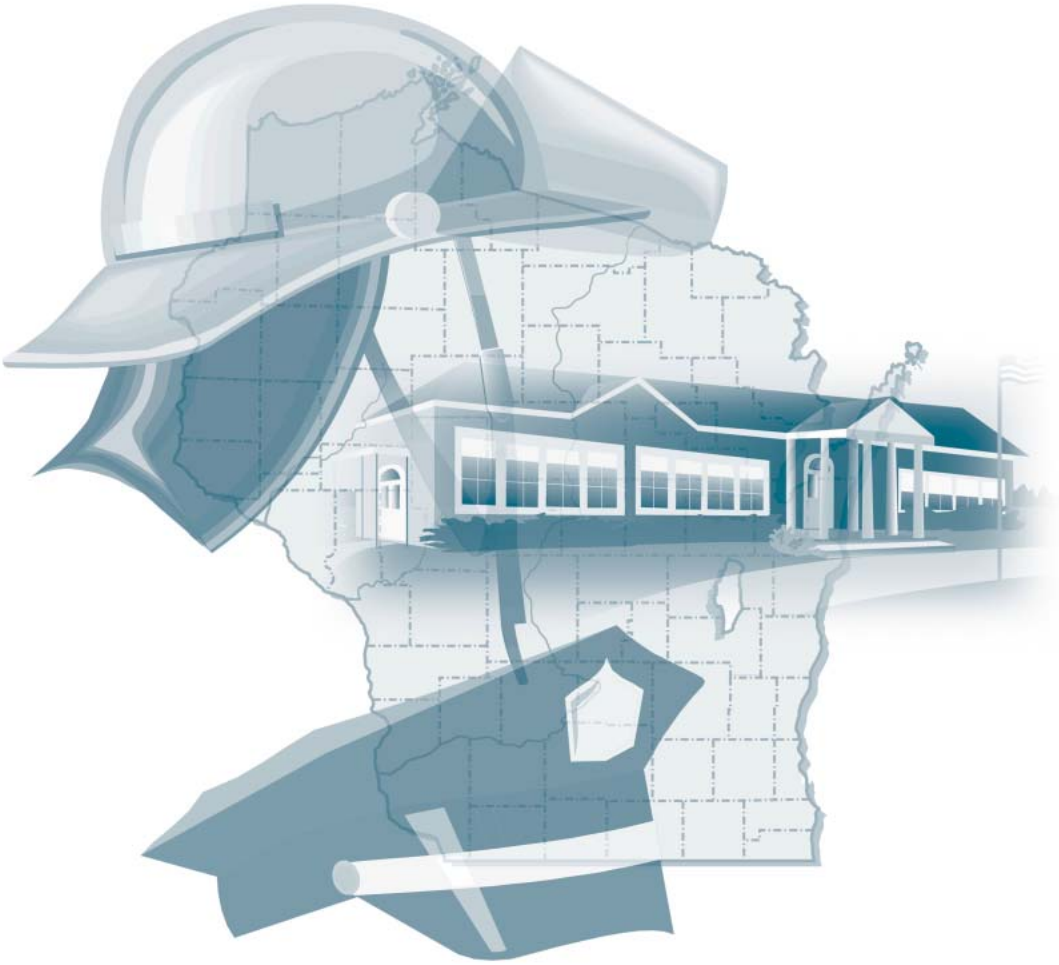
Merger of City-Village Services:

Best Practices



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UW-Extension Local Government Center

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Cooperation of Local Government Officials

During the course of this project, we interviewed more than forty local officials, both elected and appointed. Most of them are listed at the beginning of the relevant case study. They openly discussed the history, challenges, problems, and successes of their respective mergers. These are their stories and thoughts show cased in the following pages. They also are the real pioneers and risk takers in the field of consolidation of local services. Thanks to all of them for their willingness to share information and documents.

Principal Author and Project Coordinator

Dan Elsass is a lecturer and local government specialist for the University of Wisconsin-Extension Local Government Center. He is a former city and county administrator, who has been part of a few local mergers himself.

Research Support

Anna Kettlewell, graduate student at LaFollette School of Public Affairs, University of Wisconsin-Madison aided in the interview and research process of the first five case studies. Ms. Kettlewell graduated with an MPA in May of 2001.

Amy Zeman, graduate student at LaFollette School of Public Affairs, assisted in interviews, research and writing of the final four case studies. She also compiled supporting appendices and graphs for several of the case studies.

Editing and Internal Review

David Hinds, professor emeritus at the University of Wisconsin-Extension Local Government Center, served as the principal internal reviewer of this paper and his 1995 study of town service agreements was an inspiration for these case studies.

Gail Anderson, married to the author, also lent her sharp pencil and keen eye to revisions.

Amy Zeman also provided overall editorial support and edited graphs and appendices.

Administrative Support

Carol White, program assistant, spent long hours typing the nine case studies and formatting them for initial posting on the Local Government Center web site. She also assisted the author in preparing the document for publication.

Chuck Law, Director of the Local Government Center, gave general support for this two-year project, and edited the case studies for the web.

Linda DeMars and Tenley Meyer, program assistants at the Center, scheduled travel to the various municipalities and arranged accommodations for the interviewers.

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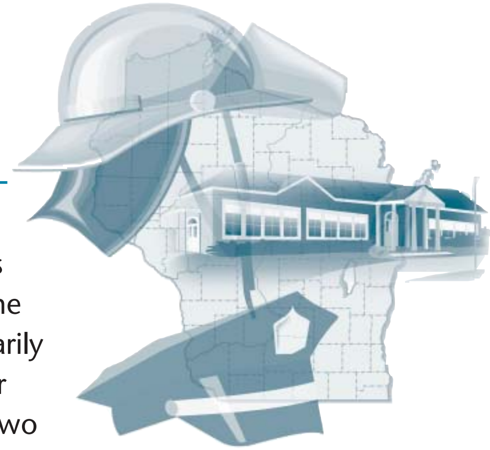
Section 1

Introduction



The Local Government Center (LGC) of UW-Extension has developed the following set of case studies chronicling the successes and challenges of cities and villages that voluntarily have combined one or more major municipal services with one or more neighboring units of local government. Over a period of two years, the LGC reviewed nine separate service agreements that included five cities and 21 villages. Several villages such as Kimberly, Little Chute, Black Earth, and Mazomanie were involved in multiple service agreements with neighboring municipalities. These studies include agreements covering a wide range of basic municipal services, from wastewater treatment to municipal libraries and from fire protection to parks and recreation facilities. Efforts were made to find success stories from several different geographic regions of the state.

The genesis of this best practice series was discussions emanating from the 1999-2000 Kettl Commission. Several members of that commission, including chairman, professor Donald Kettl, publicly expressed skepticism about the degree to which services were being shared between and among the municipalities in this state. The perception was that local governments literally were "tripping" over each other by providing duplicative services to citizens that could be served better by a unified, regional approach to service delivery. This theme continued to resonate in the discussions of Governor McCallum's Task Force on State-Local Relations (2001-2002), better known as the Sheehy Commission. This issue has taken on considerably more emphasis because of public discussions about the possible phase-out of State Shared Revenue payments to municipalities*. The introduction of a special pool of state aid money ($45 million for the Consolidation Incentive Payment in 2004), carved from traditional shared revenue funds, has generated additional interest. The funds, available after January 1, 2004, are designed to reward local governments that demonstrate initial savings in the first year of a cooperative service agreement with one or more neighbors.

The Local Government Center knew that there were many cases of successful local government collaboration. However, much of the information was anecdotal rather than based on solid research, interviews and analysis. The LGC did have a collection of seven town joint service case studies prepared by professor David Hinds, in 1995. However, it did not have a series that focused primarily on existing efforts among and between cities and villages. The LGC also realized a need to list some of the patterns of best practices that emerged from these joint service agreements, as well as incentives necessary to convince more local officials to enter into such collaborative efforts in the future.

In Act 16 of 2001, State Shared Revenues were re-named County and Municipal Aids.

Common Themes from the Studies

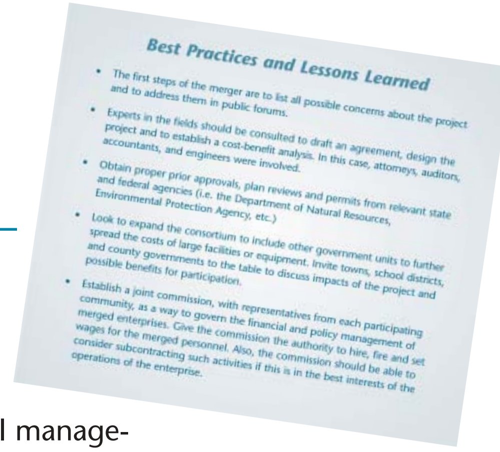
In reviewing the nine merger stories, the author found a number of common elements or themes running through them that may assist other municipalities in following successful paths towards consolidation.

One of the more interesting is that many of these agreements commenced well before 1999, when this study began. In fact, the oldest of them, the agreement for police patrol between the Village of Allouez and the Brown County Sheriff's Department, began in 1972. The Fox Cities Economic Development Partnership began under another name in 1985. The most recent consolidation of services addressed is the Village of Pewaukee and the City of Pewaukee's merger of park and recreation services in early 1996. Obviously, none of the mergers described was influenced by the recent discussions regarding either state aids reductions or the Consolidation Incentive Payments. Therefore, it can be assumed that they were designed by community leaders primarily interested in other factors such as cost efficiency, higher quality of service to the citizens, or the need for more rapid response to the community, rather than by additional state aid monies. For the purposes of these studies, it was easier to select older, more established agreements containing five years or more of expenditures, that could be assessed and measured with data against statewide averages over time.

Strong local leadership was vital to win public acceptance in the majority of these nine mergers. Often the main elected officer of one or more of the communities (e.g. the village president or mayor of the city) had to expend considerable political capital to convince local citizens or a neighboring community that the merger would result in long-term benefits. In several cases, chief appointed officials (city or village administrators, fire chiefs, etc.) were main catalysts behind the consolidation efforts.

It also is important to understand how the author defines "consolidation" for purposes of picking subjects for these following case studies. In using this term, he is not implying the legal consolidation of two local governments into a new entity under Section 66.0229 Wisconsin Statutes. There have been many recent discussions about this type of consolidation, particularly between cities and towns in urban areas. The author also is not referring to annexation or boundary agreements, where municipal services are extended to residents of a town under 66.0307 (2) Wisconsin Statutes. Instead, consolidation, as used in the context of this pamphlet, refers only to cases where two roughly equivalent corporate bodies have agreed, usually in writing, to merge administration and delivery of one or more major municipal services. In other words, this is a "functional consolidation", which may be discontinued by the parties at any time in accordance with a mutual agreement.

Best Practices and Lessons Learned



Best Practices and Lessons Learned

- The first steps of the merger are to list all possible concerns about the project and to address them in public forums.
- Experts in the fields should be consulted to draft an agreement, design the project and to establish a cost-benefit analysis. In this case, attorneys, auditors, accountants, and engineers were involved.
- Obtain proper prior approvals, plan reviews and permits from relevant state and federal agencies (i.e. the Department of Natural Resources, Environmental Protection Agency, etc.)
- Look to expand the consortium to include other government units to further spread the costs of large facilities or equipment. Invite towns, school districts, and county governments to the table to discuss impacts of the project and possible benefits for participation.
- Establish a joint commission, with representatives from each participating community, as a way to govern the financial and policy management of merged enterprises. Give the commission the authority to hire, fire and set wages for the merged personnel. Also, the commission should be able to consider subcontracting such activities if this is in the best interests of the operations of the enterprise.

I. A private feasibility study may be the best starting point
In six of the nine cases reviewed, the municipalities hired outside private consulting firms, specializing in organizational management assessment to provide feasibility reports on potential costs and benefits of proposed mergers. While this may not be necessary for all proposed service agreements, it is recommended in cases involving large and highly technical operations, such as police, emergency medical services (EMS), wastewater processing, etc.

II. Consider appointing a joint advisory board to review service options
If two or more municipalities are contemplating a merger of a major municipal service, the case studies indicate that the best way to explore the options is to appoint a joint advisory review board. The joint advisory board should contain a proportionate number of elected officials and citizen members from each interested community. In some situations, non-partial, outside facilitators or coordinators may be needed to facilitate the meetings and maintain fair, open discussions. This tends to deter a larger or more influential unit of government from dictating the terms of agreements to smaller or less affluent units of government.

III. Have a clear vision and firm objectives in mind before the proposal goes public
Many of the municipal leaders we interviewed stressed that it was essential that those who propose a merger clearly state the "goals, objectives, and outcomes" they intend to achieve through the merger, prior to putting it out for public discussion. Popular objectives were better service administration, lower taxpayer costs, higher quality of service, faster response times and more community accountability. We were told that unclear objectives can doom support for consolidation among the local citizenry.

IV. Err on the side of maximum public participation before adoption
Successful mergers, such as the Kimberly-Little Chute police merger and the Black Earth, Mazomanie, and Arena wastewater facility, were subject to numerous public hearings and review. State law requires that a majority of each participating municipality's governing body involved must vote to adopt such consolidations. In the Village of Kimberly, citizens unsuccessfully petitioned the village board to put the merger to a public referendum prior to board consideration. Such referenda are not mandatory under state law. However, advisory referenda are permissible, and may help educate the public on the need for such mergers. In the case of the joint wastewater plant, the municipalities were required by Wisconsin Department of Natural Resources and federal Environmental Protection Agency regulations to hold a dozen public

hearings before final plan approval by these regulatory agencies. These numerous public forums helped gain necessary acceptance in all three municipalities and in the Town of Mazomanie where the new plant was located.

V. Well-crafted legal agreements may prevent future problems

Eight of the nine agreements had formal legal documents that added force of law to the conditions of the agreement. Formal and complete agreements serve as a charter and by-laws, which govern the basic terms of these service consolidations. Four of these agreements were adopted under the rules and guidelines of Section 66.0301 (2) Wisconsin Statutes. This section allows two or more municipalities or counties to cooperate for the purpose of furnishing services or jointly exercising any power or duty required or authorized by law. It also allows for the administration and funding of joint service operations, thus providing legal protections to all involved. The Brown County Sheriff's agreements with the police departments of the Villages of Allouez and Howard were original contracts that pre-dated the adoption of Section 66.0301 (2), but are quite similar in content to those written under current law.

Three of the other merger documents were based on Department of Natural Resource requirements for recycling and wastewater treatment consolidations respectively. Only the Fox Cities Economic Development Partnership does not have a detailed, formal document governing its members' rights and responsibilities.

VI. Agreements should contain clear and equitable funding formulas covering members' obligations

There are no thornier issues in consolidation discussions than the issue of how proposed participant local governments will pay for the cost of the combined service. A case in point is the North Shore Fire District, which annually assesses all of its seven member communities for fire and EMS services. According to Ed Madere, village manager for Shorewood, the advisory committee went through 17 separate charge back plans before settling on an acceptable one in November of 1994 (see Appendix A). In the case of some agreements, members are assigned a percentage of actual, prior year expenditures based on each one's proportionate population and/or equalized property base. Other formulas, which should be included in the adopted formal agreement, are based, at least in part, on actual usage of the service by each municipality.

VII. Appoint permanent joint administrative boards to monitor service levels, personnel and finances

Joint administrative boards or commissions should have members appointed by each participating municipality. They can play very important roles in determining the success of consolidated operations. These boards can resolve jurisdictional disputes, determine facility needs, advise the municipal boards on budget matters, and establish overall objectives and goals of the merged departments. An example of how such boards may be constituted can be seen in Appendix B, which describes the composition of the Kimberly—Little Chute Joint Library Board.

VIII. Include key personnel in the planning and transition processes

Many service consolidations will affect municipal employees, either through reduction in staff or through assignment of new duties. In Wisconsin local government, most line staff are covered under collective bargaining agreements. Employers of such staff may be required to "bargain the impact" of any proposed reductions or re-classification of positions. Union representatives may reject plans that would reduce staff or re-allocate them to other duties. Successful consolidations were ones that included key appointed and classified personnel in the original stages of planning. Examples include Kimberly-Little Chute police merger and the creation of the North Shore Fire District. In both cases, senior department heads and managers were included in the design phases and union employees participated on the advisory committees. In both cases, one of the chiefs was designated as "interim" chief of the district to provide a smooth transition while a nationwide search was conducted to find a new head of the merged operation. All these actions appear to have aided greatly employees' acceptance of these new organizations.

IX. Most joint operations require a fiscal agent

The majority of the service consolidations reviewed, designated one of the participating municipalities as the fiscal agent of the combined operation. For example, in the Kimberly-Little Chute Library merger, the Village of Kimberly prepared the annual proposed budget, managed the revenues and expenditures throughout the year, and contracted for an independent annual audit of the library's books. In the case of the joint Village of Rib Lake Recycling Authority, the Rib Lake village clerk is in charge of the budget and fiscal management on behalf of all four municipalities. She also reports quarterly program results under the State DNR grant program and files for expenditure reimbursements as the "Local Responsible Unit" representing the consortium.

In its seventh year of operation, the North Shore Fire District decided to hire its own internal fiscal administrator. Previously, the Village of Brown Deer's finance staff had performed these duties on behalf of the district. The tasks of this position now include the calculation of the annual charge back formula for each municipality's contribution, preparation of the budget, and administration of the bi-weekly payroll for a 106 full time equivalent (FTE) organization *(see Appendix C)*. The Fox Cities Economic Development Partnership has chosen to contract with the Fox Valley Chamber of Commerce to purchase accounting and fiscal administrative services on a part time basis instead of hiring its own employee as fiscal agent.

X. Conduct a complete appraisal of all participants' assets before merging

Dave Peterson, Chief of the Fox Valley Metro Police Department, endorses the idea of having an independent appraiser assess all equipment, facilities and other fixed assets that each participating community intends to contribute to the merged operations *(see Appendix D, North Shore Fire District appraisal 1994)*. These could include squad cars, radio towers, weapons, etc. He says that this allows each municipality to calculate its base investment in the consolidation and permits each to receive just compensation for contributions to the common good. In some cases studied, individual communities were able to reduce initial start-up assessment through "in-kind" contributions such as these. Also in some cases, joint administrative councils rejected proposed contributions because they were not in acceptable condition or they duplicated more suitable equipment or facilities available from other municipalities.

XI. Consider a "dissolution" or "disbanding clause" in case things do not work as planned

All of the nine consolidations studied in this report so far have stood the test of time. However, it is prudent to plan for the time when future municipal officials or community groups might seek to cancel these agreements. Language can be inserted into any formal agreement providing for orderly transition when cooperative agreements are ended. Items that need to be addressed include: how any surplus funds or reserves would be divided between or among the participants, how joint assets are to be redistributed, and what credits communities should receive for prior non-monetary contributions. *For examples of such disbanding language, see the Fox Cities Economic Development Partnership case study (#3) or the Taylor County Recycling study (#9).*

Several of the large group agreements do contain language permitting individual municipalities to leave the consolidation with varying degrees of advance notice and approval by the other members. *The Joint Pewaukee Park and Recreation Department language is contained in Appendix E.*

XI. A mandatory cooling off period prior to dissolution is a good idea

In some agreements (Allouez, Howard and Brown County sheriff and Black Earth, Mazomanie, and Arena wastewater), local officials have built in a cooling off period of two years after governing boards have voted to disband, until a merger can be dissolved entirely. This allows all parties the chance to reconsider actions and to make alternative plans for the delivery of the service if the vote stands the test of time. These types of waiting periods are prudent when large capital or personnel investments are involved in joint ventures. They also permit changes of heart by future councils when such decisions are made because of anger or mistrust, rather than for sound reasons such as efficiency or cost. *See Appendix F for the wording of the North Shore Fire District's language.*

Financial Lessons Learned

I. Mergers do not always create short-term savings

One of the fallacies that occurs frequently in the consideration of service consolidations by municipal leaders is that the merger will result in instantaneous cost savings to local taxpayers. The case studies indicate that very few consolidations save money in the short term. In fact, most of them require major, initial investments in new capital, equipment, and even personnel. A major reason why it may cost more, not less money initially to provide a joint service can be seen from two case studies that follow. In the example of the City and Village of Pewaukee park and recreation merger, both municipalities saw the need to increase dramatically per capita spending on park land acquisition, maintenance equipment, and park equipment to improve quality of service to park and recreational users *(please see graph in Case Study #7)*. In the case of the Village of Rib Lake Recycling Authority *(Case Study #8)*, all participants were special assessed in the first year to provide for new recycling material trailers needed to haul the materials to market. Another large expenditure was the acquisition of a former creamery to function as a warehouse to store materials in times of depressed private markets.

II. Results must be judged on a 3-5 year basis or longer

Using the "Graphing Revenues Expenditures and Taxes" software program, designed and developed by University of Wisconsin-Extension, it is possible to show that, after the initial start-up periods, the costs of merged services decline in subsequent years. In seven of the nine cases in which comparisons could be made, by the second or third year of operation, the merged service was well below the statewide average spent on the category of service delivered. Example: Village of Stetsonville recycling program where costs per capita fell dramatically in the third and subsequent years after higher start-up costs *(Please see graph in Case Study #9)*.

III. Functional consolidations often continue to prevent long-term inefficiencies and higher service costs

One example of this is the long-running provision of police patrol service by the Brown County Sheriff's Department for the villages of Allouez and Howard. Even after 28 years of shared services with Brown County, the village residents of Allouez were paying $36 per capita less than the average resident of all Wisconsin villages paid for similar services (2000 data) *(See graph in Case Study #2)*.

IV. Fiscal savings come from several sources

Communities that benefit from short-term savings receive them in several main areas. First, service mergers often reduce administrative overhead and salaries. The North Shore Fire District was able to combine five separate fire chiefs and two public safety officers into one chief and two captains, and also eliminate four sets of administrative support staff. Second, reduced facilities and combined equipment often provides savings as well. The Kimberly-Little

Chute Police Commission saved money by closing the Kimberly police station and by basing all its operations out of the Little Chute site. Kimberly then converted the former station into a senior citizen center.

Additional savings come from the disposal of surplus property. The seven villages in the North Shore Fire District, collectively gained nearly $250,000 through the sale of 12 pieces of unneeded equipment to other municipalities after the merger.

Frequently Asked Questions Regarding Municipal Mergers

I. Can a Wisconsin municipality sign a written service compact with a neighboring municipality in another state?
Yes, if a city or village in Wisconsin wishes to sign such a cooperative compact with a neighboring community in Iowa, Minnesota, Michigan or Illinois, it may do so as long as it submits the agreement to the State Attorney General's Office in advance of the agreement taking effect. Section 66.0303 Wisconsin Statutes states that, "The attorney general shall approve any agreement submitted under this paragraph unless the attorney general finds that it does not meet conditions set forth in this section and details in writing… the specific respects in which the proposed agreement fails to meet the requirements of [Wisconsin] law." Failure to disapprove an agreement within 90 days of its submittal constitutes approval by the attorney general. Agreements relating to the joint exercise of fire fighting or emergency medical services (EMS) do not need to be approved by the attorney general.

II. With what other units of government may a municipality sign a joint service agreement?
A city or village may negotiate an intergovernmental cooperation agreement for joint services with any town, state agency, county, school district, public library system, inland lake protection and rehabilitation district, sanitary district, metropolitan sewerage district, solid waste management district, regional planning commission, county or city transit commission, and other public or quasi-public governmental bodies listed under Section 66.0301 (1)(a) Wisconsin Statutes.

III. Can a joint commission or board issue independent debt (e.g. bonds) to pay for new or remodeled facilities or other capital improvements?
According to Section 66.0301 (4), there are two options available for joint commissions that wish to borrow large sums of money to finance "the acquisition, development, remodeling, construction and equipment of land, buildings, and facilities for regional projects." The first is the authority to sell municipal bonds on the private market under the same authority vested in

local governments under Section 66.0621. This authority can be used to fund nearly any type of permanent improvement to a public municipal enterprise, except for those related to public utilities that generate heat or electricity. It also can not be used to fund normal operating expenditures of the joint department or district, defined as, "wages, salaries, fringe benefits, materials, supplies, contractual services, equipment with a useful life of less than one year..."[Section 67.04 (3)]. Direct borrowing by commissions is covered by the same rules and conditions as those governing the state's municipalities.

The second option for long-term, capital financing permits a commission to go to one of its municipal members and request that the city or village use its full faith and credit to sell bonds on behalf of the joint service operation. In this case, the debt of the commission becomes the obligation of the municipality and is considered such under the State borrowing cap for that particular city or village. In these cases the municipality is liable for any default of principal and interest payments owed by the joint operation, unless such risk is shared by agreement with other cities or villages in the consortium.

IV. Can cities and villages agree to share revenue generated by a joint service amongst or between themselves?

Two or more municipalities with contiguous boundaries may enter into formal agreements to share three, very specific types of local revenue under Section 66.0305.

Those three types of revenue are defined as follows:

A.) General property taxes as collected against all real and personal property.

B.) Special assessments, which are taxes against property owners for public works improvements to the benefiting property (i.e. sidewalks, curbs, gutters, water, sewer, etc.).

C.) Special charges or fees for providing a limited service to the property. (Examples of this might include water hydrant rental, garbage disposal, etc.)

V. What are the conditions for establishing such revenue-sharing agreements?

The same section provides conditions that a revenue-sharing agreement must meet to comply with state law:

A.) At least thirty (30) days before entering into an agreement, a municipality must hold a public hearing on the proposed revenue-sharing agreement.

B.) The term of the agreement shall be for at least 10 years.

C.) The boundaries of the area within which the revenues are to be shared shall be specified in the agreement.

D.) A formula or other means of determining the amount of revenues to be shared under the agreement must be stated.

E.) The date upon which agreed revenues will be apportioned is listed.

F.) The method by which the agreement may be invalidated after the expiration of the minimum 10-year period is stated.

G.) Agreements only may be made between and among cities or villages that have shared boundaries with at least one other municipality party to the agreement.

VI. Under what conditions may residents request a referendum on revenue sharing?
City councils and village boards may decide to hold an advisory referendum if, 1.) they adopt a resolution authorizing such a referendum, and 2.) they receive a petition signed by qualified electors in a number equal to at least 10% of the local electors in the last gubernatorial election, and it is properly filed with the village/city clerk within 30 days after the resolution is approved [Section 66.0305 (6a)]. The local body may ignore the outcome of the advisory referendum and approve or disapprove the merger agreement based on its own merits.

VII. May citizens request advisory or binding referenda on any other aspects of a service merger?
The Intergovernmental Cooperation Act does not mention specifically the right of governing bodies to authorize an advisory referendum to be held on the issue of approving the intergovernmental agreement itself. However, such referenda may be authorized, and held under other sections of Chapter 66, Wisconsin Statutes. Nowhere does the law require that citizen petitions must be honored if the governing board does not first pass a resolution approving the referendum. In one of the mergers studied in this series, the Village of Little Chute board refused to accept a petition from a group of citizens who desired local referenda in both villages on the proposed Kimberly-Little Chute police merger. The petitions submitted contained signatures that were more than sufficient to meet the 10 percent requirement. There is also no requirement that any referendum be binding upon the municipality that authorizes it, regardless of the municipal purpose involved.

VIII. Does current state law provide for the sharing of state aid payments among and between municipalities that merge service delivery areas?
There is no specific language in Section 66.0305 relating to the sharing of any other kind of municipal revenues for joint or regional service purposes. This would appear to exclude the sharing of state payments for transportation, community development block grants, or state aids to counties and municipalities. Please see below for a wider discussion of this issue.

Incentives Needed to Promote Future Service Cooperation

I. New Sales Tax or Revenue Sharing redistribution system
One of the major proposals considered by both the Kettl and Sheehy Commissions was the idea of creating some type of sales tax, revenue sharing process within economic regions of the state (eight to ten regions were mentioned). In addition, proponents would re-designate a portion of the five percent state sales tax (possibly 0.25 to 0.5 of 1%), that would be dedicated to reimbursing local governments within each region for local cooperative efforts resulting in economic growth. For the purposes of a redistribution formula, economic growth might be defined as either growth in the total equalized valuation of real property over the prior year, or some type of percentage based on actual growth in retail and/or industrial sales in each region over a base year.

Some local officials, who were interviewed for this series, strongly support the idea of creating economic or geographic regions and sharing a portion of the state sales tax to reward communities and counties that voluntarily commit to functional consolidation that aids economic growth. Greg Keil, director of planning for the City of Menasha, states that cities like his with aging factories and declining downtown retail areas, never will benefit from high growth in the suburbs or rural fringe areas under current state aid formulas. However, if Menasha can be linked to regional growth in the Fox Valley (Winnebago, Outagamie, and Calumet Counties), it has a chance to acquire new revenues to redevelop its infrastructure and provide residences for moderate-income factory workers in the region. Using 2001 state sales tax figures, a 0.5% regional sales tax would generate about $370 million a year statewide, which would grow with inflation. This could be used to offset about forty percent of the present County and Municipal Aid* formula, which currently is frozen after 2003, and slightly reduced after 2004. The County and Municipal Aids Program does not provide incentives for local service mergers, but about 80% of it currently is provided to address statewide disparities in local property tax bases between "property tax rich" and "tax poor" cities and villages. "Equalization" payments still will need to be combined with any regional incentive plan, if basic local services are to be offered uniformly throughout the state regardless of local personal income or property values.

II. Sensible rules for 2004 Consolidation Incentive Payments
Act 16 of 2001, the State Budget Repair Bill, produced the $45 million, Consolidation Incentive Payment program** to compensate municipalities that merged major functional services in future years. Unfortunately, the statutory language contained in Section 79.0306 Wisconsin Statutes actually may be counter-productive to the aims or intent of this program.

**Formerly State Shared Revenues.*

***At the time of publication governor Doyle has proposed the elimination of this program.*

There are several reasons for concern with these initial guidelines. First, because the program does not take effect until calendar year 2004, it does not address innovative merger agreements that were initiated on or before that year. This excludes a number of excellent ongoing programs that might serve as models for other communities. Second, the program only is designed to reimburse cooperating municipalities up to 75% of the "demonstrated costs savings" in the first year in which the merger is in effect. As explained in items I and II in the Financial Lessons Learned section of this publication, most of the communities in the nine mergers studied actually spent more on a per capita basis in the first year, than they had on each particular service in the year prior to the agreement. It was only in the third through the fifth years that their costs returned to normal or below statewide averages. Because of these trends, it would appear that the Consolidation Incentive Payments Program would be more effective if it would reward communities for 50-75% of their demonstrated savings in years 3-5 of the merger. This also might have the benefit of encouraging municipalities to sign and maintain longer agreements.

Additionally, there is a problem with the idea of reducing overall payments to municipalities and counties statewide to pay for the Consolidation Incentive Payment in the first place. The Local Government Center estimates that each Wisconsin municipality and county will lose approximately $4.25 per resident from its 2003 County and Municipal Aid payment to create the $45 million pool in 2004. Therefore, a city of 25,000 would lose $106,250 in 2004 state aids. If this same city chose to create a merged service agreement, it would have to demonstrate first year savings in excess of $141,667 to gain any additional state payments over the prior year's allocation. Under the current language in Section 79.035, those additional state aid payments would only represent 75% of first year savings (if any), and would be eliminated in subsequent years.

Some municipal officials, who were interviewed since passage of Act 16, also wondered about how the state would reimburse them for new services in two or more communities that never had provided such a service in the past. How, they ask, would the municipalities be able to demonstrate cost savings, when there are no prior year expenditures to provide benchmarks to substantiate cost savings? A more common sense approach to rule making will be necessary to make this program effective as a tool to drive further collaboration and innovation in municipal service delivery.

III. Statutory authority needed to share other types of state municipal revenues

As mentioned above under Frequently Asked Questions, there is insufficient authority for cities and villages that sign service agreements to share all kinds of potential revenues through a compact. Examples of revenues that currently may not be allowed as part of such agreements are: County and Municipal Aids (about 14.5% of the average city's revenues), transportation or road aids (8% on average), federal Community Development Block grant funds, and general fines and forfeitures collected by the municipality for traffic and other ordinance violations (about 11% of average revenues). Additional language added to Section 66.0305, would allow the sharing of a wider array of municipal revenues and could provide extra financial incentives to draw municipalities toward consolidation of a wider range of major municipal services in the future.

Where to Find More Information on Municipal Functional Consolidation

University of Wisconsin-Extension Local Government Center web page on Local Government Cooperation at: www.uwex.edu/lgc/intergov/intergov.htm

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Hinds, David G., University of Wisconsin-Extension Local Government Center, *Alternatives for the Delivery of Government Services*, Madison, revised and updated April 2001.

Wisconsin Department of Administration, Office of Land Information Services, *A Guide to Preparing the Intergovernmental Cooperation Element of a Local Comprehensive Plan*, Madison, June 2002.

Section 2

Black Earth and Mazomanie Wastewater Treatment Plant Merger

September 2001

Compiled from interviews with Mazomanie Village Administrator Jeff Mirate, Black Earth Village President Ron Norris, and Mazomanie Village Board President Bob Dodsworth.

Research and writing by Dan Elsass, Local Government Specialist, and Anna Kettlewell, LaFollette School of Public Affairs.

History

In 1990, the villages of Mazomanie and Black Earth began discussing building a joint wastewater treatment facility. While these two villages' working relationships have not been consistently amiable, they did find many reasons to join forces. Black Earth, Mazomanie, and the village of Cross Plains had used the same engineering firm to plan road construction improvements for a few years. This effort had been successful. Also, because of recent developments in wastewater issues, Black Earth and Mazomanie officials believed that their villages could save money by building one consolidated plant, rather than two smaller facilities.

Precipitation of the Merger

Around 1990, the Department of Natural Resources (DNR) inspected Mazomanie's and Black Earth's wastewater treatment facilities. The DNR concluded that these plants had outdated systems and ordered the villages to fix the problems in the plants. Both villages found that to individually renovate their systems would be costly. Collectively, the villages' leaders believed it would be far more cost-effective to upgrade completely and build one new plant, serving both communities. The communities were in agreement on this idea and the village boards worked hard to seek the approval of each community. Several public hearings were held to explain the merged service, and public involvement was considered a critical and integral aspect of the decision-making process.

The Iowa County village of Arena later became involved in this community merger project. They too needed to upgrade their wastewater treatment facility and found individual rennovation to be cost prohibitive and the benefits would be considerable if they joined forces with Mazomanie and Black Earth. Additionally, Arena, unlike Mazomanie and Black Earth, was eligible for federal Clean Water Act grants to pay for its portion of the construction and maintenance of the facility. The addition of Arena to the project made the project more cost effective for all the participating villages.

Details of Consolidation

As the project began to progress, the three communities formed the Dane-Iowa County Wastewater Commission, comprised of the three village board presidents, three appointed citizens from each community, and one citizen at-large, appointed by and approved by the boards (under Wisconsin State Statute 66.30*). Instead of waiting for decisions to be made by three boards, the communities felt a commission was the best management tool for this project. The Commission decided on a private engineering firm to work on this project (the same firm which designs village road construction projects.)

Additionally, the Commission handles all personnel issues (hiring, firing, wage disputes, etc.) The merger has saved the communities money in staff; three employees work in the entire plant, including one superintendent who manages the plant. The Commission directly employs the superintendent.

Outcomes of the Merger

There have been numerous positive effects of this project. Besides the communities working together and disregarding past conflicts to best serve their constituencies, this project has saved money for every community involved. The joint project generates positive revenues. The Wisconsin Heights High School and the Village of Cross Plains are considered customers to the plant, as they have signed separate treatment agreements with the Commission. The joint wastewater treatment facility treats the sludge from Cross Plains under its Class A license (Cross Plains has only a Class B treatment license that would restrict its ability to dispose of its sludge). The Iowa-Dane Plant also treats wastewater for the high school, which simply could not afford to build its own wastewater facility. While it was a challenge explaining to these groups that they could not have representatives on the Commission because they were simply customers, Mazomanie and Black Earth officials see no negative effects of this project.

The villages of Mazomanie and Black Earth estimate that each village will save 12% of the costs they would have incurred had each village built its own treatment facility. Additionally, these villages estimate 24% savings in operation and maintenance over individual smaller plants. The project's total cost was approximately $11,000,000, but the project was completed $800,000 below the original estimated cost. Finally, each involved municipality's total operation and maintenance cost savings ranges from $65,000-$75,000 per year.

Clearly, the openness of this process has been a great success for these communities. Together they have a wastewater treatment plant supported by the communities and the Town of Mazomanie, where the plant was sited (the town citizens actually selected the building color!). They have saved significant money by working together, and better relations between previously quarreling communities have emerged. The DNR and the State support this merger, as it is environmentally sound (even making life better for trout in Black Earth Creek, because the plant cools, rather than warms, the water and increases flowage) and cost effective for the communities. In fact, Mazomanie and Black Earth are currently in the process of combining their electric utility services.

**Due to subsequent re-codification, this section has been changed to Wisconsin Statutes 66.0301(2).*

Best Practices and Lessons Learned

- The first steps of the merger are to list all possible concerns about the project and to address them in public forums.
- Experts in the fields should be consulted to draft an agreement, design the project and establish a cost-benefit analysis. In this case, attorneys, auditors, accountants, and engineers were involved.
- Obtain proper prior approvals, plan reviews and permits from relevant state and federal agencies (i.e. the Department of Natural Resources, Environmental Protection Agency, etc.)
- Look to expand the consortium to include other government units to further spread the costs of large facilities or equipment. Invite towns, school districts, and county governments to the table to discuss impacts of the project and possible benefits for participation.
- Establish a joint commission, with representatives from each participating community, as a way to govern the financial and policy management of merged enterprises. Give the commission the authority to hire, fire and set wages for the merged personnel. Also, the commission should be able to consider subcontracting such activities if this is in the best interests of the operations of the enterprise.

Brown County Police Contracting Program Villages of Howard and Allouez

September 2001

Compiled from interviews with Brown County Sheriff Thomas Hintz, Deputy Sheriff Ed Janke, Village of Howard Finance Director Chris Haltom, and Village of Allouez Administrator Susan Foxworthy.

Research and writing by Dan Elsass, Local Government Specialist, and Anna Kettlewell, graduate student, LaFollette School of Public Affairs.

History and Precipitation of Service Agreement

Brown County began contracting police service with various villages and towns about 30 years ago. The contracting arrangements developed out of the rapid growth within these fringe communities. As municipalities near the City of Green Bay grew and were required to provide various services to their citizens, costs began to rise. To build and maintain a police force, a municipality would be required to invest significant dollars to build police stations, to obtain and maintain equipment, and to hire staff and officers. Villages looked to contracting with the county as an alternative to starting their own local force.

Details of Agreements

The contracting agreement between the Village of Allouez and Brown County began about 30 years ago, according to Brown County Sheriff Tom Hintz. Contracting with the Village of Howard began approximately 25 years ago, when it was still a town. Most of the current county and village officials were not part of the original contracting and negotiation processes. The villages make a decision whether or not to continue the contract with the county every three years. At the same time, the county actively seeks other communities to work with them. The Brown County Board is supportive of these contracts, and there is little opposition from the individual communities participating in the contracting arrangements.

The arrangements with each community are similar. The villages are required to provide officers with vehicles and necessary equipment, such as radios. The vehicles are labeled with both the community's name and "Brown County Sheriff". The county provides the villages with police officers and overall administration. Additionally, the county pays the officers and provides them with the necessary and up-to-date training. The number of officers provided to a village depends upon the number of officers per shift the community desires. For example, if a community requests 280 hours of weekly support, three officers will work the first shift, two will work the second shift, and one will work the third shift. Officers rotate among the communities, but officers select the community in which they work based on seniority.

In each contract, the county develops a formula that determines the amount each community will pay for policing services. The formula includes the costs of regular wages and non-payroll expenses, such as uniforms and training. Indirect costs, such as support services allocation (which includes communications, Emergency Response Unit, and evidence processing), and the investigative costs are assigned based on a percentage of actual usage. Each municipality is responsible for purchasing police patrol squad cars and related equipment. In 2001, Allouez paid $545,045 for County policing services. Howard's 2001 costs amounted to $881,165. The final costs vary depending on the number of policing hours and the number of officers the community requests. Communities sign a three year contract. These contracts include the costs for each year of requested service. Each additional year's price increases by a standard 3%, in addition to other increases.

Outcomes of the Agreements

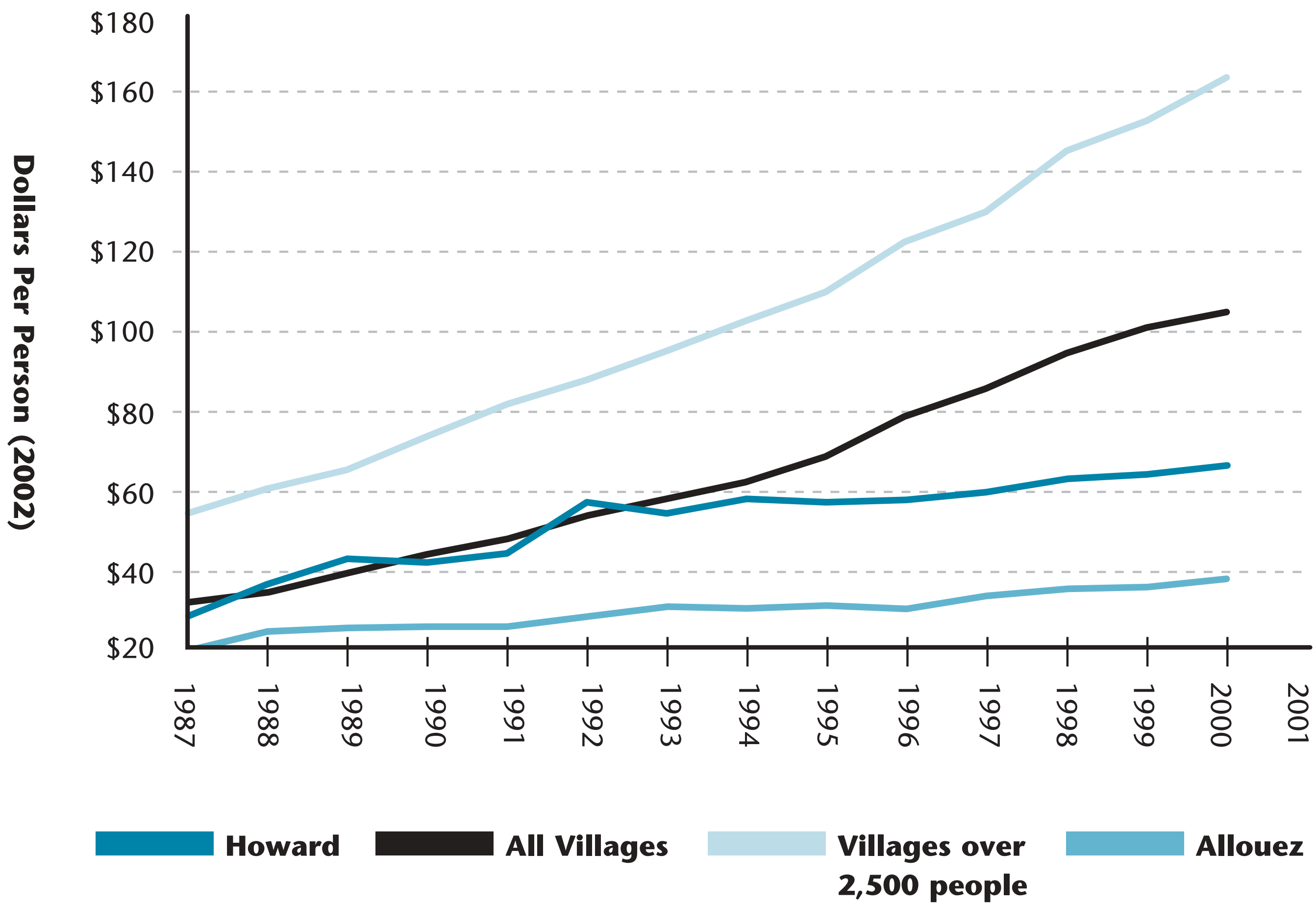
Contracts with the communities of Allouez and Howard have been continuous since they were first drafted in the 1970s. Each community expressed satisfaction with the level of service they receive and the price associated with the service. The county identifies many positive aspects of this merger. First, the communities enjoy cost savings with increased efficiency and better service. Sheriff Hintz and Deputy Sheriff Ed Janke stated that the participating communities have an advantage in that all officers are trained in the same manner and with the same technology. Due to the county's ability to offer higher wages and benefits and because they must hire more officers, the county can attract a higher caliber of employees than a single village can. This gives the villages the advantage of having a large and specialized department without the enormous cost. The county officers can access information and records from a central system, which makes investigations easier. Additionally, the county receives backup support from other county units at no additional charge to the municipality. Contracting with various communities has made back-up support substantially easier for the county. A significant benefit with contracting is that the county removes the villages from liability issues. Finally, county officials see these agreements as an advantage for the entire county; Brown County officers are visible throughout the county and may take a unified approach to crime fighting.

The Village of Howard cited some additional benefits from its perspective. One of the most significant is that the village does not have to handle union contracts and negotiations. Also, Howard recently acquired a county officer who focuses on specific cases for the village. This officer is permanently placed in Howard and is committed to the community. Additionally, Howard has a "right of removal" clause in their contract. This clause allows the village to remove a specific officer from service in their community, should problems arise.

Contracting police services with the county has resulted in a lower per capita cost for law enforcement in Howard and Allouez. In 1998, in Wisconsin villages with more than 2,500 people, per capita spending for law enforcement was approximately $165. In Allouez, it was about $36 per person, and in Howard, because of a local desire for additional personnel for each shift, it was approximately $72. Clearly, by contracting with Brown County, these municipalities are saving considerable sums for taxpayers, when compared to other communities their size.

Brown County officials also contract for police patrol service with the urban Town of Suamico. Currently the county is attempting to contract with the Village of Pulaski. In the past, they have presented the contracting option to the Town of Bellevue. Additionally, other communities have looked to Brown County's system as a service delivery model. Outagamie County provides a similar option to its municipalities and actually patterned its program after Brown County's contracts.

Comparison of Per Capita Law Enforcement Expenditures: Villages of Howard and Allouez and Comparable Municipalities



Best Practices and Lessons Learned

Village of Howard officials stated that there are things that they could do better with this system. Communities have little to no input on the cost formulas. Village Finance Director Chris Haltom stated that his village should investigate the cost formulas more and then argue for a lower rate structure.

County officials stated that they have learned that spending time in a community is critical. If possible, more time should be spent by the sheriff and deputy sheriffs at community meetings and functions during the contract period. This helps in general acceptance and understanding of the arrangement.

The Village of Allouez has been concerned recently about losing police support when the county needs backup support elsewhere in the county from its officers. During the last contract renewal public hearings, citizens were concerned with having no protection when their officers were called away. The county dealt with this issue by guaranteeing that if backup support was necessary, the village always would have at least one squad car and officer in the community.

- Communities should understand officer rotation. Since officers do not stay in each community permanently, village officials need to understand when and why officers rotate. (The rotation is based on a union seniority system.)
- Communities should try to maintain the same officers, if possible. If officers are more familiar with the community, better service is likely, because citizens learn to trust the officers.
- Include a contract clause to the effect that if village vehicles are down or called away, the county will provide backup vehicles. A community should not lack policing service because a vehicle has mechanical problems or because mutual aid is required in other sectors of the county.
- Long range planning is necessary. Communities need to determine whether the agreements are cost-effective and desired by citizens well in advance of the three-year renewal process.
- Sheriff and Deputy Sheriff should be involved and visible at civic activities. Visibility in participating villages and towns garners support for the arrangement and helps to answer community questions.

Fox Cities Economic Development Partnership

August 2002

Compiled from Interviews with Greg Keil, City of Menasha Community Development Director, Mark Rohloff, Town of Grand Chute Administrator, Dave Muench, Outagamie County Community Resource Development Educator, and Mike Hendrick, Outagamie County Planning Department.

Research and writing by Dan Elsass, Local Government Specialist, and Amy Zeman, graduate student, LaFollette School of Public Affairs.

History of the Merger

Metro Marketing was established in 1985. Its first major project was to fund a targeted industry study for the Fox Valley. This initial group included the Fox Cities Chamber of Commerce and Industry, Outagamie County, Winnebago County, the Cities of Appleton, Kaukauna, Menasha, and Neenah, the Towns of Grand Chute, Menasha, and Neenah and the Villages of Combined Locks, Kimberly, and Little Chute. The study identified ten industry groups that matched the resources available in the Fox Cities. Since then, the organization has been marketing the Fox Cities to attract these targeted industries.

In 1999, Metro Marketing became the Fox Cities Economic Development Partnership (FCEDP). The reason for the name change was to avoid confusion with the local private company, First Metro Marketing. The membership since has grown to include the Town of Greenville, the Village of Hortonville, UW-Extension Outagamie County, East Central Wisconsin Regional Planning Commission, Fox Cities Convention and Visitors Bureau, Fox Cities Workforce Development Board, Fox Valley Technical College, and Wisconsin Electric Power Company. The Village of Combined Locks decided to leave the group because its boundaries allowed no geographical space for commercial or industrial development, and therefore, it believed it would not be able to receive any direct benefit of belonging to the partnership. The Town of Neenah also dropped out because it wanted to focus efforts on residential development, not business development.

Details of the Partnership

The FCEDP has no formal membership contract. This is not a 66.0301(2) contract under Wisconsin state statutes. The group considered drawing up an agreement, but at the advice of an attorney (a friend of one of the members), they chose not to and instead they have adopted some loose bylaws. Members are expected to provide information to support the organization and furnish a representative to attend FCEDP monthly meetings and sit on at least one committee. Most members are directors or staff of their municipality’s planning or economic development departments. Several are village administrators or directors of local chambers of commerce. Rarely is an elected official a representative to the partnership.

A different member community hosts a meeting each month. A monthly inquiry report is provided to inform members of interest from firms looking to locate in the area and any progress that has been made on these inquiries. The agenda typically includes an update by the host on the progress of its community's development. At the end of the meeting, the floor opens for members wishing to bring up any other items of mutual interest.

In 2001, the FCEDP spent approximately $56,000. Its expenses included such things as advertising, web site development and maintenance, target industry and quality of life studies, an industrial park directory, and contracted services. Revenues were collected in the form of dues, interest income, and private grants. The dues are collected from members based on population. Or, in lieu of dues, members can provide gifts "in kind" to facilitate their membership. For example, in 2002 the City of Menasha paid about $2100 in dues (roughly 13¢ per resident) while the Town of Menasha manages the group's web page, *www.foxcities-marketing.org* in exchange for a $1,000 credit on its dues. In the last two years, however, the FCEDP has run deficits and has drawn down its cash reserves by about $28,000. It is projecting carrying about $12,700 in surplus into 2003, but it probably will have to adjust its dues structures by 2004 to avoid running in the deficits.

The major expenditure of the FCEDP is a contract for services with the Fox Cities Chamber of Commerce and Industry. This private, non-profit is effectively the staff of the FCEDP as it carries out in-depth research and retention studies for the partnership. According to Greg Keil, Planning Director for the City of Menasha, the FCEDP and the Chamber work well as partners. The FCEDP brings additional resources to the communities and facilitates the Chamber's outside marketing efforts. The Chamber is in turn, being paid $25,000 annually for bookkeeping and administrative services on behalf of the FCEDP.

For its members, the FCEDP functions as a marketing center. The web page maintains a list of available business and industrial parks. It thoroughly describes available business parcels by size, location, and attributes, including zoning, largest available lot, and topography. It also provides a labor market analysis of the entire Fox Valley. In addition, there is relocation information such as average cost of living and links to school district web pages. It is the policy of the group to promote all of its members equally, and to date, there has not been any disputes over this. The FCEDP also tries to attract grants to the area for economic development. They have received one from the Wal-Mart Foundation and one from SBC Ameritech that supported its web site improvements.

Recently, the group commissioned a report on the economic structure of the Valley to identify new economic sectors to target. The report also identified area businesses that are purchasing locally available materials from businesses outside of the Fox Valley. This report was prepared by Dave Muench, UW-Extension Outagamie County (a representative on the FCEDP board), and Steve Deller, Department of Agriculture and Applied Economics UW-Madison/Extension. After reviewing the report, the FCEDP has decided to focus more efforts on attracting printing and publishing companies to the area. These companies were found to be highly compatible with the already established paper products industry. Emphasis will also be placed on expanding computer and data processing, engineering, consulting, advertising, securities brokers, and others in the service sector.

To garner new members, the group will invite a representative of a prospective community or organization to a FCEDP board meeting. The significant appeal of the partnership to new members is often its regional approach to economic development and marketing. The partnership has been asked in the past to consider areas outside the immediate Fox Valley, such as Seymour and New London, but has so far limited its coverage to contiguous cities in the Valley.

Other groups that the FCEDP addressed were local elected officials, state representatives and officials from the State Department of Commerce. The partners felt that it was important for these decision-makers to be aware of the partnership, its goals, and what it can accomplish for the Fox Valley. While the FCEDP has chosen to present themselves to local politicians, they try to stay out of the public eye in their own communities. Greg Keil stated, "if you interview 100 area businesses, only a half-dozen would be aware of us." The group feels that public awareness is not a necessary component of their organization.

Outcomes of the Partnership

Direct benefits appear to accrue from the size and scope of this partnership. The combined population of the FCEDP local government units exceed 321,000 (Includes Winnebago, Outagamie and a small portion of Calumet counties). The commercial property base is valued for tax purposes at $3.2 billion and the industrial land and improvements at $1.1 billion.* The FCEDP website typically contains over one thousand available commercial or industrial parcels. It is truly a one-stop shopping site for any firm wishing to re-locate or expand in the geographic region.

Belonging to the FCEDP in no way prevents a municipality from conducting its own economic development or marketing. However, for some of the smaller members, it carries out a function that the community may not have undertaken if it were not involved in the partnership. In addition, these smaller communities can choose not to staff an economic development department at all since the partnership performs these duties for the communities.

Tangible benefits are not seen in every member community. For some, the increased industry in other areas is an indirect benefit in that new businesses in one community provide jobs for the entire area. In addition, a growing economy in such a tightly knit area is a "regional good". This is especially felt in the Town of Grand Chute. There is not much reliance on manufacturing in this municipality, but it does contain the Fox River Mall. Mark Rohloff, Town Administrator,

**Figures were generated from 2000 municipal and county reports submitted to the State Department of Revenue and tabulated through the GREAT software, Version 2.1, created by UW-Extension.*

finds that the mall creates interdependence between Grand Chute and other communities. New businesses attract workers from other regions to the Fox Valley and everyone in the Fox Valley at some time shops at the mall. Also, Grand Chute benefits from the increased residential development that provides homes for people that move to the area to work. Administrator Rohloff points out that, "advertising the Town of Grand Chute would do no good, but advertising the entire Valley produces a ripple effect from any industry that relocates to the area." He states, "The regional recognition is a key to the growth of satellite communities."

Another benefit that the partnership provides is a forum for members to discuss common issues such as unemployment, types of businesses that they are and should be attracting, the implications of one type of business over another, and how the Valley will be presented to the rest of the world.

Mike Hendrick assesses the impact of the FCEDP as "tremendous." He points specifically to Guardian Life Insurance and the expansion of Air Wisconsin maintenance hanger as tangible growth associated with the partnership.

An interesting product of the partnership has been the development of the Greater Outagamie County Economic Development Corporation. This group operates much like the FCEDP, but is composed of many of the towns on the west side of Outagamie County. Hendrick claims that it was directly patterned after the FCEDP blueprint.

Some members of the FCEDP are quite interested in a regional sales tax, an idea that surfaced in the Kettl Commission. With a group such as this, this form of a sales tax would be one more benefit to the regional economy and local property taxpayers resulting from increased economic activity in the area. According to Greg Keil, for municipalities like the City of Menasha, which includes older housing stock and infrastructure, development and resulting sales growth in other areas of the region could bring in a new revenue source to the City if there was a regional sales tax that was shared uniformly.

Best Practices and Lessons Learned

- Economic development and marketing partnerships serve as "One Stop Shopping Centers" for business and industry wishing to expand or relocate within a region. Firms from outside the area recognize the Fox Cities as a region and probably are not aware of individual units. A regional approach can match the clients' needs to the community's particular industrial park, available lots, or existing vacant facilities.

- Any municipality looking to become a member of an economic development group should assess carefully the value to its community. A group such as this may be less successful in attracting new businesses to an area that is short on available land, labor or is focusing on non-commercial growth. The Partnership has been most advantageous to municipalities with large inventories of industrial and commercial properties.

- The success of this group is a result of some specific factors. Members of FCEDP usually have not included elected officials. Instead, the appointees have been appointed professional staff, including community economic specialists and representatives of area chambers of commerce. These individuals feel less pressure from local political constituencies and appear to be able to set aside parochial interests for the common good. They have found that communities that occasionally may fight amongst themselves do not fight within this group.

- A regional economic and marketing approach works. It works for two reasons. First, economic development is a regional issue; no community in this area is an island. Secondly, the county and municipal planning/economic development departments can maintain small or no staffs and minimal marketing budgets.

- In any cooperative effort, get the people who will be involved daily (staff) to develop a shared vision or to relate to the problem that is being addressed.

- Start with small projects to allow members to gain a comfort level, and then move to larger enterprises. Industry targeting studies were the first efforts funded by the FCEDP. After initial success, the consortium moved on to creating a computerized inventory of all available industrial and commercial parcels, a web-site, a shared land use study, and a Fox Cities fact book.

Villages of Kimberly and Little Chute Library Merger

September 2001

Compiled from interviews with Kimberly-Little Chute Public Library Director Barbara Wentzel, Little Chute Village Administrator Thomas Lebak, Little Chute Finance Director Dale Haug, and Kimberly Village Administrator Rick Hermus.

Research and writing by Dan Elsass, Local Government Specialist, and Anna Kettlewell, graduate student, LaFollette School of Public Affairs.

History and Precipitation of Merger

The Villages of Kimberly and Little Chute provide their citizens with joint police, library, and custodial services. The communities' first joint effort was a consolidated library system. In 1993-1994, the Village of Little Chute began exploring the benefits of having its own public library. The village was a member of the Outagamie-Waupaca Library System (OWLS), but was served largely by bookmobile service before. Residents were being charged a county-wide library fee through the property tax. After deciding it would create its own library, the village began interviewing candidates for library director. One of the leading candidates was Kimberly's library director, Barbara Wentzel. Not willing to lose the valuable talents of Wentzel, Kimberly village leaders began discussing the idea of a joint library system with Little Chute village leaders. Wentzel supported this concept and was extremely eager for the opportunity and the challenge of starting a new library.

Details of Consolidation

Kimberly and Little Chute approved a 66.30* joint agreement, drafted by the Outagamie-Waupaca Library System (OWLS) Director and reviewed by the village's law firm. Essentially, Little Chute and Kimberly would be financially responsible for the remodeling and construction of their individual library buildings, but the two villages would share a library director and staff. The 66.30* agreement states that "Fifty percent of the joint library's costs will be paid by each village proportionately based on equalized valuation." Wentzel estimates that the total costs actually are split 60-40 between the villages, primarily because of the size difference between the communities. (Little Chute's population is approximately 10,500, while Kimberly's population is around 6,000). The villages chose to share a staff that rotates between the two libraries, thus increasing the number and specialties of employees available at both sites. Before the merger, Kimberly employed one full-time staff member, four part-time staff members, and some seasonal staff. After the merger, an additional full-time staff member and eleven more part-time staff members were hired. The Village of Kimberly is the fiscal agent of this project because it had an established library and because Wentzel was familiar with Kimberly's personnel and budget procedures.

**Due to subsequent re-codification, this section has been changed to Wisconsin Statutes 66.0301(2).*

The villages also created a Joint Library Board, which makes recommendations to the village boards regarding the joint budget, wages, and equipment purchases. The board is comprised of eight members, including two village board members (one from each community), two school district representatives (the superintendents of each school district), and two community members from each community who go through an application process and are appointed by the respective village boards. The members serve three-year, staggered terms.

Outcomes of the Merger

Kimberly and Little Chute believe that their joint library system is a great success. It is one of the few joint library systems nationwide that has more than one building. While Kimberly's annual 1995 adopted budget actually decreased slightly as a result of the merger (from $160,953 projected to $158,153 adopted), the amount of service increased dramatically, primarily due to extra joint staffing, and a larger pool of books and materials. Meanwhile, the initial costs in the first year of operation for the Village of Little Chute would have been significantly higher if it were starting up its own independent library from scratch. Being the larger of the two communities, Little Chute was assessed approximately 60% of the annual operating costs, which were $237,230 for 1995. It should be noted that Little Chute taxpayers actually were assessed only a lesser portion of new costs because they no longer paid over $100,000 in taxes to the OWLS system for county-wide services.

Part of Little Chute's individual start-up costs included $250,000 for the acquisition of some 30,000 books and periodicals. Because the village chose to share services with Kimberly, the Little Chute library gained some 5,000 items free of charge from the Kimberly library to balance the collection. Had Little Chute created its own library independent from Kimberly, it would not have been able to hire more qualified staff members, including a full-time youth librarian (which neither community could afford alone.) Primarily as a result of Little Chute's new facility, Kimberly decided to update its facility. Kimberly expanded its 3,000 square foot library to an 11,800-square-foot facility.

Both libraries are modern and convenient, and the communities take great pride in the buildings and the service. Kimberly Village Administrator Rick Hermus and Wentzel stated that the library staff has been extremely pleased with improved working conditions. The staff enjoys the change of environment, being able to work in both facilities. Kimberly is content because they did not lose their library director and increased their materials, facilities and services. Additionally, the number of people using the libraries has increased dramatically. In 1994, the total number of library cards on file was 2,546. In 2000, the number reached 7,385. Most importantly, this service merger not only gave the communities expanded library services, but it also paved the way for more service mergers between the villages.

**Due to subsequent re-codification, this section has been changed to Wisconsin Statutes 66.0301(2).*

Best Practices and Lessons Learned

Each village pointed to a variety of challenges it faced during the creation of a consolidated library system. Wentzel stated that citizens of Kimberly needed to be reassured that they would not lose service, and the citizens of Little Chute needed reassurance that there would be no lack of quality in their new library. Public hearings were held to explain the new system to the citizens of each community. Additionally, there was limited time to stock shelves in the new library. Wentzel stated that she only had about six months to add 30,000 items to the shelves of the Little Chute library. Additional challenges have come with dealing with a joint library board and with a pay compensation study (which ensured that salaries were consistent with those libraries in cities in the 15,000-20,000 population range, thus raising salaries.) During the compensation review, a number of employees left, fearing that the increased compensation plan never would go into effect and they would have increased responsibility. The new plan has since gone into effect, and no employees have left subsequently.

To be successful with this type of service merger, the communities of Kimberly and Little Chute noted a variety of best practices. The most important is to develop good relationships with other communities. Rick Hermus believes that the communities need to treat their agreements and relationships like a "courtship and a marriage." Compromise and listening to each other's opinions is crucial. Little Chute Village Administrator Thomas Lebak and Little Chute Financial Director Dale Haug believe that strong political leadership is necessary. Also, management leadership that is interested in innovation and advancement of services is key to success. The villages believe that having a joint board is also an important part of a highly visible service, like a library. One different best practice from these mergers included a three-year disbanding clause in the agreement. Kimberly and Little Chute must wait three years after a decision to dissolve joint services before actually stopping the merged service. This allows the issue to be looked at again and for advanced planning for the reassignment of staff, equipment, and facilities between the two communities.

- Strong elected and appointed municipal leadership helps with garnering merger support. Village administrators credit the positive outcomes to the initiative by the Village Board presidents to make this venture work.

- Experienced personnel help greatly in transitions. Wentzel had solid experience as a librarian and knew what was necessary in establishing an expanded library.

Best Practices and Lessons Learned, cont.

- Keep community informed (public hearings, open houses, etc.) This gives the community a greater sense of ownership.
- Develop good working relationships between communities. Have joint meetings and get to know the other community's elected officials, etc.
- Treat relationships and agreements like a "marriage." Compromise and listening are crucial.
- Develop managers who are interested in innovation.
- Develop a joint board consisting of representatives from both communities. Having joint boards again gives both communities a sense of ownership.
- Include a two-to-three-year disbanding clause, if both boards subsequently vote to dissolve the agreement. This gives the communities time to "cool off" in cases of disagreement. It also gives time for new village board members to get elected and possibly vote to reinstate the agreements.

Villages of Kimberly and Little Chute Police Merger

September 2001

Compiled from interviews with Fox Valley Metro Police Chief Dave Peterson, Little Chute Village Administrator Tom Lebak, Kimberly Village Administrator Rick Hermus, and Little Chute Financial Director Dale Haug.

Research and writing by Dan Elsass, Local Government Specialist and Anna Kettlewell, graduate student, LaFollette School of Public Affairs.

History

In 1994, four villages in the Heart of the Fox River Valley voted to spend jointly money on a study on consolidation of their individual police services into one, consolidated unit. The villages originally involved were Little Chute, Kimberly, Kaukauna, and Combined Locks. Before the study was released, the Village of Kaukauna withdrew from the project when talks stalled over the level of police personnel needed to perform administrative and dispatch functions (Kaukauna used sergeants, while the others used civilian staff.) After its release, the Combined Locks village board voted not to participate. However, both the Village of Kimberly and the Village of Little Chute boards voted to sign a 66.30* agreement to consolidate their respective 14- and 9-officer staffs into one combined district with a population of approximately 17,000. The agreement went into effect on April 1, 1995.

Precipitation of the Merger

Most parties present at the time of the original proposal agree that it was the close working relationship between the two villages developed during the library merger (see previous case study) that laid the groundwork for this idea. There was also a high degree of trust between Don DeGroot, then Village President of Little Chute, and Jim Siebers, Village President of Kimberly, that drove this collaboration. Some feel that opposition in Kimberly was softened by the retirement of the police chief before the merger. This is not to imply that there was not significant initial opposition to merging police services within the general public. In particular, a formal petition to refer the question to a referendum was circulated in Little Chute. Although more than 10% of the voters signed the document, the Village Board ruled the petition out of order because State law does not require approval by voters for consolidation of functional operations. Despite this fact, Little Chute did hold two public hearings on the matter before the Board passed the resolution of agreement on a 4-3 vote. The Kimberly Board approved the 66.30* agreement by a 7-0 vote.

Details of Consolidation

The immediate and most visible sign of the merger was the consolidation of the two departments into one under Little Chute's Police Chief David Peterson. The former police headquarters in

**Due to subsequent re-codification, this section has been changed to Wisconsin Statutes 66.0301(2).*

Kimberly was closed and reopened as a senior citizen center. All operations were then moved to the Little Chute Public Safety building. Officers were allowed to choose new badges, uniforms, and most importantly, the unit's name, Fox Valley Metro Police Department. According to Peterson, much of the first year was consumed by the need to create one (rather than two) employee operations policy books, to renegotiate conflicting provisions in the union contracts, and to repaint logos on all the joint squad cars. The transition was helped by the two communities' past history of mutual aid support and by their patrol officers being represented by the same union.

Outcomes of the Merger

Although the original independent study showed that the merger might save up to $100,000 in operating expenses in the first year, Peterson and Little Chute Finance Director Dale Haug have found that these first year savings were overestimated. In reality, Haug says, "We had to reassign some of our central administrative costs, such as liability insurance, workers compensation, and utilities that we had never directly assessed in our own Police Department." This was done so Kimberly could be assessed its fair share of these "true costs" of the merged service. Under the 66.30* agreement, each village pays a percentage of all costs of the department based on a formula that is weighted by the populations and equalized valuations of each community. Over the five-year period of the agreement, Kimberly's share has been at, or slightly below, 40% of the department's expenses, including repair and maintenance of the 20 year-old Little Chute headquarters. The larger Village of Little Chute has paid the remaining 60%. Each year, prior to budget time, the joint boards of the two communities sit down to hear the budget presentation by the Chief and the Little Chute Administrator Tom Lebak, who serves as the financial administrator for the police enterprise. According to Kimberly Village Administrator Rick Hermus, the real savings have been in reducing the added costs for policing both communities, which would have been caused by population growth over the last five years. The per capita cost for police services in 2000 was an average of $174.22, compared to $111.78 for the full year of 1995 when the merger took place. This represents an increase of 55.9% vs. a population increase of nearly 2,000 residents, or 13% growth factor, and calls for a service increase of 22%. The per capita cost for Wisconsin cities between 10,000 and 25,000 increased from $134.99 to $184.99 during this same 5-year period, or a 37% increase. Little Chute and Kimberly with a combined population of 16,500 are about 6.2% below the average comparable sized city in 2000 based on per capita law enforcement costs.

However, Chief Peterson points out that both communities also have received increased quality of services from the merger including:

- Two full-time Crime Investigators, compared to two part-time investigators prior to 1995
- One Community Relations Lieutenant to work with schools, local festivals, the Chambers of Commerce, and the Citizen Police Academy

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- A bike patrol and three motorcycles for officers (compared to none before in Kimberly, and one motorcycle for Little Chute)
- All sworn police officers receive annual professional training up to $2,000 per officer (compared to $2,000 total annual spending for training in Kimberly prior to the merger)

Department studies show that crime reporting has improved in both communities. A 1999 customer survey shows that 72% of citizens are "happy with the Metro Police Department" and only 3% are unhappy. In addition, there have been no homicides in either of the communities since the merger, and violent crimes have fallen significantly as well.

Best Practices and Lessons Learned

- Strong elected and appointed municipal leadership is necessary for a successful merger.
- Hold a series of public informational meetings prior to adoption. This helps garner public support for the proposed project.
- Do not over promise first year savings. Mergers usually begin to save money over a 3-5 year period.
- Do not cut existing positions. Instead use attrition or retirements to reduce staff.
- Assign a joint governing committee or commission with one fiscal and one operational/policy manager. This makes accounting and administration run smoother and faster for the joint operation.
- Draft a clear, understandable 66.30* agreement or other allowed statutory agreement. Minimizing confusion eases implementation, but usually such language must be drafted by an experienced attorney.
- Build in a 2-3 year disbanding or dissolution agreement. This provides a cooling off period if rash decisions were made. Municipalities can vote to override the disbanding decision during this time, if opinions change.

**Due to subsequent re-codification, this section has been changed to Wisconsin Statutes 66.0301(2).*

North Shore Fire District Compact

October 2001

Compiled from interviews with NSFD Fire Chief David Berousek and Shorewood Village Manager Edward Madere. Additional financial information provided by Andrew Lamb, Comptroller, NSFD. Historical references from, "A Burning Issue: The Consolidation of the North Shore Fire Department, 1991-95", by Emily W. Golden, Senior Thesis, May 10, 2001, University of Wisconsin-Milwaukee.

Research and writing by Dan Elsass, Local Government Specialist, and Anna Kettlewell, LaFollette School of Public Affairs.

History and Precipitation of the Merger

In 1995, the North Shore Fire District (NSFD) was created from a portion of the previously independent fire departments of the north Milwaukee suburban villages of Bayside, Brown Deer, Fox Point, Glendale, Shorewood, Whitefish Bay and River Hills. Numerous circumstances contributed to the launching of this large service merger.

In both the 1970's and 1980's, the larger communities of Brown Deer (population 12,341), Glendale (14,105), Shorewood (14,008) and Whitefish Bay (14,605) twice proposed the creation of a consolidated fire and Emergency Medical Services (EMS), neither of which were successful. Then in 1988 and 1989, Glendale, Whitefish Bay and Shorewood teamed up to form a joint dispatch service to meet new State 911 emergency dispatch requirements. The three cooperating communities extended an offer to Bayside (pop. 4,759), Fox Point (7,152), Brown Deer and River Hills (1,643) to join in this effort, but all refused.

According to Edward Madere, village manager of Shorewood, in the late 80's and early 90's Shorewood experienced two major apartment fires, both of which might have been contained with a more coordinated and timely response from neighboring communities. This started the communities' leaders to talk again about the need for a regional approach to fire fighting. The discerning moment in merger discussions came shortly after the 1992-93 decision by the City of Milwaukee Fire Department to no longer provide mutual aid to surrounding municipalities. Many of these villages, with smaller departments and less equipment, had viewed their large neighbor to the south as insurance to provide emergency back up on large apartment and industrial fires.

With the death of the Whitefish Bay fire chief in 1993, Glendale and Whitefish Bay decided to share a fire chief with overall control of their still separate departments. This, along with the Milwaukee non-mutual aid decision, seemed to provide the catalyst to get all seven communities interested in joint fire service agreement talks. Current NSFD Chief David Berousek, who was chief of the Brown Deer Fire District at the time, remembers that the major leaders of the consolidation were Glendale, Shorewood and Whitefish Bay. They convinced the other larger community, Brown Deer, to consider the idea. Fox Point, Bayside and River Hills because of their size, already were heavily tied to their larger neighbors by need for mutual aid. They already did not have the full-time departments and the big equipment to respond to larger fires.

To gain consensus and more support for the consolidation effort, the seven villages appointed representatives and set up a series of committees to investigate key questions regarding the proposed merger. The main committee was comprised of the village presidents or their representatives. Subcommittees for finance, service delivery, facilities, etc., were comprised of community members and elected officials. An outside facilitator was brought in to preside at meetings, so it did not appear that one community had more control than another. Also, all meetings were open to the public. Prior to the merger, only two of the fire departments had line employees who were not unionized (Bayside and River Hills). During all discussions of personnel, the respective unions were invited to participate in the open sessions.

Whitefish Bay Village President and private attorney Jim Gormley played a major role in preparing a draft standard 66.30* agreement for each village board to approve. Initially six local governments voted by a majority of the governing boards to approve the first proposal in September, 1994. Bayside was the only community to have serious second thoughts, but it later came back and ratified the agreement by November 1, 1994. On January 1, 1995 the North Shore Fire District officially began providing services to approximately 69,000 people.

Details of the Consolidation

A seven-member board (the village presidents or their designees) govern the North Shore Fire Department (NSFD). This group is responsible for monitoring the operations and operating budget of the district. A separate Fire Commission is appointed to handle personnel issues such as hiring, firing, etc. When the District was formed, the Village of Brown Deer was appointed fiscal agent. However, in 2001 the board voted to hire its own comptroller to perform all fiscal management duties. *(See Appendix C)*

One of the first issues that challenged the board was what to do about consolidating existing facilities since each community had its own centrally located fire district building and its own equipment, much of it duplicative. The Department agreement called for a complete inventory of physical assets. An independent appraiser determined the current values of all of the seven communities' existing assets. Next the department officials purchased what equipment they believed necessary for start-up, and these became property of the NSFD. The unified department now has 35 vehicles. Under the 66.30* agreement the municipalities agree to transfer custody, use and control, but not ownership, of the buildings to the district. A member is permitted to withdraw, or one may be expelled only with consent of the six remaining members. In these cases, a proportionate share of equipment would be returned to the member withdrawing. The district board originally voted to designate the former Brown Deer FD headquarters as the

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new main, administrative headquarters of NSFD. It also returned two of the six other villages' FD buildings back to the Villages of Bayside and River Hills. Since 1995 the NSFD has operated out of five buildings, although there have been significant attempts to add a sixth station in the northeastern corner of the district to reduce response times to Bayside residents. Language contained in the initial agreements states that no station may be discontinued or moved without the consent of the community in which it is located and a majority of the board.

Originally the consulting firm that assisted the communities in this project recommended that staffing levels should be at 124 full time positions. However, the new district began with 110 positions. In the following six and a half years, there have been nine additional employees added (six firefighters, two office staff and one finance officer/comptroller). All firefighters now are union members, full-time responders, and cross-trained as Emergency Medical Technicians (EMTs) as well. There are no volunteers or "paid-per-call employees." Rather than being administered by five chiefs and two public safety directors, the district has one chief, one deputy chief, five battalion chiefs and 24 lieutenants. Two individuals, who previously had served as captains in their municipal departments, kept their prior salaries, but were downgraded to lieutenant under the new organization plan. One since has retired, but another is still in the department. The NSFD's board has complete control over the hiring, firing or discipline of all the district's employees. In order to create a distinct identity for the new department, a new logo and uniforms were created for the employees, distinct from any of the old municipal departments. Chief Berousek also created "Charter" badges and belt buckles, commemorating the fact that these were the original founders of the new NSFD. The Chief and his deputies also had to work out a new union contract and a departmental operational manual to try to "meld" all the former work rules and procedures into one set for a new department.

Another key to the agreement was the formula used to reallocate district costs to the taxpayers of each community. Village manager Edward Madere recalls that the finance committee that initially studied this issue went through 17 different variations of this plan before settling on the formula. The annual costs for each community was determined through a financing formula based upon three factors: (a.) The population of each municipality, (b.) The equalized valuation of each municipality, and (c.) The average of the prior three-year usage, based on actual hours of personnel time spent on either fire fighting or EMS runs in each community. Each of these factors is weighted independently and a combined percentage of all factors is multiplied by the total department operating budget each year in October to allow the villages to plan for each annual budget assessment.

In order to get Fox Point's village board to adopt the original agreement, the language of the District's 66.30* contract with each local government also contains some very strict cost-control language, which reads:

> *"The annual percentage increases in the total annual operating budget and the capital budget of the North Shore Fire Department will not exceed the lesser of (A) The percentage of*

the U.S. Urban CPI (Consumer Price Index), ... , or (B) the limit for increases in municipal budgets certified by the Wisconsin Department of Revenue for purposes of Section 79.05, Wis. Stats (Expenditure Restraint Act). Plus, in each case, one-half of one percent (0.5%)."

This fairly restrictive limitation has resulted in an average annual 2.12% increase in the Department's budget over the last seven years. The 2001 operating budget actually decreased by 1.36%, despite personnel increases mandated by union contract. The expenditure budget for 2001 was approved at $10,154,939.

Outcomes of the Merger

NSFD Chief Berousek states that the consolidation process was very challenging. There were a great number of details involved in combining seven different departments with seven different sets of emergency and operating procedures. The most challenging aspect, he thinks, was to create a unified team and to coordinate all equipment and services. He and his staff also used the opportunity to upgrade communication equipment and other technology that were necessary to modernize all the area's fire and EMS services.

Berousek listed some of the major benefits of a regional fire fighting and EMS operation:

- Response time has improved to all areas of the district with average time for major emergencies dropping to an average of 3 minutes, 45 seconds from a pre-merger high of up to six minutes.
- The Department is "without borders" and can respond to any of the seven communities without waiting for past approval to cross municipal lines.
- Less administration—seven head positions, compared to about 21 under the old separate systems.
- More consistent and higher quality fire/building code enforcement in effect since all villages now have adopted both a uniform local ordinance and the state building codes. Prior to consolidation only three municipalities enforced both codes, two had just a local code, and two had no adopted codes in effect at all.
- Better response coverage to large events—the department can send up to thirty firefighters and seven pieces of equipment to apartment complexes or warehouses, as opposed to seven responders and two pieces of equipment in places served by smaller departments.
- The District has been granted a higher level of paramedic certification (EMY-D) than any of the individual communities had maintained. The district also gained a $500,000 annual contract with Milwaukee County to provide exclusive EMT service in its area of the county and to help-off-set property tax support for this service.

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As an important side benefit of the NSFD's department's ability to respond to fires more quickly and in larger numbers, all of the insurance ratings for private residences, commercial buildings, and manufacturing facilities within every community have been upgraded since the 1995 consolidation. Prior to merger, four communities that had been rated as Class 4 insurance risks (Whitefish Bay, Brown Deer, Shorewood, and Glendale) saw rates improve to Class 2. Fox Point's improved from Class 5 to Class 2. The remaining two villages of River Hills and Bayside, which had very poor prior ratings of 8 and 9, saw their respective rates shrink to Class 5. While this has had no monetary benefit to the local governments, it has saved substantial dollars in annual insurance premiums for fire and casualty coverage to private building owners.

The impact of the department's costs since 1995 has not affected all seven municipalities equally. The following chart shows each village's charges per citizen in 1994 (the year prior to consolidation), compared to 1995 and 2001 rates. The smallest communities, River Hills and Bayside, saw considerable increases in fire and Emergency Medical Services (EMS) costs in the first year of the switchover to a unified district. Chief Berousek says that these dramatic per capita increases were caused by a number of factors including:

1) River Hills and Bayside have very high equalized property values and little commercial and industrial properties to offset residential property tax charges.
2) Bayside and River Hills had no full-time responders prior to the merger.
3) In addition, four of the communities were operating with pay-per-call, non-union employees, who were not always available during weekday hours, and commanded much less in hourly pay than does the current professional staff.

Village	1994 Per Capita	1995 Per Capita	Jan. 1, 2001 Charge Per Capita
Bayside	$24.01	$112.67	$138.11
Brown Deer	181.86	188.53	134.20
Fox Point	156.79	159.97	125.45
Glendale	158.03	140.97	167.50
River Hills	53.03*	148.96	115.12
Shorewood	147.09	140.29	108.86
Whitefish Bay	112.90	119.33	108.86

**Note: In 1993, the year prior to consolidation, River Hills paid $126.94 per capita for fire protection*

Lessons Learned and Best Practices

- Strong political leadership helps with community support of mergers. In this case, Glendale, Shorewood and Whitefish Bay officials took the lead in this consolidation. Whitefish Bay's Jim Gormley was capable of drafting a strong legal agreement that addressed several of the other municipalities' concerns.
- Have an outside facilitator to conduct the planning meetings so that smaller communities will not feel as though larger ones are coercing them.
- Appoint a well-qualified "interim" department head to lead the organization through a transition period. David Berousek, the former Brown Deer Fire Chief, was given the position on an interim basis for the first nine months while a national search was conducted for a full time chief. This gave the new department a focus and allowed for advance planning before the merger.
- Involve the current personnel in the consolidation process. It is much easier to implement a new department when the union leadership is comfortable and in agreement with how it will happen. This may include renegotiating existing contracts to provide for a new organization structure.
- Set goals for service outcomes. The major purpose for a merger is to provide more uniform, high quality, and better service for the public. The planning process should include setting measurable outcomes to gauge the long-term success of the consolidation. These goals might include reducing response times, increasing vehicle and manpower response numbers, lowering private insurance premiums or increasing EMT service levels.
- Create a new identity for employees of the combined departments. In this study, district leadership created brand new uniform designs, commemorative belt buckles and badges, and entirely new work rules for the merged departments to try to get them functioning as a team.
- State laws may need strengthening to ensure the merged operations can borrow for equipment and other capital needs. Currently Wisconsin law encourages local governments to sign compacts for joint services with neighboring municipalities, but is mute on granting joint governing boards the legal authority to sell bonds to pay for large scale equipment or to construct or maintain large facilities necessary to house their operations. This means that they are often dependent on the goodwill of municipalities to issue debt, which may impact negatively on the creditworthiness of the host government should the debt not be repaid.

Joint Pewaukee Park and Recreation Department

May 2002

Compiled from interviews with Chair of the Park and Recreation Board Bob Rohde, Village of Pewaukee Administrator Jennifer Sheiffer, City of Pewaukee Administrator Harlan Clinkenbeard, and Park/Recreation Director Dawn Thomson.

Research and writing by Dan Elsass, Local Government Specialist, and Amy Zeman, graduate student, LaFollette School of Public Affairs.

History

In 1995, the Village of Pewaukee and the Town of Pewaukee began discussing merging their recreation departments. At the end of 1996, both parks departments were added to the merger discussions at the recommendation of a merger study taskforce that was headed by Bob Rhode. The two municipalities were pleased with the successful merger of their fire and rescue services and saw another opportunity jointly to improve a public service. Prior to the merger, the Village's recreation program was a summer only program, led by a public school teacher, which provided basic sports and some arts and crafts opportunities for children. The general consensus of the Village was concern with the level of recreational programs and maintenance of the parks. The Town of Pewaukee already had started year-round recreation programming in 1995. It was using the schools as a way of contacting children and it also was using facilities of both the Pewaukee School District and Waukesha School District for activities. At this time, a Village resident would have to pay a non-resident fee to participate in any Town recreation activities and Town residents paid a non-resident fee to participate in Village activities.

The Village had seen its population quickly grow from 5,000 to 7,000, yet was not providing full time recreation programming. The Town had an approximate population of 10,000 and just had hired Dawn Thomson as a three-quarter time Park/Recreation Director. Both municipalities felt the desire to provide better programming on a more efficient basis and they wanted to attract children and senior citizens year-round. They also wanted to improve maintenance within the parks and expand the existing park lands.

Precipitation of the Merger

The Village and Town adopted ordinances approving consolidation of services in November of 1996. Harlan Clinkenbeard, Town of Pewaukee Administrator, drafted the ordinance, which then went through the Joint Pewaukee Park and Recreation Committee and both municipalities' attorneys.

There were a few original points of major discussion and debate. The first was related to shared equipment. The wording of the ordinance allowed each municipality to keep ownership of currently owned equipment. At the time that something needed to be replaced, it would be owned jointly only if it could be used in both municipalities. Any piece of equipment or permanent park fixture was to be owned, and sometimes maintained, by the host community. Any issues over "joint" versus "sole" ownership are settled by the joint board, which makes a recommendation to both governing bodies. Both municipalities have been very responsive to these recommendations.

The other major discussion focused on the possibility that the merger could dissolve and possible ways to protect each municipality's assets, should this occur. In this case, jointly owned equipment is divided equally. In the case of a dispute over value or ownership, each municipality must hire its own appraiser, with a third appraiser chosen by the two hired to broker any differing opinions. Land, equipment, and fixtures brought to the merger by either community would revert back to that community.

One aspect of the merger that went very smoothly was the combining of each municipality's recreation director into one position. The teacher who was managing the Village's summer program graciously stepped aside to allow Dawn Thomson from the Town to take the position of the Park/Recreation Director for the joint program.

Both municipalities were satisfied with the ordinance, but a transition period occurred as the plan was implemented in 1998. It took about a year for the joint board members to completely put aside their "us and you" mentality. Dawn Thomson noted that adding new programs has been easy, while dealing with pre-existing conditions, programs, and equipment has been more difficult.[1]

Details of the Consolidation

The Joint Park and Recreation Board is comprised of seven voting and two non-voting members. There are one Trustee and two citizens from the Village of Pewaukee and one Council Member and three citizens from the City of Pewaukee. This ratio is based on the populations of the municipalities. The non-voting members are the Administrators from the City and the Village. Dawn Thomson, Park/Recreation Director, provides staff support to the Joint Park/Recreation Board. Initially, there was some concern about only having two Village citizens compared to three City citizens, but, according to Dawn Thomson, "the make up of the board has been great. There is good cooperation with everyone's number one concern being what is best for the community as a whole."

This Board is the overseer of policy decisions such as program or use planning. It, along with the Park/Recreation Director, prepares the budget for presentation to the City and Village governing bodies. A budget formula based on population and value for each municipality is used to determine the percentage of operational and capital expenses borne by each municipality. Specifically, 50% of the total budget is divided according to respective percentages of combined

[1]*Please note that in 1998 the Town of Pewaukee incorporated and became the City of Pewaukee. From this point on, it will be referred to as the City of Pewaukee.*

equalized value and the other 50 percent of the total budget is divided according to respective percentages of the combined annual official state population estimates. Revenues are also divided in this manner. This year, the formula resulted in 31% of the budget being covered by the Village and 69% by the City. The City of Pewaukee is the fiscal agent for the merged service.

The joint board is heavily involved in the planning of structures within the parks. The goal of the Board is to be the major entity in these decisions, but it only can advise on issues, not approve the financing of projects. Capital improvement expenses for specific parks are the responsibility of the municipality that owns that park.

The Park/Recreation Director serves both communities and participates in staff meetings of both municipalities. It is still a 0.75-time FTE position. Under the director is a 0.75-time FTE recreation supervisor. Dawn Thomson estimates that there are about 90 part-time recreation supervisors helping out with the various programs. The Park/Recreation Department has two full-time and one part-time maintenance personnel with additional college students hired in the summer. Employees are paid from the City's payroll and the Village is invoiced each month for its share of these costs.

It is the responsibility of the maintenance personnel to do all of the maintenance on the parks, except weeding of the Village's lake. Also, any major repair or building construction is the responsibility of each municipality. The Director also may call upon the public works departments of both communities for additional park maintenance and upkeep as needed.

Currently, there is no formal process for the evaluation of programs developed, actions taken, or employees under this ordinance. To date, changes have occurred as a result of the Joint Board's verbal dissatisfaction with a specific aspect of the program. This may be a weakness that could have been prevented by including an evaluation process of the merger within the ordinance. The Joint Board does have the authority to hire directly and fire employees of the two park and recreation departments.

The 2002 operating budget for the Joint Pewaukee Park and Recreation Department is about $695,000 with about $134,000 to be collected from program fees, field trips, and club fees. In comparing the per capita spending for Park Maintenance and Recreation with other villages and cities in the state, this joint operation fares well from both communities' perspectives. The Village's net cost of providing park and recreation services is about $202,000, or approximately $25 per citizen. This compares to a statewide average for all villages (population 2,500 and above) in 2000 of about $49 per capita. Meanwhile, the City of Pewaukee spent about $40 per capita in 2002, compared to a 2000 statewide average of $63 per resident for cities in the range of 10,000-25,000.

Outcomes of the Merger

Positive outcomes of this merger abound. As a result of the merger, there is no duplication of park and recreation services between the communities. Also, according to Bob Rohde, “the parks never have been in better shape and the recreation programming has never been as large or diverse. The majority of the recreation programs are running at capacity.” Both municipalities are getting more efficient use of shared equipment and they are providing a higher level of service to their residents. The Joint Park and Recreation Department currently is mailing out brochures for program registration bi-annually and it also is considering creating a website that would allow for online registration.

It also is working on its first official new park, Simmons-Woods, on 43 acres purchased from the Department of Transportation. The Village acquired the land in 1998. A grant from the Department of Natural Resources covered half of the acquisition costs and the other half came from the Village.

The Joint Park and Recreation Department has been working with a number of local athletic clubs to coordinate park use. There is a youth soccer club, youth baseball club, and the Pewaukee Athletic Association (PAA), which is an adult softball club. Prior to the merger, the PAA had invested about $200,000-$250,000 in a Village park to develop softball fields and lighting. The Joint Park and Recreation Department maintains a good working relationship with it. Overall, the joining of the two municipalities’ services has led to the clubs crossing community boundaries and the opening up of their previously restricted membership. Currently, there is not enough park space to fully satisfy all of the clubs. New land purchases could lead to further partnerships with the clubs.

There have been some recent developments related to the merger. The Village has had some issues with park maintenance, which resulted in the creation of a maintenance manual.

The success of this merger has aided in discussions about merging the City and Village of Pewaukee into one city of the third class. Bob Rohde, Chair of the Joint Merger Commission, states, “if the fire and rescue (merger) and the park and rec hadn’t been successes, I don’t think we’d be where we are right now as far as those discussions.” Consolidation talks were stalled when an original advisory vote of each municipality scheduled for the fall of 2002 was postponed at the request of the city. Approval of a total consolidation would require majority approval of both sets of voters and a two-thirds vote from each governing board as required by state law.

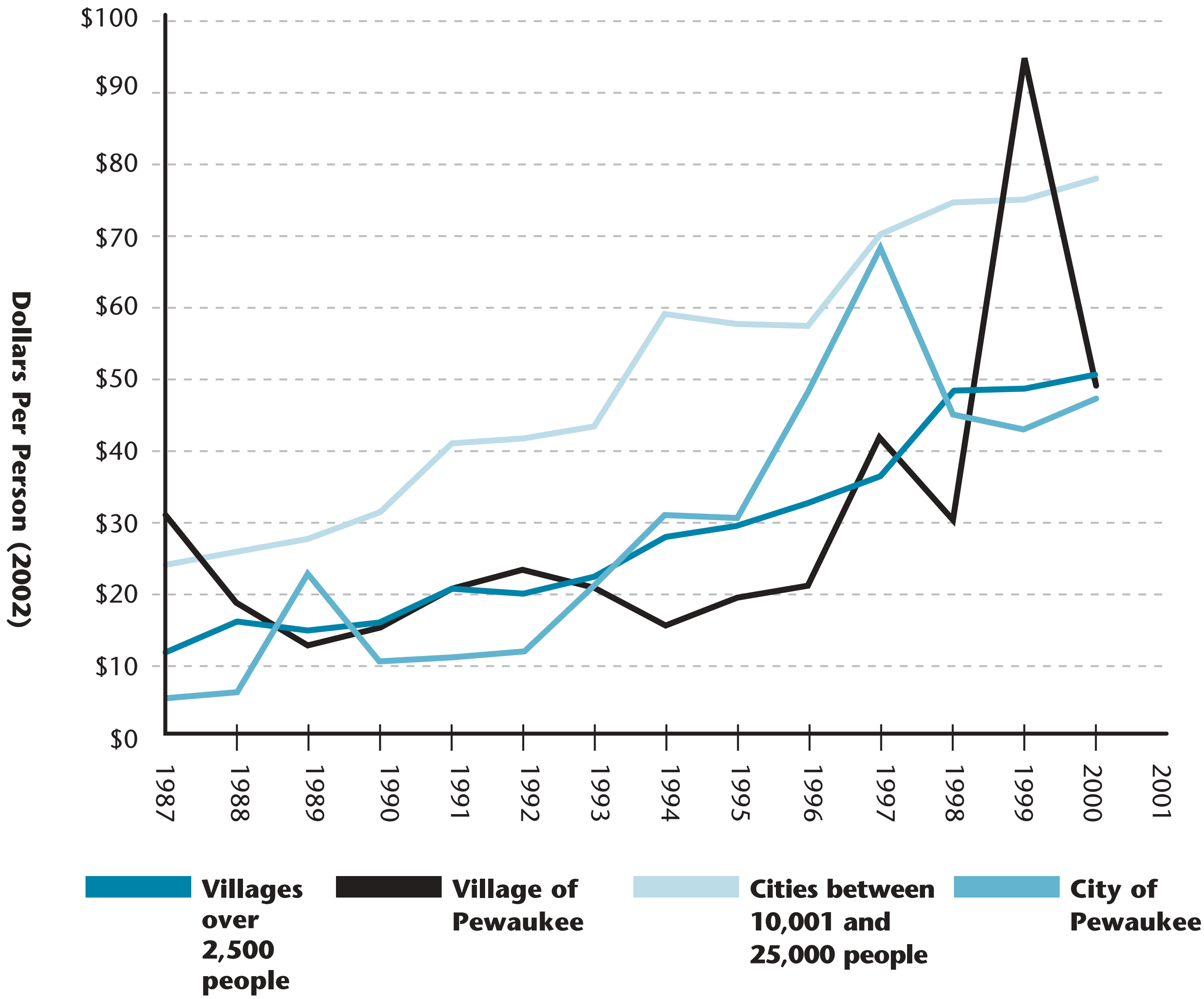
Lessons Learned and Best Practices

- It is key that those municipal departments and employees most affected by the merger policy be involved in the planning and negotiations leading to the merger. In this case, it was the directors of the separate park, recreation, and public works departments.
- Before starting the merger, have a vision of what you want to accomplish. Use that vision as a guide when encountering controversies and disagreements. In this case, the communities wanted to provide better programming, become more efficient, have a larger user base, which included people of all ages, and improve park maintenance. These goals should be kept in mind at all times.
- The merger should include an evaluation process to revisit formulas, accounting, administration, etc. to trigger adjustments. This ordinance does not specify an evaluation process. At this point, it is hard to institute, because if one community has an advantage in an area, they are unwilling to negotiate or agree to a re-evaluation.
- Some services will be easier to merge than others will. Park and recreation departments may be an easier service to consolidate because there tend to be fewer "political" and legal barriers to navigate, than exist surrounding services such as police and fire.
- A merger committee consisting of strong leaders with common sense and open minds is an enormous advantage to the merger process. This was a common idea presented by all of the interviewees. Officials in both communities felt that the success of this merger was aided greatly by the quality of certain members on the merger committee.
- While it is important to have a disbanding clause, do not hinder the success of your merger by trying to remain separate entities in certain areas. Jennifer Sheiffer stated that "given the ultimate goal, I think that there was too much emphasis in the original ordinance to provide for a dissolution." The maintenance of separate ownership of parklands may be the best example of such a failure to "let go" for the common good.
- The method for future park land acquisition is seen as a weakness in the merger. Since the City or Village owns land individually under the ordinance,

Lessons Learned and Best Practices, cont.

the joint board only can recommend that the City or Village start saving money for its own land acquisition, but it does not have direct authority over the process. This could be improved by granting the Joint Board more control in park land acquisition.

Per Capita Parks and Recreation
City of Pewaukee and Village of Pewaukee



Joint Rib Lake Area Recycling Commission

May 2002

Compiled from interviews with Village of Rib Lake President Larry Ziembo, Village of Rib Lake Clerk-Treasurer Dawn Swenson, and Arlen Albrecht, Taylor County, UW-Extension Educator.

Research and writing by Dan Elsass, Local Government Specialist, and Amy Zeman, graduate student, LaFollette School of Public Affairs.

History and Precipitation of the Merger

The Village of Rib Lake (pop. 927), Town of Rib Lake (pop. 802), and Town of Greenwood (pop. 611) went to the initial recycling/solid waste meetings hosted by Taylor County (see previous case study), but felt that there were many unanswered questions. They felt that the county wanted the State's recycling grant money, but it was not clear what the county would do for the municipalities if they allowed the county to be their Responsible Unit. Larry Ziembo, as Village President, was in charge of the garbage collection for the Village of Rib Lake. He talked to the other towns about working together. He chose these towns because the three municipalities already were working together on a fire commission. Currently, the Joint Rib Lake Area Recycling Commission does not have any desire to join the county's program because it feels that its program is working very well and is cost effective.

Details of the Merger

Public hearings were held. A critical decision was whether the Commission should pay for the solid waste program through taxes or have citizens pay per bag of garbage. Citizens wanted to pay per bag because it would encourage recycling and each citizen only would be paying for their own garbage. Thus, the Commission chose this option.

The Village attorney drew up the agreement and fashioned it after the fire commission contracts. The Joint Rib Lake Area Recycling Commission is the Local Responsible Unit. The Commission consists of three members from each municipality with the chair position being rotated each year. A majority vote of the commission is needed for budget approval. The three municipalities evenly split profits and costs. Costs over revenues are sent to each municipality to incorporate into the annual property tax rate. Late in each year, cost overruns are evenly reallocated to each municipality to pay from municipal funds.

Currently, Dawn Swenson, Clerk-Treasurer for the Village of Rib Lake, is responsible for writing the grant every year. She also is responsible for reporting to the DNR.

Details of the Consolidation

Each municipality handles its own waste disposal. The village of Rib Lake has a curbside waste pick-up contract with Waste Management Corporation (WMC). WMC is only to pick-up clear bags that are marked with a sticker. Larry Ziembo felt that Waste Management might not be inspecting the contents of purchased bags very closely, causing the Commission to lose tonnage on recyclables. Also, private citizens can contract with Waste Management for a dumpster. He has heard that Waste Management advises these citizens to throw everything into the dumpster, which may also lead to a reduction in materials brought to the recycling center.

The drop-off site at the Village of Rib Lake is open 8 a.m. to 12 noon on Saturdays and is staffed by three attendants making $8.25 an hour (one attendant being supplied and paid by each municipality). The residents of the other towns are responsible for bringing their own recyclables to this site. The Village of Rib Lake has a warehouse where all of the recyclable materials are collected. They are processed there. This warehouse has been designated a Materials Recovery Facility (MRF) by the Wisconsin Department of Natural Resources. Larry Ziembo handles the marketing and he makes calls until he gets the best price for the materials. The purchaser comes to Rib Lake to pick up the materials. Larry tries to keep the materials at the warehouse, until he can get the best price.

Outcomes of the Merger

The marketing process does make it hard to estimate the income of the program. It is also tough to estimate the volume that will be collected. Both of these facts make budgeting difficult. The best year so far was 1995; the materials brought in about $10,000. The last few years have only brought in $3000-$4000. As state funding also has dropped, the program has been covering less of its expenses.

Currently, a garbage sticker for a 30-lb bag costs $1.50. This originally paid for 50% of the program, with the other 50% coming from taxes. Now, it only covers about 40%. Dawn Swenson felt that by doubling the price of the stickers, all costs of solid waste would be covered.

Funding for capital improvements has not been a problem due to the size of the improvements. For example, when the Commission needed to find a new warehouse site, it wanted to buy an old creamery building and add on for more space. It was easy to fund since the costs were split among the municipalities. The building was purchased in 1993 and cost a total of $15,000. Each community only had to spend $5,000 from general funds.

The Commission has been receiving good reports from the DNR and even has received extra money a couple of years for its bag sticker program. They have received as high as $21,000 in grant money, but now are receiving about $14,900-$15,000. Their expenses are about $28,000 - $29,000. They divide the balance equally among the municipalities. The amount they end up paying is about what they previously were paying for their landfill tipping fees, prior to 1991.

An interesting development is that the Taylor County Recycling Authority (see Taylor County Recycling Authority Study) has shown interest in taking their collected recyclable material to Rib Lake's site. The three municipalities in the Joint Rib Lake Area Recycling Commission are hesitant. There is concern that they may be taking on too much volume. Ziembo feels that they could handle the materials from some of the nearby towns and villages, but maybe not the full TCRA amount.

Lessons Learned and Best Practices

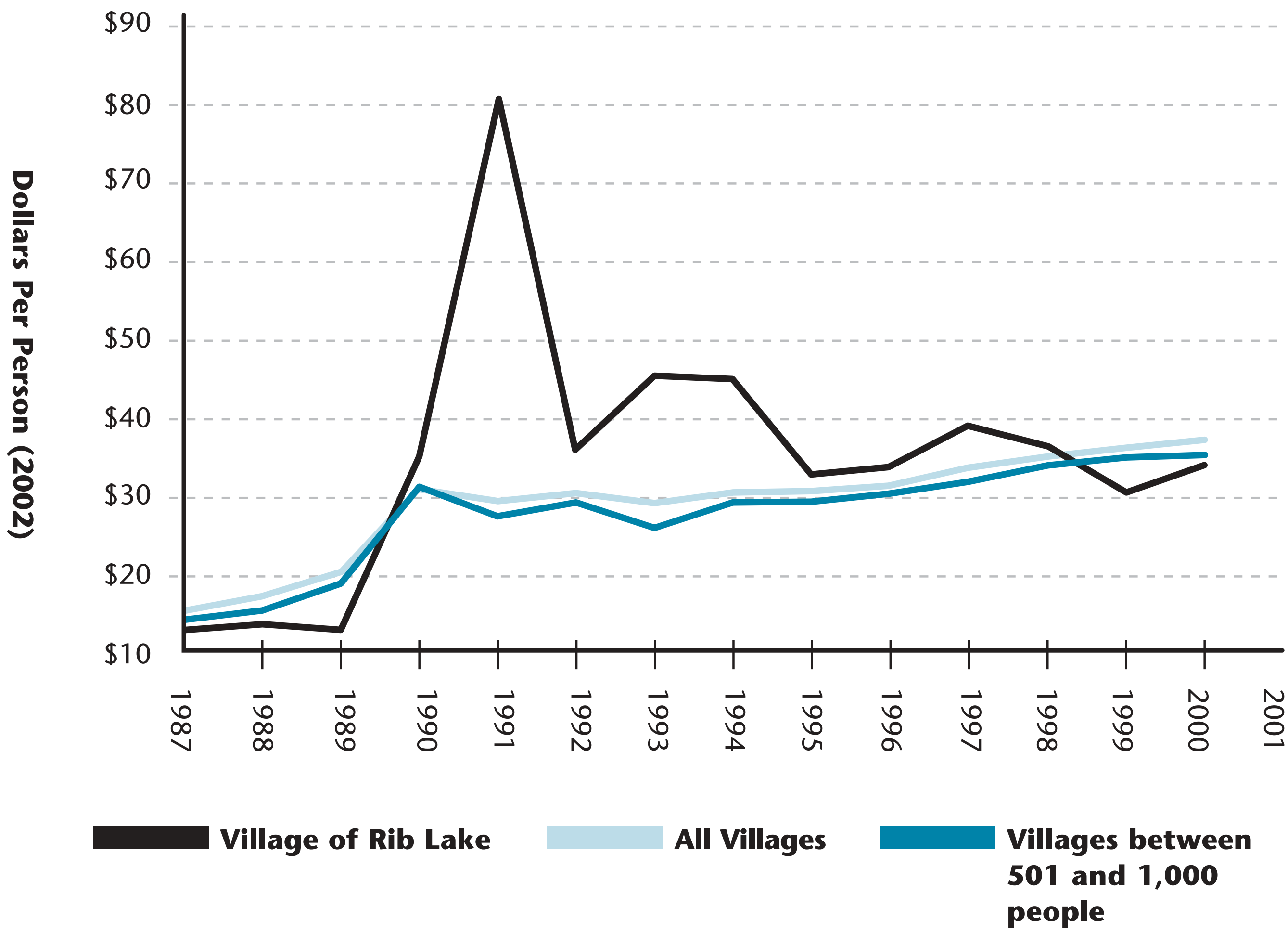
- Splitting costs among the municipalities enables faster and easier purchases of capital improvements.
- A commission enables the collection of a wider variety of recyclable materials. There has been a surprisingly wide variety of recycled materials accepted in this small program, including plastics #1-7, waste oil, and large amounts of metal. Without this consortium, a small municipality would not be able to accept such a variety of materials.
- Not many small communities have a "Larry Ziembo" who dedicates several hours a day to watch the markets and to negotiate prices. Larger county-wide or city cooperatives may be able to afford such extras as full-time staff.
- Be straight with people (citizens and local officials) when dealing with their concerns.
- Go right to the chairs and the town boards. Explain the benefits of working together. One benefit to point out is to join early because it is generally easier and cheaper. The starting members who do all of the hard work and lay the foundation may want to charge more for someone to enter into the agreement later.
- Take partners who want to be partners. Don't force a reluctant member. The Town of Westboro initially was bringing its recyclable materials to Rib Lake, but stopped after a while. It was easier to let them go than to try to work with them to stay in the group if they really were reluctant to do so.

Lessons Learned and Best Practices, cont.

While Westboro chose to stop working with the group, the Town of Spirit has continued to bring their recyclable materials to the Joint Rib Lake Area Recycling Commission.

- It is easier to work with partners that share commonalties such as borders, school districts, and fire service.

Village of Rib Lake Per Capita Spending on Solid WasteCollection and Disposal



The Taylor County Recycling Authority

January 2002

Interviews were conducted with: Ed Stroinski, Chair of the Taylor County Recycling Authority and Chair of the Town of Taft, Randy Mayer, Authority member and President, Village of Stetsonville and Arlen Albrecht, Community Resource Development Educator, staff to the TCRA.

Research and writing by Dan Elsass, Local Government Specialist, and Amy Zeman, graduate student, LaFollette School of Public Affairs.

History and Precipitation of the Merger

On April 27, 1990 Governor Thompson signed Wisconsin Act 335, the Wisconsin Recycling Bill. The act set in motion a stricter set of requirements for the siting of new municipal and county landfills and minimum standards for maintaining existing ones. This language effectively forced most municipalities to close their existing landfills or, more commonly "dumps." It also mandated that local units of government had to be designated as "responsible units" by the State Department of Natural Resources to begin their own refuse and recycling programs and to become eligible for state reimbursement for a portion of the costs necessary to administer such programs. Municipalities and counties could merge their refuse and recycling programs to gain more state aids and to provide for cost efficiencies in maintaining such programs. The law set categories of materials to be recycled, and mandated each local government to provide collection of a minimum of seven basic materials (i.e. cardboard, aluminum, tin cans, glass, plastics, newspaper, and mixed papers), or they had to contract with neighboring units in order to do so. Many counties and a few larger municipalities also opted to set up MRF's (Material Recovery Facilities), processing facilities that sort and bundle various recyclable materials for transportation to or collection by private material re-processors. If responsible units representing at least 75% of county residents take part in collaboration, the state manufacturer's recycling tax would provide an additional $100,000 a year. In the 2001-2003 state budget, the governor and the legislature approved a new $3.00 per ton surcharge on all landfill tipping fees to replace the manufacturers' recycling tax.

The Taylor County Recycling Authority represents a larger consortium or cooperative of 17 municipalities, representing about 40% of the population in this county of about 19,000. There are 15 towns and two villages currently collecting and marketing recyclables under a joint agreement administered by the County. According to its current chairman Ed Stroinski, in 1990 several town chairs approached the County Board Chair and requested that the County coordinate a meeting of nine towns that had expressed an interest in joining a county operated cooperative. Originally, there were no villages and cities involved, although the Authority offered its services to all 27 municipalities, including the City of Medford (pop. 4,500). Two thirds of the local governments refused the initial invitation, including Medford, which chose to establish its own recycling program. Although another seven have chosen to come into the cooperative since 1992, the TCRA never has come close to the 75% of total county population served necessary to attract the State's $100,000 bonus payment.

The Village of Stetsonville (pop. 583) was one of the municipalities that began its own independent recycling collection program in 1990 in conjunction with the bordering towns of Little Black and Deer Creek. The three municipalities previously had shared a landfill, community center, and fire department. However, in early 1993, Village President Mayer remembers that the TCRA extended yet another offer to the Village and its partners. "At the time" recollects Mayer, "our contract with an independent hauler had expired. The DNR was requesting more and more paperwork to continue as the responsible unit, and we did not have the administrative staff to report on and administer an independent operation." He added that it was not a monetary issue that drove this merger.

Details of the Merger

The Taylor County Recycling Authority maintains separate contracts between the County, which provides one overall administrator, and each of the 17 municipalities. The municipalities are responsible for their own solid waste contracts (usually with contracted private haulers). Municipalities also provide:

- An acceptable collection site
- Liability insurance for the collection site
- Site attendants during designated operating hours

Taylor County is responsible under the terms of each contract for:

- Providing and maintaining a recycling trailer for each collection site
- Obtaining a license and insurance for each unit
- Providing gaylord boxes for storage for each trailer
- Filing for and administering the State grant each year
- Administering the budget, accounting and calculating any surcharge for year-end short falls based on each municipality's population
- Coordinating and funding all educational efforts

Each municipality in the Authority is responsible for its own solid waste collection. All municipalities (except the Village of Lublin, which picks up its own waste) have chosen to have drop-off sites for their recyclables and waste. Stetsonville, for example, has a site open 9 a.m. to 1 p.m. every Saturday. They have one attendant on duty at all times and pay the individual $9 an hour. The Village also permits drop-off garbage at the site in either bags (charges $1.50 ea.) or 55-gallon barrels ($3.00). A locked "honor box" accepts citizens' payments during the week when no attendant is on-site.

Joint responsibilities of each village, town and the County include educating citizens on allowable materials and the enforcement of local ordinances for illegal dumping at collection sites. University of Wisconsin-Extension has been providing educational information to residents of each municipality. The Community Resource Development agent, Arlen Albrecht, has prepared basic information on the types of materials that will be accepted and how they should be prepared. He also prepares an annual report card for each municipality, which lists the state required average tonnage for seven basic types of materials and the tonnage actually obtained by each community during the previous year as a percentage of the statewide goals under NR544. Tonnage goals are computed based on each municipality's population (please see the following example from the Village of Stetsonville).

Additional educational efforts include about $2,000 yearly of radio and newspaper advertising and a county fair display. UW-Extension also got schools involved in having their students paint recycling barrels for public parks with paint collected from the Clean Sweep program and also by holding a logo contest. The winning logo was made into decals that now are posted on all 18 of the Authority's trailers. They also sponsor "The Magic of Recycling" assemblies at five elementary schools in the county.

Original contracts were drafted by the Taylor County recycling coordinator, Larry Peterson, and reviewed by corporation counsel for the County. The contracts do not specify any formal procedures for a municipality to leave the cooperative on its own (i.e. no notification, vote by other members, timelines, etc.). The only reference to a disbanding clause is the statement that, in event that the entire Authority dissolves, "all remaining capital will be liquidated and revenue will be distributed on a per-capita basis to contributing partners." Distribution of assets or remaining liabilities are not discussed.

In early November of 2001, the TCRA took bids for a new three-year contract. The contract was awarded to Commercial Recycling at $35 per ton for processing and $8 per ton for transportation. While past contracts called for the shipping of co-mingled materials to a Wausau MRF, the new agreement will require municipal residents to source-separate according to the seven basic categories of materials.

The contract does stipulate that if additional funds are needed to cover the County's financial obligations, member communities may be assessed additional charges on a per capita basis to cover such shortfalls. In 2001, local municipalities were assessed an additional fee of $1 per capita to supplement collection costs. According to Mayer and Stroinski, the Taylor County Recycling Authority has had to "special assess" its members/residents every year since the State of Wisconsin recycling aids were reduced in 1998-99.

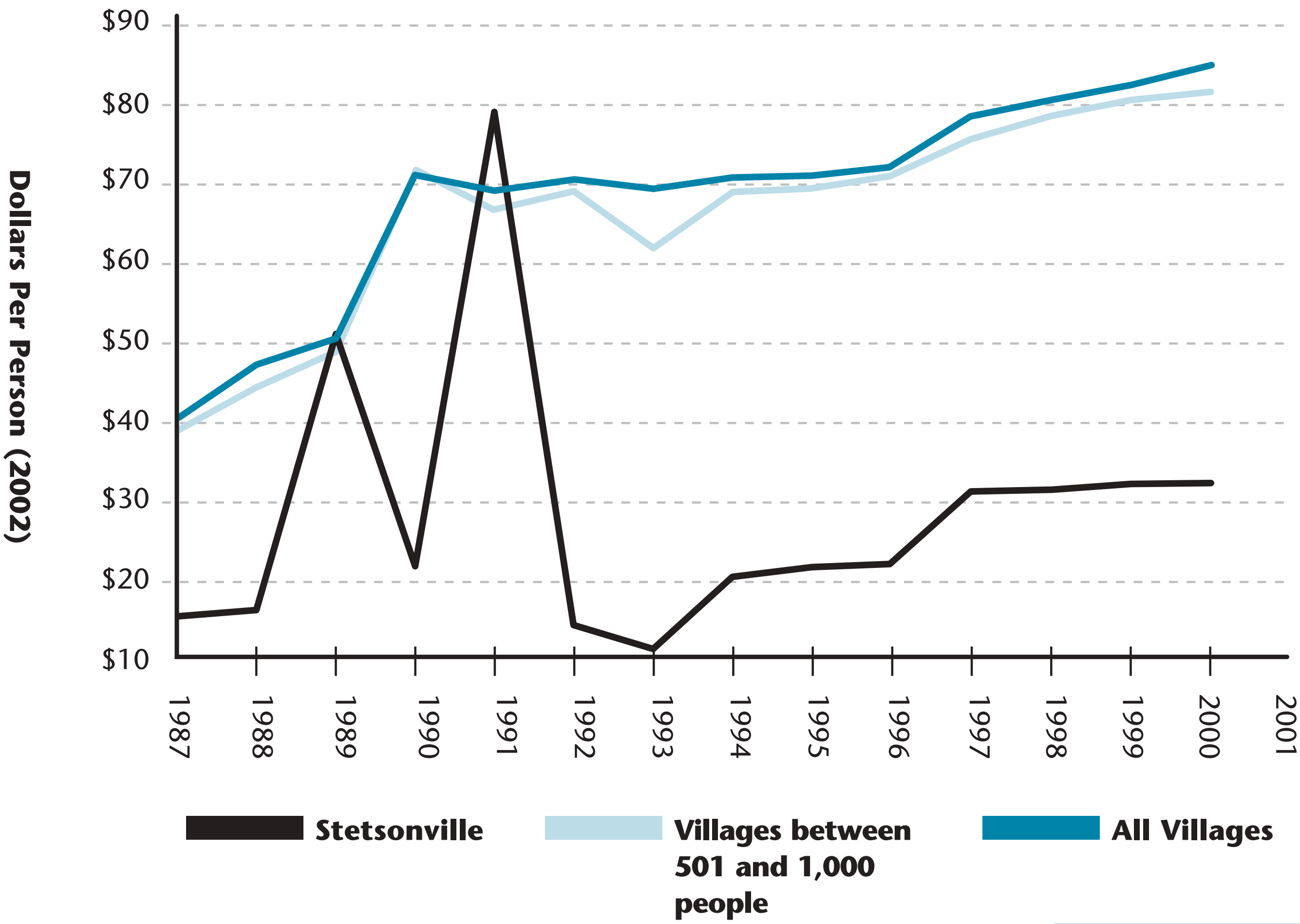
Outcomes of the Merger

The interviewees agreed that there have been some positive outcomes of this merger. Perhaps, foremost, Taylor County has averted having to site and build a new landfill since the closure of all local dumps. This has been a tremendous savings to county taxpayers over the last decade. Also, Albrecht noted that with 17 local entities joining together, the County could afford to expand the variety of materials collected, to include tires, motor oil, and building materials (at some sites). Also the County has been able to coordinate better “clean sweep” programs three times a year for hazardous materials such as paints, cleaners, industrial solvents, at a variety of countywide collection sites.

In 2001 the Recycling Authority estimates a budget of $78,300 with approximately 60% of these costs reimbursed through state recycling payments. Administrative costs for the County coordinator have been estimated at $8,614 or about 12% of expenditures.

Processing costs paid to the prior hauler were estimated at $27,400, but are expected to rise to $30,000 with the new contract in 2002.

Effect of the Taylor County Recycling Authority on the Village of Stetsonville Per Capita Solid Waste Collection and Disposal Expenditures



Best Practices and Lessons Learned

Many of the lessons learned by those officials we interviewed were related to state administrative and funding issues. Specifically, all three were concerned that the State of Wisconsin first should have used incentives to create adequate private markets for common recycled materials before mandating that municipalities go into large scale recycling operations. Mayer also said that the State should keep the tipping fees up on industrial users to fully fund local government programs such as the TCRA. All three individuals felt that if the state cut recycling aids any further that "dump sites will explode," and that illegal dumping in towns and small villages will be commonplace. They also felt that many small county or municipal cooperatives would be forced to put more of their operating expenses on the local property tax levy. Mayer also noted that the State Department of Natural Resources is very much interested in driving down the number of "responsible units" in the State because it doesn't feel they are "cost-efficient". This, he surmises, should help larger cooperatives such as Taylor County's because smaller units of government will be forced to join them, creating more economies of scale. Albrecht also said that the "lack of DNR inspection at landfills and the lack of hauling companies" poses a major problem in reducing recyclable materials in public and private landfills." "More inspectors (state) would increase the quantity of recyclables going for collection and reduce the amount sent to landfills," he said.

- Creating countywide recycling cooperatives gives smaller counties the volume of materials and revenues necessary to add additional recycling services such as tire, old appliance and hazardous waste collections.

- Recycling compacts reduce administrative duties relating to grant writing, accounting, annual reporting, insurance and purchased services. Individual municipal operations do not have the staff to handle both their regular duties and recycling related paperwork.

- State Department of Natural Resources policies and state funding formulas increasingly are designed to force consolidation of small municipal operations into more "cost-efficient," larger operations. Multi-jurisdictional agreements meet these state objectives.

Best Practices and Lessons Learned, cont.

- Due to fluctuations in the various markets for recycled materials, "responsible units" should be able to maintain large warehouse facilities to stockpile these materials until the markets improve. Countywide or city/village cooperatives are better able to maintain these long-term storage facilities and the equipment to operate them.

- Disbanding agreements should contain language that states how all assets and liabilities of the joint partnership will be handled should the compact fail.

Appendix A

Financing Formula
(Distribution of Costs)
Each participating municipality's annual financial contribution to the North Shore Fire Department's operating and capital budget shall be based on the following:

Population
Thirty-three and 33/100 percent (33.33%) of the total budget contribution shall be shared among the municipalities in proportion to each municipality's percentage share of the total population of all the municipalities, as determined by the State of Wisconsin for the prior year.

Equalized Valuation
Thirty-three and 33/100 percent (33.33%) of the total budget contribution shall be shared among the municipalities in proportion to each municipality's percentage share of the total equalized valuation, excluding land, of all the municipalities, as determined by the State of Wisconsin for the prior year and as adjusted as hereafter provided.

Total equalized valuation, excluding land, shall be divided into residential, commercial and industrial classifications. A multiplier of 1 for total residential valuation, 2 for total commercial valuation and 3 for total industrial valuation shall be applied. The total of the multiplied valuations for each municipality shall be divided by the total of the multiplied valuations for all the municipalities and multiplied by 100 to determine each municipality's proportionate percentage share.

Usage
Thirty-three and 34/100 percent (33.34%) of the total budget contribution shall be shared among the municipalities in proportion to each municipality's percentage share of usage. For the first three years of operation, usage shall be based upon each municipality's share of total calls for service over the five-year period between 1988 and 1992, subject to later adjustment as provided below. After the first three years of operation, each municipality's usage shall be determined based on each municipality's percentage share of the total usage averaged over the preceding three years.

Usage shall be calculated based on the actual number of personnel hours for each fire or E.M.S. run, rounded to the next one-tenth of one hour. Personnel hours are calculated from the time vehicles leave their stations to the time vehicles return to their stations. Usage is assigned to the municipality in which the call for service originated, without regard to where the personnel responding are stationed.

After three years of usage information has been calculated, the amounts paid by each municipality in the first three years of operation will be compared to what each community would have paid if usage had been calculated based on personnel hours for the first three years, using the three-year average as the percentage of usage for each of such years. The difference, if any, will be refunded to or paid by the municipalities in the fourth and fifth year of operation.

Appendix B

Library Board

A joint library board is hereby created under the provisions of Section 43.54, Wisconsin Statutes to administer the Kimberly-Little Chute Public Library.

1) The joint library board shall consist of eight (8) members, four (4) shall be appointed by the Kimberly Village President, subject to confirmation by the Kimberly Village Board, four (4) members appointed by the Village of Little Chute President, subject to confirmation by the Little Chute Village Board. Not more than one member of each municipal governing body shall at any one time be a member of the library board. Each Village President shall appoint as one of their members, the school district administrator, or his representative, to represent their school district.

2) Upon their first appointment, the members shall be divided as nearly as practicable into three equal groups to serve for two-, three-, and four-year terms, respectively. Thereafter, each regular appointment shall be for a term of three years, beginning on June 1st and ending on May 31st. Vacancies shall be filled for unexpired terms in the same manner as regular appointments are made.

3) Annually, a President, Vice-President, and Secretary shall be elected from among the board members within 30 days of the date designated as the beginning of terms.

4) A majority of the members of the library board shall constitute a quorum for the transaction of any business at a meeting of the board.

Library Board Powers and Duties

The library board shall have the following duties and responsibilities as authorized by the Kimberly Village Board and the Little Chute Village Board.

- To exercise all powers and perform all duties authorized for library boards by Chapter 43, Wisconsin Statutes.
- To plan for, implement, and administer all library services and programs for the Kimberly-Little Chute Public Library.
- To control the expenditure of all funds collected, donated, or appropriated for the Kimberly-Little Chute Library.
- To annually prepare and submit an operating budget for the succeeding year to the Kimberly Village Board and the Little Chute Village Board.

- To make recommendations to the Village of Kimberly or the Village of Little Chute regarding improvements to the public library physical facility in each community.
- To sign an agreement for membership in the Outagamie Waupaca Library System.

Appendix C

Fiscal Agent

Upon approval of this Agreement, proposals for the appointment of the North Shore Fire Department's fiscal agent shall be submitted by participating municipalities, which shall include the term and annual fee for such services. The selection of the fiscal agent will take into account the cost, as well as the specifications of the proposal. The selection of the fiscal agent will be recommended by the Board of Directors, to the respective governing bodies for approval by a majority of municipalities.

Duties of the fiscal agent shall include, but not be limited to:

- Maintaining financial records.
- Receiving and disbursing funds.
- Providing payroll administration.
- Administering insurance program.
- Others as assigned.

Appendix D

Appraisal performed by Fidelity Appraisal Company, Inc., Milwaukee, WI

Vehicle	Appraisal	Action
Shorewood Hills		
1981 Pumper	$ 50,000	sold by Shorewood Hills to Colorado City
1992 Pumper	145,000	NSFD Engine 4
1971 Ladder Truck	30,000	out of service
1989 Ambulance	24,000	NSFD Ambulance 24
1980 Ambulance	6,000	?
1990 4-Wheel Drive Pick-Up Truck	7,500	sold by Shorewood Hills Dept. of Public Works
Whitefish Bay		
1972 Ladder Truck	$ 60,000	out of service
1980 Pumper	50,000	NSFD Engine 3
1983 Ambulance	6,000	?
1984 Station Wagon	3,000	sold
River Hills		
1994 Tanker	$ 90,000	NSFD Tank 1
1981 Pumper	60,000	sold
1986 Ambulance	10,000	NSFD Ambulance 1
1970 4-Wheel Drive Brush Unit	4,000	sold to Shorewood Hills
Bayside		
1975 Pumper	$ 30,000	sold
1987 Pumper	90,000	NSFD Engine 1Z
1984 2500-Gallon Tanker	30,000	sold
1975 1500-Gallon Tanker	18,000	never received
1990 Ambulance	30,000	NSFD Ambulance 2
1987 Rescue Truck	22,500	NSFD Rescue 5
Fox Point		
1987 Pumper	$100,000	NSFD Engine 5
1970 Pumper	20,000	never received
1990 Ambulance	37,500	NSFD Ambulance 3
1986 Chevrolet Caprice	3,000	sold

Vehicle	Appraisal	Action
Brown Deer		
1991 Ladder Truck	$300,000	NSFD Ladder 3
1975 Pumper	30,000	NSFD R. Engine 22
1981 Pumper	55,000	NSFD R. Engine 21
1992 Ambulance	49,000	NSFD Ambulance 5
1991 Cargo Van	7,500	sold
1980 7-Man Rubber Raft	1,250	NSFD Boat 1
Glendale		
1992 Pumper	$165,000	NSFD Engine 2
1978 Pumper	40,000	NSFD Engine 25
1970 Snorkel Truck	15,000	sold
1990 Ambulance	31,000	crashed
1991 Ambulance	35,000	sold
1985 4-Wheel Drive Suburban	7,500	rebuilt
1993 Chevrolet Lumina	9,500	NSFD Car 10
1992 Cargo Van	9,500	NSFD Car 12
1984 Ford LTD	1,500	sold
Inflatable Rubber Raft	2,000	out of service

Appendix E

Section 5

Section 1.06 (d) of the Municipal Code of the Town of Pewaukee is hereby created to read as follows:

1.06 (d) Dissolution

Either the Town Board or the Village Board may dissolve the Joint Park and Recreation Department and Board at any time by giving six (6) months prior written notice to the other Board addressed in care of the Clerk of that unit of government and to the Joint Board. From and after the date of dissolution, each unit of government shall own those assets and liabilities which are solely titled in each unit of government. Parks, park buildings, park equipment and fixtures shall not be subject to division and shall belong to the municipality in which the park is located. The value of jointly owned vehicles shall be divided in an amount equal to the average of the pro rata share of contributions from the date of the written Agreement between the Town and Village to the date of dissolution. In the event of a dispute in valuation of assets or liabilities, each Board shall hire an appraiser at its own cost, the two appraisers shall choose a third appraiser and the three appraisers shall value the assets and liabilities and allocate the assets according to the ownership percentage aforementioned, and allocate the liabilities to each municipality according to the same percentage.

Upon dissolution, either of the units of government may provide the other unit of government the opportunity to purchase its interest in the assets of the Joint Department at the value fixed by agreement or by appraisal as described above. In such case, the other unit of government shall have a period of sixty (60) days from the date of such provision within which to decide whether or not it desires to purchase such assets. If one unit of government desires to purchase the interest of the other, it shall have a period of time, not exceeding one (1) year from the date of its election, within which to pay the total due the government unit selling its assets. If both units of government choose not to purchase the assets of the other unit of government, each shall keep its percent of the assets as established above. The written notice of election by the selling unit of government shall be deemed adequate and sufficient security for the other part as a binding commitment during this period of time.

Appendix F

Term of Agreement

This agreement shall take effect upon the effective date stated herein after the adoption by the governing body of each municipality of a resolution approving the Agreement and authorizing its execution. This Agreement shall remain in effect in perpetuity subject to the following:

18.1 All municipalities shall participate in this agreement for a minimum of five (5) years.

18.2 After the expiration of the initial five (5) year period, any municipality wishing to with draw from this agreement may do so on at least two (2) years written notice addressed to the clerk of each of the other municipalities, provided however, that no such notice be given until expiration of the initial five (5) year period set forth in the prior paragraph.

Merger of City-Village Services: **Best Practices**

Booklet design by Jill Felten, Environmental Resources Center, University of Wisconsin-Extension