Cross-Jurisdiction Collaboration
New Models for State, Regional and Local Governments
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Accenture produced this paper for the Joint Venture Silicon Valley Network. Established in 1993, Joint Venture: Silicon Valley Network (www.jointventure.org), is a not-for-profit organization providing analysis and action on issues affecting the Silicon Valley region's economy and quality of life. The organization brings together established and emerging leaders—from business, government, academia, labor and the broader community—to spotlight issues and work toward innovative solutions. In preparation for a leadership summit, Joint Venture engaged Accenture to assess a range of cross-jurisdictional enterprise models and their applicability to the municipalities and local entities in Silicon Valley.

Accenture helped define the concept of cross-jurisdiction collaboration, develop examples and analysis of cross-jurisdictional models and determine the potential applicability of these models to help improve Silicon Valley municipalities through economic development, operational excellence and/or cost reduction. Accenture conducted primary and secondary research and collaborated with Joint Venture to assemble more than 90 case examples domestically and across the globe.

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Introduction

The concept of cross-jurisdiction collaboration (XJC) between government bodies is not new. Debate about the appropriate relationship, size and scope of public entities dates back to Plato's era. In many parts of the world, these discussions have historically been slow and painful and have met with resistance. But the door appears to have opened for debate, and cross-jurisdiction collaboration has emerged as a very powerful and relevant vision shaping the future of state and local government across the globe. This new phase of XJC is bringing together state and local entities to reduce costs and provide better or new services for their constituents. The best of these XJC models and efforts are the future model of effective and efficient state and local government.

Current XJC efforts were spawned primarily from the economic pressures on state and local governments today. Significant decline in revenues, with increasing demand for services and their related expenses, has forced government entities into new models out of necessity. But in addition to these financial pressures, we see XJC as a formula necessary in addressing newer issues (such as health care reform, transportation and air quality) or in providing services that can be realized only by achieving a certain scale.

For this paper, Accenture analyzed more than 90 domestic and international case studies, conducted interviews with public sector leaders and gathered data from government websites and thought leadership from several think tanks. The result of the analysis is that the current scope of XJC models covers a wide spectrum.

Did You Know?

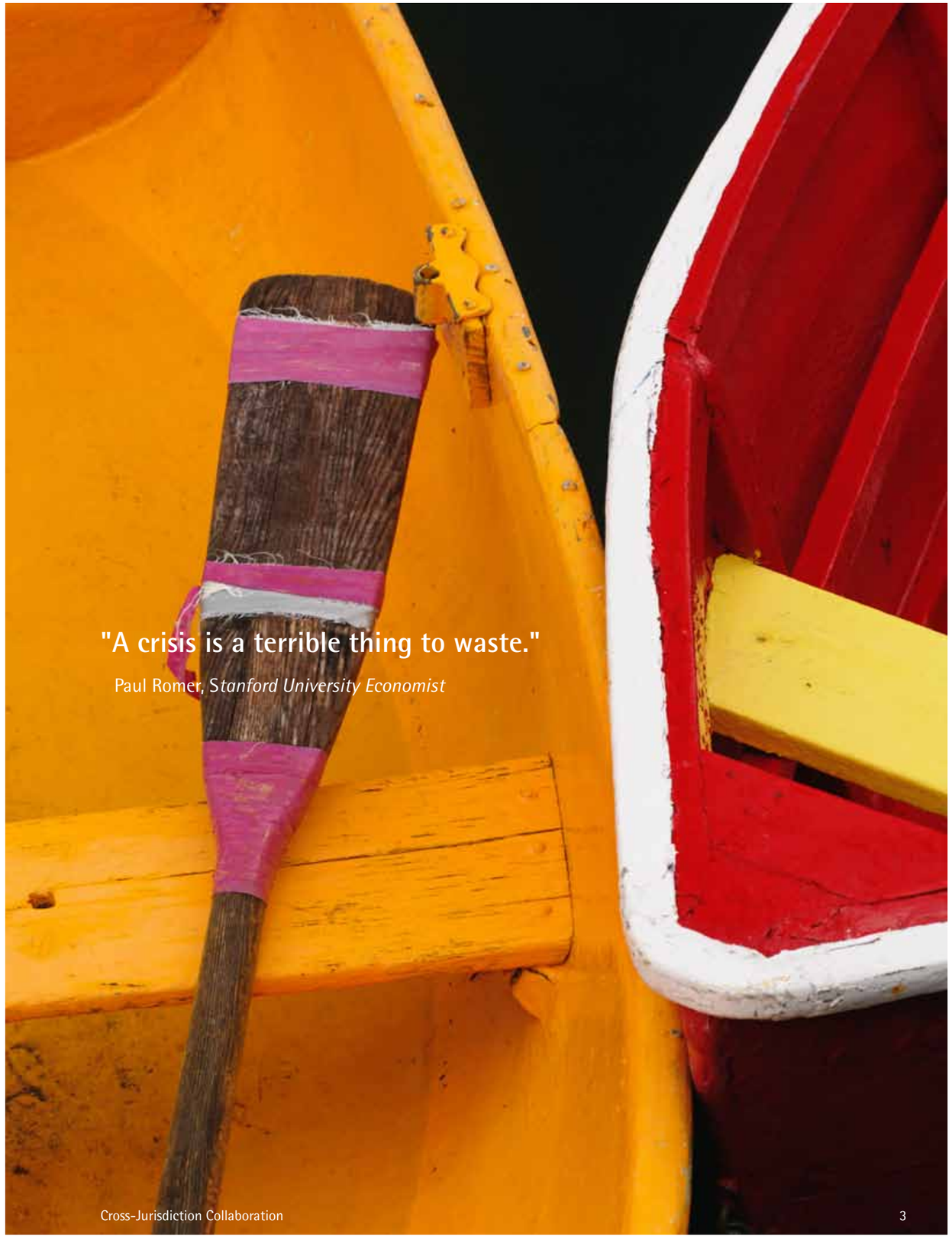
There were 145 city-county consolidation proposals in the US during the 20th century...and that represents just one type of cross-jurisdiction collaboration.

For example, in the course of our research, we encountered city managers of two small towns in California sharing a fire chief to save $100,000 a year and a county in the UK planning to outsource most of its services to save approximately $500 million annually. Despite these extreme positions and effort, both examples point toward government leaders urgently making changes before the budget levee breaks. Today urgency is the key because governments cannot shrink anymore, tax anymore or dissolve. Hence, they must collaborate.

But urgency is only a motivator for action, and good intentions do not always breed good results. Most XJC efforts tend to be bilateral (one city manager working with another city manager, for example), focused on easier parts of a government leader's portfolio (collaborating on police dispatch) and partnering with another government leader in an established relationship (two city managers who know each other). These efforts, however, do not achieve sufficient economies of scale to produce results that are meaningful for stakeholders and/or do not stand the test of time as partners move on to other objectives.

With each failed effort, more resistance accumulates, impeding further action. The essential problem lies with government leaders feeling pressure to act, yet acting in a way that is more tactical than strategic. The strategy behind XJC is the key to success, offering a road map to long-term, sustainable results.

XJC begins with the end in mind—the vision the government leader wants to achieve. It analyzes the reasons behind collaboration, the key drivers, and develops a model that achieves short-term gains to satisfy financial pressures. At the same time, this paper puts in place adaptability and flexibility for greater and more meaningful contributions in the future. XJC is innovation for government—the next step in the evolution of our democracy.



The New Normal for Local Government

The current economic crisis has created what has been described as the "New Normal." The definition of this phrase depends on your perspective, but for this paper it means the operating environment for state and local government entities has changed permanently. Governments are facing short- and long-term challenges, and many of the traditional responses are insufficient.

Current Economic Crisis and Challenges

Within the current economic crisis, the immediate issues are:

- **Underfunded entitlements and pensions.**[1] This reflects the ballooning of certain categories of expenses (including pensions and health care), which draws funds away from other public sector services. It is estimated that US local government expenses grew by 22 percent between 2005 and 2008 and are expected to grow another 13 percent between 2008 and 2010.
- **Declining revenues.**[2] Local governments have experienced a reduction in tax revenues from the declining value of assets (property values, for example) and the high joblessness rate, which has put pressure on local sales tax revenue. Overall, revenue for US state governments dropped 18 percent between 2007 and 2008.
- **Reduced funding.**[3] Fiscal constraints on federal and state governments have resulted in declining funding. It is estimated that state funding for local government will be reduced by 10 to 15 percent per year between 2010 and 2012.

These factors drive budget shortfalls for local governments. In the US municipal sector, it is estimated that there will be a $56 to $83 billion shortfall between 2010 and 2012.[4]

Citizens' Demands Rise

While the economic crisis is tightening the financial belt on many jurisdictions, citizens are increasing their demands.

1. **Interacting with government in new ways.** Citizens have demanded increased transparency and accountability in the way public leaders operate. This may be partially because of a wave of highly visible scandals (the city manager of Bell, California, recently was revealed to have earned nearly $800,000 in annual compensation[5]) and by the ubiquity of new technologies (the Internet for easy access to public records, for example).
2. **Addressing new concerns.** Some new issues are marked by externalities that transcend traditional jurisdictional boundaries (climate change, air quality and traffic patterns, among others). This is a burgeoning category of services that has only just begun to find solid footing with many public entities.

Long-term Trends Forecast "Rougher Seas Ahead"

Even without the economic crisis, the long-term trend for government economics was not sustainable. Demographic shifts will change local governments in the next decade.[6]

Across the US, an aging population is expected to decrease government revenues and increase expenditures. The elderly draw more economic resources from the government and provide less tax revenues because they are on fixed incomes. Subsequently, the demand for government services will continue to grow, and the number of significant taxpayers will decrease. This will result in the younger population contributing more to sustain services for the growing elderly population.

In addition to an aging population, there are other demographic currents changing the base populations in many areas of the country. Immigration and urban migration have changed the face of many towns across the US in the last decades, and these trends most likely will continue as they affect the economy in the US and abroad. Both issues have brought municipalities greater demand for services and have decreased the tax revenues.

These issues are not isolated to the US—most of the developed world has similar issues.

Past Solutions Cannot Fix Current and Future Problems

During previous economic crises, government leaders could manage through the turmoil by using simple levers to control the pain—particularly budget cuts—or by imposing additional taxes. These methods are insufficient or politically infeasible to address today's situation:

1. Cutting costs by reducing head count or salaries is difficult.
2. Reducing services is not feasible because municipalities have a responsibility to deliver base service levels.
3. Most local governments find it difficult to impose new taxes on their citizens.

Unless state and local governments adapt, change and create a new model that is effective for these short-term and long-term challenges, the problems will persist and compound for the citizenry.

New Thinking in Local Government

Local governments cannot easily and effectively redesign themselves to operate in this new environment by using traditional tools. Furthermore, federal spigots are not available to reduce the confluence of pressures affecting these state and local institutions. These two factors—among others—make it necessary for governments to act together across jurisdictions to help each other and adapt to the "New Normal." One way is to collaborate to form cross-jurisdictional enterprise models. We see cross-jurisdictional enterprise models as the next step for the future of state and local government.

New Thinking in Action

Governments have already begun to address the New Normal and are collaborating with other municipalities in a variety of ways. One example is the collaboration between the city of Cupertino and Santa Clara County (California) in public safety.

The city of Cupertino contracts out the police force to the county sheriff. It has been doing this since the city's inception, but periodically both entities meet to reconsider the relationship and agree that the deal continues to be a win-win. For about $8.3 million per year,[7] the city gets far greater service levels from the county than it could otherwise afford. (By comparison, Los Gatos, a city of comparable size, pays almost three times more per citizen for its police force.[8]) On the other side of the equation, the city of Cupertino is the largest customer of county police services and the county is very happy to maintain the relationship through superior service. In the end, this model provides significant cost savings and stands as a successful collaboration story. The bottom line savings is compelling: Cupertino pays only a third of what its neighbor pays for equivalent police services.

XJC

Two or more **1. government entities** with a mission to work across traditional jurisdictional boundaries to provide **2. current and/or future services** for their citizens in order to **3. reduce total cost and/or improve efficiencies.**

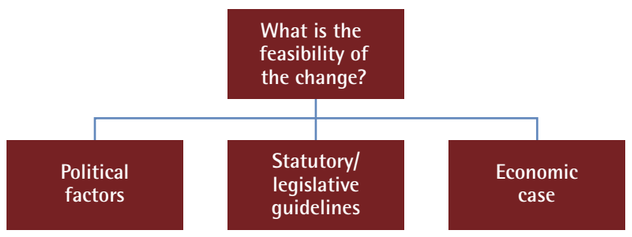
1	2	3
Government entities	Current and/or future services	Reduce total cost and/or improve efficiencies
• State • County • City • Township • Town • Borough • School district • Special district	• Administration • Entitlements and social services • Public works • Public safety • Public health • Parks, recreation and public property • Education • Transportation and community development	• Economic improvement • Operational excellence • Reduction in cost-to-serve • Improved service levels • Provision of new services • Addressing citizens' needs

Drivers for Cross-Jurisdictional Enterprise Models

Central to the theme of cross-jurisdiction collaboration is the notion that the new model will address a specific problem or opportunity. That creates a natural starting point: identifying the desired goals and objectives that the change enables and the feasibility of implementation.

Essentially, there are three primary objectives for any collaboration: improving effectiveness, enhancing efficiency or creating new capabilities. Improving effectiveness in government means better government services at the same cost. Improving efficiencies in government entails reducing the costs associated with providing a service. Creating new capabilities requires developing new services not provided already by the current jurisdictions.

The resulting objectives must be politically, legally and economically feasible. Political assessment will help determine what is realistic—what can be done based on elected officials, term limits, media outreach, citizen involvement and other political factors. Various stakeholders can have a strong impact on the feasibility of an outcome. For example, in Santa Clarita, California, the city has considered outsourcing the library system to a private entity, which has had a significant public backlash, impeding the potential benefits to the outsourced service. Legislative constraints may restrict certain types of collaboration, and thus understanding these constraints is a critical early step. Finally, the economics of the situation may suggest that collaboration is not feasible or, alternatively, may push in the direction of a specific model. With all of these dimensions, it is important to know what "deal breakers" exist.



Understanding Typical Services Offered[9]

After identifying goals and evaluating their feasibility, the next step is to look closely at the services a government offers to better understand how the entity operates. The table below illustrates the scope of services state and local government—including counties, cities, towns, townships, special districts and school district entities—in the US offer. Different types of governments may or may not offer the complete list of services described.

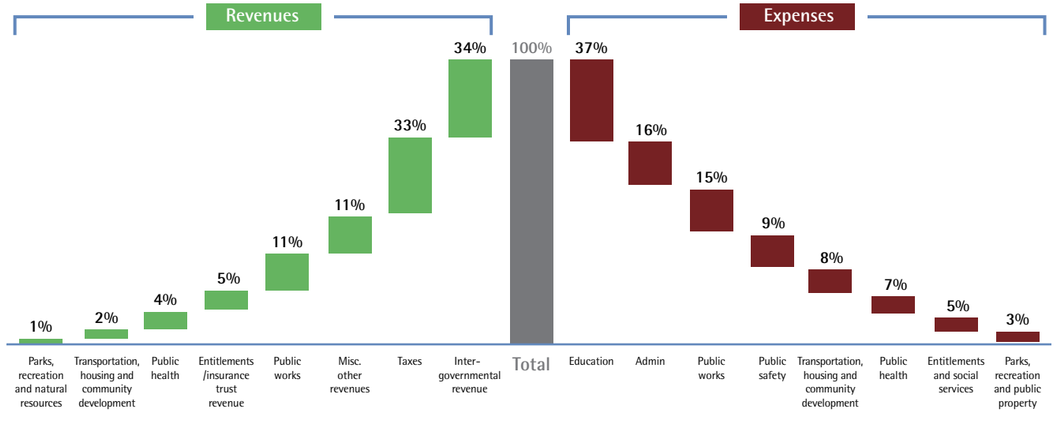
Category	Services	Detailed descriptions
Education	• Libraries • School districts (K-12) • Dependent school systems • State and community colleges	• Library administration and maintenance • Operational oversight over public primary, secondary and pre-primary schools, special education and adult vocational training centers
Entitlements & social services	• Compensation services • Finance and debt service	• Retirement and employment compensation services • Recruiting, selection and classification • Financial and accounting services
Govt. administration & misc.	• Administration • Human resources • Communication • Code enforcement • Information technology	• Legislative, judicial and executive staff admin./planning • Elections • Municipal code enforcements; control boards • Record archives • Licensing
Parks, recreation & environment	• Parks and recreational programs • Cemeteries • Environmental services	• Parks and playgrounds development and maintenance • Recreational, cultural, youth and senior events planning • Cemetery services, natural resources and environmental services
Public health	• Hospitals • Public health	• Health services, infirmaries and hospitals • Public health education programs
Public safety	• Police and fire • Emergency services • Department of corrections/ prisons	• Police field operations and administration, fire protection, prevention, training • Prison operation and administration • Disaster recovery and emergency services and communications
Public works	• Electric utility • Water and gas utility • Sewer and solid waste utility • Transit/transportation	• Telephone, cable systems, Web services • Customer service, resource management and energy distribution • Water and sewer engineering, construction, maintenance and operations • Recycling and solar programs • Mass transit systems operations and maintenance • Transportation planning and operations
Transportation, housing & community development	• Land use planning • Building & inspections and permits • Housing • Economic development • Highways/public improvements	• Building inspections, housing and community services • Land use planning, property development and field services • Traffic services and maintenance • Street improvements and maintenance • Airport and port operations and services

Following the Money

The flow of money is particularly relevant in cases in which governments' top priority is efficiency savings, since an understanding of the major funding sources and expenditures will highlight potential areas for cost savings. (This is not to imply that the largest spending buckets will be the easiest or best places for collaboration. However, this is a useful exercise to inform decisions on focus areas.)

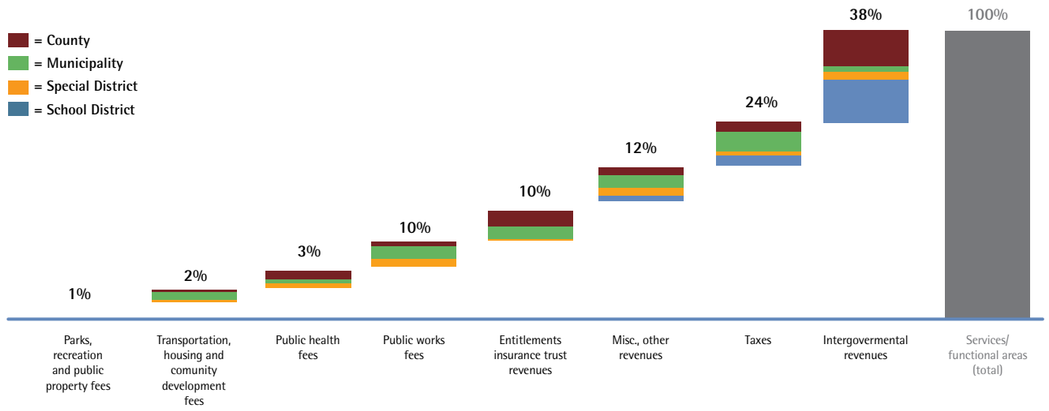
While the circumstances of each governmental entity will dictate a different set of expenses, we have used US census data to illustrate the typical revenues and expenses across services. This can serve as a first screen to identify areas where specific entities may be spending disproportionately more or less on certain services.

Proportion of revenues by functional areas and expenses across services typically offered by local governments in the United States[10] (2007 data)



As a next step, it is useful to delve into how both sides of the money flow relate to different types of governmental entities. In the chart below, we examine the flow of revenues into counties, municipalities, townships, special districts and school districts.

Proportion of revenues by functional areas typically offered by local governments in the United States[11] (2007 data)



Some points in these data are worth noting:

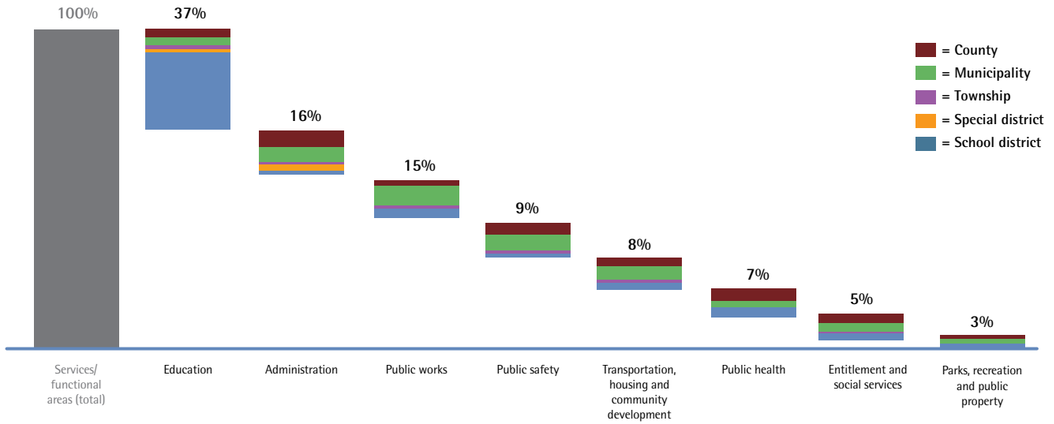
- Both counties and school districts depend primarily on federal and state funding for their revenues, while cities depend on taxes and service charges.[12]
- Sources of revenue for special districts vary based on the services provided and government mandates.[13]
- The escalating fiscal constraints and unfunded mandates have led to declining funding to cities and counties from state governments.

There are often strings attached to funds limiting a jurisdiction's ability to alter spending patterns. [14]

- **Subventions:** One level of government provides this type of financial support to another. The state levies certain taxes that are provided to counties and cities. The motor vehicle license fee and the motor vehicle fuel tax are examples. Most subventions are restricted to particular programs (for example, gas tax receipts can be used only for streets and transportation). Some can be spent as a county or city's leaders think best (such as vehicle license fees).
- **Maintenance of effort requirements:** When cities and counties receive funding for programs from the state or federal government, a common condition is that the city or county commit to a certain level of funding. This commitment is called maintenance of effort, or MOE. Realignment revenues come with a maintenance of effort requirement, meaning that a requirement for financial effort is contained in writing, whether it is in legislation, regulation or administrative policy (health and welfare realignment revenues to counties, for example).
- **Grant funding:** Categorical grants support a defined program area. Categorical grants typically go to local agencies that meet predetermined funding criteria or compete for project funding through an application process. Block grants provide funding to a broad functional area. For example, federal Community Development Block Grant funds support local housing and economic development activities.

Jurisdictions contribute unequal amounts across the buckets of services. This helps determine which parties to involve in a collaborative agreement. For example, since cities do not contribute much to the school budgets, saving money on this service will not improve a city's fiscal situation. Also, it is critical to understand that if the proposed outcome is to reduce costs by 10 percent, then the parks and recreation spending may not be a high-value target since it contributes only about 3 percent of total expenses.

Proportion of expenses across services typically offered by United States local government entities[15] (2007 data)



There are some noteworthy elements in these data:

- Counties provide primarily health services and entitlements.
- Cities provide primarily utility services, public safety and community development to citizens.
- School districts focus on education.
- Special districts focus on a range of services, including utilities such as water and power.

Support for XJC by US State and Federal Governments

Federal and state governments can also stimulate the development of XJC models. Some of the various methods include grants to develop partnerships, incentives for achieving results and imposition through legislative action. Government leaders should review each of these options and determine whether they are the right ones to encourage greater XJC models within the region or whether there are other options to help gain momentum in this new area of governance.

The federal government tends to be an outsider in XJC discussions and acts more as a facilitator for these models. There are incentives within the American Recovery and Reinvestment Act (ARRA) for local municipalities to partner with each other and with private entities to win grants. In these cases, collaboration with other entities makes grant applications more competitive because they bring together the best resources and knowledge. Additionally, with the reauthorization of the America Competes Act, clusters are specifically called out in the legislation that open new avenues of funding for collaboration models.

Two pieces of current legislation are serving as strong incentives for collaboration:

American Recovery and Reinvestment Act[17]

- The legislation allocates a portion of its $787 billion to grants.
- Specific grants are highly competitive and encourage entities to collaborate during the application process to improve their chances of winning.
- Local municipalities are adopting this strategy and partnering with each other and private entities to pursue ARRA grants to achieve common goals.

America Competes Reauthorization Act of 2010[18]

- Passed in the House in May 2010 and introduced into the Senate in July 2010.
- Funds science, engineering education and R&D to compete with international economies.
- Specifically demands the creation of clusters (geographic concentrations of interconnected firms and supporting organizations that share resources to compete nationally and globally) to expand scientific and economic collaboration.

Case Study: Nine Cities Within the Youngstown, Ohio, Region[19]

- Nine cities are collaborating to submit one $32.4 million application to address the region's challenges with foreclosures and abandoned properties.
- The application will be for the second round of the Neighborhood Stabilization Program funded through ARRA.

Case Study: Southeastern Pennsylvania [20]

- Across five counties of Southeastern Pennsylvania, the nonprofit Metropolitan Caucus is promoting a joint regional application for ARRA's Energy Efficiency and Conservation Block Grant.
- The four-part proposal will add partners and programs over time, form regional institutions to operate a loan fund, support clean tech, assist local governments with energy efficiency plans and measure the energy performance of public facilities.

State governments, on the other hand, can facilitate XJC models for their local municipalities or can initiate XJC models as participants. Because of the dual nature of state governments in this area, their leaders should recognize their position and how it could affect the XJC model they are working to establish. Most local government officials interviewed for this study expressed wariness of partnering with a government entity that is substantially larger than them. Some of the most successful examples of state government encouragement tend to be incentives for local governments to work together or state government offering to establish resources that local governments can use.

Case Study: State of Texas

- Texas Governor Rick Perry announced an incentive program in August 2010 in which a grant equal to 10 percent of the savings from the first year is awarded to participating schools that collaborate in pooling resources to reduce administrative costs.
- The program gives school districts the ability to achieve economies of scale and eliminate redundancies without forfeiting local control or creating additional bureaucracy.
- School districts are encouraged to work with other districts, counties, municipalities and private sector partners to achieve these savings.

Case Study: State of New York

- The Commission on Local Government Efficiency and Competitiveness, created by executive order of the governor in 2007, recommended changes to the New York state budget. The changes are to enhance the shared services incentive grants to help promote major service-sharing arrangements and consolidations, saving taxpayer dollars.
- The budget appropriates an additional $4.4 million, totaling $29.4 million, for Local Government Efficiency Grants.
- Local governments can apply for studies and implementation efforts for shared service efforts that they design. Enhanced technical assistance and information on best practices will also be made available. Specific areas for grants include:
  - **Planning grants.** These competitive grants are awarded to groups of municipalities to study shared services they propose to the commission.
  - **Efficiency implementation grants.** Multiple municipalities can apply for this money jointly, which helps cover transitional personnel costs to implement new joint functions.
  - **Twenty-First Century Demonstration Project Grants.** In this competitive award process, county wide or regional service models in specific areas—such as highway maintenance, policing, schools consolidation and smart growth planning—can receive more funding if working cooperatively with multiple municipalities.

Case Study: Ohio Shared Services

- Ohio moved to a statewide shared services model in 2007 as part of the launch of its PeopleSoft enterprise resource planning system. The shared services center was designed in partnership with the state's unions and in collaboration with Accenture through the design, build and deployment stages.
- Ohio engaged stakeholders on multiple levels, allowing agencies to volunteer to participate in the transformation. The first service on its agenda was financial services, followed by human resources and technology services.
- Ohio expects to achieve about $26 million in average annual savings, or about $500 million over 20 years. The state has already realized a 15 to 20 percent improvement in productivity and has cut its costs for travel processing by two-thirds, from $37 to $12 per transaction.

State government leaders should avoid imposing collaboration through legislative action, as these efforts usually do not achieve the state's visions or goals.

Case Study: Greater Toronto Area, Ontario

- Through legislative measures, officials implemented the amalgamation of seven municipalities in Metro Toronto into a single city of 2.4 million people to reduce the number of elected officials, eliminate duplication, reduce costs, streamline and improve efficiency, and improve accountability.
- The initiative was met with resistance: a referendum in all the involved municipalities showed strong opposition to the amalgamation. The Harris government, holding a large majority in the provincial legislature, passed the City of Toronto Act, which took effect in 1998.
- Initially, the amalgamation was a success, saving the Toronto area $136 million annually. However, as time has passed, many of the changes imposed have been reversed and inefficiency has resurfaced in some areas.

Case Study: State of California

- In the early 1990s the Bay Vision 2020 Commission, a group comprising 32 individuals in the Bay Area, was created to reevaluate the regional relationships in the Bay Area of California (the nine counties that touch the San Francisco Bay).
- The commission recommended that two regional organizations, the Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG), be merged. The rationale behind this decision was that consolidating the groups would save money because transportation and land use planning overlap in many areas.
- Within a few years, the recommendation was written into a legislative initiative. The MTC, which was created through legislation, and ABAG, a voluntary land-use planning group, would be merged and left under the MTC name. However, the initiative did not receive buy-in from either group and subsequently failed.

Collaboration Enterprise Models Overview

The governing entity has identified its desired goals and objectives, evaluated their feasibility, gathered an understanding of services offered and analyzed the sources of revenues and expenditures. The potential areas for funding a collaboration effort have been identified and their attached strings noted. The next step is to look at the various models for collaboration.

Individual circumstances that drive a collaboration model can vary widely. With this is mind, there are essentially two kinds of high-level entities that can engage in collaboration:

- **Existing public entities.** Two existing entities can decide to work together to address a specific outcome. This may be at a peer-to-peer level (city-to-city level, for example) or at hierarchical levels (city to county, for example). In either case, this relationship works within the current construct and does not rely on creating a new, net entity.
- **Public and/or private regional entities.** These are regional bodies that have assumed some power (given by the existing local entities) for the purpose of a cross-jurisdiction objective.

Collaboration across each of these scenarios comes with a distinct set of characteristics.

	Collaboration between existing public entites and/or		...public and private regional entities	
	Peer-to-peer	Hierarchical	State/local and public	State/local and public
Public/private	Public	Public	Public	Public/private
Potential scope	All services offered at the entity levels/within entity jurisdiction to be considered	All services offered at the smaller and larger entity levels or within jurisdictions to be considered	All services offered by local municipalities and by counties considered	All services offered by local municipalities and by counties to be considered
Autonomy/ ownership	Shared ownership (does not have to be 0/50) or merged entity ownership	Shared ownership (does not have to be 50/50) or merged entity ownership	New entity operates with relative autonomy and assumes decision-making authority	New entity operates with relative autonomy and assumes decision-making authority
Implementation models	• Coordination services • Merging • Contracting services	• Coordinating services • Merging • Contracting services	• Contracting services • New entity	• Contracting services • New entity
Examples	1. State to state: Southeast Consortium (TN, GA, NC, SC) common unemployment system 2. County to county: Pennsylvania Green Building construction 3. Local to local: Mine Hill Township/Wharton Borough Police merge	1. State to county: C-IV, 39 counties in CA sign JPA for a new welfare system 2. County to city: Merger of Duval County with Jacksonville city to make city of Jacksonville 3. State to school districts: Texas state gives grants to local school districts for collaboration	1. Statewide, new entity: Ohio State shared services 2. City, county, new entity: Portland Metro Regional Government 3. Counties, new entity: Metro Transportation Commission in Bay Area	1. City/private entity: San Francisco City Car Share 2. City/nonprofit organization: Sacramento Community Services Planning Council

**Note: Peer-to-peer is used to describe two entities at the same level (city to city, school district to school district, etc.); hierarchical refers to two entities at different levels of one hierarchy (state to county, federal to state, etc.).*

The Public Service Value Chain

The Public Service Value Chain is a term given to the four areas where government entities typically participate: policy, program, production and provision. It is important to determine how collaboration will affect the value chain of government before proceeding.

The Public Service Value Chain

Policy: The principles and directives put in place by an authorizing legislature or entity to achieve desired outcomes or conditions within a jurisdiction

Program: The service, product or regulatory initiative designed to fulfill the policy directives, goals and outcomes within a jurisdiction

Production: The set of human resources, processes, systems, materials and facilities that factor into the development and management of a program

Provision: The combination of processes, systems and transactions that ultimately deliver services to a customer or regulate an entity

Public safety example

A policy that requires the availability of police escorts for seniors after midnight

Local police department

Processes that route available police to the area

A hotline that seniors can call to reach available police

Education example

A policy that requires mandatory self-defense education policies in specific schools

Primary, middle and high schools

Curriculum to teach self-defense fundamentals

Teachers that demonstrate techniques using school-provided equipment

*Source: Antonio Oftelie, Leadership for a Networked World, Harvard University.

Collaboration Models Visualized

We have plotted the value chain of government with the different types of services. The resulting visual represents all the intersections where typical governments play. Collaboration can exist anywhere along this matrix, depending on the specific need. This allows us to see the area of impact that the intended collaboration will have on the entities involved.

In the illustration below, we show how four specific case studies illustrate distinct collaboration models to address differing desired outcomes.

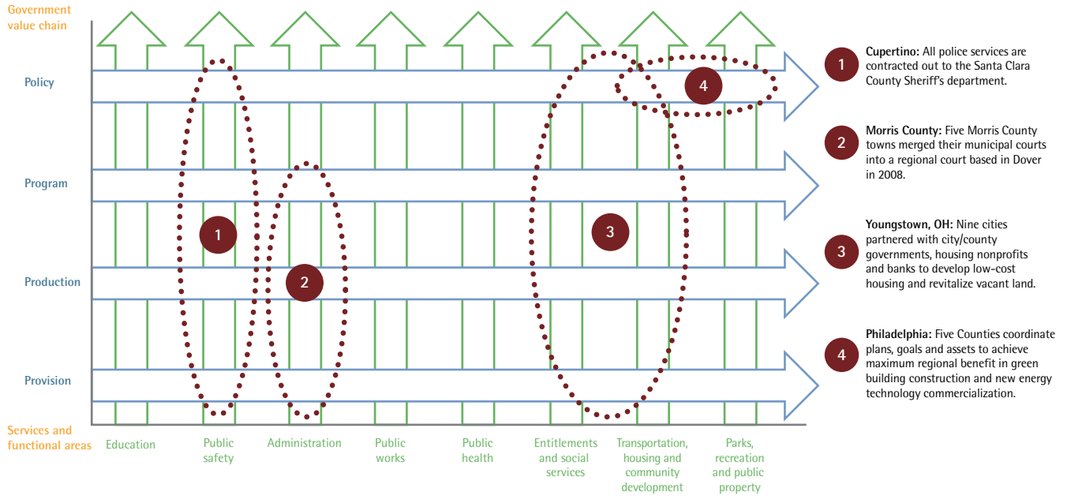
Collaboration can be isolated to one or more levers of the value chain and can span across one or more services. In examples where a municipality contracts out a service, this translates to collaboration across all of the value chain levers in one service (as in Cupertino, example 1).

Cross-Jurisdictional Enterprise Implementation Models

Finally, we must address the question of how to collaborate. Although there are many permutations of cross-jurisdictional enterprise models, typically they are implemented in one of four ways, each with a distinct set of reasons to consider and limitations/risks.

- **Coordinating.** By coordinating services, the collaborating entities share power and responsibility to provide services through coordinated processes. Coordinating does not involve the formation of a separate entity, and the collaborating entities still maintain discrete identities.
- **Merging.** Merging results in a single entity or functional unit responsible for providing services to all entities.
- **Contracting.** Services may also be contracted out to either an existing local government entity or a third-party provider (public or private entity).
- **Creating a new entity.** Sometimes, it is most suitable to create a new government entity dedicated to providing certain services on a regional level (a special district).

Collaboration models can exist across any combination of the value chain and services/functional areas



Governments should consider several factors when choosing between implementation methods for cross-jurisdiction collaboration. The table below compares the four implementation methods along several key political, governance, financial and longer-term-consideration factors.[21]

Considerations	Coordinating	Merging	Contracting	New Entity
Political feasibility	High – Preferred with high regulatory constraints	Low – Susceptible to political pressures	Medium – Susceptible to pressures for services visible to the public	Medium – Susceptible to political pressures
Up front costs	Medium – Varies based on extent of system/process changes	High – Integration costs can be significant	Low – Spread over number of years	Medium – Substantial if new infrastructure required
Time to realize benefits	Medium – Varies based on extent of system/process changes	High – Time-consuming and need to consider public sentiment	Low – Existing infrastructure of service provider reduces time to delivery	Medium – Longer time to delivery than contracting
Implementation ease – large no. of entities	Medium – Easier to implement among fewer entities	Low – Easier to consolidate among fewer entities	High – Easier to implement among large number of entities	High – Easier to implement among large number of entities
Implementation ease with smaller scale	High – More cost-effective if sufficient scale exists	High – Greater benefit when merging scale is small	Low – Easier to implement with larger scopes of work	Medium – Varies based on specific opportunity
Ability to offer new services	Medium – Typically improve or streamline existing services	Medium – Most successes involve less publicly visible services, e.g., purchasing	High – Capitalize on capabilities of service provider	High – Capitalize on capabilities of new entity
Control over delivery/service levels	Medium – Higher control over delivery but lower control over service levels	High – Control over service levels is lower with larger number of entities	Medium – Least control over day-to-day processes but high contractual control over service levels	Medium – Control over delivery and service levels varies based on governance structure
Adaptability to local changes/ requirement	High – Better adaptability to local changes	High – Adaptability to change requirements common to all entities	Medium – Varies based on contractual limitations and provider capabilities	Medium – Higher responsiveness to regional change requirements
Importance of historical trends	Low – Lower importance of historical trends	High – Political/public trends are important to consider	Medium – Political trends may be important for select services	Medium – Public sentiment history important to consider
Importance of source(s) of initiative	High – Initiatives typically driven by the targeted functions, e.g., recruiting	High – Initiated when one entity has greater capabilities than another during fiscal crises	High – Typically initiated by need to offer new services or by bottom line performance needs	High – Typically initiated when needs expand region-wide or to offer new services

Note: Individual circumstances vary widely, and this information serves only as a general guideline.

The relative importance of each factor varies based on the specific collaboration opportunity being designed. For example, the political feasibility to merge two police departments in one county may be higher than the feasibility of doing the same in another based on historical trends of political opposition and public sentiment.

Common Themes, Best Practices and Pitfalls

Common Themes

Our analysis of more than 80 domestic and international cases, interviews with a dozen leaders, analysis from government websites, thought leadership from think tanks and other sources of input illustrated several common themes.

Common theme	Supporting evidence	Implication
Crisis creates opportunity	• The economic cycle has historical precedence (dot-com bubble, '80s recession) • There is a sense that this time is different and worse than in the past	• Crisis presents opportunities to take more dramatic steps to change • Economic conditions handcuff certain options (expanding services) while highlighting areas of opportunity (collaboration)
Delays can squander opportunities	• In the past, crisis was motivating factor for new initiatives that were dropped because conditions improved • Term limits and turnover can affect the momentum of initiatives	• Speed and persistence are key to capitalizing on this crisis • Ensure the transition relationships to next set of leaders to maintain the momentum of initiatives
Need to overcome hurdles to affect change	• Unlike in the private sector, public staff reductions hit bottom-rung regardless of performance • Union collective bargains can present roadblocks to certain types of collaboration • Entitlements (pensions, benefits, etc.) are untouchable barriers • Limited resources hinder flexibility and impact of cross-jurisdiction entities	• Staff reductions often affect younger talent, potentially stifling creativity/ innovation • Unions are showing signs of willingness to negotiate and think creatively • Increase in authority and resources (financial, dedicated staff) are key inputs to successful collaboration
Collaboration opens new avenues to funding	• The American Recovery and Reinvestment Act is providing grants for collaboration in several areas, including clean energy technology, neighborhood stabilization and other industry clusters • Governments are motivating local entities to collaborate by awarding capital to fund their initiatives	• Collaboration becomes strategic when entities create alliances to apply for joint funding • Rigorous application processes force entities to formulate plans, create assessments and form partnerships early in the collaboration process

Best Practices to Consider

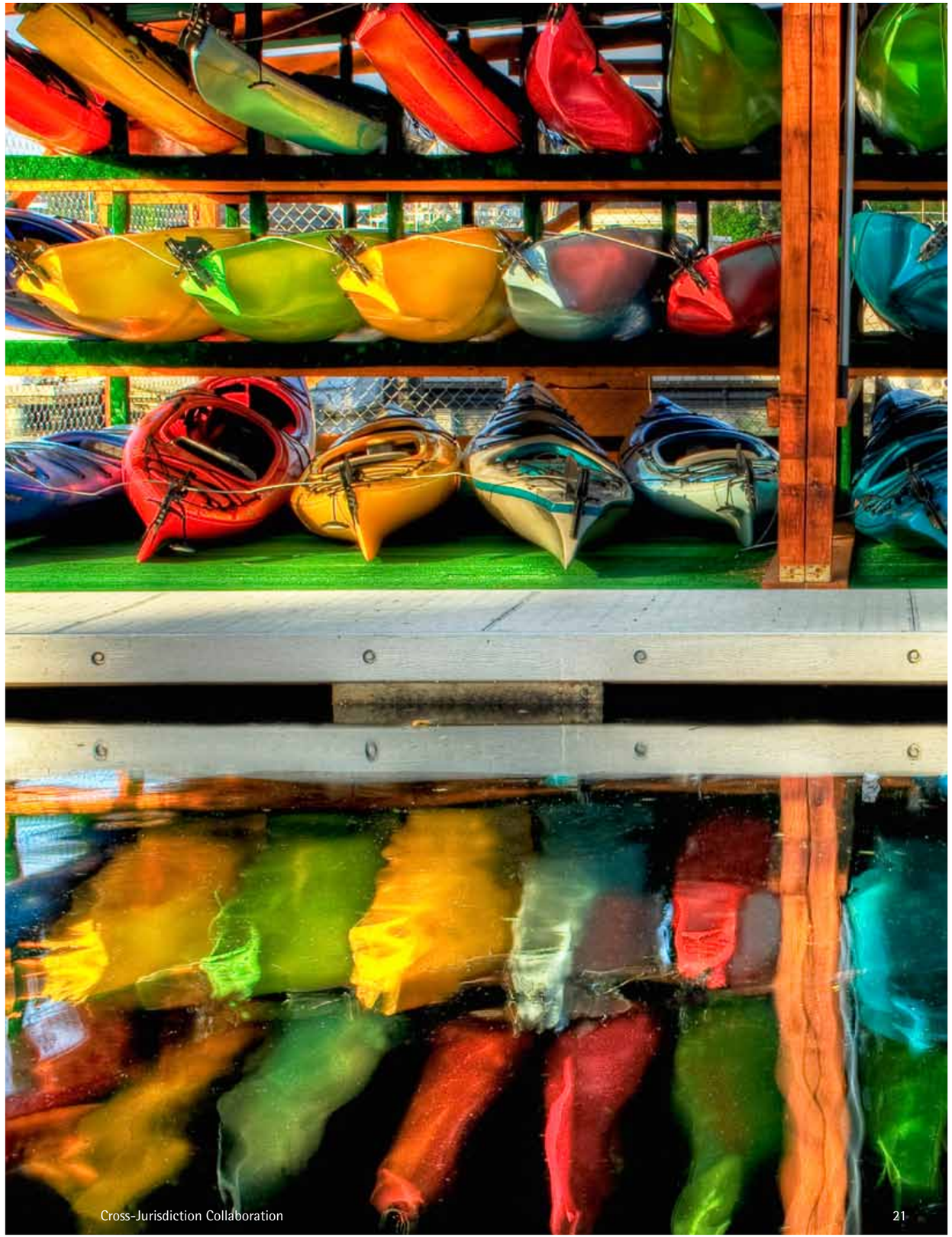
We also identified a list of best practices (see chart) that governments should consider when planning for a collaboration model. This includes defining the power-sharing structure and identifying what level of authority the resulting regional entity will exercise. In some cases, municipalities have created a structured process to evaluate collaboration opportunities. This includes developing a business case, identifying roles and responsibilities, conducting a comparative analysis and measuring impacts through established benchmarks or metrics.

Best practice	Supporting evidence	Implication
Provide the leadership critical to define power-sharing structure early	• Each entity has one vote, regardless of the population of its city/county (Example: City/County Association of Governments of San Mateo) • Establish a special ratification procedure that requires 2/3 majority vote with representation from small and large entities • Divide power through centers of excellence—entities own different services based on which party has the best capability to deliver	• The division of power plays a critical role in the effectiveness of any collaboration model • Final approval from both small and large entities forces collaboration early in the discussion • Consider what can/does the entity want to give up in terms of power • Determine what level of authority the resulting regional institution will exercise
Create a structured process to evaluate collaboration opportunities	• Entities commission studies to evaluate where collaboration can be implemented and/or the feasibility of a proposed partnership • Research and lessons learned from past mergers provide a tested approach to implement collaboration models	• A structured process is essential to determine if a service should be contracted or shared—develop a business case, roles and responsibilities, and a comparative analysis and conduct a bidding process
Engage the public and officials at all levels	• Discuss proposed changes via town halls, road shows and conferences • Educate the public on the benefits and impact the new model will have on them	• Involve the public at the onset to ensure a sense of ownership and inclusion in the decision making • Keep public officials engaged to ensure that they move parallel to the goals of the collaboration
Establish benchmarks or metrics to track outcomes of collaboration model	• Compacts/contracts may require entities to provide benchmarks to measure impacts on the community • Set a target service level agreement as part of the contracting process	• Data can prove success to the public and may open doors for further collaboration opportunities

Pitfalls to Avoid

We discovered several pitfalls that local municipalities have encountered when implementing a regional model. In most cases, undefined roles and responsibilities may limit the effectiveness of any collaboration. Communities are also concerned about their level of engagement and the perception that they are creating another layer of government. As a result, collaboration models will fail without the proper infrastructure and external support.

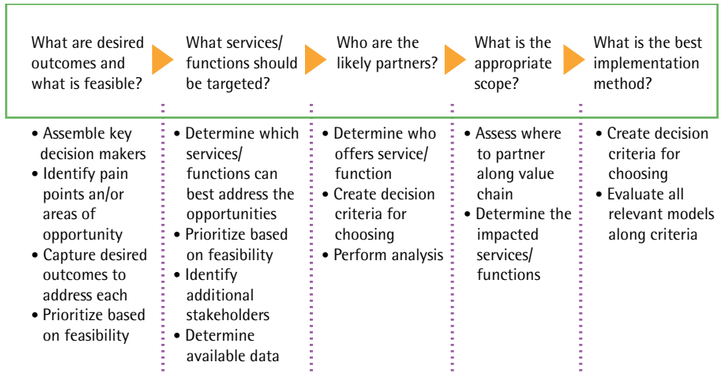
Pitfall to avoid	Supporting evidence	Implication
Undefined roles and responsibilities	• Entities form coalitions around specific causes without giving significant thought to the collaborative structure • Impact may be limited if cross-jurisdiction entity is focused on one subject • Joint power agreements are less effective since they are created and focused on a specific issue	• Roles/responsibilities and purpose must be clearly defined in any collaboration model • Single-purpose collaborations will be unable to address other services that may be dependent on their own • JPAs do not provide a good solution for larger coordination on development
Buy-in not gained from the public	• Collaboration within local governments tends to occur to address a crisis, but when the crisis disappears, so does the initiative • Communicate to the public the opportunity cost of not addressing the issue immediately	• Understand how and when to market regionalism to local communities as they are afraid of losing local power and the cultural fabric of their community
Perception of another layer of government	• Regional entities were created without an increase in power or funding to implement their initiatives	• Collaboration models will fail without the proper infrastructure in place (power, FTEs, mission statement)
Unfunded regional bodies	• Cross-jurisdiction entities may fail due to minimal or unfunded initiatives (note: there may be some instances where this does not occur, but it is atypical)	• Ensure proper channels of funding or build in plans to identify and secure sustained financial resources



How to Start the Process

Making decisions on how government entities should work together with other jurisdictions in a collaboration model begins with a high-level assessment process that articulates the vision. To achieve the vision of collaboration, you begin by starting with the end in mind and working backwards. The principle goal of the assessment phase is to move from an idea to a decision. Once the assessment phase is completed, the key leaders will have a high-level understanding of what they want to become in a collaboration model and can make a decision to move forward in the process. This is essentially the business case for collaboration.

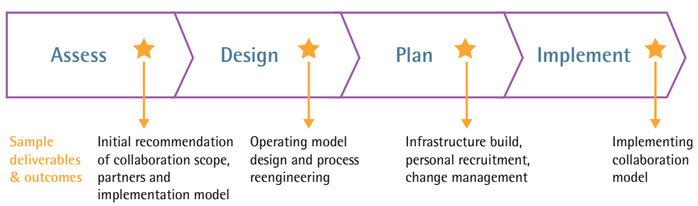
Key questions asked when designing the cross-jurisdictional collaboration model



The next step after the assessment is the design phase, in which the government entity articulates the current organizations as they are today and designs the future organization(s) as they will be once the collaboration model is complete. This phase is like drawing architectural plans for a new house with enough detail for a contractor to build the structure.

After the design phase, we conduct a planning phase to describe moving from the initial organizations to the collaboration model. This is a step-by-step project plan to achieve the design phase in a finite time period based on past experience. The final phase in our collaboration process is the implementation phase, or the execution of the project plan and its milestones and deliverables.[22]

End-to-end collaboration process[23]



The process shown in the graph is agnostic to the end in the minds of the government leaders—it can be used to do something as complex as merging cities and counties or as simple as sharing an arborist between two towns. These extremes differ mainly in the number of people a government needs to engage and the amount of time the process takes. Despite the agnostic process above, there are areas that should be targeted for collaboration, for what entities to involve, and for how to enact the process to be most successful for the government leaders who feel change is paramount.

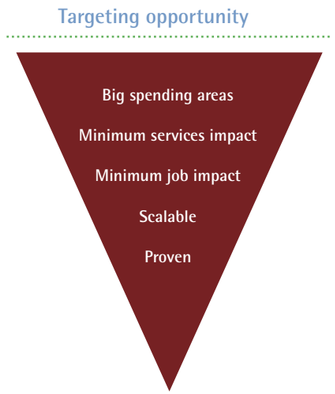
Earlier in the paper we defined all the services that are provided by state and local government entities. Each of the service areas has organizations that provide the services through the fusing of people, processes and technology. Each area is potentially a place to start in a collaboration model, as we have seen cities target all of them separately and collectively. But successful collaboration models tend to be focused on specific areas, and we have developed a methodology that formulates the best way to move forward. The figure below shows a funnel visual for government leaders to get to the right areas for collaboration from past successful models.

The funnel concept provides a visual context for government leaders to assess areas of opportunity quickly when they decide which areas to target. Taken by precedence, government leaders should focus on "big spend" areas—meaning a larger portion of their budgets—as there is a consistent theme: unless there are big dollars, there is very little desire to adopt change.

The second criterion covers "minimal service impact," meaning little dramatic impact on citizen services because citizens are the ultimate consumer of government services and can prevent change from happening. The third criterion is "minimal job impact," meaning that the change will not cause a great loss of jobs—which might cause stakeholder groups to respond negatively to the change. The fourth criterion is "scalability," meaning that the change will produce economies of scale. The last criterion stipulates that the effort should be already "proven" and successful because it is better to repeat past success than build something new and untested.

With all the service areas established on the funnel, the next step is to develop a short-list of areas ripe for collaboration. The second part of the diagram enumerates the specific areas in order of ease to implement, beginning with procurement.

Because back-office functions and services tend to be the best target areas for collaboration, Accenture believes that successful models should begin as shared services among government entities. When setting up a shared services model, the art is in the governance structure. Because state and local government entities vary in size, shape and structure, developing partnerships fairly and equally among the stakeholders is difficult. That is because to gain economically from a model, government entities must give up power over a portion of their services. They no longer "own" something—now they share it. To reduce this risk, the collaboration model must have a transparent governance structure that offers the governments a logical and legitimate path to air and resolve grievances. And because governments tend to reject ideas that reduce their power, it is best to set up a model with partners that are as close as possible to prevent size from becoming a problem.



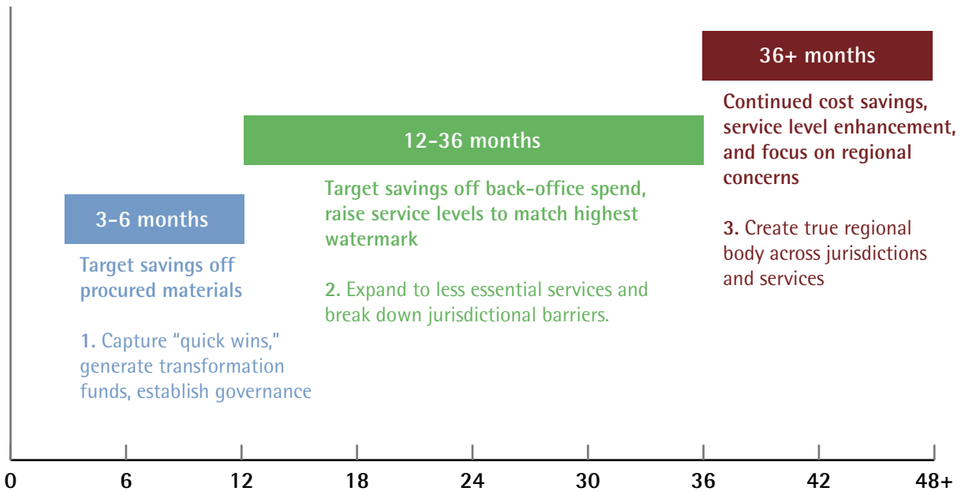
An ideal case would be a group of equal-sized government entities (cities, towns or counties) pooling their procurement resources as a first step in a collaboration model. They will achieve greater buying power with their suppliers and test the model's governance structure. Once the model has been tested, it can be advanced by having more back-office functions absorbed into it. In the longer term, the model could also be stretched to achieve greater scale by absorbing more front-office functions, such as police and fire crews. The end-state would or could be a regional entity that crosses a multitude of jurisdictions.

If government entities of unequal size decide to collaborate, it is best to have one entity provide the service and the other act as a customer and pay for the service. In this example, a larger entity (a county) could provide the procurement function for a number of cities in its jurisdiction. This is a hub-and-spoke method to shared services, with the county as the hub and the cities as the spokes. It is set up this way to prevent the obvious differences in size from preventing a model to be formed.

Each pathway achieves the same end-state, however, when a regional entity forms as the success builds (see graphic).

Creating three clear stages dramatically increases the feasibility and likelihood of success for realizing a broad ranging regional collaboration.

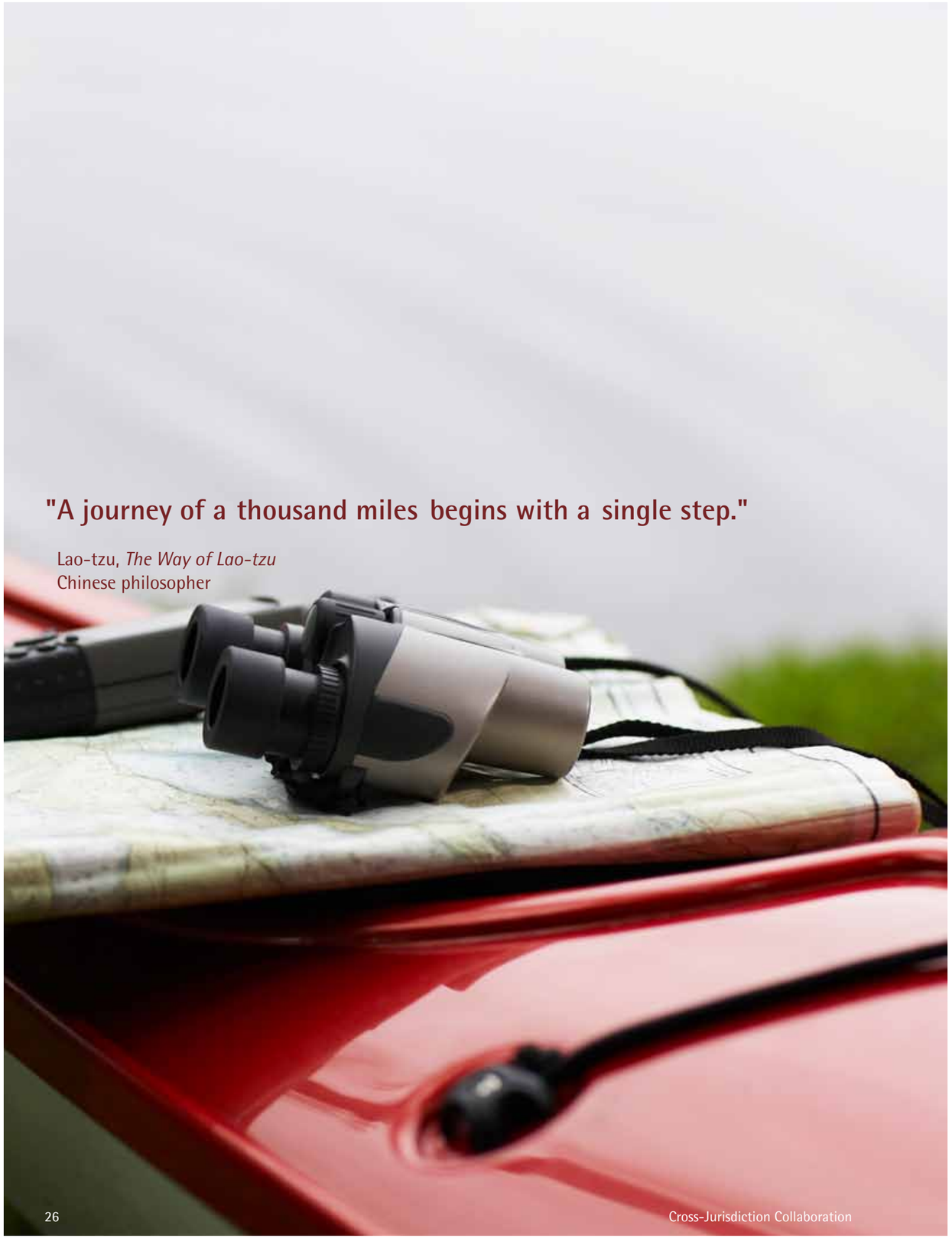
Road map to greater cross-jurisdictional collaboration
Early wins create momentum and funding to expand collaboration scope



Conclusion

In this paper, we have done our best to define, decipher and describe this new aspect of political theory of cross-jurisdictional collaboration models between state and local government entities. There are a vast number of examples of recent successes and failures that cross the spectrum of services that governments provide to their citizens, both internationally and domestically. During our conversations with government leaders this topic is at the top of their agendas as they pursue ideas to help their budget woes and the need to serve their constituents. This paper lays out the major themes, hurdles, pitfalls, prizes and potential that government leaders can encounter as they move down this path.

We hope that this paper will become the how-to manual for government leaders as they grapple with today's economic issues and tomorrow's expected environment. We are in the New Normal, and old models of business as usual will not survive in the government sector as surely as they have not survived in the private sector. The challenge for government leaders is to take what we have provided and do their best to make change happen, before change happens to them.



Appendix

Case Studies – United States

Peer-to-Peer

1. **Philadelphia, Pennsylvania** [Coordinating Services]
2. **Bronx, New York** [Merger]
3. **Morris County, New Jersey** [Merger]
4. **Mine Hill Township/Wharton Borough, New Jersey** [Contracting]
5. **San Mateo County, California** [New Entity]
6. **Bay Area, California** [Coordinating Services - Transportation]
7. **Bay Area, California** [Coordinating Services - Education]
8. **State of Tennessee** [Coordinating Services]
9. **State of New York** [Coordinating Services]

Hierarchical

1. **Portland, Oregon** [New Entity]
2. **Cupertino, California** [Contracting]
3. **Morris County, New Jersey** [Coordinating Services]
4. **St. Paul/Minneapolis, Minnesota** [New Entity]
5. **City of Jacksonville/Duval County, Florida** [Merger]
6. **City of Preston/Webster County, Georgia** [Merger]
7. **City of Nashville/Davidson County, Tennessee** [New Entity]
8. **Silicon Valley, California** [Coordinating Services]
9. **San Mateo County, California** [Contracting]
10. **Union City, California** [Merger]
11. **Youngstown, Ohio** [Coordinating Services]
12. **State of New York** [Coordinating Services]
13. **State of Michigan** [Coordinating Services]
14. **State of Texas** [Coordinating Services]

Public/Private Entity

1. **Sacramento, California** [Contracting]
2. **San Francisco, California** [Contracting]
3. **Sacramento, California** [Coordinating Services]
4. **Santa Clarita Library System** [Contracting]
5. **Ohio Shared Services** [Coordinating Services]
6. **C-IV** [Coordinating Services]

Case Studies – International

1. **Toronto, Canada**
2. **Japan**
3. **Stanthorpe and Warwick Shires, Australia**
4. **Vancouver, Canada**
5. **United Kingdom**
6. **Queensland, Australia**
7. **Suffolk, England** [Contracting]
8. **Greater Toronto Area, Ontario** [Merger]

Case Studies – United States (Peer-to-Peer)

Name: Philadelphia, Pennsylvania
[Coordinating Services][24]

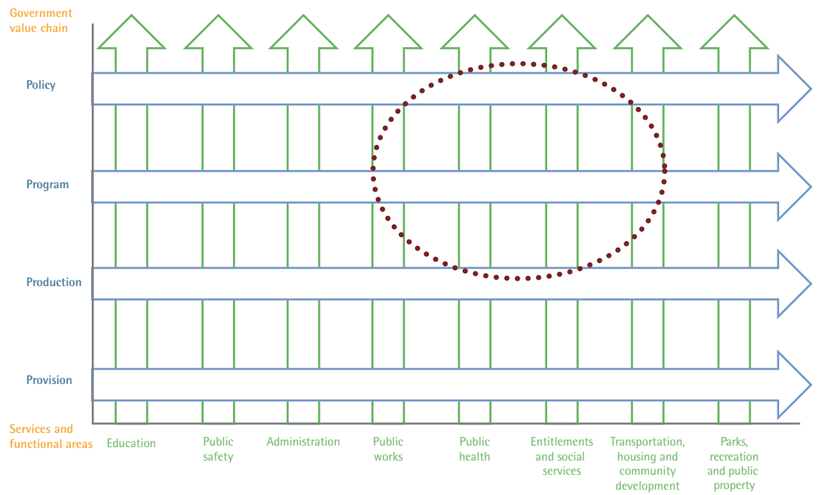
Outcome:
Metropolitan Caucus is leading the new regional energy efficiency strategy targeting for the competitive Energy Efficiency and Conservation Block Grants (EECBG).

Description:
- Unites five counties to coordinate their plans, goals and assets to achieve maximum regional benefit.
- Will submit a joint EECBG competitive application for $35 million for a variety of green building and clean tech investments.
- Draws on collaboration of multiple regional institutions to execute services, including regional educational institutions, key nonprofits and planning agencies.
- Brought together local counties to form this coalition to maximize the stimulus opportunity and create green jobs.

Services:
Applying for the Energy Efficiency Conservation Block Grants in the American Recovery and Reinvestment Act to establish the following services:
- Loan fund for green building and retrofits.
- Clean energy technology deployment.
- Assisting local governments with energy efficiency plans.
- Measuring the energy performance of public facilities.

Entities Involved:
- Bucks County
- Chester County
- Delaware County
- Montgomery County
- Philadelphia County

Value Chain:



Name: Bronx, New York
[Merger] [25]

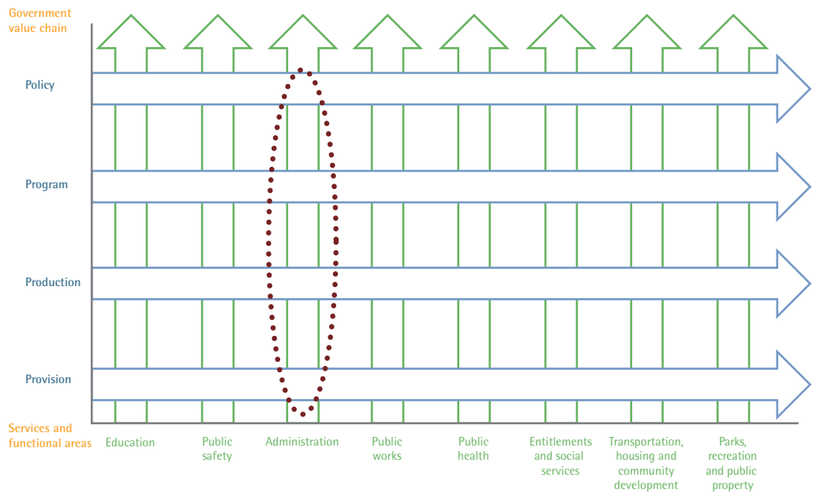
Outcome:
Merged the Bronx Supreme Court and Criminal Courts to address the present and future case load demands in the county, but merger substituted misdemeanor case backlog with felony case backlog.

Description:
- The courts had about eight months to merge clerks from both courts, determine status of the members of the bench and consolidate more than 10 unions and court reporter duties.
- Issues that arose: courts did not have the adequate facilities to hear trials, the merger reduced the absolute number of judges and their availability due to the new schedule and practitioners feel that the Supreme Court prestige has been lost.
- Although the implementation was successful, the city failed to consider the judicial resources necessary for its success and execution.

Services:
- Criminal Court
- Supreme Court

Entities Involved:
- Bronx City

Value Chain:



Morris County, New Jersey
[Merger][26]

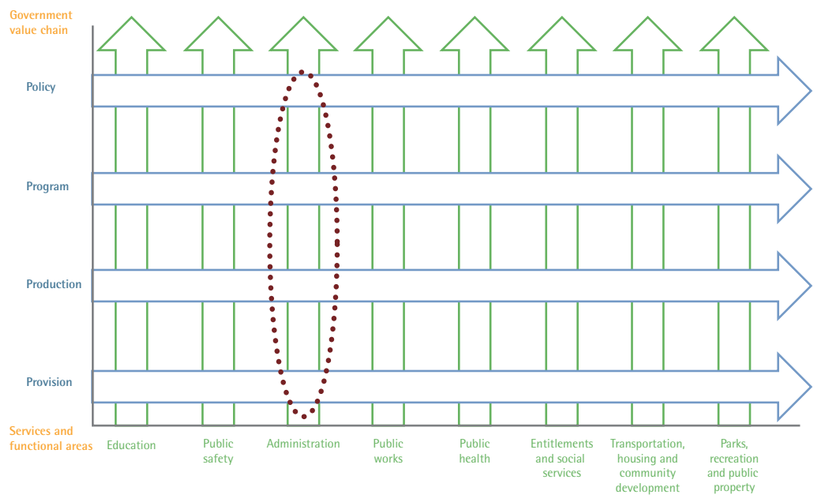
Outcome:
Merging five municipal courts into a regional court based in Dover. Savings are estimated at $2.65 million over the 10-year shared services agreement.

Description:
- The Town of Dover will serve as the lead agency with the other four municipalities closing down their court operations and relocating to Dover, New Jersey.
- All full-time personnel from the four other courts will be incorporated into the joint court, but part-time workers will be laid off.
- The result will be real cost savings to taxpayers and a lower cost per court session for all participating municipalities.
- Two of the towns involved in the merger already share services in different areas, and this opportunity allows their taxpayers to save an additional 25 percent.

Services:
- Municipal Court

Entities Involved:
- Town of Dover
- Township of Mine Hill
- Town of Whartoz
- Town of Mt. Arlington
- Rockaway Borough

Value Chain:



Mine Hill Township/Wharton Borough, New Jersey
[Contracting][27]

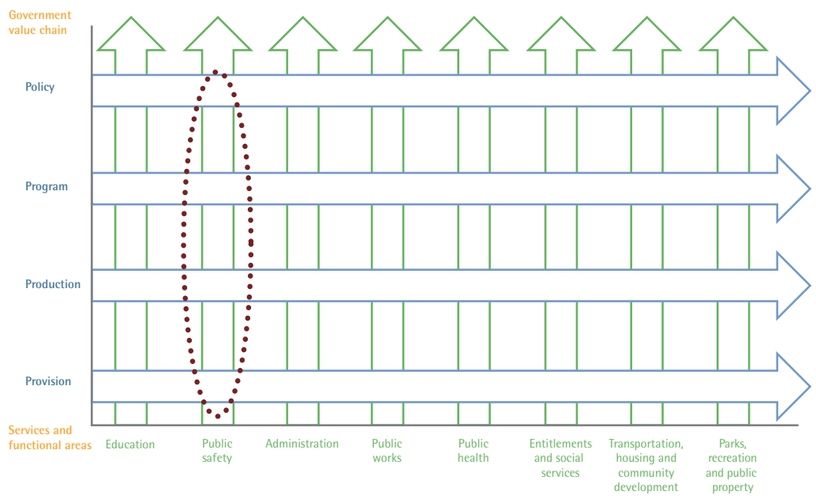
Outcome:
Mine Hill Township dissolved its police force and then contracted the service to the Wharton Borough Police department, saving both municipalities $200,000 a year.

Description:
- For two years Mine Hill had been operating without a police chief, resulting in internal strife that led to ineffective and inefficient police services.
- Mine Hill hired Blue Shield Consulting LLC to perform a study on the department, which recommended its disbandment.
- Mine Hill had a difficult time dealing with the unions and opted to first disband the police force and then contract out the service.
- Both municipalities had to remain forceful throughout the process as they faced disagreement with angry residents. In the end, outsourcing served as a resolution rather than an ordinance.

Services:
- Police services

Entities Involved:
- Mine Hill Township
- Wharton Borough

Value Chain:



San Mateo County, California
[New Entity][28]

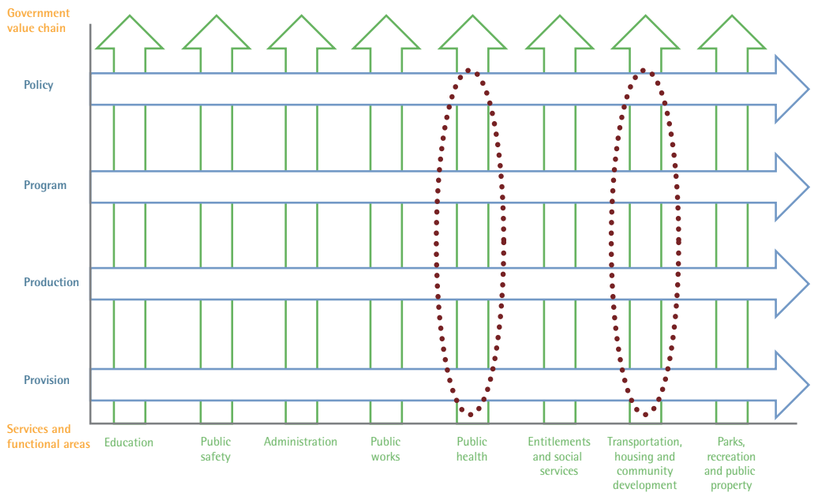
Outcome:
Created in the early 1990s, the City/County Association of Governments of San Mateo consists of 20 cities and a county that jointly work on common issues and develop cost-effective solutions.

Description:
- Each entity has one vote, and special voting procedures can be called when 11 cities or at least enough entities to represent 360,000 of the residents are required to approve any project.
- Committees include the 2020 Peninsula Gateway Corridor Study, Airport Land Use, Bicycle and Pedestrian Advisory Committee, Integrated Waste Management and Resource Management and Climate Protection Committee.
- C/CAG was created to encourage the cities and county to work together. It is under a joint powers authority, which needs to be renewed by all 21 entities every four years to continue as an organization.

Services:
- Transportation
- Air quality
- Storm water runoff
- Hazardous waste
- Solid waste
- Recycling
- Land use near airports
- Abandoned vehicle abatement

Entities Involved:
- Atherton
- Belmont
- Brisbane
- Burlingame
- Colma
- Daly City
- East Palo Alto
- Foster City
- Half Moon Bay
- Hillsborough
- Menlo Park
- Millbrae
- Pacifica
- Portola Valley
- Redwood City
- San Bruno
- San Carlos
- San Mateo
- San Mateo County
- South San Francisco
- Woodside

Value Chain:



Bay Area, California
[Coordinating Services][29]

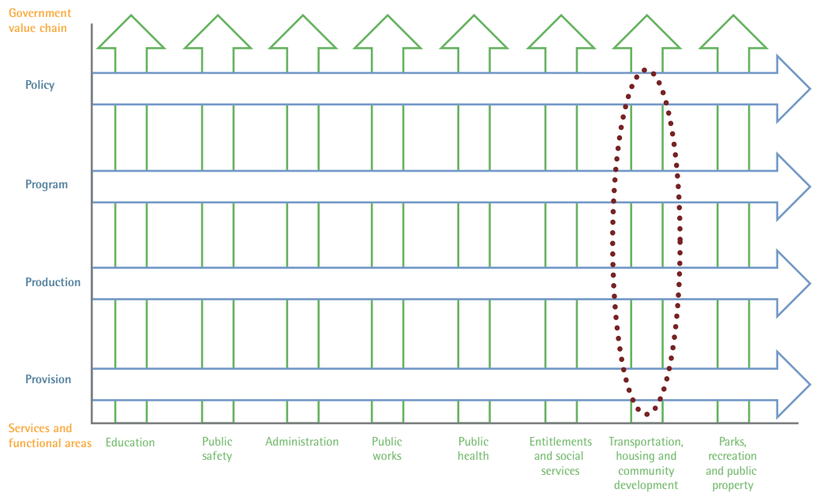
Outcome:
The Metropolitan Transportation Commission (MTC) is the transportation planning, coordinating and financing agency for the nine county San Francisco Bay Area.

Description:
- The agency was created by a 19-member policy board, with 14 members elected on the commission and two members representing the regional agencies—Association of Bay Area Governments and Bay Area Conservation and Development Commission.
- State and federal laws have given MTC an increasingly important role in financing the Bay Area transportation improvements.
- In April 2009, it published a long-term plan for reducing greenhouse gas emissions and financing future transport improvements.
- It was created by the California state legislature in 1970, and functions both as the regional transportation planning agency and, for federal purposes, as the region's metropolitan planning organization (MPO).

Services:
- Transportation

Entities Involved:
- Alameda County
- Contra Costa County
- Marin County
- Napa County
- City/County of San Francisco and Mateo County
- Santa Clara County
- Solano County
- Sonoma County

Value Chain:



Bay Area, California
[Coordinating Services][30]

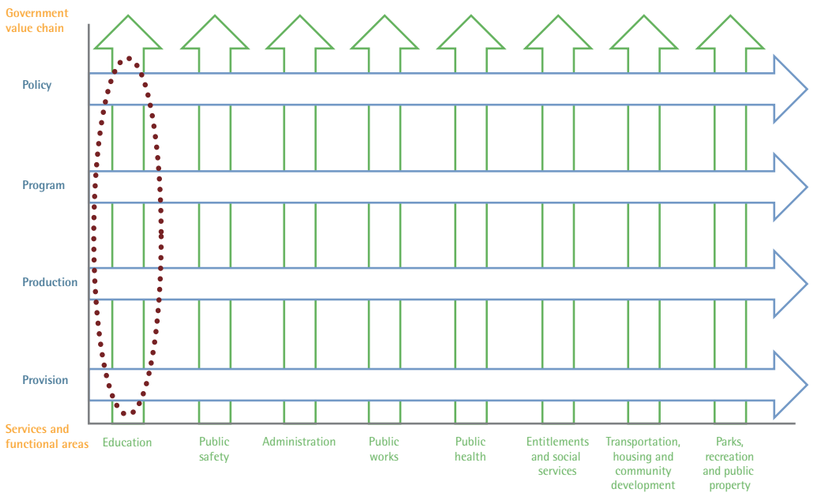
Outcome:
The North County Regional Occupational Program (NCROP) is a JPA between 10 Bay Area high schools focused on providing Regional Occupational Program courses for career technical education.

Description:
- Courses provide students with opportunities to acquire skills based on industry standards and aligned with academic content.
- Their purpose is to help prepare students for success in secondary education and the workplace.
- Data shows that 95 percent of students who complete an ROP course either obtain entry-level positions in their field of training or continue education in related fields of study at the college level.
- The NCROP JPA was approved by the Santa Clara County Board of Education in March 2009 and currently has its own elected board of directors.

Services:
- Education

Entities Involved:
- Fremont Union High School District
- Mountain View-Los Altos Union High School District
- Palo Alto Unified School District

Value Chain:



State of Tennessee
[Coordinating Services][31]

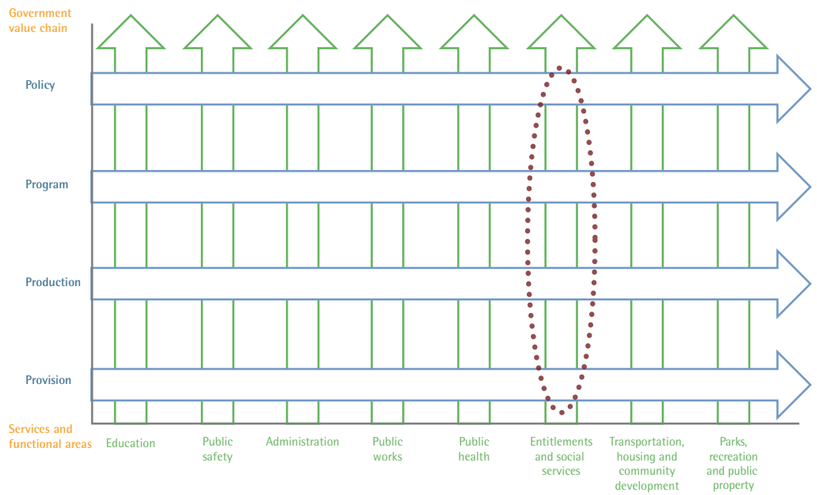
Outcome:
The Tennessee Department of Labor has signed a contract with technology vendor Chicago Systems Group-Government Solutions to assist in the development of functional specifications for an unemployment insurance system. The focus of the project is to develop a common unemployment insurance benefit system that could be used by multiple states.

Description:
- The U.S. Department of Labor awarded funds to the Southeast Consortium based on proximity and similarity of unemployment programs and laws to aid in the development of a new system.
- The Southeast Consortium (which includes Tennessee, North Carolina, South Carolina and Georgia) is considering improvements to the system that will allow for faster implementation, more efficient use of staff, real-time processing and access to information, and self-service functions so claimants can update their information.
- Multiple states using the system will allow for easier assistance in disaster situations.
- This announcement is part of a $6.8 million infrastructure grant announced October 2009.
- Collectively, the Southeast Consortium of states will contribute $9.9 million toward the redesign project.
- The Southeast Consortium is scheduled to complete the project on September 28, 2011.

Services:
- Unemployment insurance

Entities Involved:
- Southeast Consortium
- State of Tennessee
- State of North Carolina
- Chicago Systems Group-Government Solutions
- State of South Carolina
- State of Georgia
- U.S. Department of Labor

Value Chain:



State of New York
[Coordinating Services][32]

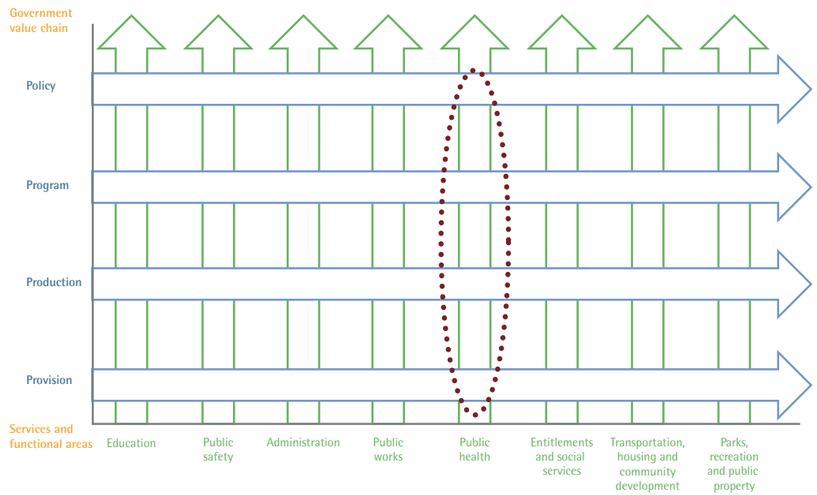
Outcome:
Through collaborative technologies, the New York State Department of Health (DOH) and Office of Mental Health (OMH) has undertaken the initiative to improve the quality and efficiency of psychotropic prescribing practices in New York State, saving more than $88 million in pharmaceutical costs.

Description:
- A portfolio of Web-based tools (PSYCKES) was designed to identify Medicaid enrollees statewide who are receiving care that is both costly and questionable in quality.
- System users can review quality indicators and obtain the information required to improve clinical decision making and quality.
- OMH and DOH collaborated with a diverse and extensive group of stakeholders, including academics, advocates, providers, consumers and family members. This successful collaboration, along with the PSYCKES tools, laid a solid foundation for an initiative that continues to provide benefits to all stakeholders and to the taxpayers of New York State.
- PSYCKES is used by 92 percent of clinics, reaching 40 percent of Medicaid recipients with quality flags.
- The care provided to Medicaid patients is directly improved and the cost of providing this care is reduced, saving Medicaid tax dollars.
- Since PSYCKES utilizes existing data from the NYS Medicaid claims, all of the benefits of the initiative accrue without any additional costs to New York State.

Services:
- Public health
- Medicaid

Entities Involved:
- State of New York
- Department of Health
- Office of Mental Health

Value Chain:



Case Studies – United States (Hierarchical)

Portland, Oregon
[New Entity][33]

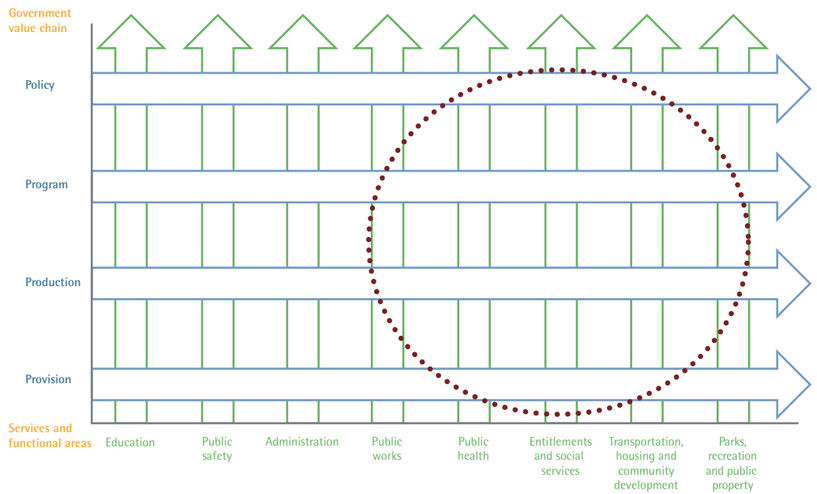
Outcome:
Created Metro, a region-wide planning and coordination entity to manage growth, infrastructure and development issues that cross jurisdiction boundaries.

Description:
- Metro was approved by a majority vote in 1979, and is structured with an elected seven-member council, auditor and chief operating officer.
- It serves more than 1.5 million residents in three counties and 25 cities.
- Its funding comes from enterprise activities (54 percent), property tax revenues (18 percent) and the excise tax paid by Metro users.
- The creation of Metro occurred at a time when public interest in strengthening regional government was driven by concerns of efficiency and accountability.

Services:
- Metro Exposition Recreation Commission
- Oregon Zoo
- Planning and conservation
- Regional parks and green spaces
- Solid waste and recycling
- Finance and administrative services
- Human resources and public affairs
- Government relations

Entities Involved:
- Clackamas County
- Multnomah County
- Washington County
- 25 cities in the Portland, Oregon metropolitan area

Value Chain:



Cupertino, California
[Contracting] [34]

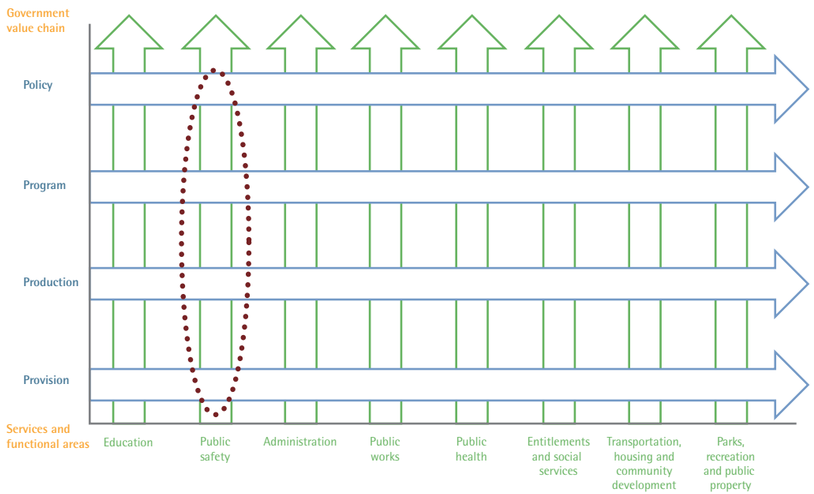
Outcome:
The City of Cupertino needed a police department but opted to contract its services to the Santa Clara County Sheriff, who also serves Los Altos Hills and Saratoga, to save money.

Description:
- Cupertino pays the Santa Clara County Sheriff Department $8.3 million to service 55,000 residents, while Los Gatos operates its own police department for $13 million to service 30,000 residents.
- The city pays for police services only when needed, based on an hourly rate, which is about $150 this year (rate includes personnel and overhead costs, training, retirement and health benefits and other services).
- The city found it more economical to contract out the service to the Sheriff Department from the onset, as it would save Cupertino overhead costs and provide outstanding service levels at a cheaper cost.

Services:
- Police services
- Dispatch
- Clerical support of officers
- Records keeping and equipment
  Full-time experts (e.g., homicide detective)
- SWAT team (available when needed)
- Search-and-rescue helicopter (available when needed)

Entities Involved:
- City of Cupertino
- Santa Clara County

Value Chain:



Morris County, New Jersey
[Coordinating Services][35]

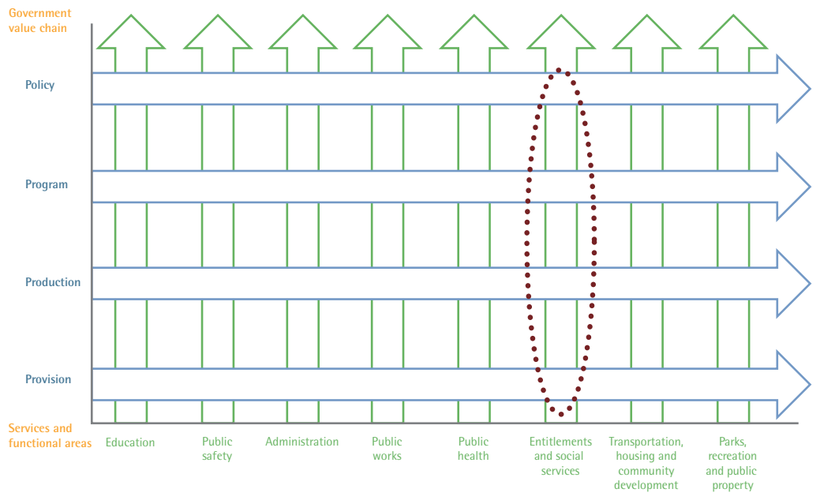
Outcome:
Agencies pool their purchasing power to receive discounted prices on a wide range of goods and services. Since its beginning as a response to the difficult economic circumstances in 1974, the purchasing initiative has saved taxpayers more than $12.7 million.

Description:
- The Morris County Cooperative Pricing Council was created when the four founding counties were looking to reduce costs and streamline the process for municipal purchasing.
- The initiative was led by then Randolph Township manager.
- It is currently managed by the Township of Randolph (considered as the lead agency) and has more than 200 government entities.
- The cooperative does not share services directly, but they can all act in congruence at any time when new capital or purchases need to be acquired.
- There is an annual membership fee, and the entity's governing body must provide authorization to be a part of the cooperative.

Services:
Purchasing contracts
- Currently, 59 contracts have been established.
- Contracts include supplies, equipment, pest control services, maintenance and repairs, vehicles, road resurfacing, chemicals and materials to maintain public areas.

Entities Involved:
- Essex County
- Hunterdon County
- Morris County
- Passaic County
- Somerset County
- Sussex County
- Union County
- Warren County
- Other members include municipalities, police departments, school districts, sewage authorities, housing authorities and municipal utilities authorities

Value Chain:



St. Paul/Minneapolis, Minnesota
[New Entity][36]

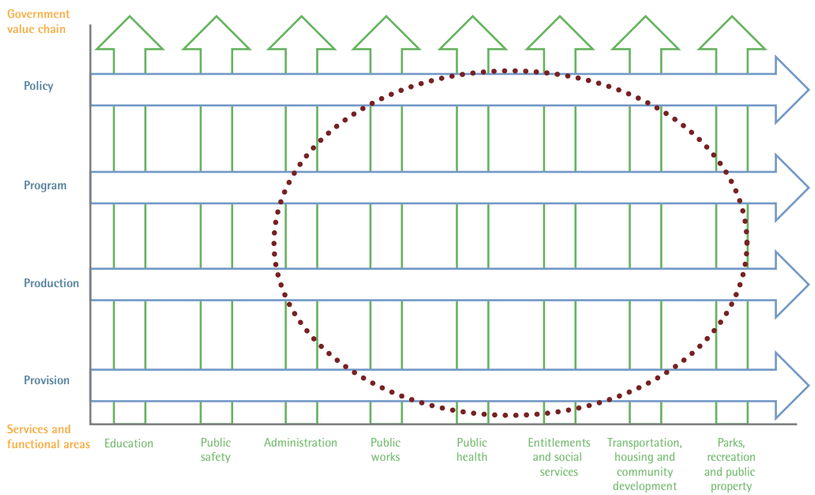
Outcome:
The creation of a regional planning agency serving the twin cities' seven-county metro area through an appointed 17-member council, with 16 of the members each representing a geographic district and a chair who serves at large.

Description:
- The planning agency was created by the Minnesota State legislature in 1967 and covers a region with a population of 2.85 million residents.
- It is funded through property taxes (10 percent), user fees (42 percent), state/federal funds (46 percent) and other funds (2 percent).
- Successes in 2009 included opening the region's first commuter rail line, nearing completion of the preliminary engineering of Central Corridor light-rail transit and keeping the regional property tax levy flat for the sixth consecutive year.
- The Minnesota legislature voted to create the council based on the urging of many local governments and business and civic leaders.
- The initiative was led by the Citizens League, the Metro section of the League of Minnesota Municipalities, the League of Women Voters and others.

Services:
- Bus system
- Wastewater services
- Public/community planning
- Forecasting the region's population and household growth
- Providing affordable housing options
- Planning, acquisitions and funding for the regional system of parks and trails
- Providing a framework for decisions and implementation for regional systems (aviation, transportation, parks and open space, water quality and management)

Entities Involved:
- Anoka County
- Washington County
- Ramsey County
- Dakota County
- Scott County
- Carver County
- Hennepin County
- All or part of 182 cities and townships, 949 lakes and three major rivers—Mississippi, Minnesota and St. Croix

Value Chain:



City of Jacksonville/Duval County, Florida [Merger][37]

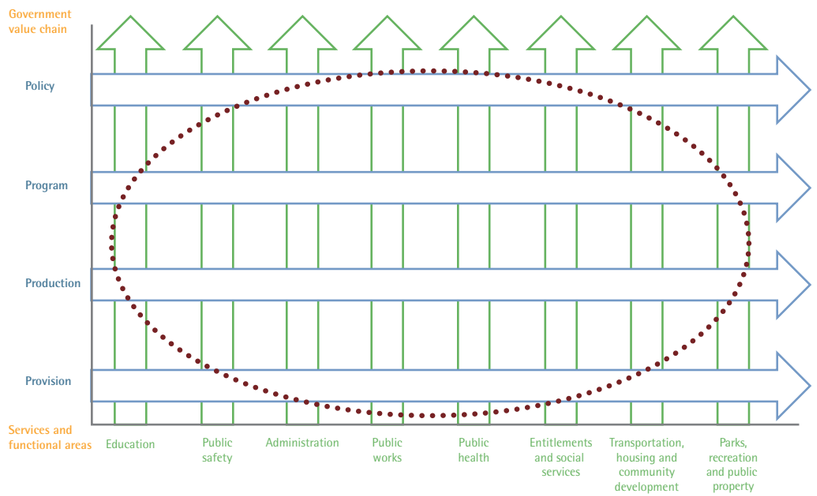
Outcome:
In 1968, the city of Jacksonville and Duval County consolidated their governments, which resulted in an incorporated population of 735,000 people.

Description:
- The structure of the resulting consolidated government was a stronger mayor, 14 district seats and five at-large seats.
- The goals were to lower taxes, increase economic development, unify the community, better manage public spending and improve administration by a more central authority.
- The consolidated City of Jacksonville covered an area of 841 square miles, 20 times its former size.
- The merger was driven by the citizens who wanted more involvement with the government and more services and control, and who ultimately passed the legislation, which ended duplication of services and provided political access for minorities.

Services:
- Air and water
- Sewer treatment
- Fire department
- Rescue services
- Garbage collection
- Urban planning
- Land use
- Public buildings

Entities Involved:
- City of Jacksonville
- Duval County

Value Chain:



City of Preston/Webster County, Georgia [Merger][38]

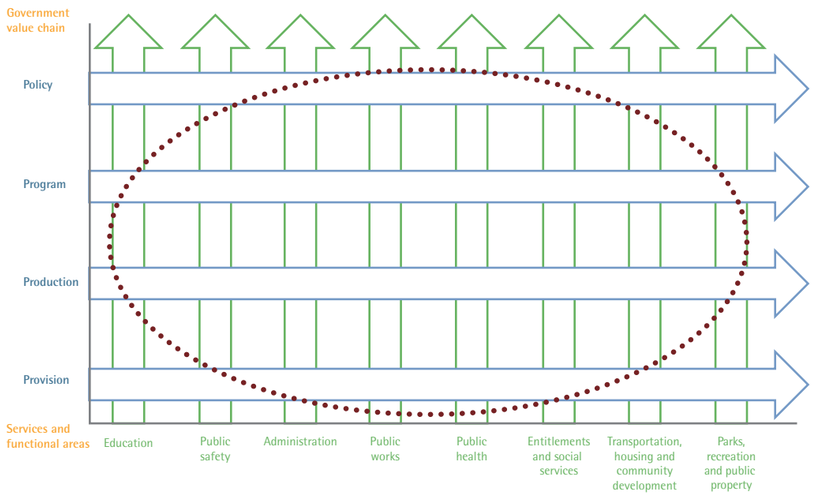
Outcome:
The city of Preston and Webster County consolidated in 2008 to provide efficient services, improve administrative efficiency and eliminate duplicative elements of government operations.

Description:
- The consolidated government comprises five members, four elected from districts identical to the current county commission districts, and the other member elected at large to serve full-time as chairman of the Unified Government.
- Expected financial advantages, such as the imposition of a utility franchise fee in the unincorporated county, would allow voters to save more than $100,000 in property taxes.
- In 2006 the Georgia General Assembly established the Preston-Weston-Webster County Charter and Unification Commission to analyze and provide a recommendation on consolidation—voters approved the charter in 2008.

Services:
- Tax assessor
- Board of Elections
- Library
- Family connections
- Health services
- Waterworks
- Adult literacy
- Emergency medical services
- Fire department
- Law enforcement
- School system

Entities Involved:
- City of Preston
- Webster County

Value Chain:



City of Nashville/Davidson County, Tennessee [New Entity][39]

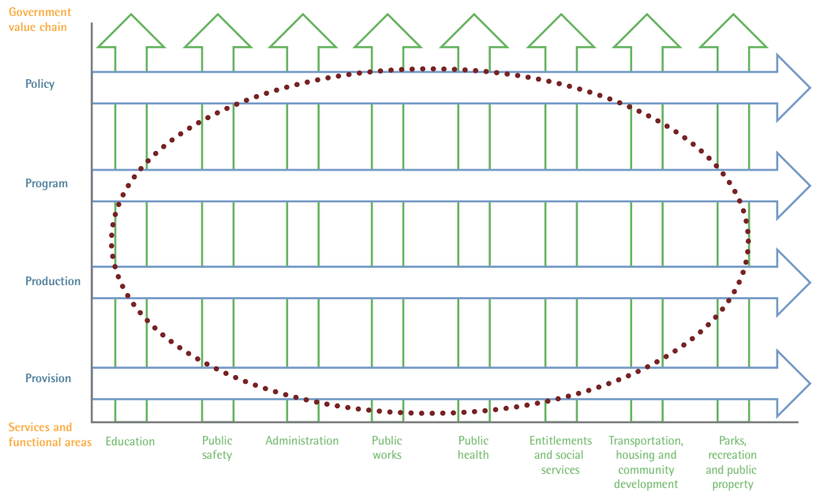
Outcome:
In 1963, Nashville became the first city to achieve true consolidation and became the national pioneer in a metropolitan consolidation. The government sought to counter the rise of property taxes with an increase in services once it consolidated.

Description:
- There was little opposition when consolidation was proposed in a 1958 referendum, but shortly before the vote, opposition to the idea began to surface and residents were fearful that the Metro government would mean a tax increase. As a result, the charter passed in the city, but failed in the county.
- In response to this failure, a second charter was created to fix the gaps in the first—this became the official charter in 1962.
- As early as 1915, a city commission recommended a massive annexation to create a single city-county government, but this did not pass—it was not until 1962 that citizens voted in favor of the creation of the Metropolitan Government.

Services:
- Air quality
- Animal services
- Administration
- Emergency response
- Garbage collection
- Public works
- Social services
- Health services
- Transportation
- Home and real estate
- Education

Entities Involved:
- City of Nashville
- Davidson County

Value Chain:



Silicon Valley, California
[Coordinating Services][40]

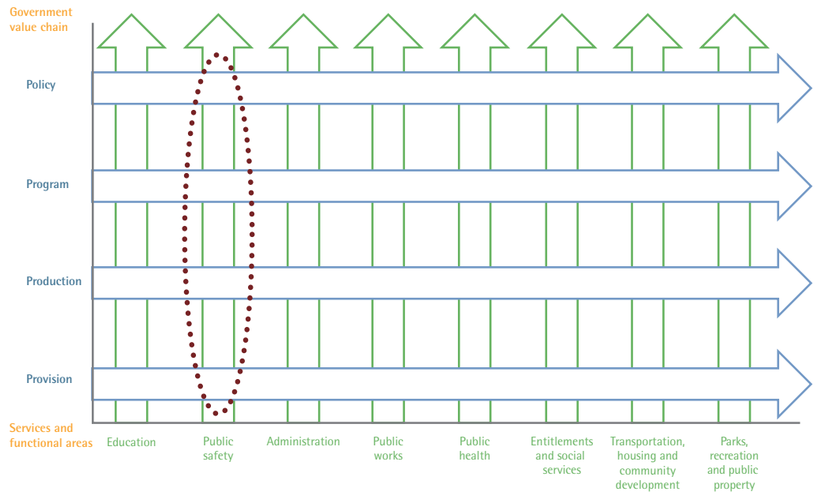
Outcome:
In 1998, 19 Santa Clara County local entities banded together to enhance interagency coordination, communication and sharing of information among their public safety agencies, called the Silicon Valley Regional Interoperability Project (SVRIP).

Description:
- Interoperability refers to the ability of emergency responders to share information via voice and data signals on demand, in real time, when needed and as authorized.
- SVRIP currently operates five distinct projects to achieve its goals, and no project has priority over another.
- The implementation of each project is dependent on the availability of funds.
- The Department of Homeland Security has identified interoperability as one of the nation's highest priorities, and since 2003 it has awarded $2.9 billion in funding to enhance state and local interoperable communication efforts.

Services:
- Public safety
- Emergency response
- Network security
- Voice over IP

Entities Involved:
- Campbell
- Cupertino
- Gilroy
- Los Altos
- Milpitas
- Monte Sereno
- Morgan Hill
- Mountain View
- Palo Alto
- Santa Clara
- San Jose
- Saratoga
- Sunnyvale
- Los Gatos
- Los Altos Hills
- South Santa Clara County Fire District
- County of Santa Clara
- San Jose State University
- Santa Clara Valley Water District

Value Chain:



San Mateo County, California
[Contracting][41]

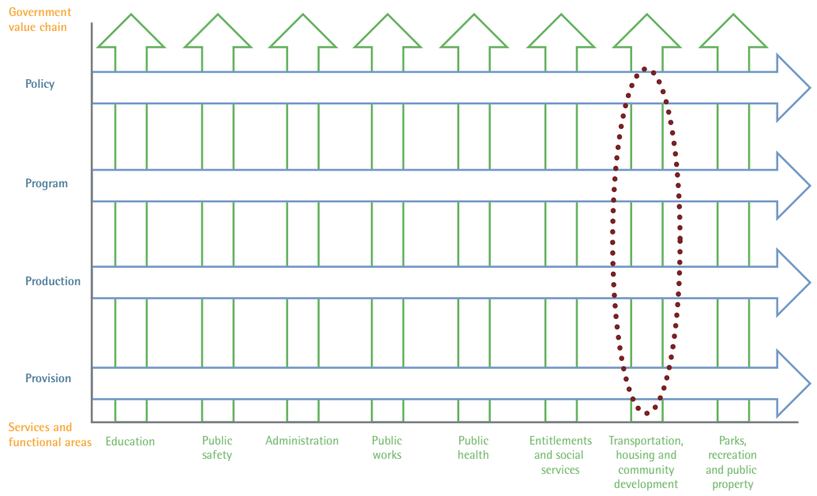
Outcome:
In 2008, San Mateo County and its cities signed a contract with the Peninsula Humane Society & SPCA to provide animal control services to the region. The goal was to reduce cost-to-serve since nonprofit resources are less costly than government.

Description:
- Each city and county pays an annual six-figure sum based on service call volume to fund the $5 million-per-year deal and funding increases of about 5 percent annually.
- The contract expires in 2011, and the PHS & SPCA said it would not raise rates for a year if a new contract was signed.
- Currently, San Mateo is not sure whether the contract is cost-effective enough, and may be looking for other options for 2011.
- San Mateo County and its cities were looking for a low-cost service provider in 2008, and now must continue the service with the humane society, form a joint government agency or contract the services to a lower-cost provider.

Services:
- Animal rescue
- Pick up stray and injured animals
- Remove dead animals from public right-of-way (except freeways/highways, which are maintained by CALTRANS)
- Enforce laws that protect animals and people
- Pick up wildlife on private property

Entities Involved:
- San Mateo County and its cities
- Peninsula Humane Society and Society for the Prevention of Cruelty to Animals

Value Chain:



Union City, California
[Merger][42]

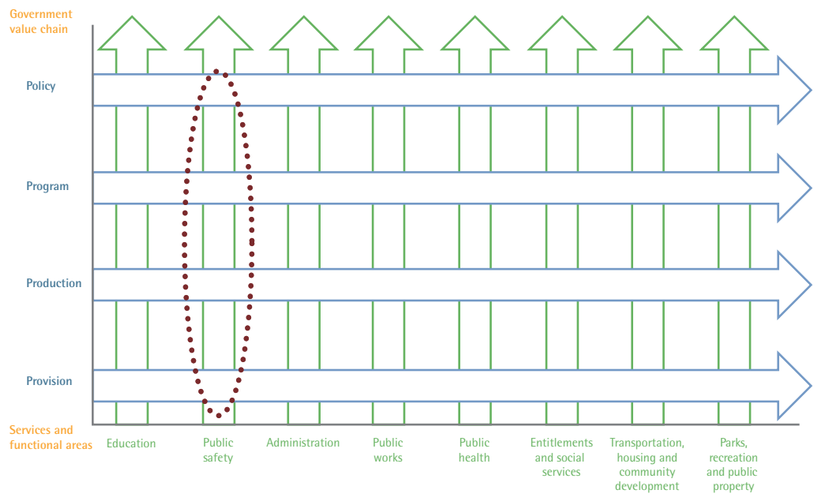
Outcome:
Starting in July 2010, firefighters working in Union City are now answering to the Alameda County Fire Department. Both entities have been working on this transition plan for months, and now Union City firefighters will go by a different name.

Description:
- Prior to this merger, Newark's fire department merged with the county as well, providing a framework for Union City.
- The merged fire departments have been working as a single battalion since May 2010, and they will take 18 to 24 months to complete the transition.
- Alameda County also contracts its services to the cities of San Leandro and Dublin.
- The City Council was split in its decision to consolidate, but the firefighters union endorsed the consolidation, citing the ability for its members to take advantage of more hands-on training, equipment and other county resources.

Services:
- Fire department

Entities Involved:
- Union City
- Alameda County

Value Chain:



Youngstown, Ohio
[Coordinating Services][43]

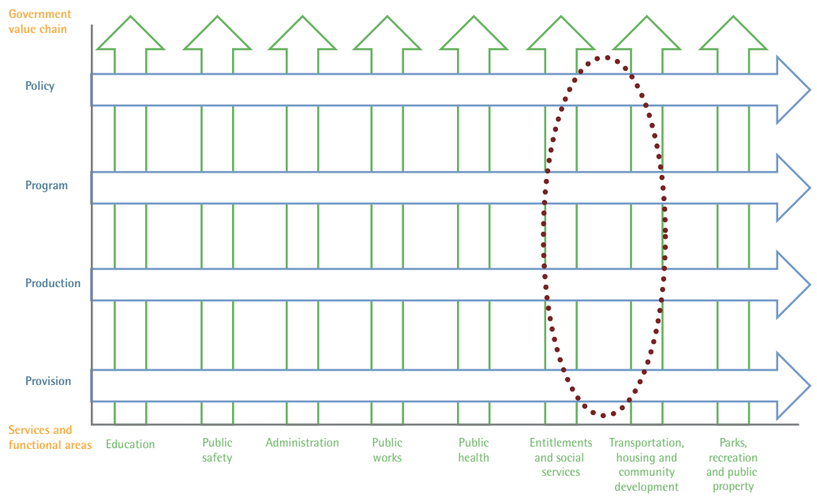
Outcome:
Nine cities are collaborating to submit a joint $32.4 million application to address the region's challenges with foreclosures and vacant and abandoned properties through the Neighborhood Stabilization Program (NSP2).

Description:
- NSP2 is currently funded through the American Recovery and Reinvestment Act.
- The shared plan will be implementing a solution that includes regional banking; targeted demolition/deconstruction, acquisition, and rehab of single family homes; redevelopment of vacant land; and affordable financing for home buyers.
- The economic situation motivated agreement between the entities trumping the history of their individual self-interests.
- Although the nine cities and county formed the Mahoning River Corridor Mayor's Association in 2007 to share ideas, this will be the first time the jurisdictions have taken action together to achieve a common goal.

Services:
- Finance
- Land use
- Housing

Entities Involved:
- Lowellville
- Girard
- McDonald
- Niles
- Warren
- Newton Falls
- Struthers
- Campbell
- Youngstown
- Youngstown Community Development Agency
- Regional land banking institutions

Value Chain:



State of New York
[Coordinating Services][44]

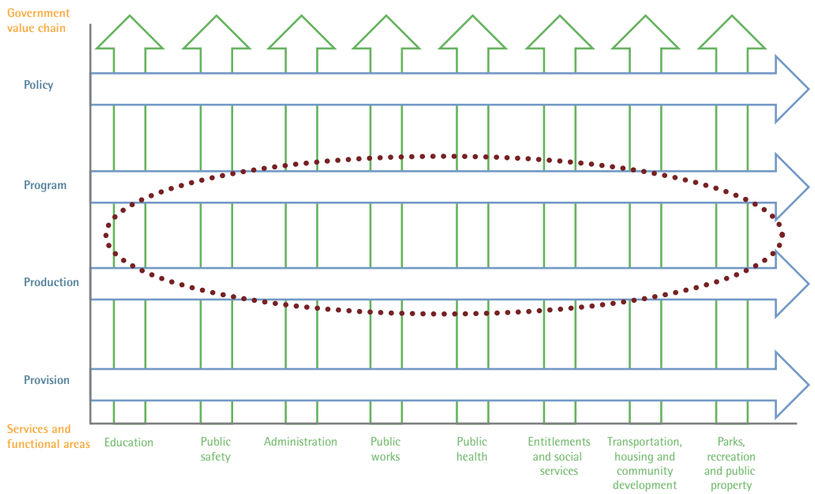
Outcome:
The Commission on Local Government Efficiency and Competitiveness (LGEC), created by executive order of the governor in 2007, recently recommended changes to the New York state budget to enhance the shared services incentive grants to help promote major service sharing arrangements and consolidations that save taxpayer dollars.

Description:
- Local governments can apply for studies and implementation efforts for shared service efforts that they design. Enhanced technical assistance and information on best practices also will be made available. Specific areas for grants include:
  - Planning grants. Competitive grants are awarded to groups of municipalities for the study of shared services they propose to the commission.
  - Efficiency implementation grants. Money for multiple municipalities to apply for jointly, which helps cover transitional personnel costs to implement new joint function.
  - Twenty-First Century Demonstration Project Grants. Competitive award process for county wide or regional service models in specific areas, such as highway maintenance, policing, schools consolidation and smart growth planning, can receive more funding if working cooperatively with multiple municipalities.

Services:
- Vary depending on grant recipient

Entities Involved:
- State of New York
- Local municipalities on city, county and regional levels
- School districts or special districts
- Commission for Local Government Efficiency and Competitiveness (LGEC)

Value Chain:



State of Michigan
[Coordinating Services][45]

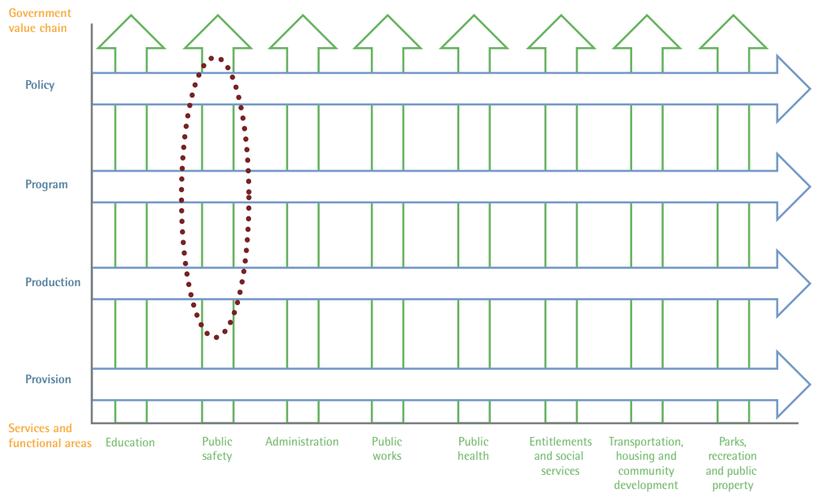
Outcome:
Michigan completed a multiyear, collaborative project focused on providing standardized, interoperable communication system for disaster response and day-to-day support of activities for public safety and governmental entities.

Description:
- Multi jurisdictional agencies and vendors collaborate to develop a statewide, standardized, interoperable communication system for public safety.
- Stakeholders include more than 1,200 agencies that realized the comprehensive benefits, from operational efficiencies to improved best practices, policies and procedures.
- The state funding needed to maintain operation of the new system was reduced by 33 percent in 2009, from 2001, while taxpayers could enjoy an estimated $87 million in cost avoidance savings.

Services:
- Public safety
- Emergency communication
- US Customs, Border Patrol
- Fire department
- Sheriff's department
- EMS personnel

Entities Involved:
- State of Michigan
- Private communications vendor
- Quality assurance vendor

Value Chain:



State of Texas
[Coordinating Services][46]

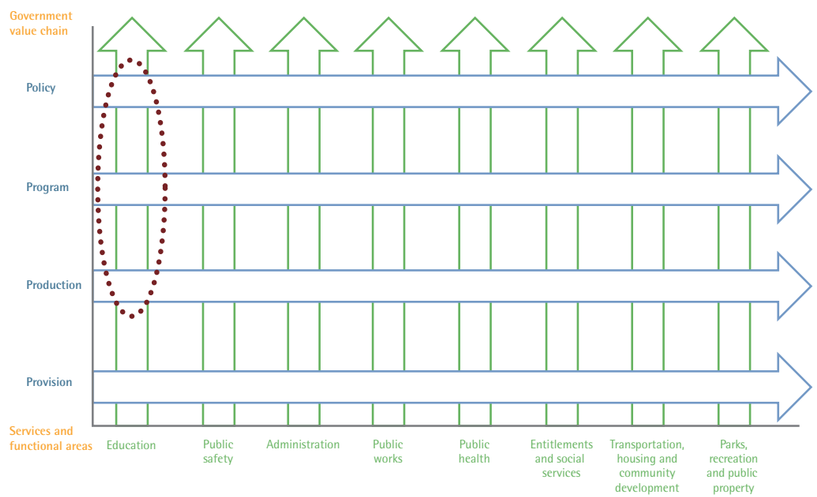
Outcome:
An incentive program provides grants to schools that collaborate in pooling resources to reduce administrative costs. It allows school districts the ability to achieve economies of scale and eliminate redundancies without forfeiting local control or creating additional bureaucracy.

Description:
- Texas Governor Rick Perry announced the incentive program in August 2010.
- Participating school districts receive a state grant equal to 10 percent of savings from the first year.
- School districts are encouraged to work with other districts, counties, municipalities and private sector partners to achieve these savings.

Services:
- Education

Entities Involved:
- State of Texas
- School districts across the state

Value Chain:



Case Studies – United States (Public/Private)

Sacramento, California
[Contracting][47]

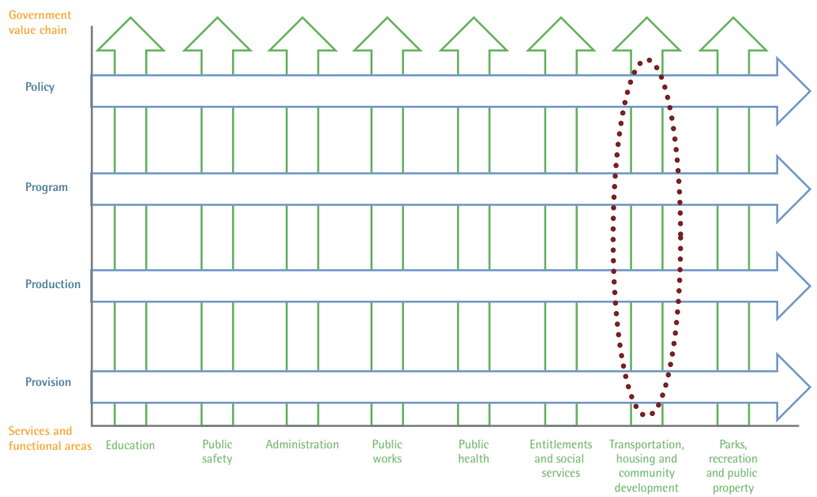
Outcome:
Sacramento contracts out its community building, information and planning, policy and advocacy, and regional programming to a nonprofit called the Community Services Planning Council.

Description:
- The Community Services Planning Council is a nonprofit organization that provides health and human services information to the public, conducts collaborative planning and policy analysis on health and social issues, develops and offers programs, builds coalitions, and offers training and technical assistance in community planning, mobilizing and program development.
- Several of its programs, such as 2-1-1 Sacramento, are funded by the Sacramento County Department of Human Assistance.

Services:
- Community service
- The Sacramento Regional Emergency Food and Shelter Board
- Information systems
- 2-1-1 Sacramento is a comprehensive, multilingual telephone information and referral program serving Sacramento
- The Sacramento County Commission on Geographic Managed Care (reports to the Sacramento County Board of Supervisors)
- Sacramento Hunger Commission
- Partnership with California Immunization Registry

Entities Involved:
- City/County of Sacramento
- Community Services Planning Council (nonprofit)

Value Chain:



San Francisco, California
[Contracting][48]

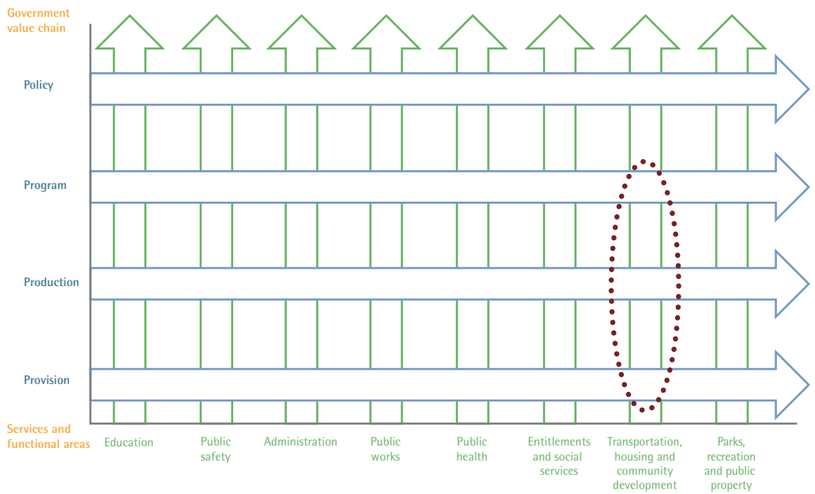
Outcome:
City CarShare and the city of San Francisco have stepped up efforts to save money and lower the city's carbon footprint by entering a formal agreement to extend car sharing to city employees.

Description:
- This arrangement offers the city a way to manage a smaller vehicle fleet, with lower purchase and maintenance costs and reduced greenhouse gas emissions.
- Gas, insurance and maintenance are included in the service, and fewer cars will serve more city and county employees.
- The city and county of San Francisco will save taxpayer money by encouraging transit-oriented sharing.
- The mayor's office announced the partnership with City CarShare, and individual departments will individually sign up for the program.

Services:
- Transportation

Entities Involved:
- City/County of San Francisco
- City CarShare

Value Chain:



Sacramento, California
[Coordinating Services][49]

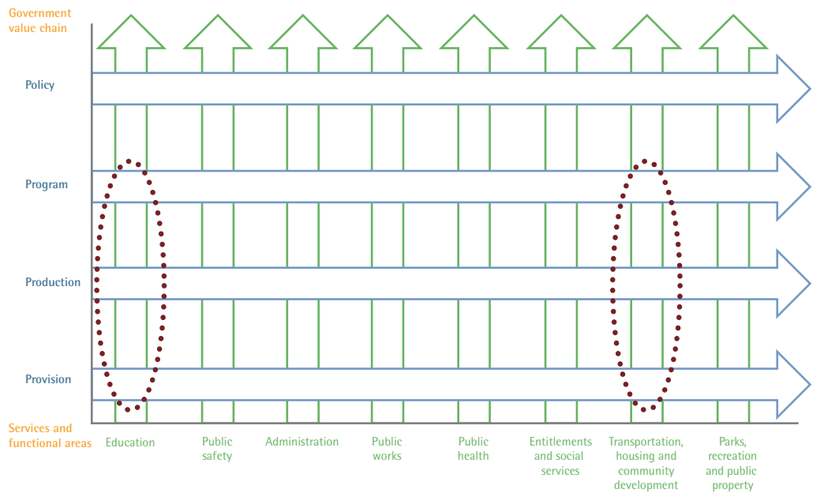
Outcome:
In 1978, the city and the county of Sacramento formed a joint powers agency with a local community action agency, the Sacramento Employment and Training Agency.

Description:
- The Sacramento Employment and Training Agency (SETA) Governing Board is a five-member board of directors comprising local elected officials and one public representative responsible for the oversight and administration of federal Workforce Investment Act, Head Start, Community Services Block Grant, refugee funds and any other federal or state statutes under which financial assistance is provided, or under which financial assistance is received from private sources.
- Establishing a joint powers agency with the local government provides SETA a way to integrate seamlessly with current government programs already in place.

Services:
- Children and family services
- Community programs and resources
- Employer and business services
- Job-seeker services
- Youth services

Entities Involved:
- City/County of Sacramento
- Sacramento Employment and Training Agency

Value Chain:



Santa Clarita Library System
[Contracting][50]

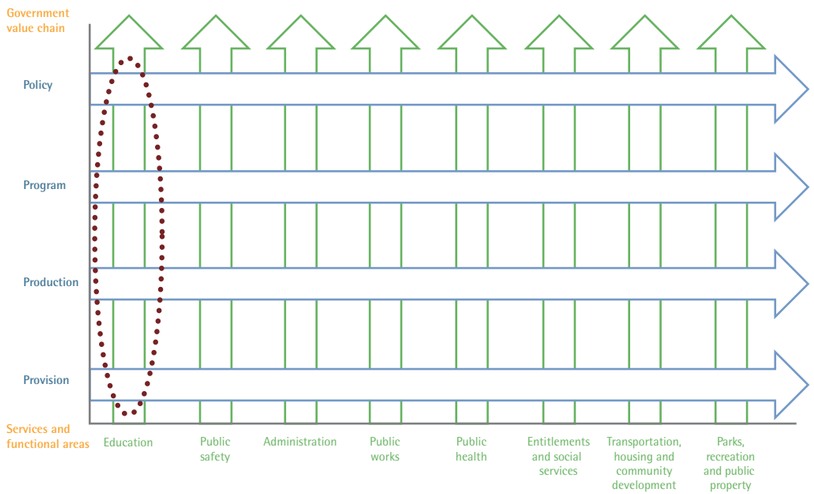
Outcome:
A private company based in Maryland, Library Systems and Services (LSSI) entered into a $4 million contract to manage the three libraries in Santa Clarita, California.

Description:
- LSSI has previously taken over public libraries in ailing cities in California, Oregon, Tennessee and Texas, making it the fifth largest library system in the US.
- Public outcry was heard against the deal with Santa Clarita, as services are usually outsourced only out of necessity or economic severity.
- LSSI runs 14 library systems in 63 locations, usually as a means of "fixing" broken libraries.
- Santa Clarita officials hope to keep the library system alive, as other areas of the city's finances lose stability.

Services:
- Libraries

Entities Involved:
- Library Systems and Services, Inc.
- City of Santa Clarita

Value Chain:



Ohio Shared Services
[Coordinating Services][51]

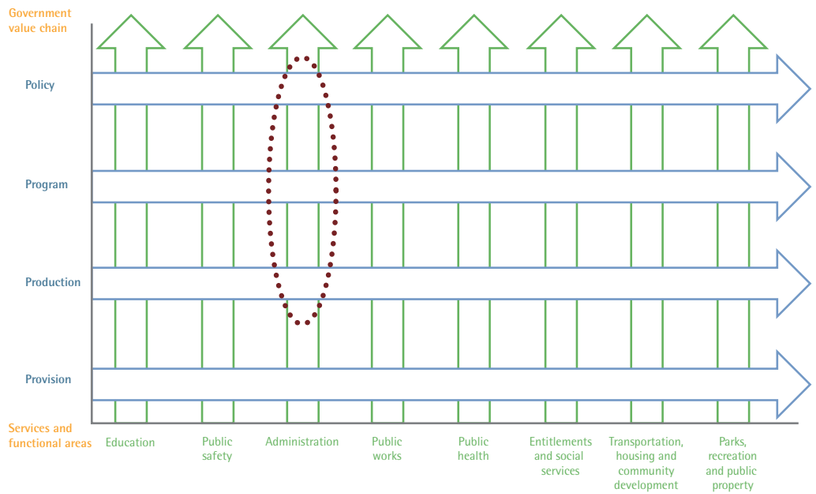
Outcome:
Ohio moved to a statewide shared services model in 2007, which brought a 15 to 20 percent improvement in productivity and a reduction of costs from $37 per transaction to just $12. Ohio expects to achieve about $26 million in average annual savings, or about $500 million over 20 years.

Description:
- As part of the launch of its PeopleSoft enterprise resource planning system, the shared services center was designed in partnership with the state's unions and under the guidance of Accenture through the design, build and deployment stages. It is staffed and managed internally, rather than outsourced.
- Ohio engaged stakeholders on multiple levels, allowing agencies to volunteer to participate in the transformation. The first service on its agenda was financial services, followed by human resources and technology services.
- Some of the departments within the state that are already benefiting from the shared services transformation include the Ohio Department of Rehabilitation and Correction, Ohio Rehabilitation Services Commission and Ohio Department of Taxation.

Services:
- Administration
- Financial services
- Human resources
- Technology services

Entities Involved:
- State of Ohio
- The CFO Council
- Process Council
- OCSEA Union Partnership
- Accenture
- Outside Advisory Council

Value Chain:



C-IV
[Coordinating Services][52]

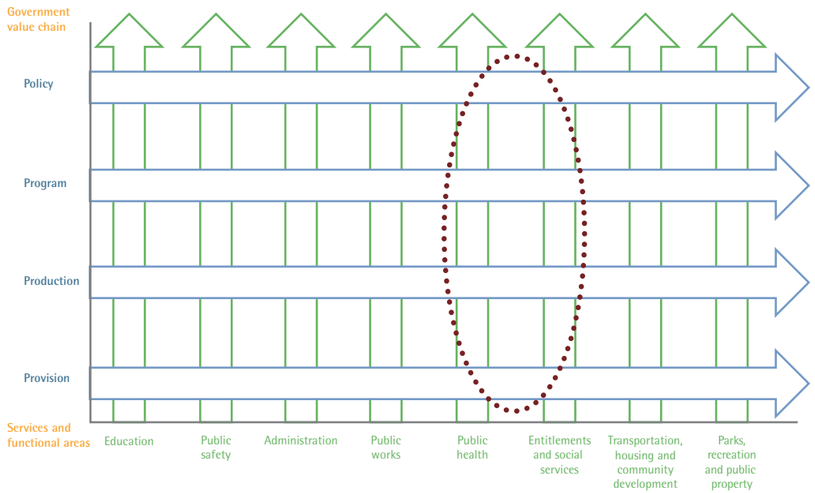
Outcome:
Thirty-nine counties in the state of California operate under a joint powers authority (JPA) to procure, build, implement and maintain a new welfare and welfare-to-work system with more than 800,000 recipients.

Description:
- C-IV is a consortium of 39 of the 58 California counties managing welfare eligibility and employment services.
- Thirty-five additional "migration" counties using another system known as ISAWS unanimously agreed to migrate to C-IV. The original and migration counties each represent 13 percent of the California caseload, 26 percent total.
- The overall objective of C-IV is to provide a fair, accurate and effective process by which a planning consultant will be awarded an agreement with the SAWS Consortium JPA to provide the consortium with procurement planning services. These services support the consortium in development of a large-scale, competitive procurement process for maintenance and operations goods and services for the C-IV system.

Services:
- Public health
- Entitlements and social services
- Administrative

Entities Involved:
- SAWS
- Consortium IV
- 39 counties within California

Value Chain:



Case Studies – International

Toronto, Canada
- Merged seven municipalities to create a single city of 2.4 million people, reduce the number of elected officials, eliminate duplication, reduce costs, streamline and improve efficiency and improve accountability.
- Achieved more than 50 percent reduction of elected officials, 34 percent reduction in management, reduced 52 departments to six and 206 divisions to 27, six fire departments and chiefs to one and six property tax and water billing systems to one.
- Result: Achieved savings of $136 million annually, but there are one-time transaction costs of $246 million; provincial assistance of a $50 million grant and a $200 loan.

Japan[53]
- The Japanese government passed the Municipal Merger Assistance Plan in 2001, and it expired in 2005. The plan strongly encouraged the voluntary merging of municipalities.
- The plan provided subsidies for municipal mergers and fiscal measures for merger assistance programs.
- The plan comprised two stages: 1) The formation of voluntary assemblies to study mergers; and 2) the application and formation of merged entities.
- At the end of March 1999, 3,232 municipalities existed. By the end of March 2006, 1,821 municipalities existed.
- The goal was to maintain and improve the administrative services of municipalities.

Stanthorpe and Warwick Shires, Australia[54]
- In 2008, Stanthorpe Shire and Warwick Shire merged to create the Southern Downs Regional Council, as the result of the Queensland Local Government Reform Process.
- The council comprises the mayor and eight councilors who are elected by residents to serve a four-year term.
- The rationale behind the merger was to improve service delivery, increase the capacity of the local government, increase the capacity to institutionalize knowledge and build pools of skills around core functions and undertake succession planning, and enhance the capacity of the new local government to engage with industry and state.
- Services under the new council include art galleries, dog registration, online training, libraries, payments, public halls and meeting rooms, sale yards and waste management.

United Kingdom[55]
- In April 2005, the Department of Transport's management board approved a project to set up an in-house centralized shared services center in Swansea to provide the department and its then-six executive agencies with support services for human resources, payroll and finance.
- The goal was to streamline processes, better meet business needs, reduce ongoing costs and help agencies and the central department to work more closely together.
- Key processes and services included: building processes and the supporting IT system on the existing processes and systems in place; using an existing framework agreement between the Driver and Vehicle Licensing Agency and IBM to deliver the IT system; setting up a departmental program board to oversee the program in which the Driver and Licensing Agency had a substantial role; and setting a very demanding timetable for implementation.

Vancouver, Canada[56]
Beginning in January 2008, the federal government approved the amalgamation of the Port Authorities of Fraser River, North Fraser River and Vancouver. The consolidated port continues as Vancouver Fraser Port Authority.
- The amalgamation of the three Canada port authorities is a key policy measure under the government of Canada's Asia-Pacific Gateway and Corridor Initiative.
- The consolidated port is intended to support the goals of the initiative and promote better coordination and port planning, open new investment opportunities and achieve cost savings.
- The initiative better positions the port to optimize the region for customers and constituents, provide more reliable services and to balance economic, social and environmental responsibility.

Queensland, Australia[57]
- Queensland Partnership Group is a joint venture between the Local Government Shared Services and United Customer Management Solutions Pty. Ltd. that supports local government councils seeking to transform their customer service capabilities.
- The Local Government Shared Services recommends local municipalities to leverage the Queensland Partnership Group Local Government Shared Services for any large-scale shared services projects they want to pursue.
- Results achieved included: stronger administrations better equipped to initiate opportunities, meet challenges of managing growth and better represent their communities in dealings with state and federal governments.

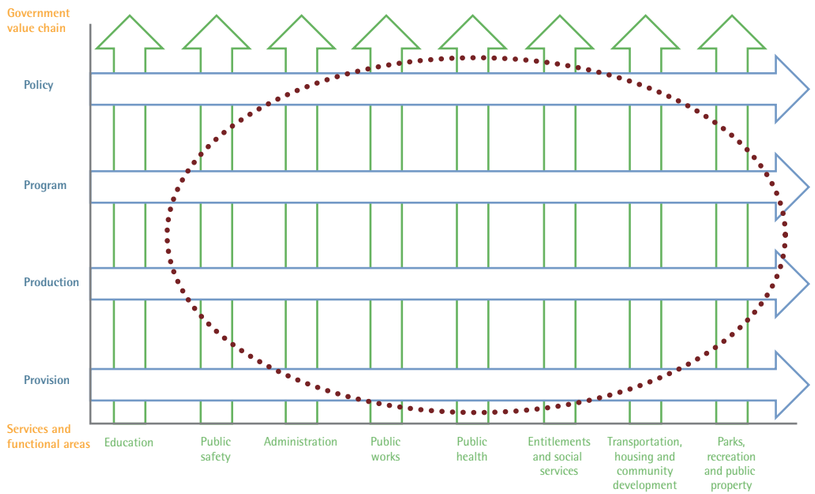
Greater Toronto Area, Ontario
[Merger][58]

Outcome:
Seven municipalities were amalgamated in metro Toronto, a single city of 2.4 million people, to reduce the number of elected officials, eliminate duplication, reduce costs, improve accountability and streamline/improve efficiency.

Description:
- In the 1990s Mike Harris, the premier of Ontario, set out to implement a reform agenda to cut large deficits.
- The initiative met with large resistance; a referendum in all municipalities showed strong opposition to the amalgamation. However, the Harris government held a large majority in the provincial legislature and passed the City of Toronto Act, which took effect in 1998.
- The legislation helped the new City of Toronto achieve a 50 percent reduction in elected officials and a 34 percent reduction in management, shrink 52 departments to six, 206 divisions to 27, six fire departments /chiefs to one, and six property tax and water billing systems to one.
- There were one-time transaction costs of $246 million and provincial assistance in the form of a $50 million grant and a $200 million loan. The result was annual savings of $136 million.

Services:
- Local elected officials
- Police departments
- Fire department
- Administration
- Utilities (water systems)

Value Chain:



Suffolk, England
[Contracting][59]

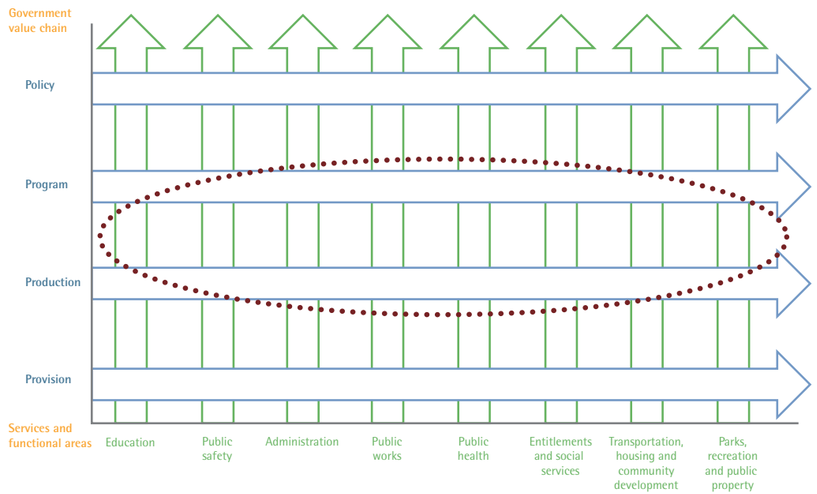
Outcome:
Suffolk County recently announced its intent to outsource nearly all of its services to private entities or nonprofits. Its council hopes that offloading services could shave 30 percent off its £1.1 billion budget, as part of the government's drive to reduce the fiscal deficit.

Description:
- The council's proposals are regarded by experts as the first time a local authority has considered not directly providing any services at all.
- Services would be off loaded in stages, with some "early adopter" services being outsourced as early as autumn 2010; the rest would be divested in three phases.
- Libraries, youth clubs, highway services, independent living centers, careers advice, children's centers, registrars, country parks and a records office are among the first services that could be divested.
- Ultimately, only a few hundred people could remain directly employed by the council, primarily in contract management.
- At present, the council employs around 27,000 people (15,000 of whom work in education). Many of the remaining 12,000 could face either redundancy or being transferred to a social enterprise or the private sector.

Services:
- All services that can be outsourced to a third party

Entities Involved:
- Suffolk Council
- Contractors in private and nonprofit sectors

Value Chain:



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