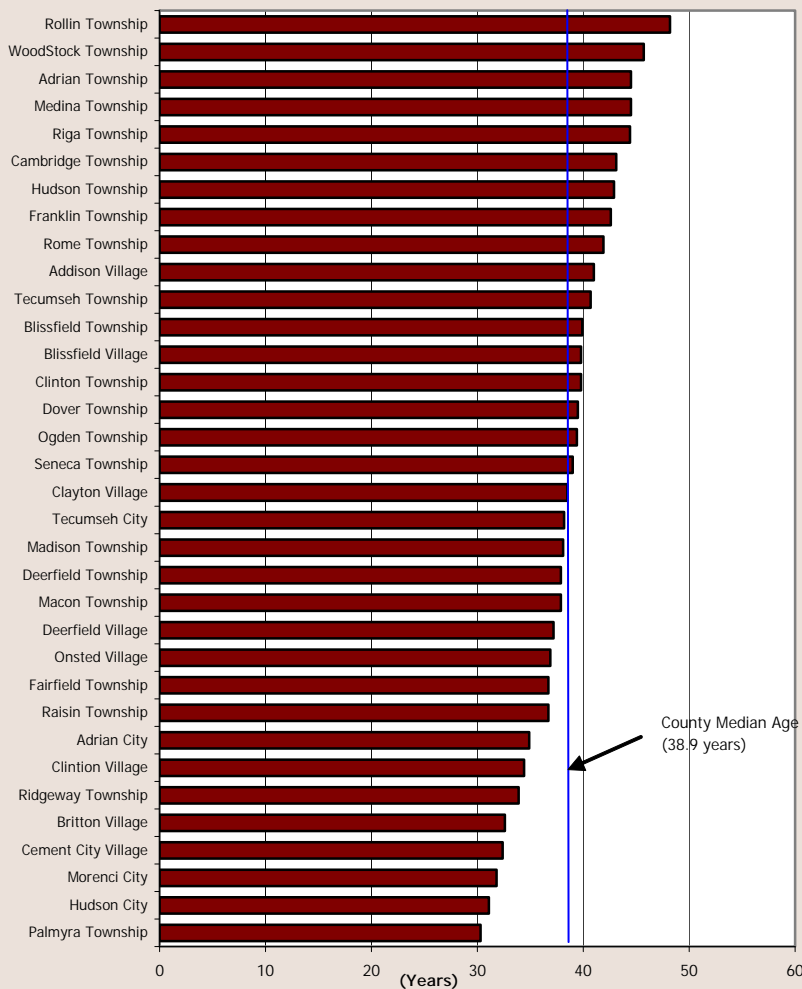
STREAMLINING LOCAL GOVERNMENT SERVICE DELIVERY IN LENAWEE COUNTY

Age

The age of a community's residents can affect the demand for different types of services. For instance, a community with a large number of elderly may serve the residents with a senior center and specialized transportation services. A community with a younger population may put more emphasis on parks

and recreation programs. The median age of the Lenawee County population was 38.9 years of age in 2009. Except for Addison Village, every city and village in Lenawee County had a median age below the county median. The townships on the eastern side of the county tend to have a younger median age than those on the west side. (See **Chart 6.**)

Chart 6
Median Age of Residents of Lenawee County Municipalities, 2009



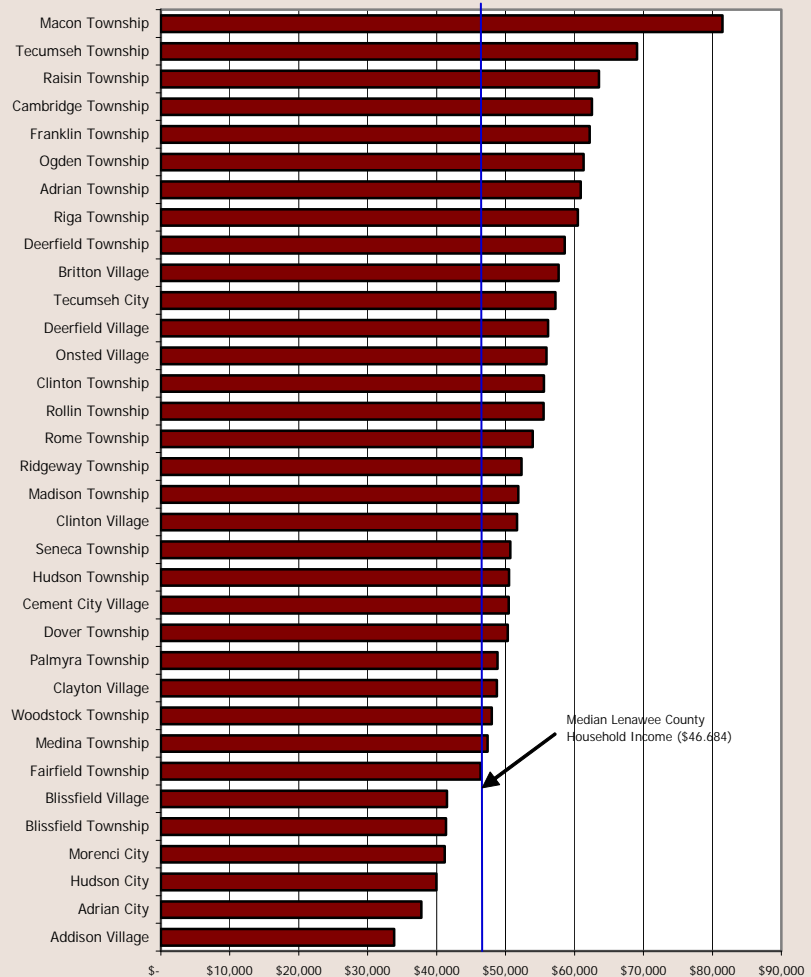
Source: U.S. Census Bureau, American Community Survey, 2009.

Household Income

The income levels of community residents will reflect the commonality of interests and the need for/ability to pay for government services. As was discussed above, people often chose the communities in which they make a home or locate a business based on a desire to be around like people. That is often reflected in the income levels of residents. Community leaders may look at income levels to determine the types of services to emphasize in funding. Wealthier residents are often less dependent on governmental services, but their counterparts may rely on the governmental provision of mass transit or health services.

Chart 7 shows a wide distribution of household income in the Lenawee County communities. The townships with the highest levels of household income – Macon and Tecumseh – have more than twice the household income as those communities with the lowest levels. The lowest levels of household income are concentrated in the cities of Adrian, Hudson, and Morenci, as well as the villages of Addison and Blissfield. Only seven local governments had household incomes below the county median household income of \$46,684.

Chart 7
Average Household Income in Lenawee County
by Municipality, 2009



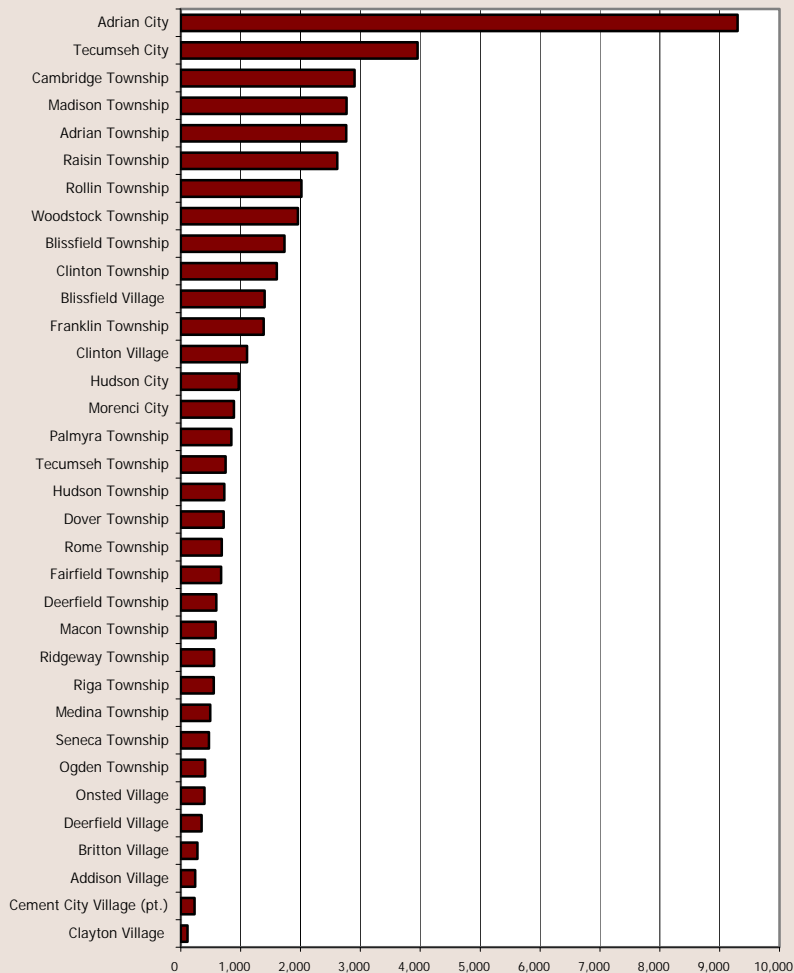
Source: U.S. Census Bureau, American Community Survey, 2009.

Housing Units

The demand for government services is also assessed based on the number of parcels and/or housing units in each jurisdiction. Services such as garbage collection, fire protection, and water and sewer services are not directly provided to people, but to the buildings that the people are in. To illustrate this in stark terms, a fire department will have different requirements to protect against fires if the people are a single structure, such as an apartment complex, or in single family homes in a subdivision.

The number of housing units in the Lenawee County communities also varies greatly, ranging from almost 9,000 in the City of Adrian to less than 150 in the Village of Clayton. Only two villages, Blissfield and Clinton, have more than 400 housing units. Only four townships have more than 2,500 housing units. The six largest governments – the City of Adrian, Madison Charter Township, the City of Tecumseh, Raisin Township, Adrian Township, and Cambridge Township – constitute 50.8 percent of the county housing stock. (See **Chart 8**.)

Chart 8
Housing Units in Lenawee County Municipalities, 2010

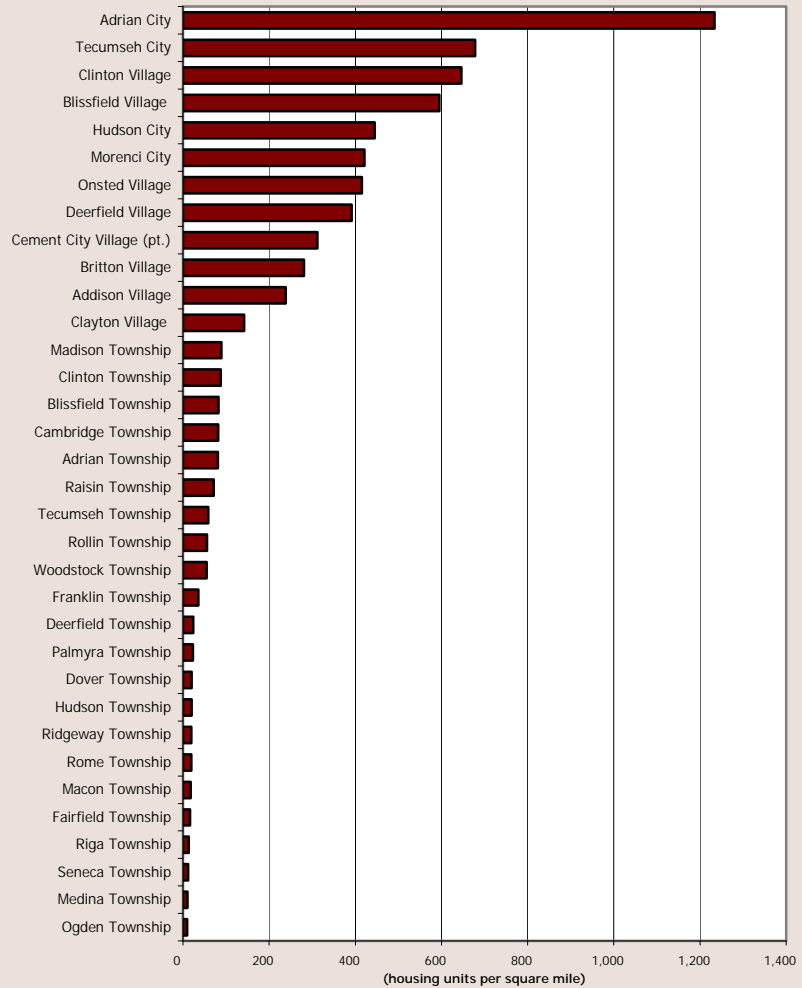


Source: U.S. Census Bureau, 2010.

Like population density, the measures of housing density show the greatest concentrations in the county's cities and villages. As can be seen in **Chart 9** and **Map 6**, the majority of the land area in Lenawee County contains less than 125 housing units per square mile. Adrian, with more than 1,200 housing units per square mile, is about double the average of the three governments with the next highest levels of housing density. The City of Tecumseh and the villages of Clinton and Blissfield average 625 housing units per square mile. There are less than 100 housing units per square mile in all 22 townships, including the charter townships surrounding the City of Adrian.

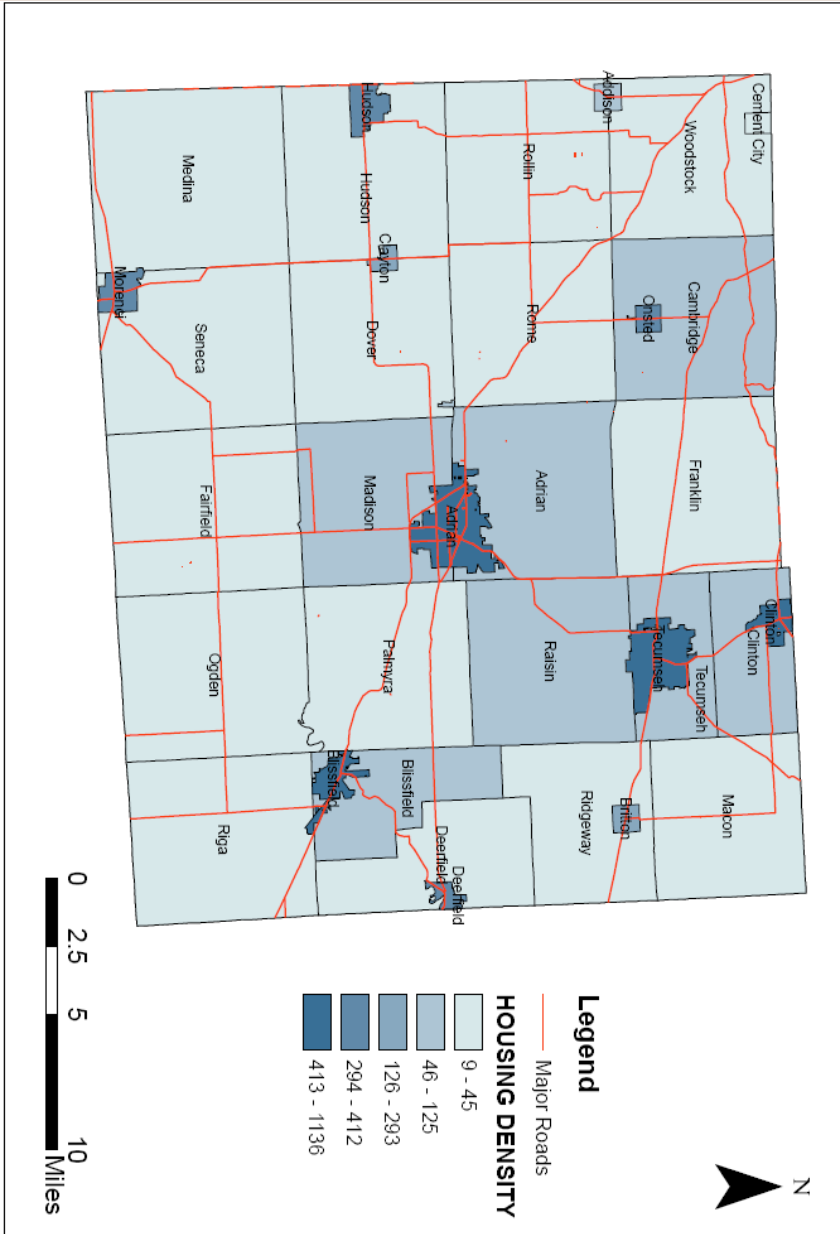
Again, this information illustrates the mismatch between need and capacity. Housing in the cities and villages is far more densely compacted than that in the surrounding townships. This suggests a greater need for fire protection, to protect against a fire spreading from structure to structure, and other property related governmental services, but these governments are mostly very small in geographic size. The equipment needed to provide these services are used to protect a relatively small number of structures.

Chart 9
Housing Density in Lenawee County Municipalities, 2010



Source: U.S. Census Bureau, 2010.

Map 6
Housing Density in Lenawee County Municipalities, 2010



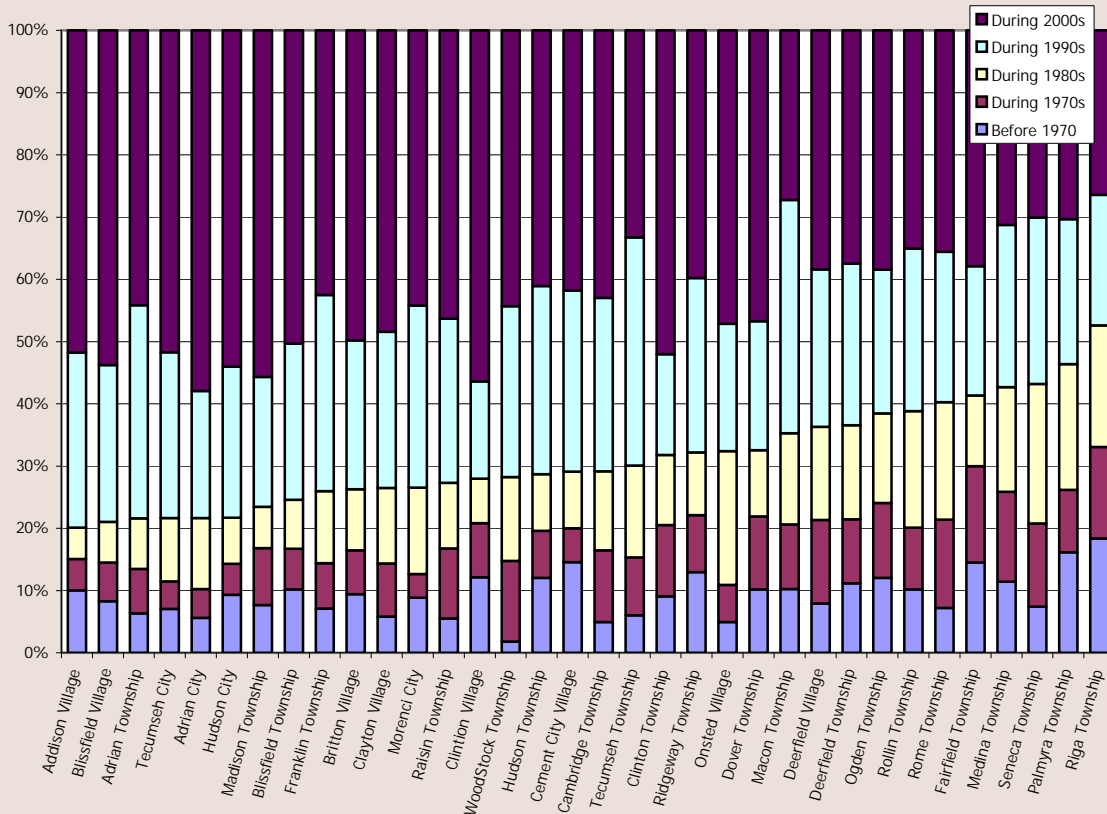
Source: U.S. Census Bureau, 2010.

Housing Tenure

Chart 10 shows percent of housing occupied by the current resident by decade (sorted by the percent with 20 years or more of tenure in their current house). The interest in this statistic relates to the ties to the community. It can be expected that those communities with long-time residents will be more tied to the way services have always been provided. Conversely, communities with large percentages of new residents may be more open to change and rethinking the ways services are provided.

The chart shows that the highest percentages of residents that have moved into their current residences in the past 20 years are in Lenawee County's cities, villages, and the more urbanized townships near the City of Adrian. The residents in many of the sparsely populated, rural townships have stronger ties to their communities, with as much as half of the households residing in the same house for more than 20 years.

Chart 10
Move In Date for Occupied Housing by Governmental Unit in Lenawee County, 2009



Source: U.S. Census Bureau, American Community Survey, 2009.

STREAMLINING LOCAL GOVERNMENT SERVICE DELIVERY IN LENAWEE COUNTY

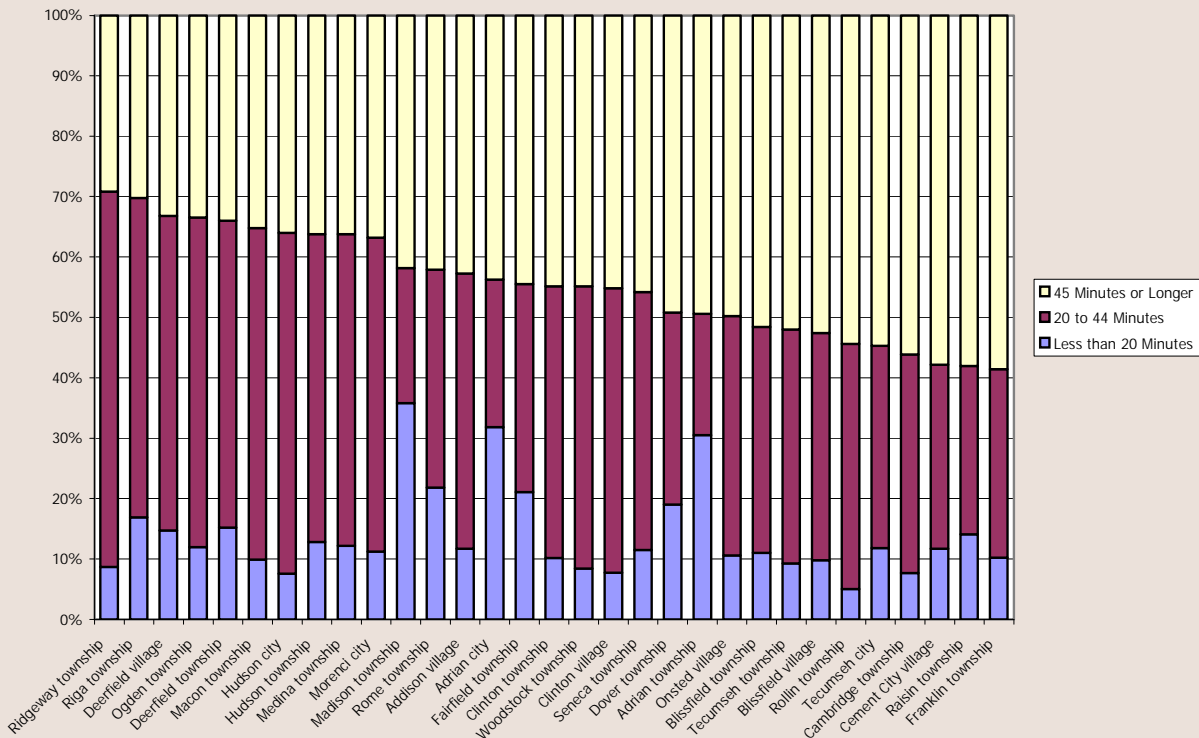
Travel Time to Work

Travel time is another reflection of ties to the communities. People have greater ties to their communities if they live, work, and shop there. The ties are weakened if much of their waking hours are spent working in other locations or traveling far distances to work. It can be expected that people will have greater ties to their communities if they are nearby throughout the day.

Chart 11 shows a U.S. Census Bureau estimate of aggregate travel times to work by the residents of each community (Palmyra Township, Britton Village, and Clayton Village were not reported because the

small sizes of the communities make statistical conclusions difficult). Aggregate travel times of more than 20 minutes are common for as many as 90 percent of commuters from Ridgeway Township. Only about 65 percent of the commuters from Madison Township have travel times as long as 20 minutes. Almost 30 percent of commuters from Ridgeway Township travel more than 45 minutes to work; at the other end of the spectrum, almost 60 percent of Franklin Township commuters report these travel times. The data show that Lenawee County residents generally have fairly long travel times to work, suggesting that they are not working in the communities in which they reside.

Chart 11
Aggregate Travel Time to Work (in minutes) by Governmental Unit in Lenawee County, 2009



* Palmyra Township, Britton Village, and Clayton Village were not reported.

Source: U.S. Census Bureau, American Community Survey, 2009.

The People and Places of Lenawee County

Lenawee County has a population of about 100,000 people – about equal to the populations of the cities of Dearborn or Livonia – and has 34 units of local government to govern and provide services to those people. The county has been growing at a rate faster than the Michigan average, but not as fast as nearby Washtenaw or Livingston Counties that benefited from the housing boom of the 1990s and 2000s.

The sparse populations of the largely agricultural communities that are common in Lenawee County provides stark contrast to the few places with population densities, with more than half of the people and house units concentrated in only six municipalities: more than a fifth of the people are located in

the City of Adrian. The number of houses and the housing density largely reflects the populations of the communities.

The people in Lenawee County communities are fairly homogenous demographically, both for the county as a whole and for the communities that make up the county. There are differences in household incomes between the communities, which speaks to the ability to pay for governmental services.

Finally, the pace of growth, the short tenure of housing in many of the communities, and the relatively long travel times to work for many residents suggests weaker ties to the community and perhaps a willingness to consider changes in governmental service delivery.

Similarities and Differences in Revenue Sources for the Lenawee County Governments

Besides the differences in the demographic composition of the Lenawee County communities, these communities have stark differences in the financial ability, financial effort, and financial priorities they have for funding municipal services. The following will describe from where the governments in Lenawee County get their revenue and the functions and services provided with the funds available to them.

Revenue Sources

The governments in Lenawee County, like all local governments in Michigan, get their revenues from a number of sources, including taxes levied by those governments, licenses and permits, grants and revenues from the federal and state governments, funds shifted between these local governments, fines and forfeitures, charges for services, earnings on interest and rent, and some other miscellaneous sources.

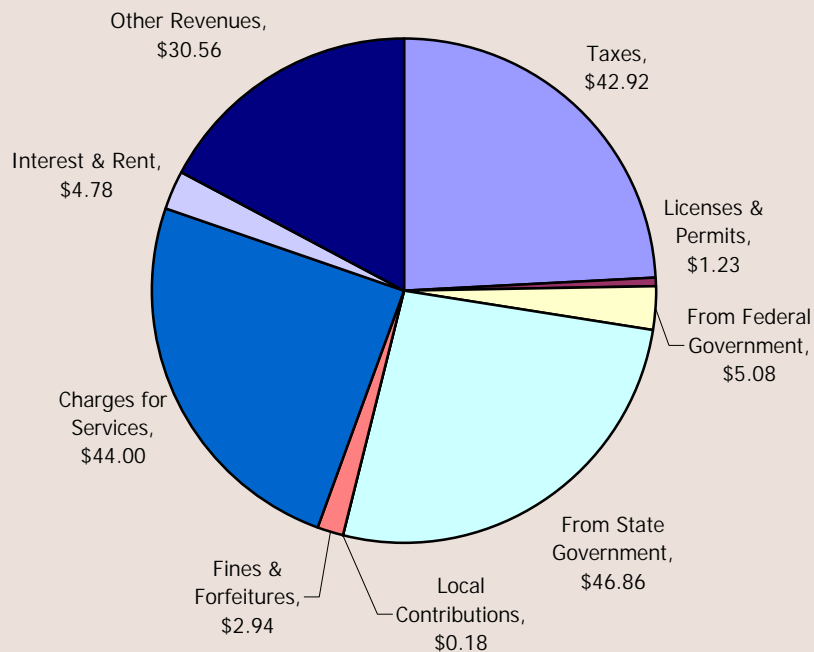
The county, cities, villages, and townships raised a total of \$178.6 million in revenues in fiscal years ending in 2010. The county raised a little more than half of this revenue, the cities almost 30 percent of the total, and the villages and townships the remaining 20 percent.

Chart 12 shows the composition of revenues for all general-purpose local governments in Lenawee County – the county, cities, villages, and townships. In total, the

governments brought in almost \$180 million in revenues. The primary sources of revenue in 2010 were grants and revenues from the state government (\$469.09 per capita), charges for services (\$440.49 per capita), and self-generated taxes (\$429.69 per capita).

The level of government benefiting from these revenues varies by the type of revenue. The county government levied and collected 45 percent of the taxes, with the cities, villages, and townships receiving the other 55 percent. The cities, villages, and townships collected 60 percent of the revenues from license and permits. The cities, villages, and townships also collected 56 percent of the revenues in charges for services, largely for operation of the water and sewer systems.

Chart 12
Revenue Sources for Lenawee County General-Purpose Governments, 2010
(Millions of Dollars)



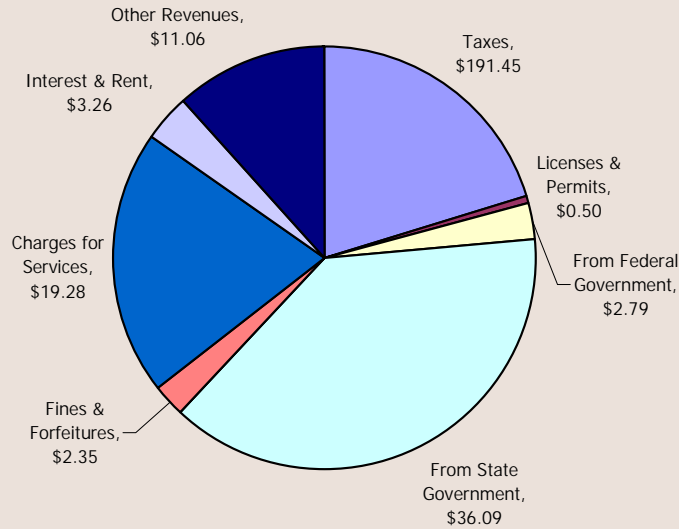
Source: Michigan Department of Treasury, F-65 database.

The county government was the primary recipient of intergovernmental transfers, receiving 77 percent of the revenues distributed by the state government and 55 percent of federal grants. These grants and revenues from the state and federal governments helped to fund health and welfare programs, roads, and the court system.

Chart 13 shows the sources for almost \$95 million of revenues received solely by the county government. The county got 38 percent (\$361.34 per capita) of its revenue from the state government in funds distributed for health and welfare programs, courts, roads, and other functions. Another 20 percent (\$193.05 per capita) is raised through charges for services provided by the county. The county generates 20 percent of its revenues (\$191.45 per capita) in property taxes.

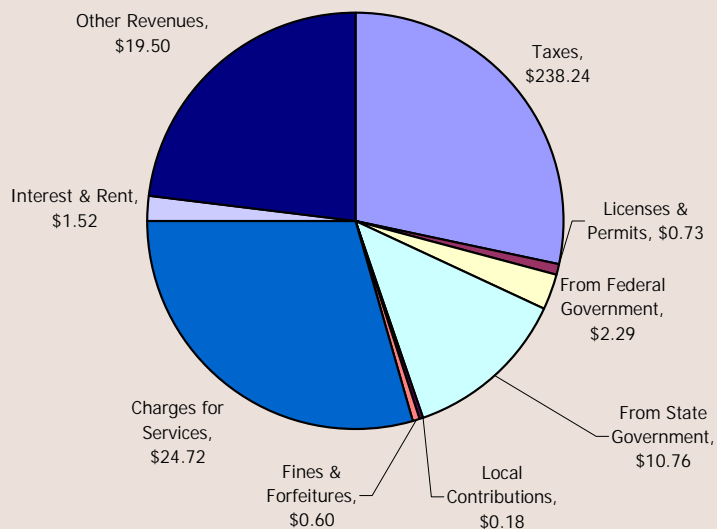
Chart 14 shows the same data for the cities, villages, and townships in Lenawee County. The four cities constituted 60 per-

Chart 13
Revenue Sources for Lenawee County Government, 2010
(Millions of Dollars)



Source: Michigan Department of Treasury, F-65 database.

Chart 14
Revenue Sources for Cities, Villages, and Townships in Lenawee County, 2010
(Millions of Dollars)



Source: Michigan Department of Treasury, F-65 database.

Table 4
Revenues of Lenawee County General-Purpose Governments, 2010
(Thousands of Dollars)

Source:	1	4	7	22	Subtotal	Total
	County	Cities	Villages	Townships	Cities, Villages, & Townships	
Taxes	\$ 19,124	\$ 13,829	\$ 3,082	\$ 6,887	\$ 23,799	\$ 42,923
Licenses & Permits	498	353	141	237	731	1,229
From Federal Government	2,793	1,786	502	3	2,292	5,085
From State Government	36,095	5,504	1,617	3,643	10,764	46,859
Local Contributions	-	68	7	106	182	182
Fines & Forfeitures	2,346	296	216	84	596	2,942
Charges for Services	19,284	12,318	6,894	5,505	24,717	44,001
Interest & Rent	3,260	623	306	593	1,521	4,781
Other Revenues	<u>11,061</u>	<u>15,896</u>	<u>1,228</u>	<u>2,380</u>	<u>19,504</u>	<u>30,564</u>
Total	\$ 94,461	\$ 50,674	\$ 13,993	\$ 19,438	\$ 84,105	\$178,566

Source: Michigan Department of Treasury, F-65 database.

cent of the total local government revenues, collecting more than \$50 million in total. The City of Adrian received almost half of this amount. Township revenues totaled over \$19 million, 23 percent of the total. Finally, the villages brought in about \$14 million, or 17 percent of the total.

Charges for services (\$247.44 per capita) are the largest source of revenues for the cities, villages, and townships as a group, but not all of the governments benefit equally from this source. Almost half of the village revenues are from charges for services, and most of this is attributable to the villages of Clinton and Blissfield for the water and sewer utilities they operate.

Self-generated tax revenues (\$238.24 per capita) are the next largest source of revenues for the cities, villages, and townships. Taxes levied by the four cities make up 58 percent of this amount, townships

another 29 percent, and villages the remaining 13 percent. Taxes constitute about one-quarter of the revenues for cities and villages, and about 35 percent of the revenues for townships.

Revenues received from the state (\$107.76 per capita) were the next largest source of revenues for the cities, villages, and townships. This funding came primarily through the state revenue sharing program and Act 51 funding for the care of roads and bridges. More than half of the funding received from the state went to the cities, with townships receiving about one-third of the funds. Funding from the state constituted a little more than 10 percent of the city and village revenues, and almost 20 percent of the township revenues. This source was even more significant several years ago, before the state began redistributing to other state purposes funding that statutorily was designated to state revenue sharing.

Similarities and Differences of Property Tax

Property taxes contribute slightly less than charges for services as the major sources of the Lenawee County government's contributors to own source revenue. It is the only tax option employed by the cities, villages, and townships and the primary funding source for discretionary services. Although Michigan cities may levy local option income taxes, none of the four Lenawee County cities do. Michigan local governments may not levy local option sales, motor fuel, or other local taxes that are found in some other states.

Although property taxes are not necessarily beloved by those levying the taxes nor by those paying the levy, they are levied by each type of local government in Michigan. Past experience with governmen-

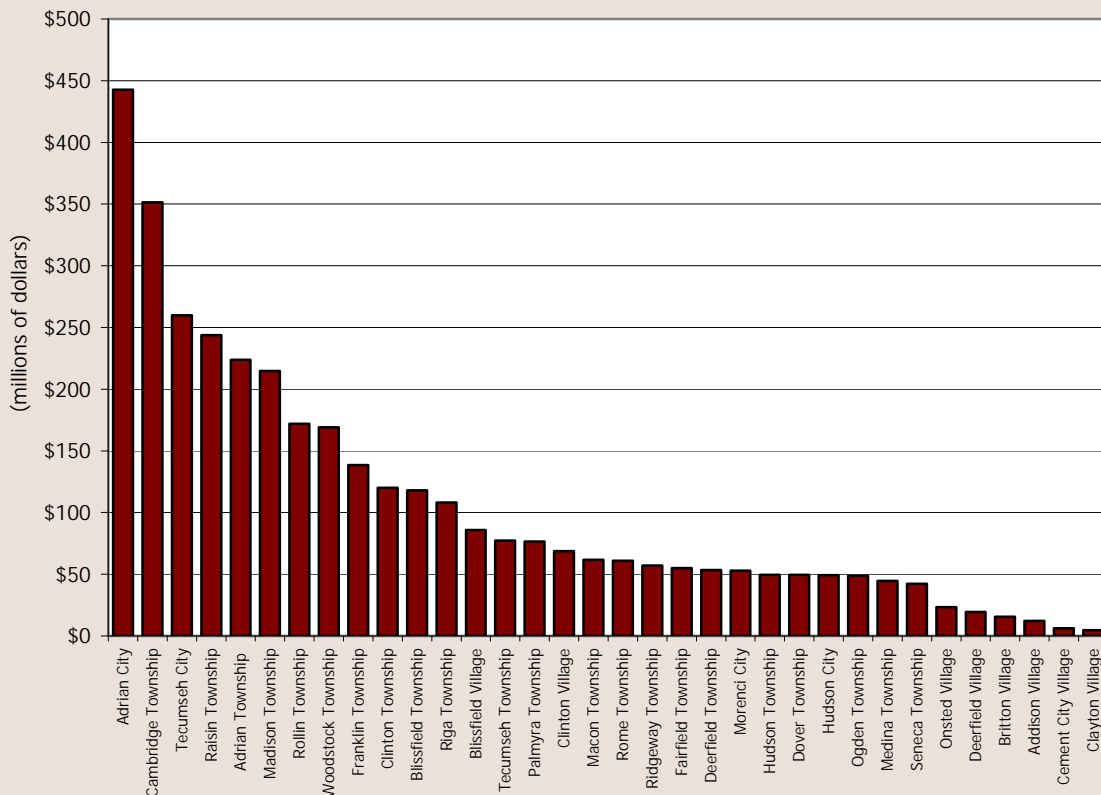
tal consolidations and intergovernmental collaboration has shown that the relative values of each community's tax base and the tax effort each community exerts, as reflected in the tax rate levied, are important factors that policymakers and residents consider when weighing their costs and benefits.

Tax Bases

With a countywide tax base of \$3.2 billion of taxable value, Lenawee County ranked 22nd among Michigan's 83 counties.

The taxable value measures the local government's ability to fund services. This is measured in two ways for the purposes of evaluating the ability to fund services. First, a straight measure of taxable value in each community shows that seven munic-

Chart 15
Taxable Value in Lenawee County Governments, 2010



Source: Michigan Department of Treasury, 2010.

STREAMLINING LOCAL GOVERNMENT SERVICE DELIVERY IN LENAWEE COUNTY

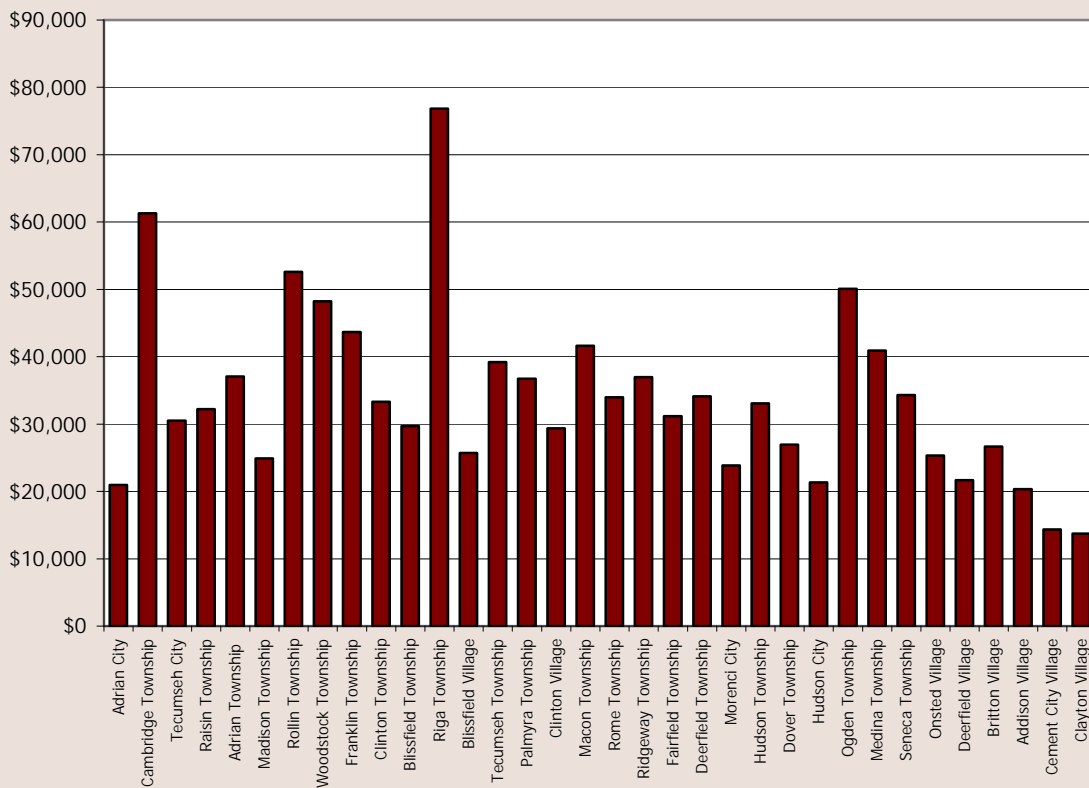
palties – the cities of Adrian and Tecumseh and six townships (Cambridge, Raisin, Adrian, Madison, Rollin, and Woodstock) – have more than half of the total taxable value in the county (See **Chart 15**). The other cities and all of the villages have relatively little taxable value.

Also, note the tremendous drop off in the amount of taxable value in each community. The City of Adrian has as much taxable value as the two townships that surround it combined, Adrian and Madison Townships. Twelve of the municipalities in Lenawee County have tax bases of less than \$50 million. The City of Adrian has nine times as much tax base as the largest of these jurisdictions.

The second measure of taxable value looks at the tax base relative to the population served (See **Chart 16** and **Map 7**). Measured in this way, the population centers in the county appear less prosperous. The cities, villages, and several of the most developed townships are much more average in terms of taxable value per capita. A few of the more sparsely populated townships – Riga, Cambridge, Rollin, Ogden, and Woodstock – stand out as having above average taxable values per capita.

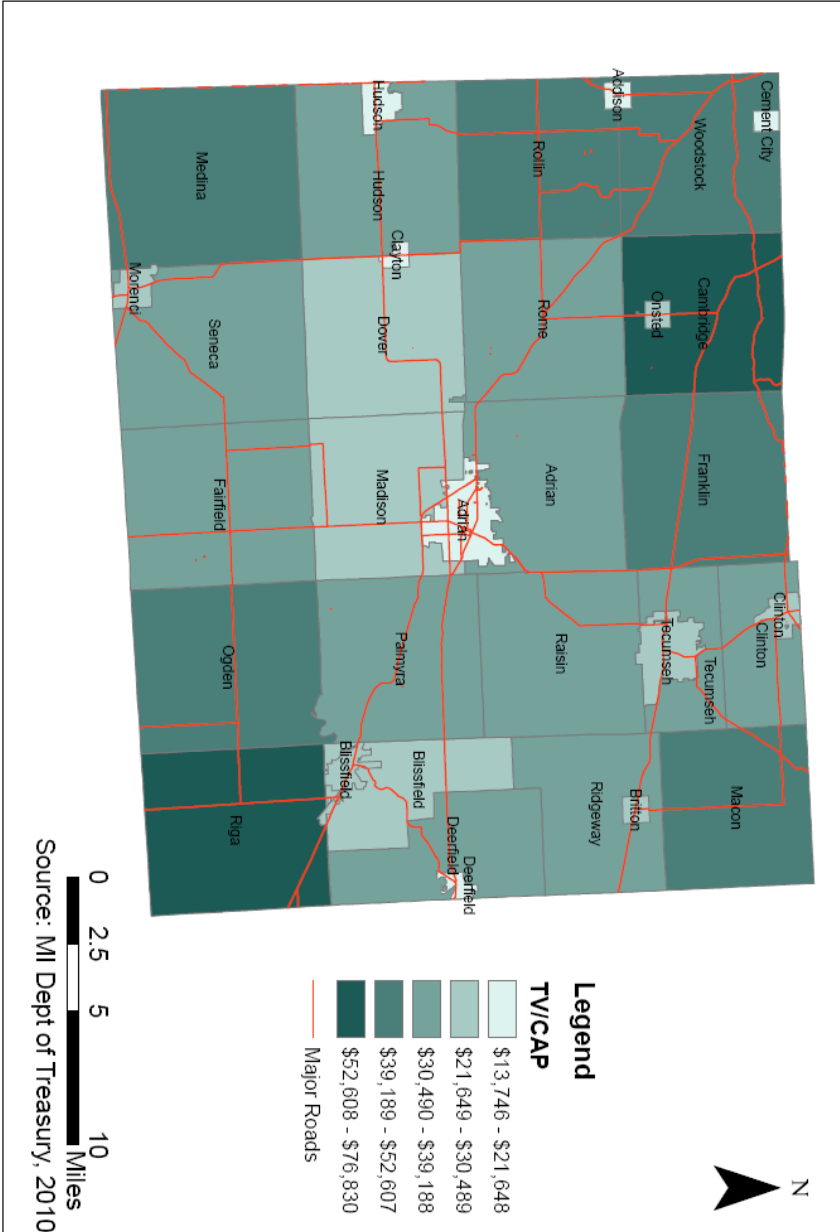
It was clear in **Chart 15** that the sparsely populated townships have relatively small tax bases. Their relatively high ranking in taxable value per capita is largely a reflection of the low number of people residing in their communities.

Chart 16
Taxable Value per Capita for Lenawee County Governments, 2010



Source: Michigan Department of Treasury, 2010.

Map 7
Taxable Value per Capita for Lenawee County Governments, 2010



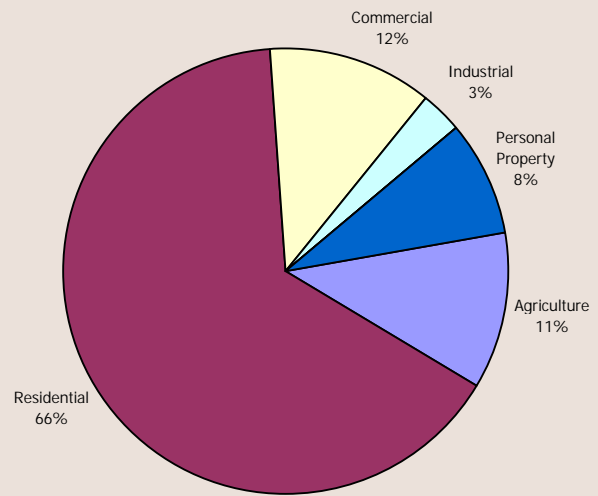
Source: Michigan Department of Treasury, 2010.

Composition of Taxable Value

For purposes of assessment, the real and personal properties are divided into six classifications: agricultural, residential, commercial, industrial, developmental, and timber cutover. Analysis of the composition of the Lenawee County tax base relative to the state, and the composition of the individual units within Lenawee County identifies vast differences in the makeup of these communities.

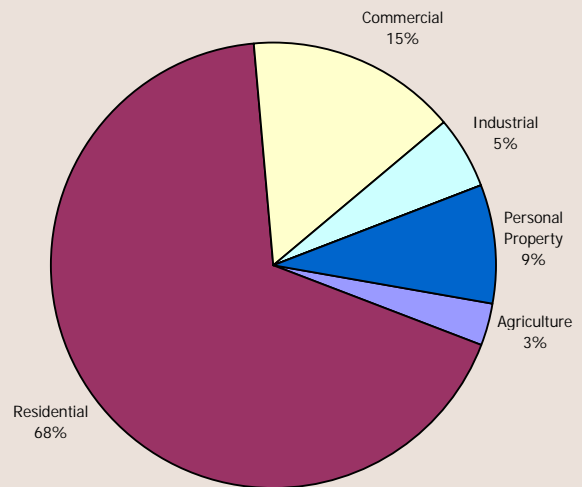
A few things stand out when comparing the composition of taxable value in Lenawee County (**Chart 17**) with the statewide taxable value (**Chart 18**). Residential property makes up roughly equal proportions of the Lenawee County and state tax bases: 66 percent of the total in Lenawee County and 68 percent for the state. More of the Lenawee County tax base is agricultural property (11 percent) than for the state as a whole (3 percent). On the other hand, less of the Lenawee County tax base is commercial (12 percent) and industrial property (3 percent) than for the state as a whole (15 percent and 5 percent respectively).

Chart 17
Taxable Value by Classification in Lenawee County, 2011



Source: Michigan Department of Treasury, 2010.

Chart 18
Taxable Value by Classification in Michigan, 2011



Source: Michigan Department of Treasury, 2010.

These variances stand out in greater detail when looking at the composition of the tax base of each Lenawee County community individually (See **Chart 19**). Agricultural property contributes nothing, or virtually nothing, to the tax base of the cities, but more than half of the tax bases for Ogden, Medina, and Seneca townships.

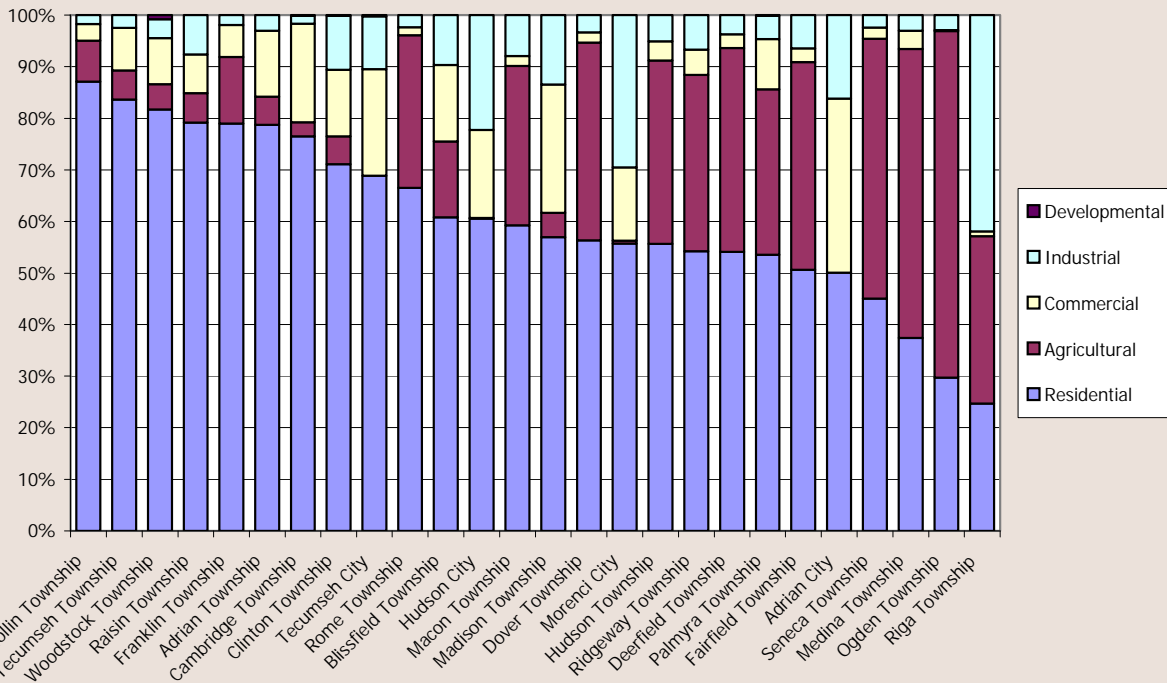
A different set of jurisdictions relies on residential property as the largest classification of their tax bases. These include Rollin Township, Tecumseh Township, Woodstock Township, Raisin Township, Adrian Township, and Cambridge Township. These townships stand in contrast to a different set of town-

ships (Seneca Township, Medina Township, Ogden Township, and Riga Township) that have high concentrations of agricultural property. Less of their value is from residential property.

Commercial property makes up more than 15 percent of the tax bases of the City of Adrian, Madison Township, and the City of Tecumseh, but only 0.1 percent in Ogden Township.

Industrial property makes up 11.9 percent of the tax base in Riga Township, but Rome Township does not have any industrial property as part of its tax base.

Chart 19
Taxable Value of Real and Personal Property by Classification for Cities and Townships in Lenawee County, 2011



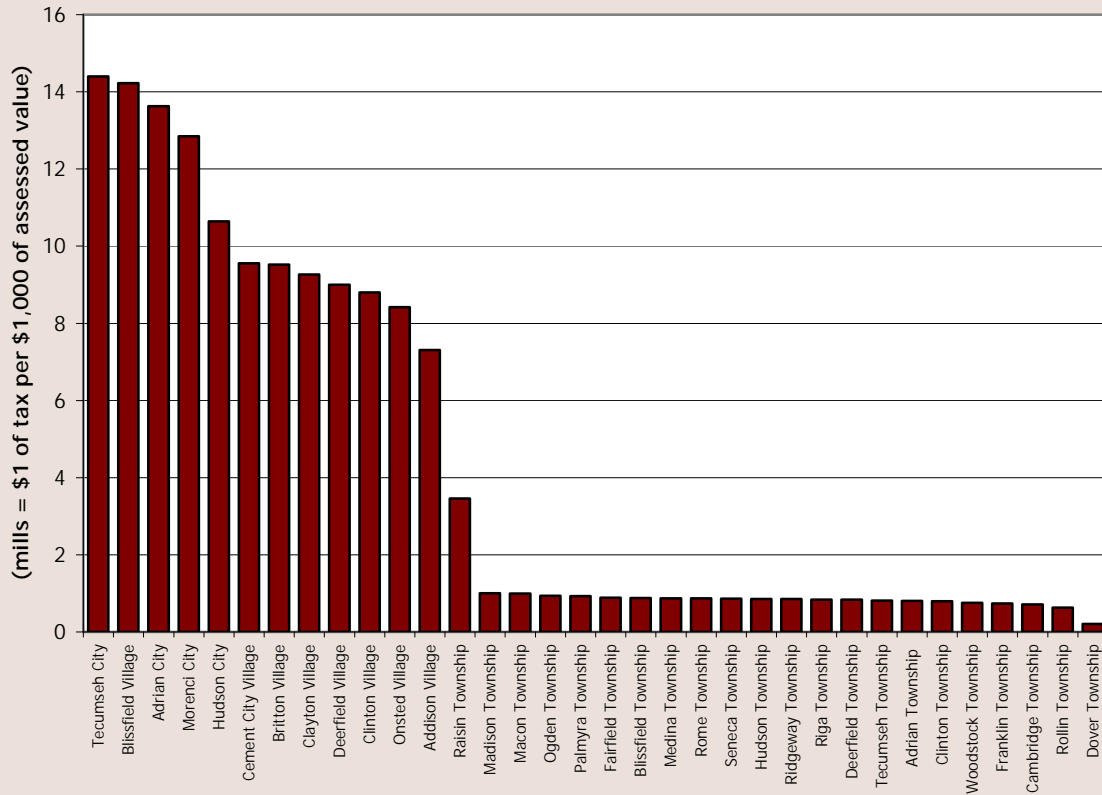
Tax Rate

The measures of taxable value relate to the *ability* to finance municipal services. The tax rate reflects each government's *effort* to finance municipal services. A few things stand out when attention is drawn to **Chart 20**. (The tax rates reflect only the millage levied by the cities, villages, and townships. They do not reflect millages levied by the county, school districts, or other entities with taxing authority.) A tax rate of one mill or less is levied in 21 of the 22 townships to finance township services. (A mill of

tax means that one dollar of tax is collected for every \$1,000 of assessed value.) These relatively low tax rates reflect community decisions to provide minimal governmental services.

As can be expected, the cities and villages provide more services and levy property taxes at rates significantly higher than those levied by the townships to pay for those services. The cities levied property taxes at an average rate of 12.9 mills. The villages levied property taxes at an average rate of 9.5 mills.

Chart 20
Tax Rate Levied by Lenawee County Governments, 2010



Source: Michigan Department of Treasury, 2010.

Property Tax Revenues

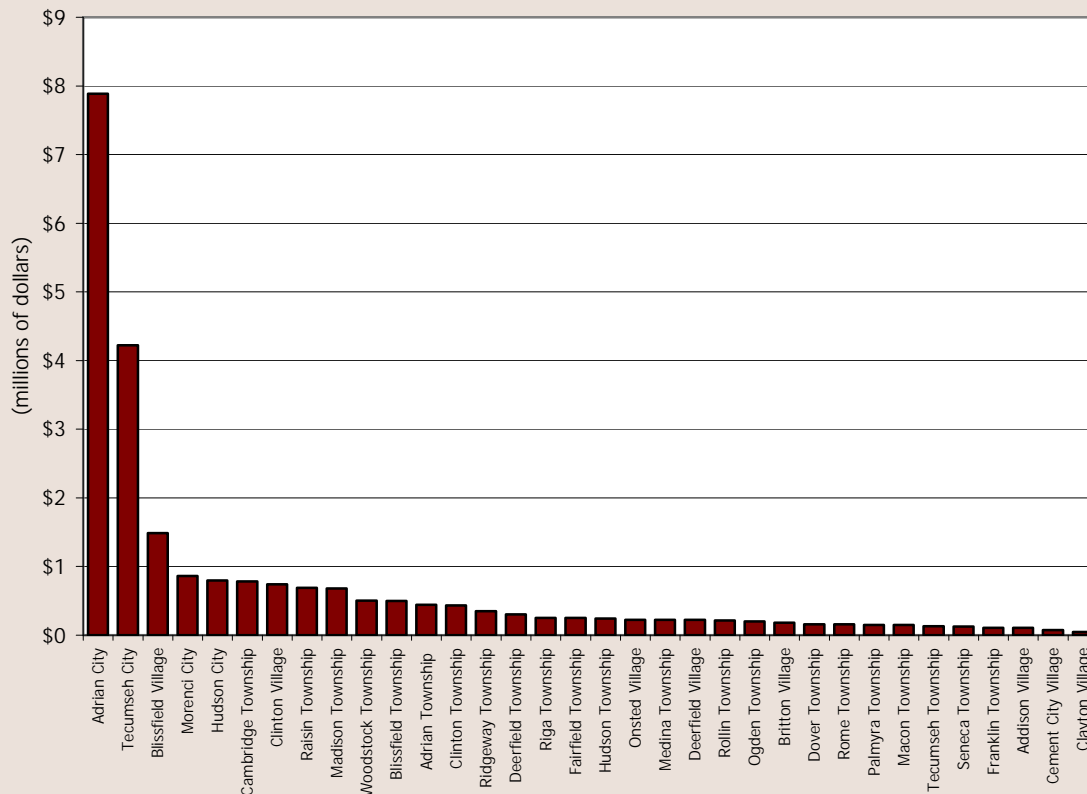
The application of tax rates to tax bases results in property tax yields. Because the cities of Adrian and Tecumseh apply relatively high tax rates to larger than average (for Lenawee County) tax bases, it is not surprising that they produce tax revenues much larger than the other Lenawee County municipalities. Less than \$1 million in total property tax revenues is generated by 31 of the 34 local governments, including all of the townships (See **Chart 21**).

Revenue Sources

The revenues received by each jurisdiction reflect the ability to pay for governmental services. Each individual government's ability and willingness to tax its property owners reflects the demand for governmental services.

Like the demographic data, the analysis of the individual property tax bases, tax rates levied by each unit, and the property tax revenue generated by the property taxes suggests vast differences between the local governments in Lenawee County. This suggests different tax capacities, different tax efforts, and different preferences for government services among the local governments.

Chart 21
Property Tax Revenues Collected by Lenawee County Governments, 2010



Source: Michigan Department of Treasury, 2010.

**Similarities and Differences in Service Provision
among the Lenawee County Governments**

The following will describe the functions and services the governments in Lenawee County provide with the funds available to them. The Lenawee County local governments provide a number of services in varying degrees of intensity. The data will show not only total spending, but differences in spending and service provision among the governments.

**Similarities and Differences
in Overall Spending**

Table 5 shows the amount of spending by each type of government for each broad function in 2010. In total, the local governments spent almost \$173

million in 2010, with the county spending over \$96 million (56 percent), and the cities spending over \$44 million (26 percent). The City of Adrian spent almost \$25 million. The townships spent \$19 million (11 percent) and the villages spent almost \$13 million (seven percent).

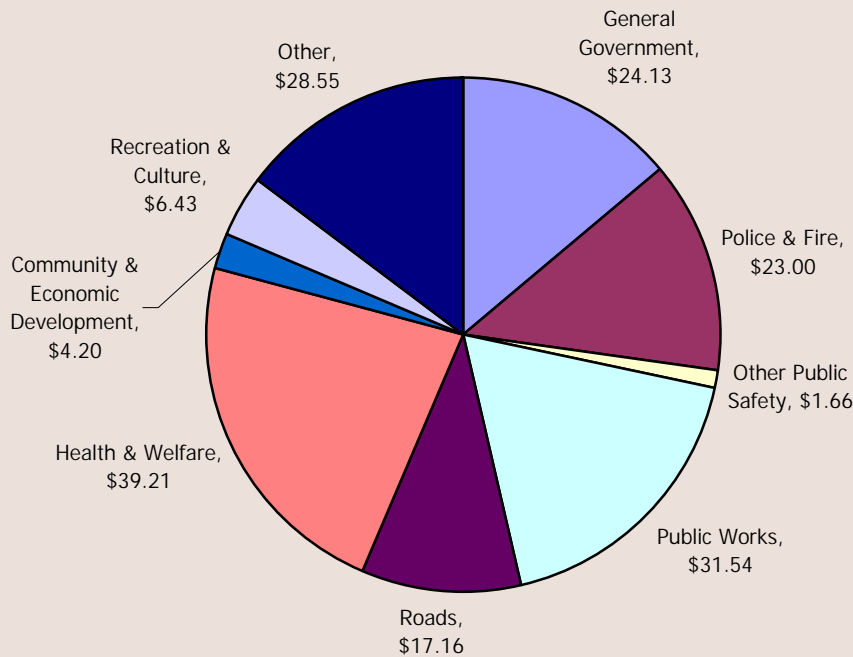
Chart 22 shows the purposes that the Lenawee County general-purpose local governments spent money in 2010. Health and welfare (\$392.53 per capita) was the function with the highest level of spending, but as can be seen in **Table 5** and **Charts 23** and **24**, this was almost exclusively spending by the county.

**Table 5
Expenditures by Lenawee County General-Purpose Governments, 2010
(Thousands of Dollars)**

<u>Source:</u>	<u>1</u> <u>County</u>	<u>4</u> <u>Cities</u>	<u>7</u> <u>Villages</u>	<u>22</u> <u>Townships</u>	<u>Subtotal</u> <u>Cities,</u> <u>Villages, &</u> <u>Townships</u>	<u>Total</u>
General Government	\$16,105	\$3,847	\$904	\$3,279	\$8,029	\$24,134
Police & Fire	9,984	8,048	1,267	3,699	13,015	22,998
Other Public Safety	623	661	88	286	1,035	1,658
Public Works	7,768	11,994	6,474	5,301	23,769	31,538
Roads	13,152	2,167	831	1,007	4,005	17,157
Health & Welfare	38,636	-	0	574	574	39,210
Comm & Econ Development	506	3,475	91	124	3,690	4,196
Recreation & Culture	833	4,396	832	365	5,594	6,426
Other	<u>8,645</u>	<u>9,918</u>	<u>2,383</u>	<u>4,600</u>	<u>16,901</u>	<u>25,546</u>
Total	\$96,252	\$44,507	\$12,870	\$19,235	\$76,612	\$172,865

Source: Michigan Department of Treasury, F-65 database.

Chart 22
Expenditures by Lenawee County General-Purpose Governments, 2010
(Millions of Dollars)



Source: Michigan Department of Treasury, F-65 database.

ing by the local governments and equalization by the county, the cost of elections, and expenditures for the building and grounds.

The county and local governments spent about 10 percent of the total expenditures on roads (\$171.76 per capita). Cities and villages have jurisdiction over all major and local roads within their boundaries except the state roads and the primary roads controlled by county road commissions. The county road system consists of the primary roads in some cities and villages and all of the primary and secondary (local access and subdivision) streets in the townships. Given this assignment of responsibilities, county spending

Public works (\$315.72 per capita) consumed about 18 percent of the total local government expenditures. Three quarters of the public works expenditures were by the cities, villages, and townships.

The Lenawee County local governments spent about 13 percent of the total on public safety (\$246.83 per capita), including police and fire protection, emergency 9-1-1 dispatch, jails, and building inspection and other regulatory activities. The cities, villages, and townships made more than 60 percent of these expenditures.

General government expenditures (\$241.60 per capita) consumed about 14 percent of the total. This category includes expenditures for the chief executive and legislative branches and the court system. It also includes costs to make the governments operate, including the treasurer and clerk, the cost of finance and tax administration, the cost of assess-

for roads naturally accounts for a greater proportion of the total because it is responsible for far more roads than are the cities and villages.

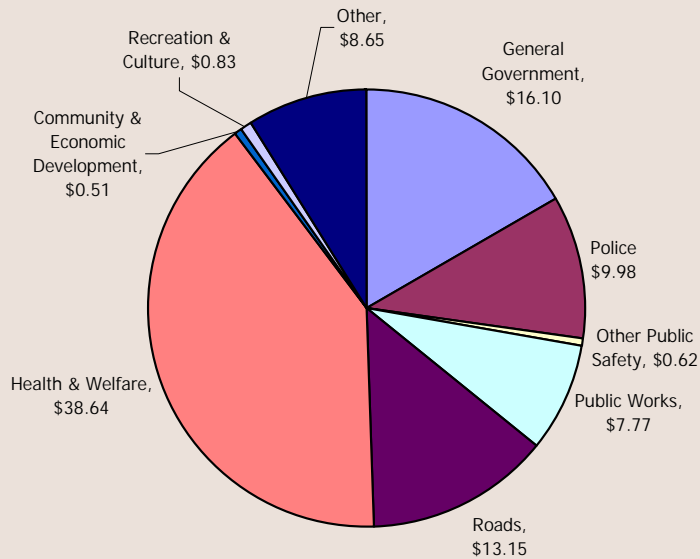
Other expenditures by the local governments were for recreation and culture (\$64.33 per capita) and community and economic development (\$42.01 per capita). The cities, villages, and townships were the major spenders on both of these categories. The recreation and culture expenditures were for parks and recreation (\$37.34 per capita) and libraries (\$20.57 per capita). The cities of Adrian, Hudson, and Morenci reported far higher per capita library expenditures (a combined \$39.71 per capita) than the county which services most of the areas outside of these cities (\$10.62 per capita for the areas outside of those three cities). Economic development (\$16.19) efforts were the major cost driver for the community and economic development category.

Chart 23 summarizes the services for which the county spent its resources. As mentioned above, most of the county spending (40 percent) was on health and welfare services. Within this spending category are mental health services (\$155.30 per capita) and human services and medical care facilities (\$112.21 per capita). Other health and welfare service expenditures were for child care activities, the area agency on aging, the county health department, and veterans' programs.

Much of the county's general government expenditures (32 percent) are accounted for by operation of the court system, including district, circuit, and probate courts. Similarly, operation of the jail is a major county public safety service, accounting for 38 percent of the county's public safety expenditures. The 1963 Michigan Constitution mandates a county role for courts and jails. Some cities elect to provide their own courts and/or jails independent of the county, but the changes mandated by the Constitution institutionalized vertical collaboration into the provision of courts and jails.

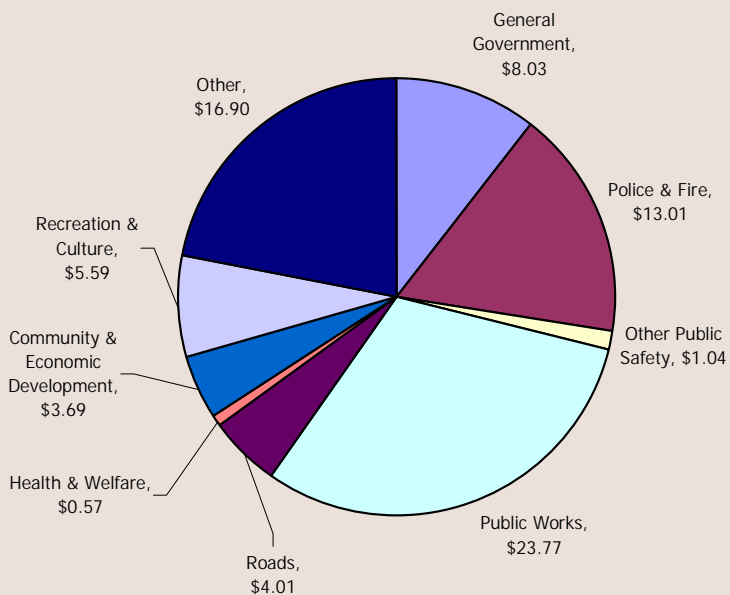
Chart 24 illustrates the ways in which the cities, villages, and townships in Lenawee County spend their resources. The four

Chart 23
Expenditures by Lenawee County Government, 2010
 (Millions of Dollars)



Source: Michigan Department of Treasury, F-65 database.

Chart 24
Expenditures by Cities, Villages, and Townships in Lenawee County, 2010
 (Millions of Dollars)



Source: Michigan Department of Treasury, F-65 database.

cities spent a total of \$44.5 million in 2010, accounting for 58 percent of the city, village, and township spending total of \$76.6 million. The seven villages spent a total of \$19 million, 25 percent of the total. Finally, the 22 townships spent almost \$13 million, 17 percent of the total.

Public works was the largest category of spending for the cities, villages, and townships, with more than \$31.5 million was spent on this function. While this category includes sanitation collection, landfill operation, solid waste disposal, electric utilities, airports, and public transportation, by far most of the Lenawee County local government spending (\$19.7 million) in this category was for water and sewer utilities. It should be pointed out that water and sewer expenditures are not supported with tax dollars. These services are funded solely from the revenue generated in fees for the water received and the sewage removed.

Half of the villages' total expenditures (\$686.46 per capita) were for public works. Of this amount, \$325.03 per capita was spent on the water and sewer systems. Similarly, 27 percent of the cities' expenditures (\$350.90 per capita) were for public works, \$249.50 per capita on the water and sewer systems.

Spending on public safety services – police, fire, dispatch, building inspection, and other regulatory activities – totaling \$25 million constituted 18 percent of the spending by the cities, villages, and townships combined. Most of the spending for public safety (62 percent) was by the cities, followed by the villages (28 percent). Many of the Lenawee County townships, as is the case throughout the

state, rely on the county sheriff for police protection. Of the \$130.29 per capita in total spent on public safety, provision of police services was the major driver of this category, constituting \$75.42 per capita in total. Fire protection expenditures were second, constituting \$46.30 per capita.

Finally, the functions performed as part of the general government category, totaling over \$8 million, constituted 10 percent of spending by the cities, villages, and townships. Per capita spending by villages (\$12.08 per capita) and townships (\$10.93 per capita) were higher than that of cities (\$4.00 per capita) for the legislative function. But the cities spent more per capita (\$13.18) than the villages (\$4.03) or the townships (\$5.67) for the chief executive.

Other notable differences in per capita spending between the types of government relate to finance and taxation and building and grounds. The cities reported spending far more per capita (\$20.40) than the villages (\$0) or the townships (\$0.80) for finance and taxation purposes. But per capita village expenditures on building and grounds (\$34.82) were higher than either the townships' (\$10.48) or the cities' (\$4.62).

The spending within each category and by the particular type of government is broken down in finer detail in **Appendix C**.

Charts 25-31 compare detailed spending patterns for the county and city/village/townships for each major spending category.

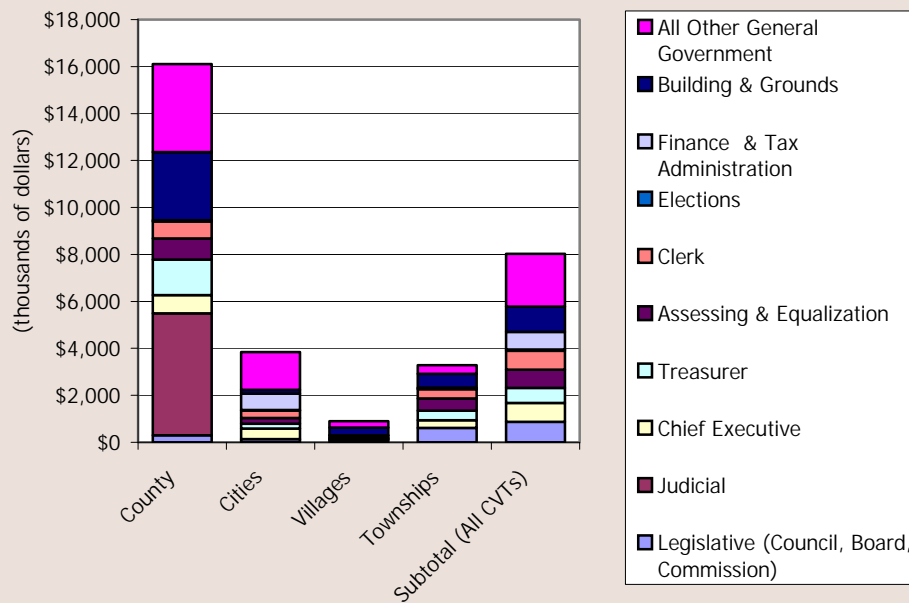
STREAMLINING LOCAL GOVERNMENT SERVICE DELIVERY IN LENAWEE COUNTY

Chart 25 shows that there is overlap in expenditures between the county and local governments and among the local governments for some of the general government activities. Legislative and chief executive spending (\$2.7 million in total) can be reduced with full consolidation of two or more governments, not through intergovernmental collaboration. The other functions – treasurer (\$645,000), assessing and equalization (\$773,000), clerk (\$808,000), elections (\$53,000), finance and taxation (\$742,000), building and ground (\$1.1 million) – could all be re-

duced either through full consolidation or intergovernmental collaboration.

Three quarters of the spending for general government services were made by the Lenawee County government. One third of the county total (\$5.2 million) for general government services was funding for the court system – circuit, probate, and district courts. This will not be affected by full consolidation of the governments or by intergovernmental collaboration.

Chart 25
General Government Spending by Service Area for Lenawee County, 2010
(Thousands of Dollars)



Source: Michigan Department of Treasury, F-65 database.

Chart 26 shows county and local government spending for public safety, including police protection, fire protection, fire protection, 9-1-1 emergency dispatch, the county jail, building inspection and regulation activities, and some other activities. Police expenditures totaling \$12.5 million were almost evenly split between the county (47 percent) and the cities, villages, and townships (53 percent). Besides the county sheriff's roles with the jails and courts, the sheriff is the primary source of police protection for many of the townships.

While there is some duplication in spending for police protection both between the county and local governments and among the local governments themselves, it must be kept in mind when assessing police spending that the expense of putting officers on the streets is largely a labor intensive service. Staffing levels are determined by population, geographic area, road miles, population density. Those external variables do not change through full consolidation of local governments or when two or more governments engage in intergovernmental collaboration. The greater opportunities for savings relate to specialized activities and back office functions that allow the officers to be on the streets.

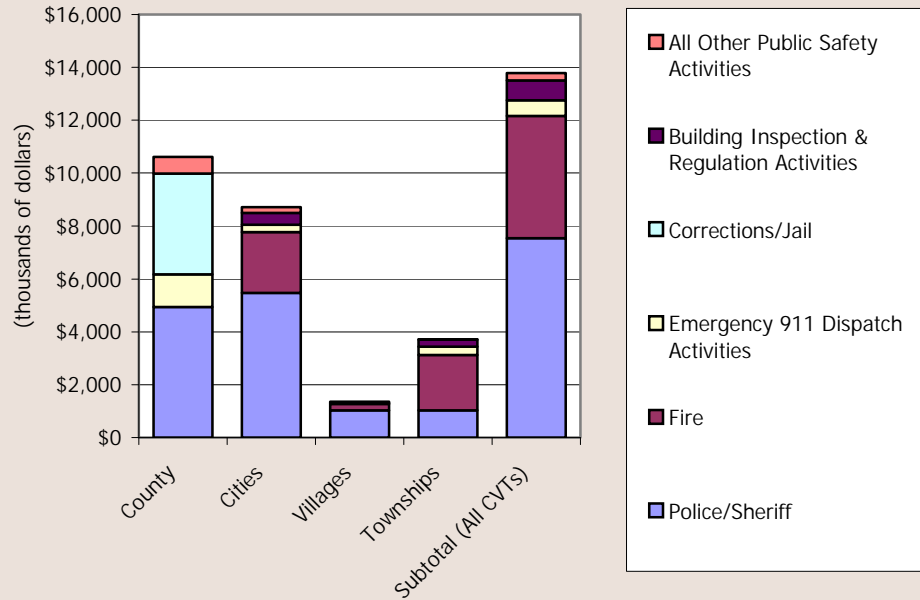
There is some duplication in the provision of 9-1-1 emergency dispatch services. All spending for this function totaled \$262,000 in 2010. Lenawee County has the county providing this function as well as individual cities and townships. The amount of

spending on this function could be reduced by full consolidation of governments or by intergovernmental collaboration.

The county government plays no role in the provision of fire protection (\$4.6 million) and building inspection/regulatory activities (\$1.8 million). The cities and townships are primarily responsible for these services. Each provides opportunities to reduce expenditures through consolidation of local governments or through intergovernmental collaboration. Neither would be greatly affected by any efforts to achieve city/county consolidation.

The county has full funding responsibility for the jail (\$3.8 million). This will not be affected by full consolidation of the governments or by intergovernmental collaboration.

Chart 26
Public Safety Spending by Service Area for Lenawee County, 2010
(Thousands of Dollars)



Source: Michigan Department of Treasury, F-65 database.

STREAMLINING LOCAL GOVERNMENT SERVICE DELIVERY IN LENAWEE COUNTY

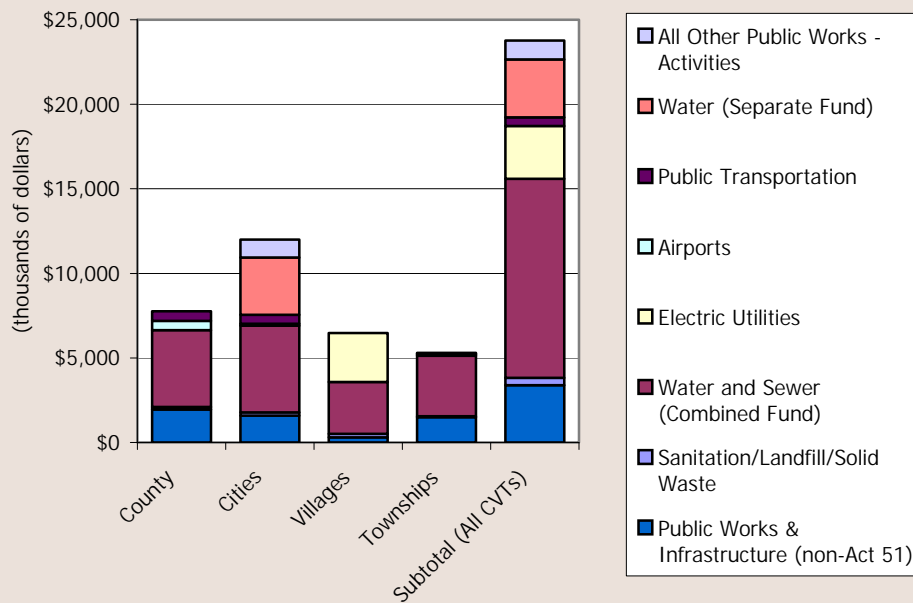
Chart 27 illustrates governmental spending for public works in Lenawee County. Spending on water and sewer services (\$19.7 million in total) is the major cost item, both for the county and the local governments. For the county government, these were expenditures by the county drain commission. For local governments, these expenditures were for water and sewer systems.

Water and sewer systems in other parts of Michigan show that intergovernmental collaboration for the provision of this service is a potential tool to reduce

costs. It is not clear whether intergovernmental collaboration would be an effective tool for Lenawee County in the provision of water and sewer services because of the vast distances between population centers, or if the quality of water and sewer services would be compromised by extending provision over vast unincorporated spaces.

Other public works spending was for general infrastructure, sanitation/landfill/solid waste disposal, airports, and public transportation.

Chart 27
Public Works Spending by Service Area for Lenawee County, 2010
(Thousands of Dollars)



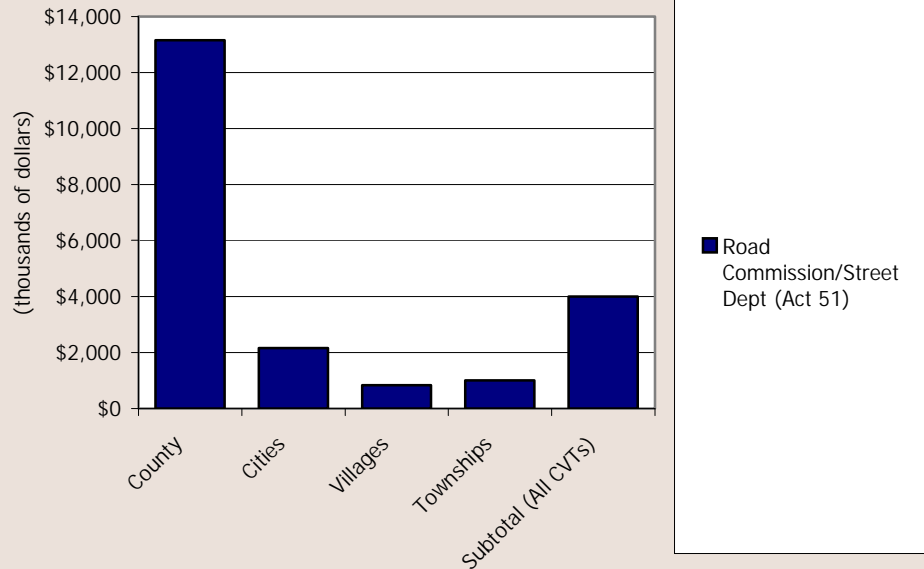
Source: Michigan Department of Treasury, F-65 database.

Chart 28 shows the county and local government spending for construction and maintenance of the road system. More than three quarters of the spending on this service (\$13.2 million) was by the Lenawee County Road Commission. Because of the quirks of Michigan's assignment of jurisdictional control over roads, the opportunities for eliminating duplication in care of roads may be limited.

Townships played an important role in the original construction and jurisdiction of Michigan roads. However, many townships found themselves unable to perform the duties associated with road care when the Great Depression hit in the 1930s and some were unable to repay the outstanding bonds that had been issued for road construction because of the collapse of property values. Thus, a 1931 state law combined township and county roads into a single system with jurisdiction transferred over a five year period. The 83 county road commissions were assigned responsibility for the combined systems.

Thus, the county, cities, and villages spending on roads do not reflect duplication for care of the same road miles. The cities and villages are responsible, for the most part, for the road miles within their boundaries and the Lenawee County Road Commission is responsible for the balance of the system,

Chart 28
Road Spending by Service Area for Lenawee County, 2010
(Thousands of Dollars)



Source: Michigan Department of Treasury, F-65 database.

including all roads in the townships.

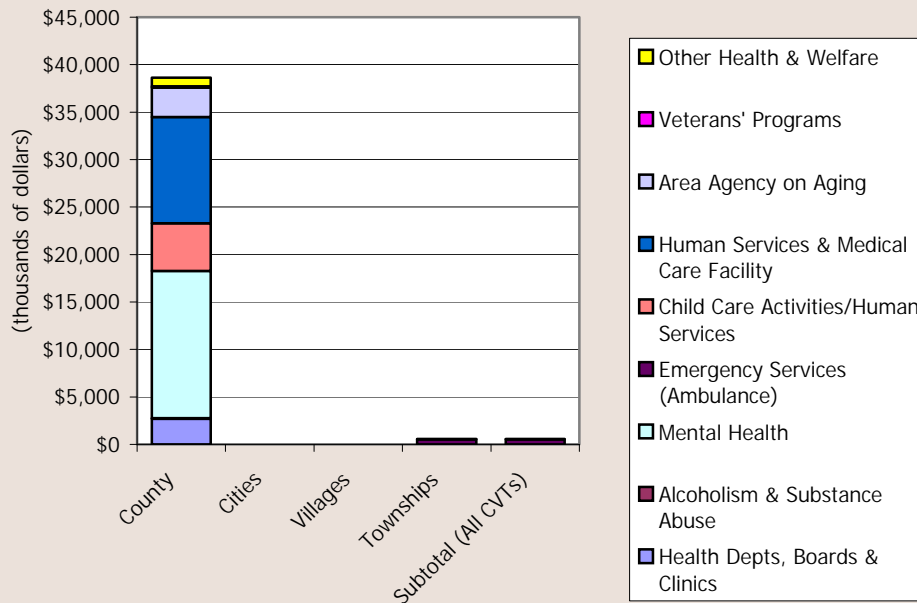
The system does present opportunities for savings in collaboration in back office functions. Road engineering, common purchase or sharing of equipment, common care of road signs and traffic lights, and other opportunities are functions that might be the focus of collaboration. A recent proposal by Governor Snyder to have county road commissions assume responsibility for the roads in any jurisdiction that presently receives less than \$50,000 a year in Act 51 funding³ draws stark attention to the mismatch in responsibility and the ability to adequately perform the service encountered by many of Michigan's smaller cities and villages. It is difficult to have even one person on staff responsible for roads for \$50,000 a year.

STREAMLINING LOCAL GOVERNMENT SERVICE DELIVERY IN LENAWEE COUNTY

Chart 29 shows that the Lenawee County government spent more than \$39 million for health and welfare services in 2010. The major services that make up this total were \$15.5 million for mental health services and \$11.2 million for human servic-

es. The costs incurred for health and welfare are driven by the number of individuals using the services and would not be affected by any efforts to achieve city/county consolidation.

Chart 29
Health and Welfare Spending by Service Area for Lenawee County, 2010
(Thousands of Dollars)

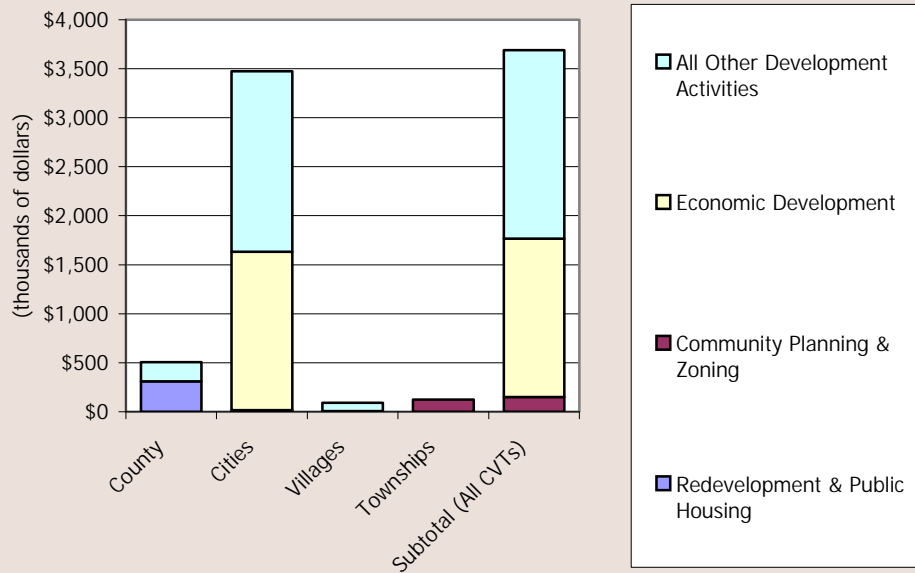


Source: Michigan Department of Treasury, F-65 database.

Chart 30 shows that the city governments (predominantly Adrian and Tecumseh) were the parties preliminary responsible for the efforts related to community planning and zoning, and for economic development. Intergovernmental collaboration on

these functions is not likely to reduce duplication or result in savings, but should help to better define the county as a single region and reduce competition between the individual governments.

Chart 30
Community and Economic Development Spending
by Service Area for Lenawee County, 2010
(Thousands of Dollars)



Source: Michigan Department of Treasury, F-65 database.

Chart 31 shows local government spending for parks and recreation and for library services. The Lenawee County government plays no role in providing parks and recreation services to the county residents. The cities and villages are predominantly responsible for the expenditure of \$3.7 million for parks and recreation services. The lack of a county role leads to the conclusion that these costs would not be greatly affected by any efforts to achieve city/county consolidation. There is probably minimal duplication that can be reduced through intergovernmental collaboration because of the spatial separation of the cities and villages throughout the county.

The county and the cities and townships spent a total of \$2.0 million on library services in 2010. The City of Adrian was responsible for 40 percent of this total, Lenawee County was responsible for another 40 percent, and the other cities and townships contributed the remaining 20 percent. The challenge of attempting to eliminate duplication in library services is to reduce costs without closing actual library buildings. Clearly overhead and purchasing costs could be reduced if the county and municipal systems are better integrated.

Lenawee County Local Government Expenditure Patterns

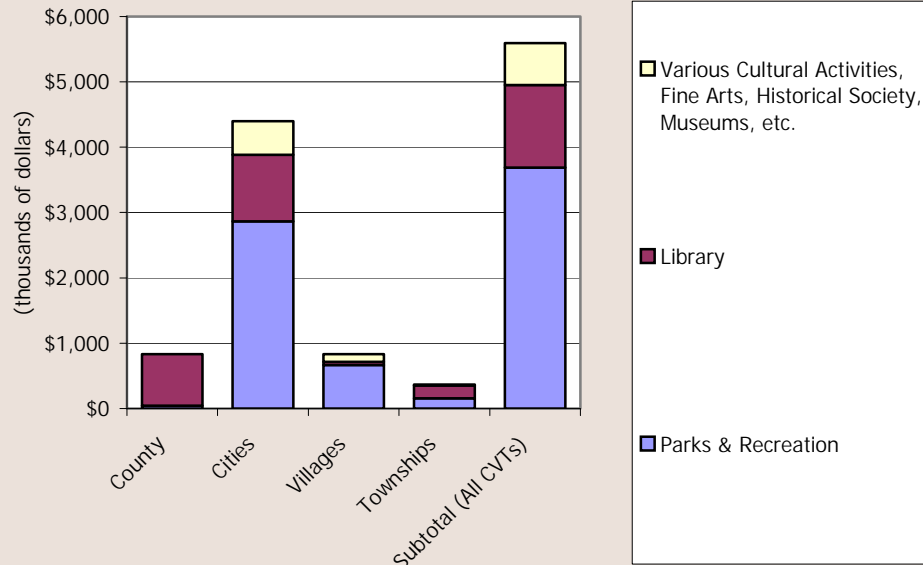
As is inevitable in a county serving 10,000 people with 34 independent local governments, duplication

exists in the provision of governmental services. General government services, police, roads, and libraries are some of the more costly governmental activities where duplication appears evident.

On the other hand, some costs would not be changed by efforts to address duplication because the county is the sole provider of several services relatively expensive services, including health and welfare, courts, and jails.

Efforts to consolidate local governments or achieve intergovernmental collaboration may affect the cost of water and sewer services, fire protection, and building inspection/regulatory activities, but they would not be affected by city/county consolidation because the county does not play a role in their services.

Chart 31
Recreation and Culture Spending by Service Area for Lenawee County, 2010
(Thousands of Dollars)



Source: Michigan Department of Treasury, F-65 database.

Potential to Streamline/Improve Service Provision in Lenawee County

Returning to the question at hand, how can local governments in a county streamline service delivery when (1) the local governments display wide variance in population and housing units; (2) the local governments display wide variance in the number of services provided; (3) the local governments have varying capacity to tax themselves to provide services; and (4) the local governments exert varying tax effort to fund those services?

Should the structure of local government in Lenawee County be altered? Should new relationships be developed to capitalize on the strengths of particular governments?

Consolidation

It is not likely that consolidation of existing local governments in Lenawee County would result substantial savings or fundamentally change service provision in sufficient ways to improve service delivery. Because the cities (and villages) are scattered throughout Lenawee County, there are not two or more incorporated governments sharing a border that could consolidate to merge their operations. In the absence of this option, the consolidation options include:

1. City-Township Consolidation. The prospect of merging the City of Adrian with surrounding Adrian or Madison townships, the City of Tecumseh with Tecumseh Township, or the City of Hudson with Seneca Township would allow the existing population densities to grow beyond the current city boundaries in an orderly manner. (The villages of Clinton and Blissfield could be included in this option to the extent they operate more like cities than villages.)

On the one hand, these cities and townships are growing increasingly similar in terms of their population sizes, densities, and services demanded. Consolidation would set the stage for these communities to grow together in a planned fashion, heading off duplication that is likely to occur in the future. On the other hand, consolidation may not result in taxpayer savings under the current circumstances for these governments. Consolidation would provide some tax relief for the current city taxpayers, but at the expense

of higher taxes for township taxpayers. Efforts to carry out such consolidations would likely be very politically charged and difficult to accomplish.

2. Disincorporation of Villages. The most obvious instances where the relatively small tax bases struggle to afford the cost of providing municipal services are the village governments. Villages overlay townships, so the disincorporation of a village would simply eliminate the duplicative, extra layer of government that is not found anywhere else in the structure of local government. It is questionable whether policymakers would include villages in the structure of Michigan local government if they were designing it from scratch today. In the context of larger cities, the small geographic areas with greater densities of people and commercial/industrial businesses are called “downtowns.” In the context of rural areas, they are called villages and provided with an independently elected government to provide services and govern the area.

There might be opportunities in the future to dissolve some of the smaller villages in Lenawee County into their surrounding townships. Village residents have raised the prospect of disincorporating the Village of Onekama in Manistee County (with a vote to be scheduled in 2012), and other village residents throughout Michigan have asked similar questions from time to time. A detailed look at the circumstances and finances of these individual units would be necessary. Michigan has never had a village disincorporated, but the increased frequency with which the possibility is raised for different villages throughout Michigan may suggest that the option is not as politically charged as a city-township consolidation.

3. Township Consolidation. The adjoining local governments in Lenawee County with the greatest similarities are the several sparsely populated townships. The Michigan Constitution provides county boards of commissioners with the authority to organize and consolidate townships under restrictions and limitations provided by law (Article VII, Section 14). The current relatively low levels of spending by the Lenawee County townships suggest that the actual

savings that could result from consolidations would be minor. The fact that the townships largely provide labor-intensive services, for which the opportunities for savings from consolidation are minimal, further dampens the expectation of savings from consolidation.

Examination of the finances and operations of the individual governments in Lenawee County does not provide any obvious candidates for consolidation for the sake of taxpayer savings. The governments that share borders either vary greatly in the roles they play in providing governmental services or provide minimal services. Efforts to consolidate local governments would take many years to accomplish and even more years before any potential savings would actually come to fruition.

City/County Consolidation

Neither the circumstances of the Lenawee County government nor the local governments in Lenawee County fit neatly into the motives that have led others to consolidate the city and county governments.

Eliminate Duplication. Analysis of the finances of the local governments and county government identifies little duplication that would lead to significant taxpayer savings by consolidating the City of Adrian with Lenawee County. The county is responsible for several unique functions for which the cities, villages, and townships play little to no role, including: health and welfare, the courts, the jail, and to some extent the roads. The cities, villages, and townships, on the other hand, are responsible for high cost services for which the county plays no role, including: water and sewer provision and fire protection.

There is duplication in a few service areas, but not in the form of direct duplication that could be iden-

tified as unnecessary spending. The county sheriff provides police protection, as do a number of the cities, villages, and townships. Provision of these services does not overlap. The sheriff is not patrolling areas that are served by the municipal police departments. The duplication that could be eliminated is mostly in back office and administrative functions performed at both the county and municipal levels.

Create Operational Efficiencies. It is likely that city/county consolidation could create operational efficiencies in the provision of general government functions such as purchasing, treasury functions, elections, information technology, and human resources. These are mostly core services that are necessary for the entities to exist as independent entities.

Trade Power for Tax Base. The structure of local government in Michigan, with townships providing basic governmental services in the unincorporated areas rather than counties, would make city/county consolidation a difficult political undertaking. Most of the states in which city/county consolidations have occurred do not have townships, and none have empowered townships to act as full service providers. In most of those states, the county governments provide services where the cities do not.

Furthermore, as population has shifted from Lenawee County's core cities to the surrounding townships, those townships have gained in political power. Governance of county governments is apportioned on a one-man-one-vote basis. Every ten years when census results show movements between jurisdictions, the districts for the county commissioners are redrawn to reflect those changes. Strengthening of the political power of the townships comes at the expense of the cities. It is likely that the Lenawee

County townships would resist efforts to capitalize on their tax bases, regardless of how much more power is perceived to flow to their geographic areas by the structural changes.

Increase in Stature. Finally, while Lenawee County has as one of its goals the promotion of economic development, it is not in the circumstance of Louisville or Indianapolis of aiming to increase its stature to get on the map for more high profile development. The county is largely defined by its agricultural sector. A move to gain a higher profile would seem a drastic shift away from that character.

While discussions of city/county consolidations are occurring in several other Michigan counties, an examination of the motives that commonly drive city/county consolidations and the circumstances of Lenawee County does not suggest a good fit.

Intergovernmental Collaboration

With neither consolidation of local governments nor city/county consolidation strong viable options to streamline service delivery in Lenawee County, it is recommended that the county concentrate on intergovernmental collaboration as a means of gaining the benefits of local government consolidation and city/county consolidation without surrendering their identities and independence. Each governmental service can be handled independently, allowing those governments interested in providing particular services to their residents to voluntarily participate in collaborative efforts.

Furthermore, by understanding the people and places in Lenawee County it is possible to recommend a clear direction that Lenawee County and its local governments should take to strategically identify the functions and services that will be most productively provided through collaboration.

Intergovernmental Collaboration

Short of complete structural consolidation, or full city/county consolidations, more limited forms of collaboration are much more common. Since these efforts focus on specific services, the problem of realizing savings in one function but incurring increased cost in another function can be avoided. Another significant benefit of specific functional service sharing is that an initial limited agreement can serve as a test case that helps build experience and trust across communities, two key factors that tend to lead to more successful collaborative efforts down the road.⁴

Despite these comparative benefits of specific service sharing, each potential project must still be analyzed and planned rigorously since there are no guarantees of cost savings or service delivery improvements. There are likely to be high up-front costs in negotiating contracts to deal with levels of service, sharing of risks, allocation of costs, and other such factors. Still, there is some evidence of cost efficiencies found via service sharing approaches. According to a University of Wisconsin–Extension study of collaboration, “[i]n seven of the nine cases in which comparisons could be made, by the second or third year of operation, the merged service was well below the statewide average spent on the category of service delivered.”⁵

About Intergovernmental Collaboration

Michigan local governments use intergovernmental collaboration to provide services more efficiently and to avoid duplication of effort; provide services or service levels that individual governments cannot afford to provide on their own; provide services or deal with problems that transcend the boundaries of individual units; and minimize externalities. Collaboration is used to effectively deal with economic development, land use planning, quality of life assets, and to better manage the delivery of services provided by multiple jurisdictions. Local governments cooperate in a multitude of forms, including: consultation; voluntary regional commissions and councils; mutual aid pacts; joint service provision; joint purchasing; contracting to have functions performed and services provided to their residents; and special authorities.

Intergovernmental collaboration that occurs between two or more local governments – cities, villages, townships, school districts, special authorities, and special districts – to jointly provide any services that each is authorized to provide individually can be thought of as *horizontal collaboration*. Although one partner in a collaboration of this type may bring more to the partnership than the other(s), horizontal collaboration exists when two or more units at equal levels of local government agree to work together. (For purposes of this analysis, cities, villages, and townships are considered equal levels of local governments.)

Intergovernmental collaboration also occurs when local governments collaborate with the State or county governments. Such collaboration may take the form of municipalities sharing the cost of functions performed by their counties; municipalities contracting with their counties or the State to have functions performed; or the county governments simply assuming responsibility for the performance of specific functions, thus relieving the municipalities of function performance duties. These forms of relationships can be thought of as *vertical collaboration*. Unlike horizontal collaboration in which two or more units at the same level of government work together for the provision of services, vertical collaboration exists when local governments have functions performed by different levels of government.

The relationship created when two or more governments use the same private provider for governmental services or functions can be thought of as *indirect collaboration*. Although the contracting governments may not interact, they each benefit from the economies of scale created by spreading capital or human assets over wider geographic areas than is the case for their single jurisdictions. Private providers deliver many of the same services that are provided by local governments contracting with other local governments (in horizontal and/or vertical collaboration).

Joint purchasing offers another form of intergovernmental collaboration, but it is not driven by the same economic motives for economies of scale that drive

horizontal and vertical collaboration. The benefit of joint purchasing is the leverage purchasers gain by buying in bulk. Wholesale and retail providers of governmental supplies often are willing to reduce the unit price as the quantity purchased increases. By collaborating with other governmental units to purchase commonly needed items, governments may be able to obtain the same quantity of those items at a reduced unit price.

Patterns of Collaboration

Research shows that the economic attributes of government functions and services are important determinants in identifying services that are well suited for intergovernmental collaboration and potential partners for each function or service.

Self Provision. Most functions/services are performed independently by individual governmental units. The services with the highest percentages of local governments opting for individual provision are those that are core to the operation of local governments and tend to be labor intensive, such as tax collection, accounting, elections, payroll, and record keeping, as well as zoning, planning, and building code enforcement/inspection/permits.

Horizontal Collaboration. Capital intensive services require major expenditures for land, buildings, vehicles, or equipment. The cost of providing capital intensive services is not directly related to the size of the population or geographic area served. Once a local government has invested in the land, buildings, vehicles, or equipment to provide capital

CRC's Involvement in Intergovernmental Collaboration

CRC has engaged in numerous recent studies related to intergovernmental collaboration, including a 2005 survey of service delivery methods^a, an outline of state laws that authorize local governments to collaborate for the provision of services^b, and a 2008 analysis of survey results.^c These analyses indicate that patterns exist among the governmental units that collaborate for the provision of services and among the types of functions/services provided collaboratively. Whether those patterns exist by design or by chance, they show that local governments cooperate with each other heavily for the provision of some services and with the state and county governments for the provision of others. It should be recognized that Michigan's local governments have been engaged in collaborative ventures for many years and the 2005 survey of service delivery methods found extensive collaboration for nearly every activity and service.

^a Every city, village, township, and county government in 25 Michigan counties was surveyed about the methods of providing governmental functions and services. The 25 counties surveyed were primarily Michigan's urban counties, but included some rural counties including: Alpena, Bay, Calhoun, Cass, Clinton, Eaton, Genesee, Hillsdale, Ingham, Jackson, Kalamazoo, Kalkaska, Kent, Livingston, Macomb, Marquette, Midland, Monroe, Muskegon, Oakland, Ottawa, Saginaw, St. Clair, Washtenaw, and Wayne. The survey listed 116 functions and services grouped into 26 functional categories. The survey was sent to 670 units of government, which represents 36 percent of the 1,859 general-purpose local governments in Michigan and contain 78 percent of the state's population. Responses were received from 464 of the 670 governments surveyed, for a response rate of 64 percent. Response rates for each type of government were: 67 percent for counties (16 of 25); 71 percent for cities (114 of 160); 65 percent for villages (54 of 83); and 69 percent for townships (280 of 403). For each function or service, the respondents were asked to indicate if their jurisdiction directly provides the service, provides to, has provided by, or jointly provides with another unit of government, provides through a special district, contracts with a private provider, or does not provide at all. For additional information, see *Catalog of Local Government Services*, CRC Memo #1079, September 2005, www.crcmich.org/PUBLICAT/2000s/2005/catalog.html.

^b *Authorization for Interlocal Agreements and Intergovernmental Cooperation in Michigan*, CRC Report #346, April 2007 www.crcmich.org/PUBLICAT/2000s/2007/rpt346.pdf.

^c *Approaches to Consolidating Governmental Services*, CRC Report #354, November 2008, www.crcmich.org/PUBLICAT/2000s/2008/rpt354.pdf.

intensive services, that government often is capable of serving populations and geographic areas broader than that single government. In economic terms, this is known as economies of scale. With the capital items in place, the marginal cost to the government of providing services to additional people or areas is relatively small.

Horizontal collaboration is used most often for the provision of capital intensive services, such as water provision and treatment, libraries, sanitary sewer treatment, fire prevention, and mass transit. Horizontal collaboration often carries integration costs for the participating governments. Feasibility studies, legal agreements, service design plans, and other integration costs for the first couple of years of integrated service provision can lead to higher costs than the aggregate cost of each government providing the service independently. Capital intensive services are geographically sensitive, meaning that communities usually must be adjacent to one another and the capital intensive land, buildings, or vehicles must be centrally located for all participating units to feel that their residents are gaining benefit commensurate to the costs contributed.

Horizontal collaboration can be threatening to municipal workers and residents and can be the most difficult form of collaboration to achieve, but the opportunity for significant savings in the budgets of local governments emanates from achieving economies of scale in the most expensive municipal services – those that require capital assets. Fire protection, water and sewer, libraries, and public works, to name a few examples, are relatively costly municipal services, so if municipal officials seek cost savings, these services provide the greatest opportunities.

Vertical Collaboration. Technically intensive functions and services require for their provision persons with advanced college degrees or professional certification. While most governmental functions and services require at least a basic level of training, functions that require persons with specialized academic training or that have been recognized in their fields through a professional certification program tend to cost more because of the higher compensation levels those persons can command in the public and

private sectors. As with capital intensive services, once local governments have invested in the employment of people with specialized technical expertise, they may have assets capable of serving populations and geographic areas broader than their individual local government. In economic terms, this is known as economies of skill. With the professional staff member employed, the marginal cost to the governmental unit of providing services to additional people or areas is relatively small.

Vertical collaboration is reported most frequently for specialized police functions, criminal justice functions and the courts, crime labs, roads, animal control, environmental, and building regulation services. Some of these functions, especially criminal justice, the courts, and road maintenance, reflect legislative or constitutional provisions that require high degrees of county involvement and thus, institutionalize vertical collaboration. Others require high levels of technical expertise.

Vertical collaboration tends to be easier to accomplish than horizontal collaboration. Because the person(s) with the technical skills provides the opportunity for economies of skill, and that person can be located nearly any place near the participating units. Location is not vital. In fact, local governments need not be contiguous to benefit from vertical collaboration. The local governments and the county share a mutual interest in the efficient performance of government functions through vertical collaboration, but horizontal collaboration requires local government officials to surrender some level of control. In horizontal collaboration, participation by one unit of government comes at the risk of helping to make the neighboring unit of government a more attractive place to live and to compete for business.

The potential to achieve savings through vertical collaboration is not as great as the potential savings obtainable by horizontally collaborating on capital intensive services. This simply stems from the fact that the cost of capital assets is usually greater than the cost of employing persons with specialized skills.

Contrasted with capital intensive and technically intensive services are labor intensive services, for which the economies are different from those of capital or

technically intensive services. The amount of staff needed to provide labor intensive services is directly related to variables such as the geographic size of the governmental unit or the population to be served, and the consequence of consolidating is simply to combine the geographic areas and populations of the participating jurisdictions with little or no resulting savings.

Indirect Collaboration. The services commonly provided through indirect collaboration tend to require either significant capital investment – utilities, Internet access, and solid waste collection – or technical expertise – engineering, surveying, legal services, and information technology. Private providers also provide labor intensive services, such as janitorial or security services. The cost of providing these services can be greater for local governments because they do not have alternative work during down periods, but private firms can move staff across jurisdictions to meet demand. Michigan local governments heavily rely upon private providers for utility provision, Internet access, solid waste collection, engineering and surveying, and legal services.

Purchasing. Purchasing does not fit with the economic attributes of functions and services, nor into the forms of intergovernmental collaboration, discussed in this report. The benefit of joint purchasing is the leverage gained by buying in bulk. Wholesale and retail providers of governmental supplies often are willing to reduce the unit price as the quantity purchased increases. By collaborating with other governmental units to purchase commonly needed items, governments may be able to obtain the same quantity of those items at a reduced unit price. The materials commonly used by local governments can include motor fuel, motor vehicles, computers and ancillary equipment, paper and office supplies, to name just a few items.

Because the benefit in joint purchasing comes from the greater leverage in the purchasing of goods, rather than the finding efficiencies in the supply of services, joint purchasing is not likely to result in sav-

ings through the elimination of positions within any governmental units. If two or more governments decide to collaborate on purchasing, each government must still have at least one staff member responsible for making purchasing decisions and specifying what items are needed to be purchased. In Michigan's smaller governments, that person usually is responsible for a number of other governmental functions. Larger cities, charter townships, and counties may have developed departments or offices to make purchasing decisions for other departments. Again, those staff members remain integral to the purchasing process under a collaborative purchasing arrangement, but the governmental unit can benefit from reductions in the unit price of the items desired.

Opportunities for governments to benefit from joint purchasing are not limited to collaboration with other cities, villages, and townships. School districts purchase many of the same items and supplies as general purpose governments. While school districts have a different mission than counties, cities, villages, and townships, the non-educational functions school districts perform, such as administration and grounds keeping, are very similar comparable functions performed by municipalities. Although schools may engage in joint purchasing through many of the intermediate school districts, they should not feel bound to rely solely on collaboration with other governments of similar type to benefit from joint purchasing.

The greatest impediment to joint purchasing is often the loss of autonomy in purchasing specifications. Government administrators may desire paper of a certain stock, vehicles with certain features, or equipment of a desired type. The gains of joint purchasing are such, and the fiscal condition of Michigan's local governments are such, that it is growing necessary for local government administrators to surrender some of that autonomy. A number of purchasing consortia have been created that local governments can use to their advantage. If none of those meets the needs of individual governments, there is no reason others cannot be created.

The Challenges of Collaboration

Vertical Collaboration. Horizontal collaboration can occur only when adjacent local governments are interested in jointly providing services, but vertical collaboration occurs without any relationship to the location of participating governments. Because the counties and the state overlap the local governments, two units on opposite ends of a county can both benefit from county performance of functions. And two units in different counties can benefit from the state performance of functions.

Vertical collaboration is possible when the counties are amenable to act as service providers on behalf of their local governments. Counties and the state government perform many of the same functions as local governments and may provide support to those units regardless of the local governments' resource base. Efforts to undertake vertical collaboration pose fewer political barriers than those aimed at horizontal collaboration, as citizens and government officials are less likely to view their county or the state government as rivals. Rather than competing with the county government, local governments and the counties share the mutual goals of providing high quality services at low costs and enhancing their tax bases, though they may still differ on other values and goals. An expansion of a city or township tax base is also an expansion of the county tax base. Thus, vertical collaboration is mutually beneficial because local governments benefit from higher service levels at lower cost and counties minimize excess capacity.

Horizontal Collaboration. Alvin D. Sokolow 45 years ago characterized the balkanized network of small local governments in Michigan by the large number of separate municipal units located in relatively small land areas with a resultant duplication of services; a community identification that could be threatened by cooperation; independent, uncoordinated land use planning and zoning; and a lack of any area-wide approaches to area-wide problems.⁶

In Urban Areas. For Michigan's urban municipalities, horizontal collaboration is seen as a tool to break down this balkanization. Horizontal collaboration represents a tool for maintaining service provision

without raising taxes. The ability to capitalize on the economies of scale intrinsic in capital intensive services can allow these municipalities to reduce costs by using a single service provider.

However, efforts to achieve horizontal collaboration in urban areas are often efforts to combine existing service providers. When this is the case, government leaders in these communities must deal with the reality that consolidating services can lead to long-term savings, but may increase costs in the short term. They must deal with weeding through the duplication of land, buildings, vehicles, equipment, supplies, and staff each government currently employs to provide the service independently. While the land and buildings were strategically located to serve a single municipality, they may not be optimally situated to serve all parties that will participate in the joint service provision. Thus, purchase of new land and construction of new buildings may be necessary. Consolidation of service delivery by two or more current providers may result in extra vehicles, equipment, and supplies, none of which can be easily divested or sold off. Although long-term provision of a consolidated service may result in economies, the short-term implications of dealing with these issues may be increased costs rather than savings.

In Rural Areas. In rural areas of the state the arrangement of local government is very different. Rarely are two or more rural cities or villages (i.e., full service providers) immediately adjacent to one another. Michigan's rural cities and villages are small governments – typically one to three square miles in size with 1,000 to 3,000 residents – surrounded by townships that are usually sparsely populated and provide minimal government services. These arrangements would seem to provide natural partners for joint service provision, but this is not always the case.

In rural areas of the state, horizontal collaboration tends to be used for services not presently provided by more than one of the participating units. Townships often contract with cities and villages when demand for a new service arises. They find it is cheaper to contract with those municipalities for library services, fire protection, or water and sewer

services than it is to establish provision of those services independently.

Intergovernmental collaboration allows the collaborating governments to provide new services at less cost than if each were to provide it independently. It allows costs to be spread over a wider tax base and can create service areas large enough to justify the cost of providing the new service. In these cases, intergovernmental collaboration is not employed as a cost saving measure. Residents will pay more for the provision of local government services, but the array of service levels increase as a result.

The ability to achieve cost savings when these small, rural governments decide to collaborate in the pro-

vision of existing services is limited by the employment of personnel in these units. Small governments often operate with individual staff members dividing time among two or three services. A decision by policy makers to provide one of those services via a collaborative arrangement relieves that staff member of responsibility for that service, but does not eliminate the necessity of employing the staff member. The other services provided by that staff member remain unchanged. In the end, such a decision may lead to better services, but it will increase costs rather than lead to savings. These small governments should not expect to find a one-to-one relationship between collaboration on existing services (horizontal, vertical, or otherwise) and staff reductions or cost savings.

Patterns of Service Delivery in Lenawee County

Since expansion of intergovernmental collaboration is the preferred course to streamline local government service delivery in Lenawee County, the next step is to understand the current service delivery methods. This step should reveal existing collaborative efforts, and thus enable identification of service areas that are ripe for expanded collaborative efforts.

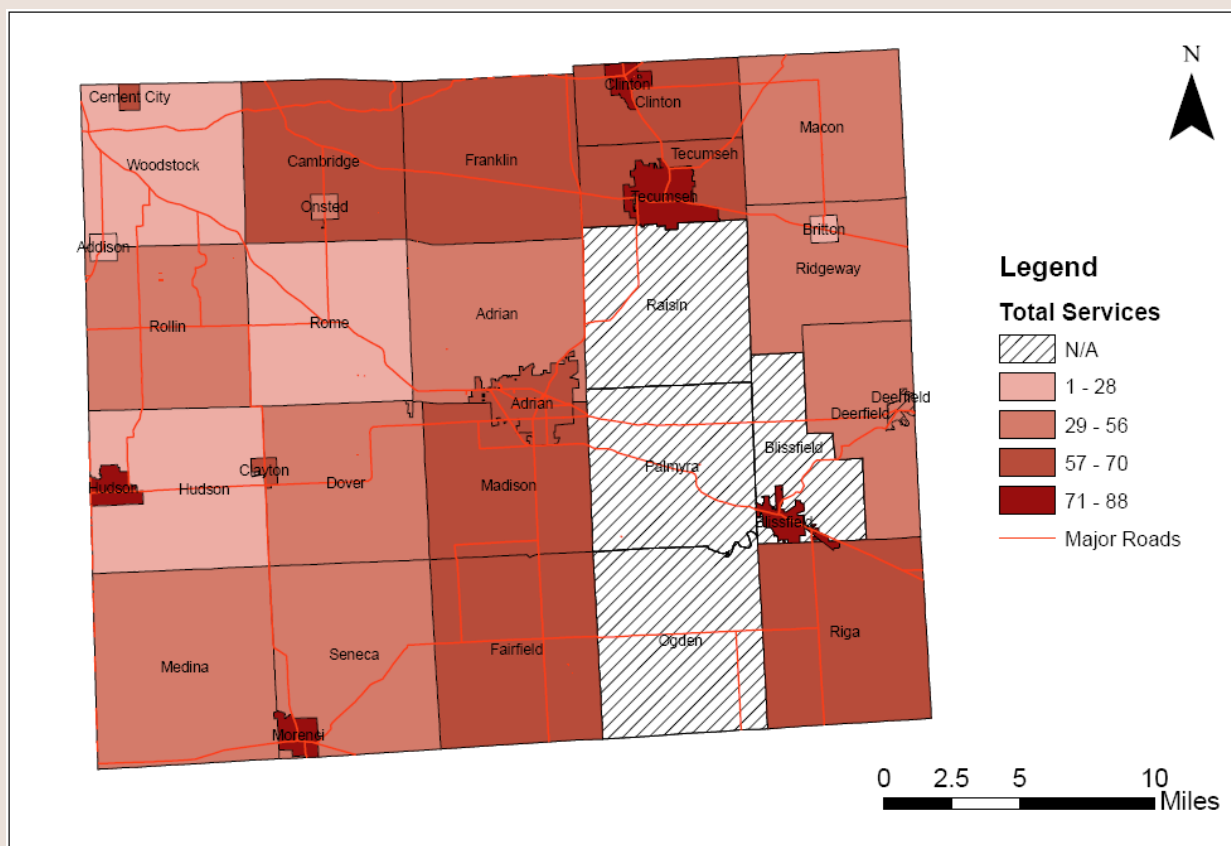
In the fall of 2010, six students in a graduate level course offered in the Gerald R. Ford School of Public Policy at the University of Michigan were “contracted” to develop and implement a survey to understand service delivery methods among the Lenawee County communities. The students’ survey used the

CRC 2005 survey as a template, but weeded out services that obviously are not offered by the Lenawee County governments, such as beach facilities. It attempted to understand not only the method of service delivery, but also the partnership that exist when collaboration does occur. Unlike the CRC survey, which had been conducted over the Internet and by mail, the students’ survey was conducted in face-to-face and phone interviews.

Total Services

Map 8 shows the total number of functions and services provided to the residents of each community. The services could be independently provided

Map 8
Total Number of Services Provided by Lenawee County Governments, 2010



Note: Blissfield, Ogden, Palmyra, and Raisin townships and Deerfield Village did not participate in the survey.
 Source: Survey conducted by public policy graduate students in the Gerald R. Ford School of Public Policy, University of Michigan in 2010.

by the jurisdiction itself, provided through contract with a neighboring community, collaboratively provided with another community, provided by a special authority, provided by the county, the state, or a private provider.

The number of services provided tends to correlate with the population density in a jurisdiction. Accordingly, the cities and villages have a larger number of services provided to their residents than the townships that surround them.

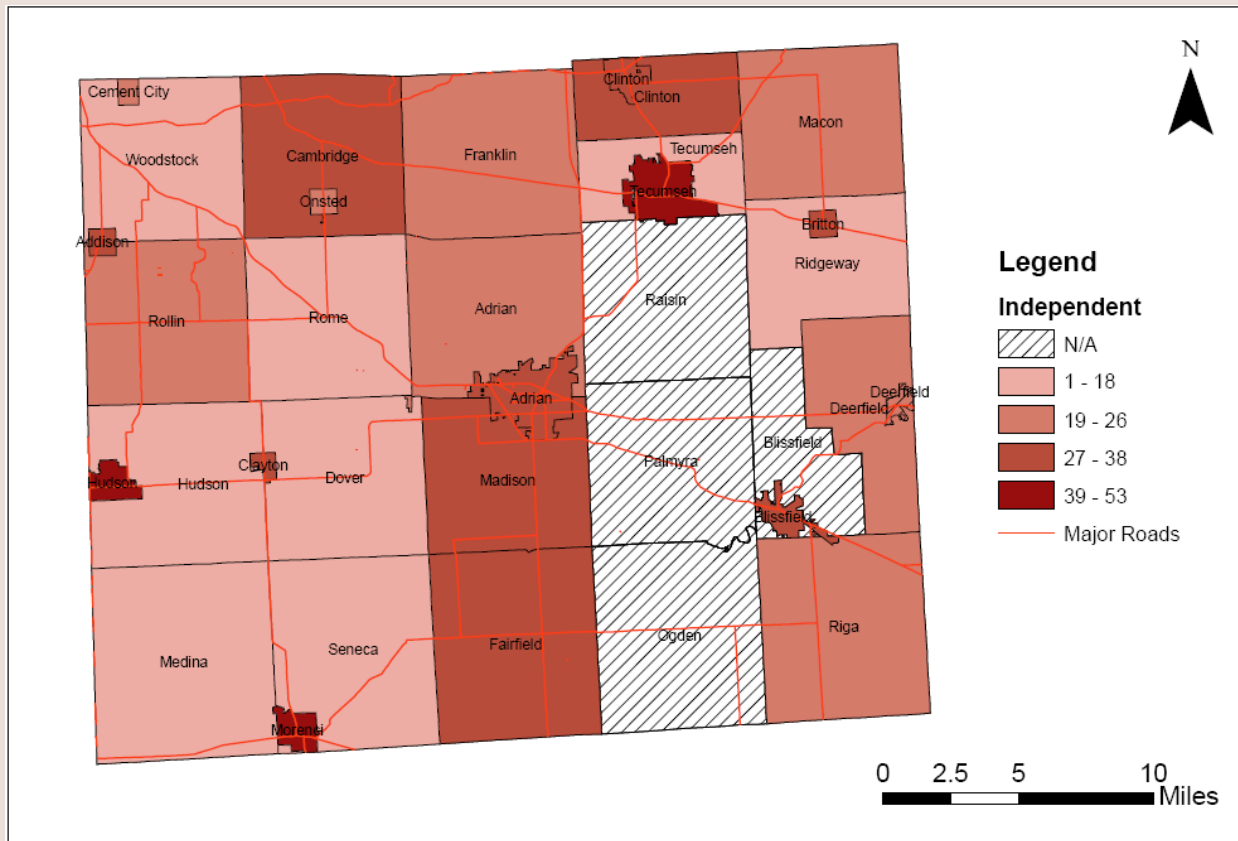
A comparison of the survey results from Lenawee County with the results from CRC's 2005 survey of local governments indicates that the Lenawee County governments provide fewer services to their residents than do the local governments in

other counties throughout the state. This reflects the fact that many of Lenawee County's townships are serving small populations with low levels of population density. Many of the governments surveyed in CRC's 2005 survey are in heavily populated counties, and play bigger roles in providing services to their residents.

Independently Provided Services

Map 9 reflects the extent to which Lenawee County local governments provide services to their residents without collaboration with another government or contracting with an outside entity. The shading patterns for local governments in **Map 9** strongly resemble the shading pattern that was seen in **Map 8** for the total number of services provided.

Map 9
Number of Services Provided Independently by Lenawee County Governments, 2010



Note: Blissfield, Ogden, Palmyra, and Raisin townships and Deerfield Village did not participate in the survey.
 Source: Survey conducted by public policy graduate students in the Gerald R. Ford School of Public Policy, University of Michigan in 2010.

Consistent with the data from CRC's 2005 survey of local governments, the data from the survey of Lenawee County governments shows that most services are performed independently by individual governmental units. Analysis of the results from the 2005 survey showed that governmental units serving large populations, which tend to be incorporated cities and unincorporated charter townships, are the most likely to provide services independently. This may have more to do with the fact that those governments are serving larger populations and are therefore called upon to provide more services. There is no reason to think they are less amenable to collaboration than smaller villages or general law townships. The services with the highest percentages of local governments opting for independent provision are those that are core to the operation of local governments and tend to be labor intensive, such as tax collection, accounting, elections, payroll, and record keeping, as well as zoning, planning, and building code enforcement/inspection/permits.

Analysis of the 2005 survey results indicate that municipalities have found it advantageous to cooperate in the provision of some functions and services more than others. Based on this analysis, it is clear that the size of the governmental unit and the fiscal capacity (as measured by the per capita taxable value of real property) within each municipality play roles in determining which local governments engage in joint service provision. It also is clear

that the economic attributes of the functions and services are key factors in understanding which functions and services are the best candidates for joint service provision.

Local governments utilize collaboration for the provision of some services more than for other services. Governments participating in the 2005 CRC survey indicated that they rely on horizontal collaboration to provide some services, but a completely different set of services are jointly provided through vertical collaboration.

Two patterns emerge from analysis of both the 2005 CRC survey and the 2010 Lenawee County survey data. First, very little overlap exists among the services commonly provided using horizontal or vertical collaboration. This suggests that different economic and political considerations apply to each type of service, and these considerations dictate decisions to engage in self-provision, horizontal collaboration, vertical collaboration, or private provision.

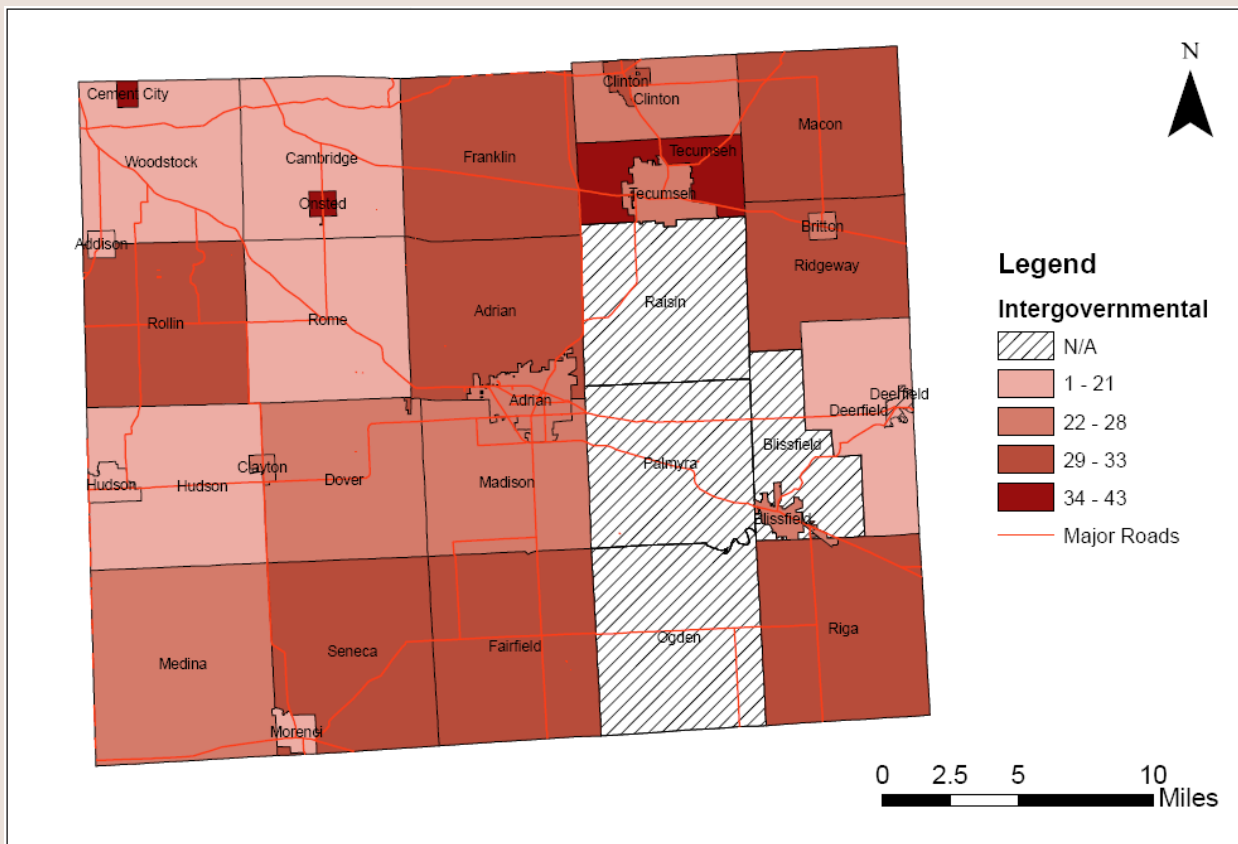
Second, local governments employ horizontal collaboration with high frequency for only a few services, whereas vertical collaboration is reported both at much higher rates and in many more service areas. Indeed, horizontal collaboration is reported by more than 20 percent of responding units in only 25 of the 116 service areas; vertical collaboration is reported by more than 20 percent of responding units in 74 service areas.

Jointly Provided Services

Map 10 reflects the amount of intergovernmental collaboration – both horizontal and vertical collaboration – employed to provide services to Lenawee County residents. As a whole, the Lenawee County governments do not employ intergovernmental collaboration for the provision of services to the same extent as the governments participating in CRC's 2005 survey. Again, this is partly attributable to the relatively small number of services provided in Lenawee County and the fact that there just are not a lot of services available to be provided jointly.

Tables 6 and 7 compare the services for which Lenawee County local governments and local governments responding to CRC's 2005 survey indicated frequent usage of horizontal collaboration and frequent usage of vertical collaboration. **Table 6** shows that Lenawee County local governments are employing horizontal collaboration most frequently for public safety services. Five of the top ten services for which horizontal collaboration is frequently employed are related to fire protection. The other public safety services on this list include ambulance/EMS services, code enforcement, and building inspection. Provision of the library is the only service on this list not related to public safety.

Map 10
Number of Services Provided in Collaboration with Another Government
by Lenawee County Governments, 2010



Note: Blissfield, Ogden, Palmyra, and Raisin townships and Deerfield Village did not participate in the survey.
 Source: Survey conducted by public policy graduate students in the Gerald R. Ford School of Public Policy, University of Michigan in 2010.

In addition to public safety services, the list from the 2005 CRC survey had a number of water and sewer related functions, library, mass transit, and stadiums – all capital-intensive services.

Most instances of vertical collaboration represent asymmetrical relationships between local units that lack capacity or expertise in a given service area, and higher levels of government (usually county governments, but also some state government agencies) that have excess capacity or expertise.

Table 7 shows that services for which Lenawee County local governments most frequently employ vertical collaboration are mostly different than the patterns revealed in analysis of CRC's 2005 survey of local governments.

The 2005 CRC survey found that vertical collaboration is reported most frequently on specialized police patrol, criminal justice/courts, crime lab, roads, animal control, environmental, and building regulation services. Some of these services, especially criminal justice/courts and road maintenance, reflect legislative or constitutional provisions that require high degrees of county involvement and thus, institutionalize vertical collaboration. Other services, such as crime lab, emergency planning and environmental services, require relatively high levels of technical expertise or training.

It should be noted that while jails appear on both of these lists, the 1963 Michigan Constitution mandates a county role

for courts and jails. Some cities elect to provide their own courts and/or jails independent of the county, but the changes mandated by the Constitution institutionalized vertical collaboration into the provision of courts and jails.

Table 6
Services with the Highest Levels of Horizontal Collaboration

<u>Lenawee County, 2010</u>	<u>CRC's 2005 Survey</u>
Fire Fighter Training	Water Treatment
Fire Fighting/Rescue	Library
Ambulance/EMS	Sanitary Sewer Treatment
Fire Inspection	Fire Fighting/Rescue
Code Enforcement	Public Bus System
Fire Investigations	Stadiums/Arenas
Building Inspection	Water Distribution
Hazardous Material Handling/Response	Sanitary Sewerage Collection
Building Permits	Fire Fighter Training
Library	Building Inspection

Sources: *Catalog of Local Government Services*, CRC Memo #1079, September 2005, www.crcmich.org/PUBLICAT/2000s/2005/catalog.html and survey conducted by public policy graduate students in the Gerald R. Ford School of Public Policy, University of Michigan in 2010.

Table 7
Services with the Highest Levels of Vertical Collaboration

<u>Lenawee County, 2010</u>	<u>CRC's 2005 Survey</u>
Jail(s)	Police Patrol - Marine
Detention Center(s)	Restaurant/Food Regulation
911/Radio Communication	Police Patrol – Helicopter
Animal Control	Jail(s)
Crime Laboratory	Police Patrol - Horse
Restaurant/Food Regulation	Crime Laboratory
Well Permitting	Air Quality Control
Police Canine Unit	Detention Center(s)
Emergency/Disaster Plan	Septic Permitting
Detective/Crime Investigation	Well Permitting

Sources: *Catalog of Local Government Services*, CRC Memo #1079, September 2005, www.crcmich.org/PUBLICAT/2000s/2005/catalog.html and Survey conducted by public policy graduate students in the Gerald R. Ford School of Public Policy, University of Michigan in 2010.

Governmental Services Provided by Private Providers

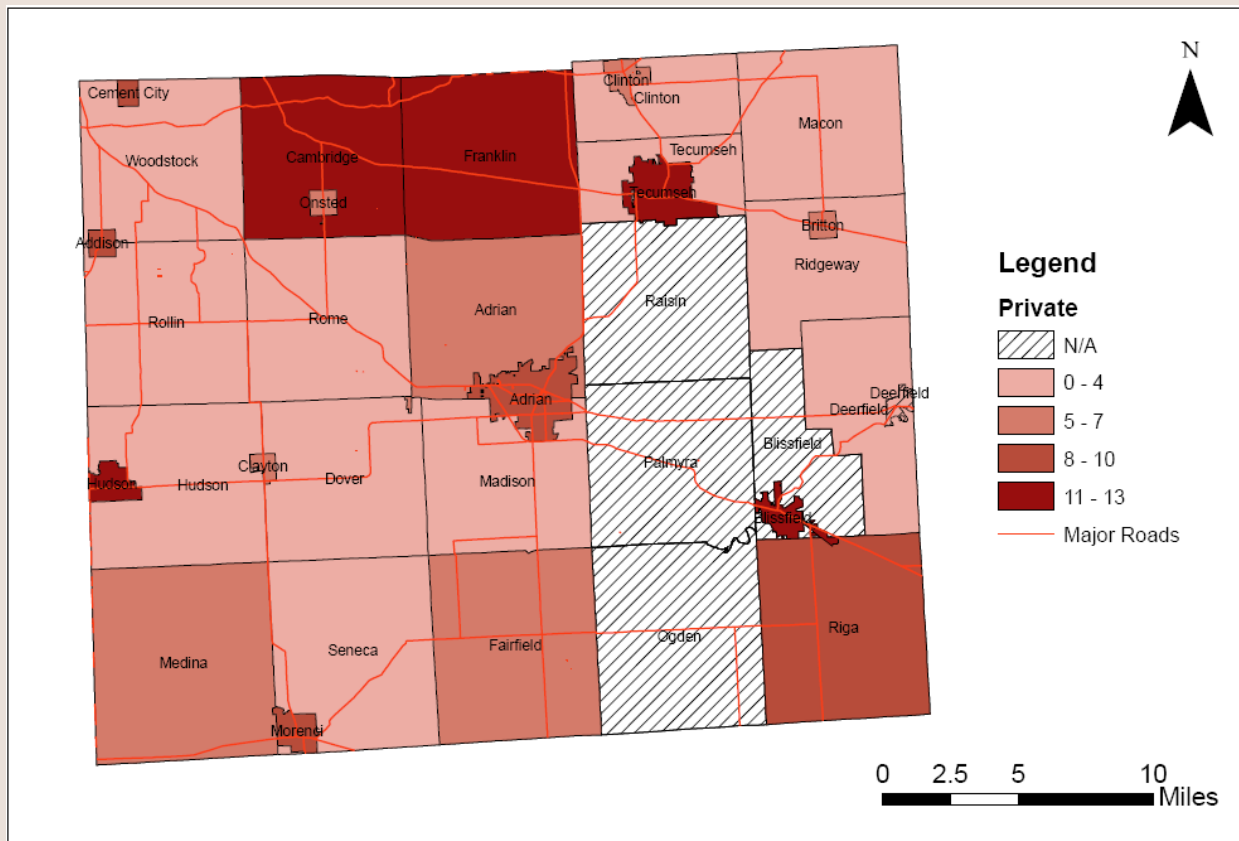
The desire to operate efficiently drives government officials to seek private providers to perform some governmental functions and provide governmental services. Like collaboration, private providers permit governmental units to provide more specialized services and provide new services for which individual governments could not justify the full investment required to provide the service.

Map 11 reflects the amount of indirect collaboration – reliance on private providers – to provide services to Lenawee County residents. The extent to which Lenawee County local governments utilize pri-

private providers to provide services to their residents is below what was revealed in the 2005 CRC survey of local governments. This may reflect (a) an aversion to engaging private providers; (b) the fact Lenawee County governments tend to provide few services; or (c) the absence of private businesses interested or able to provide services.

Table 8 shows the services for which private providers are most frequently involved in the provision of what may be governmental services. Both the survey of Lenawee County governments and the 2005 CRC survey showed that private providers are heavily relied upon for utility provision, Internet access, solid waste collection, engineering and surveying, and legal services.

Map 11
Number of Services Provided by Private Providers in Lenawee County Governments, 2010



Note: Blissfield, Ogden, Palmyra, and Raisin townships and Deerfield Village did not participate in the survey.
 Source: Survey conducted by public policy graduate students in the Gerald R. Ford School of Public Policy, University of Michigan in 2010.

Services provided by private providers may either require significant capital investment – utilities, Internet access, and solid waste collection – or technical expertise – engineering, surveying, legal services, and information technology. Private providers also fill roles in labor intensive services, such as janitorial or security services. The costs can be greater for local governments because they do not have alternative work during down periods, but private firms can move staff across jurisdictions to meet demand.

Core vs. Optional Services

To better understand how the Lenawee County governments are approaching the performance of functions and provision of services, the 108 items included in the survey of governments was subdivided into “Core Services” and “Optional Services.”

Core Services are those which the local governments are required to provide by law, or are inherent in the operation of an organization. These functions include the production and maintenance of documents and records, human resources, fiscal services, information technology, elections, purchasing, building regulation, planning and zoning, and legal counsel (See items marked with an asterisks (*) in **Appendix E**).

Table 8
Services with the Highest Levels of Private Providers

<u>Lenawee County, 2010</u>	<u>CRC’s 2005 Survey</u>
Attorney/Legal Service	Cable Utility
Surveying	Gas Utility
Engineering	Broadband Internet Access
Janitorial Services	Electric Utility
Vehicle Maintenance	Wireless Internet (Wi/Fi)
Residential Waste Collection	Non-Residential Waste Collection
Website Development/Management	Surveying
Cable Utility	Engineering
Recycling	Attorney/Legal Services
Non-Residential Waste Collection	Residential Waste Collection

Sources: *Catalog of Local Government Services*, CRC Memo #1079, September 2005, www.crcmich.org/PUBLICAT/2000s/2005/catalog.html and Survey conducted by public policy graduate students in the Gerald R. Ford School of Public Policy, University of Michigan in 2010.

Optional services make up the balance of the list, including items such as public safety, refuse collection and disposal, parks, mass transit, and road maintenance. Although state law places responsibility for some of these services with one or more levels of government, the governments still have some latitude in assuming responsibility for provision of the services.

Chart 32 shows the results of sorting the functions and services into these categories. The Lenawee County local governments tend to not look outside of their jurisdictional boundaries to perform the core functions. Sixty-five percent of the survey

responses for core functions indicated that the governments perform the functions themselves. When the local governments do look outside of their own staff, they tend to look to neighboring governments or the county (20 percent) more than private providers (15 percent).

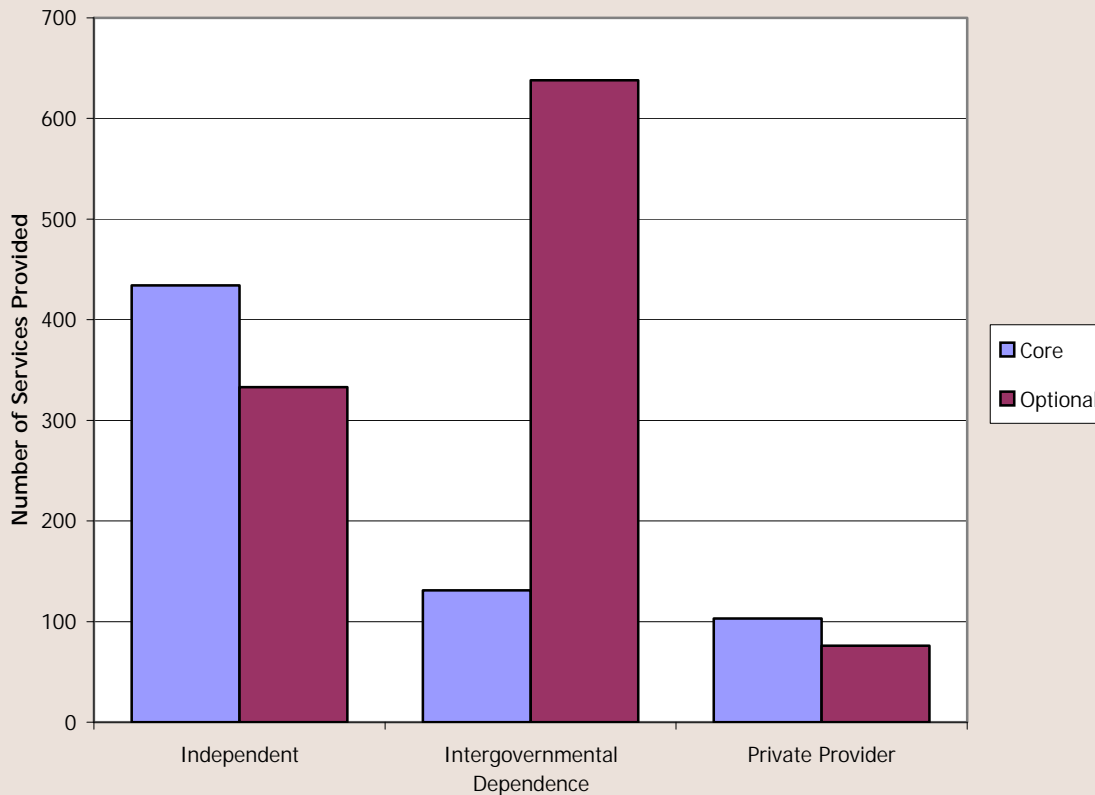
A different service delivery pattern is reflected in the provision of optional services. The Lenawee County local governments rely on intergovernmental collaboration for 61 percent of the optional services. They are self-reliant for 32 percent of these services, and rely on private providers for only 7 percent of the services. When the Lenawee County governments are not required to provide specific services, but voluntarily opt to in efforts to meet the needs of their residents, they are more likely to seek neighboring

communities to partner with to share costs and work requirements.

Lenawee County Service Delivery Methods

The patterns of service delivery methods revealed by the survey of local governments shows where collaboration currently exists and identifies opportunities to expand intergovernmental collaboration to new service areas. The Lenawee County governments collaborate relatively little for the provision of core services. Some collaboration for the provision of public safety services currently exists. Overall, the Lenawee County governments rely very little on private providers to provide governmental services on their behalf.

Chart 32
Number of Services Provided using Various Service Delivery Methods



Source: Data drawn from survey conducted by public policy graduate students in the Gerald R. Ford School of Public Policy, University of Michigan in 2010.

Recommendations

Extensive and meaningful new horizontal collaboration will be difficult in Lenawee County because the local governments display wide variance in population and housing units; the local governments display wide variance in the number of services provided; the local governments have varying capacity to tax themselves to provide services; and the local governments exert varying tax effort to fund those services. Only a few governments are positioned to take on greater service provision responsibility – Lenawee County and the cities of Adrian and Tecumseh. Of these, the Lenawee County government has the best working relationship with all of the local governments in the county. The recommendations that follow are designed to capitalize on that dynamic.

Most Significant Actions

The first set of recommendations will have the most significant results in reducing the cost (or keeping future costs from escalating) of local government in Lenawee County.

Adopt County-Wide Practices to Control Urban Sprawl

Analysis of the services provided by the Lenawee County local governments and the methods employed to deliver those services revealed little dupli-

cation at the present time. However, analysis of the population trends revealed an out-migration from the county's core cities and steady growth in a few townships. The urban sprawl that is evident in the growth that has already occurred has not amounted to significant problems. But if streamlined service delivery is a goal, with minimal duplication in service provision, that sprawl must be reigned in soon.

Table 9 identifies the fastest growing local governments in Lenawee County over the past 40 years. Cambridge Township led all local governments by more than doubling its population during this period. Tecumseh, Franklin, Raisin, Adrian, and Madison townships all experienced more than 50 percent growth over this period.

Continued growth in the unincorporated townships will create greater densities of population and housing units. To meet the needs of those residents living in close proximity to one another, the township governments will come under growing pressure to provide municipal services such as those that are currently provided by cities, such as Adrian and Tecumseh.

Each action related to sprawl creates need for townships to provide municipal services while Adrian and other cities sit with unused capacity to provide services. Those townships will have to develop the

Table 9
Population Growth in Select Lenawee County Local Governments, 1970-2010

Government	1970 Population	1970 Density	2010 Population	2010 Density	Change in Population 1970-2010	Change in Density 1970-2010
Madison Township	5,494	179.1	8,621	281.1	3,127	102.0
Cambridge Township	2,647	82.7	5,733	179.0	3,086	96.4
Raisin Township	4,322	119.2	7,559	208.5	3,237	89.3
Tecumseh Township	1,048	79.9	1,972	150.3	924	70.4
Deerfield Village	834	887.2	898	955.3	64	68.1
Adrian Township	3,725	107.8	6,035	174.6	2,310	66.8
Clinton Township	2,540	140.5	3,604	199.3	1,064	58.8

Source: U.S. Census Bureau, American Community Survey, 2009.

capacity to provide municipal services – hire new employees, purchase necessary equipment, and create necessary infrastructure, etc. – unless the rapidly growing townships have the foresight to employ those jurisdictions that presently possess the capacity to provide those services.

The most significant set of reforms that can be enacted to control future urban sprawl in Lenawee County is to shift the focus of land use planning, zoning, community development, regional marketing, and economic development from the individual units to a regional or county-wide focus.

Shifting planning and zoning to a regional or county-wide focus can be difficult politically. Because the local government financing system is built around the property tax as the primary source of local revenues, every jurisdiction in Michigan has the incentive to take actions to expand its tax base through new development. Michigan law provides tools for local governments that can see past the immediate benefit of directing development within their own borders. State law enables county, regional, and multi-jurisdictional land use planning and zoning, but the laws generally require positive action by the local governments to defer those powers beyond their boundaries.

The focus also must shift from individual units to county-wide or regional economic development. The idea that constant expansion of the tax base is necessary tends to lead individual governments to engage in myopic, internally driven efforts to bring business to their jurisdictions. Lenawee County residents regularly travel beyond the boundaries of their own jurisdictions to get to the places of their employment (See **Chart 10** on page 24). Development in the county need not occur in a specific jurisdiction to benefit residents in that jurisdiction. Furthermore, expansion of the tax base within any single city, village, or township also expands the county tax base, better enabling the county to provide services. The structure is in place for county-wide economic development with the Lenawee County Economic Development Corporation (LEDC). The November, 2011, vote against a dedicated tax levy will hamper the ability of this body to perform the tasks it was created to perform, but county and lo-

cal government officials should seek ways of working with the LEDC to keep economic development focused at the county level.

Even without dedicated county-wide funding, county, regional, and multi-jurisdictional is possible as voluntary actions by the individual local governments. The cities of Adrian and Tecumseh spend the most of the Lenawee County local governments on economic development. Joint economic development efforts by those two cities would go far in setting the stage for the other jurisdictions to coalesce behind.

Tangential to the soft functions of planning, zoning, community development, regional marketing, and economic development, are several functions related to the ability to inhabit structures, including the issuance of building permits, building inspection (mechanical, electrical, etc.), code enforcement, and well and septic permits. Capitalizing on the specialized skills inherent in several of these functions, it is recommended that the county become the governmental unit responsible for their performance.

County Leadership to Facilitate Collaboration

Strong Michigan counties are those that recognize that they are only as strong as their weakest local government. The ability to attract new economic development and to fund county services is enhanced when all of the local governments within the county are solvent, well run, efficient in their use of taxpayer dollars, and welcoming to residents and visitors. County governments are in a strong position to help their local governments become and stay strong economic actors, but it can require a champion to point the county in that direction.

The authorizing act under which most Michigan counties operate does not create the best structure for counties to serve that role. It creates a multi-purpose county commission, vested with both legislative and executive responsibilities, and divides other executive responsibilities among a number of independently elected officials. County commissioners are independently elected from county districts that usually contain multiple local governments. While they are elected to serve the whole county, it is inescapable that they are beholden to the residents in

their districts that elect them and to the local governments that serve those residents.

That dynamic can be changed by moving to a structure providing for an independently elected county executive. Like the governor, with responsibility for the whole state, or a mayor, with responsibility for an entire city, a county executive is positioned to advocate for the county as a whole. The laws authorizing creation of a county executive are designed to streamline operations of the county governments.

Given a focus on vertical collaboration in the recommendations that follow, the success of effectively reforming Lenawee County local government service provision to streamline and improve service delivery will depend on having strong leadership at the county level to provide vision and champion the county role.

Restructuring County Government

In Michigan, the structural options available to counties occupy different positions along a continuum. The traditional general law structure, with its multi-purpose commission and multi-headed executive, provides the least potential for strong leadership. It is followed by the optional unified form with a county administrator appointed by the county commission, a form which transfers administrative functions to the administrator, but maintains control in the county commission. The optional unified form with an elected county executive with veto powers provides more centralized direction, but is also limited to the organization provided in the statute. Toward the opposite end of the continuum is the charter county, organized according to a plan adopted by the voters and with an executive with defined authority.⁷

Each of the available structures has its strengths and weaknesses. The general law organization has provided more or less adequate county services for centuries. It has the benefit of being familiar and accepted, although its administrative weaknesses become increasingly visible as county government assumes more diverse and complex functions. The numerous elected officials provide the opportunity for more direct contact with citizens, but the fact that elected officials are numerous also insures that

any one official has little real power to change county operations. Numerous elective positions provide more opportunity for citizens to hold elected office, but also results in less accountability for those who are elected. Several statutes allow general law counties to establish positions (county purchasing agent, county controller, board of auditors or county auditor) which provide varying levels of administrative coordination.

Seventy-nine of Michigan's 83 counties retain the general law form. In these counties, the county board of commissioners performs both executive and legislative roles, although state statutes provide several options for centralizing administrative responsibilities.

The optional unified form of county government addresses some of the weaknesses of the general law structure by abolishing all appointed boards, commissions, authorities, and elective offices except those specified in the statute. It terminates the tenure of those holding the office or appointment, regardless of whether it coincides with the end of a term of office or appointment.⁸

Significantly greater executive coordination is provided by adoption of the optional unified form, which also avoids the complicated and potentially divisive process of developing a county charter. Any county that has not adopted a charter and does not have an active charter commission may adopt an optional unified form of county government. As in general law counties, boards of commissioners, elected under the same provisions and in the same numbers as under general law, serve optional unified counties. This structure presents counties with the option of appointing a manager or electing an executive, either of which has responsibility for most county agencies. Only the elected executive may veto commission actions. By providing for appointment of a manager or election of an executive, the optional unified form provides significantly greater executive coordination than is possible under the general law structure. The statute also redefines the board of commissioners as a more purely legislative body, and provides a departmental structure for the county, subject to modification by the board.

An appointed county administrator allows the county commissioners to retain their power and authority over some executive functions, and provides better coordination and direction in accordance with board directions. This form is therefore more likely to obtain support from members of the board of commissioners, as they are not completely removed from administrative functions.

The optional unified form with an elected executive also avoids the problems associated with developing and adopting a county charter, and provides stronger executive branch direction. Since this form provides for an independent county executive with the power to veto actions of the county commission, support by members of the county commission may be less than wholehearted. This form reduces the power and authority of the county commission and forces it into a traditional legislative role.

Bay and Oakland Counties have reorganized under the optional unified form, and both have opted for an elected executive rather than an appointed county manager.

The most radical change in county government structure may be accomplished by adopting a county charter. Even under a charter, however, the responsibilities, authority, and limitations of the county executive are defined by state statute, by court decisions, and (to some degree) by attorney general opinions. In Michigan, only Macomb and Wayne Counties have adopted county charters. Wayne County, after experiencing extraordinary financial problems and under pressure from the state, successfully implemented a charter form of county government in 1981.

The primary benefit of charter adoption is the establishment of an accountable county executive with greater power to coordinate the executive branch.

Unlike the optional unified form, executive functions are removed from the county board of commissioners in charter counties. The powers and duties of the county executive, including veto powers and line and staff department control, may be defined in the charter, but must be consistent with the act. This structure has some of the attributes of the presidential or gubernatorial systems with which most people are familiar, and resembles the strong-mayor form of government adopted by many large cities. The major difference is that the constitutional provisions for individually elected county officers – sheriff, county clerk, county treasurer, register of deeds and prosecuting attorney – continue to apply to charter counties. Where all executive services are under the control of a strong mayor, not all executive services are under the control of the county executive.

In counties with populations of less than 1.5 million, the proposed charter must provide for an elected county executive. A county does not become a home rule county until a charter has been adopted and new charter officers have been elected.

Regardless of whether a county is general law, optional unified, or charter, the state attorney general has ruled that the elected county offices described in the state Constitution may not be abolished.

Strong County Department Heads

There are limitations on the ability of an elected county executive to create a unified vision for interaction with local governments and to streamline the county's operations. The Michigan Constitution continues to require the independent election of a sheriff, county clerk, county treasurer, register of deeds, and prosecuting attorney. Each of these officials is responsible for operations of a county department. This is inescapable without amending the Michigan Constitution. Therefore, it is important to work with

candidates for these offices to help them understand the importance of a strong county to help strengthen the local governments.

County Support of Police and Fire Operations

The organization of police responsibilities in a county can be viewed on a continuum (See **Figure 2**). On one end of the continuum would have every jurisdiction in the county operating its own police department. All functions and responsibilities would be self contained. The opposite end of the continuum would have the county sheriff responsible for all policing responsibilities in the county.

The organization of police responsibilities in Lenawee County is currently closer to the end with the county sheriff providing full services. A number of jurisdictions have their own police departments, but most of the geography in the county is policed by the county sheriff.

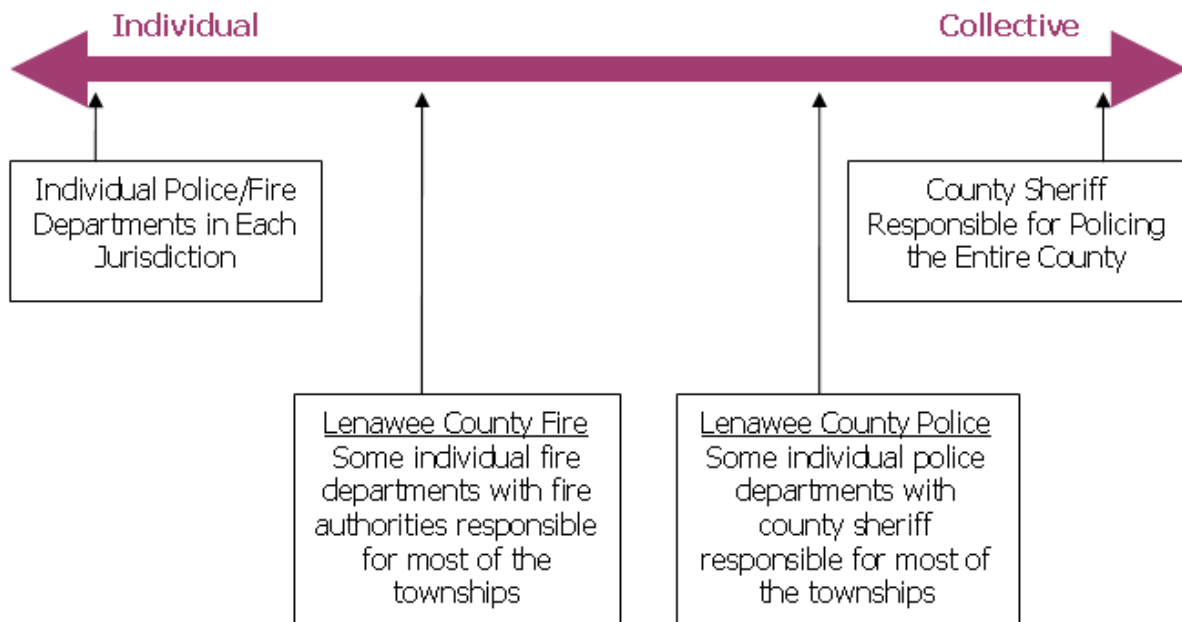
The organization of fire responsibilities in Lenawee County is currently closer to the other end of the

continuum. The county does not play a role in fire protection. Again, a number of jurisdictions have their own fire departments, and special authorities organized to provide fire protection across a number of jurisdictions are responsible for the balance of the county.

It is recommended that the sheriff position the county department to continue providing police protection where the county is the current provider, but to provide support services to the independent police departments. The idea is to free up officers in the municipal police departments to perform the tasks they do best – providing patrol/emergency response services. The county should provide the capacity to handle all other tasks associated with operating a police department.

911/Radio Communication. The county already provides dispatch services for most of the county. All other departments should be brought into the county system, thus freeing up resources in their operations to put officers on the streets.

Figure 2
Continuum of Organization for Police and Fire Responsibilities



Special Units. Policing has evolved into a field with a number of specialties. Larger police departments often have units dedicated to solving unique crimes, such as child sexual abuse, vice, auto theft, cold cases, and drugs. Dedicated units allow a select group of officers to become highly trained in those types of cases and it allows officers not assigned to those units to concentrate on providing protection on the streets. The municipal police departments in Lenawee County are not large enough to warrant dedicated units, but the county sheriff is sufficiently large and has jurisdiction throughout the county.

Organization in this manner would involve the county sheriff in officer training and provision of a detective unit for crime investigation. It would concentrate responsibilities for emergency or disaster response planning with the county.

As described above, utilization of vertical collaboration for these police functions allows the cost of individuals with technically-intensive skills to be shared across multiple jurisdictions. These units could be stationed in or around Adrian, but they do not need to be. They could be housed strategically around the county to provide prompt responses to local needs when they arise.

Records/Archives. The county should provide the staffing to handle the paper work associated with police protection. This would allow the trained officers to spend more time on the streets and would enable the police services to tie into the cloud technologies discussed below.

Support Services for Fire Protection. It is not recommended that the county get involved in fighting fires, but that it provided necessary support services so that the municipal fire departments and special fire authorities can concentrate their resources on fire fighting and fire prevention. Dividing the responsibilities for fire fighting is sometimes more difficult than for police services. Fire fighting often involves a great deal of down time, freeing up firefighters to perform tasks other than putting out fires.

Building Inspections, firefighter training, fire hydrant maintenance, fire investigations, and hazardous

material handling and response are all specialized tasks that require higher levels of technical training.

Also, record, archives, and other paperwork could be handled centrally.

Purchasing. All purchasing for police and fire equipment and vehicles should be done through a central agent to benefit from the bulk pricing that is often available for volume purchases. This could be done through the county or piggybacked on the state's MiDeal purchasing program.

County Support of Road Care

Construction of roads and bridges is an expensive governmental function. Michigan's Public Act 51 of 1951 distributes state collected gas and vehicle registration tax revenues to counties, cities, and villages to help defray the cost of road care. Even with the state distributions, Michigan has a number of small cities and villages that have so few road miles that they do not receive sufficient funding to warrant their being in the road business.

In an October 26, 2011, special message to the people and the Michigan legislature, Governor Snyder identified the inclusion of the smaller municipalities as a cause of inefficiency in highway funding. He proposed that the state stops distributing Act 51 funds to any city or village that receives less than \$50,000 in transportation funding. In most places, \$50,000 is not sufficient to hire even one worker to concentrate on care of the roads, let alone to pay for materials or equipment. Instead the funding would go to the county road agencies to tend to the city or village roads on behalf of the local government.

Lenawee County should not wait for this reform to be handed down from the state. The Lenawee County road commission should make its services available to any jurisdiction to care for the roads on a contractual basis. The road commission has the necessary equipment and can better leverage its resources by specializing solely on roads.

Even if contracting with the county road commission for full care of the municipal roads is not amenable to the smaller cities and villages, the road com-

mission should position itself to provide a number of auxiliary services for those municipal road agencies. Purchasing, road signs and traffic lights, and engineering are examples of functions for which the local governments might find savings by contracting with the county road commission.

General Government Reforms

An easy starting point for the county to extend its strengths to the operations of the local governments is in the internal operations of government. These are functions that happen out of the public's eye, and thus, collaboration should not be threatening to the elected officials or the taxpayers that support each individual government.

Greater involvement by the county to perform certain functions could streamline local government operations. Instead of having personnel in as many as 34 individual local governments performing each function independently, the county could have a few personnel performing the functions for multiple units of local government.

Create a "Cloud"

A first step in initiating this form of vertical collaboration would be for the county and local governments to integrate their communication infrastructure by investing in a broadband system to connect all of the local governments to the county.

This is a best practice that Oakland County initiated that should be replicated throughout Michigan. Oakland County needed to improve communication between offices, with the local governments, and with public safety agencies. Rather than wiring county offices and encouraging the cities, villages, and townships to make similar investments, the county took the initiative to create a fiber optic network between the county offices, all municipal offices, all police departments, all court buildings, and most fire departments in the county. Having done so, the county became better situated to extend county services to the local governments for any function that depends on computers.

It should be noted that by wiring the government facilities, the county was able to meet its needs in

enhancing communication with the municipalities, but now those municipalities are more efficient in their own operations as well. The local governments have high speed Internet access, are able to communicate amongst each other more efficiently, and can conduct business in an economic, efficient manner.

By following the best practice established by Oakland County, Lenawee County could situate itself and the local governments to collaborate in an economical, efficient manner on many service areas. Establishment of a high speed intranet connecting all county, city, village, township facilities within Lenawee County would better enable these governments to operate in the 21st Century and would create an infrastructure for improvements in many of the areas for which the county and local governments interact. Establishment of such an intranet would involve dedicated computer file servers hosted by Lenawee County and high speed, broadband connections to all computers in each local government. This effort should extend beyond the municipal offices in which most staff are housed to include: court houses, recreation centers, health facilities, transportation facilities, and other buildings in which governmental functions are carried out should be included.

Creation of a secure intranet among the local governments would improve opportunities for file sharing and development of resources to capitalize on advances in communication. The cost of this network can be shared among all participating governments. While the initial cost may be high, the improvements in productivity relative to the interactions between these governments can justify the investment.

Building off of the interconnectedness offered by a local government intranet, the county could develop sufficient computer infrastructure to host websites, email service, databases, and other services for the benefit of the local governments. The county should focus on technically intensive services, which its personnel can perform in county offices at least as efficiently as municipal staff located in municipal offices. It should begin by focusing on functions that

the county performs as part of the business operations of running the county.

Information Technology

With or without the investment in a broadband network to tie the government centers in Lenawee County together, the county is in a position to help the local governments with their information technology needs. Information technology includes the management of computers and peripheral equipment within the governments, the use of geographic information systems (GIS) for strategic placement of governmental assets, and the provision of websites to disseminate information to the public.

Management Information Systems. Most of the governments in Lenawee are sufficiently small that they have not devoted resources towards management of their computer systems. Those that do either manage their computer systems in house or contract with private companies to do the work. CRC's 2005 survey of local government service provision showed that most local governments do dedicate resources to management of their information systems. Those that do so either do so in house or by contracting with private firms.

The county can have staff on hand to serve the technology needs of the local governments in addition to its own technology needs.

Websites. A simple Google search finds that Lenawee County and 21 of the 33 local governments have websites. The survey found that those that have websites either provide the sites in house or contract with a private firm to house the sites. CRC's 2005 survey of local government service provision found that governments across the state tend to rely less on private providers for this function and more on their county governments.

It is recommended that Lenawee County house the websites of the local governments on a server in the county offices and provide the expertise so that all of the local governments have a site to facilitate communication with their residents and businesses. One option would be for the county to provide a standard template so that all of the local govern-

ment sites have the same look and navigation, thus easing the ability of the public to find information. A second option would be less rigid in its uniformity, but insure that certain information items are available on all sites, such as the names and contact information of the elected officials, meeting minutes, financial reports, and forms for residents and businesses to download to facilitate their interaction with the governments.

Geographic Information Systems. Geographic information systems (GIS) enable governments to use mapping technology to spatially identify the location of government assets, the demand for governmental services, and occurrence of events that warrant responses by the governments (such as crime trends). The use of GIS technology is common among the Lenawee County governments, with half of those using the technology working through the county government to do so. The others have invested in the technology themselves or have contracted with a private firm. This is consistent with the findings of CRC's 2005 survey of local government service provision.

GIS requires a capital investment to purchase the software, but also requires technically trained personnel to successfully operate the software. The county has the software in hand and the trained personnel to use that software. The recommendation is to extend this investment to the rest of the local governments. Cost could be shared with the local governments to defray the county's costs.

Document Services

An intranet would also allow the county to help the local governments with their document services. The Lenawee County governments tend not to think beyond their borders for the printing, archiving, or destruction of governmental documents. This is consistent with the practices of local governments throughout Michigan.

Forms. All forms that are common throughout the governments should be standardized and made available for download through a common portal on the county website. This could include forms for such things as zoning, business licensing, animal licens-

ing, property assessment appeals, parks facility reservations, and so on. Standardizing the forms and making them commonly accessible for download would reduce printing costs for the individual governments and facilitate interaction with the governments for the citizens and businesses.

Printing of Municipal Documents. In Lenawee County and throughout Michigan, local governments continue to operate in a 20th Century model of printing reports and documents for distribution to the public. Collaboration on an intranet and greater reliance on dissemination of these reports via the Internet would allow the local governments to greatly reduce their printing costs.

The county should investigate the potential of serving as a resource for the local governments when large volumes of any documents do need to be produced. The county facilities are readily accessible to the local governments throughout the county and the savings the county could potentially offer would make it worth the time and fuel of the local governments to transport printed material from the county offices.

Records/Archives. Like printing, local governments in Lenawee County and throughout Michigan largely house and archive records in house. The ability of the county to invest in the necessary machinery and software would allow the local governments to migrate to an electronic storage of their records in a more cost effective system.

Elections

Under state law Michigan elections are conducted by the cities and townships. The counties play a role in canvassing the votes, printing ballots, and other tasks. It would be necessary to amend the Michigan Elections Law to move the conduct of elections completely to the counties. Short of that, the counties could do more to facilitate the conduct of elections by the cities and townships. This role could include the education of city and township clerks on election law and the mechanics of conducting elections, joint purchasing of machinery and other materials needed for the conduct of elections, and for archiving of elections records.

Fiscal Services

Creation of an intranet to tie together the government centers throughout the county would also allow the county to offer certain fiscal services to the local governments. The county could provide, or contract to provide, property assessing and tax collections on behalf of the local governments. It could also assist the local governments with their treasury functions, accounting and financial record keeping, and provide a gathering point to benefit the local governments with joint purchasing. While creation of an intranet, and collaboration on information technology, document services, and elections would likely create little backlash, it might not be as easy to establish collaboration on fiscal services.

Property Assessing. Three levels of government are involved in property assessing for tax purposes in Michigan. Cities and townships assess property within their jurisdictions. Those assessed values are then equalized at the county level to minimize the variations caused by subjective input from the local assessors. The state tax commission then equalizes values across counties.

Property assessing is done at the county level in most other states. CRC's 2005 survey of local governments found that most cities and townships perform assessing on their own. Others contract with the counties or contract with private firms to perform property assessing on their behalf. Almost half of the local governments rely on Lenawee County to perform property assessing on their behalf. The villages rely on the townships to assess property on their behalf. Moving the complete assessing function to the county level would eliminate one level of government in the assessing process: eliminating the need for county equalization.

The county role could be funded by the local governments contracting with the county to perform the function on their behalf or the county could fund assessing by charging a one percent administrative fee on all property at the time of tax collection.

Tax Collection. Like property assessing, property tax collection is primarily performed by the cities and townships in Michigan. This is in contrast to the practice in most other states where the counties are

responsible for this function. The implications for the placement of this function for the state are significant. Under the current model, more than 1,500 cities and townships have to transfer the revenues they collect for taxes levied by other jurisdictions. Having 83 counties perform this function should simplify the process for all involved.

CRC's 2005 survey of local governments found that most cities and townships collect tax payments on their own. Lenawee County governments are collaborating with the county to collect taxes to a greater extent than the statewide survey found.

Accounting. CRC's survey of local governments found that accounting is typically provided independently by each governmental entity, sometimes with support by private firms. This stands in some contrast to the private sector where a market niche has been created by companies providing accounting support for small and mid-sized companies to allow them to remain focused on their core mission. An intranet would allow the county to fill that niche for local governments, helping to support the accounting needs of the small local governments in Lenawee County.

Purchasing. Local governments throughout Michigan have opportunities to engage in joint purchasing through collaboratives such as the state run program called MiDeal. In cooperation with those existing programs or as a stand alone program, an intranet would allow the Lenawee County governments to band together in a collaborative unique to their needs to gain more opportunities to purchase in bulk.

Human Resources

CRC's survey of local governments found that the human resource functions are typically provided independently by each governmental entity. This stands in some contrast to the private sector where a market niche has been created by companies providing human resource services for small and mid-sized companies to allow them to remain focused on their core mission. An intranet would allow the county to assume the role that payroll and HR companies play in the private sector.

Building Regulation

Creation of an intranet to tie together the government centers throughout the county would facilitate collaboration in the performance of local governments' building regulation functions. Whether the building regulation functions are kept at the local level or moved to the county, an intranet would allow the local governments to better utilize their resources in issuing building permits, performing building inspections, doing code enforcement activities, and, where applicable, issuing well and septic permits.

General Government Recap

Michigan's county governments are well positioned to help local governments with their internal operations. By operating either in a support role or in a role that would have the county provide the functions on behalf of the local governments, the counties can play roles that have become commonplace in the private sector.

The first step toward streamlining performance of these functions is for the counties—elected officials, department heads, etc.—to become more entrepreneurial in envisioning how they can do more to help their local governments. Because county governments are funded by the same property tax bases that fund local governments, it is in the mutual interest of the counties and local governments to operate in as efficient manner as possible to make living and working in the county attractive. County governments are only as strong as their weakest local governments.

Second, investment in a broadband network to tie together the county and local government centers throughout the county would not only help with the counties' efforts to support the internal operations of local governments, but also would help the local governments collaborate amongst themselves.

A broadband network and software to tie the governments in Lenawee County together obviously will bear some require an investment. This cost could be borne solely by the county or shared in some way with all of the local governments. For estab-

lishment of the broadband network, the recommendation is for the county to bear the cost.

The cost of the county's role in performing services on behalf of the local governments or supporting their services need not be borne by the county. The cost can and should be shared with the local governments, either by prorating the cost across each governmental entity in ways that make sense for each function or by billing the local governments for the time spent performing functions on their behalf.

Increasing the role of the county in performing functions on behalf of the local governments will help the cities, villages, and townships become more efficient, but can also benefit the county. Like many governmental entities in Michigan, the county is attempting to maintain previous service levels with resources that are not growing, or at times are shrinking. Creation of new revenue streams by contracting to provide services can help offset lost revenues from other sources and help individual departments to maintain personnel that otherwise might need to be let go. The excess capacity individual county personnel might have would be used to help the local governments.

Other Services

A number of services lend themselves to collaboration and/or contracting with private providers.

Note that collaboration is possible between cities, villages, or townships and their overlapping school districts. Outside of the classrooms, many of the functions performed by school districts are very similar to the functions and services provided by general purpose governments. Similar functions include payroll, information technology, human resources, and vehicle maintenance. Like general purpose local governments, school districts provide playgrounds, recreation programs, and snow removal. While general purpose governments might be inclined to collaborate as equals, collaboration with school districts is more likely to occur with one governmental unit contracting with another to have functions performed or services provided.

Building and Property Services

Local governments provide a number of services related to the maintenance of their own assets or designed to service the privately owned properties within their jurisdictions. As it relates to the local governments' assets, these services include building security, janitorial services, and cemetery services. They include the provision and operation of parks and playgrounds, community/recreation/senior centers, swimming pools, and forestry services. Local governments have fleets of vehicles that vary in number and character for which they have programs for the purchase, maintenance, and storage of their vehicles. Local governments also provide services to service the properties within their jurisdictions, such as solid waste collection and disposal and recycling.

These types of services do not lend themselves to horizontal collaboration in Lenawee County for a number of reasons. First, these services are not uniformly provided throughout the county. Smaller local governments, especially lightly populated townships tend not to provide many of these services. Second, it is not clear that economies of scale exist in the provision of these services. Most are fairly labor intensive services that require little capital investment for their provision.

It is recommended that the Lenawee County local governments explore contracts with private providers (many already do so) or joint service provision arrangements with the school districts for the provision of these types of services.

This is consistent with findings from CRC's 2005 survey of service delivery methods. Responses from local governments showed that

- Most local governments directly perform building and grounds maintenance functions, with as much as a third of the governments contracting with a private provider for janitorial services, cemetery services, and building security.
- Nearly all of the respondents reported performing vehicle purchases and vehicle storage independently. Local governments either perform

vehicle maintenance independently or contract with a private provider to have it done.

- Where parks and recreation services are provided, local governments tend to act independently for the provision of most of the services. Very few townships of the size common in Lenawee County are involved in parks and recreation services. Residents either receive these services from the county governments or from private providers.

Examination of patterns of collaboration found elsewhere in Michigan suggests that local governments have opportunities to collaborate with school districts for the performance of many of parts of these functions. While local governments are not involved in educating school children like schools, the peripheral functions that school districts perform match up with these functions. Maintenance of the interior and exterior of buildings requires the same equipment and trained personnel for the local governments and the school districts. Trained mechanics with the proper tools and service garages are capable of working on vehicles, whether they are the local governments' cars and trucks or the school districts' buses or support vehicles. Finally, school buildings tend to have the types of recreation facilities and equipment that local governments are recreating when they build parks, playgrounds, recreation centers, and community swimming pools.

The City of Adrian is especially well suited to joint service provision with overlapping governments for the provision of these types of services. As the host to the county government, the intermediate school

district, and the school district serving the largest population, Adrian can find create opportunities for horizontal collaboration for these services that are not well suited to collaboration when geography is a factor. Each of these governments is likely to utilize some form of security to protect their facilities. Each requires janitorial services. The Adrian City School District does not have any cemeteries, but it does have lawn maintenance equipment that is also needed to maintain cemeteries. The city and the school district utilize similar equipment for parks and playgrounds. Finally, the city, school district, county, county road commission, and intermediate school district each have needs for mechanics, garages, and related equipment to maintain their fleets of autos and trucks.

Position the County for New Services

Twenty years ago, the provision of broadband and Wi-Fi infrastructure for computer access to the Internet is a prospect few government officials contemplated. Those that quickly recognized the importance of these services as an economic development tool and to provide quality of life services for their residents were best able to define the government's role and vest the proper level of government with responsibility for their provision.

Lenawee County and its local governments need to be vigilant that governments may be called upon to provide new services. Without ties to past performance, they should be open to fitting the governmental service to the level of government best suited to its provision based on the economic characteristics of the service.

Conclusion

This report has explored the people and places of Lenawee County to recommend reforms with the goal of streamlining government service provision throughout the county. Lenawee County governs a population of about 100,000 people with 34 units of government, including four cities, seven villages, 22 townships, and the county government. The City of Adrian, Michigan's 52nd largest city and by far Lenawee County's largest, has 21 percent of the total population and the six largest governments constitute 57 percent of the county total. The other governments are either very small geographic entities with small populations or sparsely populated townships.

In pursuit of streamlined service provision, this report explored the options of consolidating local governments, a city/county consolidation, and consolidation of individual services through intergovernmental collaboration. This analysis does not project that either consolidation of governments or city/county consolidation would achieve the same level of savings that could be obtained through the strategic use of intergovernmental collaboration. Consolidation of governments is not recommended because the arrangement of densely populated cities and villages, surrounded by lightly populated townships results in few adjoining governments providing the same services at comparable levels. City/county consolidation is not recommended because the cost of many services would not be affected sufficiently to warrant the change – including the coun-

ty provision of health and welfare services, the courts, the jails, and public housing or the municipal provision of fire protection, water and sewer services, or the parks and recreation services.

It is recommended that Lenawee County concentrate new intergovernmental collaboration efforts on strengthening county operations to better serve the needs of the local governments. These efforts should begin by focusing planning, zoning, community development, regional marketing, and economic development efforts with the county, instead of the individual local governments, to better direct new development to those governments with the capacity to provide services. This will relieve several fast growing townships from having to develop new service delivery capacities and help to preserve green space to keep agriculture as a valued economic activity in the county.

Additionally, the county should be positioned to perform a number of functions that would allow the cities, villages, and townships to concentrate on their core missions. The county provision of specialized and auxiliary police and fire service would allow the local governments with police and fire departments to focus on the core public safety missions they were created to perform. The county can also create an information technology infrastructure that would allow it to support local government services related to document creation and management, elections, fiscal services, human resources, and building regulation.

Appendix A The Structure of Michigan Local Government

Counties

The county government in Michigan traditionally has served primarily as an administrative subdivision of state government for law enforcement; election, welfare and judicial administration; the maintenance of roads; and the recording of legal documents.

In more recent times, they have been authorized to deliver local services in addition to those performed for the state. In this capacity, constitutional and statutory provisions allow four structures which counties may assume: 1) general law; 2) optional unified with a manager; 3) optional unified with an elected executive; and 4) charter counties. Of the 83 Michigan counties, 79 are general law counties; two (Bay and Oakland) are optional unified counties with an elected executive; and two (Macomb and Wayne) have adopted charters.

The general law structure of county government that exists in 79 counties, including Lenawee, creates a multi-headed executive structure with powers split among the multi-member county commissions, and independently elected sheriffs, county clerks, county treasurers, registers of deeds, and prosecuting attorneys. This arrangement of shared administrative responsibilities creates problems in establishing a clear chain of command. While the independently elected officials oversee their own administrations, budget power ultimately rests with the commissions. The weakness of the general law county structure can be characterized in (a) a diffusion of executive authority; (b) a dissipation of legislative effectiveness; and, (c) confusion on the part of citizens relative to the determination of accountability and redress of grievances.

Cities, Villages, and Townships

Within counties, local government is organized in cities, villages, and townships. The activities performed by those local governmental may be divided into two broad classes of services. The first class of services consists of certain duties required by the

state of primary local units of government. These legally required duties are:

1. Assessing property as a basis of county and school taxes.
2. Collecting taxes for the counties and schools.
3. Conducting county, state, and national elections.

The second broad class of services consists of elective local services such as fire protection, police protection, water supply, sewage disposal, zoning, public health, etc.

The primary local units of government in Michigan are cities and townships. These two types of governments furnish both classes of services – those duties required by the state and, in varying degrees, elective local services. Accordingly, the entire state is divided into non-overlapping cities and townships, to which the legally required duties are assigned. Whenever a new city is incorporated, its area is withdrawn from the township for all governmental purposes.

Like counties, townships were organized without resident input, as geographical entities created by a congressional survey under the Northwest Ordinance of 1787. Michigan currently has 1,240 townships. The majority of the townships operate under general law. About 11 percent of the townships have opted to operate under the Charter Township Act, which provides some additional powers and some additional protection from annexation from cities.

Cities are organized with resident input. Citizens in a geographic area unite for the purpose of creating a government, draft a city charter outlining the authority that city may exercise and outlining the structure within which the government is organized to provide services. The Home Rule City Act of 1909 provides the statutory framework for the incorporation of cities.

Villages also are organized with resident input, but are more constrained in the authority to provide

municipal services. A village is not a primary local unit of government, but is an incomplete government furnishing only elective local services. The area of the village remains part of a township, village citizens are also township citizens, and the township government provides for residents of the village the legally-required duties imposed by the state as outlined above. While the township government may perform certain elective local services for village residents, historically this was the exception rather than the rule. The purpose in organizing a village was to furnish local services to residents of a built-up area in the township which the township government, due to its limitations, could not provide. However, village taxpayers have to pay for such elective local services and, in addition, may have to help support all the activities of the township government. The extent of this double burden varies considerably from one village to another, and, in all fairness, it must be pointed out that since townships have been receiving revenue sharing payments from the state, the direct cost to village residents for township government has been, in many cases, little or nothing.

Most villages are incorporated under the General Law Village Act that establishes a governance structure and operating structure in state law. The Home Rule Village Act of 1909, enacted at the same time as the Home Rule City Act, allows villages to adopt a charter that dictates its governance structure and basic operating structure. Since 1980, state law has required that any newly created villages incorporate under the Home Rule Village Act.

Cities enjoy broader powers than do villages and townships. The powers of townships and general law villages are confined to those specifically enumerated in the state laws pertaining to these types

of governments: these delegated powers are strictly construed. The purpose of the home rule powers conferred by the Constitution and the implementing statutes was to provide cities broader powers in the conduct of their own affairs.

In cities, all local government activities – both state-imposed duties and elective local services – are unified in one government. In villages, the governmental activities divided between township and village governments. In townships, outside villages the township alone conducts all these activities. Village residents, therefore, are the only persons in Michigan living under and supporting two local units of government, a village and a township.

It is worth pausing here to note that the expanded powers of townships have reduced or eliminated the need for communities to consider incorporation as a village. Since enactment of the Charter Township Act in 1947, some townships have increased their authority to provide services and meet the needs of their residents and businesses. Charter township status was adopted by many townships, especially in the state's urban areas, and the authority granted to general law townships was expanded. At this point in Michigan's history and with the current authorizing laws in place, it is not necessary to incorporate as a village or city to provide a wide range of local government services. Only four villages have been incorporated in the last 40 years. Many more communities have gone directly from a township to a city. Michigan does not have any cities that could be characterized as rural in nature with low population densities, but it does have a number of townships and villages that are very urban in nature and that have populations rivaling the cities that neighbor them.

Appendix B A Discussion of the Merits of Full Consolidation

Consolidation of governments, either among local governments or with city/county consolidation, can have the affect of streamlining local government service delivery.

Consolidation of Individual Governments

The first option for streamlining local government service delivery is to reduce the number of governments.

In general, consolidation of governments can be achieved in three ways:

1. Two or more governmental entities can incorporate as a new single entity;
2. One governmental entity can annex another; or,
3. Dissolve existing governments thus leaving only one government.

Additionally, merger can happen when cities and villages annex entire townships. Annexations are not uncommon in Michigan, but they are usually relatively minor in scale. They typically occur with a city or village annexing portions of an unincorporated township that borders the municipality.

The frequency of annexations was slowed by enactment of the Charter Townships Act in 1947, and slowed much more with enactment of Public Act 425 of 1984, the Intergovernmental Conditional Transfer of Property by Contract Act. The Charter Township Act gave townships greater protection against annexation. Act 425 agreements allow a city and township to share tax revenues from new developments, effectively negating the need for the geography to be annexed to receive the municipal services provided by the city.

In the case of a village, annexation of additional territory in the township does nothing to alter the overlapping nature of these governments. It would not provide additional strength to contain costs, unify the community, or streamline and simplify the local governments. Thus, the residents of a village effec-

tively have two options to consolidate governmental entities:

1. Incorporate the entire jurisdiction as a city; or
2. Dissolve the village to have the entire community served by the township.

All forms of consolidation – merger, disincorporation, and annexation – require affirmative votes by all of the parties involved. Under no circumstances can a consolidation be imposed by any actor on a governmental unit in Michigan.

Factors to Consider

In Michigan, and throughout the United States, efforts to consolidate governments are often met with strong resistance. Small local governments give residents a sense of place and provide accountability for the provision of governmental services.

Furthermore, consolidation is complicated by the fact that people have located in different regions or in different governmental jurisdictions, for varying purposes and governments have developed varying menus of services to serve those residents. **Map 2** (on page 12) shows population density in the townships and cities of Lenawee County. Population densities among the general-purpose local governments range from several townships with less than 49 persons per square mile to three cities with more than 1,054 persons per square mile. The types and levels of services offered by each of those local governments vary to meet the many different demands of their residents. The expectations of local government and actual services provided are far different in those townships with low population densities than they are in those cities and villages with high population densities.

Because there have been so few consolidations of local governments in Michigan, it is difficult to identify the factors that work for or against successful consolidations. Factors that have been identified as potentially meaningful include:

- **Similarities/Differences of People.** People often chose the communities in which they make a home or locate a business based on a desire to be around like people. Whether the values relate to education, personal income, the desire for walkable cities or open space, or expectations about the services governments should provide, people often make location decisions based on the values or characteristics of the people living in that place. This desire for likeness is reflected in government in the drawing of local, county, state, or federal districts so people can elect representatives that share their values.

Governmental consolidation can be threatening to those location decisions. It proposes to put together people who earlier made decisions to be apart.
- **Similarities/Differences in Tax Base and Tax Effort.** Notwithstanding revenues that local governments receive from the state and fed-

The Economics of Local Government Service Provision

It becomes increasingly difficult for local governments to individually provide services and functions when demand for the number of services grows, as normally occurs as the populations and geographical areas served by the government increase in size.

Michigan has hundreds of relatively small governments that provide few services, including hundreds of general law townships. It is generally the case that the staff of these small governments are each responsible for the administration or provision of multiple functions or services. For example, clerks in sparsely populated townships are responsible for maintaining custody of township records, recording and maintaining township board meeting minutes, maintaining voter registration files, conducting elections, maintaining tax certificates of authorized tax levies, maintaining a general ledger of revenues and expenditures, and preparing financial statements. Because of the relatively small populations and number of parcels in these small governments, these tasks usually can be performed by one person, or only a few people.

Residents of governments serving larger populations tend to expect their local governments to provide more services. In local governments serving more densely populated areas, the actions of each resident have the potential to affect other residents in that community. Public safety agencies play increased roles in managing the interaction between people and in protecting properties. Local governments play roles in garbage collection and providing utilities, such as water and sewer, and use functions such as zoning and code enforcement to maintain the esthetic attractiveness of the community. Larger communities also have the critical mass needed to warrant provision of quality of life services such as mass transit, recreation programs, and libraries.

As the number of services and functions provided by local governments increases, the size of the municipalities' staffs also must increase. Those staffs are more specialized than the staffs serving small communities. Instead of individual municipal employees dividing time among multiple tasks, each staff member in these governments is charged with performing specific individual tasks. The clerks' offices in larger townships and incorporated cities and villages often have several staff members, each responsible for an individual task, such as maintaining records or conducting elections. Departments are created and support staff are employed to help carry out the tasks.

The size of the government staff is even larger and service responsibility even broader for the largest of Michigan's cities and townships. More and more services, such as recreation programs, refuse collection, and senior centers, are demanded by the municipalities' residents, leading to the creation of additional departments with the sole mission of providing single services. Beyond having staff within a clerk's office dedicated to providing specialized tasks, larger municipalities may create bureaus or departments charged with responsibility for carrying out these specialized tasks.

eral governments, differences in the services provided and differences in service levels are reflected in communities' willingness to tax themselves to pay for the services. Governments with relatively large tax bases are better able to afford more governmental services and/or provide governmental services at higher levels than those with relatively smaller tax bases.

When the governments proposed for consolidation do not have tax bases of similar size and/or have not made similar efforts to tax themselves to pay for services, consolidation may be threatening to each government for different reasons. For the unit with a larger tax base, consolidation may feel like their wealth will be used to pay for services to the poorer community. For the unit that has chosen not to tax itself at high levels, consolidation may be resisted because of the prospect of higher tax rates.

- **Similarities/Differences in Menu of Services.** Michigan has 533 cities and villages and 1,240 townships. Among them, no two provide exactly the same menu of services or exactly the same services at the same service levels. The different menus of services and service levels reflect the make up of each community – parks for kids, senior centers for the elderly, etc. – and the values of each community – intense police and fire protection where safety is threatened, curbside garbage pickup where a nearby landfill is not an option, etc.

Governmental consolidation imposes the prospect that communities will have to change the menus of services provided and/or change the level of service provision.

- **Past Relationships of Municipal Leaders.** It has long been theorized that consolidation, whether full consolidation of governments or consolidation in the delivery of a single service, is more likely to occur when the municipal leaders from each community are friendly to one another. In this line of thinking, consolidations are like marriages. The underlying strength of the relationships goes far in determining the long-term viability of the working arrangements.

When local government officials don't know each other or don't get along, prospects for successful collaboration are limited; when they do interact well, they may be more successful in generating meaningful collaboration. Further, there is some expectation that the ability to collaborate in the provision of single services could later lead to full consolidation of the governments.

- **Opportunity for Savings and/or Service Improvements.** It has been espoused that consolidation of some of Michigan's 1,773 local governments would result in savings in the cost of services and/or an improvement in the quality of the services that are provided. This idea is based on observations of the duplication that exists among the governments and the efficiencies of scale that may be obtainable if the geographic size of individual governments is expanded.

As will be discussed below, Michigan has had little success in attaining significant savings in the few consolidations that have occurred.

Michigan's Experience with Consolidations

The organization of Michigan local government has changed very little over the past half century. Other than the incorporation of a few new cities, most of the changes have been general law townships assuming charter township status. Likewise, Michigan has experienced very few efforts to consolidate existing local governments. Other than a few failed efforts to disincorporate villages (for which there were not studies of the effects), efforts to consolidate local governments have been limited to:

- In the 1960s, the City of Jackson, in Jackson County, attempted to merge with the surrounding townships of Leoni, Summit, and Blackman.
- In the 1980s, the City of Battle Creek annexed Battle Creek Township, in Calhoun County, in whole.
- In the 1990s, the cities of Iron River and Stambaugh, and the Village of Mineral Hills, in Iron County, merged to create a new City of Iron River.

- In the 2000s, an effort to merge the City of Grand Blanc with Grand Blanc Township, in Genesee County, was defeated.

The following offers a few lessons from those experiences.

The greater *opportunity for a well-balanced community* in terms of tax base, land use, and social and economic development than existed in the individual governments was a common theme in Jackson and Grand Blanc. While it was anticipated that some savings would result from the mergers, the less tangible gains of united land use planning and economic development were also strong motivations. The inability to quantify the potential gains of unifying these activities may have contributed to the success of the opposition.

Also, the *desire to reduce the cost of local government* was at least a contributing reason for the champions of each of the consolidation efforts, but major savings did not materialize for any of the consolidations – either in the pre-vote analyses of a consolidated government or in post-consolidation comparisons of costs relative to peer cities. The lack of significant savings related to proposed or actual consolidations can be attributed to a number of factors:

- These governments were already involved in intergovernmental collaboration with their intended consolidation partners. Intergovernmental collaboration allowed these governments to achieve economies of scale or skill for the most capital and/or technically intensive functions and services. Therefore, the savings hoped for

through consolidation had already been achieved through collaboration.

- These relatively small governments tended to engage their workforces for the provision of multiple functions and/or services. In the end, consolidation would propose to replace a single employee performing two or three functions with two or three employees performing single functions. While services might have been upgraded, it was unlikely that savings would result.
- Many governmental services are labor intensive. The determination of staffing needs, and thus the determination of costs, is based on the population, area, number of parcels served, and other external factors. As it pertains to these labor intensive services, the combination of the populations/areas/numbers of parcels of the communities together would not create economies of scale or skill that would result in savings. Some back offices may be made more efficient, but the real cost drivers do not benefit from consolidation.

To summarize, some efficiencies and taxpayer savings may result from the consolidation of local governments, but the benefits that are not easily quantifiable may be the primary gain from consolidation. Proponents of consolidation may hope for savings, but those savings are not always obtainable. On the other hand, consolidation enables the communities to enjoy a broader, more diversified tax base, land use planning over a wider geographical area, and social and economic development over a wider area.

City/County Consolidation Model

Different from consolidation of individual local governments – wedding together cities, villages and/or townships – is the idea of consolidating city and county governments. Nationally, 28 city/county consolidated governments exist in 15 different states; none are in Michigan (See **Figure 3**). Since 1990, only four such efforts have succeeded nationwide out of 17 attempts.⁹ As with consolidation of cities, villages, and/or townships, research and analysis may identify the potential for cost savings from city-county consolidation, but political opposition by residents, who fear loss of accountability and a sense of community, often defeat such proposals, even after many years of planning and public awareness campaigns.¹⁰ In addition to public opposition, full consolidations must overcome bureaucratic resistance from local public officials whose jobs may be threatened by the consolidation process.

City/county consolidations have been proposed and have been implemented for various reasons, mostly related to the following categories:

Eliminate Duplication/Save Taxpayer Dollars.

Most of the states that host consolidated city/county governments do not have township governments. The city governments provide municipal services within their boundaries and county governments provide services in the unincorporated areas. The result of this arrangement is a duplication of service providers where cities and counties provide many of the same services.

The experiences of city-county consolidation from other states indicate that the prospects for financial savings from such consolidations are mixed and may be quite limited, though other benefits, particularly more rational regional land use policies and more effective regional economic development initiatives, may accrue. Often, in fact, short term costs increase for the combined city/county government, though some savings may ensue in the long run.¹¹ Two of the four successful city-county consolidations since 1990 occurred in Georgia, where a pre-/post-unification study showed that some costs increased, such as salaries and benefits, and only general government expenditures decreased in cost. Overall, how-

Figure 3
Consolidated City/County Governments in the United States

<u>State</u>	<u>City</u>	<u>State</u>	<u>City</u>
Alaska	Anchorage	Kansas	Kansas City
	Juneau		Lexington
	Sitka	Louisville	
California	San Francisco	Louisiana	Baton Rouge
Colorado	Denver		New Orleans
Florida	Jacksonville	Montana	Houma
	Miami-Dade		Anaconda
Georgia	Athens	Nevada	Butte
	Augusta		Carson City
	Columbus	New York	New York
	Cusseta		Philadelphia
	Georgetown	Tennessee	Nashville
Hawaii	Honolulu	Lynchburg	
Indiana	Indianapolis	Hartsville	

Source: 2007 Census of Governments, U.S. Census Bureau, www2.census.gov/govs/cog/all_ind_st_descr.pdf.

ever, costs for the newly unified government rose at a “noticeably” lower rate than in three comparison groups, over both a two-year period and a longer eight-year period.¹² Costs increased in other documented consolidation efforts because the number of employees was not reduced, lower-paid employees received higher salaries to match the higher paid employees in the consolidation process, and higher quality and higher cost services were expanded to areas that did not previously receive those levels of services. The planning and implementation stages may also require significant spending to adequately prepare the merging of classification and compensation systems, or computing systems, to name a few.

Create Operational Efficiencies. Related to the efforts to eliminate duplication are gains that may be achieved by redesigning the provision of services that result from merging two entities together. The reevaluation of organizational structures, budgeting, interaction between departments, purchasing, and workflow methods may result from consolidations. The age-old adage that they do things a certain way because that’s the way it has always been done can no longer apply. Consolidation forces policymakers and department heads to critically assess operations from ground zero to grow a new organization from scratch.

Trade Power for Tax Base. The core cities in these arrangements sometimes have found themselves financially challenged to provide services to their own residents as well as the residents of surrounding areas that travel into their cities for work, leisure, or other purposes. As the core governments, these entities serve the regions beyond their boundaries. As such, the demand for services may become higher than the tax bases of the core cities can afford given the common urban problems of crime, abandonment, and decay.

City/county consolidation changes the boundaries of the core cities to coincide with that of the county. In doing so, there is an exchange of political power – giving residents outside of the core cities more say in the governmental decisions pertaining to the core cities – for access to the tax bases outside of the core cities. It allows the governments to better align service levels with the region that benefits from its provision for many governmental services.

The benefits of this swap vary from state to state. In states such as Michigan, the counties serve the incorporated cities as well as the unincorporated areas outside of the cities. In these states, residents of the unincorporated areas have a degree of political power already. Other states provide that the counties only serve areas outside of the incorporated cities. In these states, residents of the unincorporated areas have much more limited power. Thus there tends to be a greater willingness to exchange tax base for political power.

Increase in Stature. The other incentive for cities to consider city/county consolidation has been the goal of increasing their stature. Two of the most recent city/county consolidations occurred in Louisville, Kentucky and Indianapolis, Indiana. Both cities were medium-sized cities, among the largest in their states but not among the larger cities in the United States. As such, economic development was a challenge. Getting businesses and developers to recognize the assets of their communities was difficult when leaders from those communities could not even get the conversation started. City/county consolidation significantly increased the size of each of these cities. Louisville became the 17th largest city in the United States by consolidating with Jefferson County. Immediately they leaped up the rankings to become two of the larger cities in the U.S. The increased stature helped get them noticed, and conversations with businesses and developers followed.

Appendix C
Population Data for Lenawee County Governments

Table 10
Land Area, Population, Population Density, Housing Units, and Housing Density in Lenawee County General-Purpose Local Governments, 2010

	<u>Land Area (Square Miles)</u>	<u>Resident Population</u>	<u>Population per Square Mile</u>	<u>Housing Units</u>	<u>Housing Units per Square Mile</u>
Lenawee County	750.5	99,892	133	46,982	63
Addison Village	1.0	605	606	238	238
Adrian City	7.5	21,133	2,804	9,300	1,234
Adrian Township	34.2	6,035	176	2,761	81
Blissfield Township	21.0	3,973	189	1,732	82
Blissfield Village	2.4	3,340	1,419	1,400	595
Britton Village	1.0	586	591	278	281
Cambridge Township	35.4	5,733	162	2,901	82
Cement City Village (pt.)	0.7	438	597	229	312
Clayton Village	0.8	344	444	110	142
Clinton Township	18.2	3,604	198	1,601	88
Clinton Village	1.7	2,336	1,368	1,104	646
Deerfield Township	25.2	1,568	62	594	24
Deerfield Village	0.9	898	1,004	350	391
Dover Township	35.0	1,834	52	715	20
Fairfield Township	42.0	1,764	42	673	16
Franklin Township	39.2	3,174	81	1,383	35
Hudson City	2.2	2,307	1,060	968	445
Hudson Township	36.5	1,497	41	727	20
Macon Township	32.7	1,486	45	580	18
Madison Township	31.1	8,621	277	2,767	89
Medina Township	47.6	1,090	23	494	10
Morenci City	2.1	2,220	1,055	887	421
Ogden Township	42.1	973	23	406	10
Onsted Village	1.0	917	963	395	415
Palmyra Township	36.7	2,084	57	846	23
Raisin Township	36.5	7,559	207	2,613	72
Ridgeway Township	28.7	1,542	54	555	19
Riga Township	40.8	1,406	34	550	13
Rollin Township	36.1	3,270	91	2,016	56
Rome Township	35.9	1,791	50	684	19
Seneca Township	40.1	1,230	31	471	12
Tecumseh City	5.8	8,521	1,462	3,953	678
Tecumseh Township	12.7	1,972	155	747	59
Woodstock Township	35.6	3,505	98	1,954	55

Source: U.S. Census Bureau, 2010.

Appendix D
Per Capita Spending by Service Area

Table 11
Per Capita Expenditures by the County, Cities, Villages, and Townships in Lenawee County, 2010

	<u>County</u>	<u>Cities</u>	<u>Villages</u>	<u>Townships</u>	<u>Subtotal Cities, Villages, & Townships</u>	<u>Total</u>
Legislative (Council, Board, Commission)	\$ 2.97	\$ 4.00	\$ 12.08	\$ 10.93	\$ 8.67	\$ 11.63
Judicial	52.07	-	-	0.03	0.02	52.08
Chief Executive	7.70	13.18	4.03	5.67	8.08	15.79
Treasurer	15.19	5.98	3.54	7.23	6.46	21.65
Assessing Equalization	8.98	7.19	-	9.36	7.74	16.72
Clerk	7.15	9.04	11.20	6.99	8.09	15.23
Elections	0.60	0.86	0.35	0.36	0.53	1.13
Finance & Tax Administration	-	20.40	-	0.80	7.43	7.43
Building & Grounds	29.01	4.62	34.82	10.48	10.77	39.78
All Other General Government	<u>37.55</u>	<u>47.28</u>	<u>29.80</u>	<u>6.41</u>	<u>22.60</u>	<u>60.15</u>
Subtotal General Government	\$161.22	\$112.55	\$ 95.81	\$ 58.25	\$ 80.38	\$241.60
Police/Sheriff	49.46	160.07	108.98	18.39	75.42	124.88
Fire	-	67.20	25.40	37.10	46.30	46.30
Combined Public Safety Department	-	-	-	4.66	2.62	2.62
Emergency 911 Dispatch Activities	12.37	8.19	-	5.57	5.94	18.31
Corrections/Jail	<u>38.11</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38.11</u>
Subtotal Public Safety	\$ 99.94	\$235.46	\$134.38	\$ 65.72	\$130.29	\$230.23
Building Inspection & Regulation Activities	-	12.79	3.93	4.88	7.50	7.50
All Other Public Safety Activities	<u>6.24</u>	<u>6.56</u>	<u>5.36</u>	<u>0.20</u>	<u>2.87</u>	<u>9.11</u>
Subtotal Other Public Safety	\$ 6.24	\$ 19.35	\$ 9.29	\$ 5.08	\$ 10.36	\$ 16.60
Public Works & Infrastructure (non-Act 51)	19.46	46.49	32.56	26.42	33.87	53.33
Road Commission/Street Dept (Act 51)	<u>131.66</u>	<u>63.41</u>	<u>88.09</u>	<u>17.89</u>	<u>40.09</u>	<u>171.76</u>
Subtotal Roads	\$131.66	\$ 63.41	\$ 88.09	\$ 17.89	\$ 40.09	\$171.76
Sanitation/Landfill/Solid Waste	1.64	5.42	20.98	1.10	4.45	6.10
Water and Sewer (Combined Fund)	45.43	150.07	325.03	63.46	117.79	163.22
Electric Utilities	-	3.67	307.18	1.80	31.27	31.27
Airports	5.49	-	-	-	-	5.49
Public Transportation	5.75	15.06	-	-	5.15	10.90
Water (Separate Fund)	-	99.43	-	0.38	34.24	34.24
All Other Public Works - Activities	<u>-</u>	<u>30.76</u>	<u>0.72</u>	<u>1.03</u>	<u>11.17</u>	<u>11.17</u>
Subtotal Public Works	\$ 77.77	\$350.90	\$686.46	\$ 94.19	\$237.95	\$315.72

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Table 11 (Continued)

	<u>County</u>	<u>Cities</u>	<u>Villages</u>	<u>Townships</u>	<u>Subtotal Cities, Villages, & Townships</u>	<u>Total</u>
Health Departments, Boards & Clinics	27.02	-	-	-	-	27.02
Alcoholism & Substance Abuse	0.58	-	-	-	-	0.58
Hospital	-	-	-	-	-	-
Medical Examiner	-	-	-	-	-	-
Mental Health	155.30	-	-	-	-	155.30
Emergency Services (Ambulance)	-	-	-	9.59	5.40	5.40
Child Care Activities/Human Services	50.16	-	-	-	-	50.16
Human Services & Medical Care Facility	112.21	-	-	-	-	112.21
Area Agency on Aging	31.04	-	0.05	-	0.00	31.05
Veterans' Programs	1.46	-	-	-	-	1.46
Other Health & Welfare	<u>9.01</u>	<u>-</u>	<u>-</u>	<u>0.60</u>	<u>0.34</u>	<u>9.35</u>
Subtotal Health and Welfare	\$386.78	-	\$ 0.05	\$ 10.19	\$ 5.75	\$392.53
Redevelopment & Public Housing	3.10	-	-	-	-	3.10
Community Planning & Zoning	-	0.52	0.73	2.21	1.49	1.49
Economic Development	0.00	47.30	-	-	16.19	16.19
All Other Development Activities	<u>1.97</u>	<u>53.83</u>	<u>8.95</u>	<u>-</u>	<u>19.26</u>	<u>21.23</u>
Subtotal Comm & Econ Development	\$ 5.07	\$101.65	\$ 9.68	\$ 2.21	\$ 36.94	\$ 42.01
Parks & Recreation	0.45	83.80	70.68	2.75	36.89	37.34
Library	7.89	29.81	5.28	3.51	12.68	20.57
Various Cultural Activities, Fine Arts, Historical Society, Museums, etc.	<u>-</u>	<u>15.00</u>	<u>12.31</u>	<u>0.24</u>	<u>6.43</u>	<u>6.43</u>
Subtotal Recreation and Culture	\$ 8.34	\$128.61	\$ 88.27	\$ 6.49	\$ 56.00	\$ 64.33
Fringes, Benefits, FICA, Insurances, etc.	-	14.22	20.35	5.12	9.67	9.67
Capital Outlay	-	291.46	114.08	35.33	130.41	130.41
Debt Service	7.24	25.25	61.42	17.56	24.33	31.57
Transfers (out)	<u>79.31</u>	<u>(40.76)</u>	<u>56.78</u>	<u>23.73</u>	<u>4.78</u>	<u>84.09</u>
Subtotal Other	\$ 86.55	\$290.17	\$252.64	\$ 81.74	\$169.19	\$255.74
Total	\$963.57	\$1,302.11	\$1,364.67	\$341.77	\$766.95	\$1,730.52

Source: Michigan Department of Treasury, F-65 database.

Appendix E
Comparison of Survey Results from Lenawee County with 2005 Survey of Cities, Villages, and Townships in 25 Michigan Counties

* Core Functions and Service	Lenawee County				2005 CRC Survey in 25 Counties			
	Independent	Horizontal	Vertical	Private	Independent	Horizontal	Vertical	Private
Document Services								
Printing of Municipal Documents*	80.0%	0.0%	13.3%	6.7%	65.5%	2.5%	8.3%	23.6%
Records/Archives*	89.7%	0.0%	10.3%	0.0%	83.4%	1.1%	7.4%	7.0%
Document Destruction*	82.1%	0.0%	0.0%	3.6%	79.6%	0.2%	1.9%	15.8%
Human Resources								
Training/Professional Development*	40.7%	7.4%	0.0%	18.5%	38.3%	10.1%	25.2%	25.8%
Payroll/Benefits*	92.6%	0.0%	0.0%	3.7%	84.3%	0.4%	0.0%	14.9%
Fiscal Services								
Property Assessing*	27.6%	13.8%	34.5%	24.1%	59.2%	10.8%	13.9%	15.9%
Treasury Functions*	100.0%	0.0%	0.0%	0.0%	89.0%	0.8%	8.0%	1.4%
Tax Collection*	62.1%	0.0%	37.9%	0.0%	82.8%	4.2%	11.7%	1.3%
Accounting*	89.3%	0.0%	0.0%	7.1%	88.0%	0.4%	0.4%	10.6%
Purchasing*	77.4%	0.0%	12.9%	0.0%	88.8%	1.9%	7.7%	1.5%
Information Technology								
Management Information Systems*	31.0%	0.0%	0.0%	13.8%	44.3%	2.5%	13.7%	33.9%
Geographic Information Systems	10.7%	0.0%	50.0%	3.6%	26.5%	8.3%	48.2%	15.4%
Website Development/Management*	32.3%	0.0%	3.2%	32.3%	51.1%	1.4%	8.0%	36.5%
Elections								
Elections administration*	82.8%	13.8%	3.4%	0.0%	63.0%	11.1%	23.7%	2.3%
Records and Reporting*	79.3%	10.3%	6.9%	0.0%	73.6%	7.7%	18.5%	0.2%
Buildings and Grounds								
Building Security*	42.9%	0.0%	3.6%	14.3%	75.7%	1.5%	5.4%	16.2%
Janitorial Services*	58.1%	0.0%	0.0%	35.5%	66.3%	1.3%	0.2%	32.0%
Cemetery Services	55.6%	11.1%	0.0%	14.8%	70.1%	7.4%	0.3%	20.7%
Mosquito/Moth/Insect Control	14.3%	0.0%	0.0%	3.6%	32.6%	1.7%	43.3%	18.8%
Fleet Services								
Purchasing*	55.2%	3.4%	13.8%	0.0%	81.2%	3.6%	12.0%	1.6%
Vehicle Maintenance*	39.3%	0.0%	0.0%	32.1%	55.6%	2.7%	1.5%	39.1%
Garage/Storage*	60.7%	3.6%	0.0%	0.0%	88.8%	3.0%	0.3%	6.3%
Refuse Collection								
Residential Solid Waste Collection	7.1%	0.0%	0.0%	32.1%	18.6%	9.3%	3.6%	68.2%
Non-Residential Solid Waste Collection	3.3%	0.0%	0.0%	30.0%	11.8%	6.6%	4.6%	76.3%
Recycling	9.7%	9.7%	16.1%	29.0%	19.3%	12.6%	15.4%	52.4%
Landfill/Resource Recovery	0.0%	3.4%	0.0%	6.9%	8.9%	16.4%	22.6%	50.9%

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	<u>Lenawee County</u>				<u>2005 CRC Survey in 25 Counties</u>			
	Independent	Horizontal	Vertical	Private	Independent	Horizontal	Vertical	Private
Building Regulation								
Building & Property Maintenance	69.0%	24.1%	3.4%	0.0%	66.3%	7.8%	14.8%	11.0%
Building Permits*	51.9%	25.9%	7.4%	11.1%	59.8%	9.7%	15.3%	15.3%
Building Inspection*	55.6%	29.6%	3.7%	0.0%	71.8%	5.0%	14.2%	9.0%
Code Enforcement*	3.6%	0.0%	71.4%	0.0%	10.7%	4.9%	80.5%	3.8%
Well Permitting*	3.6%	0.0%	64.3%	0.0%	9.9%	5.0%	81.1%	3.9%
Septic Permitting*								
Police								
911/Radio Communications	6.9%	6.9%	82.8%	0.0%	17.0%	18.2%	64.2%	0.4%
Officer Training	13.8%	20.7%	48.3%	0.0%	28.1%	10.6%	48.7%	11.9%
Street Patrol/Emergency Response	34.5%	3.4%	55.2%	0.0%	43.3%	6.6%	48.7%	0.5%
Bike Patrol/Emergency Response	17.9%	3.6%	21.4%	0.0%	50.8%	6.0%	39.1%	0.4%
Foot Patrol/Emergency Response	21.4%	3.6%	21.4%	0.0%	48.4%	6.4%	40.7%	0.0%
Horse Patrol/Emergency Response	0.0%	3.6%	21.4%	0.0%	2.3%	8.4%	88.8%	0.0%
Helicopter Patrol/Emergency Response	0.0%	3.6%	21.4%	0.0%	0.0%	4.1%	91.0%	4.8%
Detectives/Crime Investigation	10.3%	6.9%	65.5%	0.0%	33.3%	5.9%	60.1%	0.2%
Canine Unit	3.6%	3.6%	67.9%	0.0%	16.2%	11.5%	70.8%	1.0%
Emergency & Disaster Response Plan	10.7%	3.6%	67.9%	0.0%	23.8%	14.8%	59.0%	1.7%
Crime Laboratory	0.0%	3.4%	82.8%	0.0%	5.4%	3.4%	88.5%	2.4%
Fire								
Inspection	34.8%	26.1%	17.4%	0.0%	47.4%	33.3%	15.0%	2.6%
Training	26.9%	46.2%	3.8%	3.8%	40.6%	33.8%	15.5%	9.7%
Fire Hydrant Maintenance	36.0%	16.0%	8.0%	0.0%	58.5%	29.2%	7.2%	2.9%
Investigations	22.2%	25.9%	14.8%	3.7%	32.9%	29.1%	36.0%	1.0%
Fire Fighting/Rescue	46.7%	50.0%	0.0%	3.3%	53.1%	42.8%	3.2%	0.8%
Ambulance/EMS	34.6%	38.5%	7.7%	3.8%	25.9%	28.8%	15.2%	30.0%
Hazardous Material Handle/Response	25.0%	20.8%	20.8%	0.0%	24.3%	30.7%	37.2%	7.1%
Corrections								
Jails	0.0%	0.0%	93.1%	0.0%	5.8%	3.5%	89.7%	0.9%
Detention Center	0.0%	0.0%	82.8%	0.0%	9.7%	3.3%	85.8%	1.0%

STREAMLINING LOCAL GOVERNMENT SERVICE DELIVERY IN LENAWEE COUNTY

		Lenawee County				2005 CRC Survey in 25 Counties				
		Independent	Horizontal	Vertical	Private	Independent	Horizontal	Vertical	Private	
Roads and Bridges		Construction/Improvement	10.0%	0.0%	66.7%	16.7%	19.4%	0.8%	62.1%	17.7%
		Maintenance	29.0%	0.0%	61.3%	6.5%	32.4%	1.3%	59.6%	6.7%
		Winter Maintenance	42.9%	0.0%	57.1%	0.0%	32.8%	1.4%	63.0%	2.9%
		Signs and Signals	40.7%	0.0%	55.6%	0.0%	25.8%	2.5%	66.9%	4.7%
		Street Lights	29.6%	3.7%	40.7%	18.5%	30.1%	4.7%	30.1%	34.8%
Sidewalk and Curb		Construction and Maintenance	35.7%	0.0%	3.6%	7.1%	39.4%	1.5%	31.2%	27.1%
		Roadside Mowing	33.3%	0.0%	29.6%	0.0%	37.9%	0.7%	51.0%	10.2%
		Beautification	33.3%	0.0%	7.4%	0.0%	53.0%	2.6%	28.2%	12.9%
Utilities		Water Treatment	34.5%	10.3%	0.0%	0.0%	31.0%	52.2%	10.6%	5.6%
		Water Distribution	33.3%	10.0%	0.0%	0.0%	47.6%	37.3%	9.3%	5.2%
		Sanitary Sewer Collection	40.7%	11.1%	7.4%	0.0%	47.8%	34.8%	11.7%	4.8%
		Sanitary Sewer Treatment	37.0%	14.8%	7.4%	0.0%	29.8%	48.1%	16.6%	5.0%
		Storm Water Management	29.6%	0.0%	18.5%	0.0%	46.6%	14.6%	31.9%	5.4%
		Storm Water Collection	32.1%	0.0%	17.9%	0.0%	47.7%	13.2%	30.6%	6.5%
		Storm Water Treatment	14.8%	0.0%	18.5%	0.0%	29.8%	22.3%	38.6%	6.0%
		Water Metering and Billing	23.1%	0.0%	3.8%	3.8%	61.1%	22.1%	10.0%	5.5%
		Gas	0.0%	0.0%	0.0%	20.7%	1.8%	3.7%	2.2%	92.3%
		Electric	0.0%	3.4%	0.0%	20.7%	5.1%	5.2%	1.4%	88.2%
		Cable	0.0%	0.0%	0.0%	34.5%	2.8%	3.8%	1.0%	92.3%
Parking Services		Lots and Structures	22.2%	0.0%	0.0%	0.0%	78.2%	4.2%	3.5%	7.6%
Parks and Recreation		Parks	48.3%	0.0%	3.4%	0.0%	67.7%	12.8%	18.0%	0.9%
		Playgrounds	41.4%	3.4%	0.0%	0.0%	72.3%	14.4%	12.1%	0.8%
		Community/Recreation Centers	10.3%	3.4%	0.0%	0.0%	54.2%	22.1%	17.6%	4.5%
		Senior Center	3.4%	10.3%	6.9%	0.0%	44.2%	25.1%	23.3%	6.5%
		Forestry Services	10.7%	0.0%	3.6%	3.6%	37.7%	4.0%	39.9%	15.7%
		Community Pool	3.4%	0.0%	0.0%	0.0%	33.8%	32.3%	17.7%	13.7%
		Trails	10.3%	0.0%	0.0%	0.0%	52.1%	13.4%	30.7%	2.5%
Cultural Services		Museum/Art Gallery	10.3%	0.0%	0.0%	0.0%	25.3%	22.3%	20.9%	28.8%
		Library	20.7%	17.2%	27.6%	0.0%	27.0%	48.9%	22.0%	1.8%
		Community Theater	3.4%	0.0%	0.0%	0.0%	17.0%	29.9%	13.4%	38.1%

	Lenawee County				2005 CRC Survey in 25 Counties			
	Independent	Horizontal	Vertical	Private	Independent	Horizontal	Vertical	Private
Animal Services								
Animal Licenses	32.1%	0.0%	57.1%	0.0%	35.4%	3.9%	59.2%	1.4%
Animal Control	6.9%	0.0%	82.8%	0.0%	13.5%	4.4%	79.0%	3.0%
Community and Economic Development								
Zoning Admin and Enforcement	75.0%	7.1%	3.6%	7.1%	85.7%	1.1%	6.7%	6.3%
Engineering	3.4%	0.0%	10.3%	37.9%	19.2%	1.2%	8.6%	70.4%
Surveying	3.4%	0.0%	10.3%	37.9%	11.1%	1.1%	14.0%	73.4%
Community Plan and Development	44.4%	0.0%	14.8%	3.7%	60.2%	3.5%	14.9%	20.5%
Business Retention/Expansion	24.1%	0.0%	10.3%	6.9%	46.0%	8.3%	31.0%	9.9%
Business Licensing	17.2%	0.0%	24.1%	3.4%	41.6%	1.6%	52.0%	1.9%
Restaurant/Food Regulation	3.4%	0.0%	75.9%	0.0%	4.2%	2.3%	91.5%	1.8%
Public Convention Center	0.0%	0.0%	3.4%	0.0%	12.1%	14.9%	55.4%	13.9%
Promotion/Tourism	10.3%	0.0%	6.9%	0.0%	24.1%	13.0%	43.5%	16.4%
Legal/Judicial Services								
Attorney/Legal Services*	24.1%	0.0%	3.4%	69.0%	20.6%	1.4%	8.5%	69.3%
District Court	3.6%	0.0%	85.7%	0.0%	9.7%	8.9%	77.8%	3.3%
Mediation or Dispute Resolution	7.1%	0.0%	7.1%	10.7%	8.3%	4.2%	58.0%	28.0%
Internet Services								
Broadband	0.0%	0.0%	0.0%	22.2%	5.6%	2.2%	2.2%	89.7%
Wireless Internet (WiFi)	0.0%	0.0%	0.0%	25.0%	6.0%	4.7%	2.7%	85.9%
Transit Services								
Public Bus System	0.0%	0.0%	28.6%	0.0%	7.5%	40.0%	43.9%	8.3%
Dial-a-Ride	0.0%	0.0%	58.6%	0.0%	15.7%	31.6%	41.0%	11.1%
Airports								
Environmental Services								
Soil Quality and Conservation	7.1%	3.6%	64.3%	0.0%	9.0%	6.5%	80.0%	4.1%
Water Quality and Conservation	20.7%	0.0%	55.2%	0.0%	12.1%	8.6%	74.1%	4.6%
Watershed Management	0.0%	6.9%	58.6%	3.4%	14.6%	15.2%	65.4%	4.1%
Air Quality Regulation	3.4%	0.0%	58.6%	0.0%	3.6%	5.7%	87.3%	2.9%
Erosion Control Structure	3.4%	3.4%	62.1%	0.0%	10.7%	5.4%	79.5%	3.5%
Environmental Education	0.0%	0.0%	50.0%	0.0%	15.0%	11.1%	66.9%	5.4%
Health Services								
Hospitals/Clinics	0.0%	0.0%	3.7%	14.8%	4.7%	13.1%	26.2%	55.7%

Endnotes

¹ U.S. Bureau of Economic Analysis, CRC calculations.

² Lenawee County Economic Development Corporation, <http://www.onelenawee.org/sites/agriculture.html>.

³ Governor Snyder's Transportation and Infrastructure Special Message, <http://michigan.gov/snyder/0,4668,7-277-57578-264676--,00.html>.

⁴ www.landpolicy.msu.edu/resources/cra.html

⁵ *Merger of City-Village Services: Best Practices*, Dan Elsass, University of Wisconsin-Extension Local Government Center, February 2003, www.uwex.edu/lgc/intergov/pdf/bestpracticesbook.pdf, p. 10

⁶ "Annexation and Incorporation in Michigan: An Evaluation of the Boundary Commission Plan," A Report to the Citizens Research Council of Michigan by Alvin D. Sokolow, Institute for Community Development and Services, Michigan State University, November 1, 1964.

⁷ On the furthest end of the continuum is the county home rule structure that resembles the federal system with a single elected executive and an elected legislature restricted to lawmaking and oversight: that structure is not available for Michigan counties. County home rule in this model would bring about structural reorganization; reduce the size of county boards; clear the way for county executives, such as elected county presidents or appointed managers; and make possible the appointment rather than the election of certain constitutional officers: sheriff, clerk, treasurer, and register of deeds. The 1963 Michigan Constitution introduced county home rule as an option, but continued to require the election of a sheriff, county clerk, county treasurer, register of deeds, and prosecuting attorney in each county. The Constitution continued the boards of supervisors comprised of officials from organized townships, but federal judicial decisions have resulted in the establishment of directly elected county boards of commissioners.

⁸ The appointed boards which are protected are: apportionment commission; airport zoning board of appeals; board of county canvassers; board of determination for a drainage district civil service commission; county drainage board; county department of veterans' affairs administrative committee or soldiers' relief commission; concealed weapons licensing board; election commission; jury commission; library commission; parks and recreation commission; social services board; tax allocation board; a board established to oversee retirement programs; plat board; mental health board; hospital board; inter-county drainage board; building authority; board of county road commissioners.

⁹ *Local Government Consolidation: Lessons For West Virginia*, Calvin A. Kent, Kent Sowards, Center for Business and Economic Research, Marshall University, www.marshall.edu/cber/research/gov/government_consolidation.pdf

¹⁰ *Local Government Consolidation: Lessons For West Virginia*, Calvin A. Kent, Kent Sowards, Center for Business and Economic Research, Marshall University, www.marshall.edu/cber/research/gov/government_consolidation.pdf

¹¹ www.econ.iastate.edu/outreach/community/StaffPaper336.pdf

¹² *Does City-County Consolidation Save Money?*, Richard W. Campbell and Sally Coleman Selden, Carl Vinson Institute of Government, The University of Georgia, Notes on Important Policy Issues in Georgia, Vol. 1, No. 2, March 2000, www.cviog.uga.edu/publications/pprs/95.pdf