

## Local Unit Alignment, Reorganization, and Consolidation Commission

# Literature Review and Analysis Related to Optimal Service Delivery Arrangements and Local Government Efficiency

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# Executive Summary

The Local Unit Alignment, Reorganization, and Consolidation Commission (LUARCC) contracted with the School of Public Affairs and Administration (SPAA) at Rutgers University, Newark campus in October of 2008 to conduct a review of the literature on *optimal service delivery arrangements and local government efficiency*. Most municipal services are delivered directly by the local government in the United States. The next most common form of delivering services is by contracting: with another government, with a non-profit organization, or with a for-profit private organization.

This report reviews five broad categories of alternatives to direct delivery of services:

- Contractual agreements
- Centralized services
- Special districts
- Joint boards
- Regional policy groups

There is promise in many of the models, but more work must be done to assess both the best way to configure them (or combine them) and estimate the cost savings or other benefits that will accrue. This report elaborates on what is known about such models, even though some of them do not have a significant number of implementations in the United States.

The conclusions of the report discuss the features of each of the service delivery arrangements. Based on what the literature indicated:

- Shared services are a contract with another government to deliver a service and are generally agreed to improve efficiency.
- Services contracted to a private firm (or non-profit organization) can also be efficient, but typically require greater capacity on the part of government to monitor the contract.
- Special districts that operate within the boundaries of the municipality provide singular expertise in a service, but often duplicate administrative functions, create a new government unit, and may reduce accountability.
- Regionalized special districts can provide economies of scale for targeted delivery systems, such as infrastructure-based services, in which a larger entity may be more efficient.
- Centralized services (county or regional) typically provide scale economies, but reduce local control of service delivery and may constrain constituent representation in service delivery policy making.

- Joint boards fit well to a specific function that requires coordination over a broader geographical area, and can provide local representation for policy decisions about the function or service.
- Constituent members form regional policy groups to provide local involvement in regional services and encourage collaboration. Most often, they control multiple services provided regionally through a separate regional or county organization.
- Governments form hybrid arrangements to obtain the benefits of particular service delivery arrangements, offsetting potential disadvantages by combining one delivery arrangement with the features of a different service delivery arrangement. For example, the constituent municipalities may form a regional policy group in combination with a county provided service to provide local representation in service delivery decisions. Without this representation at the regional level, there may not be any local input in decisions about a county delivered service.

The literature describes these different service delivery arrangements and highlights their strengths and weaknesses. It does not compare their relative efficiencies or give comprehensive direction about how to choose an optimal service delivery arrangement to use in specific situations.

**Questions from the Scope of Work (RFP) on Optimal Service Delivery Arrangements and Local Government Efficiency**

Purpose of the Literature Review:

Are there optimal arrangements for delivering various public services from the standpoint of efficiency and to minimize duplication of efforts? Are there diseconomies of scale associated with larger service delivery operations? The commission is focusing initially on the following services: Police, Fire, Emergency Dispatch, Public Health, Public Works, Courts, Construction Code Enforcement, and Animal Control

*The literature considers all of the mechanisms covered in the report as efficient in specific situations, but it does not provide comprehensive recommendations, nor does it provide a comparison of the relative efficiency of the different arrangements. Labor-intensive services (police is often mentioned) demonstrate a diseconomy of scale in that smaller municipalities (as low as 5,000 population is mentioned) often deliver these services more efficiently. The literature seldom addresses specific service types in examining service delivery arrangements.*

**Is optimal service delivery affected by population density (a pattern of sprawl versus compactness)?**

*The literature on service delivery arrangements does not address population density.*

**Is optimal service delivery affected by physical expanse of the municipality?**

*The literature on service delivery arrangements does not address expanse of the municipality.*

**Is optimal service delivery affected by demographic characteristics of the population (wealth, poverty, age characteristics, education level, demand for services)?**

*Wealthier communities are more likely to engage in consolidated service delivery. Communities with high amounts of poverty also are more likely to cooperate.*

**Is optimal service delivery affected by character of land use (bedroom community versus heavily commercial or industrial tax base)?**

*Suburban communities show a stronger positive relationship between lower costs of government per capita and the use of contracting (both private and with other governments).*

**Is optimal service delivery affected by natural features (limitations on development owing to aquifers, steep slopes, other environmental sensitivities)?**

*The literature on service delivery arrangements does not address limitations based on natural features.*

**Is optimal service delivery affected by age of community and infrastructure (older industrial cities versus newer settlements on the ex-urban fringe)?**

*To the extent that suburbs fit this definition, they show a stronger positive relationship between lower costs of government per capita and the increased use of contracting (both private and with other governments). The literature on consolidation indicates that the political desire to use a suburban tax base to finance the maintenance and restoration of deteriorating infrastructure is a factor in consolidations. This could also affect any regionalized or centralized arrangements, including joint boards, regional policy groups, and special districts, if they are regional.*

**Is optimal service delivery affected by demands on municipal services and infrastructure (seasonal peaks, bedroom community versus employment hub)?**

*The literature does not address these specific factors, although it addressed related factors. There is less use of cooperation in large metropolitan areas. Suburban communities show a stronger positive relationship between increased use of cooperation and lower government costs per capita.*

**Is optimal service delivery affected by stress on the property tax base (high proportion of tax exempt property, land use restrictions that inhibit ratable growth)?**

*The literature on service delivery arrangements does not address stress on the property tax base in the manner described, but the consolidation literature did note that the desire for equity in service delivery has an impact on the desire to consolidate (depending on the policy goals) and the success of the consolidated government. Equity concerns are most noticeable when the parts of the area being consolidated have vastly different valuations. This can affect any form of service delivery arrangement that is supported by a tax base from the entire service delivery area, including parts of the area with disparate valuations. It can affect any regionalized or centralized arrangements, including joint boards, regional policy groups, and special districts, if they are regional.*

**What are the optimal arrangements for delivering the abovementioned services that maximize cost efficiency or achieves other benefits?**

*For services that show economies of scale, such as infrastructure based services (water utilities, for example) or specialized services (crime labs, for example), contracting with a regional provider (including shared services), regionalized special districts, centralized services, joint boards, or regional policy groups may all be more efficient and effective than directly delivered services. If regional coordination is beneficial to the delivery of the service, such as land use planning, regional efforts are more appropriate than local efforts. This could take the form of regional policy groups, joint boards, regionalized special districts, or county or other centralized services.*

**Identify a range of optimal arrangements depending upon municipal characteristics such as any enumerated above.**

*The literature does not relate optimal service arrangements to municipal characteristics, except for the policy considerations that involve the use of disparate tax bases for funding services in parts of the service area.*

**Any challenges encountered in attempting to define optimal service delivery arrangements and an analysis of any difficulties encountered?**

*Regional policy groups and joint boards primarily serve the function of representing the interests of all the constituent municipalities. Municipalities form these groups because they fear the loss of control when they transfer service delivery to a regionalized or centralized entity. They function both to make policy decisions about service delivery that are best for the entire area represented and to provide a monitoring function to assure that the services are delivered effectively and efficiently. Successful regional policy groups, joint boards, and two-tier governments most often seem to be formed by consensus and created voluntarily.*

**Any other variables which would be helpful for commission members to understand in attempting to identify criteria for recommending merging of services/alternative service delivery arrangements to those which currently exist**

*It is difficult to defend the logic of the benefits of non-regionalized special districts. The literature has identified these structures as being under attack in a number of states and countries. They are a source of fragmentation and duplicate the administrative services of the municipality. In essence, special districts represent multiple governments serving the same geographic area. Only the service delivered is different.*

## PURPOSE OF THE REPORT

To meet its overall goals as expressed in the legislation signed into law on March 15, 2007, the Local Unit Alignment, Reorganization, and Consolidation Commission (LUARCC) commissioned a literature review to address the question of whether there are optimal arrangements for delivering various public services from the standpoint of efficiency and to minimize duplication of efforts. This follows the enabling legislation for the establishment of LUARCC, which states:

Consolidating local units, structurally and administratively streamlining county and municipal government, and transferring services to the most appropriate level of government for delivery would help to alleviate the property tax crisis by reducing the administrative costs of local government and making the delivery of local services more efficient due to economies of scale.

In the RFP it issued, LUARCC stressed several questions the research should address and expressed concern that the review of the literature should take into consideration the population served, population density, expanse of the service area, and other measures of the service delivery jurisdiction relevant and appropriate in the New Jersey municipal context. The Commission asked that the researchers identify the optimal arrangements for delivering municipal services that maximize cost efficiency or achieve other benefits. Further, LUARCC requested an analysis of difficulties or challenges encountered in attempts to define optimal service delivery arrangements and asked to be informed of any additional variables useful in the development of criteria for recommending the merging of services or alternative delivery arrangements to existing service delivery mechanisms. LUARCC asked SPAA to seek evidence in the literature of any diseconomies associated with service delivery operations in larger governments.

SPAA searched the literature with these guiding questions and directions as a focus to identify the range of optimal service delivery arrangements in light of population density, physical area, demographics of the population served, land use characteristics, natural features, age of the community and infrastructure, unusual demands on municipal services and the infrastructure, and stress on the property tax base. The annotated bibliography that is included in this report is the result of that research. SPAA has synthesized the information in the articles listed in the bibliography and arrived at the conclusions this report presents.

This report does not address intra-government improvements in the efficiency of service delivery. That enterprise has merit but is not part of the mission of LUARCC. This report focuses on service alternatives that are not directly provided by the responsible local government but utilize another organization in some way to attempt to improve the quality and/or reduce the cost of the delivery of the service.



The literature has shown that alternative arrangements for service delivery are often investigated when an evaluation of consolidation has led to the conclusion that complete merger is not the best solution. Dollery and Byrnes (2005) state in “Alternative to Amalgamation in Australian Local Government: The Case of Walkerville” that even though it embraced consolidation in decades past, Australia is one source of the growing skepticism about the results of consolidation. “Enhancing Efficiency in Australian Local Government: An Evaluation of Alternative Models of Municipal Governance” states that although this literature is still new, it does offer an introduction to a range of alternate delivery options (Dollery and Johnson, 2005). This article lists the following arrangements as worthy of consideration: “... existing small councils, ad hoc resource sharing models, Regional Organizations of Councils (ROCs), area integration and joint board models, virtual local government, and agency models.”

This work based on Australian local government provides a jumping off point because the authors propose a range of alternatives, such as ad hoc resource sharing models, regional councils, and joint board models, but it is apparent that potentials exist to define other structures that emphasize the benefits of different types and levels of government. The review that follows discusses these arrangements, an expanded list based on the authors’ suggestions, but also in terms more familiar in the United States:

- Regional Policy Groups
- Joint Boards
- Special Districts
- Centralized Services
- Contractual Agreements

The examples below detail this categorization, but the lines are not rigid and governments may mix the modes of delivery, sometimes with remarkable advantages. The real potential for increased efficiency in the delivery of local government services may lie in matching specific services to the best mode of delivery for that service, given the characteristics of the municipality.

Different goods and services are more effectively and efficiently provided by different modes of service arrangement. The question is not whether one sector is more widely used than another, but whether governments effectively have matched their service responsibilities with the appropriate method of service arrangement. (Stein, 1993)

Although Stein was referring to a narrow range of options available only through contracting, the concept is appropriate to a broader range of alternatives. There are exciting examples of matching modes of delivery to the service need, even in the United States, but it is still a relatively new and evolving perspective.

# REVIEW AND SYNTHESIS OF THE LITERATURE

## Regional Policy Groups

Regional Policy Groups are uncommon in the United States, but a couple of examples show great promise and some positive results. The concept is based on the Australian Regional Operating Councils (Dollery and Johnson, 2005), which constitute a formal regional group without any taxing authority. The ROC is governed by a board with two members from each constituent municipality, often the Mayor and a manager or another elected official. Specialist committees or an administrative structure support the board, so the staff can research issues and accomplish work to help the board develop policy recommendations. ROCs provide a formal mechanism for the free exchange of common concerns and potential solutions, engendering a sense of common purpose and destiny. They develop common policy positions based on the combined expertise of their members and facilitate the coordination and rationalization of their member governments. They have been successful in implementing cost saving programs of resource sharing, joint purchasing, and other mutually beneficial schemes that may create economies of scale, economies of scope, and enhanced capacities. They also represent a regional lobbying group for interacting with more centralized governments, enhancing the political power of the individual governments.

Forty years ago, British Columbia established a network of regional districts throughout the province that remains in place today (Sancton, 2005). The regional districts are part of two-tiered governments that successfully provide consensual metropolitan leadership and a framework for voluntary municipal cooperation. Recently, the province of Quebec formed metropolitan communities to perform the same functions as British Columbia's regional districts. It is too early to assess the impact in Quebec.

Constituent governments have formed similar regional policy groups with local representation in the United States. Based on a report issued over thirty years ago (Masse and DiPasquale, 1975), a centralized agency was formed as a catalyst for change in Monroe County, New York. In 2000, the Monroe County created the Council of Governments (COG) to continue the cooperative efforts of local government and address the convergence of three trends that may strike familiar chords (Judson and Carpenter, 2003):

1. the rising cost of government at all levels
2. a stagnating local economy
3. high local taxes

After evaluating a complete merger of governments, the 2003 report recommended focusing on functional changes that could result in cost savings in the foreseeable future, which is a result often seen in the literature when consolidations have been investigated:

One topic that the Group discussed in detail was the question of the benefits of pursuing a complete merger of the city and county

governments. Because together they represent over 80% of local government expenditures, it seems reasonable to speculate that substantial savings might be achieved by merging the two entities. Without more detailed study, it is not clear what level of savings might be achieved from such a merger in Monroe County. In any event, the substantial legal and political challenges to carry out a structural change of the size and scope required to merge the City of Rochester and Monroe County caused the Rump/COG Group to assume that the time horizon for such an event to occur would be much longer than the time horizon for more achievable changes. Therefore, the Group believes that the community would be better served by focusing on the functional cost savings proposed in this report at this time.

COG has already created substantial savings for its citizens. It meets on a continuing basis to look at common problems of its constituent governments and identifies solutions that fit the needs of the service to be delivered. “Cooperation and collaboration opportunities have been, and will continue to be, accomplished among groups of two or more governments, working together, to pool resources and achieve economies of scale, without requiring a change in any structure of government” (Judson and Carpenter, 2003). However, COG, and the central agency that was its predecessor, has made incremental changes on an evolutionary basis, which was only possible because it is a central agency given the authority to act as a catalyst for change. Some of the specific mechanisms the central body has implemented or is investigating include the following:

- Consolidating various functions into the Monroe County Water Authority, the Monroe County Pure Waters Agency, the 911/Office of Emergency Communications, and the Public Safety Training Academy.
- Developing a vehicle fueling facility used by six entities, a county highway materials bid to utilize volume pricing, and a proposed cooperative purchase of insurance.
- Recommending the development of a community-wide strategic plan to be implemented over a number of years for the provision of more efficient fire services.
- Recommending the development of a consolidated economic agency to reduce costs, but more importantly to determine a unified approach to marketing and economic development activities.

The Monroe County Water Authority and Office of Emergency Communications were new agencies created because home rule legislation, the desire to retain local autonomy and control, and the precedents created by laws and past practices restrict the ability to consolidate operations in New York.

The alternative service delivery options below describe many of these cost saving mechanisms. The importance of the Monroe County COG is that it seeks and achieves continual improvement by having a joint policy making body focused on continual improvements in service delivery. A total budget (not including education) of close to \$2

billion annually for local government in Monroe County underscores the importance of COG. Most practical studies of cost savings due to increased efficiency estimate only a 2% annual return for their recommendations. In Monroe County that would be over \$34 million annually.

The Louisville-Jefferson County Compact required action of the state legislature as well as the participation of the city and county (Savitch and Vogel, 2000). Its resulting 23 member metropolitan council is comprised of city, county and small city representatives. A portion of an occupational tax funds this council and its small staff.

The Compact reviewed the management of a number of other joint city-county agencies that had evolved over the years. Although they retained four joint agencies, the city and the county divided responsibility for another eight. Either the city or the county assumed full operational and financial control, but they maintained countywide services in either case.

This regional group achieved greater efficiency and effectiveness in service provision through cooperative relations by eliminating duplication of services, realizing economies of scale and providing one voice to provide services coherently. Initially set up for 12 years in 1986, the members renewed it with minimal changes for another ten years. The Compact is justly proud of the fact that the tax-sharing formulas were kept intact and the moratoriums were continued on annexations and incorporations.

## **Joint Boards**

The joint board model of local governance represents an attempt to capitalize on the advantages of small and large governments, while mitigating the disadvantages associated with each. The work of Dollery and Johnson (2005) describes this mechanism as Australia implemented it. Australia is concerned with effective representation, which is assumed more available in small governments, but the countervailing assumption is that larger governments are capable of using resources more effectively. The literature refers to the joint board model as a cooperative agreement, inter-local cooperation, or network model. These cooperative agreements (ILC's) differ from inter-local agreements (ILA's) in the United States, in that ILA's are essentially contracts assigning the service responsibility to only one of the entities.

A joint board includes representatives from the constituent local districts so that the constituent governments closely monitor the board's actions. They are usually organized around a single function or related functions. They are a hybrid of a regional policy board and a special district. They are not involved with service transactions, but are management and planning organizations.

Regional planning boards and economic development organizations that reach across local boundaries are good examples of joint boards. They remove harmful competition between smaller units, which, left to their own vested interests, might hurt the region in

an attempt to maximize their individual economy or revenue streams. Often, these organizations do not provide an operational service as does a water commission.

Joint boards are often a centralized component of a two-tiered governance model. The Greater Louisville Economic Development Partnership resulted from an agreement to share revenue collections from the occupational tax to ensure that the city will benefit from suburban growth, eliminating a source of unhealthy competition (Savitch and Vogel, 2000). The Louisville-Jefferson County Compact formed this public-private partnership for economic development, which includes the chamber of commerce, dissolving the former joint city-county office of economic development. They set up a new city-county office of business services to carry out functions that they did not transfer to the partnership.

UniGov in Indianapolis is a good example of an effective joint board that was also part of a two-tiered government structure. “Structurally, UniGov is a multilayered local government system under which authority for economic development, public works, parks, transportation, and some elements of public safety is transferred to the county (or regional) level—the first layer in a multi-tiered structure” (Rosentraub, 2000).

Consolidating Indianapolis with its surrounding suburban areas inside Marion County offered the potential for financing the public costs of the redevelopment plan across a diverse and affluent tax base. Although UniGov provided for tax integration, it actually maintained some separation between important components of its property tax base. Failure to integrate property taxes into the consolidated government’s fiscal structure could have produced a set of regressive and unfair or unbalanced outcomes with regard to the burden of financing the redevelopment program.

A consolidated governance structure can be an asset in terms of preparing, executing, and managing a downtown revitalization plan endorsed by an appropriate constituency. Although other downtown areas have seen a renaissance without a countywide consolidation program, in the context of Indianapolis’s politics and culture, UniGov established a framework to accomplish something that had not taken place before.

The Sunday Telegraph refers to strategic alliances, which are a part of a centralized government plan in Australia, that could save millions of dollars for municipalities (Markson, 2005). Although there was no detail on how the alliances would operate, the article was noteworthy because of the proposal by the Local Government Minister that examples such as an alliance of two to eight councils to create centralized records storage could save \$500,000. These alliances would also create contracts for joint purchasing and garbage collection and road maintenance services.

## **Special Districts**

Special districts are organizations created with specialized expertise in a particular service area. They may provide services only within the boundaries of a single municipality or serve several municipalities. These organizations have independent

budgets and governing bodies. In some cases, they also have taxing (or rate-setting) authority. They are operational in nature. Examples are regional water commissions (authorities) or fire districts. Some states refer to them as special districts or service districts. Their advantage, no matter how they are configured, is the expertise in the specific service area and the focus of the organization on this single service, which provides scale efficiencies in the purchase of capital equipment and utilization of resources, in general. This report will refer to these organizations as special districts<sup>1</sup>.

In some states, special districts have recently come under investigation, because poor management has allowed inefficiencies and abuses to increase. There is a lesson to be learned -- a promising mode of delivery, which affords a specific focus and heightened expertise in a specific service area, can cease to provide the efficiencies that are possible. When a local government has transferred the delivery of the service, they retain the responsibility to ensure there is a good mechanism in place for monitoring the entity that provides the service directly.

While there are examples of new districts being created, many are being dissolved, or evaluated with the intention of bringing the service under a more direct local government. In his 1996 article, which reviewed some of the changes in Great Britain, Sancton suggested special districts got deserved attention: "Other reasons for restructuring were to ensure cost-effective delivery of local services and to counter the diminished accountability that resulted from the emergence of new inter-municipal special-purpose bodies."

The concern is that these districts, often buffered from the direct view of the public, are inefficient fiefdoms that may provide inappropriate perquisites for their boards and members. The Louisville-Jefferson County Compact decided to disband two-thirds of the previously independent city-county agencies because they had become poorly managed and inefficient. The final report of a New York State commission indicated concern with a profusion of "special districts" created to provide water, library and other services to the state's sprawling suburbs. Those entities are studded with appointive jobs and many can levy taxes, helping give New York "arguably the most complex property tax system in the nation," according to the commission's final report (Confessore, 2008).

New York State's concern about Commissioner-run special districts is coming from many sides. Nassau County taxpayers would save about \$17 million if towns took over the garbage collection operations from sanitation districts (Cassese, 2008). The Town of Hempstead, which controls its own collections, cost \$229 less per household than surrounding commissioner-run districts. If they consolidated these districts under the Town, the report projects the savings at over \$13 million. Governor David A. Paterson has called for abolishing salaries and perks for special district commissioners and having towns take over independent sanitation districts.

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<sup>1</sup> In New Jersey this term applies primarily to fire districts and authorities, since its general meaning is a government entity formed around the delivery of a single, that is, special, service.

Nassau County homeowners who live outside of villages and cities receive water from private water companies, authorities and special districts (Weitzman, 2007). When analyzed by form of governance, it is apparent that town-run water districts are less expensive than commissioner-run districts. It is likely that private companies are not as reliable stewards of water resources as governments can be.

There are no town-run fire districts in Nassau County, so there is no opportunity to compare costs between districts headed by commissioners and districts headed by a town board. However, Weitzman did find that fire protection districts, where towns negotiate the fire contract, were generally more cost effective for residents than commissioner led fire districts.

Despite concerns with special districts in some areas of the country, other areas are still creating new special districts. They are generally deemed cost effective. For example, a regional subsidiary established for the collection and disposal of domestic waste (garbage collection) was touted as saving over \$50,000 per year (Dollery and Johnson, 2005). An explanation for this apparent inconsistency with the findings in New York State and the Louisville-Jefferson County Compact is management issues, which are more likely to go unnoticed in a special district, if its governing body is more distant from public oversight than the governing body of a municipality.

There is nothing to prevent a special district from being well run and cost effective. The specific focus on the single service area offers economies through specific expertise in the service area, if the district is well managed and there is proper oversight to assure good management. However, some efficiency may be lost in overall administration, which is not specific to the service focus. For example, the purchasing and finance functions in a utility authority are redundant with those functions in the municipality that formed the authority.

## **Centralized Services**

Centralized service provision occurs when an existing government assumes the provision of a service for all the smaller governments within its boundaries. County-provided services are typical of these. This mode of service provision should be distinguished from an inter-local agreement between one or more municipalities and its county government. In centralized service provision, usually the larger government has determined that they will provide and deliver the service centrally. In an inter-local agreement, all parties to the agreement or contract can decide to terminate the relationship and return to direct service delivery or some other arrangement.

The main reason for centralizing services is to provide economies of scale or better resources to improve service quality or reduce the costs of delivery. The discussion below examines contracting with a larger government, through a mutual agreement. In this section, we review consolidations to a central government authority made available or mandated for all the local governments within the jurisdiction of the central government. This is not an easy form of alternate service delivery to investigate, because

what would be an alternate model in one state may have been occurring for a century in another (for example, county provision of services in Maryland and Virginia), and, therefore, has not been studied in recent times.

A comparison between Long Island and Northern Virginia provides a good example of this (Long Island Index, 2007). As a starting point, despite the fact that the population of Long Island is only slightly over twice that of the Virginia counties, the number of government entities in the Northern Virginia area totals 17, while Long Island has 239. Including special districts in this total, Virginia's total does not budge, but Long Island's jumps by an additional 200 governments to 439.

The report states it is more difficult to introduce efficiencies in Long Island because of the large number of governments:

Northern Virginia makes budgeting and expense decisions on a county-wide basis. Certainly the complex form of governance that has evolved on Long Island as well as other older regions makes it difficult to achieve economies of scale or other efficiencies. With so many governmental units responsible for budgeting decisions of the same services, discussions of efficiencies or change are, at best, made more complicated and at worse, stymied.

The New York State Comptroller's report (2006) states that New York devised its forms of general-purpose government in the 18<sup>th</sup> century. Although the functions of governments converged in the 20<sup>th</sup> century, the creation of single function special districts and authorities increased layering and complexity. The report quotes from the 1961 book 1400 Governments by Wood and Almendinger, who described the New York – New Jersey – Connecticut metropolitan area's system of governance as “one of the great unnatural wonders of the world...more complicated than any other that mankind has yet contrived or allowed to happen.” A further quote from political scientists Gerald Benjamin and Richard Nathan noted, “Because localism has significant political value, changes typically are made by adding on, not replacing, existing local governments...attempts to eliminate local units are just too costly politically. Adding on is easier and politically safer.”

The Long Island Index study goes on to analyze the cost differences between the two areas, some of which are the result of bargaining unit gains in New York and some due to schools, which is not part of LUARCC's mission. However, the basic concept is that a county-based centralized system is far more cost effective. The researchers were concerned that Long Islanders, while concerned with the cost of government, might be more satisfied with the quality of service provided or the responsiveness enabled by more local units of government. To the contrary, Virginians are happier with the quality of their government services and feel that they could trust officials – no matter at what level of government -- to resolve a problem when it occurs. Not surprisingly, combining these differences in satisfaction with the higher taxes in Long Island, almost twice as many Virginians feel the value they receive from their property taxes is excellent or good.



When comparing fire services, the study also evaluated objective measures of service quality. Considering the insurance industry's ISO ratings, fire response times and number of fire and EMS calls, there was no discernible difference between the two regions. Although Long Island's population was a little over twice that of the Northern Virginia counties, Long Island has almost six times as many fire and EMS vehicles as Northern Virginia. The personnel costs in Virginia are about six times as high as Long Island's, but Virginia pays its Fire and EMS staffs. The authors express concern about what will occur to overall costs when volunteers are no longer an adequate resource in Long Island.

The New York State commission that recommended ending compensation and perks for special district commissioners (Confessore, 2008) also recommended centralizing specific functions at the county level. Some of the functions included tax collection and emergency dispatch, as well as various back-office functions that support other services, such as the courts. This report extended its reach into the schools (Hildebrand, 2008), which are not the concern of LUARCC, but the concept is transferable and included municipalities as part of its recommendations for services that span both types of government. The report recommended coordinating at the county level functions such as telecommunications, computer services, and risk assessment and internal auditing, using the county comptroller's office.

Centralized services are often part of a two-tier approach to providing services. Indianapolis is another example of mixed service provision from different levels of government (Rosentraub, 2000). The author describes the effort as including services delivered at a regional or county level, while others are delivered by the administration of smaller areas. For example, Indianapolis, through its centralized UniGov tier of government, provides street maintenance services for all residents of the consolidated city, but the independent cities (with far smaller populations) are responsible for their own streets and parks. Indianapolis provides police and fire services for the residents of its pre-UniGov service boundaries. Residents of areas beyond the old city of Indianapolis retain the right to receive police services from the sheriff's department or to select another provider. Several of these areas contract with private companies for police patrols. Those areas that utilize private firms for police patrol functions rely on the sheriff's department for other policing services, including criminal investigations. The Indianapolis Fire Department also provides services to the residents of its pre-UniGov service boundaries, whereas fire departments with service boundaries matching those of their respective townships supply service to residents in areas that joined Indianapolis as part of the UniGov program.

### **Contractual Agreements**

The last form of alternate service delivery we will discuss is contracting. We have defined it to include any contract or agreement that transfers the full responsibility for the production of the service to another entity. It differs from centralized service provisions in this categorization because it does not include services provided by a larger

government entity for all its constituent members, such as a county-provided service that is available for all municipalities in the county.

Contracts include agreements with other governments, private for-profit firms, and non-profit organizations. When formed with other governments (shared services), the arrangements arise spontaneously and normally require no centralized directives or legislative changes. They are very varied and often can involve sharing skilled employees, capital equipment, information technology systems and equipment, or entire operational services. Because they do not compromise the independence of the governing bodies, they do not impinge on democratic representation or citizen engagement. If there are other alternative providers, the parties to these inter-local agreements can terminate them easily without significant cost, when they do not work as well as was expected. These arrangements have been discussed in the report on “Costs and Benefits of Service Delivery Consolidation among Municipalities” but are included here as one of the alternates to direct delivery of service.

Contracts are the most common form of alternate service delivery in the literature. (Stein, 1993). While governments provide most services directly, the proportion provided through other institutional arrangements was growing through the 1980’s (Joassart-Marcelli and Musso, 2005). The study showed the domination of outsourcing by contracts with other governments and by totally relinquishing the service to other independent governments, such as in the creation of special districts. Contracts can be terminated, but it is more difficult to end the relationship with an independent government formed as a special district. It is also more difficult to provide oversight to a special district, because a special district has both the responsibility to deliver (produce) the service and to budget for its provision. One of the interesting findings in this study, which looked at a number of the conditions and factors associated with outsourcing, was that grants reduce the need to outsource, because they reduce the local tax-based cost to provide the services directly.

Data from an ICMA (International City/County Management Association) survey of municipal restructuring (Warner and Hebdon, 2001) reveals that inter-municipal cooperation occurs in 55% of the cases, privatization in 28%, reverse privatization in 7%, governmental entrepreneurship in 6% and cessation of service in 4% of the cases. Inter-municipal cooperation in Warner’s context (other authors use it differently) refers to shared services achieved through a contract with another government to provide a service for a fee. Privatization is a contract with a non-governmental organization, either for-profit or non-profit. The reverse of that occurs when a government has decided that privatization was not as effective as was projected. Both reverse privatization and governmental entrepreneurship (also referred to as competitive contracting) provide new motivations and increased empowerment to municipal departments by allowing them to contract and compete, but they do not involve different organizational structures than those represented by direct services or inter-local contracts.

The literature has also studied the conditions that lead to contracting and the utilization of contracting. Not all studies agree on the existence or direction of the relationships.

Furthermore, the terminology used by different authors muddles the distinction between contracting and cooperative relationships between governments.

According to a study by Nelson “Municipal Government Approaches to Service Delivery: An Analysis from A Transactions Cost Perspective”, conditions leading to increased contracting are high relative salaries of municipal workers, homogeneity of age and education in the population, and smaller population size (Nelson, 1997). Contracting is increased if the municipality is in a more populated county or a metropolitan area.

A study by Warner and Hefetz (2002a), “Applying Market Solutions to Public Services: An Assessment of Efficiency, Equity, and Voice”, looks at restructuring in general. Although it includes contracting, the results are different. Larger townships and counties are more likely to restructure. Yet larger metropolitan places are less likely to restructure. The authors’ rationale that they have the least to gain from economies of scale does not comport with the prior finding. Furthermore, although contracting is related to lower expenditures per capita, this effect is greatest in the suburbs. Perhaps density is a confounding factor in these findings. Contracting is more common in higher income municipalities and in municipalities with more poverty. Lastly, although council-manager forms of government were more likely to contract in 1992, they were less likely to do so in 1997. The simple explanation that the contracting fad had run its course is appealing, but not proven by these findings.

Using the 2002 ICMA data, another author finds no correlation between population size and the joint production of services at the county level (Jeong, 2006). Jeong defines joint production mainly as governments contracting out to vendors. Other findings include that having elected county executives is related to increased joint production of public works projects, and that having robust fiscal resources encourages joint production of services.

The most common services contracted were public works, public safety, and administrative support. Governments select the private sector for the contracts for public works, transportation, and administrative support. Awards of contracts for health and human services and contracts for parks and recreation are more often to non-profits (Warner and Hebdon, 2001). Feiock, et al, made similar observations. Direct provision of the service in-house is much less likely for both public works services, as well as health and human services, than for other services (Feiock, et al, 2004).

Contracting allows municipalities to achieve economies of scale while retaining some control over service provision. Contracting with other governments increases the chance of contract success because it mitigates the risk involved in contracting with private firms or even non-profits (Brown, 2008). Hence, government contracts with another government those services that are more likely to risk failure in a contract. The cost of monitoring the contract can be high with private vendors. When failure does occur, it can be difficult for the government to extricate itself from the contract.

In a study of cities in the United States between 1990 and 1999, it was found that governments are not as concerned with monitoring the contract with another government. Their overriding concern is eliminating the cost of developing the service capacity directly (Shrestha, 2005). Past cooperation is a very important factor in maintaining inter-local cooperation.

The choice of for-profit vendors can be very limited for some services. Governments contract services with high asset specificity with other governments (Brown and Potoski, 2003a) or with non-profits, because they are willing to provide services that do not have as general an application, but may fit their agenda.

Contract failure was common in a study of the ICMA data from 1997 and 2002 (Lamothe and Lamothe, 2006). The most common reason for returning to direct service delivery was that service quality was not satisfactory (about 70% of the cases of reverse contracting), but insufficient cost savings was mentioned in almost 50% of the cases, and political pressure was cited in 20% of the cases.

A study of almost 15,000 nursing homes compared quality of the service delivered (Amirkhanyan, et al, 2008). The study found no difference in quality between non-profit and public run nursing homes. For-profit ownership correlated with significantly higher regulatory violations, that is, lesser service quality.

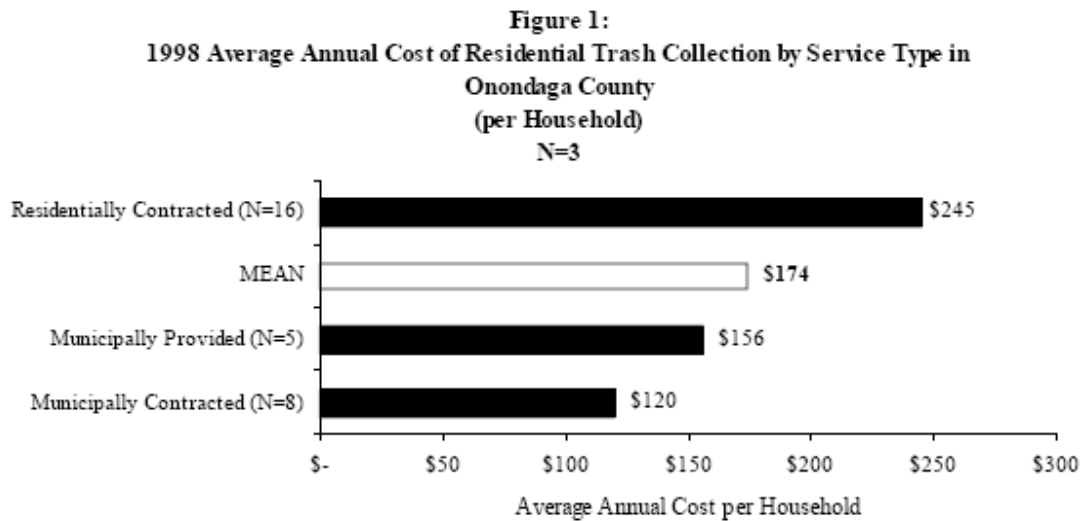
The ICMA administers a survey on use of other delivery options every five years. Comparing 1997 and 2002, services that were in-house tend to stay in-house (Lamothe, et al, 2008). Some services previously contracted out, however, move back in-house over the five years between the two studies. Cities with greater ability to manage contracts are more likely to prefer contracting. Where there are greater levels of competition, more contracting occurs, yet non-profits tend to be less involved. This is the corollary to the finding that governments choose non-profits more for services of high asset specificity.

Another study confirms these results (Feiock, et al, 2004), but with some additional specificity. Almost as many services were brought in-house in the five years (12.3%) as were contracted out (13.1%). The author also observes that contracting to other governments (which he terms vertical integration) is almost as common a method of outsourcing as privatization.

Contracting can promote efficiency (See Figure 1). Although the most expensive method for residential trash collection was private provision contracted by the resident, the least expensive was private provision contracted by the municipality. It is most cost effective, in this study, for the municipality to have responsibility for the provision, but not the delivery of the service (privatization).

A study of Buffalo suggested that re-engineering the delivery of services could reduce the local tax levy by 9% - 13% (Center for Government Research, 2006). The proposal was for a two-tiered approach wherein the city would provide core governance and

administrative services but contract out for other services to the private sector or other governments.



Source: Community Benchmarks Program. (1999). Residential Trash Collection in Onondaga County: A Study Comparing Cost and Type of Service

Cheung (2008) has studied private governments in California in planned developments and condominiums. Local governments lower spending in response to private government activity. The services affected include police, fire, parks and recreation, solid waste disposal, and housing and community development. Generally, a private government has less potential to leverage economies of scale, so one anticipates that the overall costs might rise. From the government point of view, concerns include whether tax revenues might be reduced (not under current New Jersey law) or whether costs would be shared by the local government making direct payment to the private government (as New Jersey law requires, for trash and snow removal in apartments and condominiums).

### Hybrid Government Structures

The traditional approach of government is to provide most services directly at the local level. Dividing services among the different levels that can best perform those services offers an improvement.

This report categorized alternative service delivery into five different mechanisms in addition to direct service delivery by the municipality. This simple categorization made it easier to describe the options, some of which are not found in New Jersey and may be uncommon in the United States. The literature provides some analysis of the relative benefits of each of these mechanisms, which the following chart, “Characteristics of Different Alternative Service Delivery Arrangements,” summarizes.

## Characteristics of Different Alternative Service Delivery Arrangements

<b>Characteristics of Service Delivery Mechanism</b>	<b>Regional Policy Groups</b>	<b>Joint Boards</b>	<b>Special Districts</b>	<b>Centralized Services</b>	<b>Contractor Provided Services</b>	<b>Directly Provided Services</b>
Policy – making authority	Yes	Yes	Yes	Yes	No	Yes
Operational responsibility	No	No or limited	Yes	Yes	Yes	Yes
Taxing or rate-setting authority	No	No, but with exceptions	Yes	Yes	No	Yes
Availability of staff for policy research	Yes	Depends	Yes	Yes	N/A	Yes
Availability of other resources	From constituent municipalities	From constituent municipalities	No	No	No	No
Potential benefit of economies of scale	Yes	Yes	Only if regional	Yes	Yes, depending on contractor	No
Prevention of additional fragmentation	Yes	Yes	No, and adds a government	Yes	Yes	No, but does not add a government
Retention of local control	Through representation	Depends on board definition	No, but through appointment	No	Yes, through monitoring	Yes
Simplicity of terminating arrangement	Yes	Yes	Difficult	Difficult, only with agreement	Depends on provider and contract	N/A
Number of municipalities served	Multiple	Multiple	Varies	All	Varies	One
Breadth of service focus	Multiple	Single, but with exceptions	Single	Varies	Single	Multiple

The categorizations in the chart are ideal types, that is, categories that make it easier to understand the relative benefits of each delivery strategy. The reality of government often blurs the lines between these service delivery arrangements. In some cases, governments have formed useful government structures with combinations of the features of different arrangements

That is certainly true of two-tiered governments, one of the promising alternatives found in Monroe County, New York; Jefferson County, Louisiana; and Indianapolis, Indiana. The two-tiered government links service delivery to the appropriate level of government but maintains local control or oversight over the service. Hence, it is both more responsive and yet works more efficiently than directly provided local services. Joint boards and regional policy groups have achieved this by requiring local representation on a governing body that has access to greater and more efficient resources. British understatement suggests, "... the advantages of a two-tier system have been underestimated." (Dollery and Johnson, 2005)

Sancton (2005) reviews two-tier governments in Canada over the last fifty years.

The basic theory of two-tier metropolitan government is simple: a metropolitan level of government is established for those functions of local government that require a metropolitan-level solution, usually metropolitan-wide land-use planning and major inter-municipal physical infrastructure; local municipalities remain in place to provide such local-level services as zoning and recreational facilities. As in a federation, the metropolitan (or upper-tier) level is not hierarchically superior to the local (or lower-tier) level. Each level has full autonomy to act within the legal authority allocated to it by the provincial legislation.

The detailed definition of the configuration of the tiers varies with each implementation. Further, the perception of success or failure also shows little consistency. An optimist may see this as indicating that, done right, very positive benefits will accrue.

On the other hand, Sancton (1996) lists the European cities in which a two-tier metropolitan government has been "at best controversial, at worst, unstable." In his later work reviewing two-tier governments in Canada (Sancton, 2001b) he observes that in three of four two-tier governments with a directly elected upper-tier, the constant conflict between the two levels has led to consolidation into a single tier. Constant questioning of the slow and cumbersome system has beset the remaining government.

While there have been difficulties with two-tiered governments because of the political conflict that (almost) inevitably results from the very definition of the form, two-tier governments have attractive features that are hard to obtain in non-hybrid structures. In the same era that three other Canadian provinces created two-tiered forms that were later abolished, British Columbia made a conscious effort to avoid the political conflict by creating an upper-tier that was not a government. The regional districts continue to thrive.

British Columbia took pains to define the regional districts so they would not be perceived as another level of government (Sancton, 2005). Indeed, they replaced many existing special purpose bodies (special districts) and acted as an institution encouraging increased inter-municipal cooperation. They have flexible relationships with the constituent municipalities, allowing them to opt out of regional services. A Board of Directors, whose members are not directly elected, governs the regional districts. The Board consists of members of municipal councils who have varying numbers of votes on the Board proportional to the population they represent.

Sancton (2001a) presents the opposing views of advocates of consolidation and public choice in an article which analyses how urban growth leads to concerns about the most appropriate government structure. Many consolidationists consider a two-tier system superior to complete consolidation because it creates one government to manage the entire urban area. The size of the upper tier is a concern because different size governments best deliver different services. Public choice proponents provide evidence that some services, such as policing, are best provided over smaller areas. The two-tier approach at least provides two options within the same structure. In addition, it meets another concern of public choice theory, because it maintains a layer of local government that can continue to provide competing service and tax packages to prospective residents and businesses. Sancton remarks that the structure bifurcates the activities of existing governments, requiring coordination of two governments.

Some hybrid forms give up local control, but the hybrid can contain mechanisms of oversight built in to the service arrangement. Joint boards and regional policy groups are structures that attempt to provide that oversight for the benefit of local residents. One can meld these structures with some of the arrangements utilizing central or regional providers. Centralized services at the county level are effective and efficient and are the norm in some other states (for example, dispatching, fire, and emergency medical services). Regional forms of special districts (for example, water utilities) take advantage of economies of scale for services that benefit from larger providers. Mechanisms such as joint boards and regional policy groups can properly manage these services with adequate oversight on behalf of local residents.

Hybrid forms of service delivery have potential, if the coordination and political issues can be resolved, while providing oversight for the local citizens. The discussions above suggest places like British Columbia and Monroe County may have accomplished that. The literature indicates that in both of these situations, the development of a regional solution was consensual. A coordinating body comprised of representatives of the constituent municipalities maintained the on-going focus on local concerns combined with regional efficiencies.



## COMMENTS ON THE LITERATURE

Some of the literature includes only contracted arrangements as types of alternate service delivery, at best giving only a brief mention to other forms. In addition, the literature concentrates far more on cataloging which governments are more likely to contract than it does comparing the efficiency of the results.

The description of the literature on alternative service delivery by Dollery and Byrnes (2005b) uses the term “nascent” and refers to an “embryonic body of research”. However, this is in contrast to the multiple studies SPAA found on contracting and the comparison of contracting to direct service delivery.

The gap is not principally one of a failing of the literature, but of the lack of experience with and knowledge of alternatives outside of contracting and shared services. If there is a void, the explanation is that the alternatives, such as centralized provision of service, are the norm in the states in which that mechanism has operated for so long.

The literature was disappointingly skimpy on estimating cost savings for different service delivery options. The most that can be drawn from the literature is that specifics of a situation will dictate what efficiencies are possible and how they are best achieved.

The biggest problem in the literature for alternative service delivery is the use of terminology. There is confusion between terms such as inter-local cooperation, inter-local agreements, and joint production. The discrepancies between Nelson’s findings and Warner’s findings demonstrate this problem. Nelson concentrates on contracting, but Warner uses restructuring, which includes contracting, as well as municipal aid and joint production. Jeong enters the fray by using joint production as a term including contracting out. The discrepancies between the authors appear in the relationships to a variable as basic as size, so there is evidence that there are differences in what is defined as restructuring and joint production of services. This review was not always able to resolve the inconsistent use of terms.

For some of the arrangements that are not common in New Jersey, the states or countries that have implemented such arrangements have laws that allow the forms to exist. For example, an article discussing options for a joint services model for streetscape services compared the legal basis for joint boards, joint committees, management boards, and Companies Limited by Guarantee. This report tried to avoid these legal distinctions in favor of discussing concepts.

In summary, while there is no reason to doubt the findings of the literature, in general, there is a concern about the inconsistent use of terms to describe alternative service delivery.

## CONCLUSIONS

This report reviewed varied approaches to service delivery arrangements. However, it is not obvious from what is found in the literature how to compare these approaches, much less propose an optimal array of service delivery arrangements. This area of alternate structures for service delivery is new and evolving, which makes the task of developing concrete conclusions more challenging.

The literature highlights the following arrangements as providing efficient and effective solutions for delivering public services:

- Contracted Services

Shared services can increase efficiency while retaining local control. The numbers show that a private contractor may be more efficient only if the municipality can monitor the contract adequately.

- Special Districts Provide Specific Service Expertise

Special districts (authorities and fire districts, for example) provide a focused area of expertise, but possibly at the cost of greater fragmentation, redundancy of general administrative functions, and loss of accountability. Regionalized special districts mitigate the increase in fragmentation and redundancy, but make accountability more distant.

- Centralized Services Provide Scale Economies

County or regional service provision is attractive for those services (infrastructure related or highly specialized) that show economies of scale, but there may be a need to provide representation of the constituent municipalities in order to assure local control.

- Joint Boards for Specific Functions

Joint boards are effective for unique services that are best provided over a broader area (for example, land use planning and economic development) and may provide local representation in determining how the service will be delivered.

- Regional Policy Groups Increase Local Control for Varied Services

Regional groups that are policy setting are very effective in providing local representation in an effort to collaborate and cooperate in providing services, but they depend on other structures to deliver the service directly. The Council of Governments in Monroe County, New York is an example.

- Hybrid Arrangements to Promote Efficiency and Provide Local Control

Arrangements that combine adequate local representation with an array of service delivery mechanisms applied appropriately to each specific type of service may optimize the benefits of different delivery arrangements. Two-tier governments are a hybrid form. They often combine a regional board, composed of representatives of constituent municipalities, with local delivery for services such as police patrols and regional or county delivery for services like economic development and land use planning.

The literature indicates there is potential in each of these approaches. It is important to fit the mechanism for delivery to the service type. In his review of fifty years of evidence on the relationship between the structure and performance of local governments, Bish (2001) suggests:

... given the diversity of communities and local services, no single organization can perform all the tasks demanded of local government. Metropolitan areas composed of a multiplicity of local governments and production arrangements are more responsive to residents' needs and generally provide local government services at less cost than monolithic amalgamations.

# **APPENDIX A -- ANNOTATED BIBLIOGRAPHY**

## **Literature Review and Analysis Related to Optimal Service Delivery Arrangements and Local Government Efficiency**

Advisory Commission on Intergovernmental Relations (1987). *The Organization of Local Public Economies*: 1 - 56.

This commission report reviews the optimal structure of local government. The report declares that a multiplicity of general and special purpose governments contributes to democratic values and a coherent local public economy. The report distinguishes between the provision (that is, the determination of what) and the production (that is, the determination of how) of public goods and services.

Aizer, A., and Janet Currie (2004). "Networks or Neighborhoods? Correlations in the Use of Publicly-Funded Maternity Care in California." *Journal of Public Economics* **82**(12): 2573-2585.

This study focuses on "network effects" in the utilization of publicly-funded prenatal care. There is evidence that the use of public programs is highly correlated within groups that are defined using race/ethnicity and neighborhoods, and the correlations persist even when the study controls for many unobserved characteristics by including zip code-year fixed effects, and when it focuses on the interaction between own group behavior and measures of the potential for contacts with other members of the group ("contact availability"). This study extensively collects data from primary sources. The richness of the data allows the authors to control for omitted variables to a greater degree than many other non-experimental studies.

Allen, N. E., P. G. Foster-Fishman, and D. A. Salem (2002). "Interagency Teams: A Vehicle for Service Delivery Reform." *Journal of Community Psychology* **30**(5): 475-497.

This study examines the extent to which interagency service delivery teams facilitate the implementation of a popular reform that significantly challenges the status quo: family-centered service delivery. Survey data from 121 providers representing 25 agencies within one county suggest that interagency teams may promote provider implementation of new service delivery practices. This study provides comprehensive, credible results, both quantitative and qualitative findings. Details about how ICC has been established, its operations, settings of the studied community were also explicitly elaborated. Given the moderately large sample size and the confirmation of results by focus groups, this study provides concrete evidence regarding an alternative form of service provision in health care services. This study focuses more on how large organizations

can share responsibilities between agencies in that organization, but it could provide insight into regional health service or social service delivery.

Amirkhanyan, A. A., H. J. Kim, and K. T. Lambricht (2008). "Does the Public Sector Outperform the Nonprofit and For-Profit Sectors? Evidence from a National Panel Study on Nursing Home Quality and Access." Journal of Policy Analysis and Management **27**(2): 326-353.

This study explores the impact of organizational ownership on two complementary aspects of performance: service quality and access to services for impoverished clients. Derived from public management research on performance determinants and nursing home care literature, the hypotheses stipulate that public, nonprofit, and for-profit nursing homes use different approaches to balance the strategic tradeoff between two aspects of performance. Panel data on 14,423 facilities were analyzed to compare measures of quality and access across three sectors using different estimation methods. Findings indicate that ownership status is associated with critical differences in both quality and access. Public and nonprofit organizations are similar in terms of quality, and both perform significantly better than their for-profit counterparts. When compared to nonprofit and, in some cases, for-profit facilities, public nursing homes have a significantly higher share of Medicaid recipients.

Ballard, M. J., and Mildred E. Warner. (2000). Taking the High Road: Local Government Restructuring and the Quest for Quality. Ithaca Cornell University: 1 - 41.

This report outlines two alternative strategies for improving local government service delivery - the "high road," which uses new management innovations to increase internal productivity, and the "low road," which focuses on downsizing and contracting out. While other studies have focused on contracting out, this study provides a longitudinal look at contracting and presents detailed case studies of municipalities, which have brought back in house previously privatized services.

Bardach, E. (2001). "Developmental Dynamics: Interagency Collaboration as an Emergent Phenomenon." Journal of Public Administration Research and Theory **11** (2): 149-164.

Developmental dynamics are everywhere, from legislative coalition formation to the evolution of interorganizational cooperation to intraorganizational renewal. It is extremely hard to analyze such developmental processes. However, the paper provides just a conceptual framework for developing collaborations for service deliveries. No empirical evidence is provided in the article. Readers need to refer to evidence discussed in a separate book-length volume (*Getting Agencies to Work Together*, 1998), which exhibited some gains from collaboration (e.g., minimizing costs).

Bennett, J., and E. Iossa (2006). "Building and Managing Facilities for Public Services." Journal of Public Economics **90**(10-11): 2143-2160.

Alternative institutional arrangements for building and managing facilities for provision of public services, including the use of the Private Finance Initiative (PFI), is modeled to explore the effects on innovative investment activity by providers. The desirability of bundling the building and management operations is analyzed, and it is considered whether it is optimal to allocate ownership to the public or the private sector. The study also examines how the case for PFI is affected by the (voluntary or automatic) transfer of ownership from the private to the public sector when the contract expires. It suggests that asset specificity and service demand risk play critical roles.

Bish, R. (2001). Local Government Amalgamations: Discredited Nineteen-Century Ideas Alive in the Twenty-First. Communiqué, C. D. Howe Institute.

The twenty-first century will be one of rapid change and great need for institutional adaptability. Yet, in the critical area of the relationships among citizens, the civil community, and local governance, some provincial governments are imposing an intellectual fashion of the nineteenth century in the form of an almost religious faith in monolithic organizations and central control. This *Commentary* undertakes a comprehensive review of 50 years of evidence on the relationship between the structure and performance of local governments in metropolitan areas.

Bolton, M. M. (2008). Shared Services Getting a Fresh Look. The Boston Globe. Boston, The New York Times 1 - 3 pages

This news article discusses shared services in Boston, especially police services. This article uses a report that had been released recently on regionalization as a backdrop for the discussion of a new data-sharing system among five towns. The report investigated past failed attempts at regionalization and a successful consolidated 9-1-1 county dispatch system.

Boyne, G. A. (1992). "Local Government Structure And Performance: Lessons From America?" Public Administration **70**(Autumn): 333-357.

The debate in the UK on the reform of local government structure is poorly informed by empirical evidence. This article bridges part of the empirical gap by drawing upon analyses of structural effects in the USA. Two main dimensions of structure are outlined: fragmentation and concentration, both of which can vary vertically and horizontally. Fourteen structural hypotheses are identified and categorized as technical, competitive and political effects.

Boyne, G. A. (1998). "Bureaucratic Theory Meets Reality: Public Choice and Service Contracting in U.S. Local Government." Public Administration Review **58**(6): 474-483.

Empirical studies suggest that local service contracting leads to higher efficiency, which seems to support public choice arguments on the vices of municipal monopoly and virtues of competition. A methodological critique of the evidence shows that these conclusions are not valid. Major deficiencies of the statistical tests include the omission of relevant control variables and the absence of measures of competition.

Boyne, G. A. (2003). "Sources of Public Service Improvement: A Critical Review and Research Agenda." Journal of Public Administration Research and Theory **13**: 357-394.

Evidence from sixty-five empirical studies of the determinants of public service performance is critically reviewed. The statistical results are grouped on the basis of five theoretical perspectives: resources, regulation, markets, organization, and management. The analysis suggests that the most likely sources of service improvement are extra resources and better management. A research agenda for further work is identified, and recommendations are made to enhance the theoretical and methodological qualities of studies of public service improvement

Brookings Institution Center on Urban and Metropolitan Policy (2002). *Beyond Merger: A Competitive Vision for the Regional City of Louisville*, The Brookings Institution: 1-11.

In November 2000, voters in the City of Louisville and Jefferson County approved a referendum to unify their two governments, effective January 2003. This report investigates the functions that are unaffected by the merger as well as evaluating departments whose fate has been left to the determination of the Metro Mayor and Council. Building on a superb body of local data collection and analysis, the document seeks to present the new Regional City of Louisville with its first complete look at itself as it embarks on merger, in order to help it define a new vision of competitiveness. To that end, the report endeavors to provide a new map of the critical demographic, land use and economic trends altering the new city, and then follow up with an agenda of potential policy choices that will help the region shape the trends to its benefit.

Brown, T., and Matthew Potoski (2003a). "Transaction Costs and Institutional Explanations for Government Service Production Decisions." Journal of Public Administration Research and Theory **13**: 441-468.

Governments not only choose which services to deliver to citizens, but they also choose how to deliver those services. Governments can produce services themselves or through a variety of external production mechanisms, including contracting with other governments, private firms, and non-profit agencies. This article applies a transaction cost framework

complemented with institutional and market theories to examine governments' service production decisions. A 1997 International City/County Management Association survey shows how governments choose service production mechanisms to manage the transaction costs inherent in delivering different types of services.

Brown, T. L., and Matthew Potoski (2003b). "Contract-Management Capacity in Municipal and County Governments." Public Administration Review **63**(2): 153-164.

Under pressure to do more with less, governments across the country have moved from direct service provision to providing services by contract. Proponents argue that contracting can reduce costs and improve flexibility and customer satisfaction. Critics point to a growing number of failed contracts, arguing there are numerous pitfalls associated with contracting. Missing from these debates is a discussion of how governments' managerial capacity can improve contract performance. This article identifies specific capacities that governments can use to harness the promise of contracting while avoiding its pitfalls. It presents analyses of data on municipal and county government contracting activities that show how governments invest in contract-management capacity in response to several internal and external threats to effective contract performance. Because government investment in contract management capacity is uneven - that is, some governments invest in less capacity, even when circumstances would call for more - our analyses may help to explain why some contract arrangements are more successful than others.

Brown, T. L. (2008). "The Dynamics of Government-To-Government Contracts." Public Performance & Management Review **31**(3): 364-386.

This paper explores the dynamics of government-to-government contracting at the local level in order to examine how governments' shared organizational characteristics, notably a governance structure based on political accountability, potentially make them more attractive vendors for services that risk contract failure. Relying on panel data from the 1992 and 1997 International City/County Management Association's (ICMA) Alternative Service Delivery surveys along with data from the U.S. Census and other sources, this paper identifies service areas in which governments most frequently turn to government vendors. In particular, a comparison of public works and transportation services - service areas with low risks of opportunism leading to contract failure - and health and human services - a service area with high risks of opportunism leading to contract failure - shows that contracting governments are more likely to utilize governments over private firms and non-profits for high-risk services. This is not the case for low-risk services, suggesting that governments view other governments as trusted contract vendors.



Brunet, A., and Kevin T. McNamara (2001). Alternative Service Delivery Strategies for Local Government. 2001 Annual Meeting of the American Agricultural Economics Association. Chicago, IL: 1-30.

A model of observing public service delivery choice in the presence of economic expansion is presented. Regression techniques were used to estimate the share of county population served by volunteer fire protection from variables measuring community demands for and relative costs of fire protection services. The study reviews factors determining use of volunteer versus paid firefighters.

Cassese, S. (2008). Garbage Collection Savings Seen. Newsday: 1-1.

This newspaper article examines a report which was about to be released by Nassau County, which provided estimated cost comparisons between garbage collection services controlled by the town or controlled by the sanitation district within the county. It provides an estimate of the overall cost savings in the county if towns controlled the service and gave some comparisons for specific communities.

Center for Government Research (2006). "CGR Experience with Consolidation & Shared Services Across New York State ". Retrieved November 1 2008, from <http://www.cgr.org/ar2006/docs/SharedServices.pdf>.

This government consulting firm reviews some of their experience with municipalities in New York State regarding shared services in various counties. The review includes developing a two-tiered government approach involving private contracting, consolidation of fire and police services, and other agreements brokered between counties and cities. The article discusses various service types in different size entities..

Center for Government Research (2007). "A Comparative Analysis of the Cost of Local Governments on Long Island and in Northern Virginia." Retrieved November 1, 2008, from [www.longislandindex.org](http://www.longislandindex.org).

This is the detailed article for the Executive Summary report titled: A Case Study Comparing Governance, Taxes and Local Services on Long Island and in Northern Virginia: Executive Summary, which is listed under the Long\_Island\_Index. The notes below only contain findings not already recorded for the Executive Summary. According to the Long Island Index 84% of Long Islanders believe that high taxes are an "extremely" or "very serious" problem and a near majority (45%) cites it as the major local problem. With an eye to finding out how other regions address the issue of local taxes, the Long Island Index compared Long Island to several peer suburban regions and found one stood out in stark contrast to ours. Northern Virginia (including Fairfax County, Loudoun County, Fairfax City and the city of Falls Church) has significantly lower per capita property taxes than Long Island and a dramatically different governance model with 17 governmental entities delivering the full range of services on a county-wide basis compared to Long Island's 439 governmental entities delivering

similar services. In order to explore this question, the Long Island Index commissioned two studies. First, they asked the Center for Governmental Research (CGR) in Rochester, New York to conduct an analysis that compared local taxes in each region in order to clarify the key cost drivers. Second, they asked Stony Brook University's Center for Survey Research to conduct a survey comparing how residents in the two regions felt about the services provided by local governments. They found there was the potential for greater cost savings coupled with higher satisfaction.

Cheung, R. (2008). "The Interaction between Public and Private Governments: An Empirical Analysis." Journal of Urban Economics **63** (3): 885-901.

Private governments, found in planned developments and condominiums, are increasingly common methods of delivering local services to residents. This paper provides the first empirical study of their impact on local public finance. A novel data set of homeowners' associations allows construction of a panel of private governments in California. Panel methods test whether public expenditures respond to private government prevalence. The study employs a very large data set, 110 cities with 38-year time series, yielding reasonably convincing results.

Chicoine, D. L., S.C. Deller, and N. Walzer (1989). "The Size Efficiency of Rural Governments: The Case of Low-Volume Rural Roads." Publius: The Journal of Federalism **Winter**: 127-138.

The deterioration of the supply of public infrastructure throughout the United States has been found to be accelerating. The reason most often cited for the increasing rates of deterioration is the lack of available funding, or fiscal stress, present in many local governments. A popular short-term solution to fiscal stress is to defer infrastructure repairs and/or replacement programs. This is particularly true in rural areas where a declining agricultural base and redirected federal policy have placed significant downward pressure on revenues. The search for a long-term solution has renewed the debate about the optimal size of local governments. The research reported here examines the issue of size efficiency in the production of low-volume rural roads in the Midwest. At issue is the ability of Midwest townships to realize size economies. Overall, size inefficiencies were identified, which suggests that cost savings may be realized from the reorganization of the production of low-volume road services.

Christoffersen, H., Martin Paldam, and Allan Wurtz (2007). "Public versus Private Production and Economies of Scale." Public Choice **130**(3-4): 311-328.

The cost of producing the same good often differs substantially for public and private producers. The study investigates the effect of organization in a case where the production technology is simple: The cleaning of Danish schools. Three forms of organization are used: decentralized municipal, central municipal or private.

Claps, M. (2008a). Case Study: Business Process Analysis Underlies Launch of Local Government Shared Service in the U.K.: 1-8.

This article is a case study set in U.K. regarding shared services and partnerships when three local U.K. councils came together to reduce cost and share services. Taxes and revenue sharing are discussed as well as the intricacies of U.K. partnerships. Different stages of the partnering are discussed as well as the success factors and lessons learned.

Confessore, N. a. J. P. (2008). State Could Save \$1 Billion a Year by Consolidating Services, Report Says. New York Times.

This news article describes the recommendations for sweeping changes to local government across the State of New York, which could save \$1 billion a year. The report targeted special districts and other governments distinct from county, city, town, and village governments, that have appointive jobs and which Governor Paterson referred to as "patronage mills." The report recommended centralizing many services. It also recommended the State Commissioner of Education be given the power to order the consolidation of school districts. It was criticized by union leaders and school superintendents. Most recommendations will require approval by the legislature.

Deller, S. C., and C.H. Nelson (1991). "Measuring the Economic Efficiency of Producing Rural Road Services." American Journal of Agricultural Economics **73**(1): 194-201.

The research reported here examines the ability of a sample of Midwest township officials to produce low-volume rural road services in an economically efficient manner. Farrell-type measures of input use and scale efficiency are reported. Results suggest that over 50% of costs may be unnecessarily incurred because of input use inefficiency. Correlation between output measures and the efficiency measures suggests that larger jurisdictions are more efficient than smaller jurisdictions. In addition, 84.5% of the townships exhibit technology characterized by increasing returns to scale. These results suggest that jurisdictional consolidation of production-related responsibilities may yield substantial cost savings.

Deller, S. C., Carl H. Nelson, and Norman Walzer (1992). "Measuring Managerial Efficiency in Rural Government." Public Productivity & Management Review **15**(3 (Spring)): 355-370.

Structural limitation and narrow managerial capacity have consistently hampered both an effective and efficient decision-making process in small rural governments. Due to small size and relative isolation, rural governments are inherently limited in developing either effective policy or efficient delivery systems. These structural barriers have prevented many rural public officials from developing the capacity, resources, and expertise needed for managing increasingly complex problems. This

article provides a brief review of the performance measurement literature and suggests an alternative approach to assessing the efficiency of producing local public services. The proposed method seeks to incorporate microeconomic theory into the measurement process. The case of producing low-volume rural road services in the Midwest is examined to illustrate the method. The data used to study managerial efficiency in the production of rural road services were gathered from a mail survey of Illinois, Minnesota and Wisconsin township road officials and the 1982 Census of government (Chicoine and Walzer, 1984). The sample contains 435 independent observations of Midwestern townships. (p.362)

Department of Infrastructure, Transportation,, Regional Development and Local Government, (2004). 2003-2004 Report on the Operation of the Local Government (Financial Assistance) Act 1995

This report of the Australian government examines various structural reforms. Typically, economic approaches to local government performance improvements take one of two forms. In the 'conventional' view, large, hierarchical, multipurpose organizations are seen as the best way to organize local public services. This approach argues that in a 'consolidated' structure, all services are provided by a single unit that covers a wide geographical area. Economic arguments usually advanced in support of this view include economies of scale, economies of scope, administration and compliance costs (Dollery & Crase 2004). The 'public choice' perspective that has gained prominence in the last 40 years provides a sharply contrasting view. Proponents argue that efficiency and responsiveness are enhanced by local government structures that are based on markets and competition rather than on structural and administrative consolidation.

Dollery, B., and Joel Byrnes (2005). "Alternative to Amalgamation in Australian Local Government: The Case of Walkerville." UNE Working Paper Series in Economics **2005-4**: 1-25.

Structural reform chiefly through council amalgamation has long been the most favored means of enhancing municipal efficiency by Australian state government policy makers. However, the disappointing results of most amalgamation programs have led to a growing skepticism in the local government community and a search for alternative methods of improving council efficiency. Not only have scholars designed generic models suitable for Australian conditions, but individual councils and group of councils around the country have also developed several de facto alternatives to amalgamation. An embryonic body of research has now begun to examine the efficacy of these alternative organizational arrangements. The present paper seeks to augment this nascent literature evaluating the outcomes achieved by Walkerville; an Adelaide suburban council that escaped the 1998 South Australian merger program.

Dollery, B., and Andrew Johnson (2005). "Enhancing Efficiency in Australian Local Government: An Evaluation of Alternative Models of Municipal Governance." Urban Policy and Research **23**(13): 73-85.

Broad consensus exists in Australian policy circles on the need to enhance the efficiency of local government. However, the question of the most appropriate model for local governance remains controversial. Quite apart from larger amalgamated municipalities, a range of promising alternative options can be identified that may be able to effectively combine more efficient service delivery with vibrant local democracy.

El-Khoury, T. (2005). Consolidating Fire Agencies A Big Cost Saver, Report Says. St. Petersburg Times

This newspaper article presents some cost savings estimates from a study by MGT of America evaluating the consolidation of county and city fire departments in Pinellas County, Florida. This report was presented to the County's Charter Review Commission. MGT recommended that the county form a single fire district.

Ellickson, B. (1971). "Jurisdictional Fragmentation and Residential Choice." American Economic Review **61**(2): 224-229.

It is almost axiomatic that local governmental institutions, if they are to cope successfully with the problems of urbanization, require extensive reform. For many services, greater decentralization seems in order. For others, such as transportation planning, effective metropolitan government would be desirable. However, proposals which fail to recognize the impact of institutional change on redistribution, as well as on allocative efficiency, risk irrelevance. Successful reform requires a greater understanding of the nature of local government in an urban environment. The model presented in this paper, though an extreme simplification of reality, is offered as a step toward providing that understanding.

Feigenbaum, H. B., and Jeffrey R. Henig (1994). "The Political Underpinnings of Privatization: A Typology." World Politics **46**(2): 185-208.

The authors discuss the different political lenses through which privatization is viewed. They emphasize pragmatic privatization as a means of cost-cutting, tactical privatization as a way of rewarding allies, and systemic privatization to change institutional structures and societal ideologies. The article primarily focuses on systemic privatization.

Feiock, R., Scott Lamothe, and Meeyoung Lamothe (2004). Vertical Integration in Municipal Service Provision. 2004 Annual Meeting of the American Political Science Association. Chicago, IL.: 1-33.

Tremendous attention has been given to contracting or outsourcing service productions. What has gone virtually unnoticed is that many of these services have experienced "vertical integration of production" where the service is taken in-house by the providing government. Building on

three typologies of service characteristics that are prominent in the literature, the authors examine whether vertical integration is systemically associated with certain types of goods and test whether the likelihood of vertical integration increases when mismatches occur between the service types and the modes of service delivery. Vertical integration can also be a response to market conditions, capacities for production and administration within government, or political, preferences of public decision makers. Vertical integration is the product of transaction problems relating to the characteristics of goods, production agents, and markets.

Gordon, N., and Brian Knight (2008). "The Effects of School District Consolidation on Educational Cost and Quality." Public Finance Review **36**(4): 408-430.

This study examines the effects of both whole-grade sharing and administrative consolidations of local school districts in Iowa in the 1990s, the majority of which were induced by state fiscal incentives. The study finds no effects of either sharing or consolidation on the pupil-teacher ratio, enrollments, or dropout rates. Although the study lacks detailed quality data on student outcomes, the findings suggest an absence of efficiency gains from either whole-grade sharing or consolidation.

Greenblatt, A. (2006). Little Mergers on the Prairie. Governing Magazine.

This article examines how Iowa has addressed the concern that it has more government than it now needs. Iowa has 3,000 cities and towns, 99 counties as well as special districts. The Governor proposed to replace all local governments with 15 regional governments. With a stagnant tax base, Iowa has few options. The Governor's proposal was met with resistance, but, on a positive note, Iowa municipalities are working more together. "For local officials, saving a lot of money right away isn't as great a concern as doing things more efficiently when they can, whether that means streamlining internally or reaching out to new partners."

Gunderson, M. (2008). In Tough times, officials eye shared services Regional strategy touted as efficient. The Boston Globe. Boston: 3.

The news article reports on a conference in Worcester, Massachusetts on regionalizing government. The conference, sponsored by the Massachusetts Municipal Association and Northeastern University, had 200 attendees. The article presents the differing perspectives of some of the local government officials in attendance. The President of the association remarks on some legislative impediments to regionalization and cooperation.

Hefetz, A. a. M. W. (2004). "Privatization and Its Reverse: Explaining the Dynamics of the Government Contracting Process." Journal of Public Administration Research and Theory **14**(2): 171-190.

This paper examines factors influencing contracting out and contracting back. Empirical evidence shows local government contracting is a dynamic process that includes movements from public delivery to markets and from market contracts back to in-house delivery. This "reverse contracting" reflects the complexity of public service provision in a world where market alternatives are used along with public delivery. The authors develop a methodology to link responses to national surveys and create a longitudinal data set that captures the dynamics of the contracting process. They present a framework that incorporates principal agent problems, government management, monitoring and citizen concerns, and market structure.

Hendrick, R., Benedict Jimenez, and Kamna Lal (2008). Does Local Government Fragmentation Cost Less? Chicago, University of Illinois at Chicago: 40.

Literature from various fields has vigorously debated the value and effects of fragmented and decentralized government systems versus consolidated and centralized systems. The different policy and theoretical arguments often target local governments in metropolitan regions. Some claim that fragmented and decentralized government structures are more efficient and accountable in these settings, while others argue that consolidated and centralized structures facilitate equity, are better able to solve region-wide issues, and are more efficient under some circumstances. The wealth of empirical research on this subject favors fragmentation and decentralization with respect to total local spending, but the results are mixed and the measures of these concepts vary greatly. This study documents and organizes the varied measures of fragmentation and decentralization, and applies this scheme to summarize the findings of 18 empirical studies that examine the effect of such structures on local government spending in the US. The study then uses these measures to examine the relationship between fragmentation / decentralization and total local government spending in the 41 largest (population) metropolitan regions in the US.

Henig, J. R. (1989-1990). "Privatization in the United States: Theory and Practice" Political Science Quarterly **104**(4): 649-670.

Privatization proponents explain its eruption on the national government's agenda by reference to objective economic interests of the state, linking it directly to goals of efficiency, competition, innovation, and deficit reduction. But an exclusive focus on economic forces obscures the intensely political nature of the privatization movement. Privatization initiatives are political because they redistribute costs and benefits among diverse and competing groups.

Hildebrand, J. (2008). Plan would pool school resources; Nassau-paid report, due out today, to show county agencies can help cut school costs by sharing services. Newsday.

The news article covers the contents of a report about to be released by the Nassau County (New York) Executive on cost savings that could be realized through pooling back-office functions at the county level. The report was prepared by consultants hired by the county. It emphasizes specialized administrative services, such as legal, auditing, telecommunications, information technology, and transportation would be handled more cost effectively by using county resources.

Ho, A. (2004). Lessons from Past Consolidation Efforts, The Center for Urban Policy and the Environment.

This Powerpoint presentation reviews consolidation attempts since 1805 in the United States, with particular attention to those attempted since 1990. It examines the efficiency argument for consolidation and evaluates other benefits that may accrue from consolidation.

Jeong, M.-G. (2006). Public and Private Joint Production: Institutional Theory of Local Governance and Government Capacity. Annual Meeting of the Midwestern Political Science Association. Palmer House Hilton, Chicago, Illinois: 1-27.

The question of who should provide public services has continued to gain attention among scholars and practitioners. By focusing on the 'make' or 'buy' decision, most studies are conspicuous in their lack of addressing joint production, especially at the county level. This paper fills the research lacuna by incorporating institutional theory of local governance and government capacity. Using the 2002 ICMA Survey on Local Governments' Alternative Service Delivery, this paper examines what factors determine the adoption of joint production of public services at the county level. Probit analysis is employed to estimate county choice of joint production in 2002. Overall, the preliminary analysis suggests that the reformed counties increase the likelihood of joint production adoptions. The findings also suggest that government capacity has a modest influence on joint production.

Joassart-Marcelli, P., and Juliet Musso (2005). "Municipal Service Provision Choices within a Metropolitan Area." Urban Affairs Review **40**(4): 492-519.

The authors investigate the decision of municipal governments to outsource the provision of public services during the 1980s and 1990s—a period of increased responsibility for municipalities. This study extends previous empirical work on outsourcing by distinguishing the type of outsourcing used (e.g., public, private, or other types of providers) and treating the outsourcing decision as a dynamic choice. Institutional characteristics and fiscal stress are found to play an important role in explaining service choices. Multinomial logistic regressions indicate that outsourcing was more common for poor cities than for wealthier ones, with



the former often relying on government agencies and the latter opting for privatization. Throughout time, these choices are likely to reinforce interjurisdictional patterns of disparity in service quality and costs.

Johns, C. M., Patricia L. O'Reilly, and Gregory J. Inwood (2006). "Intergovernmental Innovation and the Administrative State in Canada " Governance: An International Journal of Policy, Administration, and Institutions **19**: 627–649.

Canadian federalism has experienced considerable pressure for change and innovation in recent years. There have been calls for more collaborative federalism and demands for public sector reforms consistent with the precepts of New Public Management. This article examines the hypothesis that these pressures might be expected to have resulted in some intergovernmental institutional innovation in the arena of federal-provincial-territorial relations. Using a conceptual distinction between federalism, intergovernmental relations, and intergovernmental management (IGM) as the basis of analyzing institutional innovation at six levels in the Canadian intergovernmental administrative state, the authors find a differentiated impact with more institutional innovation evident at the micro levels of IGM and innovation more constrained at the macro levels of the administrative state by the traditional institutional infrastructure of executive federalism.

Judson, T., and B. Carpenter (2003, July). "Cooperate, Collaborate, Consolidate: Options for Local Government in Monroe County."

Local governments in Monroe County are caught in the convergence of several trends that are producing current and projected multi-million dollar budget deficits in the two largest governments - the city and the county - and have strained town, village and school district budgets as well. These trends are (1) the rising cost of government at all levels; (2) a stagnating local economy; and (3) high local taxes. The primary objective of this report was "To inform and update the public about opportunities to make government more effective and efficient through cooperation, collaboration, and/or consolidation."

Katsuyama, B. (2003). "Is Municipal Consolidation the Answer?". Retrieved November 10, 2008, from <http://www.mrsc.org/Publications/mrnews/mrnews0603.aspx>.

This article reviews the literature on size and evaluates the effectiveness of consolidations. The article begins by stating that fragmentation is usually assumed to be inefficient, but remarks that there is a growing body of evidence indicating that this conventional wisdom may not always be true. It compares the arguments for and against consolidation and reviews some of the research and case studies. The article suggests alternatives to consolidation that may provide alternative paths to efficiency.

Krimmel, J. T. (1997). "The Northern York County Police Consolidation Experience: An Analysis of the Consolidation of Police Services in Eight Pennsylvania Rural Communities." Policing: An International Journal of Police Strategies and Management **20**(3): 497.

The study employs a quasi-experimental design to assess the operational costs and benefits of a consolidated department. It uses a comparison group consisting of eight police departments in a contiguous county in rural Pennsylvania to compare the outcome variables. Northern York County Police Department, the experimental group, consolidated in 1972.

Lamothe, S., and Meeyoung Lamothe (2006). "The Dynamics of Local Service Delivery Arrangements and the Role of Nonprofits." International Journal of Public Administration **29**(10-11): 769-797.

This article examines the relationship between "contract failure" (the bringing "in-house" of previously contracted services) and service characteristics. The connection between contract failure and nonprofit and for-profit status is also explored. The analyses are performed using International City/County Management Association data and three service typologies constructed by previous scholars.

Lamothe, S., Meeyoung Lamothe, and Richard C. Feiock (2008). "Examining Local Government Service Delivery Arrangements Over Time." Urban Affairs Review **44**(1): 27-56.

While scholars of local service delivery arrangements are fully aware the process is dynamic, research has tended to take the form of cross-sectional studies that are inherently static in nature. In this article, the authors model the determinants of production mode accounting for past delivery decisions. They find, not surprisingly, that there are strong inertia effects; previous delivery mode is a strong predictor of the current service delivery arrangement. More interestingly, the impact of the transaction cost nature of services on production choice is conditioned on past decisions, such as the extent of contracting and the type of vendors used. There is also evidence that contract management capacity and the competitiveness of the contracting environment are influential.

LeRoux, K., and Jered B. Carr (2007). "Explaining Local Government Cooperation on Public Works: Evidence from Michigan." Public Works Management & Policy **12**(1): 344-358.

In recent years, analysts have begun to study cooperation on public services among local governments. These studies often have concluded that services with scale economies are likely candidates for shared service delivery. This article contributes to the emerging literature on this topic by examining inter-local service arrangements for 10 public works services in Michigan. The authors use data on the service delivery arrangements from

468 general-purpose local governments in Michigan to examine the role played by the factors in explaining inter-local cooperation on public works.

Lindberg, A. (2008). County considers closing fire station in Oakhurst. St. Petersburg Times

This news article reviews the deliberations of the Pinellas County Commission in Florida to close a fire station as a cost saving measure. There has been a concern for some time about the duplication caused by two similar stations that serve adjacent areas and have a low volume of calls. The boundaries of fire districts would be re-aligned. The writer interviewed fire officials from the effected fire stations, officials from neighboring districts and county officials to present different perspectives in the controversy.

Long Island Index (2007). "A Case Study Comparing Governance, Taxes and Local Services on Long Island and in Northern Virginia: Executive Summary." Long Island Index. Retrieved November 10, 2008, from [http://www.longislandindex.org/fileadmin/pdf/pollreport/Long\\_Island\\_Index\\_Case\\_Study\\_Executive\\_Summary.pdf](http://www.longislandindex.org/fileadmin/pdf/pollreport/Long_Island_Index_Case_Study_Executive_Summary.pdf).

According to the Long Island Index 84% of Long Islanders believe that high taxes are an "extremely" or "very serious" problem and a near majority (45%) cites it as the major local problem. With an eye to finding out how other regions address the issue of local taxes, the Long Island Index compared Long Island to several peer suburban regions and found one stood out in stark contrast. Northern Virginia (including Fairfax County, Loudoun County, Fairfax City and the city of Falls Church) has significantly lower per capita property taxes than Long Island. In order to explore this question, the Long Island Index commissioned two studies. First, they asked the Center for Governmental Research (CGR) in Rochester, New York to conduct an analysis that compared local taxes in each region in order to clarify the key cost drivers. Second, they asked Stony Brook University's Center for Survey Research to conduct a survey comparing how residents in the two regions felt about the services provided by local governments. They found there was the potential for greater cost savings coupled with higher satisfaction.

Luzerne County (2005). Luzerne County's Municipal Cooperation Community Toolkit 2005 Shared Service Success Stories

This newsletter speaks about the various shared services initiatives throughout Luzerne County in Pennsylvania and speaks specifically about the police departments initiatives. Shared services success stories such as the police department and recreation parks are also explored and expanded upon. The newsletter describes the fire department's initiatives with shared services.

Malkawi, F. K. (2003). "Amalgamation is a Solution in Jordan." Retrieved October 13, 2008, from <http://64.233.169.104/search?q=cache:2GQDv68911oJ:www.worldbank.org/wbi/mdf/mdf4/papers/malkawi.pdf+Amalgamation+is+a+Solution+in+Jordan&hl=en&ct=clnk&cd=1&gl=us>.

This paper is about the current thinking in metropolitan governance in Jordan. In 1985, a number municipalities and village councils around Amman City were amalgamated to form what is known today as the Greater Amman Municipality. Since its inception, creating a metropolitan authority in Greater Amman was presented as a solution to a technical problem, the multiplicity of administrative units. Although one cannot connect the assumed success of this new municipality to this process of amalgamation, it is often described as such. Accordingly, amalgamation is presented in Jordan as a solution to the problem of governance in metropolitan areas. Greater Amman became a model for good governance. Steps toward implementing this model around other major cities were taken recently. This paper presents the rhetoric that produced such conclusions and argues that the idea of a unified metropolitan authority is rather a "practice" that preceded the existence of the problem.

Markson, S. (2005). Push to share local facilities - Councils urged to join forces. Sunday Telegraph

This newspaper article from Sydney, Australia quotes the local government minister on the formation of alliances between metropolitan councils. Alliances are operating in 13 regions. Alliance boards would consist of representatives from all member councils to govern over the council groups.

Masse, M. H., and Alexander J. DiPasquale (1975). Two-Tiered Government in Monroe County, New York. G. R. I. P. o. t. N. A. o. P. Administration.

The National Academy of Public Administration sponsored this report which studied every governmental unit within the irregular boundaries of Monroe County, New York, except school districts, and makes recommendations concerning them -- how the governmental services should be delivered and who should deliver them; how the representative bodies should be structured; how the financial impact should fall upon people; and how all of that could be implemented.

Maxwell Capstone Group (2005). Intergovernmental Cooperation Project: Onondaga County, Onondaga County, State of New York, Division of Management and Budget.

Onondaga County in New York State investigated: 1) the experiences of municipalities around the country in their successful attempts at inter-governmental consolidation and cooperation, 2) data on expenditure and dedicated personnel by municipality in Onondaga County, 3) assessment of applicability of efforts in other parts of the country to Onondaga County,

and 4) functional areas in the 36 municipal governments in the county that may lend themselves to cooperation and/or consolidation. This article summarizes what has been happening in Onondaga County, New York with regards to many types of municipal reform efforts including shared services and consolidation.

McClure, V. (2001). Washington Township told how to save millions. The Philadelphia Inquirer.

This news article reviews the presentation of a voluntary audit of Washington Township, New Jersey conducted by the New Jersey Department of Treasury. The audit identified some savings that would be possible by consolidating services at the county level. It also recommends contracting buildings and grounds maintenance services.

Nelson, M. A. (1990). "Decentralization of the Sub-national Public Sector: An Empirical Analysis of the Determinants of Local Government Structure in Metropolitan Areas in the U.S." Southern Economic Journal **57**(2): 443-457.

The author investigates whether the public preference for locally provided public services accounts for the differences in local government structures. The impact of state regulations on government structure is also examined.

Nelson, M. A. (1997). "Municipal Government Approaches to Service Delivery: An Analysis from A Transactions Cost Perspective." Economic Inquiry **35**(1): 82-96.

Municipal governments are less likely to contract out for service delivery if citizen preferences for the service are heterogeneous. This conclusion is based on an analysis that extends to the public sector the empirical industrial organization literature on transaction costs and the "make or buy" decision faced by private firms. Service delivery practices for sixty-three municipal services are examined. The findings are consistent with the proposition that the cost of writing and monitoring contracts may be an important consideration in municipal service delivery approach and that bureaucratic supply may not be as inefficient as some previous studies indicate.

New York State Office of the Comptroller (2006). Outdated Municipal Structures: Cities, Towns, and Villages - 18th Century Designations for 21st Century Communities. A Research Series. Comptroller. **2**.

This study presents an analysis of municipalities -- cities, towns and villages -- including a statistical regrouping that suggests what a modern classification system might look like if we started from scratch today, based on current conditions. What emerges is an intuitively satisfying reassignment of cities, towns and villages into groups far more homogenous than the current legal designations. Big cities and immense urban towns group together, as do the smaller cities, larger villages and

other urban towns. Suburban and rural areas emerge naturally. This analysis provides an illustration that suggests it may be time to refocus attention on the basic structure of local government, including State laws covering service provision, governance, revenue structure, intergovernmental aid, and the provisions under which municipalities may merge, dissolve or annex territory. A number of studies have already described problems and potential improvements in these areas (many of which are cited in this report). With today's heightened focus on local government efficiency, it makes sense to take another look at some of these basic issues.

Pack, J. R. (1989). "Privatization and Cost Reduction." Policy Sciences **22**(1): 1-25.

In this paper several examples of government contracts with private firms are examined to see how experience conforms to a principal-agent model of cost minimization via competitive bidding and how important are the many qualifications to the model. The competitive theoretical model is examined through a review of fifteen examples of government contracts with private firms. The paper focuses on the implementation phase of private contracting, including how the obstacles to privatization are dealt with.

Rosentraub, M. (2000). "City-County Consolidation and the Rebuilding of Image: The Fiscal Lessons from Indianapolis's UniGov Program." State and Local Government Review **32**(3): 180-191.

This article describes the successful UniGov program, uniting the city of Indianapolis and Marion County in central Indiana and outlines "lessons learned" for other communities considering such a consolidation effort. Through this consolidation, the city of Indianapolis was transformed from what was described by its chamber of commerce in the 1970s as "a cemetery with lights," into a destination for those seeking a vibrant downtown area and a major sports center, as well as the nation's 12th largest city by the 1990s. Indianapolis was one of the three major consolidation or merger experiences in the 1960s and 1970s. Indianapolis's specific contribution to the experiment in governance models was a city-county consolidation program that concentrated a limited or select group of urban services at the regional (defined as county) level while permitting most other critical urban services to be delivered by administrations and agencies serving different, often much smaller, areas within the county.

Rouse, P., and M. Putterill (2005). "Local Government Amalgamation Policy: A Highway Maintenance Evaluation." Management Accounting Research **16**(4): 438-463.

Evaluating the effects of a change in public policy setting is a critical element in the chain of accountability. Factors such as effectiveness and

efficiency in government operations are often difficult to measure. In this study of efficiency outcomes, the authors follow events before and after significant structural change arising from local authority amalgamation. The study focuses on highway maintenance and uses Data Envelopment Analysis (DEA) to evaluate whether greater efficiency was achieved. Results (confined to highway management activities) show no evidence that amalgamation was justified in terms of diseconomies arising from smallness (i.e. increasing returns to scale). While new governance practices introduced contemporaneously lifted the level of performance of local authorities in terms of higher technical efficiency, there is no evidence that the amalgamation policy contributed to this improvement. The policy impact evaluation methodology developed in this paper has potential for application to other local government service activities.

Sancton, A. (1996). "Reducing Costs by Consolidating Municipalities: New Brunswick, Nova Scotia and Ontario." Canadian Public Administration **39**(3): 267-289.

Notwithstanding a lack of interest by cost-cutting governments in Britain and the United States, municipal consolidation has emerged in at least three Canadian provinces - New Brunswick, Nova Scotia and Ontario - as a significant government priority. There is no academic evidence to suggest that consolidation produces savings. This article examines the various studies that have accompanied the consolidation efforts in the three provinces and finds them inadequate and flawed. Government reports in New Brunswick have tended to point more to non-financial benefits from consolidation, but the creation of the single-tier Halifax Regional Municipality in Nova Scotia has been justified primarily in terms of projected cost savings. In Ontario, the "Common Sense Revolution" commits the government to reducing overlap and duplication but not necessarily to consolidation. A ministry study of one Ontario municipal amalgamation purports to demonstrate savings, but the conclusions are questionable. The report of the task force on the Greater Toronto Area is significant because it specifically rejects claims that lower-tier amalgamations will save money and because it points to the benefits of municipal competition. Reducing the number of municipal governments does not necessarily mean less government.

Sancton, A. (2000). "Amalgamations, Service Realignment, and Property Taxes: Did the Harris Government Have a Plan for Ontario's Municipalities?" Canadian Journal of Regional Science **23**(1): 135-156.

Drastic change was contemplated by The Common Sense Revolution (CSR), the election manifesto that brought Mike Harris to power as premier of Ontario in 1995; the Harris government implemented drastic change; therefore the CSR explains what the Harris government has done. The fact that this syllogism is logically flawed should be obvious. The aim of this paper, however, is to go beyond formal logic and show

that, with respect to the Harris-government's municipal policies, its substance is flawed as well.

Sancton, A. (2001a). "Municipalities, Mergers and the Outward Expansion of the City." Journal of Eastern Townships Studies **Fall** (19).

As the previous discussion has shown, it is quite possible for a single urban area to evolve in such a way that it contains many separate municipalities. Adjoining rural municipalities might have become urban over time; new urban municipalities might have been established within a former part of a rural municipality; two previously distinct urban areas might have grown into each other; or all or some of these processes might have occurred simultaneously. Ever since the mid-nineteenth century, there have been politicians, civil servants, academics, and sometimes even real-estate developers who have observed such phenomena with growing concern. They began to refer to the increasing number of municipalities within a single urban area as "fragmentation." This article discusses the need for redrawing municipal boundaries, particularly in light of different demands for service in rural and urban communities.

Sancton, A. (2001b). "Canadian Cities and the New Regionalism." Journal of Urban Affairs **23**(5): 543-555.

The new regionalism in the United States emerged because the old regionalism proved politically impossible to implement. For Canadian cities, however, provincial legislatures frequently imposed various institutional reforms of the type favored by the old regionalists. The first section of this article points out what it is that American new regionalists and Canadian policy-makers should have learned from the results of the old regionalism as it was implemented in Canada. The second section examines the relevance of the new regionalism for Canada. For those who still accept the tenets of the old regionalism, the new variety will seem irrelevant, if not counterproductive. But, for others, the new regionalism will provide a new perspective for analyzing old Canadian problems. The article's third section shows that, in some respects, Canadian cities have already gone further in implementing new regionalist principles than most American and Canadian analysts have recognized. The relevant institutions that are examined briefly in this section are the Greater Vancouver Regional District (GVRD), the Greater Toronto Services Board (GTSB), and the Montreal Metropolitan Community (MMC).

Sancton, A. (2003). "Municipal Amalgamations: A Made-in-Canada Solution to an Undefined Problem." Canadian Issues(February).

The first part of this article explores the historical background to municipal amalgamation. The second looks at what has been happening in the United States. The third briefly describes the recent Canadian amalgamations and the conclusion examines their potential impacts. Since the early 1990s, municipal amalgamations have taken place within



the following major Canadian cities: Sydney and Halifax in Nova Scotia; Toronto, Ottawa, Hamilton, and Sudbury in Ontario; and Montreal, Quebec City, Hull, and Longueuil in Quebec. The temptation is to assume that, like so many other changes in public policy in this period, such amalgamations are simply part of a worldwide trend relating to neo-conservatism, globalization, and/or the apparent victory of capitalism over socialism. Nothing could be further from the truth. With the exception of controversial municipal amalgamations in Melbourne, Australia and in post-apartheid South Africa, it is only in Canada, among western developed nations, that municipal amalgamations have recently been high on the policy agenda.

Sancton, A. (2005). "The Governance of Metropolitan Areas in Canada." Public Administration and Development **25**: 317-327.

This article briefly examines five significant Canadian developments with respect to the governance of metropolitan areas: annexations and mergers such that there is one main municipal government for the metropolitan area, two-tier metropolitan government, the amalgamation of two-tier metropolitan systems into a single municipality, demergers in Quebec, and the creation of flexible and innovative entities for metropolitan governance. Special attention is paid to the Greater Toronto Area, a continuous built-up urban area that transcends at least three metropolitan areas as defined by Statistics Canada. In the absence of any authority covering the entire metropolitan area, it now appears that the Ontario provincial government is becoming the key policy maker. As an example of a flexible and innovative form of metropolitan governance, the Greater Vancouver Regional District merits attention elsewhere in the world. Canada's experiences with so many different institutional arrangements in recent years means that there is much to be learnt from their obvious failures and occasional successes.

Savitch, H. V., and Ronald K. Vogel (2000). "Metropolitan Consolidation versus Metropolitan Governance in Louisville." State and Local Government Review **32**: 198-212.

New Regionalism differs from past metropolitan reforms. Historically, local government reorganization was promoted as a way to enhance efficiency in metropolitan service delivery. Now metropolitan reform aims to reduce disparities between the cities and their suburbs and enhance the ability of the city region to compete in the global economy. There are two main routes to New Regionalism and regional governance: (1) metropolitan consolidation, which represents a government strategy, and (2) metropolitan governance, which reflects a governance approach.

Sclar, E. D., K. H. Schaeffer, and Robert Brandwein (1989). *The Emperor's New Clothes: Transit Privatization and Public Policy*. Washington, D.C., Economic Policy Institute.

This paper examines the impact of the five-year-old effort by the Urban Mass Transportation Administration (UMTA) to force state and local transportation authorities to convert a significant proportion of their systems from public to private operation. This article uses the example of the Urban Mass Transportation Administration, which has mandated state and local transit authorities to privatize their operations, to illustrate that private sector delivery of public goods and services is not nearly as advantageous as its proponents claim. This article focuses on a federal agency.

Shrestha, M. (2005). *Inter-Local Fiscal Cooperation in the Provision of Local Public Services - The Case of Large US Cities* American Society for Public Administration Annual Conference. Milwaukee, Wisconsin.

This study explains inter-local fiscal cooperation among local governments in the provision of public goods and services. A panel data set from cities above 400,000 from 1990 to 1999 for sixteen services is employed to test the following hypotheses: 1) The higher the asset specificity of a public good, the greater the inter-local cooperation among cities will be found; 2) The higher the difficulty in metering of a public service, the greater the inter-local cooperation among cities will be found; 3) The higher the economies of scale benefits of a service, the more inter-local cooperation among cities will be found.; 4) The greater the local fiscal autonomy, the higher the inter-local cooperation among cities will be found.

Smothers, R. (1999). *Regional Fire Service Succeeds in Its First Test*. New York Times.

This newspaper article reviews the beginning of operations of a regional fire department organized by five towns in New Jersey. The article reviews some of the obstacles in achieving the regionalization, mechanisms used to overcome or reduce the obstacles, and the expected cost savings.

Somerset County Municipal Managers Association (2006). *A White Paper Report: Removing the Barriers to Shared Services -- A Prescription for Creating Efficiency and Taxpayer Savings Through Local Government Shared Services*.

In Somerset County, the Somerset County Municipal Managers Association (SCMMA), a professional association of municipal administrators working with the Somerset County Business Partnership (SCBP), is focusing on identifying the "roadblocks" that are inhibiting municipalities from furthering shared services with other towns, the school districts and the county. Somerset County's towns have created a model shared services network that has experienced outstanding and unparalleled success. However, it is the belief of the SCMMA and the

SCBP that the more reachable areas to facilitate sharing have been accomplished and, at this point, "all the low fruit has been picked." The obstacles that stand before municipalities are the significant legislative barriers that inhibit bringing shared services to the next level. This white paper makes an attempt to identify the "roadblocks" and to actively push for meaningful legislation that will streamline and facilitate the expansion of shared services.

Stein, R. M. (1993). "Arranging City Services." Journal of Public Administration Research and Theory **3**(1): 66-92.

Contemporary research on service delivery has been preoccupied with the issue of privatization. Specifically, the concern has been with whether a governmental or a nongovernmental entity is more effective and efficient in delivering publicly provided goods and services. This paper offers an alternative perspective on service delivery and examines the full array of institutional arrangements used by municipal governments to deliver different goods and services. These choices are related to characteristics of individual goods and services to derive a simple thesis. The way governments arrange for service delivery is a function of the scope and content of their service responsibilities.

Thurmaier, K., and Curtis Wood (2002). "Interlocal Agreements as Overlapping Social Networks: Picket-Fence Regionalism in Metropolitan Kansas City." Public Administration Review **62**(5): 585-598.

Public policies addressing complex issues require trans-jurisdictional solutions, challenging hierarchical modes of public service delivery. Interlocal agreements (ILA's) are long-established service delivery instruments for local governments, and research suggests they are plentiful, with a majority of cities and counties involved in at least one ILA. Although ILA's are an established feature of local government operations, previous research is atheoretical, largely descriptive, and unsystematic. This article explores ILA's as social network phenomena, identifying the rationales and underlying values for various ILA's, central and peripheral actors, and brokering roles. In particular, the authors explore the utility of incorporating network exchange theory into public management network models to identify the relative power of actors in network exchange relationships. They find that a "norm of reciprocity" culture predominates an economizing value as the rationale for an abundance of service oriented policy networks that produce a picket-fence regionalism of ILA participation in the Kansas City metropolitan area.

Thurmaier, K., and Yu-Che Chen (2005). A Statewide Survey of Interlocal Agreements. Paper presented at the Creating Collaborative Communities Conference. Wayne State University, OH.

Inter-local agreements have long been a useful tool for municipal and county governments to increase the effectiveness and efficiency of local

government services. Yet while they have a long history in practice, there is little empirical study of the nature and characteristics of ILA's, especially on a statewide basis. This paper presents results from a statewide survey of inter-local agreements in Iowa created in the period, 1993-2003. Results suggest that governments believe that their ILA's increase the effectiveness and efficiency of local services.

Vojnovic, I. (1998). "Municipal Consolidation in the 1990s: An Analysis of British Columbia, New Brunswick, and Nova Scotia." Canadian Public Administration/Administration Publique du Canada **41**(2): 239-283.

Three municipal amalgamations in three different Canadian provinces are analyzed and compared in this article. There is little evidence to show substantial cost savings from the merging of larger government units. Smaller entities studied in this article have realized financial benefits, while some larger jurisdictions that merge experience diseconomies of scale; higher wages resulting from a more specialized, professionalized bureaucracy; and the tendency to move to higher service standards. The authors conclude that consolidation will depend on the history of inter-municipal cooperation, financial arrangements, collective agreements, political structure, spatial organization, and political will to amalgamate.

Warner, M., and Robert Hebdon (2001). "Local Government Restructuring: Privatization and Its Alternatives." Journal of Policy Analysis & Management **20**(2): 315-336.

Local government restructuring should no longer be viewed as a simple dichotomy between private and public provision. A 1997 survey of chief elected township and county officials in New York shows that local governments use both private and public sector mechanisms to structure the market, create competition, and attain economies of scale. In addition to privatization and inter-municipal cooperation, two alternative forms of service delivery not previously researched - reverse privatization and governmental entrepreneurship - are analyzed here.

Warner, M., and Amir Hefetz (2002a). "Applying Market Solutions to Public Services: An Assessment of Efficiency, Equity, and Voice." Urban Affairs Review **38**(1): 70-89.

Political fragmentation in metropolitan regions makes equitable and efficient delivery of public services difficult. Regionalism, although promoted as more equitable and rational, has found limited political support. Public choice theory argues, against regionalism, that political fragmentation can promote competition and efficiency by creating markets for public services. The authors assess the efficacy of market solutions for metropolitan public service provision by comparing privatization with inter-municipal cooperation and evaluating each on efficiency, equity, and democracy grounds. Using probit regression analysis of a national survey of local government service delivery from 1992 and 1997, the authors find

that both alternatives promote efficiency, but equity and voice are more associated with inter-municipal cooperation than privatization.

Warner, M. E., and A. Hefetz (2002b). "The Uneven Distribution of Market Solutions for Public Goods." Journal of Urban Affairs **24**(4): 445-459.

Using data from the ICMA surveys of alternative service delivery arrangements of local governments from 1992 and 1997 and data on poverty and income from the U. S. Census of Population 1990, the authors explore whether local governmental use of market forms of service delivery differs by metropolitan status. The surveys measured the form of service delivery for 64 different public services in seven broad areas: public works and transportation, public utilities, public safety, health and human services, parks and recreation, culture and art, and support functions. This article assesses the distribution of privatization and inter-municipal cooperation across localities in the metropolitan region and finds them most common among suburbs.

Weitzman, H. S. (2007). Cost Disparities in Special Districts in Nassau County

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

Wilkins, J. (2000, 02/03/05). "Alternative Service Delivery Mechanism." Retrieved November 28, 2008, from

<http://www1.worldbank.org/publicsector/civilservice/alternative.htm>.

Restructuring is a prominent theme within the core of ideas comprising the New Public Management. There has been a growing challenge to traditional ministries and departments as the preferred organizational format to meet the goals of responsible government and good public management. Governments have experimented with alternative organizational designs because hierarchical, vertically integrated departments have proven too rigid and unresponsive in a public sector environment that is increasingly complex, turbulent, and demanding. Unbundling bureaucracy through Alternative Service Delivery (ASD) is an innovative response to the pressures of scarce resources and the public's insistence on improved service. This is an introduction to the ASD. It does not contain any empirical evidence of the ASD implementation in actuality.

Wood, R. C., and Vladimir V. Almendinger (1961). 1400 Governments: The Political Economy of the New York Metropolitan Region. Cambridge, Mass., Harvard University Press.

The main aim of this book is to link the workings of the governmental system with that of the economic system. While other studies conducted of the New York Metropolitan Region have traced the directions in which population and economic activities are moving, this book shows how the region's 1,467 governmental entities are influencing the process and how they may do so in the future. The book applies the statistical technique of factor analysis to the study of municipal finance.

World Bank (2008b). "Multi Village Water Supply Schemes in India." Policy Paper. Retrieved October 13, 2008, from [http://www-wds.worldbank.org/external/default/main?menuPK=64187510&pagePK=64193027&piPK=64187937&theSitePK=523679&menuPK=64154159&searchMenuPK=64258741&theSitePK=523679&entityID=000333037\\_20080723004652&searchMenuPK=64258741&theSitePK=523679](http://www-wds.worldbank.org/external/default/main?menuPK=64187510&pagePK=64193027&piPK=64187937&theSitePK=523679&menuPK=64154159&searchMenuPK=64258741&theSitePK=523679&entityID=000333037_20080723004652&searchMenuPK=64258741&theSitePK=523679).

There are a large number of multi-village water supply schemes (including regional schemes) in India. The prime motivation for setting up multi-village schemes is based on the desire to provide full water supply coverage to rural areas despite local water scarcity and increasing contamination of sources. In such circumstances, it becomes necessary to make use of distant water sources. However, treating and piping water from remote sources is often complex and expensive, and it is felt that the cost of supply can be reduced and options broadened through shared service provision.

Young, D. R. (2000). "Alternative Models of Government-Nonprofit Sector Relations: Theoretical and International Perspectives." Nonprofit and Voluntary Sector Quarterly **29**(1): 149-172.

Economic theories of the nonprofit sector suggest several different ways of understanding the relationship between government and private, not-for-profit organizations. In particular, different strands of theory support the alternative views that nonprofits (a) operate independently as supplements to government, (b) work as complements to government in a partnership relationship, or (c) are engaged in an adversarial relationship of mutual accountability with government. In this article, the analysis is extended internationally. The three theoretical perspectives are applied to four countries: the United States, the United Kingdom, Israel, and Japan, in an effort to illuminate nonprofit-government relations in those countries and to assess whether the multi-layered approach provides a substantially richer understanding than any one theoretical perspective.

## APPENDIX B

### METHODOLOGY

SPPA employed a methodology for the literature reviews that consisted of thorough searches in all of the major databases representing social and policy journals. In consultations with SPAA faculty, the research associates used the knowledge from the early stages of the research to refine and expand the search, as was appropriate. SPAA created or used the following tools to assure we accomplished the aims of the Commission:

- LUARCC questions from the RFP
- Bibliographic databases
- Search terms specific to each report
- Reference database
- Annotated bibliographies
- Articles/web resources

In the first phase of the basic strategy, SPAA devised appropriate search terms and used them to search all the relevant bibliographic databases. Promising articles were recorded as citations in the reference database (EndNote®) and the full-text article content was saved to the article file (as a PDF).

In the second phase of the search, research associates assigned to the project thoroughly examined the articles for findings that addressed LUARCC's questions. The research associates recorded each finding in the reference database, attaching it to the question it addressed and evaluating the degree to which the article or information resource substantiated the finding. The research associates completed this substantiation, weeding out articles based solely on ideology and rating the remaining articles according to the amount of evidence or the concreteness of the argument presented. During this process, team members reported any new search terms or resources they encountered to the project librarian and project director. Subsequent searches utilized this additional information.

The supervising faculty member assigned to this project and the project director reviewed the results of the first phase of the search, which found the potential articles. When necessary, they redirected the search to clarify information or find new sources. In addition, the faculty members and project director reviewed each finding for relevance to the LUARCC questions.

SPAA sought LUARCC's input through the review of an outline of the proposed methodology to ensure that the literature search was comprehensive and focused on the questions LUARCC raised. Because of the iterative process used in the information review, the early results of our search enhanced the project tools further.

## **LUARCC Questions**

SPAA extracted the questions from the LUARCC RFP into a spreadsheet and distributed it to all team members assigned to the project. The research team coded each of these questions with a Question ID, using the listing in the spreadsheet. This allowed the research associate to link a finding from an article to the question it addressed using the abbreviated Question ID. The questions and Question ID are in the appendix.

## **Bibliographic Databases**

The Bibliographic Database appendix lists all the literature and news databases and other information resources, such as websites and books that SPAA used to find relevant information for LUARCC. The researchers and the project librarian knew certain resources were more comprehensive and relevant for this project. SPAA focused on *Lexis/Nexis Academic* as a resource for periodicals, including newspaper articles, journal articles, and legal documents; *Academic Search Premier* as the best resource for academic journals; *Business Source Premier* as a similar resource; and *Public Affairs Information Service* for government reports, monographs, and articles.

## **Search Terms**

The search within the bibliographic databases and in other resources used the following terms:

- City-county agreement or service
- Outsourcing network
- Service outsourcing
- Service provider
- Service delivery
- Service jurisdiction/district
- Special districts
- Regional service/government/entity/district
- Authority
- County service
- Privatize
- Contracted service
- Competitive contract
- Regional planning
- Joint meeting
- Public/private partnership/organization
- Standardized service delivery



The searches always used the following additional governmental terms as limiters:

- Municipality
- Local government
- Borough
- Village
- Town
- Township
- City
- County
- State

Since the search engines differ in their filter capabilities (and the Boolean logic which drives some of them), the research associates used their familiarity with literature searches to make efficient search decisions. They focused on North American articles, cross-cultural studies that included the United States, or other articles, despite their geographic origins, if they were applicable to the subjects the Commission wanted to investigate in a New Jersey context.

Winnowing the search results while casting a broad enough net is not always easy, and never automatic, as our preliminary analysis showed. The research associates, with faculty guidance, used their expertise in the content area they investigated and their experience with literature reviews as doctoral students to make the searches practical and the results comprehensive and responsive.

### **Reference Database – EndNote®**

SPAA summarized the important information from the articles and reports found in the literature searches in EndNote®, a high-quality bibliographic software program by Thompson Reuters. As part of its work products, SPAA will provide a copy of EndNote® to LUARCC with the on-line annotated bibliography for all five projects it completed. A printed copy of the annotated bibliography for this project is Appendix A to this report.

The findings are the core of the reference database and of this project. The findings contain a brief extract from the article or a summary of a key point that links the article to LUARCC's questions. The following information is contained with the findings to provide a quick review:

- **Question ID** – this will contain a project designation and identify the specific question addressed
- **Finding** – a brief description of the finding, conclusion or discussion
- **Cases** – if it is based on an empirical study, the number of cases that support the finding

- **Basis** – reviewer’s evaluation of the substantiation of the finding in the source on a 0 to 4 scale. If there is no basis, it is rated a 0; poor evidence, a 1; some evidence, 2; well substantiated, 3; considered a fact, 4
- **Unit** – the government unit or region cited in the finding

It is not necessary to use EndNote® to make the most of the project completed by SPAA. Rather, the working details contained in EndNote® are there to support this report.

### **Library of Documents**

Each article, or an appropriate extract from the article, report, book excerpt or other research document, has been stored and will be accessible in a separate file as a Word Document or PDF. LUARCC will be able to link to it from the EndNote® reference database that SPAA will provide as a final work product. It will contain the full text of appropriate parts of the information sources found. Hence, it will allow LUARCC or its staff to review the original information that SPAA has summarized, allowing the Commissioners to be confident about their decisions as LUARCC goes forward.

### **Preparing the Final Report**

SPAA used the findings in the EndNote® annotated bibliography to organize the report for each project around the questions initially specified by LUARCC in the original RFP. In preparing the report, the faculty and project director reviewed the findings, interacted with the research associates who had found and read the articles, and, when warranted to resolve any ambiguity, read the original texts. This final review generated SPAA’s conclusions in this report. In addition to this report, SPAA will provide an overall summary report for all five projects it completed.

# APPENDIX C

## RFP QUESTIONS

RFP Question	Question ID
<b>Are there optimal arrangements for delivering various public services from the standpoint of efficiency and to minimize duplication of efforts? Are there diseconomies of scale associated with larger service delivery operations? The commission is focusing initially on the following services: Police, Fire, Emergency Dispatch, Public Health, Public Works, Courts, Construction Code Enforcement, and Animal Control. Examine this question from the perspective of population served, population density, service area, or other measures of service delivery jurisdiction deemed relevant and appropriate in the New Jersey municipal context.</b>	SD
Evaluate and rank the effect of population density (a pattern of sprawl versus compactness)	SD1
Evaluate and rank the effect of physical expanse of the municipality	SD2
Evaluate and rank the effect of demographic characteristics of the population (wealth, poverty, age characteristics, education level, demand for services)	SD3
Evaluate and rank the effect of character of land use (bedroom community versus heavily commercial or industrial tax base)	SD4
Evaluate and rank the effect of natural features (limitations on development owing to aquifers, steep slopes, other environmental sensitivities)	SD5
Evaluate and rank the effect of age of community and infrastructure (older industrial cities versus newer settlements on the ex-urban fringe)	SD6
Evaluate and rank the effect of demands on municipal services and infrastructure (seasonal peaks, bedroom community versus employment hub)	SD7
Evaluate and rank the effect of stress on the property tax base (high proportion of tax exempt property, land use restrictions that inhibit ratable growth)	SD8
What are the optimal arrangements for delivering the abovementioned services that maximize cost efficiency or achieves other benefits?	SD9
Identify a range of optimal arrangements depending upon municipal characteristics such as any enumerated above	SD10
Any challenges encountered in attempting to define optimal service delivery arrangements and an analysis of any difficulties encountered	SD11
Other variables which would be helpful for commission members to understand in attempting to identify criteria for recommending merging of services/alternative service delivery arrangements to those which currently exist	SD12

## **APPENDIX D**

### **BIBLIOGRAPHIC DATABASES**

Academic Search Premier  
Books in Print with Reviews  
Business Source Premier  
Catalog of U.S. Government Publications  
Conference Board Research Collection  
CQ Researcher  
Eagleton Poll Archive  
Factiva  
Gartner Research  
GPO Access  
Historical Statistics of the United States: Millennial Edition  
Human Population & Natural Resource Management  
Index to Legal Periodicals Full Text  
Investext Plus  
Lexis/Nexis Academic  
Lexis/Nexis Statistical  
National Technical Information Service  
New York Times  
Public Affairs Information Service - International and Archive  
SA ePublications Social Science & Humanities Collection  
Social Sciences Full Text  
Statistics Canada's E-STAT  
TV-NewsSearch: The Database of the Vanderbilt Television News  
Archive  
Value Line Research Center  
Wilson OmniFile Full Text, Mega Edition  
Worldwide Political Science Abstracts

#### **Other Information Sources**

Research and Information Resources for Public Administration  
[Using the Political Science and Government Literature](#)  
[Public Performance and Measurement Review](#)  
<http://spaa.newark.rutgers.edu/sharedservice.html>  
SPAA's Public Performance and Reporting Network