



CRC MEMORANDUM



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STREAMLINING FUNCTIONS AND SERVICES OF KENT COUNTY AND METROPOLITAN GRAND RAPIDS CITIES

This Memorandum summarizes CRC Report #357. The full report can be accessed at www.crcmich.org/PUBLICAT/2000s/2009/rpt357.html. This project was made possible by grants from the Frey Foundation, Steelcase Foundation, and the Hudson-Webber Foundation.

Summary

The Citizens Research Council of Michigan was engaged to examine the activities and services provided jointly among Kent County and the cities of East Grand Rapids, Grand Rapids, Grandville, Kentwood, Walker, and Wyoming. Working with these local governments, CRC identified existing patterns of collaboration and opportunities to expand collaboration to new service areas or expand existing collaboration to include more local governments. Michigan laws and the city charters were examined to investigate potential legal impediments that would limit the ability of these communities to expand collaboration. Finally, the role of the county government was examined to identify functions and services the county could perform for the local governments more efficiently than the individual

communities acting independently.

These communities have been progressive in meeting the needs of their communities as a region. Collaborative service provision has been the norm for these communities for many years, even before the difficult economic conditions that currently challenge Michigan led so many other local governments to re-examine the benefits of collaboration. These communities appear to be more involved in collaborative service provision than other groups of local governments throughout Michigan. The difficult economic conditions gripping Michigan and the declining support coming from state revenue sharing makes it necessary to investigate whether more can be done to achieve economies.

About Intergovernmental Collaboration

Difficult economic conditions are forcing local government officials to reconsider the standard methods of performing functions and providing services. Officials have three options to deal with the fiscal and operational pressures on local governments: 1) increase taxes to yield more revenues; 2) cut spending to meet available revenues; or 3) find alternative methods of providing services at current levels for less money. The first two options can negatively affect the attractiveness of any single municipality relative to its neighbors. They would either increase the cost of residing and operating a business in the municipality or diminish the menu and/or level of services provided. Intergovernmental collaboration provides local governments with alternative methods of performing functions and providing services.

Michigan local governments use intergovernmental collaboration to provide services more efficiently and to avoid duplication of effort; provide services or service levels that individual governments cannot afford to provide on their own; provide services or deal with problems that transcend the boundaries of individual units; and minimize externalities. Local governments cooperate in a multitude of forms: including consul-

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MAIN OFFICE 38777 Six Mile Road, Suite 208 • Livonia, MI 48152-3974 • 734-542-8001 • Fax 734-542-8004

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tation, voluntary regional commissions and councils, mutual aid pacts, joint service provision, joint purchasing, contracting to have functions performed and services provided to their residents, and special authorities.

Intergovernmental collaboration that occurs between two or more local governments of similar types can be thought of as *horizontal collaboration*. Intergovernmental collaboration also occurs when local governments collaborate with the State or county governments. Such collaboration may

take the form of municipalities sharing the cost of functions performed by their counties; municipalities contracting with their counties or the State to have functions performed; or the county governments simply assuming responsibility for the performance of specific functions, thus relieving the municipalities of any function performance duties. These forms of relationships can be thought of as *vertical collaboration*. Joint purchasing offers another form of intergovernmental collaboration, but it is not driven by the same economic motives for economies

of scale that drive horizontal and vertical collaboration. The benefit of joint purchasing is the leverage purchasers gain by buying in bulk. The relationship created when two or more governments use the same private provider for governmental services or functions can be thought of as *indirect collaboration*. Many of the same services are provided by local governments contracting with other local governments (in horizontal and/or vertical collaboration) and through indirect collaboration.

Statutory Review

The 2007 CRC Report, *Authorization for Interlocal Agreements and Intergovernmental Cooperation in Michigan*, found 77 specific laws, or provisions of laws, that authorize intergovernmental collaboration. Some laws broadly authorize collaboration for any services that local governments are authorized to provide independently, other laws authorize collaboration for the provision of specific functions or services.

Laws that Impede Collaboration

Those laws were implemented to authorize collaboration among local governments, but provisions in some of these laws severely limit the ability of local governments to come together for joint service provision.

Employee Protection Provisions

Employee protection provisions contained in six separate laws prohibit local governments from us-

ing intergovernmental collaboration to displace employees currently engaged in providing the functions or services that are proposed for joint provision. The provisions state that employees affected by transfer because of collaboration should not be put in any worse position relative to worker's compensation, pension, seniority, wages, sick leave, vacation, health and welfare insurance, or any other benefits that were provided as an employee of one of the merging government service providers. The result of these provisions is that intergovernmental collaboration cannot be used effectively to reduce the size of municipal staffs. In fact, because of these provisions, consolidated service provision may cause the cost of that service to increase rather than decline.

The Urban Cooperation Act, for instance, provides:

"No employee who is transferred to a position with the

political subdivision shall by reason of such transfer be placed in any worse position with respect to workmen's compensation, pension, seniority, wages, sick leave, vacation, health and welfare insurance or any other benefits that he enjoyed as an employee of such acquired system."

Government tends to be a labor intensive enterprise for many services. It is especially labor intensive for the public safety services – police and fire protection – that consume the majority of the budgets for full service local governments. Laws that hinder the ability to achieve savings through collaboration put public officials in the difficult position of needing to reduce the service levels or eliminate those services completely to achieve savings.

Laws that Make Collaboration More Difficult

Certain other laws do not directly create impediments to collabora-

tion, but either through their construction or their omission makes collaboration more difficult for the local policymakers that must make difficult decisions when initiating collaborative services.

- Public Act 336 of 1947, the Public Employment Relations Act (PERA) requires employers and representatives of employees to "...confer in good faith with respect to wages, hours, and other terms and conditions of employment..." [emphasis added] This wording has been interpreted to mean that the duty to bargain extends to the public employers diversion of work to non-unionized employees or to outside contractors. Thus local governments currently engaged in the provision of a service must submit to collective bargaining potential actions to provide that service collaboratively with another governmental unit or through non-governmental contractors.

Further, Public Act 312 of 1969 submits interest or contract formation disputes between public employers and public safety employees to binding arbitration, as well as issues arising during collective bargaining negotiation over the terms to be included in a new contract. Thus, local governments considering collaboration for the provision of police or fire protection must consider the possibility of those changes to the conditions of employment being subjected

Act 312 binding arbitration.

- Public Act 116 of 1954, the Election Law, permits inter-governmental collaboration agreements to be used as a cause for recall efforts against elected officials.
- Under Public Act 279 of 1909, the Home Rule Cities Act, several cities have amended their charters to create minimum staffing requirements for their police and/or fire departments. Such provisions preclude collaboration as a viable tool for seeking efficiencies in government operations.
- Finally, Public Act 206 of 1893, the General Property Tax Act could be amended to facilitate greater tax base sharing. As long as local government officials are driven by the need to expand the tax base, the goal of new development will outweigh the benefit of collaboration.

Reform of these laws would better enable local government officials to make structural changes to the methods of providing government services and create an atmosphere in which leaders think beyond the boundaries that define their local governments.

Charter Review

For the six cities involved in this study, the local laws that create their operating structures, as defined by city charters, are very permissive in authorizing the cities to jointly provide services. The charters specifically authorize the cities to engage in joint service provision with its neighbors.

For example, the Wyoming City Charter provides:

Section 2.5. Intergovernmental contracts. The city shall have power to join with any governmental unit or agency, or with any number or combination thereof by contract or otherwise as may be permitted by law, to perform jointly, or by one or more of them, for or on behalf of the other or others any power or duty which is permitted to be so performed by law or which is possessed or imposed upon each such governmental unit or agency.

Impediments to Collaboration

Very few obvious impediments to collaboration appear in the city charters. The Grand Rapids City Charter vests responsibility and control of the Grand Rapids Public Library with the Board of Library Commissioners. Clearly this would impede the ability of Grand Rapids to divest itself of its library in favor of a library authority, but it would not seem to be such a strong impediment that the City would be precluded from participating in a resource sharing consortium or otherwise working with other libraries. Several of these cities have language in their city charters making the city assessors charter officers. The language in these charters would suggest that these cities must maintain a public officer in the office of city assessor. Otherwise, each of the cities should not be restricted from collaborating in the provision of services.

Analysis of Collaboration in Kent County

CRC received from each of the governments a list of the functions and services provided through some form of interlocal agreement. This information was used to analyze the services each unit

provides and the methods employed to provide those services. That information was used to analyze each function and service to identify the following potential opportunities for enhanced col-

laboration. CRC did not have sufficient information to analyze the potential savings from reduced duplication or the potential service enhancement that may result from economies of scale.

Intergovernmental collaboration has been extensively used as a tool for improving the operations of the seven governments. Collaboration exists among these cities and between the County and these cities for a broad range of functions and services. Examples arise in the list of functions and services that the County provides to local governments that are provided not only to these six cities, but also to the other cities, villages, and townships in Kent County. Several trends are worthy of recognition.

Collaborative Arrangements not Universal – Roughly two-thirds of the services that are jointly provided can be classified as horizontal collaboration. Only about a quarter of those uniformly include all six cities. Most are:

- Individual relationships between two or only a few of these cities,
- Arrangements involving the

Existing Collaboration

City of Grand Rapids, as the seat of county government, and Kent County, or

- Interlocal agreements between individual cities and the school districts they overlap.

As a result, there are opportunities for those cities not party to those individual agreements to become party to existing interlocal agreements, or create similar interlocal agreements with other cities for the provision of those services. This works for both vertical collaboration, where the county is performing functions for something less than all of the cities, and horizontal collaboration, where something less than all of the cities are working together to provide services.

Joint Purchasing – These communities have established a strong network of joint purchasing that serves them well and can be expanded to other items in the future. Several of the joint purchasing agreements

were between only a few communities. It is important that they be expanded to include all of the communities and any surrounding communities purchasing supplies similar to those utilized by these communities.

Police Teams – The Metro Oversight Board has united the police efforts of these cities and Kent County for a consolidated effort to provide the Children’s Assessment Center and created teams to handle major crimes and vice, auto theft, fraud and identity theft, drug, and cold cases. This approach recognizes that perpetrators of crimes do not limit themselves to single jurisdictions. Additionally, the officers and detectives participating on these police teams possess specialized skills. Spreading their abilities over broader geographic areas allows participating units to invest the resources into training these individuals, thus capitalizing on economies of skill.

Opportunities for New Collaboration

Two areas are targeted as key opportunities to create savings in the municipal budgets and provide opportunities for future collaboration: public safety and the county performance of municipal functions.

Public Safety

Kent County and the six cities could build on the fire automatic aid agreements these cities have in place and the Metro Oversight Board, which plays such a vital role for specialized police functions, to identify additional public safety functions that could be jointly provided. Large percentages of the budgets of these communities are dedicated to the provision of police and fire protection. The ability to achieve savings and maintain service levels without raising taxes begins by addressing the cost of these services.

The public safety services that provide the greatest community identification, police street patrol and incident response by the police departments and fire and emergency responses by the fire departments, tend to be very labor intensive. Collaborative provision of street patrol or fire responses would provide only marginal opportunities for savings because collaboration would do nothing to change the aggregate land area, population, or number of residential and business properties in these cities. Nonetheless, collaboration would provide some opportunity for savings and would enable the region to better manage delivery of these public safety services. However, as long as the

employee protection provisions remain in the Urban Cooperation Act and Emergency Service Authorities Act, a full consolidation of police and fire departments across these jurisdictions is not likely to be cost effective.

One need not move to a full consolidation of police and fire departments. These cities could pursue collaboration on specific parts of police and fire department operations for which economies of scale may result in savings. This approach would allow for a regional approach to facility placement, 9-1-1 dispatch services, fire fighter training, fire investigation, hazardous material handling and response, and a firing range.

Two alternatives are presented to provide these services across jurisdictions, (1) a special authority should be created or (2) the personnel could be housed within the county sheriff's department. A special authority would keep each individual police department intimately involved in the operations of the joint squad, but it is possible that jurisdictional and insurance issues could complicate the operations of such a squad across multiple governments. Those potential issues would be addressed by housing the joint squad in the county sheriff's department. The county has jurisdiction across all cities, villages, and townships.

County Performance of Municipal Functions

Kent County should position itself to perform more functions on behalf of the local governments –

not just the six cities, but all other cities, villages, and townships in Kent County – by developing a closed intranet among the local governments and using that network to serve as a contracting body for functions and services for which county employees are already involved. By creating the computer capabilities to interact with each local government, the county can position itself to allow for financial transactions, perform accounting services, perform treasury functions, provide payroll and benefit services, conduct property assessing (notwithstanding the above mentioned charter provisions) and collect property taxes, elections, maintenance of records and archives, and to serve as a single platform and host for municipal websites.

Capital Intensive Services

Other opportunities to expand collaboration can focus on some of the capital intensive services for which collaboration would be expanded to new communities or into new functions. The Kent County Road Commission and the cities share responsibility for the roads. Roads under the jurisdiction of the Road Commission tend not to flow into these metropolitan cities, but the similarities in task and equipment needs provide opportunities for these jurisdictions to work together.

City/School District Collaboration

The ideas of collaboration need not be restricted to interaction among the cities or between the cities and the county. These cities

share common taxpayers with school districts that perform non-instructional services similar to services performed by the cities. The cities and school districts could work together for maintenance of the buildings and grounds, maintenance and storage of the vehicle fleets, and joint

Kent County and the cities of Grand Rapids, East Grand Rapids, Grandville, Kentwood, Walker, and Wyoming have been very progressive in developing regional strategies for meeting the service demands of their residents. Intergovernmental collaboration has been used extensively long before the current economic struggles plaguing Michigan led local governments throughout Michigan to reexamine this tool.

Now Michigan, and the local governments that derive tax revenue from the economic activity that occurs, is beset by a prolonged economic contraction. Business as usual will not be an option for the provision of local government services. Collaboration in the provision of governmental services is one tool local governments can

use to capitalize on economies of scale and improve the provision of services while reducing costs.

Regional Assets

The Kent County assets that provide services beyond the county borders could be regionalized. Residents of many surrounding counties travel to the Grand Rap-

Conclusion

ids area to visit both the Gerald R. Ford International Airport and the John Ball Zoological Gardens. Multi-county authorities could be created to support these regional assets; expanding the tax base and lowering the tax burden on any individual entities.

use to capitalize on economies of scale and improve the provision of services while reducing costs. It will be necessary for state laws to be amended to better enable these Grand Rapids communities, and local governments throughout Michigan, to benefit from collaboration to the fullest extent possible. Michigan's laws are relatively permissive, allowing local government collaboration for the provision of any service that the local governments are authorized to provide independently, but provisions in a few laws create circumstances wherein collaboration may increase the cost of service provision.

CRC's analysis of opportunities to expand collaboration focuses on the support functions for public

safety and functions that the county can provide on behalf of the local governments. The capital and technically intensive services that are performed to help police officers on the streets and fire fighters better perform their duties can be consolidated among these local governments to achieve savings. Also, the county is well positioned to perform many of the functions needed for local governments to operate.

The time to take action is now. Even with the level of existing collaboration among these communities, it will take some time to develop and implement new collaborative efforts. Savings will not be reflected in current fiscal years, but in future years, and only if action is initiated presently to consolidate service provision.