

The City of Sparks' Perspective on Consolidation

A White Paper prepared for Shaun D. Carey, Sparks City Manager
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Sparks' Perspective on Consolidation

Overview

The recent economic downturn has resulted in cost-cutting measures in Sparks including reduction in expenditures such as training and travel, delay in capital projects, large scale layoffs in Community Development (Cityworks), freezing of nearly all open positions in all departments, reductions in compensation (no cost-of-living adjustments) for a large majority of city employees and changes to employee benefits.

Regional discussions have included regional shared services where progress has been made and the possibility of consolidation of services by two or three of the local jurisdictions of Sparks, Reno and Washoe County.

In 2001, the City of Sparks formed a committee to examine the possible merger of fire services with Reno and Truckee Meadows Fire Protection District, the two entities that did merge. The committee determined that the cost of fire services for Sparks would increase to maintain the same service levels in Sparks for a variety of reasons.

Constituency

Over the past several years, the question of consolidation of services has been posed. The opposition to the consolidation of city provided services has been strongly confirmed annually in the Sparks Citizens Public Attitude Surveys.

Position on Consolidation by the City Council

The question of consolidation of services with Reno and/or Washoe County has been thoroughly discussed by the City Council at budget and strategic planning workshops over the past several years. The city participates actively in regional activities such as the TMWA, TMWRF, RTC, HOME Consortium, TMRPA, Regional Emergency Operations Center and the Truckee River Flood Project. The city supports regional shared services such as the regional snow removal plan. The City Council has supported the position of its constituency municipal services provided in Sparks should remain solely under the control of the City Council and city staff.

The Council on January 8, 2002 passed Resolution 2776, as shown in Appendix A, which stated:

“[T]he Sparks city council will join regional efforts to improve the quality and fiscal efficiencies of city services for the citizens of the City of Sparks and fiscal equity for the region, without participating in or supporting any regional government consolidation which would change the form of government of the City of Sparks.”

The Council continues to direct staff to work collaboratively in regional efforts to provide efficient and effective services to the Citizens of Sparks. Appendix B shows the current list of shares, combined, and collaborative services in the region.

Consolidation Research

Although the perception is that consolidation of municipal services may be more cost efficient, recent research demonstrates that bigger local government may not be better but also may be more costly. Attached are summaries of research in recent years addressing local government consolidation.

In Appendix C, “City-County Consolidation and Diseconomies of Scale” by Chris Pineda, Government Innovators Network, it is concluded that “a review of 25 research studies conducted over the past two decades on ‘fragmentation’ versus centralization in US local governments suggests ‘local government systems which are fragmented and de-centralized are generally associated with lower spending and greater efficiency’.

In Appendix D, “Is Municipal Consolidation the Answer? (or...Is Bigger Always Better?)” by Byron Katsuyama, Policy Consultant, Municipal Research and Services Center (State of Washington), the Summer, 2003 article states that “the consensus among researchers who have studied consolidation efforts is that nearly 80 percent of municipal services and activities don’t possess economies of scale beyond a population of 20,000 residents”.

In Appendix E, “Sandy Springs: A Case Study on Centralization of Local Government” by Eva C. Galambos, PhD, the study focused on a proposal to consolidate the City of Sandy Springs, GA (79,600) with Atlanta (426,600). The study did not support the proposal and addressed perceptions related to discussion related to our consolidation considerations. In the article, it is pointed out that the term “duplication” of services is erroneously applied to the consolidation consideration. Duplication of services only occurs when two agencies are providing the same services to the same constituency. There is no duplication of services when each agency is providing municipal services to its own constituency.

The article also states “as cities grow larger, the layers of bureaucracy rapidly grow and the economies of scale for capital expenditures are soon overwhelmed by the diseconomies of a growing bureaucracy. This effect accounts for the finding by the Carl Vinson Institute of Government that governmental consolidations for jurisdictions for 250,000 in population are unlikely to result in cost savings”.

We have many regional entities and programs and have made a number of capital expenditures under regional agreements and ordinances (TMWRF, TMWA, Flood project, regional road impact fees, Regional EOC, etc). These are efficient approaches to regional capital needs. However, municipal services have regulations, standards and service levels specific to each jurisdiction. Centralization of these services would likely affect specialized demands and desires of the constituencies and, with the Truckee Meadows being larger than the 250,000 in population cited in two of the above studies, that higher costs would likely be associated with consolidation of municipal services.

Sparks Staff Input

Attached in Appendixes F through L are pros and cons of consolidation of departments with Reno and/or Washoe County as presented by our Department Heads. The largest benefits noted revolve around the shared services efforts we have recently examined. Many of these shared services have been ongoing for quite some time.

The detractions are related to the desires of the constituency in Sparks, the position of our City Council, the outcomes of municipal services in Sparks which may not be the same outcomes desired in Reno or Washoe County and the myriad of legal issues. City standards which, if changed to a more regional model like the Regional Planning Commission in the 60's and 70's, would create significant nonconforming status for land use, infrastructure and existing service levels.

Conclusion

Sparks has been a changing community especially in recent years. Rapid growth and significant changes in our land use mix have occurred with specific standards and services expected by our constituency. This has also resulted in consistent opposition to consolidation by our constituency and City Council.

Economies of scale have been attained regionally with capital expenditures in many areas. Substantial research indicates diseconomies of scale in the provision of municipal services in a region of our size. Distinctions between the cities and the unincorporated communities are clear. Consolidation of services appears not to be the answer to cost savings needed for local government. Shared services, regional capital facilities, mutual aid and other regional entities in existence are the best approaches.

The City of Sparks would be well served following the conclusion of the City of Las Vegas in their September 8, 2008, Consolidation Study Synopsis (Appendix M):

“Consolidation is not a common occurrence and results in more failed attempts than successful efforts. Costs associated with implementation of reorganizations often create financial burdens that were not anticipated. Entrenched bureaucracies also cause a hindrance to the consolidation process. Political and executive management are often constrained by the contractual or moral obligations of concessions for pay and benefits to existing employees. This negates the overall goal of financial efficiencies...Time and energy is best spent implementing less intensive and more easily achievable forms of local government and collaboration through formal and less formal agreements.”

Appendix A – Sparks City Council Resolution No. 2776

**RESOLUTION NO. 2776 INTRODUCED BY COUNCIL A RESOLUTION ON
REGIONAL GOVERNMENT CONSOLIDATION**

WHEREAS, the City of Sparks is proud of its individuality, its ninety-seven year history as the rail city of Nevada, and its identity as a family community with the best quality of life in the Truckee Meadows; and

WHEREAS, the Sparks city council is dedicated and duty bound to represent the best interests of all citizens of the city; and

WHEREAS, the Sparks city council believes those interests and those citizens are best served by council members elected from and by the citizens of the City of Sparks; and

WHEREAS, the Sparks city council believes perpetuating and improving the current form of government in the City of Sparks is in the best interests of all citizens of the city; and

WHEREAS, the Sparks city council believes proven efficiencies in city services are in the best interests of the citizens, and

WHEREAS, the Sparks city council believes fiscal constraint by city government and regional fiscal equity for all citizens in the region is in the best interests of the citizens of Sparks.

NOW, THEREFORE, BE IT RESOLVED that the Sparks city council will join regional efforts to improve the quality and fiscal efficiencies of city services for the citizens of the City of Sparks and fiscal equity for the region, without participating in or supporting any regional government consolidation which would change the form of government of the City of Sparks.

PASSED AND ADOPTED this 28th day of January 2002,
by the following vote of the city council.

AYES: MAYER, SALERNO, MARTINI, CARRIGAN, SCHMITT

NAYS: NONE

ABSENT: NONE

APPROVED this 28th day of January 2002, by:
/Armstrong, Mayor

Appendix B -- Services Provided on a Consolidated/Cooperative Basis in Washoe County as of February 2008 (refreshed for proper titles on August 4, 2008)

- 800 MHz Regional Radio System – 17 partners
- Affordable Housing Consortium (HOME Consortium)
- Auctions of Government Surplus Equipment
- Building Codes Standardized for Washoe County (WC), Reno, Sparks, Fernley, Lyon County
- Central Truckee Meadows Remediation District
- Civil Protective Custody Facility
- Computer Technology: GIS Information, Courts & Criminal Justice, Regional Basemap Committee–WC, Reno, Sparks, Sierra Pacific Power Co. (SPPCo), Fernley, Carson City, and Douglas County
- Courts Delinquent Accounts Collections (Sparks/County)
- Detention Facility (Consolidated Jail)
- Elections
- Employer Health Care Coalition
- Enhanced E911
- Extraditions
- Facilities Management – Mills Lane Justice Center, Regional Public Safety Training Center (RPSTC), and Regional Emergency Operations Center (REOC)
- Family Resource Center with Washoe County School District (WCSD) at Sun Valley
- Fire Department -- Reno Fire Department / Truckee Meadows Fire Protection District
- Forensics (Crime Lab)
- Graffiti Tracking and Abatement
- Homeless Shelter Operations and Cold Weather Shelters

- Human Services Consortium
- Internet Crimes Against Children Task Force
- Joint Terrorism Task Force
- Juvenile Detention Alternatives Initiative
- Kids and Senior Korner Project
- Living with Fire Partnership
- Mills Lane Justice Center -- Reno Municipal Court and County District Attorney's Office Building
- Northern Nevada Police Officers Law Enforcement Academy – Police Officers Standards and Training (POST)
- Open Space and Trailhead Management
- Park Maintenance – provides maintenance to four schools in Washoe County School District (WCSD) when requested
- Partnership Libraries – WCSD Schools, Truckee Meadows Community College (TMCC) Paralegal, Duncan/Traner, Mendive, Verdi, and Gerlach
- Public Health -- Washoe County District Health Department
- Purchasing -- Joinder Bids and Joint Requests for Proposals
- RAVEN – Regional Aviation Enforcement operated by Washoe County Sheriff's Office (WCSO)
- Recreation Programming
- Recruitment of Personnel
- Regional Animal Services
- Regional Emergency Communications Dispatch
- Regional Emergency Operations Center (REOC)
- Regional Emergency Ordinance Disposal (EOD) Team, formerly the Consolidated Bomb Squad
- Regional Evacuation and Shelter Plan

- Regional Gang Unit (RGU)
- Regional Road Impact Fees
- Regional Open Space Plan
- Regional Public Safety Training Center
- Regional Sex Offender Unit
- Regional Snow Response Plan
- Regional Special Enforcement Team (SET), formerly the Consolidated Narcotics Unit (CNU)
- Repeat Offender Program (ROP)
- Road Maintenance Resource - Sharing Agreement
- Sierra Nevada Community Access Television (SNCAT) – The Media Center
- Special Weapons and Tactics (SWAT) Team
- Search and Rescue (SAR) Team
- Senior Centers and senior transportation services
- T-1 Technology Line (Provided to Sparks by Washoe County)
- Toxicology Lab
- Traffic Signals Maintenance (Provided to Washoe County by Sparks)
- Truckee Meadows Wastewater Reclamation Facility (TMWRF)
- Truckee Meadows Water Authority (TMWA)
- Truckee River Flood Control Project
- Western Regional Water Commission (WRWC)

City-County Consolidation and Diseconomies of Scale

Summary of Selected Literature

By Chris Pineda, Government Innovators Network

Overview: Can City-County Consolidations Cause Diseconomies of Scale

When local officials consider how best to maximize efficiency in local government, one often-discussed proposal is the consolidation of city and county services. In theory, consolidation should produce economies of scale which allows cost savings to be achieved – average costs are reduced when spread out over a wider set of users. The reality is that this may not always occur—but why? Why do city-county consolidations not always produce cost savings and, in some case, actually lead to higher costs? To help local and state officials grappling with this issue, we have summarized recent literature on the causes of diseconomies of scale in city-county consolidations and listed useful online resources.

What Causes Diseconomies of Scale in a City-County Consolidation?

- ⌚ **Labor intensive services.** 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. Labor intensive services can include:^{1, 2}
police, general fire protection, public works, and parks and recreation services.
- ⌚ **Bureaucracy growth.** According to some economists, diseconomies of scale in consolidated local governments occur because bureaucrats and politicians become removed from day-to-day contact with residents. When these officials are “out-of-touch” with³
citizen concerns, there may be no incentive to cut costs, or to stop increased spending.
- ⌚ **Merging personnel-related costs.** In city-county consolidations, personnel-related costs may actually rise as two pre-existing personnel systems and benefits packages merge. One explanation is that the wages and benefits of employees are equalized to the highest level of comparable employees. Similarly, existing employees may have job security as⁴
part of the merge agreement.
- ⌚ **Merging service quality costs.** When pre-existing delivery systems are merged in a city-county consolidation, an “averaging up” effect may occur with service levels and standards for equipment and facilities. These increased service quality costs then become¹
ongoing expenditures.
- ⌚ **One-time transition costs.** Consolidating city services may require one-time operating and capital expenses that can quickly add up. One-time transition costs can include:
merging and upgrading computer systems and consulting fees to resolve conflicting rules⁴
and regulations.

Relevant Quotes

“[M]any of the case studies on consolidations in both the U.S. and Canada over the last 20 years have failed to find significant economies of scale for most municipal services. The findings from these and other studies have shown that costs for many services actually go up following large municipal consolidations” (p. 3)¹

“There is general agreement that consolidation has not reduced costs (as predicted by some reform advocates) and in fact, may have even increased total local expenditures...Gustely found that expenditures rose after the Dade county consolidation. Benton and Gamble came to the same conclusions in their study of Jacksonville. Erie and colleagues reviewed a range of consolidation efforts and concluded that “the net effect of restructuring is a per capita increase⁵ in service costs,” which they attribute to an increase in average service levels.” (p. 106)

“In recent years, economists have endorsed the fragmented, decentralized model. They have concluded that competition between numerous adjoining jurisdictions keeps total expenditures down in metropolitan areas. The multiplicity of local governments allows for contracting among jurisdictions for services when local elected officials determine buying from a neighbor is less costly than producing the service in-house. The end result is a “local public economy” — a quiltwork of service deliveries determined by decentralized elected officials who are responsive to their voters.”⁶

“A review of 25 research studies conducted over the past two decades on “fragmentation” versus centralization in U.S. local governments suggests “local government systems which are fragmented and de-concentrated are generally associated with lower spending and greater efficiency.” The power of bureaucracies grows the larger the centralized government becomes. This is evident in the difficulty locally elected officials have in privatizing municipal services in large cities. They are hemmed in by empire-building bureaucracies and government employee unions, which are stronger in the larger... municipalities.”⁶

Selected Bibliography of Online Resources

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Endnotes

¹ "Is Municipal Consolidation the Answer? Is Bigger Always Better?," Municipal Research and Services Center of Washington, Summer 2003, pp. 1-5.

² "Cooperation Not Consolidation: The Answer For Milwaukee Governance," Wisconsin Policy Research Institute Report, Vol. 15, No. 8, November 2002.

³ Sam Staley, "Bigger Is Not Better: The Virtues of Decentralized Local Government," Cato Policy Analysis 166, 21 January 1992.

⁴ "Does City-County Consolidation Save Money?" Carl Vinson Institute of Government, University of Georgia, Public Policy Research Series Vol. 1, No. 2, March 2000.

⁵ Altshuler, Morrill, Wolman, and Mitchell, eds, "Governance and Opportunity in Metropolitan America," *The Committee on Improving the Future of U.S. Cities, Governance, and Opportunity in Metropolitan America*, National Academy Press: Washington, D.C, 1999.

⁶ Eva C. Galambos, "Sandy Springs: A Case Study on Centralization of Local Government," Georgia Public Policy Foundation, 3 November 1999.

Appendix D -- Municipal Research and Services Center (Washington State)

Is Municipal Consolidation the Answer?

(or ... Is Bigger Always Better?)

Fragmentation Reconsidered

We're all familiar with the criticism that our system of local government is "too fragmented." The existence of numerous cities and towns together with a sometimes bewildering array of special purpose districts is frequently criticized in the popular media as being uncoordinated, inefficient, and wasteful. While seldom defined, the "scourge" of fragmentation is usually "proven" simply by counting up the number of governments in a given county or region and concluding that there are too many.

Having thus diagnosed the problem as one of "too many" governments, the critics-turned-reformers typically propose consolidation as the remedy, promising such benefits as improved efficiencies and economies of scale. The arguments are compelling and track with the conventional wisdom on the subject that says fragmented local government structures are inherently inefficient.

But are "many governments" always "too much government"? Could it be that our complex and fragmented system actually promotes, rather than detracts from, efficient and responsive government? As it turns out, there is a growing body of evidence suggesting that smaller and more flexible governments may actually operate more efficiently and cost less than larger governments, challenging some of the key assumptions of the pro-consolidation reformers.

The Arguments for Consolidation

The idea that consolidating or merging local governments will improve services has its roots in the progressive reform movement that began during the late nineteenth and early twentieth centuries in the United States. Metropolitan areas with large numbers of local governments were viewed as organizationally "fragmented" and prone to a variety of ills, including inefficiencies and inequities. Fragmented authority, either within a government or between several local governments, was viewed as a source of weakness.

The proponents of consolidation argue that fewer and larger local governments will be more efficient and effective than many small governments. Costs can be held down and perhaps reduced through the elimination of duplicative services, personnel, and equipment. Larger governments may also be able to take advantage of "economies of scale" or lower per-unit costs for government services. Further, a single unified government will be better able to coordinate policies and decisions for activities, such as regional planning and economic development, than several independent governments.

In fragmented government systems, some services may benefit citizens in adjoining areas who neither pay for the service nor share in the effort involved in its delivery. The proponents of consolidation argue that "spillover effects" like this will be eliminated when the boundaries of

the service area are the same as the boundaries of the taxing jurisdiction. In this way, the tax burdens within communities can be equalized through the creation of governments that more clearly match area needs.

The Arguments against Consolidation

The opponents of consolidation counter that greater fragmentation of local governments and increased competition between them will promote reductions in service costs, increased public access, and greater political accountability.

The superior fiscal performance of governments in a fragmented system comes from the effects of inter-jurisdictional competition and from their ability to choose from a variety of service arrangements of various scales (ACIR, 1992). Where contracting out is an option, even the smallest cities can take advantage of economies of scale, where they exist, through contracts with outside (public or private) service providers.

The opponents also charge that consolidation undermines community identity and reduces political accessibility and accountability by further removing elected representatives from their constituents. They argue that decentralized structures are inherently more democratic for the simple reason they are closer to the people.

Findings from Consolidation Research and Case Studies

The most popular argument advanced by the pro-consolidation advocates is that of cost savings through "economies of scale." The assumption is that consolidation will result in cost savings by reducing duplication and the number of employees. However, many of the case studies on consolidations in both the U.S. and Canada over the last 20 years have failed to find significant economies of scale for most municipal services. The findings from these and other studies have shown that costs for many services actually go up following large municipal consolidations.

Costs appear to rise with size for several reasons:

- Consolidated city services that are labor-intensive and must be replicated from one neighborhood to the next (e.g., police patrols, fire stations, and parks) often do not achieve economies of scale and may end up costing the same or even more.
- When local governments consolidate, the wages of the consolidated government's employees usually increase to the level of the highest-paid comparable employees.
- A similar "averaging up" phenomenon occurs with service levels and standards for equipment and facilities, which also tend to rise to the highest level among the consolidating organizations.

As a result, many of the cost savings that may be achieved by streamlining services and staff are often offset by the absence of scale economies and the averaging up of wages and service standards.

In contrast, the evidence from various studies has led many researchers to conclude that the least expensive local governments are found in complex systems of small and medium-sized municipalities that both compete and cooperate with one another (Bish, 2001).

Where are the Economies of Scale?

The consensus among researchers who have studied consolidation efforts is that nearly 80 percent of municipal services and activities don't possess economies of scale beyond a population of approximately 20,000 residents. The remaining 20 percent tend to be services that are highly specialized, such as police crime labs that are used only infrequently, or those that require large capital investments, such as sewage treatment plants or landfills (Bish, 2001).

The Federal Advisory Commission on Intergovernmental Relations concluded that per capita costs generally fall for municipalities with populations up to 25,000, remain fairly constant for those up to 250,000, but then rise significantly (ACIR, 1987).

In general, services that require large capital investments, like sewage treatment plants or landfills, may possess economies of scale and will benefit by spreading the cost over a large population. Activities that are labor-intensive, like police services, on the other hand, are likely to experience diseconomies of scale such that average costs actually increase with the size of the jurisdiction (Bish, 2001).

While the research findings do not appear to support the claims of the pro-consolidation proponents in cases that have involved consolidations of large communities, the evidence from these same studies does suggest that scale economies may still be achievable through consolidations of smaller communities (e.g., those under 20,000 population) (Bunch and Strauss, 1992). In fact, most of the consolidations in this country have been between very small cities below 10,000 population or between one small and another relatively large city (Halter, 1993).

Consolidation vs. Fragmentation in Washington

If the behavior of Washington voters is any indicator, we might conclude that their preference is for a fragmented rather than consolidated system of local government. Ironically, even while Washington's voters have enthusiastically approved a series of ballot measures aimed at curbing local government spending, they have shown a remarkable willingness to embrace the formation of new cities. Witness the spate of municipal incorporations that have occurred in the Puget Sound region, and particularly in King County, in recent years. In the ten-year period from 1990 to 2000, the voters in King County created no fewer than 11 new cities!

By voting to incorporate, the citizens in these communities did what many others before them have done-acting in their own self-interest, they created yet another layer of local government. The voters seem to be saying they want their government to be both small and local, where they can more easily influence its policies and monitor its activities. And they want it to operate in the most cost-efficient manner possible.

City-City Consolidation in Washington

Our experience with consolidating governments in Washington has, on the other hand, been much more limited. In fact, it's been 35 years since the last successful city-city consolidation in this state - Kirkland and Houghton in 1968. Even here, the successful election was the fourth in

a series of failed consolidation elections extending back to 1951. Interestingly, in each of the previous three elections, the larger city of Kirkland approved consolidation, but Houghton did not.

While others since that time have considered consolidation, there have been no other city-city consolidations in Washington. In the early 90's, Coulee City, Coulee Dam, Electric City, and Grand Coulee in Grant County gave serious consideration to a possible four-city consolidation aimed at eliminating duplicative services and reducing costs, but were apparently unable to come up with an agreement that suited all the parties. More recently, the cities of Aberdeen and Hoquiam in Gray's Harbor County have been talking about joining forces, a subject the leaders in these communities have been discussing off and on since the 1960s. In spite of several petitions and advisory ballots on the subject, the two cities so far seem inclined to maintain the status quo.

There have actually been a total of 11 successful city-city consolidations in Washington dating all the way back to 1891 when the town of New Whatcom merged with the town of Whatcom, which later merged with the town of Fairhaven to form the current city of Bellingham. Most of the past city-city consolidations in Washington appear to have involved either two small cities or one small and another relatively large city.

Successful City-City Consolidations in Washington State	
City/Town	Year
Houghton - Kirkland	1968
East Stanwood - Stanwood	1961
Lakeside - Chelan	1957
Charleston - Bremerton	1927
Port Orchard* - Bremerton	1927
Hillyard - Spokane	1924
George Town - Seattle	1910
Ballard - Seattle	1908
Fairhaven - New Whatcom**	1903
New Tacoma - Tacoma	1883
New Whatcom - Whatcom	1891
* Historically there was apparently another Port Orchard, not to be confused with the modern-day Port Orchard	
** Formed the city of Bellingham	

City-County Consolidation in Washington

Consolidated city-county governments have also been proposed in a few Washington counties as a way to improve local government service delivery. The 58th Amendment to the Washington State Constitution (Article XI, Section 16), approved by the voters in 1972, authorizes the voters of any county to adopt what is referred to as a "combined city-county

charter." City-county consolidation involves the unification of the governments of one or more cities with the surrounding county.

Consolidated city-county governments have been proposed at various times for Vancouver and Clark County, Olympia and Thurston County, Spokane and Spokane County, and Shelton and Mason County. However, none of these proposals has been adopted. In the Vancouver/Clark, Spokane/Spokane, and Olympia/Thurston County cases, home rule charters were drafted by freeholders, only to be rejected by the voters. Consolidation was considered by Shelton and Mason County, but no official action was taken.

In spite of the voter's rejection of full city-county consolidations, local governments in these and many other Washington counties have found a variety of ways to cooperate with each other in planning activities and in delivering public services.

Alternatives to Consolidation

Of course, short of consolidation, there are a number of alternative service delivery approaches that offer opportunities to reduce costs and improve services. These include private contracting, mutual aid agreements, shared use of facilities and/or equipment, exchange of services, intergovernmental contracting, and consolidation of selected functions.

- *Private Contracting.* Contracting out services to private firms is the most common alternative service delivery approach used by local governments. Under private contracting arrangements, a local government pays a private firm to deliver all or a portion of a service instead of doing the work itself. Contracting with private firms may result in lower costs where competition keeps prices low. In addition, local governments may be able to avoid high capital investment costs where private firms provide their own specialized equipment.
- *Mutual Aid Agreements.* Mutual aid agreements provide municipalities with collaborative support on an "as needed" basis in such areas as fire protection, emergency services, and law enforcement. The participating local governments maintain control of their participating departments and services.
- *Shared Use of Facilities and/or Equipment.* Sharing facilities and equipment also presents opportunities for improving the efficiency of services. For example, it may be much more cost-effective for several small jurisdictions to pool their resources for the purchase of expensive street cleaning or snow removal equipment, where the costs of purchasing, operating, and maintaining the equipment can be spread over a larger population base.
- *Exchange of Services.* A variation on the sharing of facilities or equipment would be an exchange of services in-kind between two or more local governments. For example, one city could plow snow in the winter while the other maintains rights-of-way in the summer.
- *Intergovernmental Contracting.* Intergovernmental service contracts with neighboring jurisdictions may also provide opportunities to reduce service delivery costs where smaller jurisdictions can collectively realize economies of scale that would not be possible for individual jurisdictions. Opportunities arise in situations where one municipality has greater resources or ability to provide a given service, and effectively "sells" the service to neighboring municipalities.

- *Consolidation of Selected Functions.* Functional consolidation is any agreement by two or more local governments to consolidate the funding and/or delivery of a specific service. This can be done at a service level (e.g., street sweeping) or at the departmental level (e.g., police or public works).

Transfers of functions between municipalities and counties, mutual aid, service consolidations, intergovernmental agreements, and private contracting offer a rich array of cost-effective means for satisfying growing service needs, even while municipal borders may remain fixed.

Conclusions

The short answer to the question posed by the title of this article must necessarily be an equivocal "it depends." The evidence seems to suggest that larger governments do not provide labor-intensive services (which make up the bulk of local government spending) at a lower per-capita cost than smaller governments do. In other words, in the context of local government, "bigger" is not always better. While cost savings through economies of scale have eluded many large municipal consolidations, the evidence suggests that these may still be achievable for consolidations of smaller entities (e.g., cities under 20,000 population).

Increasingly, research indicates that fragmented metropolitan areas are more efficient in providing public services than was once thought to be the case. Smaller governments can cost less because they do not have to provide all services themselves and because they have the ability to capture economies of scale, where they are available, by using a variety of alternative service delivery mechanisms.

The voters seem to know instinctively what the political scientists and economists are telling us about the benefits of smaller and more flexible governments. The record in Washington and around the country shows that they usually side with keeping decentralized, fragmented systems, while rejecting proposals for major consolidations.

Byron Katsuyama
Policy Consultant
Municipal Research and Services Center

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Appendix E – Georgia Public Policy Foundation

Sandy Springs: A Case Study on Centralization of Local Government

Eva C. Galambos, Ph.D.

For twenty years, Atlanta and Sandy Springs have been at odds about the incorporation of Sandy Springs. Atlanta would like to expand its boundaries north into Sandy Springs, while the residents of Sandy Springs would like to establish their own city. Fulton County, which provides local services in Sandy Springs, has endorsed by resolution the right of the people of Sandy Springs to decide their own future.

The expansion of Atlanta to encompass Sandy Springs could occur in two ways: 1) by assent of those to be annexed in a referendum, or 2) by consolidation of Atlanta and Fulton County, also requiring a referendum. A rational approach in this debate should center on which of the following alternatives is more likely to result in efficiency in local government: Centralization into a larger city, or a move toward decentralization?

In the past century, voters throughout the U.S. have tended to say "no" in referendums on consolidation. From 1921 through 1996, only 23 of 134 referendums on consolidation were approved.¹ Since 1976, the handful of "yes" votes for consolidation has occurred in smaller jurisdictions with a combined population below 250,000. Atlanta's current population is 426,600, and Sandy Springs' is 79,600. In addition, voters have not exhibited an enthusiasm for annexations. During the 1980s, the average annual population annexed into cities was 25 percent lower than in the previous decade.² Why is the trend away from centralization for local government?

Although on paper the organizational charts of proposed consolidated governments seem orderly, voters have distrusted recommendations of planners and political scientists who traditionally have postulated that "fragmentation" of local government is not rational. The voters have instinctively sided with smaller, more accountable, decentralized governments instead of metropolitan government or major consolidations.

In recent years, economists have endorsed the fragmented, decentralized model. They have concluded that competition between numerous adjoining jurisdictions keeps total expenditures down in metropolitan areas.³ The multiplicity of local governments allows for contracting among jurisdictions for services when local elected officials determine buying from a neighbor is less costly than producing the service in-house. The end result is a "local public economy" — a quiltwork of service deliveries determined by decentralized elected officials who are responsive to their voters. As summarized by the U.S. Advisory Commission on Intergovernmental Affairs, "...a diversity of local governments can promote key values of democratic government — namely, efficiency, equity, responsiveness, accountability, and self-governance."⁴

Economic Efficiency

What reasons and data do economists offer to justify smaller governments (or "fragmentation") instead of moving toward centralized local government? The optimum allocation of resources,

or economic efficiency, is the underlying principle. The true level and mixture of local services taxpayers wish to purchase (police and fire protection, parks, sanitation services, and sidewalks, for example) is more likely to be reflected when different packages of goods are offered by competing local jurisdictions. As people vote with their feet, they move to the jurisdiction that offers the combination and level of local services at a price (or level of taxes) that best suits them. Some may deem backyard garbage collection so important that they wish to pay for it. Others may opt for a less costly method, but highly value police cruising through their neighborhoods. When only one level of local service is available, as offered by one centralized government, people have no choice. Thus there is no competition, and taxes are likely to be higher.

Service by the author on a task force that grappled with consolidation of services vividly illustrates this "choice" principle.⁵ The appointed group considered possible consolidation of some services in Fulton County. An academic consultant presented to the citizen task force the option of consolidating the municipal and county fire departments. The supposed *benefit* of this action was to raise the nine municipalities, and unincorporated Fulton County, up to the highest (and most expensive) level of fire protection offered by the City of Atlanta. However, it obviously never occurred to this "ivory tower" planner that there are areas that are perfectly happy with their current level of service. Roswell, for example, operates partly on a volunteer fire department. Given a choice, some citizens opt for what may seem a less sophisticated service in return for lower taxes.

Simply stated: expenditures for fire service are lower with several smaller governments offering various levels of service than when all are merged to the highest level. Consolidation and centralization lead to uniformity at the most expensive level, thereby negating promises of savings presented in justification of consolidation. Similarly, pay and benefit packages vary between jurisdictions. Thus when consolidation occurs, invariably all employees are moved to the highest pay scale. This entails not lower, but higher expenditures. In fact, the consolidation of Athens and Clarke County resulted in an immediate 6 percent increase of the total payroll.⁶

Unlike the merger of private firms where restructuring results in layoffs, in the public sector the political power of current employees translates into guaranteed continued employment. This cancels promises of savings to the taxpayer.

Economies of Scale

The U-shaped cost curve familiar to all students of Economics 101 illustrates that the per capita expenditures of local governments are high for the smallest jurisdictions, decline for middle-sized areas, and rise again for larger jurisdictions. This is easy to understand. For a very small city, overhead costs and the expenses for capital equipment cannot be spread over as many citizens, and thus unit costs are high. As a city's population grows, the fixed costs may be spread more widely to reduce unit expenditures. However, as cities grow larger, the layers of bureaucracy rapidly grow and the economies of scale for capital expenditures are soon overwhelmed by the diseconomies of a growing bureaucracy. This effect accounts for the finding by the Carl Vinson Institute of Government that governmental consolidations for jurisdictions over 250,000 in population are unlikely to result in cost savings.⁷

There *is* real justification for merging capital-intensive services, such as water production and sewage treatment. Plants may be expanded to handle a greater capacity without incurring major labor costs, and the capital cost becomes less as it is spread over more users. Thus the Fulton

County task force recommended consolidation (and privatization) for the treatment of water and sewage for Atlanta and Fulton County.⁸

In practice, "fragmented" local governments long ago worked out economies of scale by contracting with each other when it makes sense to buy from another provider. Contracting for services permits judicious local government managers to shop in the market for public goods, just as private managers do. What is most economical for a small city? To contract from a larger one for a service that enjoys economies of scale or to produce the service internally?

In the Atlanta metro area, as everywhere in the U.S., local officials apply common sense to stretch tax dollars. For example, in South Fulton, several municipalities jointly built and operated a new jail, which they are now privatizing. This illustrates that local governments produce services jointly when it is economical to do so on a larger scale, while preserving their local autonomy.

The Lakewood Plan in California is the most widely recognized model for contracting. It began in 1954 with the City of Lakewood contracting for many services with Los Angeles County and other cities.⁹ Only services benefiting from close supervision by, and responsiveness to, the local people were actually produced individually by Lakewood and municipalities that followed this model.

Studies of police services in metropolitan areas have demonstrated that smaller governments handle police protection effectively (shorter response time) when each produces the patrol function separately. Contracting with larger units, or with one another, produces more effective criminal investigation, training and other specialized functions. The most decentralized service is the one closest to the constituents — patrolling of streets and neighborhoods.¹⁰

"Duplication" Is an Erroneous Term

In 1988, the 64 full-time police departments in the St. Louis area did not produce "duplication," but rather "specialization." "Duplication" is a term that is often applied erroneously in the Atlanta area to refer to several jurisdictions that each supply the same service to *their own* constituencies. If two departments were both serving one constituency, then obviously they would be duplicating a service, but that is not what happens.

In the St. Louis area, the police departments do not overlap in their patrol functions and they coordinate their more specialized services.¹¹ In the Atlanta area, this common-sense approach is also occurring as local officials cooperate to make tax dollars go further. They contract with each other, and the State, for police training in centralized "academies," and some have joint radio communication systems. Within Fulton County, only the City of Atlanta refused to join the countywide radio system.

A review of 25 research studies conducted over the past two decades on "fragmentation" versus centralization in U.S. local governments suggests "...local government systems which are fragmented and deconcentrated are generally associated with lower spending and greater efficiency."¹²

The power of bureaucracies grows the larger the centralized government becomes. This is evident in the difficulty locally elected officials have in privatizing municipal services in large

cities. They are hemmed in by empire-building bureaucracies and government employee unions, which are stronger in the larger "fragmented" municipalities.

Consolidation or centralization is sometimes promoted as an economic development tool. The assumption is that new industry is more likely to be attracted to a centralized local government area than to one with several jurisdictions. However, a recent analysis of the nine largest consolidations, such as Jacksonville, Florida, and Nashville, Tennessee, concludes that the number of manufacturing and non-manufacturing business establishments showed no significant difference in growth in the consolidated areas as compared to similar "fragmented" areas.¹³

Sharing the Burdens of Social Services

The strongest argument central cities make for their desire to annex is not that citizens will gain more efficient government, but that the social service needs of the central city residents cannot be met without the suburban tax base. This argument makes no sense in the debate as to whether Atlanta should annex Sandy Springs. The responsibility for social and health services rests with Fulton County — not Atlanta. It is the Fulton County General Fund that supports Grady Memorial Hospital, health clinics, social services, senior services, and a host of special grants for indigent services. The suburban residents of Fulton County provide their share of this cost in proportion to the property tax base located in the suburbs. It has been estimated that more than 40 percent of the property taxes collected by Fulton County are derived from North Fulton County. This would not change with the formation of the City of Sandy Springs.

Regionalism and the City of Sandy Springs

A rational review of the Atlanta/Sandy Springs disagreement does not produce reasons to oppose formation of the City of Sandy Springs. Nor does the current push toward "regionalism" preclude formation of another jurisdiction in the metro Atlanta area. The priorities for regional consideration are transportation and accompanying major policies regarding land use. Regional action on these matters is compatible with a multiplicity of local jurisdictions in Metro Atlanta that provide local services to their constituents. The dual track of regional decisions on matters that transcend local boundaries (traffic, air pollution, and water pollution, for example) and city governments that are accountable and responsive to their citizens for everyday local matters may be the ideal solution.

Annexation of Sandy Springs by Atlanta would not deal with the truly regional issues that affect our air and water. Nor would it improve the efficiency of local service delivery. Incorporation of Sandy Springs, on the other hand, would have no deleterious effect on moving toward regional decisions where they are needed. It would afford 80,000 residents an opportunity for a responsive and accountable local government to meet their purely local services.

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Appendix F – Administrative Services

ADMINISTRATIVE SERVICES CONSOLIDATION SUMMARY

November 7, 2008

Administration

Positives:

- Reduction in management workforce
- Standardize management policy administration

Disadvantages:

- Reduces ability to work on management initiatives specific to individual jurisdictions

Emergency Management

Positives:

- Unified Command in disaster planning and response
- Streamlined utilization of regional resources during disaster recovery and mitigation
- Reduction in management workforce

Disadvantages:

- Loss of policy control on jurisdictional issues
- Reduction of entity ability to service a specific citizen group(s) during a disaster

Government Affairs

Positives:

- Consistent policy direction
- Single point of view on legislative issues
- Eliminates mixed messages to legislators
- Eliminates internal fighting on taxation

Disadvantages:

- Loss of individual governmental entity identity
- Loss of policy control on jurisdictional issues

Human Resources

Positives:

- Enhance common services (e.g., recruiting, benefits, training, compensation, etc.)
- Standardize legal policies and procedures
- Standardize administrative and operating policies
- Strengthens and standardizes compliance testing

Disadvantages:

- Reduces ability to create specialized positions to meet particular entity needs
- Reduction in promotional opportunities
- Loss of prioritization of staffing needs for individual jurisdictions

Labor Relations

Positives:

- Streamline collective bargaining negotiations and grievance resolution
- Reduction of total compensation escalation

Disadvantages:

- Eliminates the recognition of differences in organizational structure
- Reduction in promotional opportunities

Information Technology

Positives:

- Shared technologies (e.g., fiber optics system, internet system, data communications system, telecommunications system, and radio system)
- Economies of scale in purchasing technology and electronic assets
- Reduces computer hardware and software redundancy (e.g., one hardware platform, one ERP management system, one maintenance management system, etc.)

Disadvantages:

- Reduces opportunity to provide individualized services to citizens
- Reduces opportunity to provide specialized, individual technology solutions
- Overall technology system becoming too big to effectively manage
- Greater chance of total system failure affecting smaller operating units
- Lack of priority in fixing equipment failure/software problems

Risk Management

Positives:

- Improved rates/leverage in the market
- Better loss prevention services
- Standard claims process
- Safety staff backup for all entities
- Standard Workers Compensation investigations
- Improved documentation /contractual protection of public resources

Disadvantages:

- Litigation management
- Differing deductibles
- Differing workers compensation claims management
- Differing accident review procedures

Appendix G – Community Development

Potential Governmental Consolidation And its Impacts on the Sparks Community Development Department

Each jurisdiction approaches planning and development services differently

There are many and substantive differences in the way the three jurisdictions perform planning and development services functions. Although it would be possible to leave in place each jurisdiction's master plans, zoning codes, and development codes/standards (it is worth pointing out that not all jurisdictions utilize them), a single staff would find it very challenging to administer. The alternative would be to somehow meld the master plans, zoning codes and development standards into a single plan and/or single code. While it is certainly possible, City staff believes it would be a nearly impossible process as you are not only dealing with multiple documents and jurisdictions but with property owners' "entitlements". Our experience with the current master plan update tells us that consolidation of plans and codes would be a lengthy, intensive, politicized and possibly litigious process.

Washoe County no longer has zoning, which would require Reno and Sparks to follow suit, or Washoe County would have to go through the process of rezoning their parcels. All of the parcels in the entire Washoe County would have to be rezoned to coordinate to whichever code was adopted.

The creation of non-conforming parcels would be monumental.

The ability to expand uses all across the valley would be inhibited by large number of non conforming uses being unable to obtain financing as they would have a difficult time obtaining insurance.

Each jurisdiction utilizes a Planning Commission, made up of citizen planners, who are familiar with the character and geography of each jurisdiction

Presently, each body has a planning commission with authority to both make decisions regarding some development requests (e.g., special use permits, architectural approvals) and make recommendations to the governing bodies on all other entitlement issues. If the entire region would be served by one planning commission, the benefits of having a body comprised of citizens who are familiar with the character and geography of neighborhoods would be lost. How well could a planning commissioner from suburban south Reno represent an older east Spark neighborhood? In addition, the volume of development requests could, at least during periods of high development activity, be too high a caseload for one citizen board. In this instance, the three Planning Commissions may need to remain in place or other boards created (e.g., ones dealing only with policy or additional administrative ones). At that point, what have you saved through consolidation?

Staff is concerned that the other jurisdictions do not place the same importance on advance planning as Sparks does

City staff is uncertain as to whether Reno values the advance planning function to the degree Sparks does. It is our understanding that they dedicate only one full time planner to it, plus some part of their director's time. While more resources could be dedicated to this function, particularly if regional planning is also folded in, it may be difficult for the jurisdictions to agree on the importance of this and other functions.

Staff is concerned that the other jurisdictions do not place the same importance on the aesthetic quality of new projects as Sparks does

Adoption of our Design Standards Manual and policy direction from the City Council to continuously raise the quality bar have lead to development projects in Sparks having a significantly higher level of quality than those in the other jurisdictions. Cases in point are the Legends at Sparks Marina, Sparks Galleria, Sparks Crossing, D'Andrea Shopping Center and Sparks Mercantile.

With Sparks being the smallest of the three local jurisdictions, we are concerned about being pushed aside.

A general concern is that Sparks' interests may not receive the priority or level of attention in a consolidated arrangement that they currently enjoy or might receive in the future. In addition, if the planning and development services functions are consolidated but the governing bodies are not, a process would have to be developed to ensure that resources are fairly distributed relative to the needs of the three jurisdictions. As you know, with RTC road projects questions often arise regarding equity. This issue may also develop related to planning resources. Our history with consolidated land use planning, dating back to the 1970's often did not reflect Sparks' best interests (which is what you would expect given that Sparks was the least powerful of the three jurisdictions).

Redevelopment would likely suffer too...

While we do not generally have the same level of concern about consolidating the housing and grants functions, in part, because those functions are already consolidated to some extent through the Washoe County HOME and Human Services consortia, we do fear that Sparks' redevelopment priorities would suffer if the redevelopment function were consolidated with Reno's.

Appendix H – Fire Department

SPARKS FIRE DEPARTMENT Consolidation/Contracting History And List of Pros and Cons May 6, 2008 (Revisited November 6, 2008)

Recent History of Fire Service Consolidation in Washoe County

Although consolidated delivery of emergency services has been a topic of discussion for some time, the present discussion dates back to 1998. In that year, Washoe County, acting as the Board of the Truckee Meadows Fire Protection District (TMFPD), began looking at ways to save money while providing emergency services. As a result, TMFPD opened talks with Reno Fire Department, Sierra Forest Fire Protection District (SFFPD), and Sparks Fire Department.

These talks resulted in numerous studies and proposals throughout 1999 and 2000. In 1999, for example, TMFPD drafted an agreement for Reno Fire to provide fire protection services in the TMFPD area. Reno responded by submitting its own Consolidation and Service Agreement on June 7, 1999. During the rest of 1999, Washoe County and the City of Reno engaged in negotiations and discussions on this agreement.

During this period, the Sparks Fire Department had discussed the possibility of joining in the consolidation talks between TMFPD and Reno Fire. These discussions included both full consolidation, as well as limited consolidation of services for particular areas. Sparks Fire in its May 19, 1999, report entitled, *Strategic Plan on Fire Service Delivery in Spanish Springs*, had considered the costs, service levels, and procedures of three options for providing services in the Spanish Springs area:

1. Contracting with TMFPD to provide services for Spanish Springs and I-80 Corridor
2. Sparks Fire to provide services for the Sparks Sphere of Influence area in Spanish Springs, and
3. Consolidating all three regional fire departments together and creating a fire district

In 2000, SFFPD also floated two consolidation scenarios, one between SFFPD and TMFPD and another among SFFPD, TMFPD, and Sparks Fire Department.

With all of these proposals in the air, the City of Sparks decided not to proceed with consolidation. Eventually, Reno Fire and TMFPD reached a contract for services agreement in mid-2000.

In 2001, the Sparks City Manager directed Sparks Fire and the Fire Service Task Force (consisting of Councilmen Geno Martini and Mike Carrigan, Chief Leighton, Deputy Chief Clewell, Assistant City Managers Steve Driscoll and Randy Mellinger, Finance Director Terri Thomas, and Stuart Stilling) to investigate a contract with Reno Fire to provide emergency services in Sparks. Discussions with Reno Fire resulted in the City of Reno's December 1, 2001, *Conceptual Proposal for Fire Protection Services for the City of Sparks*. After a review

of the proposal by the Sparks Fire Department, the Sparks City Council in 2002 decided against moving forward with contracting at that time.

Observations and Comments on Consolidation

Without a concrete proposal, it is difficult to judge the pros and cons of Sparks consolidating emergency fire and medical services with another department or several agencies. In general, however, the following observations are possible:

Potential Benefits to the City of Sparks

- Increased depth of resources – a consolidated fire department would be able to draw upon more personnel and resources than any single agency (without having to use mutual or automatic aid).
- Increased ability to recruit and train – Sparks currently hires when positions become available or when enough vacant positions justify the cost of a rookie school. In either case, these hiring practices are financially inefficient and labor-intensive. A large consolidated department could better schedule regular hiring periods and rookie schools. Additionally, Spark Fire’s training of existing personnel is often difficult to schedule due to coverage requirements. A large agency with more personnel would have greater flexibility to perform required training.
- Consolidation of special teams – a consolidated agency could provide standardized and uniformly trained special teams throughout the response area. Enhancement of special teams training and equipment would occur because of the greater fiscal resources of a large department. The availability of a larger personnel pool to draw upon as replacements for retiring special team members is another benefit.
- Availability of fire investigators – a consolidated agency could provide fire investigators 24 hours a day, seven days a week. Sparks Fire can provide a fire investigator, but this availability is somewhat limited due to current staffing.
- Non-duplication of responses – at present, Sparks and Reno apparatus are both dispatched to calls in certain areas. Although this process is inefficient, it ensures that timely emergency service is available to citizens and businesses located some distance from existing fire stations or along jurisdictional boundaries. Based on the situation found, the first arriving unit often cancels the other department’s apparatus. A consolidated agency could eliminate this inefficient dispatching of apparatus, thereby freeing up another apparatus for service calls.
- Consolidated purchasing and warehousing – because of its greater purchasing power, a consolidated agency would see financial savings in its equipment purchases. Such an agency, furthermore, could warehouse supplies to guaranty availability of necessary materials.
- Equipment and apparatus uniformity – a consolidated department’s uniformity of equipment and apparatus would reduce training time and allow for easy interoperability during disasters or major incidents.
- Efficient planning for future regional fire station locations.

- Consolidated fire codes – although the present fire codes within all the entities are similar, differences do exist. A consolidated agency would reduce the confusion and problems related to the different codes among the entities.
- Similar and predictable labor costs resulting from long-term labor contracts that are common throughout the consolidated area.

Potential Negatives to the City of Sparks

- Loss of Sparks Fire Department's identity to the community
- Loss of political, economic, and administrative control of the City's Fire Department
- Loss of independence with a consolidated fire dispatch system resulting in a possible decrease in service levels
- Reduction in dispatch efficiency
- Increased response liability to unincorporated areas
- Difficulty in re-establishing the Fire Department at some future date
- Loss of ability to enforce quality controls
- Possible reduction of resources within Sparks
- Larger area and larger risk, with a greater possibility of Sparks' resources being used to subsidize the County or other agencies
- Loss of our ALF (American LaFrance) certified mechanics and shop
- Possible delays for some 'second in' companies depending on call volumes within the core area
- ISO rating could change

Possible Financial Savings from Consolidation

- Reduced overtime as consolidated department could call upon a large on-duty pool of personnel
- Potential cost savings with the reduced need for multiple fire chiefs and other senior level staff officers
- Savings from larger purchasing power

Possible Concerns

- What would be the conditions of any cost sharing agreement? If savings do occur, how would the entities divide these savings?
- Would Sparks continue to own the facilities? If so, would Sparks be required to maintain and repair facilities? If not, how would the costs associated with the maintenance and repair be determined?
- Would Sparks continue to own its apparatus? If so, what would be our financial obligations and legal liabilities resulting from their use by the consolidated department? If not, does our lease agreement permit the transference of ownership?

- Would Sparks or the consolidated agency provide insurance for vehicles?
- As the consolidated department would hire and employ all personnel, would Sparks be required to pay any personnel costs, such as CDS and pension?
- Would the members of the consolidated department split administrative overhead costs? If so, what is the formula to determine each entity's costs?
- Who would perform vehicle maintenance and repair? Would the consolidated department charge the City of Sparks for this service?
- Would Sparks be actively involved in future labor negotiations between the bargaining groups and the consolidated agency?
- What recourse would the City of Sparks have for disagreements over costs and delivery of services?
- Would the City of Sparks be able to set performance measures and service delivery levels? If the consolidated department fails to meet these measurements and levels, does the City of Sparks receive financial compensation or a reduction in costs?
- What would be the costs and impacts of any possible relocation of existing stations to cover service gaps in response areas under a consolidated department?

Memo

To: Steve Driscoll
From: Stan Sherer
CC: Teresa Gardner
Date: 2/14/2013
Re: Consolidation

The Parks and Recreation staff of all three tax supported agencies have been working on gathering information to provide the analysis of the opportunities and challenges associated with the consolidation of the three departments for the last decade. The initial efforts resulted in a realization on what could be accomplished with collaborative efforts between the agencies. Because of the number of County facilities within the annexed boundaries of the City of Reno, the most obvious opportunities for collaboration or consolidation of Parks and Recreation administrative services lies with Washoe County and the City of Reno. Those conditions do not exist between the City of Sparks and Washoe County on the same level. Although the report on consolidating departments done in 2003 did not recommend proceeding, it did lead to regional collaboration or discussion in the following areas;

- Information and referral in regards to facilities, programs and special events
- Shared on-line services using your Nevada as a facilitator
- Shared cooperation yards to reduce travel times
- Long range comprehensive planning to improve consistency, connectivity, and avoid duplication of like facilities
- Joint marketing of services
- Creating a common on-line registration
- Processing of temporary employment applications
- Golf course administration and operation
- Employee development and training
- Shared maintenance yards to lessen travel time

Staff recognizes that there are issues that must be considered when evaluating the benefit of a consolidated organization;

- The mission of the agencies are different. Washoe County's primary mission is land based acquisition and management with very little emphasis on recreation. The cities mission is much more recreation programming oriented and urban landscape oriented. A consolidated entity would need to consider the different functions of all the agencies and somehow protect the goals of each.
- The report completed in 2003 could not identify a cost savings for any of the agencies
- Compensation discrepancies
- Cost of conversion to a unified entity
- The amount of services provided and the number of acres to maintain will remain constant.
- Department standards of service provision and maintenance standards vary between the three agencies.
- Local control and accountability

The Cities of Reno and Sparks and Washoe County have shown the ability and willingness to collaborate in ways that are beneficial to all, as illustrated in this memorandum. The need to take apart those operations and try to reinvent one that operates more efficiently may not exist.

Appendix J -- Public Works Department

Pros and Cons of Public Works Consolidation

Pro	Con
Opportunity to standardize levels of service in the region.	Constituents of the agency that currently provides a higher level of service will see a reduction of level of service. A larger regional Public Works Department may not provide the same level of service as Sparks' citizens are accustomed.
Possibility to blend rates for utility services to create a single price structure for entire region--less confusion amongst rate payers.	Sparks is currently the least cost option for utility services and a price blend will only increase rates.
Opportunity to utilize economies of scale to provide cost savings on Public Works material and construction contracts.	Local agencies are already joining together to take advantage of economies of scale cost saving in many areas including roadway slurry seal and patching contracts.
Opportunity to provide regional traffic signal coordination.	Cooperation between the current agencies will provide the same traffic signal coordination opportunities. Sparks currently provides the region's highest level of traffic signal coordination on its roadway network and this may be reduced without proper funding in consolidation.
Opportunity for "one call" for maintenance/trouble services (such as broken pipes, sewer overflow, etc).	
Single agency making decisions with regard to water quality and water supply issues on Truckee River might strengthen negotiation position with Tribe.	Single agency as discharge permit holder may allow Nevada Department of Environmental Protection to hold sewer discharge permit "hostage" for storm water discharge issues.
Regional agencies such as the Regional Transportation Commission and Truckee Meadows Regional Planning could be integrated into the consolidated government with an anticipated reduction in overhead and governance.	Initial cost of consolidation, potential lessening of citizen participation and political accountability.
If funding issues reach acute levels where minimum levels of service cannot be met, consolidation may provide the ability to prioritize key services over a larger geographic and economic base.	

Note: The City of Sparks requests information from the City of Reno and Washoe County regarding staffing levels, inventory and costs associated with the following: street maintenance, facilities maintenance, traffic signal maintenance, sewer & drain maintenance, condition assessment, fleet maintenance, pavement markings & street striping, and graffiti removal. The City of Sparks will provide both agencies with the same information.

Appendix K – Sparks Police Department

MEMORANDUM Sparks Police Department Office of the Chief

TO: Shaun Carey, City Manager
FROM: Steve Asher, Police Chief
DATE: November 3, 2008
SUBJECT: History of Regional Law Enforcement Consolidation Including Pros and Cons

I have reviewed the previous memorandum submitted on May 6, 2008, by John Dotson, Police Chief. The memorandum discussed previous research and opinions on regional public safety consolidation. As you requested, attached is an updated report containing a summary of previous and newly suggested issues related to the topic of consolidation of law enforcement services in the Truckee Meadows. The purpose of the report is to identify some of the major issues pro and con related to law enforcement consolidation in the region.

Advantages to consolidation:

1. Reduction of support and administration bureaucracy
2. Improved communications
3. Greater economies of scale
4. Non-duplication of criminal records
5. Improved public access
6. Improved interaction with prosecutors
7. Enhanced recruitment and retention within agencies
8. Increased effectiveness and flexibility with manpower
9. Combined purchasing of materials needed to perform the police function
10. A more consistent, standardized format of cases submitted to the district attorney for prosecution
11. Greater promotional and assignment opportunities
12. Increased technology opportunities
13. Improved investigative abilities on property crimes by eliminating duplication
14. Continuity of daily operations within the agency
15. Standardized employee salaries and benefits within the region
16. A consolidated dispatch and communications operations
17. Continuity using crime analysis for the entire region
18. Opportunities for New Services - Sharing of Costs
19. Improved Harmony
20. Reduced Jurisdictional Confusion
21. Improved Coordination of Services

Arguments against total consolidation:

1. Expensive transitional costs
2. Loss of political control by local governments
3. Reduced budgetary control of participating cities
4. Reduced efficiency/increased costs
5. Political patronage and command staff assignments
6. Command staff experience and representation issues
7. Reduced promotional and special assignment opportunities through increased bureaucracy
8. Citizen Satisfaction with Service Delivery
9. Loss of the Sense of Community/Police Relationship
10. Level of Service/Reduction of Service Considerations
11. Distribution and Control of Resources

It should be noted that local law enforcement in Washoe County has enjoyed a significant number of regional initiatives through MOU's and operational protocols that work to the advantage of all three law enforcement agencies and the total community at large. A brief listing of these is as follows:

1. The Regional Public Safety Training Center for police and fire provides entry level training as well as continuing education on an in-service training basis.
2. The Washoe County Sheriff's Office operates the regional jail, which allows for all law enforcement agencies to book their prisoners in one facility.
3. The Washoe County Sheriff's Office operates the Regional Crime Lab, which is a fully accredited crime laboratory providing full forensic capabilities.
4. There is a Consolidated Bomb Squad consisting of Bomb Squad Technicians from Reno, Sparks, and Washoe County.
5. There is a Regional Gang Unit operated out of the Reno Police Department, involving all agencies.
6. There is a Regional Sex Offender Notification Unit, which is operated out of the Reno Police Department, involving all agencies.
7. There is a Street Enforcement Team (SET) operated out of the Reno Police Department, involving all agencies.
8. There is a Repeat Offender Program (ROP) involving detectives from all agencies and operated out of the Reno Police Department.
9. There is a DEA Drug Task Force, which is operated out of the Drug Enforcement Administration Reno office, of which Reno, Sparks, and Washoe County are all participants and additional funding is received because of

Washoe County being part of the Nevada High Intensity Drug Trafficking Area (HIDTA).

10. Regionally, the Sheriff's Office, in conjunction with Reno and for Sparks, operates the extradition of wanted felons on a contract basis.
11. All three agencies participate together in securing Federal Justice Administration Grant (JAG) funds.
12. There is a Regional Officer Involved Shooting (OIS) Protocol that is put into play any time there is an officer involved shooting incident.
13. There is a Regional Emergency Operations Center (EOC), which houses all law enforcement and fire dispatching for Reno and Washoe County as a primary Public Safety Answering Point (PSAP). The secondary back-up to Sparks, which operates dispatching for police and fire in the City of Sparks as a primary Public Safety Answering Point (PSAP), which is also a the secondary back-up to the Reno/Washoe County Dispatch Center.

Appendix L – City Attorney

[e-mail] From: Randolph, Tim
To: Mellinger, Randy
Cc: Adams, Chet
Sent: Wed Nov 12 15:12:03 2008
Subject: Consolidation

Randy:

Chet has asked me to forward the following analysis to you.

Issues to be considered when evaluating potential consolidation of criminal justice functions in the City of Sparks with outside agencies include:

Because Sparks is a Charter City, it can pass criminal ordinances in addition to those in existing Nevada Revised Statutes. A consolidated court would be required to rule on behavior which may be criminal in one jurisdiction, but not others. Current differences include the Sparks Municipal Code provisions banning nudity in establishments with alcohol licenses, and varying zoning codes. Consolidated investigation, enforcement, and prosecution by agencies that do not have the City of Sparks as their only focus could lead to weakened or inconsistent application of city policy regarding “quality of life” ordinances.

Sparks Municipal Court is required to sit within the city, making consolidation with Reno (a separate charter city) physically impossible. The Sparks Municipal judges are not required to be licensed attorneys, as required by other jurisdictions. Sparks Municipal Judges are required to live within the City of Sparks, as is the City Attorney. There is no provision for allowing voters in the unincorporated portions of Sparks Township to elect Municipal officials.

There can only be one city in each township, so county consolidation of the Sparks and Reno Townships cannot be accomplished, as each township has a charter city.

Since Sparks has been historically aggressive in keeping costs down in the criminal justice functions of government, there is little fat to be found or trimmed in this latest financial downturn. There have been no indicated areas where the neighboring agencies are engaging in the same functions at any significantly lower cost, and a brief review indicates that the City will have to pay higher personnel costs in the event of consolidation of the court and prosecution functions. As the Municipal facilities currently being used are at or near capacity, there will be immediate expenditures required to build, expand, or modify facilities to house any consolidated courts, prosecutors’ offices, or police entities.

Appendix M – City of Las Vegas Consolidation Report

FUNDAMENTAL SERVICE REVIEW Companion Study Synopsis Consolidation

(September 8, 2008: [City of Las Vegas] Council Briefing Sessions)

Background

This companion study documents the historical and local trends, issues and concerns relative to the consolidation of local municipal governments and/or functions within those governments.

Results

Two scenarios that have been rigorously researched in past years include the partial or total consolidation of the City of Las Vegas with Clark County and/or the City of North Las Vegas. Efforts have stalled due to lack of direction from all decision makers. Successful consolidations of functions within the southern Nevada region include but are not limited to the following:

- Metropolitan Police Department
- Clark County School District
- Southern Nevada Regional Planning Coalition
- Interlocal agreements
- Fire Dispatch
- Other formal/informal cooperative efforts

Conclusion

Consolidation is not a common occurrence and results in more failed attempts than successful efforts. Costs associated with implementation of reorganizations often create financial burdens that were not anticipated. Entrenched bureaucracies also cause a hindrance to the consolidation process. Political and executive management are often constrained by the contractual or moral obligations of concessions for pay and benefits to existing employees. This negates the overall goal of financial efficiencies.

Time and energy is best spent implementing less intensive and more easily achievable forms of local government and collaboration through formal and less formal agreements. A survey of all city services and functions, accompanied by a like study of neighboring governments to determine areas for the realization of economies of scale, is suggested.

Direction from the Mayor/Council and other municipal elected officials must be concurrent so that the appropriate research is done to allow the respective elected boards to make informed decisions.