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I am submitting herewith a dissertation written by Charles Richard Abernathy entitled "Service Delivery Consolidation, Governance and the Enhancement of Local Government Capacity: Creating a Service Consolidation Model." I have examined the final electronic copy of this dissertation for form and content and recommend that it be accepted in partial fulfillment of the requirements for the degree of Doctor of Philosophy, with a major in Political Science.

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SERVICE DELIVERY CONSOLIDATION, GOVERNANCE AND THE  
ENHANCEMENT OF LOCAL GOVERNMENT CAPACITY: CREATING A  
SERVICE CONSOLIDATION MODEL

A Dissertation  
Presented for the  
Doctor of Philosophy  
Degree  
The University of Tennessee, Knoxville

Charles Richard Abernathy  
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## **DEDICATION**

This dissertation is dedicated to my family, especially my wife Teresa for her encouragement and insistence that I complete the process. I include my twin sons Alex and Andrew who still cannot understand how anything can take over two years to accomplish. Finally, I include my parents and extended family for their encouragement and prayers.

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## **ABSTRACT**

This research project addresses the issue of service consolidation by units of local government. Service consolidation between units of local government is a frequent occurrence and references the partial merger of local government departments. The research defines the topic and suggests a distinct placement in the academic literature. Service consolidation is a similar but different topic from local government cooperation, collaboration, functional consolidation or comprehensive merger. To assist, a survey of county managers in North Carolina is conducted to determine the frequency of service merger activity, the attitudes of manager's regarding the practice and to determine the types of services viewed favorably for this activity. The research project also conducts two case studies of successful service merger projects with the goal of better understanding the process and specific management strategies creating a favorable outcome. The survey and case study results suggest a favorable view of this activity from administrators and are coupled with a series of cautionary assertions from existing research.

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# **Chapter One**

## **Service Delivery Consolidation, Governance and the Enhancement of Local Government Capacity: Creating a Service Consolidation Model**

### **Introduction**

I recently attended a North Carolina Association of County Commissioners (NCACC) conference whose theme was “Untangling the Web.” The conference focused on the future of state-county relations and is the basis for the thesis expressed in this dissertation.<sup>1</sup> One presenter at the conference, Carl Neu, posed two questions to the attendees. First, if local government were being optimally designed and implemented today would it resemble the current organizational arrangement (Neu, 2006)? In other words, is local government organized to maximize various characteristics usually valued such as efficiency, effectiveness, responsiveness and openness? The audience comprised primarily of county commissioners and staff seemed to agree that change would be desirable.

A second question posed by the presenter was if local government were in need of a different organizational design why does the change or innovation not occur (ibid.)? Essentially, what are the obstacles preventing optimal organization? Stated positively, the question could be framed: “What are the steps that could be taken to foster positive change in the current organizational arrangement impacting counties?” How to best organize local government to maximize desired values has been a topic of interest at least since the emergence of the Reform Movement in the late nineteenth century.

The focus of this research project is the consolidation of services or departments between units of local government. Functional consolidation is a type of organizational change that routinely occurs in practice. The study of functional consolidation as a research topic has been sporadic and is often linked with topics such as collaboration, regionalism or comprehensive city-county merger. My purpose is to review service consolidation as a form of organizational change and assess the factors causing the process of service delivery consolidation to successfully occur.

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<sup>1</sup> The conference was held on September 7, 2006 in Winston-Salem, North Carolina.

The topic of functional Consolidation between city and county government is a common theme for local government practitioners. The subject is widely discussed at city and county manager conferences and is identified as an issue on the National Association of Counties (NACo) website.<sup>2</sup> The NACo website lists twenty-six examples of successfully implemented functional consolidation projects. The consolidated services range from simple services such as tax collections or utility billing to more elaborate services such as law enforcement, planning processes and water and sewer utility infrastructure. Most units of local government have consolidated services within their organizations. Moreover, most local government managers would likely acknowledge the potential for additional service mergers within their respective organization. In other words, the potential for service delivery consolidation, as a form of positive organizational change is probably significant. Academics have also recognized that alternatives to city-county merger should be more fully explored. Clyde Snyder, in “American County Government: A Mid-Century Review” suggested that researchers interested in improving county government focus their efforts on the practical and realistic goal of functional consolidation and internal reorganization. Snyder wrote the following in 1952:

Students of local government have long believed that economy and efficiency in local offices might be advanced by a carefully planned process of county consolidation. Considering the numerous sources of opposition to voluntary consolidation and the past record of failure it seems scarcely likely that substantial progress in this direction will be made. Those interested in the improvement of county government would therefore seem well advised to waste little time or effort in the support of consolidation but to concentrate rather on the more practicable means, such as internal reorganization and the consolidation of functions (1952, 68).

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<sup>2</sup> The National Association of Counties has a website link for service delivery consolidation at [www.naco.org](http://www.naco.org). The site overviews examples of functional consolidation projects. There was no systematic overview of the topic.

Vincent Marando reached a similar conclusion in 1979 stating: “Students of consolidation might profitably turn their interests to other aspects of reform.” One of the “non-structural” reforms cities by Marando is the transfer of functional responsibilities. Marando elaborates by stating the following:

Although few consolidations have been adopted, the reform process may carry its own rewards. It may be suggested that even if consolidation is rejected, some goals are attained. Citizens become involved in government, civic education occurs, referenda are encouraged, civic associations are formed and perhaps a lasting sensitivity to civic duty remains as a residue of the consolidation effort (1979, 40).

Marando continues with an overview of a successful service consolidation in Sacramento., California, resulting from a failed merger referendum. Clearly, service consolidation is a different research topic than the issue of city-county merger and should be viewed as a distinct and more limited form of local government change. The continued call for academic research on alternatives to city-county merger was made by Jered Carr and Richard Feiock in 2004. Comprehensive consolidation is a rare event requiring substantial time and political capital. Also, the results of city-county merger do not always match the claims made by consolidation advocates (ibid.). Carr states that academic research tends to focus on the process of merger and not the results. City-county merger results in a more centralized and monolithic system causing access problems, diseconomies of scale and a rigid service delivery (ibid.). Carr states the alternatives to city-county merger provide opportunities for economies of scale while avoiding the cost (2004, 9).

The alternatives suggested by Carr and Feiock for future research includes annexation, the creation of service districts and the use of interlocal agreements. Carr repeats the call made by Clyde Snyder and Vincent Marando stating “it is time for students of local government to recognize city-county consolidation as a single approach to the consolidation of public services and to examine the many alternatives to the comprehensive consolidation of governments” (2004, 23).

As an example, in December 2006, *Public Administration Review* published a special edition specifically dedicated to the issue of collaboration as a research topic. The author's describe collaboration as a topic also deserving additional academic research. In the introduction to the edition, it is suggested that the singular focus on collaboration is to "push the field" and to encourage innovation, questioning and theorizing on the issue of collaboration (O'Leary, Gerard, Blomgren, 2006, 7).

Collaboration is defined as the "process of facilitating and operating in multi-organizational arrangements to solve problems that cannot be solved or easily solved by a single organization" (ibid.). Collaboration is a process whereby organizations "cooperate to achieve common goals, working across boundaries in multi-sector relations" (ibid.). An example of functional consolidation by Mecklenburg County and the City of Charlotte was provided in this edition as an example of collaboration (Engle, Cowherd, 2006). I will more fully explore the distinction between collaboration and functional consolidation.

For purposes of this research project, I will make a distinction between service delivery consolidation and city-county merger, regionalism, the use of interlocal agreements and collaboration. While there are commonalities, I will assess service merger as a distinct process. Service consolidation will be defined as the merging of departments involving independent units of government. By definition, service merger results in the elimination of an agency and the restructuring of a remaining and related organization. Substantial organizational change occurs in at least two separate organizations. Over the short run, service merger may produce a more intense and significant activity for an organization than collaboration, regionalism or local government cooperation. It is not, however, as radical or comprehensive as two-tiered consolidation or city-county merger. For this research project, I will define service consolidation as follows:

Service consolidation is a form of integrated interaction or activity between units of government. It involves at least two units of government often with overlapping jurisdictions. The activity occurs when identical or similar departments are merged. Each government involved in the service

consolidation retains their overall political organization and structure and each entity retains their independence. The service that is merged ceases to be provided by at least one unit of government. While service consolidation can share characteristics, it does fundamentally differ from local government cooperation, collaboration, regionalism and comprehensive city-county merger.

I will clarify a number of issues regarding this definition and my use of terms. First, I will use the term service consolidation as a distinct term from functional consolidation. It is my position that a service and a function differ. A service is a local government department or agency such as a finance department. A function involves an activity carried out by one department for another organization such as the function of risk management. The function of risk management could be merged between two distinct agencies without structural change taking place. This is not the type of consolidation activity I am evaluating. As I will discuss later in this chapter, I view merging functions as a form of collaborative activity. My use of the term will be consistent with the definition provided. Service consolidation references a “partial consolidation” of governments where actual departments, personnel and resources are merged and eliminated (Rosenbaum and Henderson, 1972, 429). Also, I will use the terms merger and consolidation interchangeably.

It is possible to further delineate service consolidation into additional sub-categories. One consulting company specializing in emergency services describes six types of service consolidation including administrative, partial, functional, operational, geographical, and full agency consolidation. (McGrath, 2008). The type of service consolidation previously provided in my definition occurs when “two agencies completely merge into a single legal agency” (ibid.).

### **Service Consolidation as a Distinct Research Topic**

Fundamental differences exist between service consolidation and various forms of governmental interaction including cooperation, collaboration, regionalism and comprehensive city-county merger. Academic reviews of these issues often include service consolidation as a related topic. Service consolidation shares

characteristics with these forms of local government change. It is, however, my goal to draw a distinction to the issue of service consolidation. The topic should be assessed using an appropriate definition. I will briefly review collaboration, regionalism and city-county merger and draw parallels and distinctions with the issue of service consolidation.

Service consolidation is a more intense and complex activity than local government cooperation or collaboration. Collaboration is defined as the “process of facilitating and operating in multi-organizational arrangements to solve problems that cannot be solved or easily solved by a single organization” (O’Leary, Gerard, Blomgren, 2006, 7). Collaboration is a process whereby organizations “cooperate to achieve common goals, working across boundaries in multi-sector relations” (ibid.). A fundamental theme inherent in collaboration is the value of reciprocity and mutual gain as an outcome of the process.

The significance of collaboration lies in the potential creation of a new and higher outcome. Collaboration differs in this respect from local government cooperation. Local government cooperation could be as simple as two towns sharing equipment. Collaboration potentially propels organizations to a “higher order of collective action” (Thompson and Perry, 2006, 23). This higher order is “shared and separate” from each individual entity and creates results not feasible through an individual agency (ibid.). Robert Arganoff describes collaboration as a series of networks building “collective capacity” (2006, 63).

Collaboration is a necessary skill for successful public managers due to the need to negotiate, mediate and build relationships across boundaries (Thompson and Perry, 2006, 20-22). In this respect, the literature on the subject of collaboration is very similar to the vast body of academic work on the issue of regionalism. Collaboration in public management involves operating within formal and informal networks to achieve common goals while crossing organizational boundaries (Kettl, 2006). Collaboration is also necessary because agencies share service characteristics and service goals but remain constrained by organizational and legal parameters (O’Leary, Gerard, Blomgren, 2006).

An important aspect of collaboration is the natural tension between the larger collaboration goals and the more immediate loyalty to each individual organization. This tension represents an “autonomy-accountability” dilemma for the participants (Thompson and Perry, 2006, 29). Essentially, successful collaboration should produce a benefit off-setting the time and resources invested in the process by each entity. The tension inherent in collaboration requires the participants to sacrifice a certain degree of autonomy to the process. Cooperation or collaboration does not automatically produce improvements in public services and the rewards may be linked to the level of complexity of the services being coordinated (Jennings and Ewalt, 1998, Lundin, 2007).

Service consolidation shares many of the characteristics and challenges identified in the collaboration literature. Service consolidation does produce an inherent tension involving loyalty to the existing organization and the potential promise thought to exist in a new service entity. The creation of an improved or higher type of entity is also a shared characteristic. The goal of service merger is to enhance the level of service or to take advantage of potential economies of scale. The goal of both service consolidation and collaboration is an improved organization. Collaboration and service consolidation address issues not easily solved by individual agencies. The processes are similar since there is often a service provision challenge related to limitations created when an agency functions in isolation (McGuire, 2006).

Service consolidation does differ from collaboration. Service consolidation requires collaboration but is a different concept. Collaboration is often an informal arrangement whereby units of government cooperate to enhance communication or service related activities. Collaboration can range from voluntary arrangements to formal service contracts defining the service interaction. Collaboration differs from service consolidation since the agencies involved continue to exist. Collaboration enhances an agency’s ability to provide a particular service through sharing resources. Conversely, service consolidation combines service agencies providing similar or identical services and eliminates certain governmental service components.

Service consolidation is also distinct from the topic of regionalism. Regional cooperation between units of local government has been the subject of intense academic interest beginning in the late 1960s. Regionalism recognizes the mutual relationship local government entities and business interests have with other local government and business entities (Rusk, 1993 and Katz, 2000). This common interest will result in the organizational goals extending beyond an agencies immediate jurisdiction.

The interest in regionalism by local governments focuses on addressing “cross-jurisdictional problems” with “cross-jurisdictional solutions” (Katz, 2000, 3). The problems of urban sprawl, environmental protection, coordinated planning and infrastructure constraints in a modern and diverse society require coordination by local governments and economic interests (Savitch and Vogel, 1996). Essentially, regional proponents advocate coordination and coalition building rather than fragmented and isolated approaches to solve complex problems (Pierce, 1993).

Service consolidation shares the characteristic with regionalism of governments cooperating for mutual gain. Service consolidation efforts can also be undertaken for reasons consistent with a regionalist approach to problem solving. Regionalism is pursued to enhance governmental efficiency and effectiveness. The primary advantage of regionalism is to coordinate cross-jurisdictional problems and economic development challenges through coalition building (Savitch and Vogel, 1996). Fragmented and decentralized agencies seek to cooperate to realize agency goals and objectives. I will suggest that service consolidation is also approached from the standpoint of solving cross-jurisdictional problems and is concerned with the efficiency and effectiveness of local government service delivery.

Regionalism and service consolidation are different processes. Regionalism can take many different forms ranging from collaborative joint ventures, service provision through regional entities or formal arrangements between independent units. Service consolidation is the specific act of departmental merger. Also, service consolidation often involves local governments with overlapping jurisdictions.

Regionalism is typically defined as collaboration between distinct and separate local jurisdictions that do not overlap.

Finally, service consolidation is most often linked in academic literature with the concept of city-county merger. Walter Rosenbaum and Gladys Kammerer define the full political merger of units of local government in terms of revolutionary change (1974). Rosenbaum and Henderson describe city-county merger as the “peaceful, relatively rapid and extensive urban government restructuring that leaves few aspects of a community’s government and political structure unaffected” (1974, 437).

Rosenbaum and Kammerer apply Chalmers Johnson’s theory of revolutionary change to the occurrence of city-county merger. This theory establishes a framework for why governments “cease to function effectively and why men grow dissatisfied with them” (1974, 444). The Rosenbaum and Kammerer model of city-county merger relies on conditions referred to as social disequilibrium and power deflation as necessary to produce comprehensive city-county merger. This theory does make a distinction between comprehensive and “incremental” consolidation but focuses on the issue of city-county merger (*ibid.*). Incremental consolidation is briefly described by Rosenbaum and Kammerer as ambitious plans that “retain existing governments, but diminish or redistribute their powers, often through the reallocation of government functions between city and county units” (*ibid.*, 6-7). I will return to the Rosenbaum and Kammerer model and its potential application to service consolidation.

Joseph Zimmerman in “Metropolitan Reform in the US: An Overview” also describes city-county merger in terms of both an incremental and comprehensive consolidation. The distinction for Zimmerman is described as follows:

When we speak of consolidation we may refer either to the consolidation of functions which occurs when a function is shifted to a higher level of government-this is labeled centralization by some- or to a consolidation of units of government. The creation of metropolitan federation may also be referred to as a type of consolidation in view of the fact certain functions are

taken away from municipalities and assigned to the newly created upper-tier unit (1970, 532)<sup>3</sup>.

The work by Zimmerman does make a distinction between incremental consolidation, two-tiered consolidation and comprehensive consolidation and the differences will be further referenced. The incremental approach to city-county merger is, in fact, a form of service consolidation.

Substantial academic research has been completed on the issue of city-county merger. The actual occurrence of this event is infrequent. The success rate of merger referendums is only 25% and approximately 1% of county governments are merged with at least one municipality (NACO, 2008). I have included a list of all city-county mergers and attempted merger referendums in the United States in the appendix.

Academics have historically concentrated their research on a variety of merger related issues and the works are often largely descriptive assessments of a specific merger process. For example, William Lyons in “The Politics of City-County Merger” details the merger process of Lexington and Fayette County, Kentucky (1977). Similar works overview the successful mergers of Nashville and Davidson County, Tennessee, Jacksonville and Duval County, Florida and Suffolk and Nansemond County, Virginia (Booth, 1964, Havard and Carty, 1964, Lyons, 1977, Swanson, 1976, Temple, 1972).

More recently, city-county merger projects have addressed a variety of significant topics including merger referendums, who participates and questions regarding the claims of advocates and detractors of consolidation (Carr and Sneed, 2002, Carr and Feiock, 2004, Durning, 2000, Feiock and Carr, 1997, Feiock and Carr, 2001, Fleischmann, 2000, Johnson, 2004, Leland, 2004). There has also been substantial research updating and amending the Kammerer and Rosenbaum theory of city-county consolidation by Leland and Thurmaier (2000). I will more thoroughly review recent research on city-county merger in Chapter Two.

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<sup>3</sup> I take exception to characterizing functional consolidation as always being a shift to a “higher level of government”. This may be the most common example, but the merger of services can include the merging of services from a higher level to a lower level of government. I will explore this further.

The issue of city-county merger does differ from the less comprehensive process of service consolidation. The process of service consolidation avoids the more difficult issues of merging elected bodies, top management and eliminating total units of government. For these reasons, service consolidation is a more common form of local government change. Service consolidation is a limited, more cautious and less complex process than city-county merger. There are service consolidation lessons that can be applied from city-county merger and these similarities will be reviewed. The issue of service consolidation is a significant topic and substantially differs from city-county merger.

To simplify the distinction between service consolidation and other types of local government organizational change I developed a Continuum of Local Government change in Figure 1.1.<sup>4</sup> The continuum provides for greater local government independence, fragmentation and decentralization moving from right to left on the scale. Conversely, the continuum provides for greater organizational change and service consolidation moving from the left to right. At one extreme

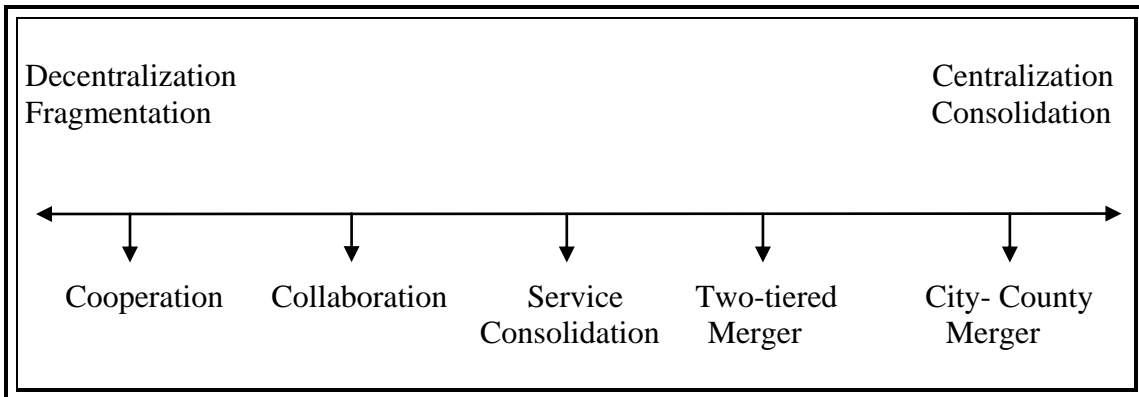


Figure 1.1  
A Continuum of Local Government Change

<sup>4</sup> A continuum of Regional Institutions is used by H.V. Savatch and Ronald K. Vogel in the work “Regional Politics”. The authors use a continuum that ranges from Metropolitan Government to Mutual Adjustment and Avoidance. The idea for the continuum that I developed came from this example.

independent units of local government with little formal coordination exist. At the other extreme is a radical form of political change whereby units of local government merge with surrounding units.

It is my contention that organizational change becomes more complex and comprehensive moving from left to right on the scale. The complexity and intensity of local government change also increases moving from left to right. And finally, it is my contention that potential organizational risk is enhanced moving from the left to the right on the continuum. Essentially, change intensifies as units of government increase their interaction with other units of government. A substantial debate involves whether an automatic enhancement to the organization occurs as a unit of local government becomes more centralized or fragmented. This debate will be addressed in this project as it relates to service consolidation.

To summarize, service consolidation is a topic of significant interest to practitioners and a common topic in professional publications. The issue is commonly cited on the Internet. Service consolidation is less often addressed in the academic literature. When the topic is addressed it is often combined with other related topics including the issue of city-county merger. The consolidation of service delivery as a research topic requires the establishment of a basic framework for the systematic inquiry needed to better investigate a series of currently unanswered questions. I will lay these questions out in the corresponding chapters.

### **Why Service Consolidation is an Important Research Topic**

The modern interest in service consolidation and the issue of city-county merger can be traced to the Reform Movement in the late nineteenth century and the emphasis placed on “good government.” Woodrow Wilson described the Reform Movement as emphasizing a neutral and professional bureaucracy searching for scientific principles (1997). The Reform Movement sought the rationale organization of government. The movement emerged because of real or perceived inefficiencies and corruption created by political patronage and the spoils system.

As such, the Reform Movement became synonymous with efforts to enhance efficiency and to limit political influence. Examples of the rationale and value-free

approach would include the hiring of professional city managers to “separate” partisan politics and administrative activities, various pieces of legislation including the Civil Service Reform Act, the formation of the National Municipal League and an interest in city-county merger (Denhardt, 1984, 42-50).

The impact of the reform movement and the desire for a rationale government organization continues to be of interest. In recent decades, consolidation of services has become an important issue for units of local government and a more important research topic for four reasons. The reasons include the following:

- 1) County government has developed and expanded as a general service provider. The role of county government has changed.
- 2) The development patterns of cities have created service delivery overlap and conflict. This includes both municipal annexation patterns and the growth of the suburbs.
- 3) Local governments need to better develop organizational capacity to deal with real or perceived threats and to meet organizational goals and objectives.
- 4) Service consolidation is a governance issue. The issue has gained in importance as the field of public administration has focused more on governance and citizen responsiveness.

### **Expansion of County Government Service Delivery**

For county government, the trends making service consolidation an important issue include the expansion of county general government service delivery. There are 3,014 counties in the United States and the number is largely static. County government has historically served two distinct roles. Counties were created as local agents to implement state goals and service programs (NACO website, 2008). County government also provided general government services, especially in rural areas. The recent historical trend includes an expanded role for county government in both areas of responsibility (Ferrell, 1989, Menzel, 1996, Marnado and Baker, 2001). The federal and state governments have substantially increased their reliance on county government as vehicles for the implementation of federal and state programs. The

mandated programs range from health services, education, transportation, and human services (ibid.).

A similar pattern has developed in relationship to county general service delivery. Counties are more involved in providing general government services previously the responsibility of municipal governments. Mark Schneider and Keeok Park reviewed this issue in an article titled “Metropolitan Counties as Service Delivery Agents: The Still Forgotten Governments” (1989). The author’s contend that the service delivery role of county government is increasing both in terms of total expenditures and number of services provided. Schneider and Park utilize the Service Dominance Index developed by the U.S. Advisory Commission on Intergovernmental Relations (USACIR) and detail the number of services provided primarily by counties. The number has increased from forty-one services in 1966 to sixty in 1987 (1989). During the same period, total expenditures for counties increased at faster rates than other units of local government (except special districts) (1989, 347). County government increased spending from \$223 billion in 1972 to \$782 billion in 1987 (ibid.).

Benton and Menzel reached a similar conclusion concerning county government as service delivery agents. The county government workforce increased from 26% of the total governmental workforce in 1951 to 40% in 1997 (2002). During the same period, the municipal labor force declined from 64% of the total governmental workforce in 1951 down to 44% in 1997 (ibid.). Benton and Menzel conclude that counties are expanding their service delivery capabilities into service areas historically provided by cities.

There are various explanations for county government service growth. For my purposes, it is important to demonstrate that county government expenditures are increasing at a faster rate than municipal services. It is also important that the number of functions and services provided by county government are increasing at faster rates. This enhanced service delivery role of county government includes both the role of county government as an agent of the state and a general service provider.

The significance of this trend is two-fold. First, counties are increasing both the number of services and total expenditures at rates exceeding municipalities. And second, the expansion of general government service delivery by counties serves to blur the traditional demarcation between cities and counties. Essentially, as counties expand service delivery, the overlap or duplication with municipal services increases. Counties are providing greater numbers of services historically viewed as municipal services and many states now allow counties to provide a full array of local government services (Menzel, 1996, Wicker, 1982). This trend makes service delivery issues, including consolidation, more pronounced.

### **Municipal Development Patterns**

A similar impact to the issue of service delivery is observable by assessing the development patterns of cities during the twentieth century. City development was historically based as a concentration of economic and population centers. City service delivery is historically characterized as being urban in nature. The increase in larger population centers required urban services such as municipal water and sewer systems, fire departments, transportation, lighting, sanitation and development planning (Rusk, 1993). Counties historically placed greater emphasis on serving rural areas and complying with state service mandates especially in the area of human services.

Clearly, a complete separation of city and county functions has never existed. More distinct roles governing service delivery allocation did, however, exist. Counties serviced rural areas, implemented state program mandates and provided certain countywide services. Municipal services were based on the distinct needs created by the concentration of population and economic activity. This more clearly defined historical service delivery system has become considerably nebulous.

The primary basis for this change relates to the growth of suburbs and the corresponding decline of the central or “core city” (Rusk, 1993, Downs, 1994). Municipal development creates a concentrated population, economic activity and the opportunity for entrepreneurial activity (ibid.). The development of large and small cities provided economic opportunity for citizens in rural non-municipal areas

ranging from agricultural production to manufacturing. The mass movement of populations from cities to outlying areas began with the development of the automobile and a modern system of highways and transportation. As we will see, this trend is further enhanced by the development and expansion of information system technology.

Neal Pierce in “City-states” describes this development as the movement of populations, urban forms of development and business and job development (1993). Anthony Downs describes the process in terms of a half-century “dominant vision” of how development should occur (1994, 5-7). The vision is described by Downs as low-density sprawl and includes both broad societal acceptance as well as personal goals valued by individual citizens. The personal goals include the desire to own a home in a safe neighborhood, attend good schools, own a car and reside in areas with available open space (ibid.).

The challenges created by this trend for municipal government are substantial. Core-cities were faced with a variety of complex problems ranging from a loss of jobs, negative tax base implications and increased crime. The impacts to the newly developed areas were also substantial and include pollution, urban sprawl, congestion and an unanticipated loss of community. Downs calls for a “new vision” for metropolitan areas and asserts that the unanticipated growth related problems “threatens the long-run viability of American society” (1994, 183-88).

H.V. Savitch and Ronald Vogel also elaborate on a racial consequence of this trend. Savitch describes the trend as a “black or brown urban core surrounded by a white periphery” (1996, 9). Observers contend that a racial component is a strong variable in the movement of population groups to the suburbs. This trend has euphemistically been labeled “white flight.” This movement of population has resulted in continued residential and economic separation of minority groups (ibid.). The results have also politically empowered many minorities in cities that have elected minority members to the post of mayor and city council.

Suburban development impacts the issue of service delivery consolidation. The development patterns have created tension between the suburbs and the

traditional city and between city and county government. The tension, which could be characterized in terms of an intense conflict, focuses on a variety of issues ranging from competition for influence and status to struggles over the control of land areas, economic development and financial resources. As an example, Alvin D. Sokolow provides research detailing the significant competition for control of land and taxes between counties and cities in the state of California (1993). The competition occurs for scarce resources and is described as “more complex and less cooperative” than portrayed (*ibid.*, 54).

The development pattern creates additional fragmentation in local government service delivery and utter confusion on the part of citizens regarding the assignment of service responsibility. I recall receiving a rather simple complaint from a citizen concerning a concrete mixing business adjacent to her residence. The company was affecting the owner’s property by leaving ponds of water on the site and impacting an adjoining stream. The citizen asked me who had jurisdiction over her concern. A short answer to her question was that one state agency had jurisdiction over the erosion control measures on the property and a second state agency over the surface water impact. The District Health Department (the county) had jurisdiction concerning mosquito breeding in the standing water. The property was in the city-limits and was impacting the drainage into the adjoining street. The street was state maintained and the run-off in the drainage system was received by the municipality. At least six different agencies had a jurisdictional interest in the problem.

Local governments are flexible and sophisticated enough to handle these situations with single points of contact or policies typically called “no closed door.” Still, the fragmentation of service delivery is significant, and providing anecdotal examples would be a never-ending exercise. Writing about the need for reform in 1956, William C. Havard and Alfred Diamont state the following:

There is little doubt that much confusion has resulted from the fact that city and county authorities often endeavor to function over the same area...Overlapping jurisdictions have resulted in considerable friction, needless expense and profitless duplication of effort. In summary, it may be

said that the structure of local government in the United States is seriously inadequate. In the first place the units are too small, too numerous and tend to overlap even to the point of multiple layers in some places. The consequences of this situation are a lower level of services, higher costs, and difficulty of maintaining both local popular control and state control over the local units (1956, 983).

David Berman offers a similar description of the relationship between cities and counties. The author states that cities and counties share powers and functions and “bump into each other” in a complex relationship of constant interaction (1993, 135). According to Berman, each entity is following its own individualized and defined self-interest. This more confusing relationship between cities and counties manifests in many public policy issues and interrelationships including the delivery of services to citizens and competition for resources to govern.

### **Service Consolidation and Organizational Capacity**

A third reason service consolidation is a significant issue is the need for local government to enhance organizational capacity. Beth Walter Honadle defines capacity as “movement away from traditional structures based on custom and movement toward relationships based upon rules which achieve higher levels of rationality” (1981, 576-77). Capacity is defined as both the activities an organization is carrying out and the human and technical resources available to support or increase these activities (ibid.). The author states that organizations must be able to obtain resources to be viable, and resources include a broad array of inputs such as “community support, citizen participation, tax revenues, intergovernmental aid, technology and information” (ibid., 576).

There are two reasons organizational capacity is an important consideration for local governments. The first relates to the issue of environmental uncertainty. The goal of reducing uncertainty is fundamental. Organizations desire to ensure their future existence and viability (Downs, 1967). The second reason is meeting organizational goals and objectives established by local elected officials or staff. The goal of carrying out desired programs is also fundamental. These goals and objectives

typically involve the expansion of government programs or services to meet local problems or needs.

Stephen Robbins in “Organizational Behavior” explains that organizational structure can and will be altered to address issues reducing the threat posed by environmental forces. Robbins expands on this by stating the following:

The capacity of an environment refers to the degree to which it can support growth. Rich and growing environments generate excess resources, which can buffer the organization in times of relative scarcity. Abundant capacity leaves room for an organization to make mistakes, while scarce capacity does not (1983, 472).

According to Robbins, there are three environmental factors creating stress for individuals within organizations. These factors include economic uncertainty, political uncertainty and technological uncertainty (*ibid.*). These same factors also create organizational stress and represent challenges to a local government entity.

Local government must react to economic uncertainty since an economic downturn negatively impacts revenues and creates greater demand for program utilization. A unit of local government will react to political change since the management of programs and services occurs in the context of policy directives provided by elected officials. Technological change affects organizations as units of local government provide on-line services and increased levels of electronic information to citizens. Officials are required to manage and make decisions at an enhanced pace. Organizational capacity is sought to address the stress or threat posed by these external forces.

These needs are especially pronounced for rural governments struggling to address change and make quality decisions. Beverly Cigler defines capacity as the “ability to anticipate and influence change; make informed and intelligent decisions about policy; develop programs to implement policy” and to manage resources and evaluate current activity (1993, 97). Cigler suggests that the problems of rural service delivery are causing local governments to increase efforts to coordinate and collaborate. These smaller and more rural local governments often lack the resources

and the expertise to effectively provide local services. Functional consolidation is referenced as one of the recent trends by local government to develop organizational capacity (ibid.).

Arthur A. Thompson and A.J. Strickland describe a successful business strategy as “deliberately aimed at maximizing its best growth opportunities, especially the ones that hold the most promise to build sustainable competitive advantage and enhanced profitability” (2001, 150-153). This strategy offers a defense against external threats to the viability and future performance of the company as well as an offensive strategy to capitalize on the most promising growth and market opportunities (ibid.). Local government is similar to a private company in this respect. An inherent goal of local government is to resist external threats created by economic, political and technological uncertainty.<sup>5</sup> At the same time, the unit of government strives to enhance its organizational capacity to carry out the desired goals and objectives of elected officials and management.

Herbert Hughes and Charles Lee recognize the significance of organizational capacity and the related effect on “evolutionary consolidation” (1999, 142). Metropolitan government capacity is defined as a communities’ ability to “solve its problems” and is a function of “expectations and resources about adequate service levels” (ibid.). Hughes and Lee identify the resources of a community to include money, knowledge, administrative skills, private associations, neighborhood organizations and political popularity. For the authors, there is a “persistent tendency of local governments and communities to build metropolitan government capacity through progressively more centralized cooperative arrangements” (ibid.).

I will define organizational capacity as an organization’s ability to protect or increase its resource base, management capability, or its service level. The concept includes an ability to respond to new impacts to a service delivery system. Organizational capacity is a broader concept than an organization’s ability to raise or

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<sup>5</sup> A different view of this assertion is provided by Joel A. C. Baum and Jitendra V. Singh in “Dynamics of Organizational Responses to Competition”. See especially pp. 1261 to 1262. The authors suggest no research demonstrates the effect of organizational change on the intensity of competition.

avoid raising taxes. The concept also includes an organization's ability to pursue ideas, research service options, to effectively manage staff and to oversee and evaluate programs. Organizational capacity references an ability to be efficient, effective, responsive and open. Organizational capacity alone will not guarantee the existence of these characteristics but it is a fundamental component necessary to establish successful local government.

Local government is faced with numerous environmental threats including unfunded mandates, taxpayer revolts and diminished levels of confidence. Local government does not always have the ability to control or resist new mandates and is often left with few mechanisms to raise sufficient revenue. The primary revenue generation method is the property tax, and it is viewed by elected officials as an unpopular and unfair tax. Service consolidation represents an option to enhance capacity that often exists at the discretion of local government. This point is not meant to imply an easy process. Service consolidation often represents an option available to local government that can serve to improve the capacity of the organization to address uncertainty.

### **Service Consolidation and Governance**

And finally, service consolidation is an important issue because of what one author calls the "governance gap." The governance gap is succinctly defined by Neal Pierce as a "common lack of coherent governance" (1993, 32). Pierce describes this problem as an inability to reach fundamental decisions for the future except in a piecemeal and haphazard fashion (*ibid.*). In other words, local government often fails to produce satisfactory results because of the organizational system and because of the demands and the pace of societal change.

Governance is defined by H.G. Frederickson and Kevin Smith as the laws and practices that "constrain, prescribe and enable government activity where such activity is broadly defined as the production and delivery of publicly supported goods and services" (2003, 210). Governance is the "entire process of public interaction" and the need to access governmental authority means that government structure affects governance (Oakerson, 2004, 20). For Donald Kettl, governance includes

doing more with less, leveraging market mechanisms, better connecting with citizens, decentralizing decision making and enhancing the capacity to create, implement and administer public policy (2003, 216). A failure in governance results from the inability of government to effectively carry out public policy. The gap in performance partially explains citizen dissatisfaction. The gap in performance also explains the need for local governments to develop additional organizational capacity.

The academic literature regarding governance addresses the substantial change in the “scope and nature of government” (Frederickson and Smith 2003, 207). The changes impacting government are characterized by Frederickson and Smith as the “fragmented state” and include the blurring of traditional roles, privatization and a more complex environment (ibid.). For Kettl, the complexity and great variation in service delivery requires public managers to redirect and redefine public processes (2003). Redefining public processes to create organizational capacity poses a significant challenge for local governments.

Robert Behn in “Rethinking Democratic Accountability” addresses the dilemma for government between accountability and performance. For Behn, there is a trade-off between performance and accountability (2001, 7-12). The challenge for government in the nineteenth and early twentieth century was accountability and limiting corruption. This challenge has been superseded by the new problem of performance (ibid.). Governance is primarily concerned with improving the management of government. Behn contends the issue is a balance involving a “clash” between bureaucratic discretion (performance) and democratic accountability (responsiveness) (2001, 351). This emphasis on performance has resulted in a new paradigm involving an array of tactics and strategies designed to enhance performance (2001, 26).

It is my view that successfully designed and implemented service consolidation can be understood in the context of the governance literature. The consolidation of agencies or departments is not an end to itself. Service consolidation can result in a poorly designed product that is not efficient, effective or responsive. Successful service consolidation must be understood within the framework of

accountability and achieving results. Most important, service consolidation is an option available to local governments that can result in the development of organizational capacity and enhanced governance.

I will assess service consolidation in the context of the governance literature to include the following issues. First, government services should be designed to maximize various values including the efficient use of resources, accountability and responsiveness. Government services that duplicate one another with overlapping jurisdictions can cost society more resources and limit effective governance. And second, organizations must redefine themselves and create a new management tradition. This tradition should adjust to the velocity of modern change and the complexity of modern problems. This complexity and pace of change requires the consideration of new management techniques such as the learning organization, lean management, positive organizational inquiry and the new public management into current practices.

In summation, the convergence of these four issues makes the assessment of service delivery by units of local government prudent. Counties have expanded general service delivery into areas typically associated with municipal services. At the same time, municipalities have experienced development patterns involving the expansion of their borders through annexation and the growth of population centers in the suburbs. The urban development pattern has exacerbated the issue of service delivery confusion and duplication. The issue of enhancing capacity references the inability of units of local government to acquire the necessary management and financial resources to adequately provide services and to address issues related to environmental uncertainty. And finally, service consolidation does concern governance and the improvement of government service delivery while ensuring appropriate levels of responsiveness to democratic bodies.

These four issues should be understood in terms of the rapid development of information technology. The expectations of citizens to receive prompt service utilizing information technology highlights existing service delivery divisions

between cities and counties, Taken together, the need to further refine a rational local government organization continues.

### **Research Questions Raised in this Study**

For reasons that I will more fully explore, service consolidation is an important topic for public administration practitioners, governmental organizations and students of public administration. The purpose of this research project is to evaluate positive characteristics and strategies concerning successful service delivery consolidation. The assessment will include a review of related topics such as collaboration and city-county merger. A goal of this research is to offer a framework for service consolidation as a distinct topic and will include assessing service delivery consolidation and positive methods to achieve greater levels of coordination and efficiency.

The specific questions and objectives raised in this research project will include the following:

- 1) The goal of this project is to develop a model of successful service delivery consolidation utilizing the positive characteristics observed in two case studies. I will incorporate several analytical processes into the case study process to provide greater confirmation of the research conclusions. A survey instrument will be developed that will complement the two case studies. I will also utilize a focus group to provide input into the process and the conclusions reached in the research. A goal of this research is to create an understanding of how the process of service consolidation actually occurs.

#### **Research Question 1. What are the positive factors that enable successful service delivery consolidation to occur?**

- 2) It is my belief that successful service consolidation is more likely to result if “external actors” such as a Chamber of Commerce or citizen committee is involved in the process. I believe that the process of local government decision making is enhanced by the external involvement of actors not directly affected by the decision. The two case studies will assess the

service consolidation process. It is also my belief that distinct stages can be identified and studied.

Research Question 2. Do external actors serve as positive mechanisms to facilitate successful service delivery consolidation? Do distinct and identifiable stages in the service consolidation process exist?

- 3) I am interested in the factors embodied in the status quo that serve as defensive routines and mechanisms designed to prevent change. Chris Argyris in the work “Action Science,” references Kurt Lewin’s assertion that in order to understand something one should try to change it (1985). According to Argyris, the process of creating organizational change forces defensive measures to come to the surface (ibid.). I also want to assess factors concerning change and the status quo in the service consolidation model.

Research Question 3. A perception concerning service delivery consolidation is that it will be opposed by participants if it leads to a loss of agency status, financial resources or personnel. Are defensive measures prevalent in service consolidation processes and, if so, how are these impediments to change overcome?

- 4) It is my view that service consolidation exists in most units of local government. It is also my opinion that local government managers would acknowledge a substantial opportunity for service consolidation to occur in their community. I am unaware of a similar attempt to determine the level of interest by units of government to consolidate services and the potential for greater coordination. As previously discussed, the higher profile issue of city-county merger has received considerable attention. I will conduct a survey of county managers in the state of North Carolina to determine the level of service delivery consolidation in their communities and their perception regarding the potential for additional consolidation activity. The survey will incorporate four related goals. First, what is the attitude of county managers concerning service consolidation? Second,

what services have been consolidated, are under consideration for consolidation and are viewed as positive candidates for future consolidation? Third, are shared service characteristics identified by the survey respondents as positive candidates for consolidation? And finally, a series of questions designed to address the process of service consolidation will be constructed and analyzed.

Research Question 4. What is the incidence of service consolidation in the state of North Carolina and what is the opinion of county managers in the state regarding the potential for future consolidation of services?

- 5) I will develop a set of management recommendations concerning service delivery consolidation. The recommendations will be supported by the case study research and the survey of county managers. The management recommendations will also be developed within the context of existing academic research on this topic. I will develop these recommendations using the Positive Organizational Inquiry approach to organizational change.

Research Objective 5. Identify successful strategies and incorporate these into a series of recommendations designed to facilitate service consolidation.

- 6) And finally, I will review the academic literature regarding the issue of service consolidation. This process will include an overview of the advantages and disadvantages of service delivery consolidation. I also want to summarize the related literature that is not directly concerned with service consolidation but is pertinent to the study of this issue. I will frame the issue of service consolidation in the context of the relevant academic material. A “war of words” does exist between advocates and detractors of merger and I will review the literature on this subject (Carr, 2004, 20). It is my view that a difference of opinion is observable regarding the merits of consolidation between practitioners and various research projects. I will provide a framework for defining service consolidation and the related advantages and disadvantages.

Research Objective 6. Develop a definition of service consolidation that delineates the issue and provides a framework for the development of a theory for service consolidation.

I have not identified a similar approach and assessment in the literature review currently completed. The utility of a service consolidation model will have specific application for administrators involving future consolidation efforts. The assessment will serve as a basis for analyzing and implementing service consolidation initiatives. Again, the issue is important and apparently understudied. This research and its application should be of interest to academics for the development of a service consolidation theory and additional research themes.

Likewise, I have not identified research evaluating the level of service consolidation that has taken place in local government. An exhaustive study to determine the incidence of service consolidation on a nation-wide basis is beyond the scope of this research project. A survey on the perception of local government managers regarding service consolidation and the potential for its increased use is a practical alternative. Also, an assessment of the types of services typically consolidated will have practical utility. The survey will provide information enabling further evaluation to occur, to better understand the perceived obstacles to this process and to identify best management practices for practitioners.

It is the intent of this research project to provide a framework on the issue of the consolidation of services. This overview will serve to better define and delineate the topic. Service consolidation should be its own distinct research topic. This assessment will create a foundation to build future studies. A series of questions and issues will be raised and not answered as a result of the research. These questions will receive attention in the concluding chapter.

**Methodology to be used in this Research**

The methodology in this research study is an integrative process using a number of research tools. This approach will incorporate the case study method, a survey of county managers in the state of North Carolina, the use of a focus group and a literature review. The case studies will assist with a series of management

recommendations. The survey of county managers will determine the level of service consolidation and provide a basis for understanding its current use. The survey will also measure the perceived opportunity for future consolidation activity. The focus group will provide feedback and an independent comparison of the findings and conclusions. The literature review will incorporate existing research to evaluate the advantages and disadvantages of this activity and the impact of the state legal framework on the level of service consolidation activity.

I will use two additional tools to guide this research project. First, I will incorporate my own experience with the issue of service consolidation. Chris Agyris describes action science as relying on “multiple methods for different purposes and as a means of cross-checking and testing what is found” (1985, 240). Action Science was first developed by Kurt Lewin and was designed to solve societal problems (Smith, 2001, 9). The use of service consolidation experiences on my part will incorporate specific conclusions reached in the case studies and survey analysis. This practice is consistent with the action science approach.

The second research tool that I will use is a Positive Organizational Inquiry (POI) framework. This approach is also referred to as Appreciative Inquiry. POI is a process of organizational change and transformation. The process focuses on the successful accomplishments of an organization in an effort to build positive momentum for change. The approach was first developed by David Cooperrider in the mid-1980s and has been implemented in a significant number of organizations including GTE, the Hunter Douglas Company, small business, churches and school systems (Cooperrider and Whitney, 1999).

This approach to building positive organizational change is typically contrasted with a “problem solving” approach to organizational change. The problem solving approach assesses organizational change by identifying problems to be solved and the development of a diagnosis of the problem (ibid.). The problem solving approach is typically overviewed in the POI literature in the following manner:

- 1) The process typically begins with the identification of the problem.
- 2) A Root Cause Analysis of the problem is performed.

- 3) An analysis of the possible solutions is determined.
- 4) An action plan to address the identified problems is developed (ibid., 23).

The limitation with this approach is the underlying assumption of problem solving as a mechanism for organizational change. A process focusing on problem solving “amplifies” the problem and reinforces the negative aspects associated with what is wrong in the organization. Essentially, negative stumbling blocks are reinforced and positive organizational change becomes less likely. There is a body of literature detailed by Frank Barrett and David Cooperrider confirming the “perseverance effect in social cognition theory” and asserts negative explanations or beliefs are strengthened when articulated in a group setting (Fry, Barrett, Seiling, Whitney, 1999, 123-143). The original negative assumption is not only retained when confronted in a group setting but is actually strengthened in a process described by Barrett and Cooperrider as “cognitive cueing” (ibid.). The process is enhanced when the “context is marked by fear, threat, anxiety and protectiveness” and perceptions, assumptions and stereotypes become even more entrenched (ibid.).

Positive Organizational Inquiry focuses on the successful characteristics or accomplishments of an organization and builds on positive momentum to create change. The POI process is designed to facilitate positive communication and outcomes. Sue Annis Hammond describes POI as a “series of statements that describe where the organization wishes to be based on the high memories of where it has been” (1998, 9). The approach builds on a “generative process” designed to promote positive dialogue and change opportunities and to avoid processes focused on problems and negative assumptions (ibid., 127). The process is summarized as follows and is characterized by affirming the positive attributes of the organization, building on successes and envisioning the potential final outcomes:

- 1) Valuing and communicating positive attributes and characteristics.
- 2) Envisioning “what might be” the desired result sought in the organization.
- 3) Communicating “what should be” the desired result sought in the organization.

- 4) Innovating or constructing “what will be” the goal or end-result (Cooperrider and Whitney, 1999).

The generative metaphor process described by the authors essentially is an “invitation to see anew” instead of focusing on conflict, past assumptions and the traditional approach of directly facing problems (Fry, Barrett, Seiling, Whitney, 1999). The generative metaphor relies on the creation of an environment supporting reassessment. The environment is created by directing attention away from the status quo and without the direct engagement of problems and assumptions. Instead, the focus is shifted to an emphasis on “what might be” through bypassing longstanding stereotypes, problems, conflict and assumptions (ibid., 143). In short, instead of designing a process with a significant potential for failure, the process enhances the opportunity for success.

The use of POI will extend to both the case studies and the survey. Cooperrider and Whitney refer to the “turbulence created by breathtaking pace” and the significant potential for positive change in multiple areas of research (1999, 1). The research will emphasize the positive steps taken to successfully implement service consolidation projects. The approach will also be emphasized in drafting final recommendations and approaches to the practice of consolidation.

#### **The Case Study Method and the Creation of a Service Consolidation Model**

I will conduct two case studies on successful service consolidation. A case study is defined as an “intensive study of a single unit with an aim to generalize across a larger set of units” (Gerring, 2004, 341). A case study is a useful tool when complex and integrated information is difficult to distinguish. This research project will emulate the scientific method but I acknowledge the distinction between the social sciences and the natural sciences. I will incorporate a consistent set of survey questions and goals for the case study, the survey and the focus group. This approach will apply POI techniques in an effort to determine the successful characteristics of completed service mergers. As such, the two case studies will serve as the foundation for this research project.

According to O'Sullivan and Rassel there is a seven-step process typically used in a case study. This process includes stating the problem, formulating objectives, identifying the cases, planning the data collection, collecting the data, analyzing the data and writing the report (1999, 2-5).

The research will also incorporate a "holistic" approach consistent with the social science research of Paul Diesing. Deising describes a holistic approach as the belief that human systems "tend to develop a characteristic wholeness of integration. They have a unity that manifests itself in nearly every part with a basic spirit or set of values" (Deising, 1971, 137). This approach enables the researcher to focus on the "interrelations among parts that appear in the original but also the unique characteristics and patterns that differentiate the systems from others" (ibid., 139).

I will incorporate a specific research design with specific research questions. I do want to incorporate a flexible approach as I move through the case study process. Diesing describes the differences between the natural sciences and human subject matter as supporting this flexible approach. Diesing states that the "social sciences can develop their own methods which may or may not be different from a natural science method" (ibid., 140). The addition that I will incorporate into this process is the consistent set of research goals and questions utilizing the survey, case study and focus group within the context of POI.

Also, I am incorporating these same goals into the context of my own work experience. A challenge for case study research is the acceptance of the researcher by the case study participants. There is a process of "socialization" described by Deising as necessary to "avoid actions that threaten or seem alien" to those being interviewed (ibid., 144). An advantage that I will have is my familiarity with local government and the credibility of addressing the case study as a colleague in the field of public administration. A challenge for any research in the field of local government is overcoming the reluctance on the part of officials to expose short-comings or failures within their organization.

The problem has already been stated. Units of local government seek to develop organizational capacity, evaluate service delivery and improve deep seated

perceptions related to duplication and inefficiencies. Resources are limited and the ability to increase taxes is often not an option. There are external threats that local government organizations have to address. The option of not attempting to “steer” the process of change will result in either a continuation of the status quo, reduced levels of service, higher levels of taxation or a completely haphazard process with no realizable goal or objective. Service delivery consolidation is not a panacea and is not always the correct course of action. It does represent a positive and proactive course of action with the potential for positive improvements.

A case study research design is the process whereby the research questions are tested. The research design includes identifying the units of analysis, selecting specific cases, developing a research protocol and defining information collection strategies (Yin, 1993, 31-51). I will briefly overview each of these steps and will develop a more extensive overview in Chapter Four.

The unit of analysis will include two examples of consolidated services. The resulting consolidated service is the case study. Cases will be selected involving recent service merger projects. I will select cases that are recognized for outstanding or exemplary results. I will coordinate the identification of the exemplary case studies with local government state and national associations and will review awards and recognitions received by the units of government. As part of the screening process, I will also acquire documentation on the process including minutes and formal agreements. The selection of the appropriate case studies is fundamental to a successful research project and will occur based on strict criteria more fully developed in Chapter Four.

Within each unit of government, I will identify at least two individuals to survey and interview. The interview process will include the manager of the unit of government and a manager directly involved with the specific service. Additional interviews will occur based on the feedback received from the first contacts. There are two omissions that I will acknowledge regarding the process. First, the research will not explicitly distinguish between the opinions of elected policy makers and those directly involved in the process. An interesting question not part of the research

design would be to evaluate the differences between elected and appointed officials regarding service consolidation. A second omission is the absence of front line staff in the interview process. The perspective of the responders will likely be a management perspective.

The collection of data will occur from the selected units of study and will include a written survey and a series of telephone or personal interviews with each case study participant. A copy of the survey instrument is included in the appendix. The survey will assess each case study process used to successfully implement the consolidation and the results achieved. The specific characteristics or events identified as the positive strategies resulting in the successful implementation of the service merger will be identified. These successful strategies will be integrated and compared to the survey, focus group and literature review.

I will also formally review and evaluate archival information such as news articles, awards, minutes of meetings and formal agreements. The contracts or memorandum of agreements provide key information related to the major points of negotiation and compromise. The case study method used in this research process will be systematic with consistent documentation of the process.

An analysis of the collected data will be compiled and organized from the written instrument and interview. A best practices model outlining the steps of successful service consolidation will be developed. As an additional step in the process, the completed model will be provided to the participants involved in the process to receive additional input and feedback on the project.

### **Survey of Manager Opinions Concerning Service Consolidation**

The methodology for the research questions on service consolidation and the attitudes of county managers towards consolidation will include a survey questionnaire. This project will seek to establish base data on the level of consolidation activity in the State of North Carolina. The project will also evaluate the attitude of local government managers on the potential for increased levels of service consolidation efforts. A survey is typically used to establish causal relationships between variables in an effort to substantiate or disprove a hypothesis.

The purpose of this questionnaire is to accumulate data, to determine the attitude of county managers towards a range of questions and to assess the potential for additional service consolidation initiatives in North Carolina.

There is no statewide data on the level of service consolidation in North Carolina counties and cities. Again, there is substantial national data on the incidence of city-county mergers including failed and successful referendum efforts. Service consolidation is more frequent and can occur with little disruption in a community. This necessarily means less is known about these efforts. There is also no comprehensive data concerning the attitude of local government managers for the potential of additional levels of service merger projects.

The research design will include a survey questionnaire sent to each of the one hundred county managers in the State of North Carolina. The questionnaire will be mailed and collected by the North Carolina Association of County Commissioner administrative staff. The survey instrument is attached and will include the following questions.

- 1) What is the level of consolidation of services that has occurred between the county organization and other units of government within your county? This question will evaluate the incidence of service consolidation in North Carolina counties.
- 2) The research project identifies examples of major services that have been merged involving formalized processes. The survey responder will be asked to identify specific services already consolidated including those services currently under consideration for consolidation and those services viewed favorably for future consolidation activity. Generalizations concerning the characteristics of the services identified as strong candidates and weak candidates for merger will be produced.
- 3) A series of questions designed to assess the process of service consolidation will be included in the survey. This will include the identification of steps taken on successful consolidation initiatives, the

perceived barriers to service consolidation and an overview of the results of the consolidation effort.

- 4) A final series of questions are designed to determine the attitude of county managers towards service consolidation initiatives. In short, are service merger initiatives viewed favorably or unfavorably?

The data received from the survey process will be compiled and reviewed.

The assumption that I make at the outset concerning the results is that moderate levels of service consolidation will be found in local government. The incidence of service merger is expected to exist in most communities but not at prevalent levels. The second assumption made at the outset is that local government managers will acknowledge significant opportunities for certain services to be merged. The questionnaire will also provide useful information to assist with the formation of a service consolidation model. This process will include a broader input that will compliment the case study process and the literature review.

### **Conclusion**

The goal of this project is to better understand the issue of service consolidation. What are the procedures or approaches most likely to result in service merger? In this chapter, I have provided a framework and described the idea of service consolidation. I will refine this definition further in Chapter Two and incorporate a review of the associated literature.

I have also briefly reviewed the reasons why service consolidation is an important topic for public administrators. The lines separating city and county service delivery are not clear. Development patterns of cities have added to the complexity and confusion of local government service delivery. The service consolidation issue is a governance issue. Technology change and citizen expectations regarding service delivery has increased its importance.

It is my opinion that service consolidation attempts fail because of the perceived loss of agency status and influence as well as specific agency impacts thought to occur. I believe that the public often perceives duplication and inefficiency in local government. This perception is one reason citizens often resist new initiatives

and programs and may distrust government. The questions reviewed in this research project are of fundamental importance in providing information to managers, elected leaders and the public regarding service consolidation.

Developing a better understanding of the process of service delivery consolidation can suggest additional questions for research. Service consolidation can lead to a more efficient use of resources, increased local government capacity and enhanced service delivery for citizens. The service consolidation process, if carried out effectively, can demonstrate to the public that its local government is making a thoughtful, systematic and prudent use of resources.

The following chapters are divided in a manner to address each research question and objective. Chapter Two will further refine the definition of service consolidation and review the associated literature. Chapter Three will overview the survey assessing the topic of service consolidation in the State of North Carolina. Chapter Four will review two case studies assessing successful service consolidation projects. The Fifth Chapter will make a series of management recommendations on the service consolidation issue and also frame the advantages and the disadvantages of undertaking this activity. And finally, I will conclude with a summary of the findings and with issues requiring additional research.

## **Chapter Two**

### **Further Defining the Concept of Service Consolidation: Does Service Consolidation Create Greater Efficiencies?**

#### **Introduction**

The consolidation of services by units of local government is a common occurrence. The NACo April 2, 2007 edition of County News included an overview of an initiative to consolidate five 911-dispatch centers into one agency in Charleston County, South Carolina. A similar consolidation of emergency communication was highlighted in the Asheville Citizen Times (North Carolina) involving the Asheville Police Department, the Buncombe County Sheriff's Department and the fire and rescue services. The consolidation would reduce response time by "putting everyone in the same room and implementing a seamless process" (McWilliams, 2007). The consolidation was also described as improving efficiencies and lowering the overall operating costs for the service.

Examples of consolidated services also include rural communities struggling to maintain minimal service levels. For example, Adams County, North Dakota has a population of only 2,593 individuals. Consolidation is a significant issue in the state of North Dakota because of a declining population and sparse rural settings (Krause, 1996). Adams County has assumed virtually every service provided by the municipality of Hettinger. The merged municipal services include law enforcement, road maintenance, sanitation and auditing services. News articles refer to the program of consolidation in Adams County as "resourceful," claiming to have resulted in cost savings without a reduction in local service (ibid.).

The consolidation of services by the municipality of Owensboro and Daviess County, Kentucky includes multiple local government departments ranging from regional water utility service to the public library system. Leaders in this community noted the difficulty and divisiveness generated by discussions of city-county merger (Hoak, 2007). The leadership assessed the feasibility of city-county merger and found opinions ranging from apathy to hostility. While community leaders remained interested in full city-county merger the focus and accomplishment was on the

consolidation of services. One official expressed this interest by stating “functional consolidation is much more popular (than merger) and allows local governments to take a look at specific areas of delivery (services) piece by piece and find areas where money can be saved” (ibid.).

The examples of service consolidation as a form of local government change are numerous. A routine Internet search on this subject produced hundreds of sites referencing city-county consolidation and functional consolidation. The purpose of this chapter is to further define service consolidation and to review the positive and negative assertions. In the first chapter, I overviewed the importance of service consolidation as an issue for units of local government. I also defined service consolidation and contrasted the topic with collaboration, regionalism and city-county merger. I want to build upon this definition and frame the issue in a series of generalizations designed to raise additional questions. The survey and two case studies will assist in formulating this framework. I will also provide an overview of the advantages and disadvantages described in various research efforts. Understanding the positive and negative assertions will assist in the creation of a successful service delivery consolidation model.

### **Further Defining the Topic of Service Consolidation**

This review of service consolidation will begin with several basic assertions. This review will assume a higher level of government does not mandate the service merger process.<sup>1</sup> Service consolidation is an integrative process requiring a fundamental level of cooperation. Service mergers are joint undertakings involving autonomous units of government. As the previous example in North Dakota suggests, there may be a sense of urgency or even agency survival regarding the undertaking. Each agency will likely have a different level of interest in accomplishing a service merger. Still, service consolidation requires cooperation.

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<sup>1</sup> The State of Georgia mandates service delivery consolidation planning. I am unaware of a comprehensive mandated service consolidation program by another State. See the Local Government Delivery Strategy Act (HB 489). The State of North Carolina has eliminated Mental Health Service providers serving populations less than 200,000 forcing service merger.

I will utilize four points to provide a framework and greater definition to the issue of service consolidation in this chapter. These four generalizations will include the following:

- 1) Service consolidation occurs in an environment involving “dimensions of complexity.”
- 2) Service consolidation is an integrative and incremental process. Distinct stages can be identified and studied.
- 3) Service consolidation is a process of negotiation. This activity is concerned with “who gets what, when and how” and must be understood in the context of the federal arrangement. It is also concerned with who provides the services.
- 4) Service consolidation is not consistently a positive or negative endeavor when implemented. Specific circumstances affect the results. The process must take into consideration the potential advantages and disadvantages of service consolidation when implementation occurs.

#### **A Complexity Model for Service Consolidation**

The service consolidation process will involve different “levels of complexity.” Thompson and Perry describe a “multidimensional model of collaboration” with five dimensions (2006, 23). The dimensions are “interdependent, impacted by internal and external forces and vary in complexity” (ibid.). The authors reference the interdisciplinary work of other researchers and develop a model of collaboration that “implies a messy, contradictory, dynamic process that is defined by multiple viewpoints and unintended consequences” (ibid.). The levels of complexity involved in a collaboration model are applicable to a service consolidation process model.

At the lower level of complexity, there are more routine, non-controversial and easier to implement service consolidation initiatives. An example would be a payroll or auditing merger between a county and a municipality. This example of a less complex merger would involve the staff, management and policy-making boards of two autonomous local government agencies. This less complex example would

also involve a process of negotiation, written memorandum of agreements, legal review, and could necessitate the redrafting of internal policies and procedures. Finally, the process will involve an on-going evaluation to ensure goals or benchmarks are attained. An on-going evaluation is necessary since the entity no longer providing the auditing or payroll function would continue to be impacted by the merged service. Either entity could decide to revert to the previous organizational arrangement if goals and objectives are not realized.

This illustration demonstrates the challenging process of service consolidation involving a low level of complexity. And yet, the degree of complexity in this routine example is quite low. An assessment of service consolidation must also evaluate factors increasing the complexity of the process. A higher level of complexity will necessarily result in a more tenuous decision making process. Three factors affect the complexity of the process making service consolidation more challenging. The issues include 1) the level and intensity of public interest, 2) the level and intensity of employee impact, and 3) service delivery related issues including the level of organizational “identity” involved with the specific service. In essence, as each of these three issues increase in intensity, the more challenging service consolidation becomes for the agencies engaged in the process. This impact is illustrated in Figure 2.1, shown on page 41.

This point can be demonstrated by substituting the example of auditing services with the example of merging county and city recreation programs. A recreation program would likely impact large numbers of constituents and a service consolidation process would anticipate a strong interest. This high level of public interest has multiple and unknown impacts ranging from increased media involvement to unintended political ramifications. The goal of each organization is to manage the consolidation process to receive positive operational outcomes and political results.

The first issue affecting the complexity of a service merger is public participation. The academic literature concerning public participation is immense. Public participation is typically defined as citizen involvement in service delivery,

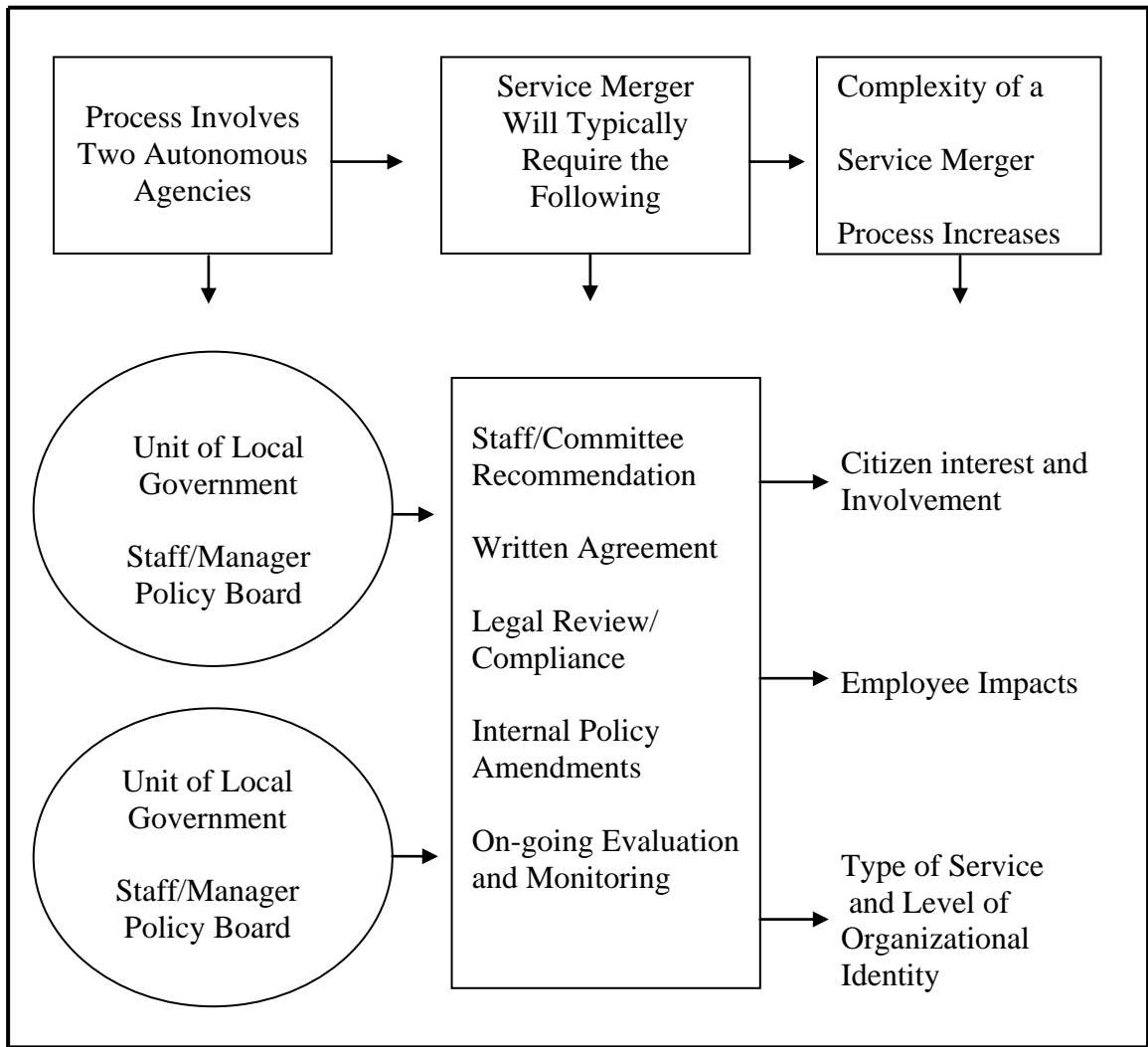


Figure 2.1  
Service Consolidation  
Complexity Model

management and policy decisions (Wang, 2001). Reasons cited for enhancing participation include establishing trust in government and reducing cynicism, the enrichment of the decision making process and establishing a consensus on issues affecting the community. Cheryl King et al. persuasively argues citizen participation should be “authentic” and should “place the citizen next to the issue” (King, Feltey, Susel 1998, 320-321). Typical participation mechanisms such as public hearings often occur too late in the decision making process to be effective. Authentic participation is a meaningful, early and genuine opportunity for citizens to engage in a public policy question.

The intricacy of public participation is made evident in the “Matrix Guide to Public Involvement” developed by John Thomas (1990). The model relies on “different decision-making methods in different situations” and raises fundamental questions over how to “define the relevant publics” in a public participation process (Thomas, 436). Thomas also identifies fundamental questions to assist decision makers in determining the “quality or acceptability” of citizen involvement (Thomas, 436). I will incorporate aspects of Thomas’ model into the service consolidation process model developed in Chapter Five. In particular, identifying and involving the appropriate stakeholders is an important consideration.

The academic literature regarding participation is helpful in addressing the relationship with service merger. Generalizations can be made with reasonable certainty. I would offer the following overview as a framework for how the complexity of public participation affects service consolidation:

- 1) Governmental units involved in complex service consolidation must consider the political nature of the process and must infuse the policy making (elected) board into the process. The Thomas model focuses on management decision making. A further complication of the service consolidation decision-making process is the political nature of the undertaking including individual relationships between elected officials, the political timing of the process and the level of political competition between the units of local government.

- 2) The intensity of interest raised by the “relevant public” is critical to the success or failure of a service consolidation initiative (Thomas, 1990). The threat posed to the relevant public by the initiative and the opportunities presented are inversely related. A successful process will identify and minimize threats and identify and maximize opportunities.
- 3) The intensity of interest by the relevant public creates an interesting conundrum for local government leaders. There is a distinction between appropriate strategic approaches to citizen participation and public manipulation by government leaders. The intensity of certain service consolidation initiatives requires a strategy to frame goals and to engage citizen leadership. This strategy will seek to maximize the opportunity for success. The process should be “genuine” and provide meaningful opportunity for involvement (King, Feltey, Susel, 1998). However, the process has to be strategic at the outset to maximize the opportunity for a successful process. A strategic process is well planned, clearly communicated and designed to address anticipated problems. A strategic process must also be a flexible process since all problems involving the public will not be anticipated.<sup>2</sup>
- 4) The management and policy-making boards must recognize the narrow interest of each relevant public versus broader and complex interests. There are numerous relevant publics. Each relevant public will identify with a more narrow interest. Multiple and competing relevant publics will often conflict with each other and with the broader limitations and goals of the organization.
- 5) The management and policy-making boards must carefully consider the stakeholders selected to assist with the service consolidation process. A stakeholder analysis should occur to evaluate the citizens affected by the

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<sup>2</sup> The importance of strategically planning for citizen involvement was a central focus of a presentation made by Donna Warner and Ricardo Morse of the North Carolina Institute of government at the North Carolina Association of County Commissioners Summer Conference on August 17, 2007.

issue, those having an interest in the issue and those capable of exerting a positive or negative influence on the consolidation process.

- 6) The academic literature recognizes the challenges involved in participation by the unorganized public. The intensity of involvement by the general citizen will be limited if the issue does not dramatically affect the general population (Thomas, 1990, 443). For this reason, the service consolidation process will tend to concentrate on the relevant public and avoid issues creating general and community-wide conflict.
- 7) I will explore balancing the specific interest of the relevant public with a broader public interest. Involving competing interests in the service consolidation process is necessary to create a broader sense of responsibility by those with a more narrow interest. A strategy enhancing the narrow interest and protecting the broader public interest is necessary.

The importance of citizen involvement does require a meaningful and enhanced decision making process to educate the public. Cooper, Bryer and Meek suggest five dimensions of public involvement referred to as “Citizen Centered Collaborative Public Management” (2006). The dimensions include determining who is involved, how the initiation will take place, determining why citizens are involved, when the engagement takes place and the method of involvement. I will incorporate this outline into the model.

A fundamental assertion of this research is that citizen participation increases in importance as the impact to the relevant public increases in intensity. And second, significant involvement and interest by the unorganized public will only occur if an intense and broad appeal resonates.

A second issue affecting the complexity of service consolidation is employee involvement and the impact to employees resulting from the merged service. If larger numbers of public employees are impacted in a threatening manner, the consolidation process will exhibit a higher degree of complexity. Carr and Feiock demonstrate this point in research on city-county merger and the involvement of employees during the merger referendum campaign (2002). This research surveys participants in twenty-

five city-county merger attempts. The researchers conclude that city and county employees typically viewed merger as a “significant threat” to their employment and therefore, took an active role in the referendum process (Carr and Feiock 2002, 87-90). A second research project by Carr and Sneed assessed eight stakeholder groups and determined city and county employees played a “substantially more active role during the referendum stage of city-county mergers” (2003, 193).

Several observers of city-county mergers describe the threat posed by the merger to city and county employees and their active role in the process. Bert Swanson, writing about the merger of the city of Jacksonville and Duval County, identified county employees as a primary opponent of the merger process (2000). Likewise, Rosenbaum and Kammerer reference an intense employee opposition in the Nashville and Davidson County merger:

One indication that comprehensive consolidation strikes deeply into the existing status of public positions can be found in the frequently vocal, intense opposition to such consolidation from many incumbent officials whose power will be diminished or eliminated by the measure.... The personnel of various agencies who fear their own positions jeopardized by the contemplated merger further swell this opposition. Thus, during the second Nashville campaign the city’s police and firemen actively campaigned against the reform and the police were reportedly indignant enough to harass the speakers occasionally at pro-consolidation rallies (1974, 11).

The impact to employees detailed by Rosenbaum and Kammerer include salary and benefit changes and the potential for reduction in force measures resulting in job loss.

Arnold Fleischmann also describes intense employee opposition in his assessment of four consolidation initiatives in the state of Georgia. The author writes that the local leadership in Athens and Augusta agreed to guarantee jobs with no reduction in salaries or benefits. This guarantee of employment and benefits still did not prevent subsequent “employee morale problems” (2000, 217).

Carr and Sneed suggest additional research is needed to determine how strategy is defined in an effort to influence merger outcomes (2003, 214-215). At this

point, I simply want to establish a relationship concerning the perceived threat posed by service consolidation and the obstacle to success posed by employees. It is my view that the level of employee impact affects the complexity and the challenges in pursuing service merger initiatives.

There is research suggesting employee influence is limited. Glenn Abney and Thomas Lauth researched interest group influence on municipal policy-making (1985). This research evaluated government employees as an interest group attempting to influence policy outcomes. It was determined that city employees were the least influential of the eight interest groups studied (Abney and Lauth, 1985, 152). The limited influence exhibited by employees was restricted to employee benefits. This focused interest on employee related issues might suggest a stronger employee influence during service consolidation since salaries and tenure are central issues.

Employee related issues limit an agency's ability to facilitate a successful merger. There is a critical need to consider employee concerns to achieve service merger. At the same time, the consideration of these concerns will often compromise the efficiency goals for undertaking the consolidation process. Employees ultimately assume a role analogous to service agency advocates attempting to affect the eventual policy outcome.

This point is reinforced by several research projects. Writing about the consolidation of health department services in San Diego, Cope and Tarshes detail the process of negotiation leading to the successful merger of the city and county departments. The recommendation of the committee appointed to guide the merger process was the "transfer of city employees to the county so far as possible, with adequate protection of their civil service status, fringe benefits and retirement rights" (1954, 173). The final agreement governing the merger guaranteed that no "rights earned by any person by reason of city employment would be abridged as a result of the transfer to county employment" (Cope and Tarshes, 1954, 174). The agreement governing the merger contained seven specific areas of employee protection.

Stephen Koven and Don Hadwiger make a similar observation concerning the potential consolidation of local governments in Iowa (1992). The authors

acknowledge consolidation may not produce savings or be politically feasible because of the trade-offs necessary to accomplish the mergers. The affected public employees equate consolidation and the goal of efficiency with potential job loss. A similar effort is referenced in the Scandinavian countries of Norway, Denmark and Sweden. The numbers of local governments in these three nations were reduced by over fifty percent, but local officials were “assured continuation of their jobs with no reduction in income for their acquiescence” (Koven and Hadwiger 1992, 315).

In addition to public and employee influence, the complexity of a service merger will be affected by characteristics of the specific service. For example, certain services are more closely linked with the organizational identity of the unit of local government. Scott and Lane define organizational identity as “that which is central, distinctive and enduring about an organization” (2000, 43). The author’s suggest organizational identity has an impact independent of the organization and relies on a consensus external to organizational members (2000, 43-44). There are certain local services viewed by local governments and by the public as more central, distinct and enduring (ibid.). These particular services will pose a greater challenge to successfully merge with another unit of government.

Henry Mintzberg describes the operational core of an organization as the “heart of every organization, the part that produces the associated outputs that keep it alive” (1979, 18-25). Mintzberg notes that organizations will seek to reduce uncertainty by protecting their operational core. The management or governing body serves as the “strategic apex” described by Mintzberg as an organizational component charged with the overall responsibility of the organization and designed to protect the core functions (ibid.). Mintzberg describes the strategic apex as having responsibility for its “boundary conditions, the development of the organization’s strategies and the protection of the organization’s core mission” (1979, 18-25). In local government, the strategic apex is responsible to the governing body for establishing and executing this responsibility.

The issue of organizational identity is significant and effects service complexity. Likewise, the role of management in protecting their organization is an

important consideration. A merger involving a routine or internal function will not be identified as a core service critical to the status of the unit of government. A core function such as a recreation program (or police, fire) may never be considered for change if the service is central to the mission of the unit of government.

The concept of organizational identity relates to the issue of “turfism” and service merger may challenge fundamental assertions regarding the mission of an organization. A proposed service merger may also be viewed as a challenge to the larger organization. Resistance to merging major services may be viewed as a first step in preventing the future consideration of additional consolidation measures or full city-county merger. I reviewed a number of news articles where a specific service merger was described as the initial step towards more mergers.<sup>3</sup>

There are three additional service-related considerations affecting the complexity of service consolidation. These considerations include distinct legal issues serving to complicate or impede the process. An example is the legal distinction between an elected Sheriff and an appointed Police Chief. The county organization is limited in its ability to control the elected constitutional office of the sheriff. There are various concerns regarding this elected status, including wholesale employee dismissals following an election. In an overview of comprehensive city-county consolidation by Kurt Thurmaier, the Sheriff’s office is described as “perhaps, the single most volatile issue in consolidations” (2008). Thurmaier describes law enforcement “support or neutrality” as essential (ibid.). There are legal as well as political distinctions between county and municipal operations, and these differences affect service merger.

A second example of the relationship between complexity and the specific service concerns the integration of the service with the total organization. I participated in an informal discussion of merging Emergency 911 dispatch agencies and was told the municipal dispatchers also served as office managers, intake workers

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<sup>3</sup> An example is found in an article by Mike McWilliams, “911 on the Move”. The Ashville-Citizen Times, August 31, 2007.

and handled water and sewer line complaints after hours for the public works department. In other words, the dispatchers were integrated with the municipal organization in a manner making consolidation more problematic.

A final issue relates to the type of service under consideration. This topic has been addressed by a number of authors including Barbara P. Greene and Bruce D. Rogers (1975). The authors assessed service related issues resulting from the Nashville and Davidson County merger. This research describes how distinct services create different issues for managers and policy makers. A capital-intensive service such as a water or sewer system will create an entirely different set of considerations than a service that is employee intensive such as a waste collection system (Greene and Rogers 1975, 21-29). Academic research does suggest that service consolidation will realize more success in capital intensive operations as opposed to employee intensive operations (Ostrom, 1973). Chris Pineda summarizes this issue by stating “consolidated city services that are labor intensive and require replication from one neighborhood to the next cannot always achieve economies of scale and may in fact result in diseconomies of scale” (2008).

A survey of academic experts on the topic of the effects of city-county consolidation on local government services sheds additional light on this issue (Staley, 2005). In the Executive Summary, the authors conclude that “consolidating economic development and law enforcement would reduce duplication of services,” but, that the experts were “less certain about the benefits for parks and recreation, fire protection, public works, utilities, social services and public health” (ibid., i). Issues raised by the specific type of service will be further addressed in the section of this chapter on economies and diseconomies of scale and in the manager survey.

In summation, the complexity of the specific merger in question affects the process. For purposes related to this research, I will assume a process involving higher levels of complexity. Service consolidation is an intricate undertaking in the more routine example. The issue is made more challenging when the level of public involvement, the level of employee impact, an increased level of organizational identity and other service related issues influence the merger process.

## **Service Consolidation as a Process of Integration with Distinct Stages**

Successful service consolidation is an integrative process resulting in significant organizational change. An integrative process necessarily entails interdependence between two agencies. Service consolidation will only prove successful if the goals of each organization are addressed. The goals of each agency and elected officials can be characterized as the creation of positive change and the prevention of negative outcomes. Either governmental unit can exercise the option to exit the merger process. Governmental processes are often expressed in terms of stages describing distinct points. Each stage will involve different characteristics and considerations. For example, Thompson and Perry utilize stages of collaboration identified as antecedents, the process and outcomes (2006, 25). Michael McGuire describes four stages in the collaboration process including activation, framing, mobilization and implementation (2006, 37-38).

The process of service consolidation is a more formalized process of interaction than collaboration. Agencies routinely collaborate in the 21<sup>st</sup> century without the express approval of the governing body. Service consolidation may begin through informal communication but will involve formal approval with considerable definition provided by the governing board. The decision to initiate a service consolidation process involving a core service is a significant decision. Service consolidation is a policy question involving fundamental organizational issues. Collaboration is often a management exercise involving detailed questions of agency interaction and cooperation.<sup>4</sup>

The distinction between service consolidation and city-county merger is also significant when evaluating the stages of the process. Rosenbaum and Henderson define comprehensive consolidation as the combination of “two or more major local government bodies into a single unit—most often, to unite city and county governments” (1972, 429). The process involves governmental entities being

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<sup>4</sup> See for example James Svara’s work noting the distinction between policy questions and administrative questions. A functional consolidation undertaking is a policy question and would typically see extensive involvement by the elected board. Much of the literature on public participation seems to ignore the significance of the elected officials in this process.

“organized, abolished, combined or otherwise altered in structure and function” (1972, 433). City-county merger often involves intense conflict and opposition from the status quo. In contrast, service consolidation must have limited support from the governing bodies to initiate, assess and approve a service merger plan.

Rosenbaum and Kammerer developed a comprehensive theory of city-county merger that relies on a series of three stages. The initial stage is a condition of social disequilibrium. This condition is the “incubator” for change and describes a disruption in the relationship between the citizen and the government (1974, 18-29). Initially, there is a condition of significant citizen dissatisfaction. This stage is followed by a condition referred to as power deflation. This stage represents the failure of those in power to adequately respond to the disequilibrium. A failure to respond leads to an “accelerator” event (ibid.). This stage involves a major scandal, emergency or failure and results in the mobilization necessary to radically alter the local government through merger.

This theory of city-county merger and the stages formulated by Rosenbaum and Kammerer is not applicable to every merger. For example, David Temple researched local government merger in the state of Virginia (1972). This research significantly differs from the stages developed by Rosenbaum and Kammerer. Temple describes three of the four mergers occurring in the Tidewater region of Virginia as “initiated, supported, and led by elected local officials” (1972, 4). The mergers were also unique because they received support from city and county citizens and because they lacked any significant assessment of the merger regarding taxes, services and other issues (1972, 3). The mergers were accomplished with considerable consensus among the citizens and the leadership.

Additional problems are evident when applying this theory to city-county mergers. Thurmaier points out that the specific sequence of events in the Jacksonville, Duval County merger serves as the basis for the Rosenbaum and Kammerer model (2008). The theory does not address relevant issues identified in other merger initiatives including the “institutional context” involved in city-county merger and the significance of addressing constitutional issues (ibid.). Thurmaier concludes that the

“persistence of elites is more important than a catalytic or accelerator event” (ibid.). Leland and Thurmaier summarized a set of amendments to the Rosenbaum and Kammerer model to address the short-comings of this theory (2004). These amendments include extending the model to include an agenda setting process, addressing the role of elites in a consolidation effort and to consider the institutional framework in consolidation initiatives (ibid.).

Leland and Thurmaier describe two problems for local government reforms and issue of city-county consolidation. First, reformers cannot prove the success of consolidation where it has occurred. And second, reformers have difficulty determining the factors making city-county consolidation successful. The authors describe most accounts as historical accounts or descriptive overviews (ibid.).

The stages of service consolidation will, therefore, differ from collaboration or city-county merger. Service consolidation can be deliberative and methodical. The process is a more limited and manageable undertaking than city-county merger. The process can result in a more rationale and comprehensive process of decision-making. The reason for this is two-fold. First, service consolidation is explicitly identified as a potential outcome at the outset of the process. There are limitations on the agencies ability to explore every aspect of the decision. The final decision is either to consolidate or not consolidate the service. As Lindbloom stated, rationale comprehensive decision making entails “isolating the ends and seeking the means to achieve goals” (1959, 202). And second, the potential volatility of the issue will cause units of local government to be deliberate and comprehensive in consideration of the undertaking.

The service consolidation process is best characterized by seven stages. The stages serve to illustrate the interactive process of service merger. The seven stages in the process include the following:

- 1) Initiation of discussion.
- 2) Agenda setting.
- 3) Process and agenda approval.
- 4) Negotiation and assessment of proposal.

- 5) Recommendation and approval.
- 6) Implementation.
- 7) Monitoring and evaluation.

The evaluation of the service merger case studies in this research was conducted within the framework of this seven-stage process. Again, the goal is to evaluate successful mergers and identify common characteristics. Without stating the obvious, there are a number of generalizations regarding the seven-stage process to point out.

- 1) The initial discussion of a service merger can occur in a formal or informal manner. Many opportunities to evaluate this issue are effectively negated in an informal setting with no public discussion. The decision to not pursue a service consolidation is often exercised by informal management communication or individual communication between elected board members.<sup>5</sup> The frequency of informal decisions to not explore service merger and public reaction if the issue had been raised is unknown.
- 2) The agenda setting stage enables the participants to define the process and establish ground rules. The approval of the process and the agenda is a formal decision typically made by the governing body. The formal approval would entail written recommendations from staff members of each entity. The approval by each entity would obviously have to be consistent to proceed. The agenda setting stage will include addressing issues that are non-negotiable, identification of the participants in the process, and establishing a timetable. The agenda setting stage will also establish efficiency and service related goals.

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<sup>5</sup> Substantial deference does occur in local government interaction. Many issues are not publicly discussed based on this informal interaction. This practice is not done to exclude the public but done out of a practice of not pushing issues to the public agenda not favored by another unit of local government.

- 3) The ability of staff members to effectively exit from the process is limited by the formal approval of the agenda by the governing boards. Staff members are ethically obligated to carry out policy directives. The commitment by the staff to sincerely and enthusiastically pursue a service merger initiative could be less than the commitment of the governing body. Bureaucratic discretion and political oversight is a significant issue (Gruber, 1987).
- 4) The negotiation and assessment stage involves the interaction between the agencies to address issues of concern and produce a workable merger agreement. This stage is where the work to produce a detailed operational plan will occur. The ramifications of the merger are discussed regarding staff, operations and cost implications.
- 5) The implementation of the service merger involves three considerations. The implementation process should be based on a specific transition plan. The implementation plan must be mutually agreed upon. The implementation process should provide sufficient feedback and the opportunity for adjustments based on planning miscalculations. The process must include continual feedback and adjustment opportunities. The implementation process must also address employee training, communication and feedback opportunities.
- 6) The monitoring of the merged service is an issue often overlooked. There are two distinct aspects of this stage. Evaluation and monitoring is required to ensure efficiency and service delivery goals are assessed. Continued evaluation could lead to reconsideration of the agreement or necessary adjustments. A second aspect of monitoring is the continued interest in the service quality after implementation has occurred. For example, a merger of E-911 communications will continue to be of interest to all agency users and affects the quality of emergency service delivery to citizens. A mechanism to provide input and information to entities no longer providing the service is necessary.

Each stage of service consolidation has distinct considerations. Successfully implementing a service consolidation proposal depends upon addressing issues unique to each stage. The case study process evaluated service merger in the context of each of the service consolidation stages. The service consolidation model will incorporate the successful characteristics found in each stage. Successful service consolidation will have both a quality issue and a challenge of acceptability. Again, I have used the term successful to describe both the goal of implementing service consolidation and the quality and performance of the new service after the implementation occurs.

### **Service Consolidation as a Process of Negotiation**

Service consolidation is a process of negotiation between at least two governmental units. Negotiation involves two or more parties engaged in a voluntary process. Negotiation can be defined as “two or more parties exchanging goods or services and attempting to agree on an exchange rate” (Robbins, 1983, 434). The parties must believe that they have more to gain than to lose and that the negotiation is in their agency’s best interest. Negotiation is characterized by mutual agreement where neither entity controls the outcome. The negotiation process typically focuses on achieving a “win-win” situation, a positive non-zero sum outcome, for each affected agency.

The literature on negotiation is vast and recognizes that many factors affect the process. Stephenson and Pops write “scholars and practitioners must become more sensitive to the patterns of relationships within the policy process which antedate their specific intervention” (1989, 463). These factors involve issues ranging from the degree of trust between the agents to the willingness of each party to share information (ibid., 463-464). The process of negotiation is also influenced by a number of structural factors, including the number of interested parties in the issue, the intensity of preference, the complexity of the issue, the resources of the parties and the incentives created by the legal structure (ibid.).

Scholars typically describe negotiation in terms of distributive and integrative bargaining. The distributive approach is a direct form of exchange where the amount

one party gains is a loss experienced by the second party. An integrative negotiation process is a more flexible approach involving multiple possible exchanges. Also, the relationship is viewed as on going (Robbins, 1983, 434-436). This approach enables both parties to achieve a successful outcome. The distributive approach is a more competitive based approach while integrative is multifaceted.

Certain conditions must exist for the integrative approach to succeed. These conditions include the free exchange of information, sensitivity to each other's negotiation points, establishing trust and maintaining flexibility. In short, the goal is to prevent the process from becoming emotional or competitive (ibid., 436-437). The goal of integrative bargaining is to enable both parties to emerge from the process achieving previously established goals.

Service consolidation should be viewed in terms of a long-term relationship between units of government (Stephenson and Pops, 1989). Units of government routinely interact, cooperate and compete (Berman, 1993). Each new situation or undertaking should be viewed as part of an on-going process. An entity might receive a greater benefit in one specific interaction and compromise on the next exchange. The process of negotiation is less successful if agencies expect a perfect resolution in every situation. Negotiation is also more difficult if each agency attempts to extract the most favorable outcome and advantage every time for the agency they represent. Instead, the process is less confrontational if agency actors, including elected officials view each interaction in the context of long-term relations with each unit benefiting to various degrees. The relationship must obviously be reciprocal utilizing this approach.

A systematic method of communication and interaction assists in creating this understanding. The units of local government in my jurisdiction formed a "utility committee" four years ago comprised of elected officials and staff. The committee meets monthly and interacts on challenges facing each individual entity as well as problems of mutual concern. The meetings are very difficult at times. However, I am convinced agency interaction is more successful where systematic collaboration involving both elected and appointed officials occurs. Both parties understand their

agency gains through cooperation and the community benefits through the mutual accomplishment of goals.

Service consolidation can be understood as a process of negotiation. There are four issues that will consistently comprise a service merger negotiation and require assessment and resolution. These issues include governance, employee related issues, operational issues and financial issues.<sup>6</sup> These issues provide a framework for a service merger negotiation.

George Frederickson states that governance has multiple definitions and “in public administration we appear to define governance as it suits us” (1997, 83). The word is widely used by practitioners and refers to the “manner or method of governing” (ibid.). More specifically, governance involves the interaction of the policy making board with management and staff to make decisions and to carry out the activities of governing. The phrase is concerned with the decision-making process and oversight of the agency in a general context. As a point of negotiation, the phrase references how the agency will carry out its mission. Among practitioners, the phrase implies a professional function with responsiveness to a policy-making entity.

Governance involves the management of the agency. Governance typically addresses large questions. Large questions include the development of an agency mission and the establishment of goals and objectives. These questions also include issues such as hiring processes, the development and implementation of operational procedures, procurement and training. The negotiating parties need to agree on the interaction between policy makers, management and staff that will occur if the service consolidation is implemented. The process of governing the newly created merged agency should be explicit.

The operational issues related to a service merger are obviously more detailed than governance issues. The operational questions may be highly technical or simply routine. The operational aspects of an agency and the issues to be negotiated are

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<sup>6</sup> The four issues to be negotiated resulted from a merger of mental health programs. The participants included two Mental Health Directors, three other County Managers, finance staff, an attorney and myself.

detailed. Agency operational activities are often not fully understood by upper management or policy makers. For this reason, the process should involve individuals proficient in the details of performing the function. A technical operations question can have obvious and significant ramifications if overlooked.<sup>7</sup> Likewise, a specific but more routine operational question can have negative consequences if not considered in the process of negotiation. As an example, the maintenance schedule for four merged recreation parks may be routine. The schedule may, nonetheless, involve important operational details to the negotiation.

Operational issues provide an opportunity for resistance to the consolidation process to emerge. The consideration of operational details must occur. The evaluation should not digress into an opportunity for entrenched resistance to impede the process of negotiation. The inclusion of employee representation familiar with service delivery and technical proficiency is necessary.

Challenges concerning staff related issues have been introduced earlier in this chapter. As a point of negotiation, it involves the displacement, reassignment, retraining or termination of staff. Negotiation involves the livelihood of dedicated and loyal public servants. This is an emotional component of the process that can become an overwhelming consideration. Essentially, the process must enable difficult decisions to be made involving agency employees while maintaining a “human face.”

A framework to handle the transition should be negotiated prior to addressing specific individuals and their future status. The service consolidation model will include the development of an employee career assessment plan to evaluate and make a concerted effort to relocate, retrain and provide financial assistance to displaced workers. The goal of negotiating employee related issues is to retain gained efficiencies while considering sensitive employment questions.

The fourth component of the process of negotiation is the financial aspect. A primary issue for elected and appointed officials is posed by Lasswell’s rhetorical

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<sup>7</sup> An excellent example of this situation is provided in an article by Mary R. Schmidt, 1993 “Grout: Alternative Kinds of Knowledge and Why they are Ignored”, *Public Administration Review*, vol. 53 no. 6 (Nov. Dec.).

question “who gets what, when and how?” Cities and counties not only lobby the state and federal government for revenue and expenditure relief but they compete as well. Municipal and county governments must constantly interact and negotiate financial and service related issues. Financial issues create intense controversy often involving difficult questions of equity or fairness. Lasswell’s famous quote should include the question “who pays and who provides the services?”

There are numerous practical illustrations concerning the complexity of local financial and tax issues. As an example, city provided services are often used by non-city residents. These services may have higher fees for non-city residents. Also, a city taxpayer typically pays property taxes to both the city and county governments raising concerns about double taxation. A city will share in state distributed revenues such as sales tax or franchise taxes creating an advantage for city residents in comparison to the county citizen. The city citizen receives the state and federal shared revenues as both a city and county citizen. The non-municipal citizen often expects city services. As previously discussed, a county is expected to provide a range of state related services such as education and human services. The intricacy of the local government financial arrangement created by the federal system is significant.

Efforts between units of government to negotiate a financial formula should follow the integrative negotiation model previously described. A common financial negotiation strategy is to develop a formula strictly on the basis of equity or fairness in funding distribution. I will suggest an approach that does not place the emphasis on negotiating equitable formulas based on population percentages. Financial sharing formulas based solely on equity or fairness will often lead to irresolvable disputes. Each unit of government must view the process as fair but achieving successful financial interaction solely on this basis poses a significant challenge.

The service merger model should include a financial assessment of the proposed cost savings and associated goals. A financial evaluation of the projected impact of the merger is critical. Successful service consolidation will rely on both agencies agreeing at the outset to share any financial gains realized through the service merger.

The significance and the difficulty of financial issues should not be underestimated. Michael Pagano describes state and local relations as dependent upon the “fiscal health of state and local governments and the fiscal ties between the two sets of governments” (1990, 94). The dominant factor in state and local relations for Pagano is the “fiscal well-being” of the various entities (ibid., 95-102). A similar dominant factor for units of local government is the fiscal relationship and condition of the entity. Funding and taxation levels are major issues for staff and elected officials and negotiating financial issues are emotional and intense.

To conclude, a number of issues were reviewed concerning service consolidation as a process of negotiation. Antecedent conditions such as the free exchange of ideas, trust and an on-going process are desirable. The existence or establishment of a committee involving elected officials and top management helps to establish a positive relationship. This committee should transcend the project and incorporate the entire range of an institutionalized relationship between units of government. The process of service consolidation and collaboration in general is linked with previous and future activity and interactions.

And second, the range of issues negotiated in the service consolidation process include more than the issue of negotiated costs. There is also governance, operational, employee issues and financial issues included in the negotiation process. Governance issues include the “large” questions of decision-making and service delivery. A specific and important question concerning governance is citizen access and input. Operational issues require specific routine and technical involvement from front-line staff. The negotiation of operational issues does include the threat of turf or status-quo barriers being raised. The staff related issues are important since the tendency will be for each organization to protect their staff. The employees represent the value and quality of the service provision. Employees also represent a tangible financial aspect of the process. The development of specific strategies will be further pursued.

And finally, the financial aspects of the potential merger are typically the fundamental basis for the merger’s consideration. The following section of this

chapter addresses economies of scale, transaction costs and operational capacity. There is considerable debate regarding the advantages and disadvantages of city-county merger. An advantage of service delivery merger is the smaller scope of the process and the potential for financial considerations to be evaluated accurately.

### **Advantages and Disadvantages of Service Consolidation**

There are a number of generally accepted assumptions among local government practitioners concerning service consolidation. These assumptions are not necessarily confirmed in academic research. It is typically assumed efficiencies are gained through the service consolidation process and the elimination of duplicate services. It is also assumed that consolidation leads to more effective service delivery because of the simplification of delivery systems and the clear assignment of governmental responsibility.

A review of the academic literature concerning service consolidation demonstrates conflicting assertions regarding the advantages of this activity. There is a disparity between news reports and professional journal accounts of service consolidation and academic literature. The newspaper and journal articles are overwhelmingly positive about specific mergers taking place in local governments. This should not be surprising since the information provided comes from the units of government involved in the merger. Also, there is often little empirical or factual data backing up many local government claims made in the popular press. Claims of increasing efficiency and saving tax dollars are often vague. The academic literature concerning consolidation is also mixed with contradictory research results.

Academic literature in the reform tradition is often positive about service consolidation and city-county merger based on a rational organization assertion. A typical description is offered by William C. Harvard and Floyd L Carty concerning the merging of local governments in the Baton Rouge area:

Characteristically, the boundaries and jurisdictions of traditional units of local government have remained rigid, and piecemeal solutions for area-wide problems have been sought through the creation of special districts, the separate incorporation of areas adjacent to existing cities and similar limited

responses to the emerging situation. The result has been a plethora of local government units overlapping and overlying one another and frequently producing conflict, duplication of services, and jealousy of their special prerogatives on the part of each narrow jurisdictional element in the complex (1962, 5).

The following literature review will not ignore the weaknesses pointed out by critics. Instead, it is more useful to incorporate the strengths and weaknesses of merging services into the assessment process and into the model. Constructing a positive framework for service merger involves incorporating the opportunities and fully considering the weaknesses of this activity.

The prevailing assumption on the part of many practitioners is that service consolidation between cities and counties is a positive endeavor resulting in desirable outcomes. A recent news report on a merger effort of 911 emergency communications in Asheville, North Carolina quoted a local official as saying “the new entity would reduce emergency response time and create savings” (McWilliams, 2007). The Director expects savings because three communications centers were reduced to one. Interestingly, the Director stated in the article no estimates on the savings had been prepared. This example was consistent with other news reports.

I have organized the expected service merger positive or negative outcomes into four general categories. These categories include efficiency and economies of scale, impacts to the resource base including the distribution of goods and services, streamlining economic development and planning activities and accountability and access to governmental processes. Each category has both negative and positive research associated with service merger. A brief summary of the commonly cited advantages and disadvantages includes the following:

Advantages of Service Consolidation:

- 1) Consolidation of services is often associated with the elimination of duplicative services, creating greater efficiency and better utilization of resources (Fuller, 1991, Cope and Tarshes, 1954, Duvall, 1999, Garrett, 2001). Local governments in most states overlap jurisdictions with many

citizens receiving both city and county services. A common perception is that local governments overlap and duplicate services (Havard and Corty, 1962, Temple, 1972). The second component of this assertion is that combining services and making better use of resources can realize economies of scale. Consolidation is traditionally presented as more “rationale.” (Zimmerman, 1970, Rusk, 1993).

- 2) Consolidation of government services is viewed by several writers as enhancing the distribution of costs and services to “core cities” (Peirce, 1993, Rusk, 1993). This point asserts the redistribution of tax resources to the suburbs limits core city functions and also results in these functions being taken advantage of by non-city residents. Consolidation of services is viewed as providing a more equitable distribution of service delivery and a more equitable distribution of the associated costs.
- 3) Service consolidation is viewed as enhancing economic development, streamlining planning and eliminating obstacles and impediments to the development process. In this example, local jurisdictions with a coordinated and consolidated permitting and approval function will more successfully recruit and retain business interests (Rusk, 1993, Duvall, 1999, Mead, 2000). It is also asserted that environmental protection is enhanced because of the clarity of various regulatory processes and enforcement.
- 4) Service consolidation is viewed as improving the resource base for local governments by creating less competition. Units of local government cooperate and compete (Sokolow, 1993). According to Keeok Park, cities and counties tend to compete more in the area of developmental policies and cooperate more in public safety and education (1997). This assertion suggests local government organizational capacity is enhanced when local governments cooperate in the area of service delivery.
- 5) Service consolidation is viewed as increasing democratic accountability. The elimination of duplication enables citizens to clearly understand and

participate in the service being delivered and to assign responsibility for the level and quality of performance (Lyons and Lowery, 1989).

- 6) City-county consolidation is often associated with an improved public image. The perception that a “Metro” government is more progressive is often cited by those promoting consolidation as a promotion and marketing advantage. Specifically, the perception of greater efficiencies and effective service delivery can result from the process.
- 7) Some suggest that the process of reform creates enhancements to the service even if consolidation does not (Marando, 1979). The process of evaluating a service and considering substantial organizational change may improve the organization. This was a finding in one of the case studies.
- 8) The most common advantage cited for consolidation initiatives is service improvement. This improvement in services includes training opportunities, service delivery and resource acquisition. One local government official described a “synergistic effect” where joint outcomes exceed individual efforts (McKeen and Bugher, 2006).
- 9) Several authors assert that resource constraints by rural governments make consolidation an attractive alternative for these units (Koven and Hadwiger, 1992, Cigler, 1993, Krause, 1996, Kent, 2005). The service requirements and fixed costs create challenges for smaller and less affluent local governments to provide services. Also, intense competition creates resource scarcity, greater agency failure and movement by agencies to less competitive service niches (Baum and Singh, 1996).
- 10) I have asserted that recent trends have made service consolidation a more important consideration. The combination of the expanded service delivery role of county government, expanded boundary conflict due to annexation and governance and capacity development needs by local government have made the issue more relevant. Also, the federal system of grant and resource allocation encourages service merger.

There are assertions concerning service merger that take considerable exception to the previous list of positive outcomes. The negative outcomes associated with service consolidation and city-county merger are often the exact opposite of the listed advantages. The impression I have gained from my review of the academic literature is the negative assertions are more commonly held in recent research and publications. Richard Feiock described the arguments of better government resulting from city-county consolidation as having been “largely discredited in repeated empirical studies” (Feiock, 2004, 49). The challenges to service consolidation or city-county merger most commonly cited are as follows:

Disadvantages of Service Consolidation:

- 1) Several research efforts that will be reviewed reference diseconomies of scale and the inefficiency resulting from larger governmental organizations. This critique of larger government organizations asserts smaller and more numerous units of government are more efficient. This efficiency results from lower transaction costs, greater innovation and competition from fragmented units of government (Miranda and Lerner, 1995, Brierly, 2004, Post, 2004).
- 2) A second criticism is that consolidation of services impedes service improvement. There are many aspects to this assertion. Public Choice advocates argue that decentralized and overlapping services must compete or monopolistic tendencies limit service quality (Tiebot, 1955, Ostrom, 1973 and 1978, Bish and Ostrom, 1973). There is also the assertion services are made inefficient as an outcome of the consolidation process (Feiock and Carr, 1997, Johnson and Neiman, 2002).
- 3) A third criticism is the charge that consolidation allows governmental problems to be diluted or hidden in the larger complex organization (Carr and Feiock, 2004). This outcome asserts larger organizations are removed and non-responsive resulting in problems being kept from the public.
- 4) A fourth criticism is the charge of reduced citizen involvement and participation opportunities (Galambros, 1999, Oakerson, 2004). This

position argues more units of government benefit society by increasing opportunities for representation and involvement. Proponents of smaller and more fragmented government also suggest citizens are better informed and more supportive of the specific activity.

- 5) There is criticism that consolidation results in a loss of local citizen identification with the community. There is a social cost to eliminating local services or governments (Koven and Hadwiger, 1992, Brehm and Rahn, 1997). Also, according to several writers, minority political power is diminished and overtones of racism have been charged (Kent and Sowards, 2005). This loss of identity also is viewed as decreasing the level of citizen participation.
- 6) Detractors of service consolidation will typically criticize the reduction of choice resulting from mergers of services. The assertion made is that greater numbers of service delivery providers reduce various monopolistic tendencies and enhance responsiveness and effectiveness.
- 7) Detractors of consolidation have effectively asserted that the political compromises necessary to accomplish a merger effectively negate any gains in efficiency and economies of scale (Feicok, 2004). Essentially, each of the negotiating parties seeks to protect interests and points of negotiation and remove the possible gains.
- 8) Detractors of consolidation typically reference the motivation of advocates for merger activity. The existence of “consolidation entrepreneurs” includes certain elected and appointed officials, candidates for office, media, chamber of commerce and academic advocates (Johnson and Carr, 2004, Carr and Sneed, 2004). These advocates are characterized as pushing the issue of consolidation for personal or professional advantages.
- 9) Proponents of local government fragmentation assert that numerous options exist creating the same benefits sought by city-county merger without the associated pathologies. These alternatives include the use of Interlocal Agreements, annexation, the creation of service districts and

service consolidation (Thurmaier and Wood, 2004. McCabe, 2004, Brierly, 2004, Carr and Feiock, 2004).

10) A final criticism of consolidation efforts is the political capital and staff time and resources expended to pursue a consolidation initiative. In this view, the gains, if any, are minimal and the stakes high (Rosenfield and Reese, 2002). The end result is not justified by a risky consolidation endeavor.

I want to elaborate on several of these points and conclude by suggesting the incorporation of these issues into a service consolidation framework.

As stated previously, there is no consensus in the academic literature on the benefits of merger activities. Also, much of the research focuses on full city-county merger and not the more specific act of service consolidation. The claims made by service merger practitioners point to the benefits of the activity but do not often appear to be substantiated by data. I do believe a number of generalizations are possible to make and that a framework to advocate for certain types of service merger activity can be constructed and this overview is provided in Chapter Five.

The academic literature generally supports the idea that economies of scale are possible concerning service mergers. Allen Brierly raises serious issues concerning transaction costs and merger activity but refers to the “logic” of scale as “unassailable” (2004, 58). Stephanie Post states that “economies of scale are realized when larger producers can obtain equipment and materials at a lower cost, and when goods and services are used to capacity” (2004, 76). For Post and other writers, economies of scale are more obtainable in capital-intensive systems where larger units of government have access to sufficient resources. An example of a capital-intensive system would be a water and sewer utility system.

The Rand Corporation in a report prepared for the California Council of Intergovernmental Relations in 1971 reached a similar conclusion. The Rand Report recognized a distinction between capital-intensive services and labor-intensive services. The report “indicates that economic savings can be achieved by increasing the size of the governmental unit for hospitals, fire protection, public utilities, public

housing, operations and maintenance, and construction of selection kinds of facilities” (Greene, Rogers 1975, 21). Also a “barrier to entry” will often exist for smaller governments concerning capital-intensive services (Post, 2004, 78). This barrier to entry for smaller jurisdictions prevents the provision of certain needed services. Conversely, research suggests labor-intensive operations will have greater efficiencies for smaller and fragmented governments. (Ostrom, 1973, Post 2004, 72-76).

The second section of the previous quote by Post references when goods and services “are used to capacity” (2004, 76). The quote suggests efficiency and economies of scale are obtained when a governmental service is fully utilized. A service operates efficiently when it is used at optimum levels while serving the public. The implication is that government is staffed and equipped to provide services at a certain level and the public does not consistently and fully utilize the service. In other words, government services are often established to meet an expected peak demand and this demand does not consistently occur.

There are a number of collective action and free rider problems identified in the literature on city-county merger. There is also a collective action problem concerning service delivery. It is a challenge for government to operate efficiently when the service must be staffed and equipped for a peak demand. Government does not consistently function at a peak demand. Building permits may be seasonal. Dispatch centers may be staffed for major emergencies. An engineering department may not consistently have major projects at the point of requiring design and inspection services. A service provision may have excess capacity. This potential for local government to share excess service capacity is an important point of evaluation and consideration. It is an important assertion of this research project.

I have not reviewed in the literature a service delivery collective action problem in the context of service consolidation. Service delivery capacity will not always exist in an organization just as economies of scale will not always exist. Still, the issues of economies of scale, transaction costs and agency service capacity should be part of an initial assessment. These three issues collectively represent the

efficiency aspect of service consolidation. The three concepts must also be evaluated in relationship to a series of competing values and compromises necessary to accomplish a specific merger.

The existence of service capacity in each unit of government including neighboring jurisdictions creates an incentive to cooperate. Post suggests the number of governments per square mile “increases the possibility of policy spillovers” and encourages local officials to cooperate (2004, 72-74). The presence of a strong policy leader, common policy objectives and federal grant programs can also encourage cooperative interaction between local governments (ibid.). My review of the literature is that the concept of governmental services not being fully utilized and having excess capacity is often overlooked.

A challenge for advocates of service merger is the transaction costs associated with the operation of government. Richard Feiock writes that a unit of government “requires an enormous number of transactions within the bureaucracy, creating costly coordination problems” (2004, 291). Allen Brierly defines a transaction as a “decision, represented by movements from one outcome to another, where there are costs associated with transactions and outcomes” (2004, 55). A transaction cost is the cost to provide and administer the service. A transaction cost includes each component of the provision process. The consideration of the number of transactions involved in governmental processes can make the full cost of a merger more apparent. Brierly effectively argues that there is a “trade-off between scale and transaction effects” (2004, 56-60). Essentially, a reduced cost of service provision can be realized by economies of scale but transaction costs will increase for the unit of government as the agency increases in size. Also, for Brierly, increases to the “numbers of service locations and the distance to these locations” may offset the economies of scale gain in larger consolidated systems (2004, 59-60).

Jared Carr succinctly summarizes this point by stating: “Thus communities confront the following dilemma with city-county consolidation: Combining the governments may reduce the cost per capita by producing public services, but increase overall transaction costs” (2004, 8).

Two questions remain insufficiently addressed in academic research. First, consolidating services will involve assessing the service level of at least two organizations. Transaction costs will increase for the merged service in the unit of government with the new larger responsibility. This does not answer the question if the new consolidated transaction cost is lower than the individual transaction cost of two separate units providing the same service. Service consolidation should consider all costs associated with the local government entities in place prior to consolidation. And second, there is no consistent calculus demonstrating transaction costs exceed economies of scale and the potential existence of organizational capacity. The research appears inconclusive. The research seems to focus on the relationship between transaction costs and economies of scale and less on the identification of potential organizational capacity.

There are several studies analyzing specific service mergers and the issue of economies of scale. Thomas Garrett researched merging Cooperative Extension functions in the state of Kansas and states the “empirical findings and resulting conclusions regarding scale economies are robust-all estimation techniques, both parametric and nonparametric reveal significant scale economies across county extension councils” (2001, 818-819). The author notes additional benefits from merging services, including educational programming, training and operational costs (ibid., 823-824).

The City of Charlotte and Mecklenburg County are typically cited as the premier example of a community implementing service consolidation projects. The community has a standing Joint Use Task Force that meets monthly, a joint five and ten year capital plan and share facilities (Eagle and Cowherd, 2006). Nineteen departments or functions have been consolidated including law enforcement, water and sewer service and parks and recreation (Mead, 2000). The service consolidation successes resulted from the failures of city-county merger referendums. The successes have resulted in less community interest in city-county merger and an enhanced ability to address regional challenges (ibid.).

Mark Fuller analyzed the process and the financial advantages of merging functions and departments between the City of Aspen and Pitkin County, Colorado (1991). The author describes an initial consensus to assess the feasibility because of the “intense growth pressures” and this consensus offered the opportunity to “coordinate, cooperate, and, in many circumstances, merge departments” (1991, 71). The first phase of the study demonstrated cost savings of between “\$660,000 and \$900,000 annually” (ibid., 73). These savings were in addition to the significant savings that had already been realized through previous service consolidation. Interestingly, the author notes that the studies were not fully implemented because of the “alleviation of financial stress that motivated the consolidation movement in the first place” (ibid., 75).

Other studies reach a different set of conclusions. Public choice writers suggest that fragmentation of units of government create competition and enhance local government efficiency (Tiebout, 1956, Ostrom, 1973, Bish and Ostrom, 1973). Public choice writers assert that citizens locate in areas with a desirable offering of services and tax levels. The competition associated with fragmentation is described as creating more “responsiveness and greater efficiency” (Lyons and Lowery, 1989, 533-534). Public choice proponents assert citizen behavior is “motivated by self-interest, utility maximization, and more simply put, goal fulfillment” (Petraicca, 1991, 289).

For example, Elinor Ostrom argues that smaller and more diffuse police departments create greater citizen satisfaction and higher levels of service response (Ostrom, Parks, Whitaker, 1973). For Ostrom, larger police forces do not provide for greater professionalization, enhanced service delivery or cost effectiveness than smaller law enforcement departments (ibid.). The findings in this study were questioned by Harry P. Pachon and Nicholas P. Lovrich, whose research challenged Ostrom and suggested that “if all else were equal, larger police forces would produce more satisfying police services” (1974, 38). Clearly, the research on this issue is inconsistent.

The issue of fragmentation and duplication is also raised in research conducted by Rowan Miranda and Allan Lerner. The authors suggest “organizational redundancies” can be used to moderate the monopolistic tendencies and inefficiencies of government (1995, 195-196). The authors assert that the conventional wisdom in public administration of “zero-redundancy as the measure of both economy and efficiency” is misplaced and conflicts with the values of responsiveness and effectiveness in government (ibid., 196). The literature review performed by the authors suggests “organizational redundancies are perhaps a means for averting monopolistic outcomes” (ibid., 197). This research also asserts that “competitive organizational redundancies” can improve both public performance and public responsiveness (ibid.).

There is research on consolidated government questioning the efficiencies purported by those advocating political merger. Larger units of government that are less flexible and more costly diminish the economies of scale gains thought to occur. Decentralized government is argued to be more efficient. For example, Benton and Gamble perform a time series analysis on consolidated governments and determine that smaller and fragmented governments minimize the transaction costs associated with providing the service (1985). Brierly also points this out by stating “consolidation may reduce the cost of provision by expanding output, but only delegated local control and town governance minimize transaction costs” (2004, 59). As this review demonstrates, a strong emphasis exists in academic research suggesting smaller and competing governments are more effective, efficient and responsive.

A second general area of debate focuses on the advantages of consolidation gained through streamlining and coordinating services and enhancing and clarifying accountability. Again, the news articles and professional journals suggest service enhancement occurs when service merger takes place. The academic literature is divided over these issues. For example, William Lyons and David Lowery surveyed citizens in different types of neighborhoods in fragmented and consolidated governmental systems. The authors conclude that “contrary to expectations based on

the public-choice model, citizens of small, rather homogenous governmental jurisdictions operating in highly fragmented systems are not significantly better informed, more efficacious, more participatory, or more satisfied than their counterparts living in consolidated settings” (1989, 533).

Several authors challenge this finding. Bert Swanson provides a reassessment of the Jacksonville and Duval County merger comparing the claims made during the merger campaign with the results following the merger. The author states that the champions of consolidation promised “greater coordination and accountability” (2000, 227). Swanson contends that the merger failed to bring greater economic efficiency, improved political equity, greater political accountability or improved administrative effectiveness. (2000, 233-236). Feiock and Carr demonstrated similar results and reached similar conclusions concerning the Jacksonville and Duval County merger. (1997).

Another assumption is that consolidation will improve performance by better coordinating and utilizing resources. Research conducted by Martin Johnson and Max Neiman on business recruitment and economic development activities undertaken by local government suggests fragmented and competitive local governments perform more effectively than consolidated governments:

Although competition is not the only thing that affects the economic development activity initiated by a local government, it has a clear influence on a community’s efforts to attract business and industry, particularly the competition perceived by our survey respondents. In fact, the substantive effect of competition on development activity is stronger even than a community’s resources or internal political attributes (2004. 142).

Bert Swanson examined the economic development results of the consolidation of Jacksonville and Duval County and concluded that consolidation did “little, however, to change the socioeconomic status differentials of the residents in the two areas” (1976, 236). Feiock and Carr also researched the economic development issue in the Jacksonville and Duval County merger and reached similar

conclusions concerning the coordination of activities not directly translating into an improved overall economic condition of the region (2002).

Richard Feiock suggests a fundamental collective action problem concerning governmental cooperation and competition stating that joint goals and common interests may be inadequate to motivate collective action (2004, 7-8). Feiock also states that the evidence is clear and that consolidation of governments does not “enhance economic development” (2004, 5).

Again, different research focused on a different merger suggests the opposite findings. Julianne Duvall points to the successful merger of Indianapolis and Marion County. This merger resulted in \$850 million in private investment, improving the local government Moody’s Bond Rating to AAA, and successfully addressing regional environmental concerns (1999). The author states that “as the numbers of incorporations within a county increases, fragmented systems develop, ignoring area-wide issues (ibid.).

The issue of the advantages and disadvantages of service merger is significant and divisive. Jared Carr refers to these differences as a “war of words” (2004, 20). A clear and logical assertion to clarify this issue is offered by Richard Feiock in an article titled “Do Consolidation Entrepreneurs Make a Deal with the Devil?” Writing about city-county merger, the author concludes the following:

This review concludes that, for the most part, consolidation has not delivered on the benefits promised...The progressives promised cost savings through economies of scale, reduced duplication of effort, and greater technical capacity in service provision. These arguments have been largely discredited by empirical research in the past fifteen years. Charles Tiebout’s model of local public economies has provided a powerful theoretical alternative to consolidation in terms of allocating efficiency in public goods and services. Research demonstrates that local government generally costs less in areas where general-purpose government is more decentralized (2004, 44).

The author offers an alternative suggestion as to why the gap exists between the expectation of government merger and the results demonstrated in much of the

research. For Feiock, the compromises required to politically and successfully consolidate units of government do not enable the economies of scale benefits to materialize. Essentially, “deals with the devil” must be made resulting in inefficiencies introduced into the process (2004, 47). I would suggest this assertion is accurate and is applicable to service delivery merger. This assertion explains why there is inconsistency in the research and why a gap seems to exist between the claims of practitioners and the research conducted on this issue. The logic associated with merger activity often fails to materialize.

This conclusion was confirmed in the case study research and the mental health agency merger previously reviewed by the author. The case study participants indicated that greater efficiencies were possible but the focus was often to enhance the service. The staff members did not prioritize cost-savings. Elected officials, essentially, are politically required to accept the efficiency compromises to complete the merger initiative.

The academic literature regarding the negative and positive aspects of city-county merger does provide a variety of responses to the question of the shortcomings and benefits of this activity. I have previously suggested the research on service consolidation is incomplete but that one can extrapolate from the merger literature. I will formulate a framework for this important topic utilizing the following generalizations and incorporating the case study findings. This framework will be more fully developed in Chapter Five.

- 1) Unlike city-county merger, service delivery consolidation is a narrow and specific activity and a reasonably accurate assessment can be completed in advance to evaluate the strengths and weaknesses of the proposal.
- 2) The assessment of a service consolidation proposal should consider cost, employee impact, citizen access and service delivery questions.
- 3) Economies of scale are possible to gain from the merger activity if the process of gaining approval does not remove the potential gains.

- 4) Economies of scale should not automatically be assumed to exist. The type of service, the capacity of each agency and the specific points of negotiation will determine if a service merger is desirable.
- 5) The transaction costs associated with both agencies should be assessed and calculated. The entity being relieved of the service provision is also being relieved of additional transaction costs to the organization. This trade-off should be part of the negotiation process.
- 6) Benchmarking can be used to establish the capacity of each organization. Benchmarking can determine if efficiencies can be gained based on the existing levels of funding and staffing in each organization. Organizational capacity needs to be assessed along with transaction costs and economies of scale.
- 7) Citizen access and citizen responsiveness should be considered as part of the process. A larger entity can decentralize front-line services, appoint a citizen advisory committee and introduce on-going citizen evaluation into its process. Creating more government simply to increase citizen participation or representation is not practical or logical. There are more defensible ways to increase participation opportunities than the retention of multiple layers of governments (Campbell and Birkhead, 1973).
- 8) I want to suggest a distinction between duplication and competitive services. Some service duplication activity remains monopolistic regardless of decentralization. For example, there is no choice involved in the utilization of a 911-dispatch center. Duplicate 911 centers do not compete with other dispatch centers. A caller uses the 911 centers assigned to the area of the call regardless of a choice the consumer may desire to make. A competitive service (such as recreation programs) should evaluate the issue of choice and a decision made as to the benefit of competition and choice in this type of service.

An early but fairly confident conclusion regarding the advantages and disadvantages of service consolidation is that the results depend on the approach

taken and specific circumstances surrounding the service. In other words, service consolidation does not automatically create any of the advantages or disadvantages previously discussed. The answer to the question of the advantages and disadvantages of service consolidation is “it depends.” The success of service consolidations depends on the circumstances at hand, the approach taken, the type of service and the specific merger agreement. In short, the results are based on political considerations, specific points of negotiation and many specific details related to the new system.

### **Conclusion**

The purpose of this chapter is to provide additional discussion and definition to the issue of service merger. Five general issues were reviewed. Various issues including employee impact, citizen impact and the type of service being merged affect the complexity of service consolidation. Some service mergers are more complex than others. The process of service merger includes identifiable and distinct stages in the process. The stages require different considerations and approaches. The process is a process of negotiation and specific strategies can be incorporated to assist in producing a successful merger and a successful service. And finally, there are advantages and disadvantages associated with the process. These issues need to be incorporated into the evaluation and implementation process to determine if a service merger should be attempted.

A consistent resolution or consensus to the “war of words” on consolidation is not likely (Carr, 2004, 20). The purpose of this project is not to suggest service consolidation is always the correct goal to pursue. In fact, the pitfalls and shortfalls of this endeavor should create caution and very deliberate assessment. The purpose of studying this issue and the process is the significance of understanding the criteria required to make service consolidation successful. It is my contention that the issue of service consolidation can be more thoroughly studied and best management practices developed to analyze and, if appropriate, pursue this form of organizational change. I do suggest rejecting both extremes in the debate on this subject. Consolidation does not always result in the negative conclusions reached by opponents. There are, however, identifiable pitfalls and potential negative outcomes. In a similar manner,

consolidation does not automatically result in an improved set of conditions for a community. The conclusion that I will reach is that service delivery consolidation can be effectively implemented. It is a more limited activity and can result in favorable outcomes. It is my judgment that the factors creating this more favorable outcome deserve consideration and additional study.

## **Chapter Three**

### **Service Consolidation in North Carolina: Survey Responses Regarding the Incidence and Practice of Service Delivery Consolidation.**

#### **Introduction**

Service consolidation is an issue of interest for local government practitioners. The implementation of service consolidation as a strategy to enhance service delivery or organizational capacity is a significant undertaking. The incidence and practice of service consolidation nation-wide has not been evaluated in a systematic manner. According to the Director of Research for the International City Manager Association (ICMA), this organization does not conduct a national survey on service consolidation for city and county governments.<sup>1</sup> A survey is conducted by ICMA to identify the point of service delivery and the level of service provision for law enforcement agencies in the United States. The survey is not a systematic analysis by ICMA on the issue of service consolidation. ICMA also conducts a member-wide survey on the privatization of local government services.

In November, 2007, I conducted a survey of the one hundred county managers employed in North Carolina. I chose to survey county managers because service consolidation in a community would typically involve the county unit of government. A county might have as many as ten or more municipalities within its jurisdiction. There are 549 municipalities in North Carolina and these cities and towns could consolidate services without county involvement (NCLM, 2008). When service delivery consolidation occurs in North Carolina it will typically involve both a municipality and the county government.

The organization of local government in North Carolina is consistent with many states. County government serves as both an agent of state government and a

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<sup>1</sup> I spoke to Evelina Moulder, Director of Survey Research for ICMA in September, 2007. She confirmed that ICMA conducts a Law Enforcement Delivery Survey and a “Profile of Local Government Delivery Choices.” The latter survey focuses on privatization of local government services. She also stated she knew of no similar survey to the one I was conducting on service consolidation.

general service provider. Counties are a “body politic and corporate” designed to carry out state programs and functions (Ferrell, 1989). The historical trend by the North Carolina General Assembly has been to assign most municipal service authorizations to counties as the role of general service provider has continued to expand (Wicker, 1982). Municipal services were historically provided in dense population areas for people desiring enhanced local services and where the county was unable or unwilling to perform the same services countywide (ibid.).

North Carolina law recognizes five core services typically provided by cities. The core services are law enforcement, fire, waste collection, street maintenance, water and sewer. For legal purposes, a city is typically required to provide the core services either directly or through contracts or service agreements. County governments are legally able to provide all of the core city services, with the exception of street maintenance. Street maintenance in non-incorporated areas is provided by the State of North Carolina. The list of authorized services for North Carolina counties is lengthy and I have included an addendum with a list of functions authorized exclusively for city government, county government and for both governmental units.

County and city governments do have overlapping jurisdictions in North Carolina and citizens of a municipality are also citizens of the local county government. This overlap of service results in municipal citizens experiencing a certain level of service duplication. Certain city and county services are similar or virtually identical with provision to the same citizens. This duplication of similar services does not go unnoticed by staff, elected officials or citizens.

In addition, citizens residing or owning property in a municipality will pay property taxes to two separate units of local government. City citizens or property owners pay both city and county property taxes. This “double taxation” is a contentious issue for city taxpayers and city elected officials. The municipality also receives certain state distributed funds based primarily on population thresholds (Vogt, 1982). Many of the state distributed revenues are allocated to both cities and

counties. The city citizen receives the benefit of the state revenue distribution as both a city and county citizen.

North Carolina is somewhat unique in its utilization of the council-manager form of government at the county level. All one hundred counties hire a professional manager or administrator responsible for policy implementation and the oversight of management functions and operations (Jenne, 1998). The county manager is the point of reference in each community with the knowledge and experience to understand service consolidation processes. The county manager is responsible to an elected board and would understand the political implications of service consolidation. The county manager is also in a position to understand why service consolidation has occurred and the logistical reasons for its consideration and success.

A survey directed at county managers is logical for two reasons. First, the county is the general provider of local government services representing all North Carolina citizens. If service merger takes place in North Carolina it will typically involve county government. And second, the county manager is in the unique position of having both a management responsibility and a policy formulation and implementation responsibility. The county manager performs an “inescapable role” as a “leader in proposing public policy” (Kammerer, 2006, 36).

### **Objectives of Survey**

There are several objectives established for this survey. First, it is my view that service consolidation has occurred in most units of local government and is a fairly common practice. It is an issue local government managers and elected officials view as a viable alternative for service provision. A systematic review of the incidence of service consolidation will increase the awareness of this service delivery option. The survey results do indicate that service consolidation primarily occurs in certain types of services and not with a unit of government’s core services. The survey results also indicate a positive view of service consolidation as a mechanism for local government change.

A second objective concerns the potential for greater service delivery consolidation for units of local government. It is the hypothesis of this research that

service consolidation represents a viable opportunity to enhance service delivery. County managers were asked in the survey instrument to express an opinion on the potential for an expansive use of service consolidation to improve service delivery. The survey results demonstrate significant potential for the increased utilization of departmental consolidation. This perceived opportunity coupled with increased awareness and research could establish even greater acceptance of service merger.

A third objective for this research concerns impediments limiting the use of service consolidation. The survey posed several questions designed to determine why a unit of government does not pursue service consolidation. The perceived threats create a significant understanding into the decision making process of local government managers on this issue. County managers correctly perceive obstacles related to service consolidation. The obstacles are often associated with threats resulting from the process of a service merger rather than the actual perceived positive or negative outcomes of a specific merger. In simple terms, the awareness of service consolidation is high and the attitude regarding the potential results is favorable. The obstacles are primarily associated with threats to the organization or management resulting from the process.

A fourth objective of this research concerns perceived positive outcomes associated with service delivery consolidation. Most county managers will view service consolidation as enhancing service delivery, efficiency and accountability. These perceived outcomes are not consistently substantiated in the academic literature evaluating comprehensive city-county merger. This research confirms that practitioners view the potential of service consolidation as an enhancement to local government organizations. There is an inconsistency in academic research regarding consolidation activities and practitioners viewing the activity as promising. The problem for advocates of service delivery consolidation is the lack of systematic research on the topic. There is also a need for more systematic analysis on the claims resulting from service merger activity.

I will state the research objectives in terms of expected results. A summary of the research expected results are as follows:

Research Survey Expectation 1. Service consolidation is a routine occurrence and examples of consolidated services can be found in most units of local government.

Research Survey Expectation 2. Most county managers view the use of service consolidation as a viable alternative for local government service delivery.

Research Survey Expectation 3. Most county managers will view service consolidation as a positive undertaking worth the investment in time, effort and resources.

Research Survey Expectation 4. There are perceived obstacles to successful service consolidation and these impediments can be identified and studied. There are also proactive steps that can be taken to assist with the process. These steps can also be identified and studied.

Research Survey Expectation 5. There are certain types of services viewed as more appropriate candidates for consolidation and specific services viewed less favorably. These services can be identified and common characteristics cited.

### **Methodology**

A five-page survey instrument was designed to solicit the opinions and experience of county managers regarding service consolidation. The survey was distributed by e-mail on November 24, 2007, and the response rate was sixty-six percent. There were two follow-up e-mails and a phone call designed to increase the participation rate. A response rate of sixty-six percent is sufficient to draw conclusions about the topic. There were five counties in North Carolina with vacancies or interim managers when the survey was conducted. The response from these counties was more problematic.<sup>2</sup> There are a number of counties that are simply

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<sup>2</sup> A county (especially a smaller one) might not have sufficient staff if there is a vacancy. A survey would not be seen as a priority.

less involved in NCACC processes and are less likely to participate in a survey. Also, there was enthusiasm informally expressed by survey participants in both the subject matter and the solicitation of their opinion on the subject.

The North Carolina Association of County Commissioners administered the survey to assist with this research and to solicit member input. The NCACC represents and lobbies on behalf of all one hundred North Carolina counties. The NCACC provides services to members in addition to their primary role of representing the interests of counties in the North Carolina General Assembly. Examples of services include the administration of an insurance pool, delinquent collection programs and various educational initiatives. The newly elected President of the NCACC pledged to dedicate his year in office to establish a clearinghouse for information through the NCACC and greater utilization of surveys to solicit member opinion ([www.ncacc.org](http://www.ncacc.org), 2008). The survey on service consolidation was the first in a series of surveys to solicit member input. Follow-up surveys may also provide additional data on this topic.

The survey instrument has a specific use for the NCACC in relationship to the issue of annexation and the North Carolina League of Municipalities. Annexation routinely emerges as a legislative issue in North Carolina. North Carolina is viewed as having “progressive” annexation laws allowing for the expansion of municipal boundaries in a systematic and orderly method. The laws serve to “provide an appropriate local government arrangement for serving some state citizens” (Wicker, 1996, 4). The annexation issue is controversial and creates division between cities and counties. Essentially, as municipalities annex areas, the county organization loses state distributed revenues to the municipality. Also, conflict between the municipality and “county” citizens can occur when the annexation method is involuntary.

The membership of the NCACC views the issue of annexation as a significant issue for counties, and a committee to address the issue through legislation was formed in the fall of 2007. The North Carolina League of Municipalities is the sister organization to the NCACC. The League of Municipalities consistently establishes an annual legislative goal of preserving the existing annexation laws.

Although annexation was not directly addressed in the survey instrument, the issue is touched upon in one question and appears to be significant. Annexation creates greater service delivery overlap for North Carolina citizens. The issue also generates political conflict between cities and counties. The annexation issue causes service consolidation to be viewed with significant interest.

The survey instrument can be divided into three components. The first series of survey questions focused on the incidence of service consolidation in North Carolina counties. The survey questions were designed to determine if service consolidation routinely occurs. Questions were also designed to determine the specific county departments already merged, under current consideration for merger or suitable candidates for future merger activity. The survey identifies merger activity in the responding counties and specific services previously consolidated.

The second series of survey questions is designed to determine how to increase the success of service consolidation initiatives and to identify the perceived obstacles associated with service merger activity. These questions seek to create greater understanding of the factors contributing to the successful merger of services. The questions also sought to identify reasons service consolidation is not more frequently pursued. The questions focused on both actual consolidation initiatives and perceived obstacles on consolidations not actually undertaken. Specifically, this series of questions focus on the service consolidation process and strategies identified by county managers creating favorable merger outcomes.

A third series of survey questions was designed to determine the potential for service consolidation to serve as a vehicle for positive change in local government. An assumption made in this research is that a significant opportunity exists to enhance organizational capacity and improve local services. The perception of county managers concerning the potential for service consolidation to improve local government is an important consideration. The perceived benefits of service consolidation are specifically identified in the survey responses. A more positive view of service consolidation by practitioners will be contrasted with the more skeptical

academic research. Service consolidation is not presumed automatically desirable. Careful thought and planning is required.

A final series of survey questions requests demographic information from each county manager. The demographic information included the population of the county, the number of municipalities and the years of service of the responding county manager. I offered no hypothesis on the incidence of service consolidation and the size of the county or the number of municipalities. A smaller and more rural county may be more inclined to consider consolidation activity based on the challenge of providing services due to the scarcity of resources. Larger counties with larger departments, more municipalities and greater interaction between service providers may also create a greater incidence of service consolidation initiatives. The number of years the county manager was in the jurisdiction was also requested and no hypothesis was offered on this characteristic.

There were several open-ended questions allowing the respondent to provide relevant information on service consolidation. The open-ended questions enabled the county manager to provide information not specifically requested in the survey questions. There was a request to contact the manager concerning follow-up questions raised in the survey process and most of the respondents gave approval for additional contact.

I would briefly offer two weaknesses associated with this methodology. First, city managers were not surveyed. Such an inclusion would have greatly expanded the scope of this undertaking and may have created conflict because of the annexation issue. I am not certain I would have received the favorable response rate with a more controversial process. I am hopeful a second survey will be conducted with a broader inclusion. I suspect the response from city managers would have been more cautious. Second, the survey does not question elected officials. This inclusion would have also greatly expanded the scope of the undertaking. It is possible that the opinion of elected officials would differ from the appointed officials. The survey results will be shared at a future date with the Board of Directors of the NCACC and any differences

in opinion will be quickly apparent. The Board of Directors is comprised primarily of elected county commissioners.

### **Attitudes toward Service Consolidation in North Carolina Counties**

Several questions in the survey were designed to evaluate the attitude of county managers toward the concept of service consolidation. The assertion of this research is that practitioners in local government have a positive view of the perceived opportunities provided by service consolidation. Question nine of the survey asked the responder if service consolidation could have a positive impact on specific services in their county. An overwhelming sixty-two out of sixty-six responses (93.9%) answered affirmative to this question. The response demonstrates the relevance of service consolidation as an alternative service delivery option for counties.

There is a contradiction related to this overwhelming response when specific services are identified as potential candidates for merger and I will return to this issue. There are also issues serving to moderate this positive response when inserted into the question and this will also be further discussed. The response reflects a general perception without the associated and specific details of a process necessary to implement the service consolidation.

A related question asks responders to rate the political culture in their county to the issue of service consolidation. A majority of fifty-three responses out of sixty-six (80.3%) viewed their individual communities as moderately receptive or very receptive to service consolidation. This question is designed to move beyond the individual opinions of each county manager and to incorporate the perceived receptiveness to service consolidation in the manager's community. Taken together, the responders expressed moderately positive views of service consolidation and perceive their individual communities as receptive to this type of organizational change.

Table 3.1 overviews the responses concerning the perceived receptiveness of the community to service consolidation. It is important to link the manager's view of service consolidation with the perceived receptiveness of the community. It would not

Table 3.1 Political Culture and Service Consolidation

Receptiveness to Consolidation	Response Percent	Response Count
Not receptive	12.1%	8
Moderately receptive	66.7%	44
Very Receptive	13.6%	9
Not sure	7.6%	5
Total Count		66

be unusual for a manager to have a positive opinion regarding a particular issue and to refrain from raising the issue or initiative if it lacked community support. The moderately receptive response demonstrates a cautious, and yet positive view of the community’s attitude towards merger initiatives.

The survey included an open-ended question asking why the responder felt service consolidation would have a positive impact on service delivery. The responses overlapped and I chose to report similar phrases since meanings could be open to different interpretations. There were fifty-three individual responders with several providing multiple answers to the question. The responders focused on matters related to increased efficiency, greater citizen understanding and enhanced effectiveness of service delivery. One manager stated “when two smaller units of local government work towards consolidation, both benefit from a positive impact on service delivery due to a greater return when combining resource input than we can get separately.”

A summary of the open-ended responses regarding the managers’ perceived advantages of service consolidation is provided in Table 3.2 on page 89. The perceived advantages of service merger identified in the survey were divided into four response categories. Financial advantages were referenced in forty-three of the responses and were the most frequently cited reason to consider consolidation of services. Managers specifically referenced financial savings, greater efficiency, reducing the cost of overhead and greater economies of scale. County managers clearly support the supposition that service consolidation has the potential of creating financial savings and increasing efficiency.

Table 3.2 Perceived Advantages of Service Consolidation

Financial Advantages	Response Percent	Response Count
Financial Savings	50.9	27
Efficiency	18.8	10
Cost of Overhead	5.6	3
Economics of Scale	5.6	3
<b>TOTAL</b>	<b>81.1</b>	<b>43</b>

Service Advantages	Response Percent	Response Count
Enhanced Service Delivery	30.1	16
Service Effectiveness	9.4	5
Improved Coordination	7.5	4
Standardized Services	5.6	3
<b>TOTAL</b>	<b>52.8</b>	<b>28</b>

Accountability	Response Percent	Response Count
Public Confusion Lessened	15.0	8
Centralizes Accountability	3.7	2
Improved Public Perception	3.7	2
Demonstrates Unity	1.8	1
<b>TOTAL</b>	<b>24.5</b>	<b>13</b>

Miscellaneous	Response Percent	Response Count
Reduce Duplication	15.0	8
Increased Professionalism	1.8	1
Improved Recruitment	1.8	1
Leverage Purchasing	1.8	1
<b>TOTAL</b>	<b>20.7</b>	<b>11</b>

<b>Answered Question</b>		<b>53</b>
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The responders also viewed service delivery consolidation as enhancing the specific service. Twenty-eight responders believed services to citizens could be improved based on greater effectiveness and coordination. Also, issues such as standardizing services and creating new resources were cited. One manager stated, “If you can overcome egos, the public benefits because of the change of focus from who provides the service to how the service can best be provided.”

A third general area cited in this survey was accountability to the public. Comments typically focused on greater clarity and awareness of the service. The most frequently referenced issue was simplifying government services and minimizing confusion. One manager stated “combined services should reduce confusion for the public as to what entity provides particular services.” Assigning accountability to the specific unit of local government was also identified as a positive outcome. Three respondents believed service consolidation improved the public’s perception of local government and the related efficiencies. I have previously noted the significance of service consolidation as a demonstration to the public of a prudent utilization of tax dollars.

Finally, there were a number of responses grouped in the fourth category labeled miscellaneous. Eight of the county managers referenced a reduction in the duplication of services as a reason to pursue service merger. Service duplication occurs when similar or identical services provided by two different units of local government to the same citizen. One manager pointed out that service consolidation could reduce “duplication of services and duplication of costs.” I have also previously stated that the public perceives significant duplication and waste in local government. While this study does not analyze the public’s view of this issue, it is clear that a number of county managers are sensitive to this view and see service consolidation initiatives as a positive response to negative public perceptions.

The reasons cited by county managers to consolidate services are not entirely consistent with reasons often cited to pursue comprehensive consolidation. In Chapter Two, I reviewed several comprehensive consolidation studies on this subject. For example, research articles cite issues including fragmented planning, corruption, rapid

population change and core city problems as reasons for comprehensive city-county merger (Johnson and Carr, 2002, Marando, 1979, Leland and Johnson, 2004). Economic development issues are also frequently cited in national studies by advocates and opponents of city-county merger (Feiock and Carr, 1997, Johnson and Nieman, 2004). Service consolidation is a more limited undertaking and the reasons cited to support this form of merger are more specific and defined. However, I will suggest that a limited number of the reasons cited to merge services are consistent with reasons offered to merge complete government entities.

### **The Incidence of Service Consolidation in North Carolina Counties**

The survey incorporated several questions addressing the prevalence of service consolidation in North Carolina local governments. An expected finding of this study is that service consolidation is prevalent in local government and is viewed as a positive service delivery option. The identification of specific departments serving as successful examples was incorporated into the survey instrument. The use of service consolidation by local governments and the identification of specific services were approached from three different perspectives. The survey responders were asked to identify the following:

- 1) Specific services in their organization that had been consolidated.
- 2) Specific services currently under consideration for consolidation.
- 3) Specific services viewed by the responder as likely candidates for consolidation.

Sixty-two out of sixty-six (93.9%) responders identified at least one consolidated service in their organization. Eighteen responders identified two or three consolidated services in the unit of government and thirty-seven identified four or more consolidated services. The survey results confirm that the consolidation of services exists in the overwhelming majority of counties. The results demonstrate an even greater use of service consolidation than anticipated. A total of 93.9% of the survey respondents had a merged service within their organization. A total of fifty-five (83.3%) of the responding counties had more than one consolidated service in their organization.

Survey responders were also asked if their unit of local government was currently considering the consolidation of a service with another unit of government. Seventeen out of the sixty-six survey participants answered yes to the question and six responders answered maybe. A total of 34.9% of the responders were currently considering a service merger. A response demonstrating that one-third of the respondents and at least 22% of all one hundred North Carolina counties were actively considering service merger was higher than anticipated. This response does demonstrate a substantial level of current interest on this topic.

Table 3.3, shown on page 93, summarizes the number of consolidated services identified by each county manager and the number of responders also presently considering a merger.

The survey posed a series of three questions requesting specific service related information. First, survey responders were requested to identify the specific services already consolidated in their individual counties. Eighteen distinct services were identified as county departments already merged with another unit of government. Table 3.4, shown on page 93, provides an overview of the services identified by responders as consolidated services. A total of fifty-nine managers answered this question.

Second, survey responders were requested to list those services currently under consideration for service consolidation with another unit of government. The respondents identified sixteen services as current candidates for consolidation. The following services were identified as currently under consideration for service consolidation and are listed in Table 3.5, shown on page 94.

And finally, a third service related question asked the responder to identify those services having a strong potential for service consolidation. Obviously, a county manager would not identify a service already consolidated as having potential for future consideration. This specific grouping of services provides insight into future activity. Table 3.6, shown on page 95, provides an overview of the services identified by responders as having a strong potential for consolidation.

Table 3.3 The Incidence of Service Consolidation Totals

	Response Percent	Response Count
Identified one consolidated service	11.2%	7
Identified two or three consolidated services	29.2%	18
Identified more than three services	59.6%	37
Total Responses	100%	62
Were actively considering a merger	34.9%	22

Table 3.4 Services Identified as Consolidated

Services Identified as Consolidated	Response Percent	Number of Counties
Tax Collection	69.5%	41
Building Inspections	64.4%	38
Centralized Dispatching	64.4%	38
Animal Control	55.9%	33
Water and wastewater	28.8%	17
Geographic Information Systems	28.8%	17
Parks and Recreation	25.4%	15
Planning and development	20.3%	12
Transportation	15.3%	9
Waste collection	15.3%	9
Fire service	13.6%	8
Law enforcement	10.1%	6
Fleet Management	6.8%	4
Facility Maintenance	6.8%	4
Information Technology	5.1%	3
Cultural and Arts	3.4%	2
Purchasing	3.4%	2
Accounting, Auditing and Payroll	1.7%	1
Answered Question		59

Table 3.5 Services Identified as Currently Under Consideration for Consolidation.

Services Identified as Under Consideration	Response Percent	Response Count
Parks and Recreation	13.1	5
Building Inspections	13.1	5
Planning and Development	10.5	4
Water and Wastewater	10.5	4
Centralized Dispatching	10.5	4
Animal Control	7.8	3
Law Enforcement	7.8	3
Health Department	5.2	2
Waste Collection	5.2	2
Tax Collection	5.2	2
All Services	5.2	2
Library	2.6	1
EMS	2.6	1
Jail	2.6	1
Fire Service	2.6	1
Transportation	2.6	1
Answered Question		38

Table 3.6 Identified as having a strong potential for future consolidation.

Services Identified as having strong potential	Response Percent	Number of Counties
Parks and Recreation	31.7%	19
Water and Wastewater	30.0%	18
Planning and Development	28.3%	17
Building Inspections	25.0%	15
Centralized Dispatching	23.3%	14
Geographic Information Systems	21.7%	13
Animal Control	18.3%	11
Information Technology	18.3%	11
Tax Collection	16.7%	10
Purchasing	13.3%	8
Law Enforcement	11.7%	7
Fleet Management	11.7%	7
Waste Collection	10.0%	6
Fire Service	6.7%	4
Accounting, Auditing and Payroll	5.0%	3
Transportation	3.3%	2
Cultural and Arts Programs	3.3%	2
None	20.0%	12
Answered Question		60

I previously referenced an inconsistency in the survey response requiring additional comment. A total of sixty-two out of sixty-six responders identified previous experience with at least one service consolidation and an identical total of sixty-two out of sixty-six responders held a positive view of the potential for service consolidation as a service delivery option. However, twelve responders apparently thought no services could be identified as having a strong potential for service merger within their organization. It is unclear why more than four responders would have not identified a specific service after expressing positive feelings or specific experience with a service merger.

There are consistencies in the responses citing a strong consideration for consolidation when compared with those services already in place or under active consideration. A respondent would not identify a service as a strong candidate for consolidation if the service was already merged in the responders unit of government.

Still, it is clear that combining the three service response categories creates a consistent grouping of services that are either already consolidated, under consideration for consolidation or perceived as a strong candidate.

The survey did not request information on why certain services are viewed as candidates for consolidation and others are not viewed as favorable. I have previously suggested that organizational identity, the existence of core services, public interest and intensity and financial implications affect service delivery decision-making. The service totals listed in Table 3.7, shown on page 97, enable generalizations to be made concerning specific services and related merger issues. I would offer the following generalizations concerning the services listed as both likely candidates for consolidation and those listed as less likely candidates for consolidation. I did use a focus group to review the generalizations and will provide further comment on this process.

- 1) With the exception of water and sewer service, the services identified as strong candidates for service consolidation did not fit the North Carolina legal definition of a core municipal service. Services such as law

Table 3.7 Consolidated Totals for Identified Services

Services most identified:	Total of three response categories
Building Inspections	58
Centralized Dispatching	56
Tax Collection	53
Animal Control	47
Water and Wastewater	39
Parks and Recreation	37
Planning and Development	33

Services moderately identified:	Total of three response categories
Law Enforcement	16
Waste Collection	15
Information Technology	14
Fire Service	13
Transportation	12
Fleet Maintenance	11
Purchasing	10

Services least identified:	Total of three response categories
Accounting/Auditing/Payroll	4
Cultural Arts	4
Facility Maintenance	4
Library	1
Jail	1

enforcement and fire were not strong candidates for merger activity. Also, waste collection is a traditional core municipal service and was not identified for merger activity by survey respondents.

- 2) I will suggest that the core service of water and sewer generated interest among respondents because of the significant capital costs, the difficulty of permitting new systems and limitations with identifying and securing water sources. This assertion is consistent with academic research reviewed in Chapter Two (Greene and Rogers, 1975). Also, the extension of municipal water and sewer services into unserved areas and the repair of existing infrastructure is a major challenge facing local government in North Carolina.
- 3) Law enforcement department mergers are less referenced as candidates for merger activity because of the controversial and politically sensitive nature of such an undertaking. There are larger numbers of affected employees in city and county law enforcement. For counties, there is an elected sheriff, creating both legal and political issues. For cities, law enforcement is a core municipal service. Law enforcement is probably the most challenging service merger choice.
- 4) Tax collection is consistently identified as a strong candidate for consolidation. The State of North Carolina has previously mandated the merger of vehicle property tax collection. The complete merger of all tax collection activities is probably more prevalent for this reason. This does raise a significant question concerning state involvement in encouraging or requiring service consolidation.
- 5) Fire departments are not identified as strong merger candidates. Again, the fire service is a core municipal service. Also, there is often significant deference to the fire service based on the number of volunteer firemen that can become politically active if threatened or challenged. For this reason, fire department merger is also a difficult service merger to accomplish.

- 6) Several services identified as likely candidates for consolidation have similar characteristics in cities and counties. Services such as animal control, centralized dispatching and building inspections do not differ greatly between city and county organizations. The services largely differ by specific policies or local organizational considerations. These services would for this reason tend to be viewed by citizens and staff as a duplication of service.
- 7) The enhancement of professionalism in tax collection, building inspection and planning departments was viewed by the focus group as enhancing the positive attitude towards consolidation in these departments. The increased level of professionalism in county government has been recognized in a number of academic studies and this issue was covered in detail in Chapter Two. The focus group agreed that the enhanced professionalism, strong state laws providing oversight to these three departments and increased levels of training provided by the North Carolina School of Government made consolidation more amenable.
- 8) Planning and development activities are cited as strong candidates for service consolidation. This is consistent with claims made by proponents of regionalism and comprehensive consolidation (Rusk, 1993. Pierce, 1993). The consolidation of planning and development services is an issue addressing the need for consistent land use and development planning in communities. Many cities and counties recognize the need to coordinate and plan for urban development in areas immediately outside the municipal jurisdiction. The issue also has regulatory and enforcement issues impacting citizen utilization of the service.
- 9) The more routine and internal services are not cited as strong candidates for service merger. Services such as accounting, payroll, auditing and purchasing were not identified as likely merger interests. I was surprised by this finding and assumed the routine and removed nature of the service made it an easy choice for this type of activity. County managers may

view these internal activities as exceedingly distinct and not appropriate functions to be carried out jointly. County managers may also view the information as proprietary and have reservations regarding the control of internal and sensitive information.

- 10) There were other internal but less routine services also not identified as likely candidates for service merger. Services such as fleet maintenance, facility maintenance and information technology were not referenced as strong candidates for merger. Again, I did not anticipate this finding and assumed the internal and less public characteristic of these services would make merger easier to accomplish and more positively viewed.
- 11) Merging jail and library services was only referenced once. In North Carolina, these services have transitioned to functions almost exclusively provided by counties. Another similar example is the function of administering elections. Elections were historically provided by both cities and counties and are now county responsibilities. The operation of solid waste landfills is another example. There is an observable trend of some service responsibilities transitioning to the county entity. I know of no similar county service that has transitioned to solely a municipal service.

I did incorporate a focus group to review and to receive input into the eleven generalizations just provided. The use of focus groups has emerged over the past twenty years as a “popular technique for gathering qualitative data” and is often used in “combination with surveys and other research methods” (Morgan, 1996, 129). This research tool had been previously developed and used by the private sector to test products and markets (Bloor, Frankland, Thomas, and Robson, 2001). The use of focus groups has increased in social science research since the 1940s. According to Morgan, focus groups serving as a research technique should focus on data collection, utilize group discussion as the source of the data and acknowledge an active role on the part of the researcher (1996).

Focus groups are useful research tools to supplement and interpret survey results. A multi-method approach to research such as using a focus group “may either

supplement another primary method or combine with other qualitative methods in a true partnership” (Morgan, 1997, 3). The use of focus groups can assist with interpreting survey results and can also have a “confirmatory” benefit (Stewart and Shamdansani, 1990, 13). Morgan states that the most basic test of the appropriateness of focus groups for a research project is to “ask how actively and easily the participants would discuss the topic of interest” (1997, 17). The intense interest and positive communication during this focus group process demonstrated that this was not a problem.

The focus group involved five individuals including three representatives from the NCACC, one county manager and a staff member from the North Carolina Institute of Government. I actively participated in the discussion including advocating for particular assertions. The focus group leader can be an active participant in the discussions and not merely an unbiased and silent observer. The quality of the interaction depends on the ability of the moderator to receive and incorporate group feedback. This requires a balance regarding issues of control and also a structure that is not overly inhibited (Morgan, 1997, 10-11). The participants were not inhibited in their opinions.

The focus group met on the 22<sup>nd</sup> of February, 2008, and reviewed the eleven generalizations on service consolidation previously listed as well as the survey results. The meeting occurred at the Raleigh offices of the NCACC and lasted approximately three hours. One member of the group participated by conference call. The participants were highly interested in the research and the subject matter. The content of the previously listed service overview reflects the input of the focus group, and in general a consensus on each service generalization.

The focus group process consisted of my drafting the previous list of eleven generalizations regarding the services identified as merged services or candidates for merger. The focus group was provided an advance copy of the generalizations and asked to evaluate and critique the draft. The comments and input provided by the focus group was used to review and then to amend the generalizations in a manner acceptable to the researcher and to the members of the group. The focus group

provided feedback, including challenges to several of my interpretations. I did incorporate these challenges into the final overview and note the changes as well as several generalizations removed from the final document.

The previous list of eleven generalizations reflects an amended set of conclusions reached after the focus group met. Each statement regarding an interpretation of why the service was either easy to merge or difficult was reviewed. I did follow-up with a revised copy, which was again amended. The results may represent a consensus of the participants but the conclusions will remain my responsibility.

The focus group did object to an assertion that increased citizen use of a service coupled with the service being similar would create increased pressure for consolidation activity. In other words, two similar services located in separate units of government would be more likely candidates for merger if the level of citizen interaction with the service was high. The group felt that this was not necessarily a valid conclusion. I removed this item from the conclusions and accepted the input. I do think the issue of similar services deserves greater analysis.

Additional research is warranted to specifically address why certain services are routinely consolidated and other services are not. It is likely that consistent characteristics of services more suited for consolidation could be analytically confirmed with a more in-depth and systematic process. A more in-depth survey analysis would provide greater clarity to the previously listed generalizations. Still, the generalizations provide a framework for further studying and evaluating the issue of which services will likely be candidates for merger. I will incorporate this overview into the case studies conducted in Chapter Four.

### **Maximizing Success, the Identification of Obstacles and Meeting Expectations**

A goal of this research is to make a series of service consolidation recommendations. To assist with this goal, the survey requested information from three areas of interest. The survey was designed to provide information on the actual process of merging services. First, the survey requested information on steps taken by county managers to maximize successful results with previously undertaken service

mergers. Second, there was feedback regarding the perceived barriers or obstacles to successfully implementing service consolidation. Both questions are designed to provide guidance for the case study model and a better understanding of how service consolidation is successfully implemented. And third, there was a question designed to determine if the results of service consolidation initiatives had realized expectations. Question six (Table 3.8) of the survey offered five positive actions local government could take to achieve a desired service consolidation.

The question also enabled the responder to write in any suggestions taken in previous merger processes. The positive actions identified included the appointment of a committee, researching similar examples of consolidated services with another community, hiring a consultant and conducting a community strategic planning process. Interestingly, the question was skipped by thirty-nine out of the sixty-six respondents. This may indicate that many of the service mergers occur with no formal or elaborate support process. A significant number of mergers may simply occur in a more limited process involving only staff and the policy making board. The survey responses on this question are summarized in Table 3.8.

The response to this question supports two fundamental assertions concerning the process of implementing service merger. First, eighteen respondents reference the use of a committee.<sup>3</sup> The specific composition of the committee is not clear from the

Table 3.8 Strategies taken to maximize success in completed service mergers

Answer Options	Response Percentage	Response Count
Used a committee with citizen representative	37%	10
Used a committee with a business rep.	14.8%	4
Identified examples in other counties	74.1%	20
Hired a consultant	25.9%	7
Conducted a community strategic plan	14.8%	4
Other	18.0%	5
Answered Question		27

<sup>3</sup> I added the four responses citing Comprehensive Strategic Planning in the total of eighteen. Strategic planning would involve external actors.

responses with one important exception. The consolidation initiatives made use of external participation from citizens or the business community. This issue will be further discussed. Citizen or external involvement to bridge the differences between two governmental agencies could serve to neutralize conflict. County managers appear to recognize the value of citizen participation in merger initiative. Citizen involvement may minimize territorial or other impediments involved in a difficult merger activity.

And second, twenty responses referenced the identification and implementation of successful examples in other counties. This finding was anticipated. A common decision making tool for local government managers is to implement successful initiatives from other units of government. The more common the example or the initiative the more it will continue to be replicated in the remaining communities. For this reason, the goal of the NCACC is to create a depository of information and best practices available to members. Examples of service consolidation and the development of case study research and survey research would certainly be useful to local government managers.

Constraints to consolidation activity are also important in the development of a model. There are constraints on almost any activity in government. The American system of government, including local government, was designed to be fragmented with multiple checks and balances. Recognizing the constraints involved in the process of governing is necessary to successfully maximize a service consolidation initiative.

The survey posed a question to county managers regarding the perceived barriers or impediments involving service merger activity. The question was phrased to receive responses only from those identifying no consolidated services in their organization. The question would have been better phrased to ask all respondents including those with successful experience to identify the difficulties associated with the process. Fortunately, twenty-two of the managers chose to answer the question. Table 3.9, shown on page 106, provides a summary of the responses to the perceived obstacles associated with service consolidation.

There are several observations concerning the response to this question. First, there is very little feedback suggesting concern over employee dissent or issues addressing the future control of the service. I expected to receive greater concern for internal employee conflict resulting from the consolidation process. The issue of internal dissent did not impede the responders. Also, influences such as controlling or monitoring services following the merger did not appear to be substantial. County managers do not appear to be overly concerned with issues related to control or protecting turf. The response does not minimize these issues as non-issues. It simply implies the issues are viewed by the respondents as easily addressed.

The primary concern for managers is the lack of community or political support resulting from service consolidation initiatives. This is the major concern for county managers in every undertaking. This result is entirely expected. Local governments require community support to function. To paraphrase Norton Long, community support is the “lifeblood” of local government. The importance of community support is enhanced when new or potentially controversial initiatives take place. The response confirms an intuitive understanding that service consolidation requires both community and political support. I will further explore why certain services are more sensitive to public interest and scrutiny.

Fourteen out of twenty-two responders answering the question in Table 3.9, shown on page 106, viewed a lack of community support as a barrier to successfully implementing service consolidation initiatives. The emphasis on community and political support suggests that service consolidation is best accompanied with an educational and public information component. The academic background for this finding will be reviewed and will also be further explored in the case study process. The public component must be constructed and timed to coordinate with related processes involving elected board members, other involved units of government, other affected agencies and employees. Clearly, assessing and facilitating community support on this issue is necessary especially with more complex types of service mergers.

Additional concerns raised in the survey response are the differences between

Table 3.9 Barriers or Obstacles Associated with Service Consolidation.

Answer Options	Response Percent	Response Count
Do not believe functional consolidations can increase efficiency or effectiveness.	18.2%	4
View the differences in services delivered as too great.	18.2%	4
Do not believe community or political support for such an activity exists.	63.6%	14
There is a concern about controlling or monitoring the service after it is merged.	13.6%	3
There would likely be internal dissention from employees.	9.1%	2
View the differences with other units of local government as too significant.	45.5%	10
Other	18.2%	4
Answered Question		22

units of local government. Ten responders (45%) viewed the differences between cities and counties as a barrier. This is also an expected result. Even though counties are becoming greater providers of general services important differences remain. Counties are organizationally more fragmented and more partisan based. For example, city council elections are often non-partisan and unlike counties, no city department head is elected. The service consolidation model has to account for both the institutional differences in city and county organizations as well as differences in the specific services.

A final survey question asked the county manager involved in the consolidation of a service if the initiative met expectations. The expected outcomes of completed mergers were organized into five areas. The areas included the level of cooperation, support from the community, support from elected officials, financial savings and service delivery enhancement. The questions allowed the respondent to select whether expectations in each of these five areas did not meet expectations, met

expectations or exceeded expectations. The responses to the question are provided in Table 3.10, shown on pg. 108.

A substantial majority of respondents experienced positive results following successful service merger initiatives. The most referenced response was that the merger met expectations. For a local government manager, meeting expectations is a positive result. A response indicating that expectations were met would indicate that the merger resulted in the desired and expected objectives established at the outset of the process.

The two areas with the strongest response was the enhancement of service delivery and the level of support received from elected officials. The question was answered by thirty-eight of the sixty-six responders to the survey. A total of 95% of those responding felt that support from elected officials was positive following the merger. A similar total of 97% of the respondents believed that the merger improved the service being provided.

This is an interesting and an overwhelming finding in this survey. I suspect the response should be tempered. I will discuss the tendency for merger processes to resolve problems with existing services that are unrelated to the actual merger. The process for merging services often becomes a vehicle to address simple management issues and existing management problems. Also, I will further discuss a public relations component to merger which may explain the support from elected officials. A perception of efficiency and modernity may accompany a merger. The merger results and the reality of the efficiencies and end-results may not correlate. Still, the findings do suggest an improved service and political benefit following a service merger implementation.

The two weakest response categories include the level of cooperation between the units of government and resulting financial savings. A trade-off between service efficiency and local government service enhancement does take place in the merger process. The survey results confirm that the initial interest in efficiency and cost savings may not be realized after the merger process is implemented and that a shift in priority to service enhancement occurs. The primary issues not meeting the

Table 3.10 Expectations and results of service consolidation initiatives.<sup>4</sup>

Answer options	Did not meet my expectations	Met my expectations	Exceeded my expectations	Greatly exceeded my expectations	Rating Average	Response Count
Cooperation between the units of government involved	5	24	9	0	2.105263	38
Support from the community	4	26	8	0	2.105263	38
Support from the local elected officials in the units of government involved	2	27	9	0	2.187211	38
Financial savings realized	5	31	2	0	1.911053	38
Service delivery improved	1	29	7	1	2.210526	38
Answered Question						38

<sup>4</sup> The mean was calculated by assigning one point for not meeting expectations, two points for meeting expectations, three points for exceeding expectations and four points for greatly exceeding expectations. The total points were then divided by the number of responses.

expectations of a limited number of managers included the level of cooperation between the governing boards and the issue of realized financial savings.

### **Conclusion**

The survey results do confirm several assertions made regarding service consolidation. The results also enable generalizations to be made and common characteristics concerning the process, the impediments and the types of services typically consolidated to be identified. The response rate was not as strong as desired but sufficient to reach the conclusions put forth in this research. I developed five objectives at the beginning of the chapter and am able to respond to each assertion.

Research Survey Expectation 1. Service consolidation is a routine occurrence and examples of consolidated services can be found in most units of local government.

Service consolidation is a common occurrence in many North Carolina counties. Service consolidation exists in 93.9% of the responding counties. Also, the number of consolidated services was significantly higher than anticipated. Thirty-seven out of sixty-two county managers answering the question recognized more than three merged services in their organization. The consolidated services are all municipal-county services. I should have inserted a specific question concerning mergers with other units such as counties, school systems or the State of North Carolina. The existence of service consolidation is more prevalent than I would have initially suggested within each county and the number of merged services within each county is significantly greater than I originally assumed.

Research Survey Expectation 2. Most county managers will view service consolidation as a viable alternative for local government service delivery.

A substantial majority of county managers did view service consolidation as a viable alternative that could be accomplished. The respondents were motivated by the potential positive benefits more than inhibited by the political risk or negative consequences of this activity. County managers identified significant numbers of consolidated services, services under consideration for consolidation and services viewed as favorable candidates for future merger consideration. Impediments and

constraints were identified but these issues did not preclude the interest in service merger. Also, service mergers often resulted in expectations being met or exceeded. This is an important finding. The county managers implementing service consolidation projects were positive regarding the results following the completion of the merger process.

Research Survey Expectation 3. Most county managers will view service consolidation as a positive undertaking worth the investment in time, effort and resources.

A substantial majority of the respondents (93.9%) viewed service consolidation as a positive alternative to the existing method of service delivery. In addition to positive attitudes about the concept, county managers view service consolidation as a realistic and achievable goal. There are constraints associated with the process and at times the process requires careful upfront assessment, communication and community education. However, the respondents viewed the potential benefits posed by service merger as benefiting the organization and the community.

Research Survey Expectation 4. There are perceived obstacles to successful consolidation and these impediments can be identified and studied. There are also proactive steps that can be taken to assist with the process. These steps can be identified and studied.

County managers recognize certain impediments involved in consolidation initiatives. The two major constraints identified were sufficient community/political support and the organizational differences between cities and counties. In Chapter Five, I will review the influence of the institutional structure on a merger initiative. The survey also identified positive steps to assist with the process. The two major findings involved the use of a committee with external involvement and researching similar initiatives in other counties. A series of best management practices will be overviewed in Chapter Five and this finding will be incorporated into this section.

Research Survey Expectation 5. There are certain types of services viewed as more appropriate candidates for consolidation and specific services viewed

less favorably. These services can be identified and common characteristics cited.

The survey research did identify specific services that were consistently viewed as more positive candidates for consolidation initiatives. The findings include the identification of existing consolidated services, services currently under consideration and services viewed favorably for future consolidation. Taken together, these three groups of services constitute those services viewed as likely candidates for merger activity. I did compile generalizations about the services and reviewed the generalizations with a focus group to refine the characteristics. The generalizations concerning the services represent additional areas for study or issues to consider for future local government merger activity. Clearly, a challenge for service consolidation initiatives is to recognize the distinct impacts created by various services. Also, the development of a comprehensive theory for service consolidation must anticipate the significance of service differences and how these differences affect the consolidation process.

The research findings raised and addressed in this research have significant utility for students of local government. The case study process will provide additional insight. The following questions would be helpful to further the understanding and the process of service consolidation.

The survey does serve to establish a foundation for the continued study of this topic. Local government managers have a significant interest in maximizing financial resources and improving services. Elected officials are often placed in the difficult situation of reducing services or increasing taxes. Both have to justify and often defend government services and programs. Again, service consolidation is an option to evaluate not a panacea for every service and organization.

The survey results demonstrate favorable attitudes on the part of county managers to this form of organizational change. The survey results also provide specific information on approaches used, views of various services and the realization of merger goals. The results are encouraging and clearly warrant additional discussion and research.

## **Chapter Four**

### **Service Delivery Consolidation and Two Case Studies: An Integrative Approach to the Issue of Service Consolidation**

#### **Introduction**

The next phase of this research project is to analyze service consolidation in the context of two case studies. The case studies will examine successfully implemented service consolidations. The case studies will analyze the service consolidation process and the factors identified by the participants as best management practices. The case studies will also examine the service merger results and assess if the merger produced the desired goals and objectives established at the outset of the merger process. I will summarize the case study analysis and incorporate the findings into a best practice model.

There is intense interest and significant debate regarding the utilization of case studies to draw inferences and to produce meaningful and reliable data. Case studies are one of the earliest methods of social science research. For example, writing in 1928, Katharine Jocher describes the case study as “one of the oldest methods as well as one of the most important” research techniques (1928, 203). The author defined a case as the basic unit of study where cases are “counted and measured, they are compared, their characteristics are studied, their behavior noted” (Jocher, 203). Jocher goes on to state that a case is an “aggregate” emphasizing the complete or total combination of factors or events (1928, 203-04). Similarly, Robert Yin refers to case studies as having a “richness of data” (1993, 3).

According to John Gerring, a case study is best defined as an “intensive study of a single unit with an aim to generalize across a larger set of units” (2004, 341). The purpose of the case study is to analyze the example of each case and to infer generalizations on similar units. The case study “constructs cases from a single unit while remaining attentive to the inferences that span similar units outside the formal scope of investigation” (ibid.). In this manner, the analysis provided by the case study is used to better understand similar public policy examples.

The case study remains a widely used form of research in the social sciences field. The controversy and debate surrounding the validity and methodology of case study research remains intense. As an example, Jensen and Rodgers state that when critics subject the conclusions reached from a single case study project “generalizability and validity” may be called into question (2001, 235). Gerring describes a “paradox” where “although much of what we know about the empirical world is drawn from case studies and case studies continue to constitute a large proportion of work generated by the discipline, the case study method is held in low regard or is simply ignored” (2004, 341). Robert Yin describes this by noting that case studies typically have “more variables than data points” and require multiple sources of evidence and a rigorous design (1993, 3). In short, establishing causal relationships between variables poses a significant difficulty when researchers conduct case studies.

Because of these difficulties, the case study method used in this research will incorporate a holistic approach consistent with the writings of Paul Diesing. This approach recognizes the need to study the “whole human system in its natural setting” (1971, 137). Diesing describes differences in the variety of human systems and also the differences between the social and natural sciences that make a more flexible approach appropriate. The variety and complexity of human systems warrants a flexible approach when conducting case study research. The holist approach offers two fundamental advantages. First, the approach considers the complexity of entire human systems. And second, the approach provides the researcher with greater flexibility to consider a more complex set of arrangements. I found this approach to be advantageous in conducting this research.

According to the holist perspective, human systems tend to develop a complete or total characteristic. This total system (a case) is not a disassociated collection of traits but an “interrelated collection of traits” with “distinctive qualities and patterns” (1971, 137). Diesing agrees with the difficulty of establishing causal relations between data points and states that even if enough data points could be assembled to produce some approximation to the actual system, the “resulting

avalanche of numbers and arbitrary definitions would have no recognizable resemblance to the original” (1971, 139). Moreover, the operational concepts used in constructing case studies should be derived from the case itself and from the thinking of the case study participants (ibid.).

The holist approach does not preclude the use of a systematic methodology with the goal of replicating the results in other similar case study initiatives. The approach does recognize the importance of scientific principles and providing a systematic research design. Diesing states that the “holist does not object to attempts to make a method “scientific” in a “traditional sense only so long as the results do not distort the subject matter beyond self-recognition” (ibid., 140). Instead, this approach emphasizes operational definitions that are consistent and faithful to the particular case being studied. In other words, the emphasis is placed on an accurate depiction of the case as opposed to the case fitting into a strict research design.

A related goal of this research is to produce data and observations with specific utility to practitioners. Case study research can serve as an illustrative assessment providing guidance and suggestion to local government officials. The research will raise additional research questions to advance the understanding of the topic of service consolidation. These more narrowly defined research questions would be future candidates for specific quantitative testing and analysis.

### **The Research Question, Case Selection and Research Design**

This case study research project will analyze two examples of successful service delivery consolidation. The formulation of the primary research question and related secondary questions is a fundamental component of case study research. The research questions serve to clarify the hypothesis. In order to “cumulate knowledge from case study research and to address generalizability” the process begins with the formulation of the research questions (Jensen and Rodgers, 2001, 235). The primary research question for this research is as follows:

What local government practices and strategies can be identified to successfully implement service consolidation initiatives?

This research question can be defined more specifically. I will use the word practices to reference the strategies, the stages and the process of service consolidation. The goal is to analyze the characteristics of the process. I will use the word successful to reference the implementation of the merger as well as the realization of established goals and objectives. Again, the implementation of a service merger initiative does not automatically mean goals and objectives were realized. A merger can successfully occur and prove to be a failed result. I have previously defined the term service consolidation in Chapter One and will remain consistent with this definition.

The primary research question will identify strategies involved in successful service mergers. These strategies will be compared to the previously reviewed research and incorporated into a best practices model. A number of secondary questions will also be put forth as part of this research.

In Chapter Two, I outlined a service consolidation framework to further define this area of study. The framework included analyzing service consolidation as a process involving “dimensions of complexity” and as a process involving distinct stages. Also this framework involved a balance between collective and self-interest, a process of negotiation and a process that is not automatically positive or negative when implemented. The following secondary questions raised in the case study process will incorporate these issues. The research will assess the following secondary research questions:

- 1) How do certain “complexity factors” involved in a service merger affect the implementation plan? Specifically, how do citizen involvement, employee impacts, the type of service and level of organizational identity affect the implementation process?
- 2) Are specific stages of service consolidation identifiable in the case study analysis? If not, can the participants describe the process in a manner suitable for further assessment?

- 3) Did “self-interest” play a role in the implementation process? Are employee issues major impediments to the process and how were they addressed?
- 4) How was the process of negotiation on specific issues handled? Are there issues specific to service consolidation and the negotiation process to incorporate into a consolidation model?
- 5) Were the goals of the consolidation process realized? Did the expected advantages of service consolidation materialize? Were the results measured?

The primary and secondary research questions will serve as a framework for this case study research. The research questions serve as a starting point and an idealized goal. Each question in its entirety will not be fully answered. Additional questions will be raised that were not anticipated due to the nature of the field work. An alternative would be to amend the original questions following the completion of the field work and I did not want to proceed in this manner. A research design should include an initial framework, while remaining somewhat general to accommodate the “unscheduled activities” and developments in the field (Diesing, 1971, 143).

A research design also includes the identification of the unit of analysis and the selection of specific cases. Defining the case and the selection of the specific cases to be studied are critical steps in the case study process. The case to be studied in this project is the merged agency service and the merger process. The merged service is a successfully implemented service consolidation project. The case will, however, entail more than a snapshot of the existing merged service. The research design will incorporate the merged service and the respective organizations prior to the merger. Again, service consolidation is a complex process involving agencies merging similar or identical services.

The case also includes the involved units of government after the merger is complete. There will be continued interaction, monitoring and responsibility by the unit no longer directly providing the service. As an example, a police department will continue to rely on a merged communications department even if the service is no

longer provided by the municipal organization. According to Gerring, a case connotes a “spatially bound phenomenon-e.g. a nation, state, revolution, political party, election or a person” (2004, 372). The case to be studied will include the local government entities involved in the process prior to merging as well as the newly created merged service. This process is not static and is shown schematically in Figure 4.1.

Case study research is an ambiguous process concerning the unit of analysis. Gerring notes the inherent complications of the “blurring line between a unit of analysis that is intensively studied-and other adjacent units that may be brought into the analysis in a less structured manner” (2004, 344). The selection of specific cases is also a critical step in the case study process. The cases in this research were selected based on the merged service meeting six guidelines. Case study replication is an important consideration. First, the two target cases will include exemplary models of service consolidation. The implemented service merger case study will be recognized by the public, the media or peers as exemplary. Essentially, the cases selected will involve highly successful mergers.

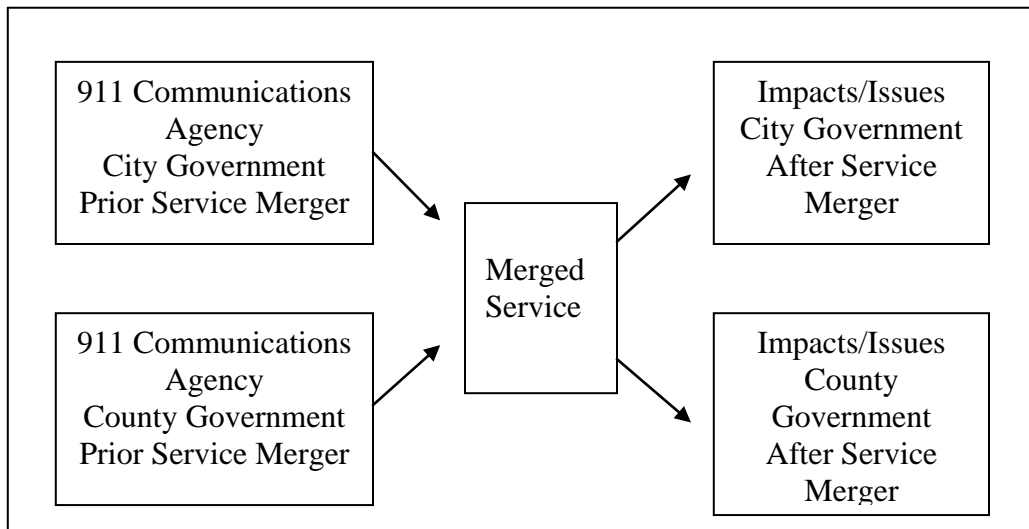


Figure 4.1  
Hypothetical Case:  
Simple Merger of a City & County 911 Communications Agency

Second, I will focus on cases involving moderate size organizations. For example, North Carolina has twenty-eight counties with a population exceeding 100,000 and the population of the median county is 46,500. I will not assess units of local government with extremely high populations. A merger in a large urban center such as Los Angeles or New York is relevant but will not be undertaken in this assessment.

Third, the selected cases will involve the merger of services between county and city governments. I have previously stated mergers often occur between counties or between cities. Mergers can also occur between states and counties and between counties and entities such as school boards. I will focus on city-county merger in the context of my previous discussion and would suggest this example is a widely held interest of both citizens and practitioners involved in the process.

I will select cases that incorporated a more formalized and complex merger process. As discussed, service mergers can occur through simple, streamlined and largely informal processes. For purposes related to this research, cases selected will involve service mergers where a more formalized process was utilized. The identification of best management practices and strategies to assess service merger in a formalized decision making process is consistent with the goals of this research.

And finally, the two cases selected will involve different services. I chose different services to increase the variety of issues impacting the topic. For the same reason, I will also select cases from two different states.

These six criteria will better enable similar cases to be selected for possible future cases. In other words, the case selection process has a goal of clearly delineating the basis for selection and maximizing the range of factors involved in the service consolidation process. The case identification and selection process is schematically outlined in Figure 4.2, shown on page 119.

The data collection process will involve initial contact with the entity to overview the goal of the research and to receive permission from the management to conduct the research. After permission is received, the process will begin by receiving and reviewing the archival information on the merger. This will include reviewing

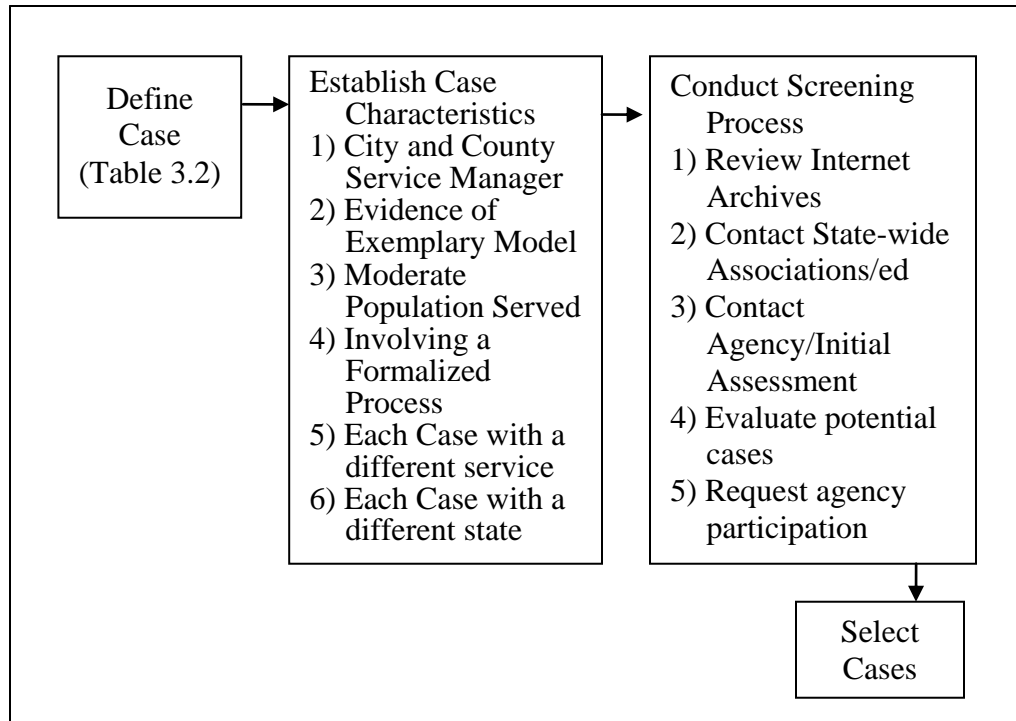


Figure 4.2  
Case Identification and Selection Process

agreements, contracts, awards, news articles, minutes of meetings and other written material. A survey will be conducted of the local government manager of the merged service and also of the unit of government participating in the merger process. The survey will include a series of questions designed to establish initial and consistent information with the research questions being the primary focus. The written survey will be followed-up with telephone interviews and a visit to one of the two locations will be part of the research process.

A complete case study model used in this research is outlined in Figure 4.3 and is shown on page 120.

Paul Diesing makes an interesting point concerning the socialization of the field worker and the case study process. The author suggests that the field worker acquaint himself with his proposed subject and to “learn the language” of the case

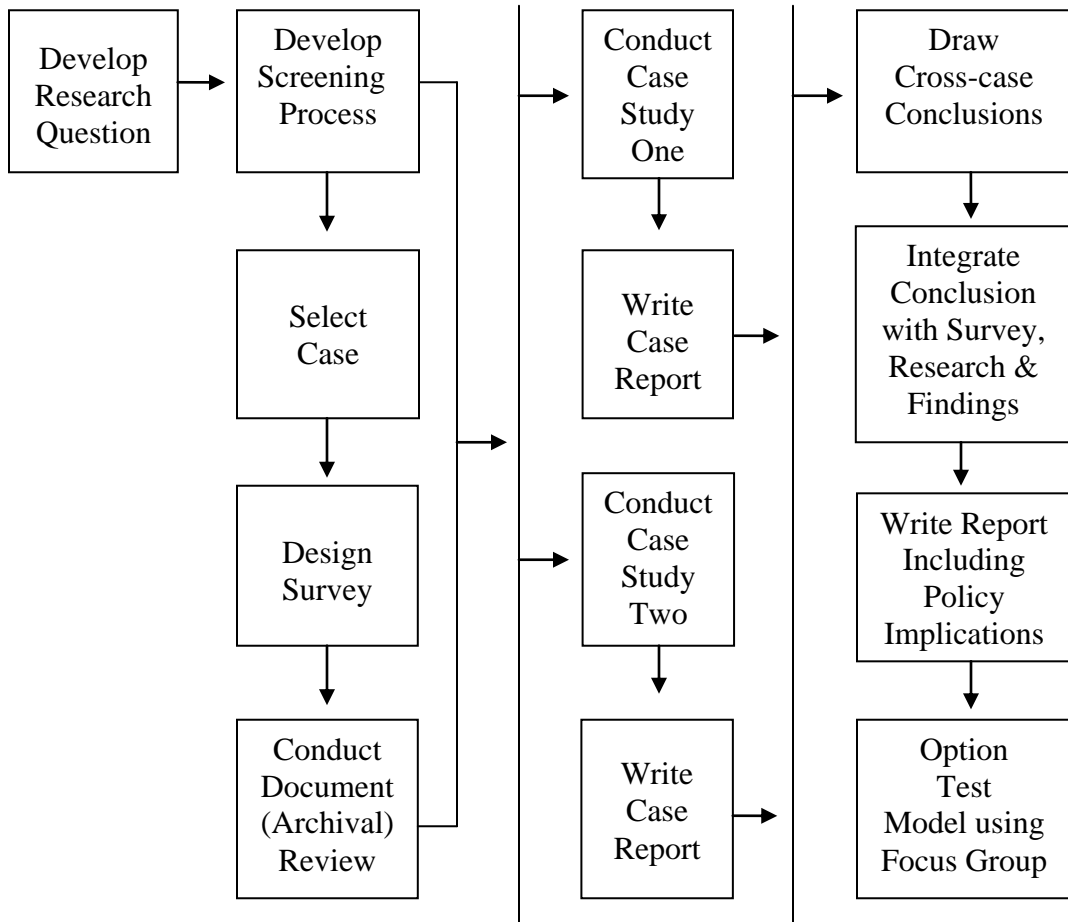


Figure 4.3  
Service Consolidation Case Study Model

study participant (Diesing, 1971, 144). This includes making the case worker “acceptable” to the informant and avoiding activities that would seem “alien or threaten his host” (ibid.). Diesing is pointing out a substantial problem for case study activity. Obtaining both access and valid information from the case study informant is a significant challenge for the case study researcher.

An advantage that I will have in conducting this research is a certain level of credibility regarding this concern. I will be able to introduce myself as a county manager conducting research on a significant example of service consolidation accomplished by their community. Representatives in units of local government enjoy conveying examples of their own success to other local government representatives. The challenge of conducting a local government case study for a researcher not associated with another unit of local government would be significant. Also, time constraints must be respected. I was extremely sensitive to the generosity of those local government representatives participating in this process.

Diesing also addresses the possibility of observer bias on the part of the researcher. The researcher must exercise a level of sensitivity to this issue and remain consistent and faithful regarding the integrity of the process. A theoretical bias is also a potential difficulty for the researcher (ibid.). This type of research bias occurs when the researcher wants to prove a theory and is biased towards a favorable conclusion. Diesing suggests searching for evidence that contradicts the theory put forth by the researcher (ibid., 159).

A final point in the case study process is the discovery and interpretation of “themes” found in each case. The holist uses multiple points of evidence when conducting research to build up a “many-sided, complex picture of his subject matter” (ibid., 147). The reliability or validity of a researcher’s interpretation increases when different types of research suggest the same theme or conclusion. This is an important point relative to this project. I will use similar research questions and conduct three different research processes. The county manager survey, the two case studies and the focus group have the goal of increasing the understanding of the service merger process and to identify strategies to assist with the process. A consistent research

focus using different research methods will serve to provide multiple points for the identification of themes related to the issue of service consolidation.

Also, as previously mentioned, I will incorporate my own experience with the service consolidation issue. This experience will serve to assist with the data interpretation and with construction of a system model. I will subject this experience to the same questions addressed to the case study participants.

To conclude, the case study process will have two overriding goals. First, defining the process and the research questions has been thorough and systematic. I have described each step in the process in written and schematic form. I have also clearly established the research questions and related objectives. And second, I have limited objectives and expectations of this research. I want to establish a framework for discussion, raise additional research questions and propose a model for service consolidation based on the case study research. It is my intention to continue this analysis in the future using a quantitative methodology. I will limit my scope in this process as described.

### **Case Study One: Consolidated Communications in San Juan County, New Mexico**

The consolidation of emergency communications occurred in the County of San Juan, New Mexico in 1992. The Director of Communications, Daryl Branson, described the San Juan County emergency communications center as the most consolidated 911 center in the state of New Mexico (Branson, 2008). The merged emergency communications center was also the first such consolidation in the State of New Mexico. The county of San Juan has a population of 124,000 and is located at the southeast quadrant of the “four corners” area adjacent to Arizona, Colorado and Utah. The county is 5,538 square miles in size and over half of the county land area is comprised of the Navaho Indian reservation. San Juan County has a low population density because of the area reserved by the federal government.

The three municipalities in San Juan County are Farmington, Aztec and Bloomfield. The populations of these cities are 43,573, 6,378 and 6,420 respectively. The county seat is Aztec and the county and the three municipalities have

professional managers. The county ranks fourth in population in the State of New Mexico and compares favorably in a range of statistics reviewed on the United States census website.

San Juan County and the three municipalities implemented Enhanced 911 in 1989. Enhanced 911 was a national trend at this time with increased use of new technology to more effectively respond to emergency situations. Enhanced 911 essentially established 911 as the national number to utilize in the event of an emergency. Computer aided systems allowed data on the residence of the caller to be stored and made available to emergency communicators. This national trend also resulted in greater training needs and higher levels of professionalism and emergency communicator responsibility. San Juan County and the municipalities had three Public Service Advanced Communications Points (PSAPs) and a total of five different dispatch points providing services prior to the merger.<sup>1</sup>

The consolidation of emergency communications was accomplished with every emergency agency in the county participating. The San Juan communications center is the only dispatch center in the county with the exception of a very small service operated by the Navaho nation. The consolidated communications agency dispatches for the county sheriff, municipal police departments, paid and volunteer fire departments and the emergency medical transport agency. In 1997, the consolidation agreement governing the communications agency was amended and the agency began dispatching for the New Mexico State Police and federal park rangers.

The merger of emergency communications in San Juan County is frequently cited by the state of New Mexico when units of local government consider the consolidation of emergency communications. The operation has also received national recognition including a National Association of Counties (NACo) Model Program Award in 2006 and has been referenced in publications as a national model to emulate. For example, the NACo news publication, County News, referenced San

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<sup>1</sup> In other words, two of the dispatch points had 911 calls forwarded and three received original 911 calls depending on the location of the call. The proliferation of cell phones has made this number of PSAP's a challenge

Juan County as an emergency communications model in reference to a similar initiative currently underway in Charleston County, South Carolina (Taylor, 2008). The National Association of Counties described the merged communications agency as a “premier” service providing its citizens with the most “professionally advanced 911 and dispatch services available” (ibid.).

A separate legal authority titled the San Juan County Communications Authority (SJCCA) was created in 1992 to oversee the merged service (1992). An authority is a legal entity with many of the same powers of a governmental unit including the power to employ, issue debt and enter into contracts. The SJCCA is, therefore, a legal entity with a significant level of autonomy. The SJCCA has a board of directors charged with overseeing the operation, naming a Director and approving policy level decisions. The Board of Director consists of seven members with several interesting organizational stipulations. First, four of the members are required to be an employee of one of seven agencies served by the communications center. And second, the appointment of the total membership consists of two appointments by the San Juan Board of Commissioners, two appointments by the City of Farmington, one appointment by the City of Aztec, one appointment by the City of Bloomfield and the final position by the Commander of the New Mexico Police District (ibid.).

The SJCCA performs on a 2.8 million dollar operating budget with an additional \$250,000 annual allocation requirement to a capital reserve fund. The SJCAA originally received its capital funding from the four local government agencies on a 44% San Juan County, 44% City of Farmington, 6% City of Aztec and 6% City of Bloomfield distribution formula (ibid.). This cost sharing arrangement was based on each entities emergency call volume. The County of San Juan paid for or retained certain administrative expenses of the newly merged agency. In 2003, a county-wide gross receipts tax was approved by the voters of San Juan County and a percentage of this funding stream was allocated to cover the operation of the merged communication center.

The employees of SJCCA are employees of the Authority. The authority is responsible for personnel actions including hiring, promotions and disciplinary

activities. San Juan County does perform a range of administrative functions for the SJCCA including payroll, benefits administration insurance and retirement. When the merger occurred in 1992, each of the four units of local government had emergency communications departments. The merger technically eliminated the four communications centers and created SJCCA. The employees from the four agencies were all guaranteed jobs with the new agency and the pay rates were adjusted guaranteeing no employee would receive a reduction in pay (Branson, 2008).

San Juan County also serves as the fiscal agent for the organization and handles accounts payable, purchasing, legal services and cleaning and maintenance. The SJCCA is an agency removed from direct local government operational control. The SJCAA is, however, substantially integrated with San Juan County for many personnel, administrative and financial functions. The arrangement serves to maximize intergovernmental efficiency while retaining autonomy. This autonomy was cited by the agency manager as a primary reason the merger has been successful and ensures substantial ownership and oversight of emergency communications by the participating agencies.

### **Case Study Results: Identifying Successful Strategies**

The primary research goal of the case study process is to identify implementation and operational strategies serving to optimize the successful consolidation of services. Significant feedback was received on this issue during the interview process and there were four strategies identified by the case study participants including the following:

- 1) The importance of timing and consensus building in the Initiation Phase of the process was a point of emphasis. The identification of a community “champion” was also noted during this initial phase.
- 2) Establishing a “separation mechanism” or a mechanism for independent oversight to reduce issues related to control or “turfism” was emphasized.
- 3) Developing strategies to minimize the threat to employees during the transition was emphasized in the case study process.

- 4) Developing a fair funding formula and a revenue stream independent of constraints and competitive influences was emphasized.

The case study participants agreed that a strong commitment on the part of each agency representative was a critical requirement. The implementation stage identified in Chapter Two as the “Initiation of the Merger Process” was cited as a critical stage and received the greatest attention from the case study participants. Representatives from the units of local government spent well over a year discussing the concept in general terms and building a consensus for change. In fact, the decision to consolidate the communication service was informally made prior to beginning the formal decision making process. There was an early commitment made to merge the service and the process was referenced as necessary to simply work out the details.

The importance of having a strong agency commitment early in the process was repeatedly emphasized. One agency representative stated “if any of the member entities entered into the agreement grudgingly or with reservations, it will be much more difficult to overcome the adjustments necessary for cooperation later” (Duncan, 2008). In other words, the initial consolidation is more difficult without an up-front commitment to the process. Moreover, the long-run effectiveness and sustainability of the merged agency is also weakened without a strong up-front commitment.

A second survey respondent stated “if a consensus is reached among emergency services the elected officials will follow the agencies” (Branson, 2008). This is a crucial point. Service merger initiatives typically require both agency and political support. This case study demonstrates a consensus of the emergency agencies in advance was critical to the success of this merger. The communications merger already had significant momentum when the elected officials were asked to initiate the process.

The timing for initiating the process was also referenced as a critical consideration. The agency representatives advocating the consolidation of communications waited for several officials to leave their positions prior to formally initiating the process. One of the positions was an elected Sheriff whose term was expiring. I will further discuss formal and informal government decision making. It is

clear that even a complex and formal process will initiate informally. This informal component of the process is as important to the eventual success of the proposal as the formal decision making aspects. This case study suggests significant up-front and informal communication and decision making occurs during this initial phase enhancing the opportunity for a successful merger.

A third aspect of this strategy was the use of a “champion” to lead the process (ibid.). The merger process in San Juan County was initiated and led by an individual highly respected by emergency personnel, elected officials and the public. The person understood technical aspects of the communications system, was highly motivated and advocated consolidation of communications for a protracted period. The individual also served as chairman of the committee appointed to assess the feasibility of the consolidation. The individual had been a State Representative, an elected county commissioner and a city councilman. The individual resigned his position to become the first Chairman of the SJCCA. The individual is now in his mid-eighties and continues to be a participating member and avid supporter of the Authority.

This point concerning a “champion” relates to issues of both trust and turfism. A new public policy proposal such as a merger may automatically be linked with a specific agency or a political leader as “their idea” (ibid.). The proposal is identified with a specific agency or individual and the idea will either be enhanced or diminished based on previous experience and relationships. This can be detrimental if the person or agency is viewed in a negative manner. The participants in the survey research credited this Champion with having the status and respect to lead the process (Branson, 2008). I will assert a broader strategy of having the initial idea for the merger concept linked with multiple leadership and agency representation to avoid the problems of having the merger process viewed competitively or with suspicion.

There was also a “technical champion” in addition to the consolidation champion. A well respected municipal fire chief had the technical background to guide the process (Duncan, 2008). The agency representatives trusted his judgment on technical matters related to the consolidation. In short, the merger of

communications process produced effective political and technical leadership to guide the merger.

The negotiation and implementation process only involved agency and local government representatives. There was no external involvement by a citizen representative or the business community. There was also no involvement by agency front-line staff until the implementation of the merger was underway. Emergency communications was described as having emergency agency interest and not citizen interest. I was somewhat surprised by this facet of the process.

The second strategy identified by the case study participants is the creation of an Authority. The formation of a separate legal entity to carry out the communications function is a key strategy identified with the initial success and the reason support for the merged agency is sustained over time. The issue of “turfism” is a major impediment and was identified by survey participants as both a tangible issue and an “excuse” to oppose the proposed merger and ultimately undermine the proposal.

The formation of an authority may serve a similar purpose to the use of two-tiered consolidation in a comprehensive local government merger. In two-tiered city-county merger, certain functions are effectively separated from the newly created merged unit of government. The Authority serves to separate the tangible power (control) from the unit of local governments no longer directly providing the service. A degree of local government ownership is retained through agency representation on the Board of Directors. Essentially, in this example, control would be retained by each agency at some level. The merger of services would not occur without all parties relinquishing their ownership to a separate entity.<sup>2</sup> Clearly, the San Juan County merger would have been problematic if any specific unit of local government received the dispatching responsibility.

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<sup>2</sup> The potential problem created by this approach is the responsiveness of the Authority back to the elected bodies. The case study participants did not see this as a problem and I will address this in Chapter Five.

Also, the protection of one's own agency has been previously referenced. There was genuine concern that a loss of agency control would lead to a loss of agency effectiveness, agency status and detrimental results for agency employees. The issue is complicated by the existence of both tangible concerns and personal concerns and conflict resulting from status or agency competition. The larger agency (in this case, the county) may be viewed with suspicion and as an aggressor threatening the smaller agencies.

The issue is primarily one of providing a level of separation for the newly created and merged agency with the participating units of government. The issue of turfism will exist to various degrees of intensity. The example of San Juan County suggests that a "separation mechanism" or strategy can be incorporated to reduce the intensity of conflict or mistrust. I will define this strategy as follows:

A separation mechanism or strategy recognizes that turfism may be a significant issue. If this is the case, then organizational features may be incorporated that separate the newly merged agency from any specific participating agency. Organizational features can also be incorporated that enable the participating agencies to retain significant control over the newly created agency.

Separating the newly merged agency from the units of local government is a strategy that can be incorporated to mollify the concerns of the participants. To offset the concerns raised by separation, oversight tools are necessary for the existing agencies to have continued input or control over the new agency after the merger occurs. A common oversight mechanism would be an advisory board with agency representation. The case study participants strongly agreed that an advisory board does not "have the teeth" and would not have produced the necessary separation to obtain local government buy-in to the merger initiative (Duncan, 2008).

The case study demonstrates the need for each participating agency to consider steps to minimize territorial conflict. The separation (or eliminating) of several existing agencies must occur in order to consolidate the service. This elimination of a crucial service could create multiple problems for each local

government. However, an “oversight mechanism” may be a sufficient step to satisfy agency participants. I will define an oversight mechanism or strategy as follows:

An oversight mechanism or strategy also recognizes that issues of turf or control may be a significant issue. An oversight mechanism is an organizational feature that provides each agency with input or a voice in the newly merged agency. This approach enables the removal of the merged agency from the unit of government but retains features to provide for input and a certain level of continued control.

An interesting and successful balance was struck in San Juan County that simultaneously created separation from any existing unit of government while maintaining a certain level of control to protect the vital service performed by each emergency agency.

A third strategy identified by the case study participants in San Juan County included addressing employee issues during the merger process. The case study participants agreed that all employees of each existing communication center would be guaranteed a position in the merged agency. The participants also agreed that no employee would receive a reduction in salary. In fact, some employees received significant salary increases based on the merger. There were also adjustments to the hiring rates for new employees. I will review this issue further in Chapter Five. The compromises necessary to achieve the difficult end-result of merging services will often diminish the efficiencies gained.

The Communications Director noted that several employees chose not to accept positions with the new agency. Several employees remained with the original organization in a different capacity. A few employees did object to the merger and had relatives write letters to local newspapers questioning the decision and the process. The reasons cited for the limited employee opposition was the apprehension associated with the change and the new technology. There is loyalty to the routine of a particular job, the familiarity with the existing technology and the interaction with coworkers and supervisors. This is also an important point. Employee opposition or apprehension is not entirely addressed by job guarantees.

According to the Director of the SJCAA, emergency communication services experience a seventeen percent national attrition rate. A natural process would enable a lower and more appropriate staffing level to be achieved with the passage of time (Branson, 2008). I will overview a strategy regarding short-term compromises concerning employee issues to maintain appropriate staffing levels. These short-term compromises can be adjusted over time to gain efficiencies while securing the concurrence of the affected local government employees. This point will certainly be a central component to the development of a best practices model.

The case study participants also emphasized the need for adequate training for employees as a strategy to achieve initial acceptance and long-term sustainability (ibid.). The employees were initially assigned to dispatch in the specialized area related to their original agency service. As an example, a municipal police dispatcher may be unfamiliar with county EMS dispatching protocols. There was, however, a rapid transition and each dispatcher was trained in every area of emergency service. This included a requirement that dispatchers spend time in the field with each emergency agency. The survey respondents strongly referenced the improved and consistent training received by each dispatcher as a primary positive result of the merger (Branson, Duncan, 2008). The respondents also noted that coordination between the dispatchers and between agencies improved based on the physical proximity of dispatchers located in the same facility (ibid.). The case study participants strongly indicated an improved service resulted from the communications service merger.

A final strategy identified in the interviews concerned the negotiation of agency financial responsibilities. There were three aspects to the issue of financial negotiation. First, as previously referenced, the capital shared costs were determined on a formula linked to each agencies call volume. This mechanism was deemed fair by each entity during the negotiation stage of the process. Shared capital costs coupled with rapidly changing technology made this service merger financially prudent (Branson, 2008).

Second, it was decided that San Juan County would absorb the operational expense for the increased staff for a short period of time. The county is the largest and the comprehensive local government entity taxing and serving all citizens in the service area. This decision generated significant financial savings to each of the three municipalities and made the process less divisive. In conjunction with this decision, it was agreed that a gross receipts tax would be pursued to provide future operational expense. The gross receipts tax is similar to a sales tax but includes a broader range of economic activity and private exchange.

The gross receipts tax was approved by the voters seven years following the formation of the SJCCA and the entity now has its own separate revenue stream with the participants relieved from financial operational stress created by a dependence on annual funding from the units of government. The future pursuit of a gross receipt tax is the second example of a short-term financial burden with a longer term plan to relieve the financial stress created by the merger of services.

To summarize, the agencies implemented a strategy of financial responsibility placing the primary burden on the county while simultaneously pursuing an independent funding stream. The willingness of the county to absorb the initial costs provided substantial savings to each of the municipalities. The county also continued to provide support services assisting SJCCA financially.

### **Secondary Research Questions**

The case study participants were able to address a number of the secondary research questions. The case study participants agreed with the concept of complexity factors making some merger initiatives more challenging. These factors were not, however, all significant to this specific process. I will further review four factors affecting the complexity of a merger process including citizen interest, employee impact, significant financial impacts and whether the agency was a core service to each unit of local government. The merger of communications was described as a non-issue for the citizens of this community (Branson, 2008). The process occurred with only the agency representatives and the staff and elected officials of each governing body involved in the process. The process was of no interest to the public.

Essentially, telecommunications was described as an expected service when needed but not a service involving frequent citizen interest or involvement.

The complexity factor of employee interest has been addressed and was a major consideration. Substantial compromise with existing agency employees became a necessary part of the merger agreement.

The complexity factor of organizational identity was described as less crucial to the communication function. The case study participants agreed that organizational identity is an important consideration for other types of local government services. For example, there was subsequent discussion of an agency merger in San Juan County involving the coordination between detective units in the local law enforcement agencies. The issue of agency identity was referenced as an issue in this different process and a service merger did not occur (Branson, 2008). Therefore, the only complexity factor identified as a primary issue with the merger of emergency communications was the level of employee impact created because of the merger of services.

The case study participants agreed that the stages of service consolidation that were overviewed in Chapter Two were a preferred method of processing a merger initiative. The participants also agreed this process was essentially followed with the merger of communications. The feedback did emphasize the need for significant effort during the initial stage of discussing the proposed merger. I will incorporate greater detail into the case study model based on the strong insistence on building consensus prior to formally proceeding. The case study participants also suggested that the implementation stage of the process should be incorporated into a monitoring and feedback stage. The current Director stated that “implementation is constantly taking place and will never cease to be a focus in an effort to constantly improve the service” (Branson, 2008).

The agency representatives also addressed the research question concerning the realization of the goals established at the outset of the consolidation process. The case study participants agreed that efficiency was accomplished by “pooling resources” (Branson, Duncan, 2008). However, the participants also agreed that if

efficiency is the only goal of a proposed merger the process will be a disappointment. The merger resulted in a more improved communication function, enhanced coordination, a more consistent level of training and greater accountability (ibid.). The participants identified expensive capital equipment purchases as an area where efficiencies would be realized. Also, merger improved emergency services because technology is constantly changing and requires expensive upgrades.

There were no specific calculations prepared and retained to demonstrate the financial impact of the merger on each unit of government. The consensus of the case study participants was that efficiencies are gained but are also compromised in the merger process. Agency participants in this case study viewed enhanced staff levels, higher training levels and increased salaries as service improvement. The participants agreed that service savings occurred but took place over time. Agencies had different staffing levels and service quality and were performing at different levels. A benchmarking process will be incorporated into the case study model as a reaction to the issue of monitoring the efficiency issue.

To conclude, this case study emphasized four strategies believed by the participants to create favorable conditions for the merger of emergency communications. These strategies include a consensus building strategy, a “separation mechanism,” strategies to minimize the threat to affected employees and developing fair and independent funding streams.

The case study also provided insight into the secondary research questions and these have been reviewed. The participants in this case study were extremely helpful, quite positive and considered their merged service as a significant accomplishment.

### **Case Study Two: Consolidated Water and Sewer Utility System: Jackson County, North Carolina**

Jackson County, North Carolina is located in southwestern North Carolina and is contiguous to the South Carolina state line. Jackson County has a mountainous terrain and is part of the southern Appalachian Mountain range. The county encompasses 475 square miles and is twenty-five percent comprised of National and State forest lands. The terrain includes gently sloping valleys, low lying flood plain

areas and steep mountain ridges including several exceeding six thousand feet in elevation.

The population of Jackson County is 35,562 and is also the home for 9,050 Western Carolina University students. There are three municipalities in Jackson County including Sylva, Dillsboro and Webster. The populations of these incorporated areas are 2,436, 206 and 486 respectively. The Town of Sylva is the county seat and the location of Western Carolina University. The Town of Dillsboro is well-known for an authentic train excursion. The economy of Jackson County is heavily influenced by the university location and the workforce is comprised of twenty-five percent government jobs. The unemployment rate has consistently been low but the poverty rate does exceed the state average and is currently fifteen percent.

Jackson County consolidated the county water and sewer system with the three municipal systems in 1992. Jim Adams, with the North Carolina Department of Natural Resources and Community Development (NCDNR), described this consolidation of utility systems as a model for units of local government (2008). Mr. Adams is responsible for inspecting municipal water and sewer systems and is familiar with the operations, non-compliance issues and the general reputation of utility systems in North Carolina. This consolidation project has received state and national awards including a National Association of County Commissioner award, a National Association of Counties annual award and a National Association of Development Organizations award. The current and previous Director of the consolidated water and sewer system has been asked to provide presentations at numerous meetings including regional and state meetings of utility system operators involving the merger of the four utility systems (Cline, 2008).

Water and sewer system consolidation is currently a topic of significant interest in North Carolina and the south-eastern United States. There are numerous issues impacting utility systems and creating stress on their operation and maintenance. These issues include a severe draught in 2007, aged and inadequately designed systems, significant population increases and negative environmental impacts created by failed systems. Many water and sewer systems were constructed

in the early twentieth century with approximately 72,000 miles of the nation's water lines exceeding eighty years of age (Food and Water Watch, 2008). Many systems are malfunctioning due to excessive age or insufficient design. Nation-wide, the Environmental Protection Agency reports that one-third of the municipal sewer systems were fined for spills or other violations (Wheeler, 2008). The State of North Carolina currently has one hundred and fourteen of the municipal sewer systems (out of 520 systems) under a moratorium limiting or prohibiting additional connections (Partnership for North Carolina's Future, 2008). According to the North Carolina Department of Health and Natural Resources, the cost to repair or upgrade these systems will exceed seven billion dollars by 2010 and sixteen billion by 2030 (ibid.).

The environmental impact of failing sewer systems and improperly designed storm water sewer systems is substantial. According to the Environmental Protection Agency, an estimated 850 billion gallons of untreated storm water mixed with sewage is annually released into the nation's rivers, lakes and oceans (Food and Water Watch, 2008). These overflows occur between 23,000 and 75,000 times a year and total an estimated three to ten billion gallons of untreated waste water (ibid.).

The overflow of untreated sewage impacts wildlife and degrades the oxygen levels in surface water. The failing systems also pose health risks to humans including the spread of bacteria, various viruses and parasites that can spread through human contact or by overflowing into drinking water supplies. The Environmental Protection Agency estimates 1.8 to 3.5 million people become sick from pathogen contact from sewer overflows each year (ibid.). Clearly, substantial public policy challenges currently exist regarding the operation, maintenance and upgrading of the nations' water and sewer infrastructure.

The merger of the five water and sewer systems in Jackson County occurred in 1992. The merger led to the creation of the Tuskaseigee Water and Sewer Authority (TWSA). The consolidation involved the three participating municipalities, Western Carolina University and Jackson County. Western Carolina University owned and operated a water filtration plant, a sewage treatment plant and a water and sewer distribution system. The participating units of local government agreed to serve

the off-campus students for Western Carolina University. The Water and Sewer Consolidation and Transfer Agreement included the construction of \$700,000 of infrastructure to upgrade the WCU system and the University system initially served as the source for the TWSA water supply (1992).

According to Bill Gibson, the Director of the Southwestern Planning and Economic Development Commission, the merger occurred because each utility system was substantially failing to adequately supply drinking water and treat wastewater. The utilities were facing severe failure including the “virtual collapse” of the system (May, 2008). The Town of Sylva did not have sufficient water capacity and was unable to expand its system. The Town of Sylva was the supplier of water for the Town of Dillsboro and this municipality was in a precarious situation. The Town of Sylva’s water system was antiquated and in disrepair. The County of Jackson received its water from subsurface wells and the wells were contaminated. The Town of Webster had a small water system and was unable to sustain any new connections. Each entity faced major system failures and the ability to independently resolve their crisis was limited.

As an illustration, National Guard water trucks were brought into the community to haul potable water to the Jackson County Hospital during a draught in the late 1980s. The political entities were forced to impose “draconian water use restrictions” due to this shortage (Gibson, May, 2008). The water systems were collectively producing 250,000 gallons per day and needed 450,000 gallons per day (ibid.). The resources of the smaller towns were limited and system upgrades could not be afforded. Stated succinctly, the merger of water and sewer systems occurred because of a crisis.

In addition to the utility systems crisis, new provisions for water testing and quality standards contained in the Safe Drinking Water Act of 1974 and the North Carolina Drinking Water Act would be effective in July of 1994 (1992). The new regulations would further limit the ability of the independent systems to remain viable. The Safe Drinking Water Act established consistent standards for the nation’s water supply. The standards would be enforced through a series of regulatory

mandates on all public water systems. The North Carolina Drinking Water Act imposed water-testing requirements and quality standards on the levels of chloroform bacteria, nitrates, lead, copper and other inorganic compounds. A “consumer confidence report” of the findings would be made available to the public and mailed to each utility customer (ibid.).

According to the case study participants, none of the systems had sufficient scale in terms of a customer base or the fiscal capacity to expand to solve the crisis. None of the political agencies had the “financial capacity to grow, a practical vision or viable plan for the future” (Gibson, May, 2008). It was “quickly determined” that a cooperative solution was the only viable approach (ibid.). Several state and federal funding agencies concurred and pledged support for a comprehensive solution involving all units of local government.

The process began in the late-1980s with the commission of a comprehensive financial needs assessment and planning document. The merger of the systems did not finally occur until four years after the initiation of the process. The merger process included the formation of a steering committee, the compiling of a technical planning and feasibility study and involvement by the North Carolina Institute of Government. The overriding concern of the local government representatives was to address the substantial needs and to create a “politics proof” end-result (Massie, 2008). Essentially, in order to foster the trust and the cooperation necessary to succeed, the participating agencies created an authority. The authority would operate on “business principles” designed to limit political influences (ibid.). Sylva city councilman Marion Jones stated “you can’t run government like a business. The TWSA is, however, a business and must break even without water and sewer rates going up unreasonably” (Goretsky, 1992).

### **Tuskasegee Water and Sewer Agreement Overview**

The merger of the four local government water and sewer systems was formalized in 1992. The complete process took over four years to reach fruition. The TWSA was formed under North Carolina General Statute Article 1 Chapter 162A. TWSA was granted the authority in the Consolidation Agreement to “acquire, lease,

construct, extend, repair and operate” any water and sewer system owned by the authority “with or without the approval of the participating subdivision” (1992). The authority also was authorized to acquire property, receive grants and to “combine the water and sewer systems as a single system” (ibid.). This consolidation was described in the Consolidation Agreement as enhancing the community’s ability to “provide, promote and preserve the collective public health of the citizens of Jackson County” (ibid.).

The governing structure of the newly created authority resulted in significant compromise on the part of Jackson County. The authority is comprised of seven board members with the Town of Silva appointing three members, Jackson County two members and the Town of Dillsboro, the Town of Webster and Western Carolina University each appointing one member. The University appointment was designated as a non-voting and ex-officio member.

The Town of Silva was granted three of the seven voting positions on the TWSA Board of Directors. The case study participants indicated that the utility system merger created the greatest concern for the Town of Silva. The Town of Silva owned substantial capital assets exceeding the other units of government and expressed skepticism over the merger initiative. The ultimate transfer of the water and sewer assets of the Town of Sylva to TWSA was described by Gibson as a “huge political step” (July, 2008). There was recognition by the units of government of the need for considerable compromise with the municipality of Sylva.

The Town of Sylva was crucial to reaching a consensus on the consolidation agreement. Jackson County was strongly committed to the process and willing to compromise on certain key points involving the TSWA board composition. Jackson County also agreed to fund an initial \$45,000 feasibility study with no contribution from the other entities. These compromises still resulted in the Mayor of Sylva resigning in the middle of his term over the consolidation issue. The Sylva City Council unanimously voted to proceed with the consolidation over the objections of the Mayor (Gibson, June 2008). The agreement was contentious for the Town of

Sylva and the need to compromise was necessary to facilitate their participation (Wilson, 2008).

An additional crucial point contained in the TWSA agreement was the insertion of decision-making guidelines (Gibson, June, 2008). The guidelines established criteria for evaluating capital improvements and operation and maintenance issues. The evaluation guidelines emphasized the economic viability of future projects, public health considerations and economic development as appropriate considerations for project approval. The Consolidation Agreement also required a five-year amortization on all capital projects (1992). I was surprised by the response of the case study participants regarding this issue. A five-year financial return is a stringent requirement to meet. The responders indicated this five year cost benefit analysis guideline remains in effect and is the basis of consideration for each project by TWSA (Gibson, June, 2008).

The Consolidation Agreement also established a Water and Sewer Planning Committee (WASP) with the responsibility for making annual recommendations to TWSA (1992). The WASP committee was established to “develop, review and supplement the Capital Improvements Plan on an annual basis and shall consider the needs of the entire community, the availability of funding and the requests and comments of each Political Subdivision” (ibid.). The WASP committee members are appointed by TWSA and serve as an additional mechanism to ensure “business” principles (Massie, 2008). The WASP committee and the annual evaluation process were viewed as a vehicle to ensure future input and communication with the units of local government.

A final guideline established in the Consolidation Agreement restricted TWSA’s ability to generate revenue. The authority could only generate revenue through “rates, fees or charges” and would operate on an enterprise or business basis (1992). The authority was also eligible to apply for grants and could receive an appropriation from a participating member for a specific project of interest to the entity. TWSA would approve any project even if funding was provided by a local government. The newly created authority was not granted taxing authority. There are

eight different organizational arrangements available to North Carolina units of local government to provide water and sewer services including the ability to provide independent taxing authority to separate legal entities. This limitation was referenced by one survey participant as a current weakness of TWSA (Westmoreland, 2008).

In summary, the Consolidation Agreement emphasized limiting arbitrary or political influences. The water and sewer authority was selected as the legal mechanism based on its “substantial independence from the ebb and flow of politics” (Gibson, May, 2008).<sup>3</sup> These limitations included specific evaluation criteria, the use of an independent planning committee and the requirement that the TWSA operate on an enterprise basis. Jackson County representatives strongly sought the agreement and compromised on a number of key points with the Town of Sylva (Wilson, 2008). The points of compromise included the composition of the committee, financial responsibility for the initial engineering studies and the establishment of a Water and Sewer Planning Committee appointed by TWSA.

An understanding of the utility system consolidation in this community will focus on two issues. First, the process occurred in the midst of a crisis. And second, the Town of Sylva was crucial to the process. The Town of Sylva had substantial capital assets, controlled a large watershed and had the largest number of employees. The Town had to be “brought to the table” and each of the remaining entities was dependent on Sylva’s participation (Massie, 2008). According to the former Mayor of Dillsboro, the Town of Sylva had the “most to give up and was the most cautious of the involved entities” (Wilson, 2008).

### **Case Study Results: Identifying Successful Strategies**

Again, the primary goal of the case study process is to identify implementation strategies serving to facilitate successful mergers. I interviewed seven individuals including the following:

Bill Gibson	Executive Director of the Southwestern Council of Governments
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<sup>3</sup> Again, I asked if the separation created a responsiveness problem for the elected bodies and was told that it did not.

Tom Massie	Current County Commissioner and Assistant County Manager at the time of the merger
Ken Westmoreland	Current County Manager
Dale Cline	Executive Director of TWSA
James Adams	Field Inspector North Carolina Department of Environment Health and Natural Resources
Wade Wilson	Former Mayor of Dillsboro
Marion Jones	Former Sylva City Councilman

Significant feedback was received and the following specific consolidation strategies were identified in the interviews.

- 1) The merger process was motivated by crisis and an independent and “honest broker” was used to facilitate compromise. Timing, trust and creating a “win-win” result was critical to the merger process.
- 2) The merger participants recognized that the Town of Sylva was central to the process, had the most to lose or gain and was the most skeptical of a consolidation proposal. The negotiation process had to accommodate the primary utility provider.
- 3) The merger process focused on creating an entity insulated from excessive political influence. Also, the process established a framework designed to successfully make difficult future decisions.
- 4) The process focused on the need to resolve the crisis collaboratively and to develop long range and permanent solutions. Efficiency and management issues were secondary to the development of a unified and cooperative solution.

The merger of water and sewer service occurred largely because of the previously described crisis. The entities had their “backs against the wall” and “procrastination was bordering on gross negligence” (Gibson, May, 2008). The merger process involved the formal administrative and elected leadership of each of the four units of government, the Director of the Southwestern Council of Governments and the technical guidance of the North Carolina Institute of Government. Other entities such as federal and state agencies responsible for grant funding and a private engineering company was also involved.

The process did not include external organizations such as the Chamber of Commerce or a citizens' advisory committee. According to those interviewed, citizens were largely disinterested in the merger process but did engage in several controversial issues following the creation of TWSA. The merger process could be fairly described as a loose or informal process directly involving the Chairperson or Mayor of each elected board. The consolidation process did include several meetings with the "committee of the whole" (Massie, 2008). Essentially, the informal steering committee would hold periodic joint meetings with all of the elected boards to update members and to receive direction and answer questions.

The case study participants indicated that the decision making process fully described in Chapter Four was followed but was not formally established at the outset. In other words, the units of government did not initially adopt a formalized agreement regarding the process. Nonetheless, the process did loosely follow a series of identifiable stages.

The key element to the resolution of this crisis and the successful merger was the leadership provided by the Director of the Southwestern Council of Government. The Director, Mr. Bill Gibson, was described by one survey participant as an "honest broker" (Massie, 2008). Regional Councils of Government were created in the 1960s and each council is comprised of the municipalities and counties located in each jurisdiction. The Southwestern Council of Governments is comprised of seven counties and sixteen municipalities including the participants in the merger.

The regional council was viewed as a natural choice to mediate the merger. The relationship between the members and the regional council was positive (Massie, 2008). There was a delicate balancing act since the units of local government comprised the regional organization. There was risk to the regional organization and to the leadership of the organization. The Director candidly admitted that the merger process could have resulted in his loss of employment (Gibson, June, 2008).

In addition to the organizational suitability of the regional councils, the Director was trusted to be fair and impartial. The Director and his staff were also viewed as being highly competent. Bill Gibson was willing to assume the risk

because of the severity of the crisis and the threat to the member units of local government if no action were taken. Although the reasons and circumstances were different, this merger is similar in this respect to the San Juan County communications merger. The merger occurred largely because a strong and trusted advocate was willing to assume the necessary leadership. The unbiased leadership was described by one participant as “doggedly determined” (Massie, 2008). Also, consistent with the San Juan County merger, the advocate was not an elected or appointed member of one of the involved local agencies.

The survey participants emphasized a high level of “institutionalized trust” between the units of government (Gibson, June, 2008). Although the negotiation process was intense, the individuals involved in the merger negotiation were not suspicious of the motives or intent of the other participants. Several survey participants spoke of the need to create a mutual gain for each entity, but again, the participants also recognized the weaker commitment on the part of the Town of Sylva to the consolidation process (Massie, 2008).

In summary, the first strategy identified in the Jackson County water and sewer system merger involved the following specific points:

- 1) The process was led by a trusted and known individual. The individual was determined to succeed and brought significant energy to the process.
- 2) The merger process directly involved the formal organizational leadership of each entity along with entities possessing sufficient technical background to provide assistance.
- 3) Because of the scope of the initiative, periodic joint meetings with all Board members were held to ensure effective communication.
- 4) The process focused on mutual gain result but recognized that some entities would have to compromise more than others.

A third strategy identified in the case study interviews was an emphasis on limiting political influence and creating a new organization that would achieve success. I have previously described the decision making mechanisms inserted into the Consolidation Agreement. An authority with specific bench marking criteria was

established. The case study participants repeatedly emphasized creating an “innovative and dramatic” solution because of the extreme crisis facing the community (Gibson, May, 2008). The local government entities wanted to resolve the crisis and create permanent long-term solutions. A number of generalizations regarding the specific suggestions can be identified.

First, the entities are obviously political entities and are naturally influenced by numerous factors including political factors, the media and different attitudes about representation and taxation. The Town of Sylva, in particular, advocated the decision making guidelines and the “politics proof” approach (Massie, 2008). A second common problem identified in the merger of the city and county utility systems was long term sustainability and formulating long term solutions. The current members of an elected board may work well and trust one another. There is, however, always the concern of a future election altering the relationship and creating negative political change. There was a concern that future political or individual member changes would negatively affect the merger of services (ibid.). For reasons previously discussed, cities are often more sensitive to this issue because of the stronger political characteristic of county government.

Partisan party differences between units of government and the individual board members was not an issue in the merger process (Massie, Jones, 2008). Jackson County and the municipalities were of the same political party and a competitive two-party system did not exist. Although the political consensus has probably weakened, the community remains largely dominated by one party. The political environment eased the ability to reach a consensus in Jackson County (Gibson, May, 2008). Political party differences are an issue for many city county merger initiatives. One of the reasons merger is historically more common in the southern United States was the somewhat diminished potential for the merger to result in partisan conflict (Marando, 1979). The merger process in Jackson County focused on limiting future political problems by designing a system sufficiently insulated from potential political conflict.

Another similar issue was that several difficult decisions had been avoided by the units of government and required attention. For example, the water and sewer rates were not high enough to sustain each individual system (Gibson, May, 2008). State and Federal agencies administering grants are required to evaluate water and sewer rates and funding will be denied if the rates are lower than the average rates found in other communities. The individual towns had avoided an unpopular rate increase. The Consolidation Agreement required the TWSA to be self-sustaining (1992). This requirement guaranteed future rate increases and prevented the authority from requesting rate supplements from the local governments.

There were other management problems going unresolved. The municipalities offered volunteer firefighters and employees free water service (Gibson, June, 2008). This once common practice has been largely eliminated in North Carolina. Providing free water transfers costs to other customers, encourages wasteful practices and creates citizen resentment. Eliminating the practice creates resentment from the recipients of the free service. Mismanagement was also taking place regarding employee efficiencies. One case study participant described long breaks, running errands and not showing up for work as routine employee practices (ibid.).

These management problems could have been resolved without merging services. Still, institutionalized mismanagement can be difficult to correct. This challenge may be especially difficult for smaller units of government without sufficient management staff. Clearly, part of the desire to merge services in Jackson County focused on the need to make a series of difficult management and political decisions. One of the case study participants stated the local governments were criticized for “dumping their problems on the Authority” (ibid.). This criticism has validity. The merger alternative was viewed as a vehicle for correcting these problem issues (Gibson, May, 2008).

The focus of the merger process as a strategy was to create a new organization designed to succeed. The new organization would be sufficiently insulated to resist arbitrary decision making and to address difficult issues going unresolved. Finally,

the new organization was provided decision making standards and understood the need to resolve the crisis.

The final strategy identified by the case study participants included obtaining resources for long-range solutions and the unmet needs of the community. Service merger will often emphasize the immediate efficiencies gained by merging similar services. The Jackson County community faced an expensive infrastructure crisis. The solutions could not be resolved without cooperation. The federal and state competitive grant system would not reward each entity individually. The crisis also involved a fundamental component of life. Providing safe and reliable water service is a basic expectation of a community.

The strategy derived from this situation can be applied to mergers involving more routine characteristics. A focus on a consistent set of goals, a consistent direction and a plan to obtain resources creates opportunities for the merged service. A common direction prioritizes the service and brings resources to the table to improve the service. There are probably examples where fragmented and competitive local services remain advantageous. Again, academic research on this issue will be further reviewed. This case study is, however, an example of a community benefiting from the concentrated focus to resolve the crisis and obtain needed resources.

This point may seem obvious but is quite relevant. The San Juan County communications merger respondents made a similar point. The merger of communications brought focus, attention and added resources. According to the San Juan County case study participants, the merger also brought enhanced capital advancements and technology because the community focused on a singular goal. The initial efficiencies associated with merger may not occur because of the compromises perceived as being necessary. A merger process may potentially create a different type of advantage for the units of local government and the specific agency. The process creates a focus on the service and the resulting merger strengthens the opportunity for a unified process to achieve agency goals and objectives and obtain needed resources.

Similarly, the Jackson County water and sewer merger succeeded, in part, because of the need for a unified solution to the problem. The community could not afford to compete for grants and would not have been successful without a common set of goals. The federal and state system of awarding grant funding encourages a unified approach in each community. The grant agencies also encourage collaborative funding applications. The community could not financially sustain multiple water and sewer source and discharge solutions. This is an important point. The federal and state system of resource allocation seems to reward consolidated service merger projects.

In addition to the affordability, the ability to successfully design and permit multiple strategies was prohibitive. There is not a formal and adopted strategy by the state of North Carolina to encourage water and sewer system merger through the permitting process. State governments are at times reluctant to intercede because of the emphasis made by communities to retain local decision making authority. The permitting agencies certainly recognize the advantages of joint solutions and place an emphasis on collective solutions regarding design and permitting issues (Adams, 2008). Still, the regulatory process (including permitting) encourages a consolidated strategy from local governments.

The merger initiative in Jackson County avoided addressing smaller and more immediate problems. The local government participants understood specific problems would be resolved by the new organization. The participants focused on the need to resolve the long-term crisis and create a new and sustainable organization. The new organization was designed to address the immediate management issues and to successfully focus on long-term solutions for the utility needs of the community.

### **Secondary Questions Associated with the TWSA Merger**

The case study participants involved in this consolidation project addressed a number of the secondary questions identified at the outset of this chapter. Several of the participants agreed with the concept of complexity factors affecting the process. Again, I will further review four factors affecting the complexity of the merger

process including the intensity of citizen interest, employee impact, capital costs and whether the service was a core local government service.

Three of the four factors significantly impacted this consolidation. The impact to the employees was a major concern referenced by each participant. The merger agreement was significantly influenced by the perceived need or desire to accommodate the employees affected by the merger. As previously stated, the scope of the crisis and the capital costs associated with the merger also affected the process. The units of government were motivated to cooperate because of the extreme costs required to address the problem. These costs positively affected the merger outcome since the participants viewed their options as limited.

The utility service was viewed as a core service by the Town of Sylva (Wilson, Jones, 2008). The provision of water and sewer service was significantly linked to the organizational identity of the Town of Sylva. The negotiation process focused on addressing the concerns of the Town of Sylva and issues were overcome because of the previously discussed compromises, the magnitude of the crisis and the leadership of the regional council Director.

The level of citizen interest in the process was minimal and the case study participants seemed surprised by the question of involvement by citizens or external entities such as a Chamber of Commerce. There was no core interest group or citizen group motivating officials in the merger process (Massie, 2008). There was, however, the threat of citizen reaction if the participants failed to resolve the crisis. The representatives of the local governments realized that they would be held accountable for a failure to respond and implement a permanent solution. The impact of citizen involvement can also be understood in terms of the political fallout if a crisis is not averted. Citizen involvement needs to also be understood in terms of a potential and negative citizen reaction.

The case study participants agreed that explicitly establishing the formal process was a preferred method of processing a merger initiative. A formal process was not explicitly established at the outset of the Jackson County merger process. The participants described an informal or more fluid process. The decision making step of

formally adopting process guidelines to investigate the merger did not occur. The consolidation process was not formalized at the outset in terms of a formal approval of a merger study process agreement by the governing boards.

The secondary question concerning employee related merger issues has been partially addressed. There were poor work habits and a lack of management resolve to improve operational problems prior to the merger. The merger process did predictably result in a series of steps designed to neutralize potential employee opposition to the merger process. The employees of the water and sewer agencies were given the option of leaving their municipal jobs to accept a position with TWSA or reassignment to other public works jobs. Salaries were increased to the highest rate and many employees received salary increases. No employee was forcibly reassigned, lost their job or received a reduction in salary or benefits. The case study participants stated most employees accepted the transfer to TWSA and no employee problems resulted from the merger (Jones, 2008).

The county and municipal agencies in Jackson County created an “employee transition committee” designed to assist each employee with the reassignment to a new agency (Massie, 2008). The transition committee assisted with the transfer of benefits, information on the goals of TWSA and training needs and expectations. I will suggest an employee assistance plan as a central recommendation for the best practices model. The local government agencies emphasized an employee friendly transition even with negative employee issues. The management and elected officials emphasized fairness concerning employee issues as a strategic step necessary to build a consensus for the merger goal.

There are two employee related observations. First, municipal agencies involved in service mergers find it necessary to neutralize employee opposition. And second, consolidation processes tend to emphasize equitable and fair treatment for employees. This research effort will not resolve whether this observation is more strategic or a genuine concern to not injure or disrupt employee careers.

The final secondary question concerned the success or failure of the merger project. The consensus of the survey participants was that goals had been met and the

crisis averted. The TWSA was able to resolve the water supply crisis facing the community. In 1996, a 1.5 million gallon per day water filtration plant was constructed on the Tuskaseige River and became operational. The construction project included a clearwell and elevated storage tanks. The project exceeded three million dollars and received a 1.5 million Economic Development Administration grant (Gibson, July, 2008). The new water treatment facility provided a safe and sufficient quantity of drinking water for each municipal entity. Clearly, a focused and comprehensive approach to an extreme crisis produced a considerable success in a short period of time.

The difficult decisions concerning utility rates, free water and employee issues were also addressed by TWSA. A review of the newspaper articles following the merger provided evidence of the tumultuous nature of these decisions. There were letters to the editor of the local newspaper and a petition challenging TWSA as it addressed these unpopular but necessary steps. The public controversy occurred as TWSA addressed the management issues, increased rates and curtailed the practice of providing free water to volunteer firemen (Majors-Duff, 1993).

The case study process and a review of TWSA planning documents do suggest certain issues remaining to be addressed. There are older distribution lines in need of repair and there are areas of Jackson County needing utility services. Also, TWSA made mistakes. As an example, a three million dollar water line extension was completed in 2002 and the project did not require residents in advance to connect to the system. As a result, only a handful of residents connected to the line with the vast majority deciding to wait until they experienced well problems (Westmoreland, 2008).

In a 2007 report, the Director of TWSA reported over sixty million dollars of infrastructure needs for Jackson County. The listed infrastructure was based on a twenty year plan and would obviously not be realized quickly. There is, however, no crisis. Current needs are being addressed and future capital and operational needs are planned and prioritized. The case study participants agreed that the consolidation was successful. The evidence of the success is the resolution of the crisis, the current

formal long range decision making and planning and the continued high level of cooperation.

### **Conclusion**

The merger of water and sewer services in Jackson County produced a resolution to the most severe aspect of the crisis. The newly created entity successfully implemented the series of new regulations. The TWSA also addressed the management and operational issues including the employee problems, the rate adjustments and providing free water. It would be naïve to suggest the capital improvements and management issues have been perfectly handled and that problems do not remain. According to Bill Gibson, he will still occasionally have citizens “second guess” the decision (June, 2008).

This case study suggests a framework for further academic study on a significant question. The research on consolidation often focuses on efficiency questions. The efficiency question resulting from mergers will vary based on the compromises necessary to produce an agreement. Research should address the benefit of a focused and consolidated approach to resolving a communities needs within the framework of limited resources, a competitive federal grant system and the federal and state permitting and regulatory process.

The merger of utility systems undertaken in Jackson County does provide an example of a successful process. The process was created in a crisis, initially avoided certain difficult issues and focused on creating an organization that would succeed. There are aspects of this merger process worthy of consideration. The merger process resulted in the creation of an entity that successfully addressed a series of complex, expensive and substantial needs. The most fundamental lesson derived from this case study is the importance of establishing a framework for success and not a framework for failure through the establishment of impediments.

## **Chapter Five**

### **Service Consolidation Management Recommendations and a Framework for Assessment: Practical Observations and Strategies**

#### **Introduction**

The consolidation of services by units of government is a relevant issue in local government relations. Local governments are in constant transition. The pressure to provide government service, comply with state and federal mandates and meet citizen expectations is daunting. Local governments are facing significant and exponential changes in technology and will be expected to keep pace with the information revolution. As stated previously, service merger is not always appropriate and is not offered as a panacea for the various pressures to perform within the context of limited resources. It is not inherently desirable. It does, however, offer an option available to local governments with the potential of enhancing organizational capacity.

The process of consolidating services does need a more systematic assessment. The service consolidation survey overviewed in Chapter Three confirms that county managers in North Carolina view service merger as a positive alternative to current organizational arrangements. The reasons for this positive assessment have been previously reviewed. The case studies provide additional insight into the reason consolidation is a potentially valuable service delivery option. The merger of services case studies in San Juan County and Jackson County will assist in formulating a framework and a service consolidation best practices model. Additional recommendations will also be put forth.

The academic overviews of the various consolidation topics have also been reviewed. These works are significant in their contribution to this project. The academic debate between those defending decentralization and fragmentation versus consolidation is important and provides invaluable insight. The literature overview provided in Chapter Two will serve as the framework for the second section of this chapter. The focus of this chapter is to develop a process with appropriate opportunities for public involvement and awareness. The recommended strategies

will also focus on creating a balance between difficult decision making issues often compromised in the merger process. These compromises create a tension between realizing the merger goal and the efficiencies that might be gained because of the associated economies of scale.

There are two general findings that I will offer at this point. First, many local government managers view service consolidation as a positive solution to the pressures facing local governments. An overwhelming majority of the county manager's surveyed expressed a positive view of the service merger opportunity. The specific areas of service offering the greatest opportunity for enhancement were identified. Second, there are service mergers that have been successful. The mergers occurred successfully, the mergers have been sustained over time and those involved defend the outcome. These assertions suggest that the debate between centralization and decentralization should include service merger as a potential positive consideration for organizational change. I would restate two general questions to frame the issue of service merger:

- 1) What are the strategies and best management practices that can be incorporated into a service consolidation process? These strategies are provided as suggestions for practical application but also for further analytical assessment.
- 2) How can these strategies assist in addressing the question of the advantages of this activity? In other words, I will return to the question of the advantages of service merger. How can a consolidation process produce a more responsive, efficient and effective result?

A key factor in this overview is to continue a discussion of the circumstances where service merger is viable and useful. Service consolidation is not always a more efficient outcome but it can enhance efficiency if the compromises necessary to implement service merger are considered. There is an economy of scale that can be realized in certain situations for units of government if the merger is successfully implemented and sustained. I will frame this chapter into two sections addressing the two questions previously raised. The management strategies identified in this chapter

will be divided into four general areas of overview. These areas include the initiation of the process, the impact of citizen interest and involvement, employee impacts and considerations and establishing technical and financial benchmarks to evaluate the merger proposal.

The second section of this chapter will provide a series of suggestions designed to address the debate over the issue of fragmentation versus consolidation. I will assert that the creation of organizational capacity can occur through certain types of service mergers approached in a certain manner. Academic works on the subject clearly recognize certain conditions where economies of scale can be realized. The academic literature also recognizes that the consolidation process does not always deliver on the promises made at the outset. I will offer suggestions enabling the goals and objectives of a service consolidation to be realized.

**Strategy One: Thoroughly Assess the Various Aspects of the Service Merger Prior to Adopting a Formal Process.**

The decision making stages outlined in Chapter Two stipulated two initial steps in the process. The first stage was titled the “Initiation of the Process” and the second was the “Agenda Setting Stage.” These two stages typically occur prior to the formal initiation of a consolidation process. The two stages were previously described in terms of both a formal and informal decision making strategy. The overview did not offer a theory for the circumstances that encourage service consolidations. The circumstances precipitating the process are critical to the ultimate success or failure of a service merger. There are essential and fundamental factors observable at the outset of the process impacting the future course of events.

I developed three questions for consideration that ultimately influence the service merger process. These questions are concerned with why the consolidation process is undertaken and where the consolidation process initiates. A careful consideration of why the service merger is sought is necessary. Also, it is important to identify the units of government or other entities impacted by a merger decision. The three basic questions to address include the following:

- 1) Is the consolidation process being undertaken because of a crisis of such significance that action of some nature is certain?
- 2) Is the consolidation process being undertaken because of a non-crisis and external impetus to the particular local government service?
- 3) Is the process being undertaken for reasons internal to the organization of local government related to enhanced efficiency, effectiveness or citizen service?

These initial questions regarding the service consolidation essentially address whether the process is externally or internally motivated and whether the process is motivated by a crisis. This initial assessment does not dictate a course of action but it does influence certain future decisions related to the process. These questions do fundamentally influence the approach. This initial assessment is shown schematically in Figure 5.1.

The case studies conducted in Chapter Four illustrate two of the three initiators. The consolidation of emergency communications in San Juan County was initiated by the leadership in the emergency services agencies. This example suggests the need to further break down the basis for this assessment. A service consolidation could be initiated by the top management and elected board or by the local government department. A consolidation effort initiated by a local government department will likely include external supporters such as volunteer firemen. In other words, the merger of communications was initiated by the agencies of the units of

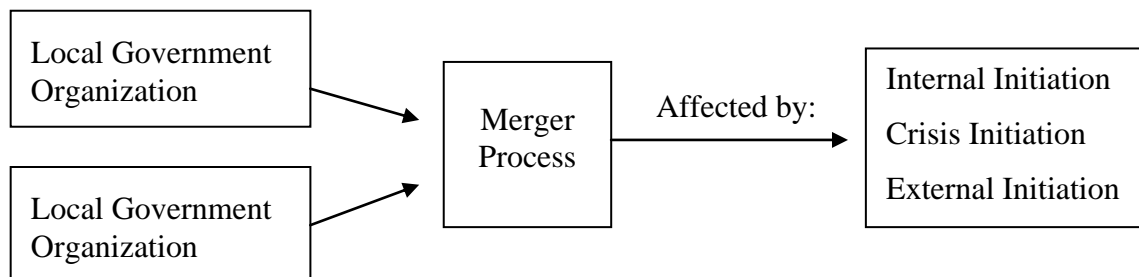


Figure 5.1  
Service Consolidation: Initiation of the Process.

government and external members of the emergency services field such as the volunteer firemen.

A merger initiated at the department level with the support of the associated agencies differs from a service merger initiated as the suggestion of management or the governing body. A merger initiative by top management would likely include initial support from the governing body. Local government management is not going to explore a consolidation project without communicating the intent to the governing body. I will not suggest that management should consistently engage in a strategy to have a merger process initiate at the department level. I will suggest a strategy that considers the point of initiation and then involves the affected agency if the initiation begins at the management level. Also, an immediate consideration of any associated agency such as volunteer fire departments or recreation community associations should occur if the merger initiates in this manner.

Moreover, the initial question of service consolidation will likely be raised as a different and more fundamental question. The Jackson County merger of utility systems first recognized “something substantial” had to be done to address the utility system crisis (Gibson, May, 2008). The parties quickly seized upon a cooperative solution and this led to the decision to consider the merger of the utility systems. In a similar manner, the decision to consolidate a service such as communications was raised in the context of other more basic questions related to enhancing the service provided in San Juan County. Service mergers may be an option identified as part of a larger issue or question. This larger question will often result in evaluating other collaborative non-merger options.

This initial assessment is critical to the process. An initial assessment of a consolidation would likely include non-merger options. Stated simply, a merger process would likely begin with the more general assessment of enhancing a particular service. The alternative to asking a more general question would be the immediate assertion that certain local government services should be merged. Clearly, stepping back from a consolidation outcome and considering more options at the outset will result in a stronger decision at the conclusion of the process.

A theory for the initiation of a service consolidation process will be based on the previous discussion regarding the origin of the process. If the merger is initiated by the governing body or the upper management of an organization it will have certain characteristics. The characteristics include the following:

- a) The process can be more easily discarded if the initial discussion is not public. As long as the discussion remains at the management level and is not public either local government entity representative can effectively veto the idea.
- b) A continuation of the process requires the highest level of cooperation and trust as long as the process remains informal and involves only upper management.
- c) A local government representative could challenge a negative response to a service merger overture by having a public discussion on the idea. This would involve placing the item on council agenda.
- d) If the initiation occurs in an adversarial or partisan manner the process will likely fail. However, if the initiation occurs in an environment of mutual trust and a focus on creating a “win-win” solution a positive result is possible.

A consolidation process initiated by an external agency or group will have significantly different characteristics than those previously described. First, the process will require a formal response from the unit of local government. As an illustration, if a volunteer fire department or a government liaison committee of a local Chamber of Commerce initiates a consolidation process, the unit of government will typically respond in a more formal manner. An internally generated initiative may never receive public scrutiny. An externally initiated process is more formal and will require a public response and formal action. Local governments cannot ignore formal requests to consider a particular public policy question. The formal response would likely be written and would require assessment and public discussion.

A second significant distinction is the likelihood that the external interest will be supportive of a consolidation outcome. The initiation by external actors occurs

because of a positive view of exploring the option. The initiation would most likely be pursued for either two reasons. First, there could be dissatisfaction with the service resulting in the effort to seek change. Second, the merger proponents could be seeking a significant expansion in the level of service. New programs or facilities may be sought and merging services is viewed as a mechanism to accomplish this goal.

The following characteristics typically apply to an externally initiated service merger process:

- a) The service merger initiative will warrant a formal response. The formal response would typically come from the governing body.
- b) The external initiation would likely involve an advocacy group. The initiation of a consolidation question from an external entity or group will likely have a positive view of the merger option.
- c) The initiation of a service merger will likely occur because of a problem with the service being provided or a service expansion being sought. Efficiency is less likely to be emphasized and service enhancement prioritized.
- d) The external merger initiation potentially has a momentum not part of an internally initiated merger initiative. In short, an external initiative has an automatic public component.

The third category is a service merger initiative created by a crisis. A crisis situation can generally be defined as a series of circumstances with potentially significant negative consequences to the community or to the local government organization. A crisis is a situation that the unit of government must address. A crisis service merger will share the characteristics of the externally initiated service mergers. A crisis situation is automatically public and will also illicit a formal government response. The Jackson County merger of water and sewer systems occurred because of the severity of the water provision problem.

An issue for a crisis merger proposal is the likelihood of a disproportionate impact to the involved local governments. It is possible that a crisis will be directed

disproportionately towards one unit. In Jackson County, it was clear that the county and several of the smaller towns had a higher level of motivation to achieve the merger than the Town of Sylva. The challenge created by this situation is an imbalance in the negotiating process and the possible compromises necessary to accomplish the merger. The crisis merger case study did result in one entity exercising more control over the process.

A crisis service merger will have the following characteristics:

- a) A crisis merger will be a public process with a significant level of public awareness and scrutiny. By definition, a crisis will involve a more formal process including the governing body and management.
- b) A crisis merger may be a direct impact to only one unit of local government and not other jurisdictions. In other words, the crisis could be restricted to one unit of government with this unit dependent on the other units for assistance.
- c) The crisis merger could involve multiple units of local government with a direct and larger impact to the health or public safety of the citizens and community.
- d) A crisis merger will almost certainly involve inequities in the level of responsibility or impact to the involved units. Essentially, even though the crisis may have a dramatic impact to each entity and the community there would likely be one entity with a greater desire or need to accomplish the merger of services.
- e) Because of citizen expectations and pressure created by the crisis, a positive merger outcome is most likely with this process.

I previously reviewed the comprehensive theory on city-county merger developed by Rosenbaum and Kammerer (1974). This theory relied on a series of stages including the initial existence of social disequilibrium or a significant disruption in the relationship between the citizen and the government. The Rosenbaum and Kammerer model relies on a crisis event to create the necessary climate for successful city-county merger. While the theory does explain some

comprehensive city-county mergers it does not serve to explain every occurrence. Amendments to this theory have been developed that address the shortcomings of this model (Leland and Thurmaier, 2006).

I will offer a similar observation regarding service consolidation. A service consolidation is most likely to occur if a “disruption” takes place in a community. Local government practitioners understand this point. A crisis event makes difficult, but often positive decisions more likely. Likewise, there is no comprehensive theory addressing why a service merger is initiated or is sustained. The existence or lack of a crisis is a major reason why some city-county mergers are successful and others are not. For example, an overview of an effort to consolidation Knoxville and Knox County Tennessee identified the lack of a disruption as a primary reason the consolidation was rejected by the voters (Nownes, Houston, 2004).

The delineation of service merger processes into three types of mergers is a first step towards creating a service consolidation theory. From a practical standpoint, the reason a service merger is initiated influences the characteristics of the specific merger. These characteristics are largely shaped by the source of the merger proposal and the impact, involvement and advocacy of the public.

The second component of this strategy is the formal adoption by the governing boards of a merger study agreement. The second stage delineated in the service merger process in Chapter Two is the Agenda Setting Stage. This stage precedes the formal approval of the merger process. The establishment of an agenda would address the focus, the parameters and other critical details of the consolidation process. The service consolidation will be significantly shaped by this step in the process.

The service consolidation decision making process anticipates a formal written proposal presented and approved by the affected governing boards. In what I have described as a complex merger process, this formal action is prudent. The case studies did provide examples of governing bodies formally appointing a study committee to assess and compile recommendations. I was somewhat surprised,

however, by the lack of early documentation directing the process and establishing expectations and guidelines.

I do suggest the additional step of drafting and executing a merger study Memorandum of Understanding (MOU). The MOU would establish a consistent direction provided by each policy making board for the staff and committee members to receive. The MOU could also establish any parameters or guidelines to clarify the expectations of those in authority. The MOU should address any specific issues that are off-limits or any expectations ranging from the committee composition to the timetable. I will address the trade-off between efficiency and service enhancement later in this chapter and an awareness of these issues should be incorporated.

A formal MOU communicates to the staff of the local government agencies the parameters of the undertaking. I have previously referenced the importance of professional standards and the sincere implementation of policy decisions by government officials. A formal action of this type is more likely to result in a faithful implementation in the directive by staff members. Moreover, the MOU serves as a communication and control mechanism by the policy making board.

**Strategy Two: The Service Merger Process Will Not Successfully Occur Without Significant Strategy Regarding Employee Impacts.**

The significance of developing a strategy to address the impact to local government employees cannot be overstated. The compromises repeatedly referenced in the merger literature recognize the central aspect of employee-related issues and concerns to the success of a merger initiative. Management and the governing body will recognize a sense of “fair play” or responsibility regarding the impact of job loss or negative salary and benefit impacts. Although not considered in the case study survey, the public would also expect the employer to fairly treat government employees. A crucial mistake in a merger process would be the perception of employee manipulation or mistreatment. The overwhelming emphasis placed on employee considerations affects the merger process.

The survey of North Carolina county managers suggests a potential negative reaction from local government employees was not a major merger consideration.

Only two respondents (9%) identified a negative potential reaction from their employees as a barrier to pursuing a service merger project. The respondents identified the lack of political support (63%) and the differences between the units of local government (45%) as more significant impediments. I interpret this response as a concern over the initiation of the process rather than recognition of the challenge created by employee issues during a merger process. A service merger is disproportionately affected by employee considerations once the process is undertaken and is a major consideration during a service merger. Virtually every research project reviewed supported this assertion.

The case studies do reflect this concern. Both service merger case studies guaranteed every current employee a job either in the new agency or by reassignment. The service mergers also resulted in upgrading wages and benefits to higher levels. This action guaranteed employees in different governmental unit's equity in pay classification and an upward salary adjustment. The case study participants strongly emphasized the accommodations made to address employee issues and concerns. Employee issues along with service enhancement exceeded efficiency as a priority in the case study mergers.

This action described by the case study participants is consistent with the merger literature reviewed in Chapter Two. Previously reviewed research demonstrates that employees will oppose mergers even with a guarantee of job retention. The employee related compromises necessary to secure a merger do limit potential efficiencies and economies of scale. Employee costs and considerations are a primary factor for this occurrence.

The case studies also provide an example of the consolidation process expanding employee considerations beyond retention and salary. Both mergers offered employees the option of being reassigned or remaining with the unit of government in a different capacity. This action is apparently undertaken to reduce the stress of changing organizations, assignment to new management or alterations in work routines. The emphasis placed on an "employee sensitive" merger process was viewed as necessary for a variety of reasons including employee morale and as a

strategy to limit opposition to a consolidation. I am also of the opinion that service mergers are occasionally used to address unattended employee problems.

As a local government manager, I have had three relevant experiences with addressing employee concerns over merger proposals. The employee related experiences provide additional insight into the relationship between employee issues, the organization, and consolidation. Examples in the public administration literature using personal experience or “storytelling” as an acceptable academic consideration exist. Ralph Hummel points out stories must have “validity standards” including the relevance of the story and the factual nature of the story (1991). These validity standards require “criteria that give the story strength and command us to believe it” (Ibid., 38). The following three experiences with employee matters and service merger do correlate to the case study research previously reviewed and are both relevant and factual to the merger discussion.

Inserting personal experience even briefly into a research project also requires the integration of the information with the case study research. An action science approach recognizes the value of participation by the client in “diagnosing and fact finding” (Arygris, Putnam, Smith, 1985). The following consolidation experiences are consistent with the case study interviews and findings.

I served on a committee responsible for making a recommendation to four government bodies on the merger of a mental health district. One county member had withdrawn from the regional district and the population fell below a threshold established by the State of North Carolina. The remaining three counties were required to merge with another existing district. The committee evaluated three different district options. A “Futures Committee” was appointed by the mental health area program governing board and included management from each of the three counties and the Director of mental health services.

The emphasis placed on protecting the existing mental health employees quickly became an integral part of the negotiation process. On the surface, the process appeared to balance other considerations such as customer service, financial implications and various governance related issues. However, the Director candidly

admitted that his loyalty to the staff was “central” to the process (Pagett, 2008). His explanation was that an intense loyalty develops during a difficult organizational issue such as a service merger where employees are threatened with significant change including job loss. The Director described a “personal feel” for the plight of his staff that caused his decision making process to prioritize how the new organization would address employee related issues including maximizing job preservation (ibid.).

There were fifty-five mental health employees remaining in the three county regional authorities during the merger negotiations. The new mental health authority selected for consolidation agreed to employ twenty-five of the fifty-five existing employees. This was the highest number of employees to be retained by the three area programs evaluated by the Futures Committee for consolidation. The recommendation of the participants did consider other factors but the employee retention component was disproportionate to other consolidation factors.

The Director later stated that with the exception of three employees, the remaining twenty-seven either retired or secured related employment (ibid.). Also, the Area Program provided a substantial financial bonus and severance packages for all fifty-five employees based on the employment disruption created by the dissolution of the mental health authority. The governing board was supportive of the Director’s approach and the employees actively engaged in promoting the desired district program. Employees attended board meetings, made individual telephone calls to board members and lobbied for the selection of the “employee friendly” authority.

Employee retention was certainly not the only issue affecting the decision. I also do not want to suggest that employee considerations are not valid criteria for consideration. I am of the opinion that the decision was overly influenced by this criteria and the employees of the area mental health program engaged in influencing the decision making process. The Director expressed this strong consideration for the employees by stating “supporting the employees is the right thing to do, it communicates the right message to the public and supporting the employees results in a support for the clients and the service to the mental health consumer” (ibid.).

The mental health area program merger utilized a transition team for the twenty-five employee's transferred to the new mental health organization. This transition team provided assistance on benefit issues, training needs and orientation to the policies and expectations of the new organization. An employee "case worker" remained in place three months after the effective date of the merger to continue to provide transition assistance. This intensive support system was described by the Director as a very effective mechanism for ensuring a smooth transition. I will incorporate a similar approach in my recommendations.

I experienced a similar concern for an employee impacted by a small merger proposal involving two tax collection departments. The experience was briefly referenced in Chapter Two. The merger of property tax collection departments was identified as one of the more common consolidations in North Carolina by the surveyed county managers. Counties are legally required to collect personal property taxes for municipal governments including vehicles, boats, campers and airplanes. Many counties have also established the contractual responsibility to collect real property taxes for municipalities and retain an agreed upon percentage. This percentage is typically between two and four percent and will include additional costs such as printing and postage. The balance is remitted to the municipality usually on a monthly basis. The consolidated service is generally viewed as enhancing efficiency since the same property is taxed by both the county and city and the associated duplication is eliminated if one office is generating, mailing and collecting one tax bill.

The county organization that I am associated with worked out an informal agreement with a small municipality in its jurisdiction to merge the tax collection departments. It was estimated that the tax department merger would save the municipality \$35,000 and generate \$25,000 in additional revenue for the county. The tax collection rate for the municipality would also improve based on a comparison of similar collection rates. The county agreed to hire the municipal employee into an existing vacancy. The Mayor of the municipality and the county governing board informally agreed with the merger. When I met with the employee to review the

proposal she was apprehensive. The employee would later express reluctance to the Town Council regarding a change in employment. The employee perceived the county work environment as more stressful and demanding and expressed a preference to not change organizations.

I was disappointed as was my governing board with the rejection of the proposal. The Mayor of the small municipality commented that the Town would wait for a more appropriate time and remained committed to pursue a future merger of departments. He expressed surprise and disappointed in the decision of the employee and explained his reluctance to require a long-term and loyal employee into a transfer to the county organization. This event took place in 2006 and the departments remain separate. This example is consistent with the case studies and the mental health merger illustration. The employee effectively vetoed a proposal that was clearly in the larger public interest and desired by the leadership of the two local governments. This may also serve as an illustration of the weakness of informal merger processes.

A third example of employee considerations occurred with the merger of a municipal recreation program with the county organization. In a similar manner, the county agreed to take over the operation of a municipal recreation program. The small program had one employee. The estimated savings to the municipality was \$65,000. The county organization filled an existing vacancy with the displaced employee. The merger created more expense and no savings for the county organization. The merger was viewed by the county as a way of preserving an asset that may have been disbanded. Also, the Town was able to reduce their property tax rate as a result of the savings.

The employee was transferred to the county organization and received no reduction in pay or change in benefits. This question of the employee accepting the transfer was raised in this example. The employee accepted the transfer and probably understood the potential for the elimination of the Town's recreation program. I suspect that the employee would not have received the same consideration as provided to the employee in the tax collection merger proposal. The merger of

programs occurred and has been received as a positive improvement in the recreation program.

The three examples are consistent with the feedback received from the two case studies. A merger process is typically impacted by employee considerations. Most managers would have a significant problem with employee considerations going to an extreme and being counter to the public interest or the interest of the unit of government. A balance certainly must exist between employees with input into the process and the associated negative employee impacts. The steps taken to accommodate employees and provide a “safe landing” can easily create a conflict with a decision making process focused on efficiency of operations. A strategy to balance these competing interests while undertaking a service consolidation project is necessary.

The following recommendation will rely on the establishment of financial and technical benchmarks. Benchmarking and performance measurement will be specifically addressed later in this chapter. A service merger initiative should establish an appropriate staffing level for the newly merged agency. This level should not be a compiling of the employees in each agency but a projected need for the new agency. Employees should not uniformly receive promises of job retention but instead, should be part of a process designed to accomplish a successful transition in conjunction with the public and best interest of the organization. The strategy includes the following seven steps:

- 1) The current employees should receive accurate, honest and timely information on the merger process. I suggest naming an employee to a steering committee if one is used in the process.
- 2) A philosophy of taking assertive steps to address employee issues should be adopted. Employees should understand that every effort will be made to accommodate the goal of their retaining employment.
- 3) An employee transition plan should be written and recommended by the steering committee and approved by the governing board. The Employee Assistance Transition Plan (EATP) should include the previously

mentioned effort to accommodate employees and the various steps that will be considered to assist with the transition process.

- 4) This plan should include an individualized assessment of each employee's current career status with an emphasis on personal issues such as children nearing college age or medical care for a parent. An individualized and intensive Individual Assistance Plan (IAP) should be consistently developed for each employee.
- 5) Consideration should be made early in the process to hire the current employees into the new organization. The strategy should also include locating the surplus employees into existing job vacancies in the participating units of local government.
- 6) The participating merger units should attempt to identify job vacancies in other units of government or comparable agencies. The departmental or local government managers might have knowledge of vacancies in other units of government and could certainly serve as a reference for the displaced employee if warranted.
- 7) The involved units of local government should also agree to hold displaced employees harmless for a period of time no longer than six months. At the end of the six month period following a merger, every employee would transfer into the new organization, relocate within the existing units of government or no longer be part of the organization.

There are compromises necessary to accomplish a merger of services.

Employee related issues will include those compromises most likely to result in diminishing the efficiency aspect of a merger. My suggestion is essentially two-fold. First, intensely focus on employee needs in an effort to accomplish the goal of providing a short-term safety net for every employee. The safety net is not a permanent job guarantee or an increase in salaries to extract their support. It is, however, an effort to balance employee related and efficiency issues. And second, any inefficiency necessary to accommodate the merger goal should be limited by a deadline. The compromises made to accomplish the merger should not be permanent.

A hypothetical merger using these seven suggestions will serve as an illustration. The hypothetical example will involve the merger of two emergency communication departments with a total local government employment of sixty-five affected employees. If the merger agreement retained a total of fifty-five employees in the new agency, the transition plan would have to accommodate both the transfer of the fifty-five employees and the loss of employment for the remaining ten employees. The EATP would intensively focus on the needs of the ten employees not transferring to the consolidated department. A strategy would assess employment in the units of local government but only for needed and qualified positions. The EATP would then provide for an assessment of those unable to be relocated. This assessment would consider those eligible for retirement, those interested in going back to school and changing careers and those with exceptional financial family needs.

The EATP could assist employees in any number of unforeseen ways to address the needs for individual employees created by the merger process. The emphasis of this recommendation is to take every appropriate step to assist with the transition short of creating employment beyond the needs of the consolidated organization. Establishing a timetable for every affected employee to transition, relocate, or terminate employment should be clearly established. I have suggested six months to demonstrate a reasonable period of time. The time could be shorter or longer. At the end of this transition period, employment numbers should reflect the required employment for the new agency to meet established performance objectives.

The employee transition plan would also need to address the needs of the fifty-five employees transferring into the new communications department. It is important to recognize the two aspects of this suggested practice. The retained employees will face significant transition challenges. These challenges include an array of issues involving professional training requirements, benefits transition, policy and procedure requirements and technical training on different equipment. This transition can create tension and employee morale problems if left unaddressed. The important aspect of this step includes planning for these needs in advance,

communicating expectations, and providing employees with meaningful input early in the process.

The previously described employee transition process accomplishes a number of goals. Employee transition planning communicates to citizens and employees the significant goal of considering the needs of each employee. At the same time, a balance is struck and economies of scale potentially created by the merger can be better realized.

**Strategy Three: Public Awareness and Input Opportunities Into the Merger Process Creates Greater Opportunity for a Successful Merger.**

Public involvement and the openness of a service merger initiative affect the merger process. A service merger process would likely involve willing partners. It is possible that a unit of local government could be mandated to consolidate a service or feel obligated to assess a merger and not be enthusiastic about accomplishing the goal. A unit of government may be divided on assessing a service merger proposal. The governing body could be divided or the staff at various levels could oppose the initiative. I will assume in my overview on citizen participation that the involved units of local government are reasonably positive and have reached a consensus in their desire to consolidate a particular service.

A process with mutual and initial support should still be viewed as a complex and perhaps fragile undertaking. The consolidation process is difficult. The potential for conflict is significant. The actual examples of successful service consolidations remain small when compared to the potential for future merger activity.

There are multiple aspects concerning public awareness and citizen participation. As with other components of the service merger process, the impact will vary depending upon the type of merger under consideration. I will offer the following suggestions with the assumption that the merger is “complex” as previously defined in Chapter Two.

First, it is necessary to define public participation and “open government.” I will offer the following guidelines as a framework.

- 1) An open process means that the public and the media understand a consolidation is under consideration. In addition, information regarding the initiative is accessible through a variety of mechanisms including the internet and media.
- 2) Public participation in the process can range from questions raised at a public hearing opportunity to direct participation typically through a committee appointment.
- 3) Genuine or authentic participation references the ability to influence the process and the final decision. This type of participation occurs with involvement early in the process and implies the ability to affect the outcome (King, Feltey, Susel, 1998).
- 4) The “relevant public” in a service merger is a narrow interest. Public interest must be defined in terms of the general public interest as well as a more narrow interest (Thomas, 1990).

I will outline four tenets regarding an open service consolidation process with ample public participation opportunities. As previously stated, the literature on public participation is immense. Unfortunately, the case studies did not provide examples of significant citizen interest or involvement. The San Juan County communications merger was driven by the direct users and emergency agencies. The public was not an issue in this consolidation. The lack of public interest was especially surprising in the Jackson County utility system merger. The magnitude of the crisis certainly created citizen expectations and awareness, but the initiative was carried out without intense citizen involvement. I will incorporate my interpretation on why citizen involvement and interest was moderate.

The county manager survey provided insight into citizen participation on completed service consolidation projects in North Carolina. I incorporated a question in the survey on strategies designed to maximize a successful service consolidation outcome in completed projects. A total of thirty-seven percent of the respondents incorporated a committee with citizen representation and a total of fourteen percent included a business representative on a merger committee. In addition, another fifteen

percent of the survey responders used consolidation initiatives as part of a community-wide strategic planning process. By definition, a community strategic plan would have significant citizen inclusion.

Several additional indicators can be derived from the survey response. A total of seventy-one percent of the responders viewed their individual communities as either moderately receptive or very receptive to the issue of service consolidation. Also, I posed a question concerning the barriers or obstacles associated with service consolidation and community or political support was identified by sixty-three percent of the responders as a potential obstacle.

I feel that I am able to draw two conclusions from the survey. First, county managers recognize citizen participation as a central component to successful mergers. The need to incorporate participation opportunities was identified by most respondents. And second, obtaining community support is viewed as a primary requirement in order to successfully implement a merger initiative. The survey responders did involve citizens in service merger initiatives because community support is recognized as a significant component of a consolidation initiative.

The conclusions reached regarding citizen participation and the two case studies suggest a different result. A service merger can successfully occur without a citizen component. The emergency communications merger had overwhelming support from the key stakeholders. The emergency service personnel network supported the merger and broader citizen involvement was not sought. One survey participant stated the citizens were not interested in the merger since it did not directly affect them (Branson, 2008).

The utility system merger also did not seek broad citizen involvement. This process only involved the elected officials and the staff and was open to the public. According to the survey participants, citizen interest and involvement did not materialize until TWSA increased rates. The two merger initiatives were successful because one had overwhelming stakeholder support and the second was so severe that a merger result was necessary. Also, both consolidation examples had significant community support and consensus to accomplish the task. The two examples suggest

that citizens will not become involved unless they are directly impacted or brought into the process.

I will offer seven observations from the case studies and survey. I will then provide three recommendations:

- 1) Service mergers are more likely to succeed if conducted in an open environment where public participation and input occurs during the decision making process. Also, the quality of the final decision will be enhanced with early citizen involvement.
- 2) Organizational tendencies related to territorial issues and maintaining the status quo will lessen in an open environment encouraging public participation.
- 3) Tendencies promoting the self-interest of employees, management and elected officials will lessen in an open merger process involving genuine public participation.
- 4) Public education on the proposed merger will assist in successfully accomplishing the merger activity. The level of trust in the process is enhanced by creating greater understanding and awareness at the outset.
- 5) An emphasis on ethical and professional standards will enhance the process of governing in general, and positively affect a service merger initiative.
- 6) There is a significant distinction between the general public in a community and the relevant public. An effort should be undertaken to balance the specific needs of the agencies under consideration with the competing needs of other departments and interests not present in this particular process.
- 7) The elected officials on the local government boards must be infused into the process and political considerations such as conflict, competition between the units of government, and the timing of an initiative concerning the election cycle should be considered.

These general observations influence the recommendations made concerning an open merger process with meaningful levels of citizen participation. As previously stated, the recommendations are made based on the benefits of a heightened level of citizen involvement to the process. The recommendations assume a complex undertaking with relatively high interest on the part of the public and involving significant resources and public policy questions. A merger involving small numbers of employees, limited resources and limited public impact will not require the extensive approach recommended in this research project.

I have previously referenced the work by Cooper, Bryer and Meek titled “Citizen- Centered Collaborative Public Management” (2006). This work raised five questions as a framework for involving the public in a collaborative decision making process. The participation dimensions include deciding who is involved, how the initiative will take place, deciding why citizens are involved, when the engagement occurs and the method of involvement (ibid.). The authors state that “deliberate and collective action strategies of civic engagement hold the most promise in achieving a public-involving, citizen centered collaborative public management” (2006, p. 76). Archon Fung suggests variations on this theme of dimensions and asserts that public participation is not citizen control but citizen “input, influence and representation” (2006, 66).

The “citizen centered” framework has significant utility for service consolidation initiatives. A merger process should address these five questions at the initiation of merger discussion activity and incorporate a public participation component into the merger process agreement adopted by the participants. It is my view that the elected bodies should formally establish the parameters and direction of the process including the method and level of citizen participation. The five questions can be addressed within the context of the type of service, the degree of citizen interest, and the identification of community leadership and stakeholders.

I will start with the general question of involvement. Why is citizen participation important to the process? The question of citizen participation is a fundamental value of democratic government. Citizen involvement enhances the

legitimacy and the level of accountability of a public policy process. Involvement implies input and representation but not control. Fung points out that the individual citizen is not accountable to the public (2006). The elected boards are accountable to the public and should establish the citizen participation framework.

More specifically, public participation in local government processes is quite robust. The use of citizen advisory committees for local government service areas such as libraries, economic development, recycling and emergency management is common. Most units of local government rely on standing advisory committees on virtually every service provided.

A service merger initiative is a specific policy undertaking. The process would likely involve the appointment of a new committee to provide a series of recommendations on the merger issue. In addition to the issue of representation, citizen participation is desirable because of the significant potential for conflict. A natural tension does exist in collaborative ventures. On the one hand, representatives from an organization want to protect the organization. Service merger involves a process that is a threat to the organization. Local government partners may identify with the merger process but will remain loyal to their respective organizations. This is referred to as a “dual identity” and “autonomy accountability conflict” by Thompson and Perry (2006, 29). The merger process has a great potential to fail because of conflicting values and loyalties.

A citizen focused process is also needed because the tendency to protect the organization is not central to the citizen or external participant. The involvement of individuals not directly linked to local government serves to limit territorial tendencies. The difficulty of a service merger negotiation process may require mediators. The tendency to assume overt territorial roles or to “squabble” will diminish with citizen involvement. The process is strengthened by the inclusion of other participants not directly associated with the service.

A second reason for involving citizen participants in the merger process is the quality of the final decision. The private sector understands the basic logic of involving the consumer in the design and marketing of the product. Professional

public management journals promote a similar approach for units of local government. For example, Epstein, Wray and Harding overview community governance models to achieve the desired results of governing effectively (2008). Workshops are routinely held by the International City County Managers Association on the “power of community building” and “unleashing the potential of citizen involvement” (2008). These articles describe citizen participation as broader than simply the role of a consumer. The roles include stakeholders, advocacy, framing issues, evaluators and collaborators (Epstein, Wray and Harding, 2008). George Fredrickson noted variations on the theme of the public as an interest group, a rationale chooser, as represented, as customer and as a citizen (1997, 30).

The reasons for involving citizens are multiple. The citizen is the corporate owner of the process. The citizen is the user of the final product. The involvement of the citizen in a process creating a new service organization is somewhat obvious. The citizen in the collaborator role serves to foster compromise and to diminish both protective and self-interest tendencies.

A final reason for involving citizen participants is the larger goal of “building community.” The involvement of citizens in restructuring processes builds community trust and community governance. The meaningful involvement of citizens in a difficult and significant process such as a service merger creates a foundation and an expectation that the process is sincere.

A second question to consider in the citizen centered model is how to involve the public and the method of involvement. I will offer three levels of participation in a service merger process to involve the public. The mechanisms or tools for public involvement should move beyond appointing one citizen or holding one public hearing and concluding public participation has adequately taken place. A citizen presence should not be mistaken for meaningful citizen participation. Also, various creative mechanisms are used by local governments to involve the public. A community survey or community focus groups are examples. The use of electronic technology or government television channels to request input into the process is also common.

The three levels of community involvement include reaching the largest number of citizens, meeting with existing community groups and the specific involvement of citizens in the decision making process. A process that does not incorporate each of the levels is incomplete. I view the opportunity to engage the larger population as more than simply sharing information on the process. A feedback mechanism should be provided to demonstrate an inclusive process. The mass media and electronic technology offer the ability to inform citizens of the undertaking and provide the opportunity for input into the process. The first level of involvement, therefore, is an outreach process with feedback mechanisms to inform the population of the jurisdiction about the proposal.

The second level of involvement includes meeting with existing community groups such as PTAs and civic organizations prior to the formalization of the process and asking for input. The use of focus groups should be considered. This involvement should then become on-going with periodic updates and information sharing. Identifying and interacting with community organizations narrows the focus and provides a practical measure for officials to use. In my judgment, using community groups without the larger effort to inform citizens is subject to the charge of excluding potentially interested and important users of the service.

The final community involvement level involves the specific participation of citizens in the decision making process through their appointment to directly participate in the merger decision making process. A complex merger initiative will typically involve the appointment of a steering committee or a stakeholders committee. A committee serves to structure the process. While the appointment of a committee is necessary, it should not replace the effort to receive a wider array of citizen input. Citizen input should occur on all three levels. The involved local governments can meet with organizations or groups of citizens. The initiative can also directly involve citizens through the use of technology or other processes that are accessible.

A third question to address in the citizen centered participation process is who will represent the public and how individuals are selected for this responsibility. The

identification of specific participants in the process of researching, planning, and negotiating the details of a service merger are necessary. The broader question of mass involvement and the more specific process of informing and receiving input from community groups may leave the reader with the conclusion that everyone in the community is involved. The process has to be further narrowed to facilitate a practical end-result. I will offer five general participation suggestions concerning this issue.

First, leadership needs to determine if the units of local government are divided politically or if a relative consensus exists. If the level of political conflict is high, then the citizen involvement needs to be either non-partisan or reflect a political balance. A very fundamental assertion is the need to carefully consider the political climate and consider a non-partisan series of participation opportunities. The credibility of the participation is a fundamental consideration and the process should either balance political interests or isolate them from the process. The process does not need to become a democrat or republican proposal.

Second, the case studies did provide insight into the value of identifying a “zealot” for merger processes. A citizen leader could be a general community leader or an individual with a specific interest in the particular service. Formal involvement by a respected and motivated leader enhances the opportunity for success and would be a serious omission for any merger initiative. Citizen involvement requires the inclusion of a recognized and respected advocate for the particular service.

A third consideration in who is involved concerns the issue of balancing the specific issue with a broader general interest. The involvement of individuals impacted by the merger should be considered. The immediate stakeholders are those impacted by the proposal. These immediate stakeholders are the users of the service. For example, the possible merger of inspection departments could involve the President of the local Home Builders Association. The potential merger of two jail systems impacts judges, district attorneys and a wide array of legal and government agencies. The merger of a Geographic Information System department will impact realtors and surveyors. A service merger should involve those stakeholders

potentially impacted by a service merger decision. This involvement affects the ultimate success of the merger as well as the quality of the final decision. Points two and three suggest consciously assessing a specific user or advocate for the service.

It is desirable that a community leader not identified with the specific service also be involved. A final component of who to involve in the merger activity is to look completely outside the scope of those typically involved. As an example, a process could involve a high school or university student. The process could involve a member of a minority group. One writer suggested the potential benefit of a random citizen selection in such a process. The challenge for local government is to facilitate citizen involvement that is inclusive and open to diverse participants. A significant challenge for local government is the need to balance the specific interest of the service with the broader community interest.

The final dimension to the public process is when to involve citizens. This might be easily answered by suggesting the involvement begin immediately. There is, however, the need to establish a consensus between the local governments to assess a service merger. There is a responsibility on the part of the staff and the elected officials to establish the context of a merger initiative, to establish broad goals of why the assessment is taking place and how the process will occur.

There are two suggestions concerning when involvement should occur. One recommendation is for citizen involvement to occur prior to the adoption of the merger assessment agreement approved by the governing bodies. This would allow public input into the issue of citizen involvement. The second possibility is for the citizen participation to begin immediately following the agreement by the governing boards to pursue a merger process. In short, public participation should begin early and as soon as practical.

To conclude, citizen participation in the service merger process carries more extensive benefits than other public policy initiatives. A merger process involves a complex array of actors. The process involves the potential for significant organizational change. The process involves significant public resources and impact to government services and employees. The benefit of citizen participation in an

agency consolidation process is magnified because of this intense set of circumstances. Citizen involvement serves an additional and constructive role that is specific to the merger process. Citizen involvement enhances the final decision and may serve to limit territorial tendencies.

**Strategy Four: Utilizing Performance Measurement and Benchmarking Strategies with a Service Merger.**

The final recommendation regarding service merger recommended practices concerns the issue of performance measurement. I found a surprising lack of financial and performance related data on service consolidation projects. I have reviewed a substantial number of service merger initiatives in this research. These overviews often reference a general assertion that the merged agencies are more efficient or are operating at higher levels of effectiveness. There is rarely data to back up the positive claims made by those involved in the merger activity. The response typically purports savings, enhanced service levels and greater accountability but the evidence is lacking.

The service merger process should incorporate at least three service related measurements. The measurement approaches include establishing performance objectives, performance measurements and benchmarking (Ammons, 2008).<sup>4</sup> The utility of performance measurement activity is recognized by practitioners and academics and is increasingly a subject of interest. The interest is, however, typically used as a management tool within a single organization and not a measure for evaluating the merger of multiple local government service agencies.

Typically cited reasons for establishing performance related standards include the establishment of data needed for management, focusing attention on results and performance strategies and the enhancement of accountability (ibid.). Performance measurement strategies will provide the tangible data required to make informed decisions. A significant aspect of the city-county merger debate concerns whether the

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<sup>4</sup> I attended a workshop conducted by David Ammons at the North Carolina School of Government in August 2008. This overview uses many of the issues raised in this workshop. The application of performance measurement to service consolidation is my application.

promises made during the merger process were realized. Studies are often conducted with mixed results or contradictory claims. As discussed, service merger is a more limited and manageable process where management techniques can be more easily applied and the results more accurately determined. The result should be a more accurate measuring of efficiency and effectiveness questions.

Performance measurement will also enable other merger related goals to be realized. First, the focus of measuring performance creates an expectation and communicates a priority to the public, management and the staff. I would compare performance measurement to placing a spotlight on a small object. Performance measurement heightens awareness, communicates importance, and concentrates attention on the service (ibid.). This intense focus has the effect of enhancing performance. This fact is communicated to public administration students by the example of Elton Mayo's Hawthorne Experiments. These employee experiments led to increased work productivity because of the attention paid to the worker while the experiment was conducted. It is my view that performance measurement creates a similar result.

Performance measurement also enhances accountability. I have previously described accountability as the ability to control and to access an organization (Swanson, 2000). Accountability also requires accurate information to evaluate and understand the efficiency and effectiveness of a program. Performance measurement enhances accountability between the governmental entity and the public or service users. This occurs in two ways. First, performance indicators serve to inform the public of the benefit derived from the service and whether efficiency is realized. And second, performance indicators, if properly used, can measure the effectiveness of an agency service. Taken together, these steps improve accountability between the service provider and the citizenry.

The first of the three suggested performance related steps is to establish performance goals and objectives for the merged agency. Performance objectives should focus on the specific results and not an agency process. An example of a results oriented goal would be to "reduce the processing time for the issuance of a

building permit with the goal of achieving a 95% non-complaint process” (Ammons, 2008). An example of a performance goal focused simply on process would be a more ambiguous objective such as “improving public safety through the building inspection program with an emphasis on customer service.” Specific goals and objectives should be developed and agreed upon for the new merged agency during the merger negotiation process.

Again, developing specific and results oriented performance objectives focuses attention on agency performance. The two case studies did not pursue this strategy. Many of the mergers reviewed in the literature and on the Internet also did not pursue a goal oriented strategy. The focus on agency performance will enable the issues of efficiency and effectiveness to be addressed. The development of performance related objectives also establishes a sense of direction for the merged agency. Performance objectives will serve to communicate to the employees, the direct stakeholders and the citizens the goals of management and the policy making boards.

The second performance related step to incorporate into a service merger is the development of performance measurement standards for the new agency. Performance standards are measurements of various aspects of the particular service. Ammons suggests focusing on three types of performance measurements within an organization (2008). The examples of measuring agency service include simple workload measurements, efficiency measurements and effectiveness measurements (ibid.). Workload measurements are numbers of work units handled by an agency. Examples would include numbers of homes inspected, numbers of emergency transports handled or numbers of animals euthanized. These raw numbers are typically shown over a period of years to demonstrate if the service load is static or fluctuating.

An example of an efficiency measure is the cost per workload output. The measurement strictly focuses on the cost per inspection or the cost per emergency transport. The emphasis on efficiency considers nothing but the financial cost to provide each work output. Questions concerning the quality of the service, the

effectiveness of the service or even if the service has a purpose are not considered. The focus is on providing the service at the optimum unit cost. This is a simple calculation involving the work output unit divided by the cost per transaction.

Workload output and efficiency measures should be compiled on each of the individual agencies under consideration for merger. As an example, if three building inspection departments were under consideration for merger, this recommendation suggests compiling workload output numbers. The raw data on the numbers of inspections should be placed into one document and serve as a foundation for decision making and for making comparisons. This data collection should be accompanied with an efficiency measurement. The financial resources required to provide each inspection should be calculated for each agency.

Efficiency measures can be subdivided beyond the cost per workload output. A building inspection efficiency calculation could also include the number of call-backs, the length of time to process a permit or the number of complaints received and length of time to resolve.

I would add two additional suggestions to the compiling of workload and efficiency measurements. First, I would include the workload output unit on a monthly basis. I have previously referenced organizational capacity and the idea that organizations are often staffed for optimum work periods. Staying with the building inspection example, one would expect this service to moderate in winter months. The final decision on staffing a newly merged agency could include seasonal or retired inspectors to work during the peak periods and full-time employment reduced during the off-months.

This same logic could be used as an hourly calculation for certain types of services. For example, emergency communications are staffed twenty-four hours a day, seven days a week. An analysis of workload outputs might demonstrate that call volume necessitates more staff during the period between 7:00 AM and 7:00 PM and a lighter number of calls during the evening hours. Again, specific analysis may demonstrate an ability to staff the new agency in a more efficient manner.

The second component that I would add to the efficiency assessment is the inclusion of administrative costs to the workload analysis previously described. This is a more difficult performance goal and efficiency measure to produce. Still, it is a cost and affects the efficiency issue. The previous literature review asserted that economies of scale are often offset by the increased transaction costs of the larger agency. Administrative costs are the typically cited transaction. A workload output for administrative functions such as training, purchasing, payroll and benefits and hiring should be calculated. This would require each unit to calculate these costs for their respective organizations and a new cost calculated for the newly merged organization. A comparison can then be made to evaluate the full cost and the individual agency savings of the merger proposal.

The second performance measure to include in this recommendation is the use of effectiveness measures. An effectiveness measure calculates the quality of the agency performance against established objectives. This is achieved by establishing meaningful performance objectives and evaluating the performance of the agency in achieving these objectives. Ammons states effectiveness measures “gauge service quality, that reflect service or program impact, and those that depict the extent to which the program objectives are being met” (2008, 10). For service mergers, the effectiveness measures would be service related expectations for the newly merged agency not yet in existence. Establishing performance related objectives with effectiveness measures enable the participating units of government to evaluate the future activity against the expectations established at the outset of the merger process.

An example of effectiveness measurements can be provided for the hypothetical building inspection merger. The effectiveness measures constitute the relationship between the efficiency measures and the performance objectives. The effectiveness measures attempt to answer whether the objectives and goals are taking place. The measures could include establishing a goal of 95% of building inspection permits being issued within two days. Another example could be the goal that 90% of the permits issued require no more than two unscheduled call-backs and that contractor and citizen complaints occur no more than 10% of the total permits issued.

Essentially, effectiveness measurements involve expectations regarding future activity and require a management and front-line effort to maintain and put into a meaningful reporting format.

I would make several suggestions regarding this activity. First, the employees of the unit should have substantial input into the establishment of the objectives and the effectiveness measures. The measures must be relevant and must be related to the service outcome. The users of the service should also have input into the establishment of these objectives and effectiveness measures. Again, input from contractors or the Homebuilders Association would strengthen the utility of the model. The development of objectives and effectiveness measures for the new agency should probably be limited and concise. The measures should focus on the priority service categories and expand the goals and the effectiveness measures over time.

The final measurement activity concerns the practice of benchmarking. Benchmarking involves the establishment of base data and evaluates the data against other agencies in other locations. Benchmarking is defined the process of measuring an organization's performance and practices in key areas and comparing them to other organizations to find ways of achieving better results (Howard and Kilmartin, 2000). The purpose of benchmarking is to provide a "comparative basis for local governments to assess service delivery and costs (North Carolina Benchmarking Project, 2002). The comparison performed in benchmarking can be with other units of government or similar private sector operations. Benchmarking will enable a decision involving the future resource requirements of the merged agency to be addressed and defended to employees and the public.

The benchmarking process identifies various characteristics of the service, the resources used by the service, or the community served by the service to draw conclusions about the specific service being assessed (McDavid, 1998). Examples typically include population, the size of the budget, or the number of workload outputs. The specific benchmark characteristics used should relate to the type of service and specific characteristics of the community. A community located in a mountainous area might not compare to a coastal community. A community with a

high per-capita income might not compare logically to a less affluent population. The units selected to draw inferences should be carefully chosen.

Benchmarking serves a similar purpose to establishing and measuring performance objectives. The activity will provide for a more rationale decision. I did not find an application of benchmarking to a service consolidation process. The distinction would be the analysis of the proposed merged agency. Benchmarking in a service consolidation project focuses on an agency that does not yet exist. The resources required to operate the merged agency is based on the comparison with similar jurisdictions. The comparison would provide a logical basis for staffing, salaries, resources and best management practices. The challenges posed by benchmarking include the data gathering process, making certain “apples are compared to apples” and limited resources to conduct a suitable comparison (Howard and Kilmartin, 2000).

To conclude, a merger process should establish base data to evaluate the merger agreement and to serve the on-going need to evaluate the performance of the merged agency. The creation of base data should include performance objectives with effectiveness measurements related to service delivery. This will serve to accomplish a number of needed goals. First, the focus will shift to an acknowledgment of the competing values previously reviewed between efficiency, effectiveness and responsiveness. I am unclear if this makes the merger process easier. It is probably easier to assume efficiencies and economies of scale will automatically occur and to focus on enhancing service and protecting employees.

The insertion of performance measurements will produce a more logical and defensible outcome. The decisions will be made, to the degree practicable, with valid information and a thoughtful conclusion. The debate between merger advocates and those advocating fragmentation will have more meaningful information to produce theoretical conclusions. The approach clearly provides practitioners with the decision making tools needed to accomplish their tasks. And finally, the process highlights the political trade-offs previously referenced as an impediment to realizing economies of scale gains in service merger activity.

## **Addressing the Service Consolidation Debate and Providing a Framework for Assessing the Benefits of this Activity.**

The academic debate regarding the advantages of local government consolidation cannot be made in absolute terms. Consolidation is not always a benefit. Conversely, consolidation (centralization) is not inherently inefficient. This is an obvious assertion and serves as the most basic framework for constructing an approach to the merger issue. Successful examples of consolidation do exist. The San Juan County merger of emergency communications improved the level of service to the citizen's of this community. The emergency service providers were adamant about the improved service quality of the new communications agency. When representatives from the units of local government and service recipients believe service improvement has occurred it is virtually impossible to prove otherwise. The existence of accurate performance objectives and measurements would serve to counter-balance such claims.

I will provide a framework for addressing the service consolidation debate. This overview will summarize the advantages of service consolidation previously identified and provide a series of statements to frame the merger issue. I will also include a number of unanswered questions requiring additional research. This framework will provide a series of positive statements with qualifiers to summarize this research project and the research of others. This approach is consistent with the Positive Organizational Inquiry methodology previously reviewed.

Service consolidation is a defined and limited undertaking. The process may involve a substantial and complex undertaking or a relatively straight forward public policy question. The process has, however, a specific end-result. The question is narrow and substantial focus and attention can be applied to determining the potential benefits of the proposal. Many public policy questions are nebulous or multifaceted. An advantage of this more defined process is a greater ability to formalize expectations and to more systematically evaluate a merger proposal. In short, an effectively managed service merger process will often present an opportunity to realize the desired outcome.

The following outline highlights the primary issues in this overview:

- 1) Service consolidation must measure the economies of scale and transaction costs involved in a merger. Service consolidation is often sold as an effort to create greater efficiency but often emphasizes different goals such as service enhancement.
- 2) The distinction between duplication and competing services requires an early assessment. Many services thought to be overlapping are not duplicated at the point of service delivery.
- 3) The type of service considered for consolidation does affect the process and the efficiency and effectiveness of the merged service.
- 4) The size of the merged agency does matter but the evidence is not overwhelming.
- 5) Accountability can be enhanced if citizens are involved in the decision making process and implementation is faithful to the agreed upon measures.
- 6) A merger should evaluate the enhancement of the service and not simply the realization of greater cost savings.
- 7) Strategies can be developed to highlight the compromises that are counter productive to the goals previously identified.
- 8) The image of a service and the local governments can be enhanced if the merger is followed by quality service provision.
- 9) In a similar context to city-county merger, the institutional context of service consolidation and the role of elites is a significant consideration.

A fundamental issue regarding consolidation is the efficiency question. I will frame the efficiency question as follows: How can a merger process evaluate the efficiency of the proposal and how do other considerations affect the efficiency of a proposal? I have previously incorporated the benchmarking tool as a mechanism to accomplish this task. More specifically, there are three issues to evaluate and incorporate into an efficiency evaluation. First, does sufficient organizational capacity to handle the work responsibilities and tasks of the new agency service exist? The

benchmarking process can evaluate if excess work capability does exist. As discussed, examples of agencies staffed or equipped for large volumes of sporadic or seasonal work activity do exist. Efficiency is gained by recognizing and taking advantage of service capacity that may exist within the units of government under merger consideration.

The second consideration is the potential for economies of scale to be realized even if excess capacity does not exist. Academic research does suggest the likelihood of economies of scale because costs are spread over a larger number of service users. Authors, such as Chris Pineda, note that diseconomies of scale increase because larger units of government become removed and out of touch, personnel costs increase and the service level is increased to a higher level (2006). Efficiency is also often compromised by increased transaction costs and political compromise. Although it might present a challenge, the reasons cited as limiting economies of scale can be controlled or at least minimized.

Finally, the transaction costs should be calculated along with any other tangible increases created by the merged service. The costs of service merger should include providing the service by the entities prior to the service merger and the cost of the newly merged entity. The organization no longer providing the service must be included in the calculation and the negotiation agreement must consider savings to each entity. I am of the opinion that service mergers do not fully account for the savings realized by each agency. The full cost to provide a service is not typically calculated for each of the participating agencies including the local government management infrastructure.

An efficiency calculation should be conducted as part of the service merger process. I have suggested a benchmarking best management practice to accomplish this activity. The merger process should include an evaluation of the service and a decision concerning the competing interests involved in the consolidation. The Jackson County merger was used as a vehicle to implement a variety of additional needed changes including the response to a crisis. The San Juan County communications merger participants viewed the enhancement of the service as the

primary goal and assumed efficiencies without a systematic evaluation. Efficiency is more likely if it is understood, evaluated and planned.

The goal of efficiency cannot be isolated from the other advantages or disadvantages of the centralization discussion. Efficiency must be understood as a competing goal to be evaluated and prioritized. The issue of efficiency and economies of scale is interwoven with each of the following issues. A presenter at a workshop representing the Charlotte-Mecklenburg Planning Commission stated that service consolidation can improve efficiency and reduce duplication if the strategy is citizen focused and mission focused (Campbell, 2006). In addition, competing values must be recognized to exist and the merger process must do more than assume efficiencies will follow the merger implementation. I have suggested that making this assumption is often done because it masks conflict and is simply an easier approach to achieve a merger result.

A second issue concerns service duplication and the public choice perspective of competing services enhancing efficiency. The assertion that consolidation reduces duplication depends on the service and the specific merger situation. I will put forth two general points on this issue. First, there is less duplication of front-line services between units of local government than is perceived by the public (Galambos, 1999). Most duplication occurs at the administrative level. I previously defined duplication of service as the same service provided to the same citizen by two different units of government. For example, duplication does not exist if a municipality provides building inspection services and a county provides the same service to their respective jurisdictions. The two units would provide a similar service to different jurisdictions. Unless there is excess capacity, the cost to either entity to serve the additional and larger jurisdiction would increase.

In addition, a service may only appear to duplicate a service. Using the previous example, building inspectors in a municipality may also be zoning or fire inspectors. There would almost certainly be specific differences in the similar functions provided by different local governments. My position on this scenario is

that it presents a challenge but different work responsibilities can be incorporated into a service merger agreement.

An example of duplication would be a communications center receiving the same 911 calls or law enforcement agencies responding to the same service area. The service consolidation process should include an assessment of the issue of local government service duplication. If front-line service duplication does not exist, then the evaluation would need to focus on other issues such as administrative efficiencies or the ability to obtain funding or grants to off-set existing costs. Both case studies provided examples of new revenue resources for the merged service being realized.

I accept the assertion that competition between certain services does at times occur. As an example, a city and a county might both offer a community center facility for the public to rent for special occasions. The price and the quality of the facility allow a choice to occur by a citizen. There are examples where citizens do “walk with their feet” and choose services from competing units of government. I would suggest this is not a common occurrence. From the citizen standpoint, there is not a choice involved in most government services. From the governmental standpoint, there are few services that could be eliminated from a service area because another unit of government provides a competing service.

Far more common, would be a service and financial benefit resulting from the shared resources and focused attention on the service. Fragmentation and competition may at times enhance efficiency. Local governments certainly compare their services, staffing levels and salaries with other units of government. However, this research asserts that a fragmented and competitive service provision in an environment of limited resources is rarely desirable. There are simply too many incentives to evaluate collaborative efforts involving service coordination and resource acquisition.

A service consolidation process should evaluate the level of duplication and the advantages and disadvantages of competing services. If the services under consideration for merger are competitors then the process should evaluate the benefit of continuing with smaller and competitive services. The participants in the process

and the agencies should also evaluate the actual front-line and administrative level of duplication along with the organizational capacity to increase service levels. The greatest duplication may be a duplication of management functions.

The third issue concerning service merger concerns the type of service under consideration for consolidation. I addressed this issue in the survey of county managers reviewed in Chapter Three. This summary proposed eight generalizations from the survey and these were reviewed with the focus group. Clearly, this review demonstrates that service mergers are affected in different ways depending upon the type of service. Services differ in their institutional make-up, the degree of labor and capital intensity and the degree of organizational identity associated with the particular service. An obvious example is the distinction between an elected sheriff and an appointed municipal police department as an illustration of this statement. The political considerations of this type of merger are inherently more complex.

It is generally accepted that capital intensive mergers will likely achieve the desired economies of scale and labor intensive mergers less likely. I have previously reviewed research relevant to this topic. I will offer three additional considerations to this general consensus. First, small cities and counties are more likely to benefit from capital intensive mergers. The cost to construct, maintain and operate a water and sewer system for a town with a limited number of customers is an example. A similar example is the inefficiencies to construct, maintain, and operate a lined sanitary landfill for small units of government. In North Carolina, the number of sanitary landfills was reduced by over sixty percent when federal mandates increased the liability and cost of solid waste disposal. The accepted “rule of thumb” was that counties generating less than three-hundred and fifty tons of solid waste a day could not afford to operate a lined landfill facility. An economy of scale for smaller units of government involving capital projects does exist.

Technology enhancements related to specific mergers are a modern version of the emphasis historically placed on capital intensive mergers. Technology upgrades in certain service areas are difficult to afford and implement for smaller units. The expectation of citizens for on-line transactions, geographic information or

computerized tax records is substantial. The cost associated with information technology and the organizational capacity requirements to implement and maintain the technology has heightened.

This point was emphasized by the emergency communications merger case study. Each of the three existing emergency communications centers in San Juan County needed technology upgrades. The newly merged communication center received the extensive upgrades to the equipment not feasible for each individual entity. The merger enabled all of the emergency service agencies to receive emergency communications using the latest technology upgrades. If a merger of services had not occurred, each of the communications centers would have been required to maintain and upgrade the technology once implemented. These technology upgrades require staff resources and knowledge or separate maintenance contracts.

Labor intensive mergers are often depicted as less likely to meet efficiency goals and less suitable for service merger. The typical example cited is in police departments or solid waste collection departments with extensive labor and limited capital investments. This view asserts that labor must be duplicated for each neighborhood and efficiencies are less possible. In my view, the larger numbers of employees actually provide a greater opportunity to realize efficiencies and service enhancements simply because there is more resource to manage. A second component to a labor intensive merger is the potential efficiency of merging administrative and support functions. Transaction costs should be calculated to include both support and front-line service and the cost should be compared to the cost for each agency as a separate entity.

A survey of academic experts on the effects of city-county merger on specific services was conducted for the Indiana Policy Review Foundation (Staley, Faulk, Leland, Schansberg, 2005). Seventy-six academic experts were surveyed with thirty-six percent responding. The academic experts recognized significant differences in the potential for specific services to enhance efficiency or service delivery (ibid.). The survey responders agreed that consolidation could increase service effectiveness in

nine service areas to varying levels. The experts were significantly split over the potential for efficiencies to be realized by a city-county merger. The survey did demonstrate that the academic experts on city-county consolidation recognize differences in how specific services are impacted by a consolidation of these services. The survey also confirms that certain services are more challenging to successfully undertake and implement.

The type of service under consideration for merger does affect the process and the potential attainment of efficiencies and service enhancement. The type of service also poses various challenges in the merger process. Again, I will not detail the overview already provided in Chapter Two on this issue. I do believe that specific services are more appropriate and provide greater opportunity for a successful merger result. I also believe that the survey questions reviewed in Chapter Three supports this claim and provides new information on the issue.

The fourth issue to review concerning service merger is to recognize that a threshold may exist where efficiencies become less obtainable. Studies previously reviewed suggest that the centralization of government loses efficiency when the population served exceeds 100,000 citizens (Hirsch, 1970). If one takes the service merger argument to a hyperbolic conclusion, centralization would resemble the management structure of the old Soviet Union. The logic of decentralized decision making and the cumbersome nature of an excessively large bureaucratic structure would be counter-productive. I did not study large mergers although cities such as New York, New Orleans, and Boston are consolidated cities. Bert Swanson concludes that scaled economies might exist for entities between 50,000 and 150,000 in population but it is unknown “whether there is an optimum size government when considering the functions of a democratic polity” (2000, 233). A similar conclusion was reached by Pachon and Lovitch in their assessment of police department consolidation (1974).

America is a nation of multiple and smaller units of government and this issue is an important consideration. Beverly Cigler researched the problems facing smaller, rural local governments and concluded that functional consolidation is

increasing in rural communities in an effort to address fiscal stress (1993). Koven and Hadwiger also researched consolidation in rural Iowa and concluded certain advantages of scale exist but that larger size by itself will not create greater efficiency (1992).

Complex questions remain unanswered regarding the size of the merged agency and optimum operational efficiencies. The population size that is served by a unit of government is a factor to evaluate. Mechanisms such as neighborhood policing do enable large organizations to function in a decentralized manner. However, it is logical to assert that a leveling off of the efficiencies and effectiveness of merger does occur when the population exceeds a certain point. A second component to this issue is the size of the newly created department. Efficiencies would also level off when the number of employees involved in a merger reaches a particular size. The success of the City of Charlotte and Mecklenburg with departmental consolidation (population 650,000) would seem to suggest a higher population threshold for consideration.

There are additional factors to evaluate concerning the size of a merged agency or the population served by units of local government. The accountability and responsiveness of local governments and their services becomes more difficult as the unit increases in size. Larger units of government can become removed from the public. The decision making of larger units can become more structured and less flexible. As an example, citizens tend to be more supportive of local levels of government than the state or federal level. Part of this trend is the accessibility of local government and the idea that better decisions are made with local involvement and local considerations.

In sum, there is no consensus on the relationship between the size of the population served and efficiency and effectiveness. The literature does support the conclusion that efficiency and effectiveness level off at some point. I will conclude that a larger entity should carefully assess the disadvantages of further centralization. If consolidation is pursued, mechanisms to decentralize front-line decision making

and control should be reviewed. Also, citizen access should be reviewed in this context.

The fifth service merger issue is the question of accountability. Advocates for service merger suggest that greater accountability can be realized because the merged unit is clearly responsible for all aspects of the service. The merged unit is more easily understood and identified than a maze of agencies with conflicting and overlapping responsibilities. Because of this clarity, responsibility can be assigned and appointed and elected officials held accountable. The proponents of fragmented government assert that public accountability is weakened because of the larger size and the ability for agency leadership to remove itself from the citizenry and mask decision making.

The advocates for service merger are certainly correct regarding the value of simplifying the point of responsibility and accountability offered by service consolidation. Service consolidation can streamline processes, coordinate decision making by bringing consistent decisions under one organization and clearly assign program responsibility. There are policy areas such as environmental enforcement or economic development where this coordination has significant service and policy implications. The confusion and cost to the citizen is heightened by fragmentation in certain instances.

The simplification of services and the assignment of accountability were identified as advantageous in the survey conducted in this research. County manager's recognized the confusion created for citizens over the assignment of agency responsibility based on overlapping jurisdictions. Again, the potential for enhancement was especially emphasized in the area of regulation and permitting.

The concern raised by merging services essentially assumes the service is removed from the citizen. Centralization enables the agency to make decisions without public scrutiny. This concern is potentially valid. Swanson identifies the issue of access and control as central to the question of accountability (2000). The ability and even the tendency by management to remove itself from the public in larger organizations is a negative and possible outcome. This sentiment was summed up by

one writer who expressed “it is much easier to influence local leaders where residents are likely to run into the Mayor at the grocery store, at church or a football game....who has to respond more effectively to citizen complaints: The mayor of a town of 500 or Richard Daley in Chicago” (Gongol, 2004)? This sentiment and tendency is why the merger process must evaluate citizen access and include a citizen participation component into the consolidation plan.

The consolidation agreement must also address the issue of long-term citizen participation and input. As I have reviewed, this is a routine local government consideration. Public managers and elected officials are consistently involved in building and sustaining a sense of community and citizen ownership of local government services. The opportunity to address citizen participation as part of the merger process is necessary to ensure enhanced accountability.

I question the public choice concept that inefficiency and unrealized economies of scale are acceptable in order to enhance citizen involvement and the sense of community associated with multiple services and agencies. Again, taking this argument to an extreme, every agency would devolve to the smallest unit to ensure an active citizenry with the desired level of access. The more logical outcome is for citizen participation measures to be incorporated into the merged service to ensure the appropriate degree of accountability. Again, a balance is struck between competing values. The potential benefits of merging services should be pursued while incorporating citizen participation measures to diminish the potential threat of agency isolation and removal.

The sixth service consolidation issue is the focus on service enhancement. Service enhancement occurs because of the intensified focus on the service and the improvement in agency resources. Also, advocacy opportunities from affected staff and users of the service occur as a result of the merger process. The San Juan communications merger case study participants emphasized the improved emergency communications service following the merger. In fact, the participants could not specifically address the question of efficiency. The Jackson County utility system merger emphasized addressing the crisis through a focused approach on solving the

community water supply and distribution system needs. Efficiency was raised as a consideration but it was not the primary focus. Service enhancement occurred through the resolution of the crisis and attaining a secure water source.

The survey responses provided by county manager's emphasized efficiency and financial savings as the strongest perceived advantage. This emphasis on financial savings in the survey is consistent with the suggestion that consolidation processes emphasize efficiency and cost savings initially, but change this focus during the implementation process. Twice as many survey respondents cited efficiency as a perceived advantage over service enhancement.

The improvement in service, salaries, equipment or facility occurs by sharing resources or collectively solving resource acquisition challenges. The San Juan communications merger sought an independent funding stream and focused the emergency services community on acquiring a dedicated sales tax. The Jackson County utility merger sought a focused and coordinated effort to obtain grant funding as well as community coordination to resolve the crisis faced by the community. In short, service merger is often pursued for reasons not directly focused on creating efficiency or enhancing organizational financial capacity.

This focus on issues not related to efficiency may serve to gain the support of the service providers. The de-emphasis of efficiency may neutralize opposition to the merger by employees and those specifically using the service. As an example, a recreation merger focusing on enhancing service may lead to expanded programs and new facilities. A recreation merger focusing on efficiency may threaten programs and sacrifice an opportunity to expand the service provided. A service merger provides an opportunity for the synergies of the merger to greatly improve the service level. Cost savings may be of interest to management and the citizenry but this value should be viewed as being in competition with the value of service enhancement.

There is a trade-off between efficiency and service enhancement. Diseconomies of scale occur because personnel and service costs are typically taken to the highest level. Efficiencies are assumed to occur because costs dispersed over a wider scale are compromised. This trade-off needs better understanding and

evaluation as part of a merger initiative. Koven and Hadwiger write about a social and political cost of consolidation. Citizens often have an “emotional commitment to maintaining symbols” in their community (1992). In addition to the trade-off between efficiency and service enhancement, there is also a trade-off between heightened levels of citizenship and opportunities for involvement. A community may desire to accept inefficiencies in their units of local government for the benefit of additional citizenship and related services. This decision, however, should be consciously understood and treated as an enhanced service benefit of increased citizenship opportunities.

The seventh issue concerns the insightful observations made by Richard Feiock regarding the “deals with the devil” necessary to secure a consolidation agreement (2004). Although directed at comprehensive city-county merger, the work summarizes the essence of the challenge of merging services. Feiock states that “selective interests trump collective interests” and the collective benefits pursued by the advocates of good government accrue to the general population (2004, 47). The process of merger affords input by various interests. The desire to accomplish the merger causes inefficiencies to be considered and often implemented by elected officials. The input and pressures are inherent in the political process. The system is designed to be responsive to various advocates in the community including service users and employees. A negotiated compromise between the participating governmental units may also create an inefficient end-result.

Swanson describes the Jacksonville merger as an example of metropolitan cooperation where governance solutions were achieved by “avoiding controversy and manufacturing consent” (2000, 228). Service consolidation can produce a failed result by avoiding controversial issues and focusing primarily on achieving the merger. The problem for reform advocates is two-fold. First, the process requires compromise and consideration of the collective interests referenced by Feiock. And second, consolidation can become the goal as opposed to the efficient use of resources or service enhancement initially sought.

I have developed a series of approaches designed to maximize alternatives to these pressures. The first recommendation or best management practice offered in this chapter was to thoroughly assess the various aspects and the competing goals of service merger early in the process. The reality of many merger initiatives is that efficiencies are promised or assumed to materialize but are not realized. Efficiency is assumed to materialize with little understanding of the trade-offs and scant empirical offerings. The merger process does not typically account for or accurately address the question of efficiency. The merger process is more likely to occur if efficiency questions are not heightened and the attention shifts to issues such as protecting employees and service enhancement. It appears that the efficiency question is heightened at the beginning of a merger process but is conveniently overlooked or addressed by unproven generalizations as the merger process unfolds.

I previously defined a successful service consolidation as including both the characteristics of implementation and goal realization. An early discussion and awareness of the trade-offs involved in the merger process will better serve the goal of increasing governmental efficiency. Strategies should be developed to realize the competing goals of accomplishing the merger with the goal of realizing economies of scale. Also, such an approach would enable a more systematic study by researchers regarding the issue of merger and realizing efficiencies.

And finally, there is an additional problem for governments addressing the details necessary to accomplish a service merger. Once a significant amount of time and resource are invested the service merger can become the goal and the specific details become less important. The accomplishment of a merger project involving significant investment in time, public scrutiny and involvement becomes desirable and the negotiation process lessens the quality of the final decision. The process often focuses on the accomplishment of the merger instead of the attainment of the efficiencies or effectiveness.

The eighth issue in this framework for service consolidation concerns the perception of merger. Several observers of city-county merger have noted the improved perception of the merged units of government. For example, supporters of

the Indianapolis merger point to the creation of \$850 million in new investment, thousands of new jobs and improving the bond rating to a AAA rating (Duvall, 1999). The credit for this success may or may not be attributable to the merger of governments. The perception is a positive perception for the supporters of consolidation. Likewise, the city-county merger in Athens and Clarke County Georgia took place because community leaders believed “structural change would reduce the bickering and increase efficiency” (Durning and Nobbie, 2000). In short, the merger would enhance the reputation of the community.

A report prepared by the Center for Business and Economic Research at Marshall University identify three image enhancement results. According to this report, officials in consolidated areas claim an improved image assists in promoting the community to new companies, creates a larger media market and makes the region appear to be “progressive and forward looking” (Kent and Sowards, 2005). The debate concerning the actual economic development impacts is wide-ranging. Academic research previously reviewed suggests the economic development impacts do not materialize. Communities such as Indianapolis and Louisville claim substantial success in promoting their business climate and business opportunities.

Merger is viewed by reformers and many government officials as modern and pro-active. This is interesting in light of the protracted period of debate concerning the issue. The outcome is seen as an impressive accomplishment that improves the image of the community. The units of local government are perceived as problem-solvers and cooperative with one another. The positive perception associated with city-county merger and service consolidation is a significant issue.

The perception involved with service merger between cities and counties is also a significant issue. Citizens react favorably to units of government cooperating and not “involved in frequent squabbles.” An intense rivalry and competition between units of local government is not viewed by citizens as a favorable result. Service consolidation creates the impression that local leadership is willing to compromise and does not act in a territorial and counter-productive manner. Community leaders

are seen as problem solvers. Certainly, the threat of identify loss and community symbols counter-balances this impression.

The impression or public relations benefit of service consolidation is significant. Community leaders can point to the success of merger as evidence of their effort to be good public stewards and to provide improved services. If performance measures are not used the perception is the reality for the community. As stated earlier in this paper, citizens have the perception of significant duplication and inefficiencies in local government. Cynicism is also high. The reality and the impression of service consolidation can combat this impression.

The final service consolidation issue concerns the Rosenbaum and Kammerer theory of city-county consolidation. Previously reviewed problems with the model have been addressed (Johnson, 2004). A series of amendments have been developed to the theory offering “an important step toward building a theory of city-county consolidation that is useful both to academics and practitioners” (Leland and Thurmaier, 2004, 291). Two amendments are relevant to the issue of service consolidation. The first amendment was the significance of elites to the process of city-county merger. Leland and Thurmaier explain that significant opposition from elites, “particularly the sheriff” can cause consolidation to fail (*ibid.*, 307). This view is consistent with the case studies conducted in this research. A core group of dedicated elites committed to the process is necessary.

A second amendment made to the Rosenbaum and Kammerer model is the fact that institutional structure matters when undertaking a city-county merger. The institutional framework includes a legal framework involving individual state laws as well as federal legislation such as the Voting Rights Act (Leland and Thurmaier, 2004, 294-298). Leland and Thurmaier specifically address efforts by Tennessee and North Carolina to codify a process of consolidation. Both examples created legal barriers to consolidation initiatives (*ibid.*, 295). Similar questions have been raised regarding the impact of amendments to the Florida Constitution extending home rule to each county. Thomas and Marando conclude that “territorial democracy requires

local initiative and determination” and this must occur within the state institutional framework (1981, 63).

The institutional framework is also a valid consideration for service consolidation. The existence of constitutional restrictions, statutory requirements, or a lack of home rule complicate the service consolidation process. Many states restrict home rule and do not provide the flexibility to pursue structural changes to the individual unit of local government (Krane, Rigos, Hall, 2001). The problem is even greater than suggested by the academic writers. There are specific legislative and administrative restrictions placed on individual county and city services making consolidation less likely. As an example, the merging of various human services programs is made tenuous by the range of program requirements placed on the department by different state and federal agencies operating under different laws. Merging diverse human services programs such as mental health and social services is made challenging by the different legal structure. Another example already cited is the difficulty created for law enforcement mergers because of the elected position of county sheriff.

Institutional factors affect service consolidation. These factors are often impediments or reasons cited for local governments to avoid the issue of service consolidation. The development of a service consolidation theory would need to evaluate the role of elites and the legal framework for merged services. As one author points out, local governments are not sovereign states. An institutional framework regulates the interactions amongst various units of local government (Johnson, 2004).

A final point on this issue concerns the potential for proactive changes to state laws that would encourage service merger. Many states have adopted statutes or constitutional provisions attempting to transfer local government functions to a “higher metropolitan-wide entity” (Carpinello and Salkin, 1990). As an example, the State of Georgia mandates the development of service delivery consolidation plans within each county and explanations are required to be published regarding any duplication of service not addressed by the units of local government. The purpose of the Local Government Service Delivery Strategy Act is to “provide a flexible

framework for local governments and authorities to agree on a plan for delivering services efficiently, effectively and responsively, to minimize duplication and competition and to provide a method to resolve disputes” (2006).

My review of the research literature failed to identify a comprehensive assessment of whether pro-active state laws requiring service delivery planning resulted in increased merger activity. An intuitive conclusion is that the requirement would increase the level of discussion and awareness of this option. A review of the internet does suggest significant merger discussion in the State of Georgia. Also, consistent with the citizen participation discussion, a formalized process should increase the likelihood of service merger activity. A formal process is public and merger interest and activity should increase. The question of proactive state involvement concerning local government service mergers is a question that I hope to explore further in the future.

The institutional structure and the role of elites greatly influence the service merger process. The Rosenbaum and Kammerer model for city-county merger and its amendments does have a limited application to the issue of service merger. The existence of a crisis situation involving a service merger is the most likely indicator of whether the merger will occur. Likewise, the role of the public has to be understood in relationship to the role of community and political elites. Difficult public policy processes will not successfully occur without positive involvement and tacit approval from both elites and the public. Finally, the institutional framework is also relevant to the service merger process. A difficult process can be made more complicated depending upon the state legal structure of local municipal charters. The potential for city-county service mergers to be facilitated by state laws encouraging the practice is an issue not fully explored.

### **Conclusion**

The purpose of this chapter was two-fold. First, I provided an overview of four best management practices derived from the case studies, the county manager survey and my own experience with the issue of consolidation. The management practices addressed creating a foundation for the process to succeed, implementing a citizen

centered process, developing an employee impact strategy and benchmarking each organization. Clearly, there are other management areas that could have been included. There is significant academic literature and research on negotiating strategies. Creating a partnership and an environment of long-term trust are worth noting. Also, the implementation and monitoring strategies need additional study. The second part of the chapter established a series of generalizations to provide a positive framework for discussing and evaluating service consolidation. I essentially took the merits of service consolidation and evaluated the positive attributes within the context of the case studies and the survey of county managers. In addition, the literature review was incorporated into the framework and offered a discussion for further considering the service merger issue. I did not develop a comprehensive theory for service merger but I did offer several theories concerning aspects of service consolidation and a beginning framework upon which to build. I will return to this issue.

The assertions regarding service merger and questions related to efficiency, effectiveness, accountability and responsiveness is that a positive outcome is possible. The positive outcomes should not be assumed to automatically occur. The mere accomplishment of merger should not take the place of a quality outcome. Mergers are often opposed even when the opponents do not understand their full potential. Likewise, mergers may be supported and implemented even when an outcome results in a compromised quality and service. The participants in a service merger process should comprehend and evaluate the competing values associated with this activity.

## **Chapter Six**

### **Developing a Service Consolidation Theory? Findings and Unanswered Questions.**

#### **Introduction**

The fundamental goal of this research was to formulate a definition and a framework for the subject of service consolidation as a distinct public policy issue. I defined service consolidation and delineated this type of governmental activity with other related examples of local government change. Service consolidation is a complex public policy issue and shares similarities with processes such as city-county merger, regional activities and various forms of collaboration. Still, service consolidation is distinct and presents its own set of characteristics, challenges and potential rewards.

I also reviewed historical trends affecting the interaction of local government organization. The development patterns of cities and counties, the emergence in many states of counties as full service providers and the focus on governance related management approaches increases the significance of service consolidation as an area of current interest. These trends have increased the complexity, enhanced service overlap and confused traditional service demarcation. These trends have also increased the complexity of service delivery challenges and the perception or reality of local government duplication and inefficiency. One could accurately assert that the topic is not new and is consistent with the tradition of reform in this nation.

Service consolidation is intricately tied to the development of organizational capacity. I defined capacity in the context of service consolidation and suggest the search for organizational capacity motivates local government decision making. Organizations do seek to strengthen their ability to respond to external threats, provide basic services and secure necessary resources. Service consolidation, along with a vast array of other management and policy steps, offers positive and proactive steps that can typically be initiated at the local level. Service consolidation may serve to improve the ability of the organization to enhance its organizational capacity.

The relationship between the study and practice of public administration is an often intensely debated issue. A conflict certainly exists between academics trying to reconcile difficult contradictions and competing values. The debate between academics and practitioners is often described as skepticism bordering on the verge of “outright hostility” (Denhardt, vii). Practitioners feel the focus of academic research is, at times, not applicable to the “day-to-day” activity and interactions of local government administration. The relevance of academic research and academic theory is, unfortunately, lost on some local government administrators.

A similar frustration exists regarding the formulation of an agreed upon theoretical basis for public administration. Denhardt describes much of public administration theory as failing to address the essential concerns of management. Academic researchers may feel that certain public policy issues are mundane and not appropriate for intensive study. This identity crisis and conflicting values in public administration was raised by Dwight Waldo decades ago and continues to be referenced as a challenge for this field of study. The derisive and embarrassing academic charge of “counting man-holes” causes certain public administration issues to be ignored or viewed as unworthy of academic research.

Service consolidation is a meaningful academic topic. The subject is also of significant interest to practitioners in their never ending interest to improve service delivery for both staff and citizens. Interestingly, the topic of service merger correlates to many “large” public administration questions. I was pleasantly surprised by the relevance of many areas of public administration research to this topic. Service consolidation as a topic overlaps with various academic interests including citizen participation, negotiation strategies, organizational theory and democracy at the local level. The challenges of service consolidation embody the challenges of democratic governance and the challenge of developing public policy with overlapping authorities and significant checks and balances. I strongly assert the relevance of public administration theory for administrators and the relevance of public service as an area of study.

The topic of service consolidation directly confronts two substantial public administration issues. The efficiency of service delivery is tied to the most fundamental expectation that services cost money and public funds carry a substantial expectation concerning responsibility and accountability. With all respect, I feel this simple issue is not always recognized by researchers. Efficiency is sought by administrators, expected by citizens and rewarded politically. In addition, the issue of service consolidation is also tied to the expectation that services will be effectively administered. Accountability for effective service delivery includes both the responsibility to address established goals and objectives for the program and also the challenging issues of remaining responsive and inclusive. Administrators view the challenge of balancing organizational efficiency and effectiveness seriously.

As with any issue, the competing values of efficiency and effectiveness can be stated as diametric extremes. A narrow focus on efficiency impairs the basis for providing the service. Service delivery approaches placing extreme emphasis on efficiency may be ineffective and not worthy of a financial investment. The opposite extreme would narrowly focus on service enhancement with significant effort to expand the inclusiveness and openness of the associated processes. Programs are typically restrained based on budget allocations. The balance between the two extremes represents the challenge of local government management. Those charged with meeting both sets of expectations are constantly seeking improvement with the recognition that resources are scarce, the services provided are valued and competing demands must be satisfied.

### **Service Consolidation as a Theory: Research Findings**

Robert Denhardt describes theory as an explanation or understanding enabling an individual to systematically view public organizations, their members and their clients (1984). Theory constitutes a body of observations and evaluations that are integrally related to the way we act. For Denhardt, a problem for public administration has not been a “failure of theory but a failure of theory building” (ibid., 179). Essentially, in the study of public administration theory and practice should be reasonably consistent. The development of a general theory of public

administration is constrained by the need to balance and consider both a “rational approach to the field” as well as analytical methods (Frederickson, p. 3). There are typically two broad themes or theories serving to frame the field of public administration. The themes are the study of “politics and administration” and “bureaucracy and democracy.”

The issue of service consolidation is inherently understood within these two traditions. The merging of services as an activity of government concerns the relationship between specific service activity and the policy making board and management. The issue also raises serious considerations regarding the issues of efficiency and effectiveness and organizational responsiveness. These public administration themes are typically described as a tension or a balance between competing values. Likewise, there are challenges with developing a single theory to describe a public policy issue. A theory on this topic would have to be general to incorporate every situation. A more specific theory on this topic would lead to exceptions or shortcomings.

A difficulty for academics is the challenge of developing theories that accurately explain or portray administrative activity. Specific issues are intensely debated and different perspectives advocated. Again, as an illustration, the issue of comprehensive city-county merger has been studied for five decades and continues to be a topic of interest. As previously reviewed, these studies have only produced a limited consensus on specific issues. The academic research is often specific to a particular case study and generalizations are difficult. A significant disparity does exist between officials advocating merger activity and those researching city-county merger. The claims of public officials advocating a merger solution often differ from the findings or conclusions of academics.

Another reason theory development is challenging is because of the uniqueness of each case and the human element. Dising refers to this by stating “only the human observer is perceptive enough to recognize and appreciate the full range of human action” (1971, 141). In my research on city-county merger I encountered a similar difficulty. For example, the mergers of city and county

government in the coastal area of Virginia occurred in the 1950s with ease and the support of officials. This example demonstrates that the Rosenbaum and Kammerer model described some mergers but could not serve as a comprehensive theory of city-county merger. The specific and contradictory examples to the development of theory make theory difficult to develop and easy to disprove.

The Rosenbaum and Kammerer theory of city-county merger and amendments offer a useful framework to better understand the process of city-county merger. The theory does not address the advantages and disadvantages of the activity. The theory describes the process. The description of the process must account for mergers not following the theoretical outline. Some of the more specific findings are intuitively understood by practitioners. For example, noting the significance of the elected Sheriff and the institutional challenges created by merging a department with an elected official is a most routine understanding for a manager or elected official with even limited tenure. Institutional considerations do matter.

For these reasons, the development of a theory of service consolidation presents a challenge. It is my opinion that the challenge can be met and theoretical statements can be made based on this research, previously conducted research and the intuition and experience of working as a public manager. My preference is to develop a series of observations and conclusions instead of an attempt to produce one oversimplified or inaccurate generalization. The development and interpretation of themes will serve as a framework for continued study.

I will resist the temptation of oversimplifying this issue with a single theory designed to incorporate all aspects of a complex undertaking. Instead, I prefer to use the concept of a “framework.” A framework establishes a series of policy statements or theories that must be considered in their entirety. The following framework identifies various themes related to the topic of service merger. The observations and findings are summarized in the following bullets and serve as an outline for the development of a theory of service consolidation.

- 1) Service consolidation is more common in local government than is typically realized. Consolidated services can be identified in virtually every local government organization.

As the survey presented in Chapter Three demonstrates, virtually every manager in North Carolina has had direct experience with the consolidation of services. An unexpected outcome of this survey was the prevalence of service merger as a governmental activity and mechanism for change. Administrators understand that service merger is routine. A significant total of sixty two managers out of sixty-six respondents (94%) identified at least one merged service in their respective organization. Again, there is no unified city-county government in North Carolina although several prominent efforts have taken place in the Twentieth Century. Consolidated services are common and exist in at least sixty-two out of one-hundred counties.

Another finding resulting from the survey was the existence of multiple examples of merged services within each county. Eighteen survey respondents identified two or three merged services and thirty-seven identified more than three merged services in their respective counties. The survey demonstrated that sixty percent of the survey respondents had more than three merged services in their respective local government. Again, I am unaware of a systematic effort to document service consolidation within local governments. Not only do administrators view the activity as positive but the frequency of actual mergers is substantial across the state of North Carolina. The positive view of service consolidation is substantiated by the multiple examples of consolidated services in North Carolina counties.

- 2) The opportunity for greater use of service consolidation as a positive mechanism is vast. Service consolidation was recognized by county managers as currently viable and potentially an enhancement to their organization in this research.

The issue of service consolidation is a current and a positive consideration for managers. A total of twenty-two of the responding counties were actively considering the merger of a current service. The service merger issue is a modern public policy

issue and not an activity no longer of interest by local government officials. The survey responders identified seventeen specific services as having the strong potential for future consolidation. These seventeen services were assessed in conjunction with those services already merged and a series of generalizations were constructed. I will return to this issue.

The consolidation of services was viewed favorably with specific positive characteristics identified. This positive reaction to service merger was consistent with the positive reasons cited in the merger literature. Consolidation was viewed as creating financial advantages, economies of scale, service enhancement and enhanced accountability. The responders clearly viewed this activity as potentially creating greater savings and efficiency while also improving the specific service. Again, the response was provided from managers with consolidated services in their organization. These experienced individuals believed that consolidation produced multiple benefits. Also, the survey responders having participated in a service merger consistently reported that financial savings and service enhancement resulted. Implemented mergers were viewed favorably and as having met or exceeded expectations.

The enthusiasm expressed in the survey deserves additional assessment. My review of news articles and internet material suggests that positive opinions are often anecdotal and are not confirmed with specific benchmarking or financial analysis. I was disappointed in the positive claims made in the news media and on the internet without supporting performance verification. Effectiveness is often a perception not confirmed by specific data. Also, additional research evaluating the specific loss of financial gains through economies of scale because of employee issues or political compromises might serve to dampen the positive response. Still, managers favorably viewed service merger with specific local government services identified as candidates for merger activity.

- 3) The type of service under consideration affects both the process and the potential efficiencies. Services are varied and viewed by the public and governmental entities with diversity of opinion.

The survey identified specific services already merged in addition to those services currently under consideration for merger activity. The survey asked managers to identify those departments with a strong potential for future consolidation. The survey did identify a consistent set of merged services or candidates for merger consideration. Departments such as building inspections, dispatching and tax collection were identified as areas with significant interest or activity. The departments of purchasing, accounting, arts, libraries and jails were of less interest. The categorization of these services into services already merged, under current consideration or positive candidates for future activity enabled generalizations about the services to be put forth.

Examples of service consolidation studies in the academic literature were reviewed. There are three generally accepted themes in the literature regarding how the specific services affect the service consolidation process. First, capital intensive departments hold more promise for achieving the economies of scale goal than departments that are labor intensive. The significant costs associated with capital intensive departments are viewed as costs that can be readily shared enabling efficiencies to be realized. This view holds that labor intensive departments such as solid waste collection must duplicate labor costs because of the labor related service. Conversely, labor intensive costs are viewed as less likely to gain efficiencies if merged with other similar services.

The third identified theme is the significance of institutional differences in services. The difficulty of merging a department with one elected department head was frequently cited as an example. The Sheriff is typically powerful politically and the non-elected law enforcement agencies view the elected office with heightened concern. My conclusions support these three observations.

This research develops additional generalizations regarding specific services identified as strong or weak candidates for merger activity. The generalizations reflect input from a focus group held to review the findings. I do conclude that services identified as a strong core service of an agency are more difficult to merge because of the inclination for a local government to maintain its organizational identity. An

additional conclusion is that services with strong volunteer associations such as a fire department are difficult to successfully merge. Services sharing similarities such as animal control, building inspection or dispatching were identified as strong candidates for merger. Shared service characteristics increase the likelihood that efficiency and enhanced service delivery will result. Similar governmental functions create more interaction and more citizen confusion over jurisdiction and duplication. Finally, services with overlapping responsibilities affecting development concerns such as planning departments have greater consolidation interest.

I did develop an interesting observation regarding the movement of services from municipalities to counties from the survey data that I am unable to more fully pursue at this time. Certain services offered by counties on a county-wide basis are infrequently provided by municipalities. In other words, services such as libraries, Emergency Medical Services and jails are provided by counties and serve all citizens. The focus group agreed that an observable trend for certain county-wide services was a corresponding historical decline in the same service being provided by municipalities. There was no example of a service consistently gravitating towards the smaller municipal units of government.

A surprising finding of this research was the lack of interest in merging internal functions. Departments such as finance, purchasing or personnel were not identified as areas of interest or consideration. The finding was not consistent with my initial assumption. The tendency to view certain areas of local government as internal or proprietary was counter to my inclination to view the service as an easily merged service. I incorrectly viewed the ease of merging as creating a greater frequency of merger. Internal services were not viewed as favorably candidates for merger.

These generalizations serve to highlight a rather fundamental conclusion. The specific characteristic of the service affects the likelihood of consideration and the eventual success. The specific characteristics of the service also affect how the merger process needs to be approached. Specific generalizations can be further

developed and investigated. A theory of service consolidation must take into account the uniqueness and diversity of local services.

- 4) Service consolidation is affected by the intensity of citizen interest and involvement and the level of employee impact to a specific proposal. As service mergers increase in complexity a formalized process is more likely to result.

The impact of a service merger on citizens and employees influences the services considered for merger activity as well as the merger process. I have suggested that the level of intensity or impact increases the difficulty of merging the service. The merger process is already difficult if opposition is limited or even non-existent. The complexity of a merger will increase as the impact to citizens and employees increase. The relevant public is likely to have significant interest in merger activity and will support or oppose the activity based on the perceived impact created by the service consolidation. The tendency to enhance the service because of the interest of specific stakeholders does limit potential efficiencies. Moreover, the interest by the general public to merger activity is often limited if proactive steps to promote involvement does not occur. Both case studies suggest that the impact to the public must be immediate to promote heightened citizen interest in this activity.

A strong finding in this research confirms the often cited significance of employee impacts to the consolidation process. Employees are directly affected by the outcome and, therefore, have a strong interest in the activity. Employee impacts are also viewed as potentially injurious and the inclination to not unfairly treat employees is significant. The model developed in Chapter Two asserts that as the intensity of citizen and employee impact increases, the difficulty of the merger will also increase. The associated efficiencies of a particular merger become more limited as this threat increases and the often cited tendency to compromise with employees on salary, benefit and staffing levels is a significant challenge to address. A similar tendency to compromise with interested citizens identifying a strong interest in a specific service is also an identified outcome.

The service merger process formalizes as the impact to the citizen, the employee and the level of organizational identity increases in intensity. I am intrigued by the distinction between informal and formal decision making and its relationship to the merger process. I will return to this issue. An intensified interest by citizens or affected employees serves to facilitate a more formalized decision making process with clearly delineated stages and opportunities for increased involvement. I did develop a series of decision making stages associated with formalized merger activity and describe the significance of each stage in relationship to the merger process. Increased citizen and employee interest and involvement does affect the opportunity to influence the outcome at various points in the process. This approach relies heavily on the decision making and collaboration theory.

Service merger must be understood as a public policy process with identifiable stages. The stages differ and strategies to successfully address the unique characteristics of each stage can be developed. I focused primarily on the stage titled the “initiation of the process.” Additional strategies addressing each stage are areas of additional research that I have an interest in conducting.

- 5) Citizen involvement enhances the service consolidation process. A successful “complex merger” is more likely to occur with citizen involvement. Territorial tendencies of local government representatives are diminished when citizens are inserted directly into a public policy process.

The previously referenced challenge associated with heightened citizen interest reflects the specific and narrow interest of citizens typically identified as stakeholders or direct service users. There is a positive aspect to heightened citizen interest and participation identified as a theme in this research. Citizen participation should be advocated for normative reasons. As discussed in this research, there are unexpected and valued benefits resulting from heightened citizen involvement. The literature on building community and a sense of ownership through various citizen participation tools is commonly cited in the academic and professional literature. My interest in this area goes beyond a democratic assertion.

Citizen involvement does create a favorable environment for service merger activity. An early and “genuine” involvement in the decision making process can serve to reduce the potential for government decision makers to respond in a self-serving or territorial manner. I am convinced that substantial decision making occurs in an informal manner. Substantial (policy level) decisions are routinely made through deference or conversation. Staff members often decide to not pursue an endless array of ideas and possible undertakings. This is quite natural. The insertion of citizens or elected officials into this process changes this dynamic. A public policy question must transition from an informal consideration to a formal and public consideration and there are various mechanisms including staff initiation that can cause this to occur.

My suggestion is that citizen involvement in the process diminishes a natural tendency on the part of government officials to resist change or to protect the status-quo. There is extensive research on the “consolidation entrepreneur” as a typology interested in pursuing city-county mergers. These interested parties include academics, staff members and elected officials interested in merger to enhance their own standing or careers. Still, a much more common public policy result is a defense of the status-quo and resistance to change. Citizen involvement diminishes this tendency since merger activity may be viewed unfavorably. Placing the proverbial “spotlight” on territorial or defensive arguments serves to diminish their effectiveness. Citizen involvement enhances the merger process by serving to limit defensive tendencies.

Also, highlighting the general issue of service consolidation moves the topic from informal discussions to a public discussion. Mechanisms such as state laws requiring service delivery planning between cities and counties would increase the frequency of service merger activity and consideration. Public understanding of this service option would increase its consideration by policy makers.

- 6) Strategies for successfully implementing service consolidation initiatives can be developed. Best management recommendations can be studied and refined to increase the likelihood of successful merger outcomes.

In this research, I reviewed several initiatives proclaiming the virtues of consolidation without carefully assessing the issue. Positive results were assumed to result from merger activity without performance verification. I also reviewed academic research describing merger activity as inherently flawed. This research described all centralization activity in an undesirable context. I am of the opinion that service merger can succeed.

In Chapter Five, I developed four strategies designed to facilitate a successful merger. I defined a successful merger as a merger result achieving agreed upon goals and objectives. Again, the simple accomplishment of a merger is not successful if positive results are not achieved. To assist with the development of management recommendations, I conducted two case studies of nationally recognized service mergers. The case studies focused on specific strategies identified by the participants as creating a favorable result. The strategies were also developed from my experience with the merger issue.

The strategies were selected to specifically address the criticisms typically associated with merger activity. The management practices focus on the need to mediate the loss of efficiencies and economies of scale that naturally occur through the process of negotiation and compromise between governments. The challenge of merging services is that mergers do not consistently deliver on the promises or expectations made at the outset. The challenge lies in addressing a series of compromises with employees, the involved units of government and the public all having the effect of creating a new inefficient agency. In short, the process diminishes the final merger result. The four strategies specifically focus on addressing this issue.

The management strategies include focused planning at the outset of the process, enhancing citizen involvement, various employee related strategies, and goal setting and benchmarking. Related areas such as negotiation strategies, monitoring, and trust building were only briefly reviewed.

The four strategies are designed to address short-comings and common criticisms of merger activity. The employee related strategies included the development of an intensive Employee Assistance Plan and a transition plan. The

employee related strategies are designed to maximize employee considerations using a heightened awareness to address valid concerns. The strategy strives to retain a responsible (efficient) end-result by emphasizing goal related decision making. An intensive and focused employee strategy backed with measurable goals creates a process that extensively considers employee needs but does not build long-term inefficiencies into the new agency by simply guaranteeing every affected employee a job or a salary increase.

Similarly, establishing measurable performance objectives will focus the merger initiative on performance criteria instead of emotional considerations. The future merged agency will encounter many unknown challenges and unanticipated needs. A benchmarking strategy functions to assist with staffing and other resource related decisions. The merger process should strive for both economies of scale and service enhancement as measurable goals instead of a series of compromises all serving to diminish the reason for merging the service. Although I am sure examples exist, I was unable to identify completed service mergers with an extensive strategy of performance measurement. The use of measurable criteria and comparative benchmarking can counterbalance the tendency to lose gained efficiencies because of employee related and political compromises.

- 7) A crisis event does create an environment conducive to service consolidation. A crisis is not necessary for service consolidation to occur but its existence does create an environment conducive to difficult public policy processes.

I will not suggest a series of events labeled as a theory attempting to describe every service consolidation. A framework for service consolidation is provided in this research and would include the consideration of informal and formal processes, the stages of service consolidation, and the complexity factors described in Chapter Two. The Rosenbaum and Kammerer model and its amendments also serve as a useful illustration for service consolidation. A crisis event does facilitate difficult public policy initiatives such as service consolidation. A crisis event raises the level of expectation among citizens that the substantial challenge will be addressed by elected

and appointed leadership. If service consolidation is presented as a solution, then a crisis can strengthen the likelihood of a successful merger result.

The Jackson County utility system merger occurred because of the crisis condition described in the case study. The crisis involved a significant water production and water quality problem. The municipalities and the county were in a situation where they could not individually solve the problem and “draconian” conservation steps were implemented by the water system operators. The system operators understood the crisis required a collective solution and the public viewed the lack of action as “bordering on malfeasance” (Gibson, 2008). The case study participants described the situation in terms of the strongest urgency with the understanding that a collective solution was necessary.

The existence of a crisis does create an environment where more extensive and comprehensive change is possible. The reason for this is actually quite simple. The crisis provides the basis for the difficult decision and diminishes the arguments typically provided to resist the desired change. The crisis is a greater threat than the threat posed by changing the structure of the organization. Also, the threat posed by the crisis exceeds the political threat presented by those opposed to organizational change. There are multiple reasons for considering a service merger initiative and a crisis is not necessary for a merger to succeed.

The general concept of a significant external reason for undertaking a merger initiative is valid. A crisis serves as a basis for undertaking a difficult and potentially divisive issue. A theory of service merger could include the existence of an external basis positively affecting a merger initiative. As an illustration, a state requirement for local governments to engage in annual joint service planning would result in greater awareness of the issue and would perhaps serve a role similar to the existence of a crisis as envisioned by Rosenbaum and Kammerer.

- 8) The process of merging services will result in the creation of mechanisms designed to both separate and to control the newly created agency. The existence of “separation mechanisms” and “oversight mechanisms” is an observable pattern in the merger process.

The two case studies were designed to compliment the county manager survey and the associated existing research. The goal of this project was to develop an understanding of the service consolidation process by an intensive focus on two successful mergers. A number of themes were identified and the results are summarized in the conclusion of each case study. Again, the consolidation of services in San Juan County, New Mexico and Jackson County, North Carolina are widely recognized for their achievement.

Two of the conclusions address “large” issues affecting any formulation of a service consolidation theory. First, I used the terms “separation mechanism” and “oversight mechanism” to describe two observable tendencies that exist in every merger process. A tendency for service consolidation decision makers to separate the newly created entity from the direct control of any participating unit does exist. Both case studies resulted in the creation of separate legal authorities. The participants cited various reasons for separating the service from an existing unit of government. Clearly, the ability to exercise continued control by a unit of government transferring a service to a new entity is enhanced if the service is separated from the direct control of any one governmental unit.

The increase in the number of authorities in recent years has been noted in this research. I did not describe this trend or the use of authorities in the merger process as a positive outcome. I did not recommend creating an authority as a strategy to accomplish a service merger. A management practice recommending the creation of independent authorities to foster service consolidation might enhance the numbers of mergers but diminish the quality of the results. In fact, it is my opinion that creating an authority requires careful evaluation and caution.

The creation of an authority to separate the new agency is a likely outcome resulting from merger initiatives. The creation of a separate authority often results because the participants do not desire to relinquish control from their respective local government to another unit of government. The proliferation of authorities creates another set of challenges for local governments. The tendency to separate the merged entity is obviously not automatic and the issue needs to be acknowledged at the outset

of the merger process. Alternatives to the creation of an authority should be explored to better understand the associated challenges.

The second aspect of this issue is the effort to retain control over the entity once it is merged or separated from each governmental unit. A significant component of the service merger process is negotiating the mechanisms enabling the local governments to exercise continued control over the newly created entity. The compromises necessary to facilitate a merger will focus on a variety of issues including the committee structure and appointments, limitations or exclusions built into the consolidation agreement or reporting requirements. A significant component of the service merger process noted by participants in both case studies was establishing a future organization remaining responsive to current concerns or goals identified in the merger process.

Service consolidation is, therefore, a simultaneous process of relinquishing and retaining control. Service consolidation is best understood as a process of negotiation with advocates and detractors. If the process results in a merged service, the new entity reflects the competing compromises of those more or less supportive of the initiative. The dual role of attempting to separate control from any single agency and also retain influence over the future entity leads to the compromises cited by numerous authors as limiting the effectiveness of merger activity.

- 9) Service consolidation is not automatically a positive end-result. It is not a goal that produces desired outcomes without various challenges having to be addressed in the process.

The most fundamental assertion of the research is perhaps the most significant. Service consolidation should not be viewed as a public policy goal sought at any cost. The tendency for staff or elected officials to undertake a dramatic restructuring of local government simply to implement change is flawed. I do believe that local government policy makers may at times focus on accomplishing an end-result without carefully establishing and realizing performance criteria. The benefits of merger are incorrectly assumed to exist regardless of the compromises or decisions made to accomplish the project. The negative and failed results cited by opponents of

merger activity are potentially accurate. The charges are not, in my opinion, universally accurate.

Also, not only is the “devil in the details” but the details of merger activity are often conveniently overlooked. Details are always difficult to address and I am not advocating intense micromanagement by policy makers. However, the lack of specific financial or performance related criteria may assist merging services but hinder a successful and quality end-result. The process must be managed to ensure the resulting entity realizes a series of goals that should be agreed upon early in the process.

A poorly constructed service merger may not be an enhancement over the existing service provision. The temptation to accomplish a service merger at any cost is simply “change for the sake of change.” Changing an organization for public consumption or in the hope that the result will be an enhancement is not the goal of this research. The decision to undertake an initiative to merge services and whether service merger will create a positive end-result is “it depends.” A great deal of resource and energy is associated with a merger process and the result should be enhanced public policy and organizational capacity. The decision to pursue a merger of services can easily produce a failed process or undesirable results.

The previous generalizations derived from the survey, the case studies and academic research are limited and cautiously stated. Clearly, a more intensive study of the relationship between specific services and merger activity will further refine these findings. I do consider the generalizations to constitute a framework to facilitate further inquiry.

### **A Framework for the Positive Potential Offered by Service Merger**

An additional goal of this project was to review and reconstruct the arguments for and against the merging of services. The arguments for and against this activity are, again, included in a vast array of literature. The city-county merger literature offers both negative and positive charges regarding this activity. The public choice school advocates multiple and decentralized units of government to ensure competition and choice. Researchers advocating decentralization of local government

and the associated advantages of multiple competing governments were reviewed. Recent public administration research was typically more skeptical of merger activity.

A reform approach suggests that the machinery of government can always be improved and much of the positive merger literature is in this context. The positive literature is often associated with media coverage and public relations websites promoting the advantages of merging units of government or specific services.

I created a positive framework advocating the benefits of service consolidation. This framework was approached in the same spirit as the Positive Organizational Inquiry model reviewed in Chapter One. I developed an outline of the positive assertions typically associated with merger activity. I then reconstructed the positive characteristics and outcomes associated with merger activity balancing the counter-arguments. The result is a carefully constructed set of assertions designed to summarize a positive characterization of merger activity. This framework incorporates the survey and case study assessment. The framework is specific to service consolidation as distinct area of public administration.

The arguments against merger cannot be universally applied. There are examples of successful mergers. In a similar manner, the arguments for consolidating services are not automatic. There is a substantial sentiment among managers and, I suspect, the general population that merger activity does offer a positive alternative to many existing organizational arrangements. This is the reason the subject of city-county merger endures as an issue of interest. City-county merger will continue to be initiated because it is viewed as producing a more rationale organization.

The framework for considering the merits of service consolidation is presented in Chapter Five. Service consolidation is a more limited and defined activity than city-county merger and the outcome can be better managed. The primary issue in the debate is the balance between the issue of efficiency and service enhancement. Efficiency is often realized because of economies of scale, existing organizational capacity and the sharing of capital costs. An additional advantage of service merger is the focus on obtaining resources and creating a unified effort to secure the necessary grants or revenue needed for service enhancements or capital

needs. Both case studies exemplified a unified effort to obtain the equipment and capital to meet the service needs. Efficiency should be understood as the focused and cooperative effort to attain scarce resources.

The economies of scale and efficiency assertions of merger activity are often not realized. They are not always realized because of the lack of a systematic evaluation process and a failure to consider all of the associated transaction costs and service costs necessary to accomplish the merger. The focus on non-efficiency measures is often necessary to gain the support of service providers and each local government entity. The debate should not be cast in terms of a debate. The issue should be understood as a trade-off between efficiency and service enhancement. Diseconomies of scale result because of the tendency to take personnel and services to the highest level.

The problem is enhanced by the compromises necessary to accomplish a merger and the assumption that efficiencies will result without carefully constructing performance management criteria. Again, the merger process represents a magnificent microcosm of the political system. The merger process simply represents the input and pressures of various advocates including the users of the services and employees.

My assertion is that the positive benefits raised by supporters of service consolidation initiatives can be realized. These benefits include increased efficiency, improved service delivery, enhanced accountability, improved responsibility and the cooperative focus on obtaining needed resources. In addition, the positive perception created by successful service merger benefits the service and the units of government. A government engaged in merging services is perceived as modern and efficient. The challenge is that the reviewed benefits of merger offset one another. The values and goals compete for priority and prominence. Efficiency can be lost if the process significantly enhances the service and increases the cost. An initial understanding of the process and goal prioritization and establishment is necessary.

The framework presented in Chapter Five results in two fundamental assertions. First, the service consolidation process is a function that can be managed.

The process is limited and can result in a successful service. Merger is not automatically successful. The results depend on a series of interrelated decisions serving to affect the final outcome. Still, merger can succeed or fail and the quality of a successfully merged service can fail to realize established objectives. And second, the framework asserts that a merger project is more likely to result if decisions are made that compromise the associated efficiencies of merger activity. The process seeks to satisfy employees, citizen service users and local government merger partners. The required compromises diminish the final service product.

### **Questions Raised and not Answered in this Research**

This research project raises many questions. Additional work is warranted. The primary goal of this project was to define the issue, establish a framework for additional research and to address the issues raised in the survey. In addition, the case studies provided insight into the process and a number of recommended management practices were developed and assessed. One could take any assertion made in this project and raise multiple questions including a fundamental elaboration or challenge to the specific findings. I will offer a number of questions expanding upon the basic assertions offered in this research. The following questions are offered as suggested areas of additional research.

- 1) Is the opinion of elected officials, municipal officials or citizens regarding service merger different from the positive opinions expressed by county managers in the survey?
- 2) Is service consolidation more prevalent or approached differently in local governments with city or county managers?
- 3) Do differences between rural and urban communities affect service consolidation? Do smaller communities engender stronger associations with services making consolidation more difficult?
- 4) How can transaction costs, organizational capacity and economies of scale be effectively measured in advance of a proposed service merger to determine the economic viability?

- 5) Could a researcher locate a service merger process in advance of its initiation and have the officials in the unit of government apply the recommended management practices to the specific merger?
- 6) What additional management practices can be identified to facilitate successful merger activity?
- 7) What are the specific differences between cities and counties identified as obstacles to merger and how can these differences be mediated?
- 8) Are identifiable antecedent conditions preceding the initiation of a service consolidation process observable?
- 9) More research is needed on the institutional impacts on merger activity. Does a requirement for city and county service planning actually lead to greater merger activity? Specifically, how does state law affect merger activity?
- 10) Does the frequency of service merger among local governments diminish the interest in comprehensive city-county merger?

### **Conclusion**

I entered this project convinced of the merits of service consolidation. In concluding this research, I am more respectful of the difficulties posed by merger activity. Service merger should be undertaken judiciously. Substantial time and resources are required to successfully merge a service. The end-result may not warrant this investment if the process creates a deteriorated intergovernmental environment or a less effective service. The disadvantage of consolidating services is the tendency to centralize decision making and remove management and policy makers from the public.

The most responsive unit of government in the federal system is the one closest to its citizens. Furthermore, the most responsive units of local government are those that engage citizens, decentralize decision making and are able to balance the competing values of efficient and effective service delivery. A service merger initiative must balance the competing goals at work in public policy formulation to reach a successful conclusion.

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## **APPENDICES**

**APPENDIX A-1. City-County Consolidation Proposals / 1921 – Present**

<u>Year</u>	<u>City/County</u>	<u>Result</u>	<u>Vote in Favor</u>	<u>Vote Against</u>	<u>% in Favor</u>
<b>1805</b>	<b>New Orleans-Orleans Parish, LA</b>	<b>Pass</b>	N/A		
<b>1821</b>	<b>Boston-Suffolk County, MA</b>	<b>Pass</b>	N/A		
<b>1821</b>	<b>Nantucket Town-Nantucket County, NA</b>	<b>Pass</b>	N/A		
<b>1854</b>	<b>Philadelphia-Philadelphia County, PA</b>	<b>Pass</b>	N/A		
<b>1856</b>	<b>San Francisco-San Francisco County, CA</b>	<b>Pass</b>	N/A		
<b>1874</b>	<b>New York City (5 Counties), NY</b>	<b>Pass</b>	N/A		
<b>1902</b>	<b>Denver-Denver County, CO</b>	<b>Pass</b>	N/A		
<b>1907</b>	<b>Honolulu-Honolulu County, HI</b>	<b>Pass</b>	N/A		
1921	Oakland/Alameda County, CA	Fail	N/A	N/A	
1924	Butte/Silver Bow County, MT	Fail	N/A	N/A	
1926	St. Louis/St. Louis County, MO	Fail	N/A	N/A	
1927	Portland/Multnomah County, OR	Fail	N/A	N/A	
1932	Pittsburgh/Allegheny County, PA	Fail	N/A	N/A	
1933	Several Cities/Ravalli County, MT	Fail	41.8%		
1933	Wilmington/New Hanover County, NC	Fail	22.0%		
1933	Macon/Bibb County, GA	Fail	N/A	N/A	
1935	Jacksonville/Duval County, FL	Fail	N/A	N/A	
<b>1947</b>	<b>Baton Rouge/East Baton Rouge Parish, LA</b>	<b>Pass</b>	<b>55.1%</b>		
1948	Birmingham/Jefferson County, AL	Fail	N/A	N/A	
1948	Miami/Dade County, FL	Fail	45.4%		
1950	Hampton, Newport News & Phoebus/Warwick & Elizabeth City Counties, VA	Fail	N/A	N/A	
<b>1952</b>	<b>Hampton &amp; Phoebus/Elizabeth City County, VA</b>	<b>Pass</b>	<b>88.1%</b>		
1953	Miami/Dade County, FL	Fail	49.2%		
1954	Albany/Dougherty County, GA	Fail	28.8%		
1956	Albany/Dougherty County, GA	Fail	N/A	N/A	
<b>1957</b>	<b>Newport News/Warwick County, VA</b>	<b>Pass</b>	<b>66.9%</b>		
1958	Nashville/Davidson County, TN	Fail	47.3%		
1959	Albuquerque/Bernalillo County, NM	Fail	30.0%		
1959	Knoxville/Knox County, TN	Fail	16.7%		
1960	Macon/Bibb County, GA	Fail	35.8%		
1960	Several Cities/Ravalli County, MT	Fail	N/A	N/A	
1961	Durham/Durham County, NC	Fail	22.3%		
1961	Richmond/Henrico County, VA	Fail	54.0%		
1962	Chattanooga/Hamilton County, TN	Fail	N/A	N/A	

1962	Columbus/Muscogee County, GA	Fail	42.1%	
1962	Memphis/Shelby County, TN	Fail	36.8%	
1962	St. Louis/St. Louis County, MO	Fail	40.1%	
<b>1962</b>	<b>Nashville/Davidson County, TN</b>	<b>Pass</b>	<b>56.8%</b>	
<b>1962</b>	<b>South Norfolk/Norfolk County, VA</b>	<b>Pass</b>	<b>66.0%</b>	
<b>1962</b>	<b>Virginia Beach/Princess Anne County, VA</b>	<b>Pass</b>	<b>81.9%</b>	
1964	Chattanooga/Hamilton County, TN	Fail	19.2%	
1967	Tampa/Hillsborough County, FL	Fail	25.94%	
<b>1967</b>	<b>Jacksonville/Duval County, FL</b>	<b>Pass</b>	<b>64.7%</b>	
1969	Athens/Clarke County, GA	Fail	48.0%	
1969	Brunswick/Glynn County, GA	Fail	29.6%	
1969	Roanoke/Roanoke County, VA	Fail	66.4%	
1969	Winchester/Frederick County, VA	Fail	31.9%	
<b>1969</b>	<b>Carson City/Ormsby County NV</b>	<b>Pass</b>	<b>65.1%</b>	
<b>1969</b>	<b>Juneau &amp; Douglas/Greater Juneau Borough, AK</b>	<b>Pass</b>	<b>54.1%</b>	
1970	Anchorage/Greater Anchorage Borough, AK	Fail	N/A	N/A
1970	Charlottesville/Albermarle County, VA	Fail	28.1%	
1970	Chattanooga/Hamilton County, TN	Fail	48.0%	
1970	Pensacola/Escambia County, FL	Fail	24.62%	
1970	Tampa/Hillsborough County, FL	Fail	41.96%	
<b>1970</b>	<b>Columbus/Muscogee County, GA</b>	<b>Pass</b>	<b>80.7%</b>	
1971	Anchorage/Greater Anchorage Borough, AK	Fail	N/A	N/A
1971	Augusta/Richmond County, GA	Fail	41.5%	
1971	Bristol/Washington County, VA	Fail	17.5%	
1971	Charlotte/Mecklenburg County, NC	Fail	30.5%	
1971	Memphis/Shelby County, TN	Fail	47.6%	
1971	Tallahassee/Leon County, FL	Fail	46.9%	
<b>1971</b>	<b>Holland &amp; Whaleyville/Nansemond County, VA</b>	<b>Pass</b>	<b>N/A</b>	<b>N/A</b>
<b>1971</b>	<b>Sitka/Greater Sitka Borough, AK</b>	<b>Pass</b>	<b>77.2%</b>	
1972	Athens/Clarke County, GA	Fail	48.3%	
1972	Macon/Bibb County, GA	Fail	39.6%	
1972	Fort Pierce/St. Lucie County, FL	Fail	36.6%	
1972	Tampa/Hillsborough County, FL	Fail	42.2%	
1972	St. Louis/St. Louis County, MO	N/A	N/A	N/A
<b>1972</b>	<b>Lexington/Fayette County, KY</b>	<b>Pass</b>	<b>69.4%</b>	
<b>1972</b>	<b>Suffolk/Nansemond County, VA</b>	<b>Pass</b>	<b>75.7%</b>	
1973	Albuquerque/Bernalillo County, NM	Fail	44.1%	
1973	Columbus/Richland County, SC	Fail	45.9%	
1973	Savannah/Chatham County, GA	Fail	58.3%	

1973	Tallahassee/Leon County, FL	Fail	46.2%		
1973	Wilmington/New Hanover County, NC	Fail	25.6%		
1974	Augusta/Richmond County, GA	Fail	51.5%		
1974	Charleston/Charleston County, SC	Fail	40.4%		
1974	Durham/Durham County, NC	Fail	32.1%		
1974	Evansville/Vanderburgh County, IN	Fail	26.1%		
1974	Portland/Multnomah County, OR	Fail	27.5%		
1974	Sacramento/Sacramento County, CA	Fail	24.9%		
	Ashland & Catlettsburg/Boyd County,				
1975	KY	Fail	16.7%		
1975	Missoula/Missoula County, MT	Fail	26.0%		
1975	Salt Lake/Salt Lake County, UT	Fail	39.0%		
1975	Gainesville/Alachua County, FL	Fail	25.2%		
	<b>Anchorage, Glen Alps &amp; Girdwood/</b>				
<b>1975</b>	<b>Greater Anchorage Area Borough, AK</b>	<b>Pass</b>	<b>62.0%</b>		
1976	Augusta/Richmond County, GA	Fail	45.5%		
1976	Gainesville/Alachua County, FL	Fail	32.2%		
1976	Front Royal/Warren County, VA	Fail	N/A	N/A	
1976	Macon/Bibb County, GA	Fail	32.2%		
1976	Moab/Grand County, UT	Fail	21.0%		
1976	Tallahassee/Leon County, FL	Fail	45.0%		
<b>1976</b>	<b>Anaconda/Deer Lodge County, MT</b>	<b>Pass</b>	<b>56.0%</b>		
<b>1976</b>	<b>Butte/Silver Bow County, MT</b>	<b>Pass</b>	<b>62.0%</b>		
1978	Knoxville/Knox County, TN	Fail	N/A	N/A	
1978	Morristown/Hamblen County, TN	Fail	30.7%		
1978	Salt Lake/Salt Lake County, UT	Fail	N/A	N/A	
1979	Okeechobee/Okeechobee County, FL	Fail	32.2%		
1981	Kingsport/Sullivan County, TN	Fail	2,917	22,543	11.5%
1981	Clarksville/Montgomery County, TN	Fail	1,853	9,941	16.3%
<b>1981</b>	<b>Houma/Terrebonne Parish, LA</b>	<b>Pass</b>	<b>2,747</b>	<b>2,362</b>	<b>53.8%</b>
1982	Athens/Clarke County, GA	Fail	4,999	4,953	502.0%
1982	Louisville/Jefferson County, KY	Fail	90,373	91,831	49.6%
1982	Asheville/Buncombe County, NC	Fail	12,642	20,883	37.7%
1983	Dublin & Pulaski/Pulaski County, VA	Fail	N/A	N/A	
1983	Louisville/Jefferson County, KY	Fail	89,528	96,514	48.1%
1983	Missoula/Missoula County, MT	Fail	4,465	13,497	24.9%
1984	Tifton/Tift County, GA	Fail	2,060	3,860	34.8%
1984	Staunton/Augusta County, VA	Fail	15,433	10,528	59.4%
1984	Chattanooga/Hamilton County, TN	Fail	36,550	71,044	34.0%
1985	Volusia Area/Halifax County, FL	Fail	19,050	23,450	44.8%
1986	Lakeland/Lanier County, GA	Fail	726	1,376	34.5%
1987	Brunswick/Glynn County, GA	Fail	5,761	5,407	51.6%
1987	Wilmington/New Hanover County, NC	Fail	7,051	10,337	40.7%
1987	Jackson/Madison County, TN	Fail	8,583	9,506	49.4%

	Clifton Forge & Covington/Alleghany				
1987	County, VA	Fail	N/A	N/A	
1987	Emporia/Greensville County, VA	Fail	2,073	1,560	57.1%
<b>1987</b>	<b>Lynchburg/Moore County, TN</b>	<b>Pass</b>	<b>1,375</b>	<b>95</b>	<b>93.5%</b>
1988	Sparta/White County, TN	Fail	1,459	2,241	39.4%
1988	Kingsport/Sullivan County, TN	Fail	13,674	29,654	31.6%
1988	Augusta/Richmond County, GA	Overtuned	25,219	19,153	56.8%
1989	Georgetown/Scott County, KY	Fail	3,158	4,420	41.7%
1989	Frankfort/Franklin County, KY	Fail	5,928	10,692	35.7%
1989	Conyers/Rockdale County, GA	Fail	3,760	2,768	57.4%
1989	Okeechobee/Okeechobee County, FL	Fail	1,350	3,100	20.6%
1990	Gainesville/Alachua County, FL	Fail	11,006	21,840	33.5%
				213,71	
1990	Sacramento/Sacramento County, CA	Fail	165,973	7	43.7%
1990	Roanoke/Roanoke County, VA	Fail	24,537	29,828	45.1%
1990	Owensboro/Davis County, KY	Fail	7,514	18,995	28.4%
1990	Bowling Green/Warren County, KY	Fail	4,814	15,448	23.8%
<b>1990</b>	<b>Athens/Clarke County, GA</b>	<b>Pass</b>	<b>7,954</b>	<b>5,486</b>	<b>59.2%</b>
1991	Griffin/Spaulding County, GA	Fail	2,957	5,549	31.2%
	Ashland & Catlettsburg/Boyd County,				
1992	KY	Fail	6,540	12,741	33.9%
<b>1992</b>	<b>Lafayette/Lafayette Parish, LA</b>	<b>Pass</b>	<b>33,984</b>	<b>22,353</b>	<b>60.0%</b>
<b>1992</b>	<b>Yakutat/Yakutat Borough, AK</b>	<b>Pass</b>			<b>90.0%</b>
1992	Tallahassee/Leon County, FL	Fail			40.0%
1994	Des Moines/Polk County, IA	Fail	45,745	85,334	34.5%
1994	Douglasville/Douglas County, GA	Fail	2,196	6,438	25.4%
1994	Metter/Candler County, GA	Fail	902	2,097	30.1%
1995	Wilmington/New Hanover County, NC	Fail	11,390	15,935	41.7%
1995	Spokane/Spokane County WA	Fail	6,445	9,130	41.3%
<b>1995</b>	<b>Augusta/Richmond County, GA</b>	<b>Pass</b>	N/A	N/A	<b>66.7%</b>
1995	Bedford/Bedford County, VA	Fail			24.0%
1996	Clarksville/Montgomery County, TN	Fail			?
1996	Knoxville/Knox County TN	Fail			46.0%
1997	Griffin/Spaulding County, GA	Fail			
<b>1997</b>	<b>Kansas City/Wyandotte County, KS</b>	<b>Pass</b>			
1998	Haines/Haines Borough, AK	Fail			49.0%
1998	Waycross/Ware County, GA	Fail			45.0%
2000	McMinnville/Warren County, TN	Fail			28.0%
2000	Hawkinsville/Pulaski County, GA	Fail			
<b>2000</b>	<b>Louisville/Jefferson County, KY</b>	<b>Pass</b>			
<b>2000</b>	<b>Hartsville/Troosdale County, TN</b>	<b>Pass</b>			
2001	Fairbanks/Fairbanks Borough, AK	Fail			22.0%
2001	Ketchikan/Ketchikan Borough, AK	Fail			42.0%
2001	Gainesville/Hall County, GA	Fail			47.0%

2001	Tullahoma/Coffee County, AK	Fail			29.0%
<b>2002</b>	<b>Haines City/Haines Borough, AK</b>	<b>Pass</b>	<b>658</b>	<b>524</b>	
2002	Campbellsville/Taylor County, KY	Fail			
<b>2003</b>	<b>GA</b>	<b>Pass</b>	<b>509</b>	<b>208</b>	<b>60.0%</b>
2003	Albuquerque/Bernalillo County, NM	Fail	41,863	66,794	
2004	Des Moines/Polk County, IA	Fail	35%	65%	
2004	Albuquerque/Bernalillo County, NM	Fail	41%	58%	
2004	Frankfort/Franklin County, KY	Fail			25.0%
2005	Topeka/Shawnee County, KS	Fail	39.5%	60.5%	
<b>2006</b>	<b>Georgetown/Quitman County, GA</b>	<b>Pass</b>	<b>402</b>	<b>192</b>	<b>67.6%</b>

Glendening, Parris N. and Atkins, Patricia, "City-County Consolidations: New Views for the Eighties," in The Municipal Yearbook, 1980 (Washington, DC: International City Management Association, 1980): 70; Dr. Dan Durning; and Dr. Terrell Blodgett. List is maintained by Jacqueline Byers, Director of Research, National Association of Counties.

**APPENDIX A-2. Services and Functions Authorized for City and County  
Government in the State of North Carolina.**

Services and Functions Authorized for County Government Only

- |                          |                                 |
|--------------------------|---------------------------------|
| 1. Cooperative Extension | 9. Mental Health                |
| 2. Community College     | 10. Public Health               |
| 3. County Home           | 11. Public Schools              |
| 4. County Surveyor       | 12. Railroad Revitalization     |
| 5. Drainage of Land      | 13. Register of Deeds           |
| 6. Forest Protection     | 14. Social Services             |
| 7. Juvenile Detention    | 15. Soil and Water Conservation |
| 8. Medical Examiner      |                                 |

Services and Functions Authorized for Counties and Cities

- |  |   |
|--|---|
| 1. Aging Programs                      | 23. Inspections                         |
| 2. Air Pollution Control               | 24. Jails                               |
| 3. Airports                            | 25. Law Enforcement                     |
| 4. Alcoholic Rehabilitation            | 26. Libraries                           |
| 5. Ambulance Services                  | 27. Manpower                            |
| 6. Animal Shelters                     | 28. National Guard                      |
| 7. Armories                            | 29. Off-street Parking                  |
| 8. Art Galleries and Museums           | 30. Open Space                          |
| 9. Auditoriums and Museums             | 31. Parks                               |
| 10. Beach Erosion/Hurricane Protection | 32. Planning                            |
| 11. Bus and Public Transportation      | 33. Ports and Harbors                   |
| 12. Civil Defense                      | 34. Public Housing                      |
| 13. Community Action                   | 35. Recreation                          |
| 14. Community Appearance               | 36. Rescue Squads                       |
| 15. Community Development              | 37. Senior Citizen Programs             |
| 16. Drug Abuse Programs                | 38. Sewage Collection and Disposal      |
| 17. Economic Development               | 39. Solid Waste Collection and Disposal |
| 18. Fire Protection                    | 40. Storm Drainage                      |
| 19. Historic Preservation              | 41. Urban Redevelopment                 |
| 20. Hospitals                          | 42. Veterans Services                   |
| 21. Human Relations                    | 43. Water                               |
| 22. Industrial Promotions              | 44. Watershed Improvement               |

Services and Functions Authorized for Cities Only

- |                     |                        |
|---------------------|------------------------|
| 1. Cable Television | 5. Sidewalks           |
| 2. Cemeteries       | 6. Street Lighting     |
| 3. Electric Systems | 7. Streets             |
| 4. Gas Systems      | 8. Traffic Engineering |

Source:

Lawrence, David M. and Warren Jake Wicker. 1995. "Municipal Government in North Carolina." Chapel Hill: University of North Carolina.

**APPENDIX A-3. North Carolina Association of County Commissioners  
Member Survey**

November 15, 2007

Dear Manager:

The North Carolina Association of County Commissioners will conduct a series of surveys over the next year designed to provide data on local government practices, needs and concerns. The first in this series of surveys is also assisting a member with research currently being conducted on functional consolidation in North Carolina. The individual survey responses will be held in the strictest confidence. The results will be compiled and the aggregate results will be available upon request. The results will assist the North Carolina Association of County Commissioners to better represent the interests of County government in North Carolina.

Please assist with this project by completing the attached survey and returning it by e-mail no later than December 15, 2007. Your participation is most appreciated.

NCACC  
Director of Research

Please acknowledge your agreement to participate, with the understanding that your participation is voluntary, that this information is confidential, and that no results will be shown for background categories having fewer than 5 responses.

\_\_\_\_\_ I agree to participate. (Please check)

**Definition:**

The term functional consolidation refers to the merging of identical or similar services between at least two distinct units of government. The process of consolidating services occurs when a service provided by a unit of government is merged with another unit of government. The service that is merged ceases to be provided by one of the two governments. Each governmental unit involved in the consolidation of the service retains their overall political organization and independence. Only the specific service is merged.

1. Are there examples of consolidated services in your county government with other units of government?
  1. Yes \_\_\_\_\_ 2. No \_\_\_\_\_ If yes, please check aspects of the following services that have been consolidated.
    1. Law Enforcement \_\_\_\_\_

2. Centralized Dispatching \_\_\_\_\_
3. Fire Service \_\_\_\_\_
4. Building Inspection \_\_\_\_\_
5. Planning and Community Development \_\_\_\_\_
6. Recreation and Parks \_\_\_\_\_
7. Accounting, Auditing, Billing or Payroll \_\_\_\_\_
8. Tax Collections \_\_\_\_\_
9. Purchasing \_\_\_\_\_
10. Cultural or Arts Programs \_\_\_\_\_
11. Fleet Management \_\_\_\_\_
12. GIS \_\_\_\_\_
13. Information Technology \_\_\_\_\_
14. Solid Waste Collection \_\_\_\_\_
15. Maintenance of facilities \_\_\_\_\_
16. Transportation System \_\_\_\_\_
17. Water and/or wastewater distribution or treatment \_\_\_\_\_
18. Animal Control/Enforcement \_\_\_\_\_
19. Other (Please specify) \_\_\_\_\_

2. Has your unit of government recently undertaken an assessment of consolidating a functional service?

1. Yes \_\_\_\_\_ 2. No \_\_\_\_\_

If yes, was the service successfully consolidated?

2. Yes \_\_\_\_\_ 2. No \_\_\_\_\_

If not successfully consolidated, why not? \_\_\_\_\_

3. If your unit of government has undertaken an assessment of consolidating a functional service, what steps were taken to maximize success? Check all that apply.

1. Appointed a Committee with citizen representation \_\_\_\_\_
2. Appointed a Committee with business interest (such as a Chamber of Commerce) representation. \_\_\_\_\_
3. Hired a Consultant. \_\_\_\_\_
4. Identified successful examples in other communities. \_\_\_\_\_
5. Conducted a community Strategic Planning process. \_\_\_\_\_
6. Others (please specify) \_\_\_\_\_

---

4. In your opinion, are there existing services provided in your county that have a strong potential for consolidation?

1. Yes \_\_\_\_\_ 2. No \_\_\_\_\_

If yes, check any that have potential from the list below.

1. Law Enforcement \_\_\_\_\_
2. Centralized Dispatching \_\_\_\_\_
3. Fire Service \_\_\_\_\_
4. Building Inspection \_\_\_\_\_
5. Planning and Community Development \_\_\_\_\_
6. Recreation and Parks \_\_\_\_\_
7. Accounting, Auditing, Billing or Payroll \_\_\_\_\_
8. Tax Collections \_\_\_\_\_
9. Purchasing \_\_\_\_\_
10. Cultural or Arts Programs \_\_\_\_\_
11. Fleet Management \_\_\_\_\_
12. GIS \_\_\_\_\_
13. Information Technology \_\_\_\_\_
14. Solid Waste Collection \_\_\_\_\_
15. Maintenance of facilities \_\_\_\_\_
16. Transportation System \_\_\_\_\_
17. Water and/or wastewater distribution or treatment \_\_\_\_\_
18. Animal Control/Enforcement \_\_\_\_\_
19. Other (Please specify) \_\_\_\_\_

5. If you answered no to question 4, what are the reasons functional consolidations is not viewed as a viable option for your county?

1. Do not believe functional consolidation can increase efficiency or effectiveness. \_\_\_\_\_
2. View the differences in services delivered as too great. \_\_\_\_\_
3. Do not believe community or political support for such an activity exists. \_\_\_\_\_
4. There is a concern about controlling or monitoring the service after it is merged. \_\_\_\_\_
5. There would likely be internal dissention from employees. \_\_\_\_\_
6. View the differences with other units of local government as too significant. \_\_\_\_\_
7. Other reasons (please specify) \_\_\_\_\_

6. Do you view service consolidation as a positive alternative for providing some services?

1. Yes \_\_\_\_\_ 2. No \_\_\_\_\_

7. If you answered yes to question 6, what are the reasons that you view service consolidation as a positive alternative?
  
8. Do you believe that the political culture of your County is receptive to the idea of service consolidation?
  - A. Not receptive \_\_\_\_\_
  - B. Moderately receptive \_\_\_\_\_
  - C. Very receptive \_\_\_\_\_
  - D. Uncertain \_\_\_\_\_

**Demographic Data**

9. Is the population of your county
  - \_\_\_\_\_ under 25,000
  - \_\_\_\_\_ between 25,000 – 50,000
  - \_\_\_\_\_ between 50,000 – 100,000
  - \_\_\_\_\_ between 100,000 – 150,000
  - \_\_\_\_\_ over 150,000
  
10. How many municipalities exist in your county?
  - Less than 5 \_\_\_\_\_
  - Between 5 – 10 \_\_\_\_\_
  - More than 10 \_\_\_\_\_
  
11. How many years have you served in your current position?
  - Less than 5 \_\_\_\_\_
  - Between 5 – 10 \_\_\_\_\_
  - Between 10 – 20 \_\_\_\_\_
  - Over 20 \_\_\_\_\_

Thank you for completing this survey. Please e-mail the response back by simply \_\_\_\_\_.

Please take the following space to make any comments to add to the previous questions. We welcome your input and would appreciate hearing from you if there were issues not addressed in the questions that would add to our understanding of this issue.

Please indicate if permission is granted for you to be contacted further about your comments or experience in this area. Yes. \_\_\_\_\_ No. \_\_\_\_\_

#### **APPENDIX A-4. Case Study Survey Questionnaire**

I will provide an overview of the consolidated service as an introduction to the survey. The responder will be asked to confirm the information in the brief summary.

- 1) Briefly describe the circumstances that initiated the consolidation process. What even led to the process beginning?
- 2) Briefly outline the key components of the process that culminated in the successful merging of services. In other words, what actions or approaches caused this process to be successful?
- 3) There can be resistance to processes seeking to initiate change and alter the status quo. What were the primary obstacles to the process of merging services and how were these addressed?
- 4) Was a committee appointed to guide the process? Were opportunities to engage in the process available to individuals or groups not on the committee? Was frontline staff involved in the process?
- 5) What are the advantages of the consolidated service to the organization involved and the community? Have the initial expectations and goals been realized?

## **VITA**

Charles R. Abernathy earned a BA in Political Science from the University of North Carolina at Chapel Hill in 1982. He earned a Master's Degree from Appalachian State University in 1984 and a Master's Degree in Public Administration in 1986 from the University of Tennessee. The author has served as County Manager in McDowell County, North Carolina since 1987. He has also served in the dual capacity of County Manager and Economic Development Director since 2000. Charles is an adjunct faculty member at Appalachian State University where he teaches a graduate course in public administration.