MUNICIPAL CONSOLIDATION: 
STRATEGIES FOR ALLEGHENY COUNTY

By

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Due to the numerous municipal jurisdictions statewide and in our region, government fragmentation has become a significant impediment to providing efficient and effective municipal services. The revenue and administrative limitations on local governments make it difficult to maintain adequate emergency response services, park and recreation services, schools, and infrastructure. Historically this issue has been addressed as a structural problem, suggesting municipal mergers as an appropriate solution, however, political obstacles to actually eliminating inefficient municipalities have deterred this approach. Thus, the contemporary political vogue in our region has shifted to functional consolidation efforts through municipal cooperation.

There are several avenues to realizing functional consolidation efforts for municipal jurisdictions. Act 177 of 1996 (Intergovernmental Cooperation Law) includes broad language regarding municipal cooperation. There are myriad applications of this legislation evident between municipalities, the most compelling and widely applicable seem to be Councils of Governments (COG’s). Councils of Governments are a unique application of the Act 177 language; multifunctional organizations established by a group of municipalities in the interest of facilitating service programs better suited to cooperative provision than by individual local governments.

However, in the more than forty years since their inception Councils of Governments remain chronically underutilized resources for many municipal regions. In fact, statewide COG’s are
widely considered to be an ineffective model for governance. In many cases this is due to a lack of funding, resources, and public awareness about the value of COG participation.

It is this report’s contention that by providing examples of best management practices for Pennsylvania Councils of Governments and increasing state funding and incentives for municipalities to participate in COG programs through the Pennsylvania State Department for Community and Economic Development (DCED), much of the factionalization of the local government structure in the state can be overcome. Because COG’s are voluntary organizations, they can be strengthened without cumbersome legislative change and draw the support of many leaders in local government. Moreover, with minor legislative change to the COG’s legal status Pennsylvania COG’s could be an effective solution to the inefficiency of Allegheny County local government system.
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Executive Summary

Due to the numerous municipal jurisdictions statewide and in our region, government fragmentation has become a significant impediment to providing efficient and effective municipal services. The revenue and administrative limitations on local governments make it difficult to maintain adequate emergency response services, park and recreation services, schools, and infrastructure. Historically this issue has been addressed as a structural problem, suggesting municipal mergers as an appropriate solution, however, political obstacles to actually eliminating inefficient municipalities have deterred this approach. Thus, the contemporary political vogue in our region has shifted to functional consolidation efforts through municipal cooperation.

There are several avenues to realizing functional consolidation efforts for municipal jurisdictions. Act 177 of 1996 (Intergovernmental Cooperation Law) includes broad language regarding municipal cooperation: “A municipality … may … cooperate or agree in the exercise of any function, power or responsibility with … one or more … municipalities …”¹. Whereas there are myriad applications of this legislation evident between municipalities, the most compelling and widely applicable seem to be Councils of Governments (COG’s). Councils of Governments are a unique application of the Act 177 language; multifunctional organizations established by a group of municipalities in the interest of facilitating service programs better suited to cooperative provision than by individual local governments.

Generally, Act 177 agreements are cooperative arrangements between two or more municipal governments regulating a joint provision of a single service, such as a contracted trash pickup service or joint capital investment in road maintenance equipment. COG’s, however, are unique

¹Act 177, Section 2304
in that they are instituted with broad responsibility, including the management of numerous Act 177 agreements, as well as research-based proposals for new joint programs. No specific program must be undertaken in order for a COG to be established, rather, a COG could be created in the general interest of municipal cooperation\(^2\).

The legislative flexibility granted to Councils of Governments through Act 177 is significant insofar as it facilitates the formation of COG’s between numerous municipalities throughout Pennsylvania. This is regionally advantageous because it allows businesses and governments alike to work within an economy of scale, which maximizes efficient service provision and allows businesses to operate within their consumer base rather than municipal boundaries.

According to the Pennsylvania Association of Council of Governments, there are over forty-four COG’s currently representing almost 4 million citizens through hundreds of local governments statewide\(^3\). This widespread use has created tremendous functional consolidation opportunities between these municipalities, from contracted services to joint programs. Southwestern Pennsylvanian local governments, particularly in Allegheny County, have been among the leaders in the employment of COG’s as a functional consolidation option.

The methods of cooperation allotted to Councils of Governments are quite extensive. The most significant of which are joint purchasing, contracted services, and shared administrative duties. Joint purchasing allows municipalities to qualify for price cuts on large capital investments, providing purchasing programs that benefit from discounted prices on commodities and facilitates large capital investments that individual municipalities may be unable to make on their own. Expensive construction, emergency response, or maintenance equipment may be beyond a small

\(^2\) *Intergovernmental Cooperation Handbook*, p.11
\(^3\) “Membership”, [www.PACOG.gov](http://www.pacog.gov)
local government’s budget to provide, but through a COG joint purchasing plan such a capital investment is more easily purchased and shared. Contracted services and shared administrative services similarly employ economies of scale to achieve greater efficiency. One municipality may decide to enter into a contract selling a service, police for example, to another municipality or share employment of a local tax collector. All of these programs provide efficient service provision through the increased budgetary and administrative threshold provided through COG’s.

The North Hills Council of Governments (NHCOG) provides a model for the regional benefits of functional cooperation through COG’s. Made up of nineteen participating municipal governments, it is responsible for a number of cooperative service projects including joint storm water management planning and multi-municipal capital purchasing of commodities such as road salt and cooperative services such as waste and recycling management. Road salt has been a considerable purchasing success. Through a NHCOG sponsored contract between all of its participating municipalities and Central Salt, road salt purchasing has seen significant budgetary and contractual benefits in providing winter road maintenance services. The North Hills COG also exemplifies efficient equipment capital investment through a street sweeping bid between several of its smaller member municipalities. Again, the participating members have benefited from a more competitive contract and better prices, as well as the capacity to provide a service that would otherwise be beyond their budget.

The North Hills COG is one of several best management practices exemplified by Councils of Governments in the Southwestern Pennsylvania region. In the face of an ever-dwindling state budget, the increased threshold for providing government services more efficiently and

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4 “Intergovernmental Cooperation Handbook, pp.11-12
5 “Projects & Programs”, www.northhillscog.org
effectively that Councils of Governments offer may make them a compelling opportunity for many municipal governments.

However, in the more than forty years since their inception Councils of Governments remain chronically underutilized resources for many municipal regions. In fact, statewide COG’s are widely considered to be an ineffective model for governance. In many cases this is due to a lack of funding, resources, and public awareness about the value of COG participation. It is this report’s contention that by providing examples of best management practices for Pennsylvania Councils of Governments and increasing state funding and incentives for municipalities to participate in COG programs through the Pennsylvania State Department for Community and Economic Development (DCED), much of the factionalization of the local government structure in the state can be overcome. Because COG’s are voluntary organizations, they can be strengthened without cumbersome legislative change and draw the support of many leaders in local government. Moreover, with minor legislative change to the COG’s legal status Pennsylvania COG’s could be an effective solution to the inefficiency of Allegheny County local government system.

Methodology and Scope

Through independent research, work with the Institute of Politics Fiscal Policy and Governance Committee, and a series of interviews with municipal managers and regional COG directors this report provides insight into the perspective of local government officials themselves on consolidation issues in Allegheny County. The intention of the methodology was to balance the academic emphasis on the need for improved regional governmental efficiency with the priority among municipal officials to keep government local.

6 “Interviews”, Anway
The scope of this report was focused to Allegheny County, both because it exemplifies a microcosm of many of the fragmentation issues present statewide, and because the region is one of the most decentralized local government systems in the nation.

The municipal managers were chosen for several key attributes. First, they all are members of one of the model Councils of Government in the region, the North Hills COG. Secondly, they are diverse; Etna Borough, the Township of Shaler, and Hampton Township range tremendously in physical size, affluence, and government service provision. Finally, they were chosen because they are similar geographically, exemplifying a common trend in the region of bordering municipalities increasing in affluence as they move farther from the rivers.

**Constraints to the Study**

Because this report focuses on regional governance in Allegheny County, the recommendations are limited by the question of scalability in other regions, particularly in more rural areas of the state where no principal city is present. Additionally, the lack of a centralized, readily accessible database regarding an annual index about the fiscal health of municipal government limited the quantitative research capacity of this report. By choosing to focus on the perspective of local officials, the report employed a qualitative analysis. Accordingly, the recommendations are to some degree tentative, pending further research into the public finance aspects of the Council of Governments system.
Problem Statement

Inefficiencies in the Local Government System

Throughout the history of Pennsylvania politics, the highly decentralized model for local government has catalyzed much debate over the interplay between efficiency and the value of local government. Pennsylvania has a local municipal system built with a bottom up mentality, one that reflects the political ideology that insofar as local government is uniquely inseparable from the citizens it represents, it is the most valuable and productive form of government.

Pennsylvania’s municipal government structure is divided into several classes of government, determined largely by jurisdiction, population size, and urban/rural classification. This class structure includes nine classes of counties, four classes of cities, two classes of townships, five classes of school districts, and the single class of borough. In total, Pennsylvania is divided into sixty-seven counties, five hundred school districts, and 2,562 municipal governments within county borders. Furthermore, as there is no unincorporated land statewide, meaning that all of the land in Pennsylvania lies within the jurisdictions of one or more of these classes of government⁷.

It is important to recognize that there are more differences within these classes of government than between them. This is due to the gamut of diverse populations, geographies, levels of affluence, and capacities for service provisions that these classes of municipality govern. However, there are certain trends within these classes that are significant. For example, boroughs and first class townships rely more predominantly on real estate taxes than second-class townships, which tend to rely more heavily on non-real estate taxes. Cities tend to rely heavily on both sources of revenue. The Pennsylvania Economy League’s report, Structuring Healthy

⁷ Municipal Fact Sheet (DCED), p.1
Communities, Part 1: Revenue Generation and Fiscal Health, illustrates this multiplicity of differences:

“...[average] annual household income varies from $39,756 in cities to $67,669 across first class townships. Annual real estate revenue per household ranges from $209 for boroughs to $573 for cities. As a rule, cities rely more heavily on non-real estate revenue than do boroughs and townships, which average about $230 annually. 8"

While there are many benefits to the governmental accessibility provided by such a decentralized system, there are significant obstacles to efficiency in this system as well. Because there are so many competing municipal governments, this model has the potential to foster the duplication of services, as well as competition between municipal boundaries rather then working towards the economies of scale that encompass larger regions than a single municipality.

This failure to work towards these economies of scale encompasses the problem of inefficiency in the Pennsylvania municipal system of governance. Competition along municipal borders rather than in terms of business economics yields a factionalized structure of governance. Again, the Pennsylvania Economy League summarizes this concept well; “There is a fundamental mismatch between the fluid movement of resources within an economic and geographic region and the structured municipal boundaries that govern revenue generation for municipal governments 9”. It is this report’s contention that Pennsylvania’s local governments are too constrained within current legislative structure to effectively solve the fiscal challenges they face. This assertion will be challenged, to some degree, by this report’s advocacy of Functional Consolidation strategies. However, it is important to understand the limited revenue sources municipal governments face as grounds for this conclusion.

**Limited Revenue Sources**

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8 Structuring Healthy Communities, p.33
9 Ibid, p.7
The limited revenue sources for municipal governments in the current political arena only exacerbate these inefficiencies. Local government is largely funded by income and real estate taxes that, in the case of municipalities without a significant business presence or affluent citizenship, can produce a restricted budget without the help of alternative revenue sources. Moreover, due to the economic recession of the past decade, state funding to municipal governments has been reduced\textsuperscript{10}.

Local government budgets are also weakened by crippling debt at the state and federal level, due to dramatic decreases in funding. As Bill Schlachter writes in for the University of Pittsburgh Institute of Politics, “budget cuts have occurred on the state level, state expenditures for local government programs and initiatives have decreased. One example is the 53 percent decrease in DCED grant expenditures from 2008 to 2009, a decrease in grant expenditures that has historically provided support for [local government]”\textsuperscript{11}. With Governor Corbett’s budget proposal calling for further cuts to the DCED in FY 2011-2012 these issues will only become more severe.

Though these problems affect Pennsylvanians on economic rather than political boundaries, it is important to understand the fiscal challenges faced by municipal governments on the basis of the classes of municipalities. Of the 66 municipalities that made up the highest degree of fiscal distress in 2003, 29 were cities\textsuperscript{12}. In fact, the Pennsylvania Economy League ranked all 56 cities in Pennsylvania as below average on a scale of fiscal health in 2003\textsuperscript{13}. Boroughs, which tend to

\textsuperscript{10} Pennsylvania Office of the Budget
\textsuperscript{11} Schlachter, p. 4
\textsuperscript{12} Structuring Healthy Communities, p. 33
\textsuperscript{13} Ibid, 36
operate as clusters centered on an urban area, experience fiscal health closely related to that of neighboring cities.

Of Pennsylvania’s first class townships, many enjoy relative fiscal health. Though the economic recession has strained every local government due to decreased tax revenue, in 2003 sixty-three percent of first class townships were ranked above the state average for municipal health. Similarly, sixty five percent of townships of the second class were ranked above the state average as well. Though townships enjoy more stable revenue streams than cities, generally, the influence of the state and local economies as a whole are not limited to cities and boroughs.\(^{14}\)

However, the economies of scale that inform business decisions affect every municipal government. As the Pennsylvania economy league states, “townships and boroughs in close proximity to high density cities experienced greater decline in fiscal health since 1970 relative to their closest neighbors, showing that proximity to decline is relevant”\(^{15}\). This is the case in the Pittsburgh Metropolitan Area. Though there are certainly fiscally healthy governments in Allegheny County, the Southwestern Pennsylvania regional economy at large is considered fiscally distressed.

Much of the city of Pittsburgh’s fiscal distress is related to population migration from urban to suburban communities. This can be detrimental to the city’s economy because the current municipal tax structure creates a reliance on property taxes for a significant percentage of annual revenue. This creates a vicious cycle of migration because as property tax revenue decreases, municipalities are less able to provide services, causing residents to ‘vote with their feet’ and

\(^{14}\) Ibid, 37  
\(^{15}\) Ibid, p. 41
perpetuate migration trends. In short, revenue from property taxes has fallen behind the rate of inflation and the funding necessary to provide efficient service provision\textsuperscript{16}.

This structural deficiency has a multiplicity of effects besides decreased property tax revenue. Problems related to municipal revenue streams such as decreasing income tax revenue due to migration, declining property values and outdated property value assessment practices, and limited alternate methods of taxation have all been sighted as significant obstacles to balancing municipal budgets\textsuperscript{17}.

In sum, Pennsylvania’s municipal structure faces a severely limited revenue base. Municipal budgets are strained because though property taxes, earned income taxes, and others are decreasingly lucrative and structurally ineffective due to migration, they remain the primary source of revenue for local government. As the Pennsylvania League reports, “For the state in 2003, the average real estate revenue per municipality was $606,000 and the average non-real estate tax was $910,000. Even removing the effects of the largest cities, average real estate revenues per municipality were $153,000 and average non-real estate taxes were $117,000”\textsuperscript{18}.

This limited funding for municipal budgets coupled with the relatively inflexible tax legislation currently in place has created a particularly difficult fiscal environment for municipalities trying to provide effective and diverse services.

State and county governments have been recipients of significant funding increases since the implementation of the American Recovery and Reinvestment Act. This legislation has had a tremendous influence on the job market and, to some degree, the service provision capabilities of municipalities across the state. The stimulus package serves as a temporary revenue source for

\textsuperscript{16} Ibid, p. 42  
\textsuperscript{17} Urban Economics, p. 10  
\textsuperscript{18} Ibid, 42
state, county, and local governments, a cushion on which to rest while reevaluating the function of governmental budgeting so as to become more efficient. However, this funding is temporary. As the ARRA is depleted municipalities will likely be forced to operate with a higher degree of autonomy in providing public services than is currently employed\textsuperscript{19}.

\textit{Municipal Pensions}

Perhaps the most daunting problem for the state and many local government budgets is the pension crisis looming due to the aging population of baby boomers entering retirement. Police forces and school districts are being hit especially hard by this debt incurred from pension package programs that promised large retirement packages to many of their now aging employees.

Since the 1970’s pension obligations have been a recognized fiscal problem for Pennsylvania municipal governments. However, the financial crisis of the last decade, as well as the aging baby boomer population has brought pension budgets to the forefront of governance debates, state and nationwide. Pension debt is of particular concern to Allegheny County as significantly underfunded pension plans are most common large cities, though there are underfunded plans in all but one Pennsylvania Senate District\textsuperscript{20}.

There are several factors contributing to the numerous underfunded pension plans across the state. Primarily, there are an abundance of differing pension systems. As of 2007, Pennsylvania had 3,160 separate pension plans, as described in the Institute of Politics \textit{Pension’s Subcommittee}.

\textsuperscript{19} \textit{Recovery In Pennsylvania}, www.recovery.gov
\textsuperscript{20} \textit{What to do About Municipal Pensions?}, p. 3
Report: “Of the 3,160 plans, 2536 are operated by municipalities, 491 by authorities, 72 by counties, and 61 by Councils of Governments. Overall, Pennsylvania local government pension plans represented 135,000 members and owned more than $18 billion in assets as of the publication of PERC’s 2007 Status Report”\textsuperscript{21}. The myriad structures of pension programs create incompatibilities between programs in cases where merging pension programs in the public sector could increase efficiency, as well as impediments to systematic administration of municipal pensions.

Besides the abundance of pension programs across the state, there are four primary causes of underfunded pension plans: (1) In cities with large elderly populations, such as Pittsburgh, and a shrinking tax base due to declining population, it is sometimes the case that pension plans pay out more money than they take in through current employee contributions. This can be crippling to any government’s budget because pension commitments made when the baby boomer generation entered the workforce are legally binding regardless of their impact on political stability and fiscal policy. (2) Rather than fully funding an employee’s anticipated benefits while they are actively employed, some pension systems have forced municipalities to rely on contributions from current employees to cover compensation to employees who have retired. Again, this can cause a pension system to pay out more money than it collects from current employees. (3) Retroactive benefit increases, an adjustment to a benefit program made after the initial contract are also sighted as a cause of underfunded pensions. Finally, (4) untenable investments often result in underfunding, both in the form of overestimated investment performance and failure to understand the actual cost of benefit improvements\textsuperscript{22}.

\textsuperscript{21} Ibid, p. 4
\textsuperscript{22} Ibid, p. 4
Reforming the municipal pension system could yield dramatic increases in governmental efficiency. As is the case with several municipal functions examined on this report, such a highly decentralized pension structure fosters inefficiency in the administration of pension plans, both by employing many more administrators than would be necessary in a more centralized model, and by creating disparities between pensions making merger legally cumbersome. Moreover, significant debt can accrue from underfunded pension plans, crippling other functions of government.

*Tracking the Stimulus Package*

On February 13, 2009, at the urging of the Obama administration, the American Recovery and Reinvestment Act (ARRA) was passed by Congress, marking the onset of an unprecedented revenue source for individuals, municipalities, and states struggling under the burden of economic recession. This legislation has had a considerable influence on state and municipal budgets nationwide, including allocating $288 billion in tax cuts for eligible families and businesses, $224 billion for increased federal education and health care funding, and $275 billion for federal contracts, grants, and loans23. This funding reaches the populace through a combination of direct federal programs such as direct financial aid to school districts and infrastructure projects, as well as through funding allocated to state and county governments. In short, the stimulus has provided a significant, but temporary revenue stream for Pennsylvania municipalities through the state and federal government. Thus, tracking this money is an important analytical step in shedding light on the degree of autonomy Pennsylvania municipalities levy in service provision to their jurisdictions.

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23 *Tracking the Money*, [www.recovery.gov](http://www.recovery.gov)
As this legislation has created funding flowing from the top down, the logical step is to next examine the state’s role in allocating stimulus funding. Pennsylvania is scheduled to receive more than $27 billion over the course of the ARRA’s investment timeline. According to recent recipient reported data, from February 17, 2009 – March 31, 2010 Pennsylvania was awarded over $7 billion from the federal government through contract, grant, and loan programs. This money reaches Pennsylvanians through a combination of monies allocated to the state, to counties, and to individual projects, awarded for use in education, energy, environment, infrastructure, housing improvement, public safety, transportation, and workforce development initiatives.24

**Pennsylvania Stimulus; 2.17.09 – 3.31.10**25

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Much of this funding has been allocated to Pennsylvania counties. Allegheny County has received more than $678 million through similar contract, grant, and loan programs.

**Allegheny County Stimulus; 2.17.09 – 3.31.10**26

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<td>Contracts</td>
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25 Ibid
26 Ibid
The 186 contracts in Allegheny County refer to all contracts funded by the stimulus within its jurisdiction. This includes work on infrastructure, for example, that is contracted to a third party company detailing a project within the region. This sort of contract is exemplified in PA Route 28, which is undergoing a stimulus funded road-widening project, contracted at $27,594,897. The 785 grants are awarded primarily to education through universities and local schools, as well as to Allegheny County itself through various federal agencies. The single loan in Allegheny County is from the Community Development Financial Institutions Fund in support of Bridgeway Capital’s lending program to small businesses in the region\textsuperscript{27}.

Finally, the three municipalities of interest to this study, Hampton Township, Shaler Township, and Etna Borough are impacted by the ARRA through a combination of direct federal funding and through the state and county governments. Directly, Hampton Township’s school department has been awarded $1,014,282, and the Shaler Area School Department, whose enrollment extends to Etna Borough as well as two other bordering municipalities, has been awarded $2,981,537\textsuperscript{28}. Additionally, stimulus funding reaches municipalities through federal agency grants, designed to provide assistance in public service provision. Etna Borough, for example, received funding for a capital investment in its police force through a Department of Justice grant to Allegheny County. The funding was used to purchase a new police cruiser.

\begin{tabular}{|l|c|c|}
\hline
Grants & $625,187,983 & 785 \\
\hline
Loans & $750,000 & 1 \\
\hline
Total & $678,699,483 & 982 \\
\hline
\end{tabular}

\textsuperscript{27} Ibid
\textsuperscript{28} Tracking the Money, \url{www.recovery.gov}
The ARRA funding has been significant in municipal governments across the nation, however, in Alleghany County it seems that in the case of providing public services, stimulus funding has been used but was not necessarily essential for the continued provision of efficient programs. In this case, municipal governments seem to operate fairly autonomously of the federal government. Infrastructure development and maintenance may be the exception to this hypothesis, as there is currently a considerable amount of funding budgeted to such programs. Municipal service provision may be among the areas least impacted by the loss of stimulus funding.
Policy Options

The inherent inefficiencies in Pennsylvania’s local government structure have spurred many legislators and political scientists alike to examine alternative methods of governance that would facilitate municipal service provision. The most significant of these recommendations has been to consolidate smaller municipalities into more extensive governing bodies with the potential to incorporate larger economies of scale into their jurisdictions rather than compete along municipal boundaries. The dilemma between the efficiency of such a model for local government and the value of allowing local politicians, familiar with the true needs of the communities they represent, to govern in an autonomous, decentralized system has been central to Pennsylvania local governance.

This conversation has held the attention of the Pennsylvania political arena throughout the last century with little dramatic progress having been made. However, in the effort to improve local governments efficiency and threshold for service provision the recent political vogue has created a distinction between two approaches to consolidation; structural and functional. Allegheny County, with its 130 municipalities has an extensive history of opposition to municipal consolidation, as it is one of the most decentralized regions nationwide.

1. Structural Consolidation

Structural Consolidation refers to municipal consolidation on an institutional level, historically taking the form of municipal mergers. As recently as 1994, state law has authorized the merger of local governments through the Municipal Consolidation or Merger Act; however, proposals for different approaches to structural consolidation have permeated state politics for decades. The first political move towards a structural change
was a proposed creation of a federated City of Pittsburgh through the merger of the city and county governments in 1929\textsuperscript{29}. This initiative had much public support, following a national trend towards city-county consolidation, but did not pass. Thus, whereas the 19\textsuperscript{th} century saw numerous city mergers – including Boston, New York City, New Orleans, and Philadelphia – the current municipal structure in Allegheny County remained one of the most fragmented nationwide.

Contemporary politics in Allegheny County have seen several such proposals. State representatives Dan Frankel and Tom Stevenson proposed legislation that would allow municipalities that were unable to provide adequate public services to voluntarily disincorporate this responsibility to their county government. The bill received vehement opposition from many legislators, however, due to the provision that such a dramatic institutional change could be enacted by public referendum.

Political interest in a structural consolidation effort for Allegheny County has continued to evolve into new initiatives in its current political arena. In April of 2008, the Citizens Advisory Committee on the Efficiency and Effectiveness of City-County Government, chaired by Chancellor Mark A. Nordenberg of the University of Pittsburgh published a report recommending the consolidation through merger of the City of Pittsburgh into larger city government, theoretically with a significantly more efficient, extensive threshold for providing public services. The committee sighted the increased efficiency and cost effectiveness of the proposed city-county merger in its recommendation\textsuperscript{30}. Moreover, Allegheny County Controller Frank J. Lucchino published a report to “examine the county government’s role in affecting the quality of life, and if necessary,

\textsuperscript{29} Nordenberg Report, pp. 2-3  
\textsuperscript{30} Nordenberg Report, pp. 2-4
re-define that role by challenging the current state of affairs with new ideas. The report provides a proposal for implementing legislation that would allow municipalities to voluntarily disincorporate public service provision to the county government if voters determine that their local government is not capable of providing these services. Additionally, it gives a detailed history of national models for voluntary disincorporation systems.

Perhaps through the partial influence of the Citizens Advisory Committee on the Efficiency and Effectiveness of City-County Government, there is currently a house bill as well as two bills on the senatorial agenda related to structural consolidation efforts. The first Senate Bill (SB 1357) is designed to combat the loss of revenue required to provide adequate public services for municipal governments by establishing a Pennsylvania Boundary Review Commission which would act based on petitions from voters, local governments, and the Department for Community and Economic Development’s (DCED) Secretary to study and recommend plans for reorganizing municipal boundaries. Senate Bill 1429 would amend the existing Merger or Consolidation Act to provide more legislative options for financially distressed local governments. This amendment would expedite the current procedure municipalities must undergo in order to merge or establish a home rule government (a local charter that governs within state and federal law, but with some degree of autonomy with its municipal authority). The house bill is not currently finalized, but would involve consolidation programs as well.

As Pennsylvania’s long history with structural consolidation indicates, this process is subject to the constraints of the numerous legislative systems, state and local. Because so

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31 Lucchino, p. 3
much organizational burden accompanies the realignment of municipal boundaries
mergers are rarely a politically effective measure. Thus, the focus of this report lies
largely within alternative approaches to increasing the efficiency and threshold of
municipal service provision.

2. Functional Consolidation

Functional Consolidation refers to a method of intergovernmental cooperation that does
not involve an institutional change such as a merger, a change in the function rather than
the structure of a municipal government. Historically governmental inefficiencies have
been addressed as a structural problem; however, numerous political obstacles to actually
eliminating inefficient municipalities have deterred this approach. Thus, consolidation
in this sense does not necessarily imply legislative change, referring rather to
standardized method of intergovernmental cooperation. The advantage therein is the
alleviation of the political constraints tied to passing legislation that have historically
stymied the implementation of more efficient systems of governance and public service
provision.

The political and economic theories behind functional consolidation follow a simple
logic: if two governments work together, than they have the opportunity to work within a
larger economy of scale. It follows that their ability to provide public services will
increase both in efficiency and in the capacity of a municipal government to provide
services. There are tremendous opportunities for the bounty of municipalities to work
together in this way statewide, however, the purpose of this report is to provide an
analysis not only of this theoretical reasoning for increasing functional consolidation
efforts, but also of its the practical value. As is often the case in politics, theory is

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32 Fiscal Policy and Governance Committee Meeting Summary 06/17/10, p. 1
important as a method of organizing thought, but the most useful analysis of governmental systems are often derived from a successful model employed by another government.

Existing Legislative Opportunities for Functional Consolidation

Pennsylvania Law affords local governments extensive opportunities to effectuate functional consolidation. Act 177 of 1996 (Intergovernmental Cooperation Law) includes broad language regarding municipal cooperation: “A municipality … may … cooperate or agree in the exercise of any function, power or responsibility with … one or more … municipalities …” (Act 177, Section 2304). The application of this legislation is almost unlimited. The state Department for Community and Economic Development expounds this legislation well, “The language of Act 177 is very broad. It includes any function, power or responsibility that a municipality may have. In other words, if a municipality has the power to take an action or deliver a service under the provisions of its code or charter, it has the power to cooperate in doing so”. Thus, Act 177 clearly established functional consolidation as a legally legitimate endeavor for increasing efficiency in municipal governments.

Any agreement between local governments under Act 177 must follow a standardized set of guidelines according to the legal language. This is because an Act 177 agreement essentially serves as a legal contract between municipalities. The conditions of this contract must detail the conditions and term of the agreement and must be enacted by

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33 Intergovernmental Cooperation Handbook, pp.11-12
ordinance. However, there are several specific avenues of intergovernmental cooperation between municipalities that are worth noting\textsuperscript{34}.

All Act 177 agreements adhere to the legal structure of either a contract program or a joint program. A contract program is one in which one municipal government agrees to sell a service to another at a set rate for a given period, a provider/purchaser form of intergovernmental cooperation. In such an accord, the municipality selling the service is generally the larger of the two and retains most of the authority over the contract. Thus, the purchasing municipality may regulate to what degree they use the purchased service, but administrative duties such as ownership of property or hiring employees is the responsibility of the provider municipality.

A commonly discussed example of such a program is a contract police service: municipality A has a large jurisdiction and, accordingly, an extensive and competent police force. Bordering municipality B is a smaller community, without the population or business presence to create an efficient revenue tax base. As a result their police force is underfunded and unable to provide effective security to its citizens. In such a case, municipality B may decide to enter into a contract with municipality A, purchasing additional police officers or equipment in order to improve their own police force. Contract programs such as this are in use statewide, ranging from police or detective service contracts to the sale of trash pickup service between governments – the City of Pittsburgh is in such a waste management contract program with the Borough of Wilkinsburg\textsuperscript{35}.

\textsuperscript{34} Ibid, p.12
\textsuperscript{35} Fiscal Policy and Governance Committee Meeting Summary 06/17/10, p. 2
Joint programs are the alternative basic organizational structure of Act 177 agreements. Rather than contracting on a provider/purchaser basis, a joint program is one where two or more municipalities enter into a contract with shared authority, ownership, and control of the program. Oversight of a joint program is usually organized through a committee made up of elected officials, staff members, or appointed citizens from each participating municipality.36

Act 177 agreements through both joint and contract programs are the primary legislative structure for providing shared services between municipal governments, the central focus of this paper. Shared services are a significant application of functional consolidation insofar as they provide an effective model for increasing the efficiency and quality of public services without major structural change to local government. Shared service programs utilized by local governments include administrative programs such as joint management of recreational facilities – a park or swimming pool, for example – joint planning or zoning, or a joint authority created to manage a public service.

Additionally, shared service programs often are used for joint purchasing or a shared capital investment. Joint purchasing programs are logically simple, two or more municipalities may purchase equipment or supplies creating a larger economy of scale. By purchasing a larger quantity the per-unit cost decreases. A successful example of this is the joint purchase program of road salt between several municipal governments in Allegheny County. The cost of road salt for each locality decreased because the joint contract was so much larger than any of their individual contracts would have been. In the case of a joint capital investment, two or more municipalities may follow similar reasoning and share the purchase of capital that they would otherwise have been unable

36 *Intergovernmental Cooperation Handbook*, p. 9
to afford within the constraints of a single government’s budget\(^3\). For example, the purchase of fire trucks, police cruisers, new facilities – such as schools, or highly paid personnel – such as detectives all may be acquired between several municipalities.

This is often advantageous because the capital is often not used often enough for a single municipality to warrant its full ownership. Road maintenance equipment is a poignant example of such a scenario. A bulldozer, for example, is an expensive capital investment for a single municipality that will only use it for a few projects per year, but if shared between several neighboring municipalities, the vehicle becomes a more affordable and reasonable investment.

Shared services seem to be an area of intergovernmental cooperation that has proved significantly advantageous for local government statewide. They legislative flexibility and tremendous potential for increased efficiency and quality of public service provision makes shared services a central focus of this report’s exploration of functional consolidation’s value as a possible solution to revenue issues statewide.

**Councils of Governments**

Whereas there are myriad applications of this legislation evident between municipalities, the most compelling and widely applicable seem to be Councils of Governments (COG’s). Councils of Governments are a unique application of the Act 177 language, multifunctional organizations established as a joint program by a group of municipalities in the interest of facilitating government service programs better suited to cooperative provision than by individual local governments. Generally, Act 177 agreements are cooperative arrangements between two or more municipal governments regulating a joint

\(^3\) Gorski, Louis. *Personal Interview*
provision of a single service, such as a contracted trash pickup service or joint capital investment in road maintenance equipment. COG’s, however, are unique in that they are instituted with broad responsibility, including the management of numerous such Act 177 agreements and research-based proposals for new joint programs. Moreover, no specific program must be undertaken in order for a COG to be established rather, a COG could be created in the general interest of municipal cooperation.38

The compositional structure of Council of Governments is also fairly nondescript. Whereas an Act 177 agreement may be comprised of legislators or appointed officials, a COG board or council is almost always made up of elected officials. Contracts detailing the procedures for membership and budgeting are mandatory prior to the formation of a COG as well. However, the requirements regarding compositional structure are also broad, leaving the managerial authority for determining a COG’s composition up to the participating municipalities. Most Councils of Governments are financed through annual membership dues, administrative fees related to the implementation of federal and state grant programs, and service fees levied on equipment or administrative services.39

The legislative flexibility granted to Councils of Governments through Act 177 is significant insofar as it facilitates the formation of COG’s between numerous municipalities throughout Pennsylvania. This is regionally advantageous because it allows businesses and governments alike to work within an economy of scale, which maximizes efficient service provision and allows businesses to operate within their consumer base rather than municipal boundaries. According to the Pennsylvania Association of Council of Governments, there are over forty-four COG’s currently

38 Intergovernmental Cooperation Handbook, pp.11-12
39 Ibid.
representing almost 4 million citizens, with varying degrees of activity, through hundreds of local governments statewide\textsuperscript{40}. This widespread use has created tremendous functional consolidation applications between these municipalities, from contracted services to joint programs. Southwestern Pennsylvanian local governments, particularly in Allegheny County, have been among the leaders in the employment of COG’s as a functional consolidation option.

The methods of cooperation allotted to Councils of Governments are quite extensive. The most significant of which are joint purchasing, contracted services, and shared administrative duties. Joint purchasing allows municipalities to qualify for price cuts on large capital investments, providing purchasing programs that benefit from discounted prices on commodities and facilitating large capital investments that individual municipalities would be unable to make independently. Expensive construction, emergency response, or maintenance equipment may be beyond a small local government’s budgetary capacity to provide, but through a COG joint purchasing plan such a capital investment is more easily purchased and shared. Contracted services and shared administrative services similarly employ economies of scale to achieve greater efficiency. One municipality may decide to enter into a contract selling a service, police for example, to another municipality or share employment of a local tax collector. All of these programs provide efficient service provision through the increased budgetary and administrative threshold provided through COG’s.

Several management practices for Councils of Governments are examined in this report. The North Hills Council of Governments (NHCOG), representing the Borough of Etna, the Township of Shaler and Hampton Township, provides a model for the regional

\textsuperscript{40} “Membership”, \url{www.PACOG.gov}
benefits of functional cooperation through COG’s. Made up of nineteen socioeconomically diverse participating municipal governments, it is responsible for a number of cooperative service projects including multi-municipal capital purchasing in commodities such as road salt and cooperative services such as waste and recycling management. Joint purchasing of spring and fall commodities, such as road salt, have been a considerable success in increasing cost-efficiency. Through a multi-COG contract with Central Salt, road salt purchasing has seen significant budgetary and contractual benefits in providing winter road maintenance services in all of NHCOG’s participating municipalities. The North Hills COG also exemplifies efficient equipment capital investment through a street-sweeping bid between several of its smaller member municipalities. Again, the participating members have benefited from a more competitive contract and better prices, as well as the capacity to provide a service that would otherwise be beyond their budget41.

There are many best management practices exemplified in numerous Councils of Governments in the Southwestern Pennsylvania region. In fact, Allegheny County boasts some of the highest COG participation in the state. In the face of an ever-dwindling state budget, the increased threshold for providing government services more efficiently and effectively that Councils of Governments offer may make them a compelling opportunity for many municipal governments.

*Current Weaknesses of Councils of Governments*42:

Though Councils of Governments exhibit an opportunity to streamline governance, reform the inefficiency of local government, and maintain the intimate connection that

41 “Projects & Programs”, [www.northhillscog.org](http://www.northhillscog.org)
42 Miller, Ph.D., David Young, *Personal Interview*. 
municipalities value with their constituencies in Allegheny County, they are mired in several key weaknesses worthy of discussion in this report. Numerous questions have been raised in interviews and through my own research regarding the potential success of the COG model. Is it scalable outside of Allegheny County? Is increasing funding to COG’s fiscally responsible given the restricted state budget forecasts? And finally, why should COG’s be regarded as an effective system when they have managed only to accomplish shared service goals in their decades of existence?

Dr. David Miller, director of CONNECT and associate professor at GSPIA, provided a well-summarized introduction to the constraints to Councils of Governments in an interview in March of 2011. Dr. Miller provided an explanation of the weaknesses of the COG model in terms of two primary obstacles: (1) the problem of operating on a system of unanimity and (2) limits to their budgetary capacity.

Because Councils of Governments operate on a volunteer model, in which member communities must vote unanimously to take a policy issue onto the COG’s agenda and have the option to opt out of any programs they do not wish to participate in, their governmental authority is quite weak. Municipal managers have sighted this as advantageous because they are able to use the COG as a resource only when they see it as personally beneficial, however, this system is based in a fundamentally dysfunctional form of democracy: the unanimous vote. Currently, for a policy issue to reach a COG’s agenda and be acted on it must be unanimously approved by the member communities.

This requirement for unanimity augments the majoritarian system that American governments are founded on at the federal, state and local level. As political theory
demonstrates, majoritarianism is commonly employed because it allows a higher degree of efficiency and legislative action for governmental systems.

Intelligently, Dr. Miller’s contention is that this is not efficient democracy, and that majoritarianism in Councils of Governments would make them more closely resemble models like the European Union, in which a consensus democratic system is utilized to ensure that decision making is widely accepted by member communities while maintaining majoritarian efficiency in government. This system simply allows for better regional decision making, rather than catering to the factionalization of such a highly decentralized local government system as Allegheny County’s.

Secondly, Dr. Miller highlighted the underutilization of Council of Governments’ capacity to improve service provision as a significant problem in the regional COG modal. He pointed out that there are two general Categories of COG’s in Allegheny County; those that operate successfully like North Hills COG and the South Hills Area COG, and those that are considerably less effective such as the Mon Valley COG. Often the later include fiscally distressed communities, causing severe budgetary restrictions and, at times, underutilized services because the municipal managers may be less experienced in large-scale management.

This underutilization of COG services is also present in the sense that Councils of Governments are not, at times, particularly well connected within the communities that they serve. Dr. Miller asserted that there is a general lack of communications and marketing illuminating the advantages of regional COG participation. Thus, COG’s are underutilized as a regional governmental presence as well.
The final primary weakness of the current COG system is the question of whether
Councils of Governments are, or are not a scalable model. Though this report has
focused on Allegheny County government, concerns regarding the COG model’s
scalability in regions without a central city, or rural areas with no cities present at all are
worth considering as well. Currently, COG activity in Allegheny County is not
necessarily representative of statewide trends in COG use.

*Constraints to Functional Consolidation*

Though functional consolidation as a theoretical concept seems to be a logical step
towards improving public service provision in many municipal governments, there are
practical constraints to functional consolidation policy that are worth noting. In part, it is
the purpose of this report to embellish the municipal perspective on these obstacles to
shared services in an effort to better understand the practical application of the theoretical
structure established through Act 177.

Demographic differences are a notable obstacle to the formation of shared service
programs. As is often the case in politics, dissimilar population size, community
makeup, physical size, and level of affluence have created a fractured municipal system
between some local governments. More affluent communities may be reluctant to work
with those with more restricted budgets, or compete for businesses because of the tax
revenue advantage they embody. Clearly, competition for businesses operates contrary to
the economies of scale that consumers follow; however, a fiscally stretched budget is a
strong incentive for competition between municipal governments.

Additionally, though sharing services is common practice between many governments,
the lack of a model or template for intergovernmental cooperation under Pennsylvania
law has been an obstacle to expanding shared service programs. A Council of Governments’ organizational power seems best suited to combat this problem. By creating a forum for legislators to discuss common problems and confusions, COG’s function as a model for intergovernmental cooperation.
 Interviews:

*Findings Related to Consolidation and the Role of Councils of Governments*

The following section of this report is dedicated to a series of interviews conducted with legislators in Allegheny County to better understand the perspective of local government on issues relating to municipal consolidation. The central goal of this report is to investigate methods of increasing governmental efficiency that take into consideration the perceived value of intimate local government, as Pennsylvanians have been demonstrated to value throughout the state’s history. Thus, it was necessary to delve first hand into the perspectives of municipal governments in order to better understand their political perspective.

Because Allegheny County’s local government structure operates within such an extreme of decentralization, it was decided that the county would be an interesting case study insofar as it offers an illustration of the potential benefits of and constraints to a regional perspective on governance within a highly factionalized system. Allegheny County boasts a relatively populous principal city, Pittsburgh, and a major metropolitan area including borough clusters, first class townships, and second-class townships. Furthermore, there is considerable diversity within the municipal system at large. Differences in affluence, geography, racial/ethnic diversity, physical size, business activity, political views, and cultural ideology are just a few of the discrepancies between local governments and the people they represent.

Yet, Allegheny County boasts some of the most widespread and successful shared service programs in the state. Councils of Government are also modeled well as best management practices. And the COG system in the county is quite diverse as well. As governmental entities, they represent a variety of communities, from post-industrial clusters of boroughs, to more
affluent suburban townships. Thus, the management practices in Allegheny County are, theoretically, widely applicable to Pennsylvanian metropolitan areas.

In an effort to be as representative as possible within the constraints of the research sample available within the scope this project, three municipal managers were chosen to be interviewed: Mary Ellen Rammage, manager of the Borough of Etna; Tim Rogers, manager of the Township of Shaler; and Chris Lochner, manager of Hampton Township. These three governments were chosen for two reasons. First, they exemplify a trend common to Pennsylvania post-industrial river communities, a pattern of increasing affluence as they move geographically farther away from the riverside. Secondly, both municipal governments are active members of the North Hills Council of Governments, one of the most diverse and active COG’s in the state.

In addition, An Lewis, director of the Steel Valley Council of Governments; Amanda Settelmaier, director of the Turtle Creek Council of Governments; Wayne Roller, director of the North Hills Council of Governments; and Stanley Louis Gorski, director of the South Hills Area Council of Governments were interviewed. Their perspective offered insight into the diverse potential for COG function, as well as legislative constraints they face. Further, the COG’s interviewed represent a range of affluence in the communities they represent; generally consisting of low-income, mixed income, and high income communities respectively.

The interviewees were asked questions pertaining to their perspective on the degree to which structural and functional consolidation methods, including shared services and Councils of Governments could be beneficial to their communities. COG directors were also asked to describe the function of their organizations in detail, shedding light onto the diversity of applications of Act 177 legislation within the COG structure. The information obtained informed the policy decisions described later in this report.
Interview with Mary Ellen Rammage, Manager, Borough of Etna

I met with the manager of Etna Borough, Mary Ellen Rammage in the hope of shedding further light on Etna’s ability to provide effective public services and the advantages/disadvantages of sharing services for her community. As a case study, this interview is significant insofar as it provides the perspective of a low to middle income community with a relatively small population size on the value of intergovernmental cooperation in the case of municipal government.

Fiscal Independence: Mrs. Rammage explained that the budget for Etna Borough was approximately three million dollars annually and that operating within it, government was able to cover all operating costs and public services independently. Between its public works, parks and recreation, police, and voluntary fire services, she felt that her community was largely self-sufficient. Etna employs seven police officers, including a detective, and supplies money to its volunteer fire department regularly. She mentioned that while overall layoffs due to economic recession were low, the public works department was a bit stretched.

Structural Consolidation: It was stressed that forced structural consolidation was not something she supported because it had the potential to separate people from their government and create ineffective public services because local officials really “know what the problems are and know the people”. Though Manager Rammage supports intergovernmental cooperation, she is opposed to any sort of forced merger because of the tremendous cultural, socioeconomic, and political diversity in Allegheny County. She believes that an autonomous local government offers the benefit of personal relationships and strong advocacy for the diverse constituent demographics in Southwestern Pennsylvania.
*Shared Services:* Manager Rammage discussed several shared services projects in which her municipality participates. Etna has been part of the joint Shaler Area School District between the Boroughs of Etna and Reserve, and Shaler Township since 1971. This was described as a successful venture, though Mrs. Rammage expressed concerns that a prejudice may exist towards students from outside of Shaler Township. Also, more than a decade ago Etna, Sharpsburgh, and Millvale bid for a garbage pickup program through a joint contract allowing for more a more inexpensive program as well as the addition of weekly recycling collection, a service that Etna could not afford previously.

*Councils of Governments:* It was explained that funding for most infrastructure maintenance and large capital investments is limited to grant money, as most of the budget is allocated to providing effective public services. Thus, Etna and other municipalities have turned to functional consolidation methods to expand their capacity in capital investment. In this light, she asserted that the North Hills Council of Governments (COG) has been a useful resource for many years insofar as it provides a forum for intergovernmental cooperation while maintaining the integrity of local government.

Manager Rammage made a point of addressing the importance of the COG’s networking function. In a political environment that does not require municipal government officials to cooperate, she identified the most important role of the COG as a forum for building relationships with the legislators in her region. Accordingly, Mrs. Rammage identified the COG’s greatest strength as its capacity to bring legislators together, building relationships and cooperation rather than a series of fragmented governments.

*American Recovery and Reinvestment Act (ARRA) Impact:* Mrs. Rammage explained that though Etna received a portion of the grants awarded to Allegheny County through the stimulus package,
there influence was relatively low. The Police force, for example, received $12,000 through a Department of Justice grant to the county. Moreover, she explained that stimulus money for infrastructure development was difficult to procure, because in order to be eligible for ARRA grants project proposals have to be “shovel ready” meaning that the burden of cost for design and engineering fell on the municipalities. In the case of a local bridge badly in need of repair the cost of design for a renovation may cost as much as $100,000, approximately 3.3 percent of their annual budget. This restricts Etna from applying for a stimulus grant on this bridge, further delaying the repair.

Interview with Tim Rogers, Manager, Township of Shaler

This interview is significant insofar as it provides the perspective of middle to upper middle-income community with a relatively large population size on the value of intergovernmental cooperation in the case of municipal government.

Fiscal Independence: Although Shaler has a considerable amount of tax-exempt property, the township is, for the most, part fully autonomous in the funding of their public service programs. Shaler’s police force, emergency management services, and public works services are highly functional, he asserted, and operate at what he believed to be above the average performance level in Allegheny County.

As is the case in nearly every municipal government statewide, Manager Rogers sighted accumulating debt from pensions as the largest obstacle to the budgets in coming years. However, Shaler’s police pensions are nearly fully funded, though eight percent of each officer’s annual salary is contributed to their pension fund. As a result, he did not view the school
district’s pension issue with the same degree of severity as other local governments with more
overwhelming deficits. Though pensions are undoubtedly a top concern across the state Manager
Rogers was confident that Shaler was reasonably well off, relatively speaking.

*Shared Services:* Shaler participates in shared service programs with other neighboring
municipalities. Manager Rogers mentioned wastewater treatment programs and contract animal
control services as examples of successful examples of such programs. Generally, Manager
Rogers asserted that he was in favor of intergovernmental cooperation programs through the
North Hills COG and otherwise.

He referenced both a positive and negative experience in shared services for Shaler to further
illustrate his experience with shared services. Favorably, Shaler is in negotiations with Hampton
Township for a possible merger of their wastewater treatment programs. Shaler has a wastewater
treatment facility capable of servicing a larger area than its jurisdiction, but due to the
surrounding municipalities’ treatment programs, can only expand to the north. Accordingly,
Hampton is a good district for wastewater expansion, but has no treatment capacity on its own.
Thus, the cost containment potential of this merger is considerable for both governments. The
merger appears likely to pass.

However, Manager Rogers warned that not all mergers run with the same degree of economic
logic as his preceding example. His negative example concerned a proposed contracted police
service from the Township of Shaler to several smaller bordering municipalities including the
Boroughs of Etna, Millvale, and Reserve. According to Manager Rogers, the smaller
municipalities were estimated to save significant percentages of their public service budgets
through the contracted service, while improving the quality of training and equipment of the
police force itself by utilizing Shaler’s more extensive resources. Shaler also stood to gain the
cost containment benefits that selling police services would provide. However, due to vehement opposition from some members of the smaller municipalities’ constituencies, the contract failed. Manager Rogers believes that the failure was caused by a fear of losing the local identity of the police forces already operating in each municipality, though they are empirically far less efficient. He also sighted union opposition as a recurring obstacle to police force mergers.

**Structural Consolidation:** As he stated throughout our meeting, negative experiences with intergovernmental cooperation such as this have led Manager Rogers to support structural consolidation, in general, for Allegheny County. He mentioned that a political system with so many municipalities is not only inefficient, but fosters factionalization between governments, as well as class disparities between larger municipalities that can afford to provide a higher quality of services and smaller governments that cannot.

**Councils of Governments:** The Township of Shaler is actively involved with North Hills COG; all of their larger commodities such as road salt and gravel are contracted through joint purchasing agreements through the COG. He sighted programs such as these as a tremendous success. Furthermore, the interpersonal relationships forged with other local leaders through COG participation were also sighted as a meaningful benefit to the organization’s existence. Manager Rogers agreed that he would like to see more COG participation in future.

**American Recovery and Reinvestment (ARRA) Impact:** Although the Shaler Area School District received a grant from the American Recovery and Reinvestment Act, the schools budget is one of the few areas in which the township received stimulus funding.
Interview with Chris Lochner, Manager, Hampton Township

This interview is significant within the scope of the project at large because it provides the perspective of a more affluent community within a system of intergovernmental cooperation.

Fiscal Independence: Hampton, one of only two home-ruled governments in the NHCOG, is a largely fiscally independent government. Because of the significant income tax revenue in addition to the property taxes administered by the township, high levels of services are provided through the municipal budget. Though Hampton does receive select grants, recycling funding from the State Department of Environmental Protection for example, its services are funded through these municipal taxes.

Although Mr. Lochner described Hampton’s services as highly effective, he mentioned that Hampton, too, could face consolidation of police forces or school systems in the future due to untenable cost. The Hampton Area School District is ranked seventh in the nation in student performance; however, the cost of maintaining such a stellar quality of learning is undeniable. Mr. Lochner sighted the school system’s budget at 41 million dollars this year, and still increasing. This is an exemplary case of an affluent local government struggling to maintain its level of services as well. Though the quality of the school system, for example, is outstanding, the cost of maintaining such a high level of service could make school district consolidation a compelling investigation in the future.

Councils of Governments: He described the North Hills COG as an intergovernmental cooperation entity that reflects a full spectrum of affluence within the municipal jurisdictions involved. The business and politics between these governments is, he explained, an excellent working relationship, one that the COG plays a crucial role in facilitating. Mr. Lochner used the analogy that the North Hills COG member communities function like a deck of cards, each with
different strengths, from which the COG is able to pull. For Hampton Township, this means that
grant monies, for example, can be procured with more competitive applications that do not
compete with less affluent municipalities. This is because Hampton’s annual revenue is largely
income tax based, rather than relying on the property tax that dominates most municipal budgets.
The COG works to help Hampton and other member communities to work together to win grant
monies that best cater to their constituencies, while allowing lower income communities to seek
grants that Hampton would not qualify for.

Mr. Lochner sighted the volunteer membership of the COG as one of its major strengths.
Because the COG does not tell anyone how to work or consist of membership driven by mandate,
its functional nature is maximized. This environment creates a system of favors, cooperation, and
discussion based on mutual advantage rather than forced interaction. Interestingly, Mr. Lochner
argued that there is a much stronger working relationship between municipal governments than
academia perceives. He distinguished between the historical constraints to intergovernmental
cooperation in city government and the more collaborative nature of suburban politics. He
sighted several projects, which exemplify successful shared services programs including the
collective garbage contract administered by the COG and the multi-municipal leaf composting
sight. Overall, his feeling about shared services through the COG was predominantly positive.

*Interview with An Lewis, Director, Steel Valley Council of Governments*

*The Role of the Council of Governments:* Ms. Lewis explained that the COG is a membership
organization that manages and administers grants and generally attends to projects as its member
communities call for. The Steel Valley COG is particularly responsible for the management of
monies designated to low and middle income communities. Accordingly, Ms. Lewis explained,
much of her time is spent managing existing grants and looking for additional funding in order to provide the additional funding to supplement member communities’ relatively low income and property tax revenue. However, she mentioned, in the midst of a struggling economy grant funding is more difficult to attain, forcing “patching instead of repaving” programs.

She continued to outline her role as COG director as working with nonprofit and private partners on revitalization initiatives. She looks for innovative ways to attack this problem within the arena of Universities, nonprofits, and so on. The University of Pittsburgh is particularly helpful, she said, because it fosters an able workforce of students that are eager to learn and communities that need help; a mutual benefit. For example, Ms. Lewis has several student interns working on a GIS program collecting data about street light operation in several municipalities. This project is part of larger economic development research, and has been strengthened by students because, she noted, in middle and low-income communities, professional staff are often not as accessible.

I asked Ms. Lewis to elaborate on the personnel available to the South Hills COG member municipalities. She explained that their elected officials are not inferior, but have different skill sets than an academically oriented elected official. Many of these elected officials are retired blue-collar workers that may not have familiarity with large-scale budgets, long-term planning with a restricted budget, and other managerial challenges specific to governance. There is tremendous potential for effective leadership, but some level of support I needed. Thus, a significant aspect of Ms. Lewis’s role at SVCOCG is providing and finding support for elected officials.

Part of her COG’s capacity to provide this advisory service to its member communities within a restricted budget, Ms. Lewis explained, is through the revenue created through rental income from the building the COG owns and leases to several human services organizations. This
additional revenue allows the COG to staff several specialized staff positions as well as student interns.

*Shared Services:* Ms. Lewis highlighted several positive experiences in shared services that her COG had administered. The joint purchasing initiative administered through the South Hills Area Council of Governments (SHACOG), was regarded a tremendous success. Even for the smaller communities in her jurisdiction with less clout, the joint purchasing of spring and fall commodities saved a significant amount funding for other service programs. Additionally, Ms. Lewis identified a joint street sweeping program as well as a partnership with the District Attorney’s office in purchasing a mobile crime unit for intergovernmental use. She identified her shared service experience as overwhelmingly positive, although it was identified that funding is often a major barrier to popular shared service programs. A joint code enforcement program was investigated and approved by several of her member communities, Ms. Lewis described, but was deemed financially impossible.

Potential police department merger was discussed as well. Ms. Lewis expressed concern that the extensive discussions of police department mergers may not be backed by sufficient research into the logistical reality of such dramatic consolidation. Union commitments, pension plans, and wage agreements are considerably discrepant between municipalities. Moreover, many local police departments are committed to mutual aid agreements, which add to the potential for incompatible administrative systems. Furthermore, the political obstacle mounted by constituencies feeling a loss of control over their police forces is often a cause of widespread resistance. Ms. Lewis argued that the only models that seem to work are when small municipalities dissolve their police forces and contract the service from their larger neighbors.
Constraints to the COG: Upon being asked if there are legislative impediments to her work within the COG, Ms. Lewis replied that although the Steel Valley COG was able to function well within the bounds of Act 147 Legislation, there are many impediments to the municipal governments that comprise its membership.

She provided the example of blighted property to demonstrate this. Blighted property is a widespread problem within the SVCOG member communities and thought there is sufficient funding for demolition of condemned buildings, transitioning the land for use faces considerable financial obstacles. Because the cost of rebuilding the land is so far beyond the grasp of a reduced municipal budget, additional funding is needed to effectively transform blighted property into functional space, however this funding is often not available. Thus, the cost of developing the land becomes far greater than the worth of the property and, because much of the blighted property is privately owned there is no incentive to embark on such a costly development process. Currently, Ms. Lewis claimed, there is no legislative vehicle for addressing this issue.

Additionally, Ms. Lewis mentioned local income tax compliance as a major revenue issue for local governments in her jurisdiction. Because it is so difficult to enforce local income tax payments, many local governments are suffering significantly delinquent tax payments. This has an impact on the local budget and, as a result, the service provision capacity of steel valley governments.

Future Role of the COG: I concluded by inquiring as to whether Ms. Lewis thought the role of the COG should change in the future. She responded, explaining that she did not expect the role of the SVCOG to be constant, it changes according to the needs of its member communities. However, she hoped to see a continued expansion of the knowledge exchange between the COG staff and local officials. “If we had more resources, we could do some really innovative things”,
Ms. Lewis stated. She felt that the best avenue of expansion for the Steel Valley Council of Governments was in its research and community development role.

Interview with Amanda Settelmaier, Director, Turtle Creek Valley Council of Governments

Role of the Council of Governments: Ms. Settelmaier described the role of the COG; fundamentally, as an organizational entity designed to bring its member communities a forum to discuss common political issues and strategize solutions on common ground. She described the service provision role of the COG as dependant on the needs of its municipal members. Accordingly, she mentioned that the academic perspective that COG membership should be mandated if the COG’s are to work efficiently was a confused understanding of their ideal function. In short, she advocated the bottom-up ideology behind the current volunteer structure.

Shared Services: Turtle Creek Valley COG facilitates several shared service programs between its member municipalities. These programs include joint planning initiatives, governance research, administration of community development block grants, sewage/refuse billing, and administrative services.

The COG website describes its role in joint planning/administration: “Typically our role is to achieve consensus among participants, apply for grant funds, secure the consultant and administer the contract”\(^\text{43}\). This language is representative of the Allegheny County COG’s general trend in service provision, providing assistance to municipalities only in areas where a consensus is reached between member communities.

\(^{43}\) Programs, [http://www.tcvcog.com/programs.htm](http://www.tcvcog.com/programs.htm)
The Turtle Creek Valley COG also manages a joint public works department between Braddock and Rankin Boroughs. Both communities are fiscally distressed and use the joint department to improve the fiscal efficiency of providing the service through their common economy of scale. The COG’s website describes the program further, “It’s a small department that has four employees; one foreman and three laborers, and a budget of $265,000”\(^{44}\). This program is certainly beneficial to its participants, though it remains an example of the extent to which the COG’s capacity to administer such programs remains quite underutilized.

Finally, Ms. Settelmaier described the joint Vactor Truck program that she organized through the COG. The COG was able to orchestrate the joint capital investment of the sewer cleaning equipment, valued around $3,000,000, and hiring an operator to provide the service. The Vactor is shared between several municipalities, none of which would have been able to afford the equipment independently.

**Constraints to the COG:** Director Settelmaier described two primary constraints to the potential capability of the COG. Primarily, she outlined the budgetary constraints the COG faced. Finding the resources to maintain current programming, let alone expand, has been challenging, she said.

Secondly, Ms. Settelmaier explained that the Turtle Creek Valley Council of Governments needed a more intensive marketing plan. People do not seem to understand the value of COG’s in general, she lamented. As a result its service potential is underutilized and underappreciated by the local political arena. For example, the COG entered a bid for a regional income tax collection service to be administered by the COG at little cost due to the economy of scale it utilized. However, the COG lost the bid to a for-profit company that charged much more for the service.

\(^{44}\) ibid
She suggested that this decision was a result of a lack of information about the benefits of COG participation on the part of the selection committee.

*Future Role of the COG:* Ms. Settelmaier described her vision for the future of COG’s as one of a balance between areas where shared service provision makes sense and places where it causes a decrease in customer service. She mentioned that as the population in Allegheny County decreases, sharing services could be increasingly beneficial to local government, but not necessarily on a grand scale. She hoped that the role of the COG’s would be expanded within the consensus of the member communities.

*Interview with Wayne Roller, Director, North Hills Council of Governments*

*The role of the Council of Governments:* Mr. Roller identified three primary functions of the COG: managing and administering state and federal grants; joint bidding, purchasing, and capital investment; and regulating compliance with state and federal mandates. He added that in his experience, the organizational power has been a fourth fundamental function of the COG.

*Shared Services:* As an elaboration of the first of his four functions of the COG, Mr. Roller discussed several exemplary instances of the organizational advantages of grant management and administration through the COG. His first case was that of the North Park Composting sight in McCandless Township that was established through the COG in 1991. The sight was initially funded by an Allegheny County grant as an incentive to enter into a multi-municipal leaf composting sight. With the grant money, the North Hills COG administrated a lease of five acres of land from the county and had it grated. Additional incentive for this project came through the Recycling Act’s mandate that any municipality with a population of 5,000 people or more must recycle certain waste products, including leaf waste. Besides the startup grant, the composting
sight was, initially, about eighty percent funded through the State Department of Environmental Protection, Mr. Roller explained, with the remaining twenty percent of its budget provided by the municipalities that use its service. Currently the site is self-funded through contracted composting services to surrounding municipal governments, a compelling example of a highly successful shared service program. All of the North Park Composting Sight’s administrative work is managed by the NHCOG.

Additionally, Mr. Roller highlighted the standardized, multi-municipal Storm Water Management program currently being implemented through the North Hills Council of Governments as another best management practice for grant management through the COG. After severe regional flooding in 2004, it became clear to local government that a new Storm Water Management plan was needed in order to ensure adequate responses to severe flooding in the future. The COG administered a multi-year grant through the State Department of Environmental Protection to begin work on this project. Currently, the NHCOG’s member municipalities are within four watersheds, and all have signed a common ordinance on Storm Water Management. The program is entering its final phase of implementation.

The NHCOG’s Storm Water Management Program provided several other instances of intergovernmental cooperation, Mr. Roller continued. Because so many of the member municipalities contributed to the project, the quality of service was much improved. The standardized ordinance creates a system in which communities with the highest risk of severe flooding are benefitted by the water retention programs in communities farther north of the river. Mr. Roller recalled that many of the river communities were pleasantly surprised by this unforeseen benefit to a cooperative program. Moreover, the multi-municipal ordinance has spurred other grant-specific storm water programs such as the construction of retention ponds and lakes. In Hampton Township, for example, an old lumber cooperation land sight was recently
demolished in order to begin constructing a retention lake with a recreational function as well. This project has been particularly successful because it qualifies for grants through departments of parks and recreation as well as environmental protection through the county.

Next, Mr. Roller discussed the benefits of joint purchasing, contract bidding, capital investment, and shared services through the COG. He began by making a general point about the significance of multi-municipal service programs ability to provide more effective services. Mr. Roller emphasized that the value of intergovernmental cooperation in this light extends beyond financial benefits to the increased efficiency and effectiveness that can be provided through the extensive resources of a larger service entity. He illustrated this point through the Northern Regional Police Department, a multi-municipal jurisdiction including Pine Township, Marshall Township, and Richmond Township, originally. The initial creation of this expanded police force was facilitated by general restructuring of police forces at the time of its creation, but since has been attractive to new members because of its sterling level of police service. Participating local governments are afforded detective service, higher levels of training among police officers, and increased emergency response time. Similar cost benefit and increased levels of service are evident in Shaler Township’s contracted use of their water treatment facility. Mr. Roller argued that, often, smaller municipalities lose sight of the benefit of such an increased level of service provision through larger programs.

Much as the increased efficiency and effectiveness of larger service programs is a compelling argument for consolidation, there are tremendous financial advantages to COG participation as well. Mr. Roller emphasized the significance purchasing power that the COG affords its member communities. The NHCOG participates in joint purchasing of so-called “spring and fall commodities” with the seven other Councils of Governments within Allegheny County. These commodities include road salt, leaf bags, gravel, and many other seasonal materials needed to
provide effective maintenance and service provision within local governments’ jurisdictions. Because the eight Councils of Governments purchase these materials together, the economy of scale is dramatically increased for participating municipalities; from the purchasing power of one local government, to the combined economy of scale of all 130 local governments in Allegheny County. This program is one of the most successful examples of joint purchasing statewide.

Mr. Roller continued by outlining the advantages of the organizational capacity of the COG in managing municipal compliance with state and federal mandates. Because of ever-changing federal and state legislation, many municipalities can save time and budget room by working through the COG rather than hiring staff to do so. Mr. Roller described an exemplary program, CDL Drug and Alcohol Testing, to illustrate the COG’s organizational strength in this light. Due to a change in federal requirements on drug and alcohol testing on municipal employees licensed to operate heavy machinery and trucks the COG created a mobile testing program through multi-year contract with a medical firm in Cranberry Township. The program allows participating municipalities to comply with the federal law by participation in regional random testing of their qualifying employees through a larger, more cost effective contract program that includes guaranteed mobile testing, ensuring time is not wasted sending staff to a distant testing facility. Additionally, the participating communities pay a non-fluctuating annual rate for this service, rather than pay for each instance of testing. The entire program is run through the NHCOG.

Future Role of the COG: Mr. Roller stated that although the limited staff size of the general model for a COG, usually four to five full time staff, restricts the NHCOG from much expansion of its already diverse palette of programs, he would like to see some increased activity in tactfully approaching regulation of regional non profits’ funding. Mr. Roller identified overlapping or duplicated services through the numerous regional nonprofits as an area of inefficiency that could be cost effective to address. Additionally, he identified an increased marketing budget for his
organization as potentially beneficial. Though the COG is a highly effective resource for its member communities, its influence is not well known, as its marketing budget is quite small.

*Interview with Stanley Louis Gorski, Director, South Hills Area Council of Governments*

This interview is significant because it offers us the perspective of perhaps the best management practice for COG activity statewide. Due to the fiscal capacity of its member communities, SHACOG is a paradigm case for the capacity of Councils of Government’s to streamline service provision.

*Role of the Council of Governments:* Mr. Gorski outlined the function of Councils of Government’s as primarily a service provider. Joint purchasing gave birth to the idea of a COG, and remains one of its primary functions. In this light, they operate on a fundamentally simple premise: buying in bulk creates a significant discount in per-unit pricing.

Mr. Gorski elaborated on his description of joint purchasing. He outlined the benefits of joint purchasing within the COG program for municipalities as avoided costs, consolidation of administrative services, avoiding a bidding process, and overall hard savings based on avoiding added costs in other areas. The collective cost is less for SHACOG to administer than it would be in other municipal programs, Mr. Gorski assured me.

Mr. Gorski mentioned several COG programs that have seen notable savings. Asphalt and truck purchases used for infrastructure work save over $10 million by utilizing SHACOG’s program. Furthermore, the independently bid multi-municipal contract for road salt has been a tremendous
success. The program purchases about $8.5 million in rock salt for winter road maintenance and offers a better price than the commonwealth.

Shared Services: The conversation proceeded with a description of what Mr. Gorski felt were some of the most successful programs SHACOG currently offers. The first is the joint solid waste disposal bid. The COG is in its third five-year contract with a waste disposal service provider. All of the south hills member communities participate in this program; all in all, it is approximately a $760 million contract.

The Franchising Authority Arena, a cable television rate service provision contract administered by SHACOG has been another large-scale success as a Council of Governments program. Again, it operates on the premise that a cooperative venture affords greater cost savings and bargaining power to its participants than multiple independent bids would. Thus, in many municipalities within the SHACOG jurisdiction have seceded their corporate rights to the COG in order to participate in this program.

This contract has the advantage of more competitive rates, as well as streamlined administration through the COG. There are multiple regulatory bodies including the FCC that require compliance on the part of contracts such as this; in this system, the COG manages all of these regulations. Additionally, the program grossed more than $2 million annually which serves as the revenue base to fund the program and is redistributed to the participation municipal governments. Mr. Gorski said that the program has been run for sixteen years on less than three percent of revenue.

Next, Mr. Gorski described the Cooperative Emergency Response program administered by the COG. The program was initially adopted as a standardized mutual aid agreement between the
members of SHACOG. However, the program has expanded into a sort of COG model for inter-
municipal police department cooperation; a voluntary coordination between police departments
with practical application in any inter-municipal issue ranging from counter-terrorism to bar
fights.

The program functions as both as an organizational system – training procedures are consistent
throughout all participating municipalities and a managerial committee meets once a month – and
as a standard protocol for Emergency Response – in the case of an extreme emergency, the
responding officer takes charge as commanding officer and all police in the area pool resources
and respond regardless of jurisdiction. The program operates on its own budget and has been
quite successful thus far. In the case of a violent emergency, the overwhelming response both in
resources and speed offers a sterling example of the advantages of cooperative police and fire
departments.

Clearly, the extent of these functional consolidations is due, in part, to the affluence of the
participating municipalities, but its model of the corporate potential of a Council of Governments
is quite significant to the discussion of the function of Councils of Governments, Mr. Gorski
explained. In the case of SHACOG the discussion is not about the have’s and have not’s but
rather, who has what.

*Future Role of the COG:* Mr. Gorski concluded by outlining the need for strengthened legislation
to support more widespread implementation of the COG model. Because a Council of
Government is neither a municipal government nor a 501C3 nonprofit, it does not qualify for
many of the grants available for organizations like it. This means that starting a COG in an area
of the state with smaller municipal budgets may prove more difficult, though the operating cost of
COG’s tends to be relatively low. He asserted that this should be changed, either altering a
COG’s classification or adopting a specification regarding COG eligibility for state and federal grants.

Reflections on the Interviews

This series of interviews provides insight into the perspective of several municipal leaders in Allegheny County, insight that was considered heavily in the policy recommendations made later in this report. Accordingly, there are several trends worthy of mention here:

Interviews with Municipal Managers:

Fiscal Independence: Interestingly, in the face of the most severe recession since the great depression, all of the municipal managers interviewed felt confident that their respective governments were fully capable of providing services to their residents. The range of services did differentiate between municipalities, however. The Borough of Etna could not provide its own school district, for example, whereas Hampton Township’s public school budget was considerably larger than the entire operating budget for Etna. Despite numerous comparisons such as this that could be made between the three municipalities, however, all felt confident that they were able to provide ample services to their communities.

Confident as all were, though, it is clear that while all may provide the services considered fundamental to local government in some capacity, the quality of these services varied dramatic with the affluence of each municipality’s residents and the fiscal health of the local government as a whole. In the case of the contrast between public schools districts in the three governments it is apparent that though all three are able to provide a location for their students to enroll, the quality of education in Hampton appears to be superior. A similar instance of inconsistent quality
of service can be seen between the contrast between police service provision in Shaler and in Etna. According to the interviews, Shaler employs more police officers with a higher level of training and capital resources than Etna is able to provide.

*Structural Consolidation:* Why then, given this apparent inefficiency of service provision, have structural consolidation initiatives been so vehemently opposed? This question highlights the dilemma central to this work, governmental efficiency vs. the political desire for *governmental intimacy*. The ideology that local government should function from the bottom up appears quite pervasive throughout this investigation. The prevailing public sentiment is that if you want something done right, do it yourself.

Mary Ellen Rammage highlighted this attitude in her comments regarding both the joint Shaler Area School District, and the prospect of a police merger with Shaler. In her comments about the Shaler School District it was mentioned that there was concern about the treatment of students from Etna as outsiders among her constituency. The joint police force caused concern as well. In this case because residents felt that though Shaler’s police force had considerably more resources, the local officers were more familiar with the Etna community.

These interviews identify the importance of this dilemma between efficiency and the integrity of local government. As the failed attempts at shared services referenced by Managers Rogers and Rammage outlined, the issue of governmental intimacy is undoubtedly worthy of serious consideration due to its political influence.

*Shared Services:* Though each municipality differed in the degree to which they participated in shared service programs, it is important to note that all of the governments interviewed appeared to see a fiscal benefit to sharing services. This was true for Etna, though its limited budget
hindered an expansive shared service package, through joint purchasing of spring and fall commodities (as described by SHACOG Director Gorski) and joint contracting for garbage pickup service. And both Shaler and Hampton referenced numerous successful shared service ventures. The diversity between these governments did not seem to impede a mutual benefit from consolidation practices. Even in cases in which service programs were unsuccessful, the defeating issue was never a loss of efficiency, but rather a commitment to localized service provision.

_Councils of Governments:_ The unanimous consensus among the managers interviewed was that the North Hills COG is a valuable resource both for creating a forum for organizational efficiency and for gaining fiscal advantage by working within regional economies of scale. The COG’s ability to facilitate business and political cooperation within its member communities as a multi-purpose organizational entity was sighted as particularly valuable. As was the voluntary membership based model. Because Council of Governments’ membership is not mandated, local governments participate entirely because of the competitive advantage they offer. This property of the COG model is significant because it is a proven model for streamlining local government without impeding upon the integrity of local government.

_Interviews with Council of Governments Directors:_

_The Role of the Council of Governments:_ As discussed in the ‘policy options’ chapter of this report, there are myriad applications of the Council of Governments model to streamlining local government. This was reflected in the diversity of functions the COG’s in the North Hills, Turtle Creek Valley, Steel Valley, and South Hills Area performed. For the most part, these functions can be classified as pertaining to intergovernmental organization, administrative innovation or shared services.
Intergovernmental organization refers to programs that improve the level of communication and cooperation between municipal governments including joint policy initiatives, planning, compliance to regulations/mandates, or cooperative administration for grant applications, etc. The North Hills COG’s joint storm water management plan, The South Hills Area COG’s cooperative emergency response programs, even COG meetings at which member community leaders meet and discuss common issues are all examples of the benefit of the increased efficiency an organized local governmental structure can provide.

Administrative Innovation describes efforts by a COG to improve its administrative capabilities. In the Steel Valley COG much of the An Lewis’ work was involved in finding new ways to administer more effective services within the restricted budgets of her member communities. This may seem insignificant, but in a local government structure in which many municipal leaders may not have professional degrees, Director Lewis’ Ph.D. candidacy from the University of Pittsburgh makes her a capital investment that, whereas no single municipality could afford, can be provided within a COG budget. The South Hills Area COG director Lou Gorski also is a sterling example of the value of human capital, an otherwise fiscally untenable asset to local governments. Mr. Gorski’s education and professional experience have helped him revolutionize the capacity of a COG to improve the efficiency of local government while remaining true to the integrity of local government.

Finally, Shared services are a tremendously successful venture for all of the COG directors interviewed. Though the budgetary capacity of each COG varied dramatically, all were able to benefit from the regional economies of scale that joint purchasing provided. Moreover, for the governments that are able to administer more shared services, such as the South Hill’s Franchising Authority contract with Comcast and the Northern Regional Police Department are able to gain increased efficiency at less cost for such programs.
Furthermore, the joint purchasing arrangement for ‘spring and fall commodities’, including the famously cost effective rock salt purchasing, provides a modal for the substantial benefits that regional purchasing can afford member communities who participate through the COG’s. As Mr. Gorski highlighted, the COG pricing for said commodities is often the best price offered by any governmental program statewide. This regional model is a paramount example of the advantages of purchasing according to economies of scale rather than according to municipal boundaries that divide regional economies.

*Future Role of the COG:* All of the COG directors interviewed mentioned funding as an obstacle to further expansion. Legislative impediments such as difficulty qualifying for grants, the need for increased awareness about the value COG’s offer municipalities, and the limitations of small staff and operating budgets were all sighted as obstacles to progress. Although the Councils of Governments in Allegheny County are already highly functioning, the consent was that state government could do more to bolster their threshold for providing support to local government.
Criteria for Recommendations

1. **Effectiveness**: In order for a policy option to be considered, it must be an effective means of solving a stated problem (tax reform to solve budgetary issues, for example). This can be established through examination of best management practices or theoretically through empirical analysis. In either case, effectiveness must be clearly demonstrated through comprehensive analysis.

The central point of this criterion for successful policy is that the recommendation must be made based on the objective value of a policy option rather than for political ends. In such a politically charged issue as municipal government, it is essential that objective effectiveness be held as the standard for legitimate policy recommendations. This is the founding principal of intergovernmental cooperation, that whereas it may be more politically beneficial for a municipal legislator to prioritize a more decentralized local government model, regional efficiency is often the more objectively effective policy choice, as the management practices in Allegheny County have demonstrated.

An important aspect of effectiveness to note is that working towards regional economies of scale almost always yields more fiscally successful policy than attempting to structure economies along municipal boundaries. As Arthur O’Sullivan states in his text, *Urban Economics*, “Economies of scale occur when the average cost of production decreases as output increases… economies of scale play a vital role in urban economies. In fact… if there are no scale economies, there will be no cities”\(^{45}\). O’Sullivan illustrates the importance of acknowledging that Allegheny County’s economic system must be

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\(^{45}\) O’Sullivan, p.10
considered regionally rather than according to municipal boundaries as well as the significance of regional economics in determining the effectiveness of local government policy. After all, it is the fiscal success of legislative strategies that determines a municipality’s ability to provide effective services.

2. **Cost-Benefit Analysis**: Cost benefit analysis is important in any policy recommendation because it is a structured examination of the effects of changing legislation, governmental practice, etc. It is essential to recognize that any policy recommendations, if implemented, will yield a multiplicity of effects on the populations and economies within its jurisdiction.

For example, a regional police force may be considered by several municipal governments, as was the case both for member communities of the North Hills COG both successfully and unsuccessfully in terms of implementation. The police force may be adopted on the grounds that it offers a larger revenue base for police funding, more police officers, more standardized and streamlined service provision, better equipment, better training, and a more efficient administrative capacity. However, the costs may dissuade local governments from cooperating for police service due to the concern that a bigger, more bureaucratic system may cause the police force to be run poorly, or that individual municipal governments could lose control or power within the regional system. In either case, it is essential that the decision to engage in regional police be examined from both sides of this spectrum. Thus, the costs and benefits must be thoroughly considered.

3. **Efficiency vs. Intimacy of Government**: The central dilemma to this paper, the balance of efficiency and an intimacy of government has been demonstrated to be a significant enough political priority for municipal legislators and their constituencies to be
considered. The desires of the legislators interviewed, Pennsylvania’s political history, and current voting trends all demonstrate the significant influence of this legacy of local government. In short, decentralization has clout.

However, this issue must be weighed against the value that increased efficiency often provides. It is the inherent nature of representational democracy to operate within a system in which a legislator’s constituency is not necessarily educated in the more complex economic and policy concepts that inform municipal tax structured, for instance. Thus, a constituency’s view of some of the more intricate policy issues must be taken into consideration, but the regional model of increased efficiency may be unpopular due to misunderstanding of the fiscal benefits it could provide. However, a balance between increased efficiency and the value of local government must be considered.

4. Organizational Value: the organizational value is an essential component of successful political change. As this report demonstrates, a central theme of the inefficiency of Pennsylvania’s municipal system is the lack of communication between leaders, lack of streamlined policy, lack of metric databases, duplication of services, or unwise allocation of money. Much of the factionalization within municipal government stems from this lack of organization.

Much of the research of this report has demonstrated that factors as simple as a failure to communicate between local leaders in order to avoid the duplication of services, maximize purchasing power, collaborate on regional initiatives, and unify in advocating mutually beneficial policy initiatives can be detrimental to the governmental capacity of municipalities. Simply having a forum for regional leaders to discuss common issues and become professionally familiar with one another is valuable. Moreover, the numerous
systems of governance used between municipalities can be problematic due to administrative incompatibility (pensions being the leading example of this problem). As such, all policy recommendations must bear in mind the goal to *streamline* and *standardize* local government.
**Policy Recommendation:**

The Council of Governments Model for Increased Governmental Efficiency

*Current Strengths of Councils of Governments:*

*Note: For “Weaknesses of Councils of Government”, refer to pages 16-17.*

The Council of Governments model exhibits several pivotal strengths worthy of discussion based on the findings of this report. Essentially, the COG system’s assets lie in the use of the models provided in the various positive aspects of the COG’s studied in this report. Though the existing COG system in Allegheny County is by no means a finished project, some aspects of an exemplary COG model are evident in the governmental systems this report explored:

*Utility Areas with Proven Success:* An important distinction in the function of the COG models examined in this report is between their utility areas that have been successful and those that have not. Generally, indirect service programs, those that provide municipalities with background support, have been more effective than direct service programs. The former exemplifies the myriad successful organizational programs orchestrated by COG’s in Allegheny County (joint purchasing, mandates and planning, for example). This sort of governmental function may be under the radar of many municipalities and their constituencies, but they have the potential to provide valuable budgetary wiggle room and streamlined services.

However, Councils of Governments have not been particularly effective in implementing direct service programs such as those provided by large-scale regional police forces, for instance. COG’s have had some success in alleviating some of the duplication of these services that impedes local government’s effectiveness. Yet, the failure of regional police opportunities in the
North Hills COG, as well as a general lack of growth since their inception demonstrates that COG’s may not be the most effective means of implementing direct service programs, particularly those involving a structural change to local government.

Effectiveness: This report’s survey of model COG’s in Allegheny County demonstrates that COG’s have the proven potential to be leaders as a successful functional consolidation system, allowing Allegheny County local government to operate more effectively within the regional economy. Though the forty years of COG activity has yielded relatively modest results, the successes of Allegheny Councils of Governments show that they have the potential to be effective as shared service and organizational entities. The role of COG’s has not been demonstrated to extend far beyond shared services and intergovernmental organization, but this function is important in freeing up budget room for municipalities and increasing their fiscal capacity to provide effective services without dependence on State and Federal assistance. This streamlining attribute is essential to improving municipal efficiency, and in the case of Councils of Governments, the integrity of local government is not necessarily compromised.

Cost-Benefit Analysis: Another strength of the Council of Governments as an intergovernmental organizational and shared service entity is their relatively low operating cost. Because each COG interviewed in this report had only two or three staff members, the annual cost for maintaining all of the COG’s administrative services tended to be quite manageable as a shared cost between the member communities and the DCED. Clearly there is room for expansion in most COG’s operating budgets, but COG’s like the North Hills and South Hills Area COG’s were able to provide myriad services to member communities for the cost of only a few full time professionals.
Efficiency vs. Intimacy of Government: As discussed in the Policy Options section of this report, a primary strength of the Council of Governments model for increased governmental efficiency is that the legislative infrastructure allowing them to function is already law. COG’s alleviate considerable procedural impediments because they do not require completely novel legislation to be passed in order to function. And they are not bound by specific projects but rather perform a general intergovernmental cooperation function. Certainly, there is room for improvement in the legislative structure of COG’s, however, their decades of proven presence in the Allegheny County politics has demonstrated some legislative merit to their existence. It is preferable to start with a proven method of intergovernmental cooperation when structuring a system to counter factionalization because of the political polarization any new consolidation legislation would face. This has been demonstrated historically by past attempts to pass structural consolidation legislation in Southwestern Pennsylvania.

Moreover, because of COG’s nonpartisan history, there appears to be a high degree of trust in their objective benefit to municipal government. All of the legislators interviewed referenced this sentiment, indicating that at least in Allegheny County, there exists enough faith in the COG system in local government to foster growth in its capacity to streamline municipal service provision. Though their legislative power is quite weak currently, the fact that COG’s are able to provide such a range of services – as documented in the Interviews section – in a unanimity system between member communities indicates the relatively high degree of trust in Councils of Governments. This is a highly significant criterion for the policy implications of expanding the COG system.

Organizational Value: The demonstrated value of COG’s is largely rooted in the organizational of their capacity to streamline and standardize the local government system in Allegheny County.

46 Intergovernmental Cooperation Handbook, p. 11-12
As demonstrated by the public officials interviewed in this report, a significant virtue of the COG system is its regular provision of a forum for local managers to meet. This simple attribute is quite important to increase the regional decision making capacity in Allegheny County. Too often, municipalities simply don’t have a common understanding of each other’s politics. The COG combats this issue.

Furthermore, the general organizational potential of regional planning, purchasing, and other COG programming is invaluable to improving the efficiency of Allegheny local government. Organization in governance necessarily leads to the elimination of duplicated services, and miscommunications between service providers that lead to inefficient use of tax dollars in municipal government. The potential for streamlined and strengthened advocacy, service provision, and regional leadership makes the organizational value of the Council of Governments system attractive to Allegheny County.

Recommendation: Bolster the Council of Governments System:

For State Government:

There are several recommendations for state policy that would improve the capacity of Councils of Governments, making them the premier intergovernmental cooperation structure in Allegheny County and Statewide. Though widespread legislative change could certainly grant COG’s greater strength, the focus of this paper has been on methods of improving local governments effectiveness without entering into the cumbersome legislative processes that have historically stalled structural consolidation policy on this issue for decades. Accordingly, Councils Governments are the best model for strengthening local government by improving its capacity for effective service provision.
**Increase State funding for Councils of Governments:** The states authority to aid COG’s comes primarily through the Department for Community and Economic Development (DCED). The DCED already administers programs that help fund Councils of Government, however, the department has been historically underfunded and the budget proposed by Governor Tom Corbett for FY 2011-12 includes significant cuts to DCED funding.

It is this reports contention that the DCED funding for COG’s should be increased. Though several Councils of Government in Allegheny County are successful independently, the Councils of Governments in financially distressed communities have the potential to be tremendously beneficial in community development but are underutilized and, especially, underfunded. With additional funding from the DCED, COG’s could provide an invaluable source of increased government service capacity, for relatively low cost.

Additionally, the DCED should offer incentive programs for intergovernmental cooperation initiatives through COG startups in regions where they are underutilized. Often it is the initial planning and implementation of COG programming that prevents more widespread programming from becoming cost effective. DCED incentives for COG participation offer tremendous long-term savings because of the significant savings offered by standardizing all municipal governments into regional shared service programs. Joint purchasing, for example, could save local government a considerable sum if many more governments were able to administer programs through COG’s.

**Mandate participation in Councils of Government:** State government should seriously consider legislation mandating that all municipalities participate in a regional COG. This would not give the COG’s tremendously increased power, as local governments could still decide on the COG’s agenda, limiting it to efficient service provision, but it would create a more consensus
based democratic system of regional government, rather than the system of unanimity that COG’s are currently mired in.

It is important to remember that legislation mandating COG membership is explicitly restricted to Council of Governments’ programming in shared service initiatives and research and community development. This is the area of governance in which COG’s have been proven as an effective model by the best practices examined in this report. And restricting COG programming ensures that mandatory COG participation is not overbearing for local government. The more effective consensus model of democracy for COG membership could empower COG’s as regional leaders in improved local government and cost saving in the long-term.

For Municipalities:

**Utilize Council of Governments as tool for regional governance:** The report’s recommendations for municipalities in Allegheny County and statewide is to use the resource at hand. As the Interviews section demonstrates, Councils of Governments are a chronically underutilized resource in many communities. For municipal government there are many more advantages to using COG’s for regional shared services than deterrents from doing so.

As has been demonstrated by the diverse myriad programs outlined by model COG’s such as the North Hills COG and South Hills Area COG, the opportunities available to local government are tremendously beneficial; cheaper spring and fall commodities, effective models for regional police forces and school districts, sewage and storm water management plans, standardize planning and zoning, and many more initiatives that have improved the efficiency and cost
effectiveness of local government services\textsuperscript{47}. However, under current legislation, it is up to municipal legislators to put their confidence in COG’s and actively pursue regional programs.

**For Councils of Governments:**

**Improve Marketing & Communications Strategies:** The interviews in this report demonstrated that there are several weaknesses in the COG model that are based on funding and underutilization, problems that are often beyond COG’s direct control. However, another primary issue raised by several COG directors as well as Dr. David Miller is that COG’s are often not well regarded as leaders in their respective regions or in Allegheny County at large. Thus, this report recommends that Councils of Governments focus on improving their marketing and communications programs to better present themselves as leaders in their communities, and increase public awareness about the success of their programs.

Recreating the COG image in Allegheny County as the leading intergovernmental cooperation will help COG’s accrue more funding, and increase participation from member communities because they will become more recognized outside of the policy arena. Meaning that local legislators constituency can advocate the use of COG programming to improve their community life. Improving marketing and communications plans within the region will span the gap between COG’s as an academic concept and their current use, to a widespread image as leaders in community development.

\textsuperscript{47}See Interviews section
Conclusion:

The report, “Municipal Consolidation Strategies for Allegheny County” provides a unique analysis of the perspective of local government leaders on the opportunities that Councils of Government offer as a regional governance system. If bolstered, it is the contention of this report that Allegheny’s local government system could operate with a significantly higher degree of efficiency while maintaining the integrity of local government that is pivotal to many local leaders.

However, this recommendation is tentative, to some degree. More research is needed to shed light on the scalability of the COG model statewide, as well as a more comprehensive analysis of the cost saving data of shared service programs. Thus, this report offers a foundation from which further research and policy implementation can be built.

Further Research: The Review Committee for this report recommended several specific areas of further research to this report. Though they were outside the scope of this project, all are important areas of inquiry to for a thorough policy recommendation advocating a strengthened Council of Government system. The following are questions for future research:

- In Allegheny County, Councils of Governments to not appear to have particularly strong ties to officials in state government? To what degree is a stronger relationship between the two evident in other parts of Pennsylvania?
- The failure of the proposed police department was an important failure of a Council of Government to provide an improved direct government service to its member communities. What were the factors that influenced this failure? Does this case offer any insight into the capacity of COG’s to provide this sort of service statewide?
• There are other successful COG’s across the state, some with significantly broader
  programming than those in Allegheny County. What can be learned from further study of
  best management practices across the state? Why have other Councils of Government
  been successful or failed to grow?
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