



## Intergovernmental cooperation in Michigan's New Economy

*About seven years ago, the Michigan Townships Association (MTA) joined with the Land Information Access Association (LIAA) and other organizations to launch a new statewide program designed to foster and support intergovernmental cooperation for land use planning and community development. In some ways, the Partnerships for Change (PFC) Program ([www.partnershipsforchange.cc](http://www.partnershipsforchange.cc)) was ahead of its time. Focused on reducing the costs often associated with inefficient, low-density urban development, the program has helped well over 150 municipalities find new ways to work together for community sustainability.*

*Today, there are new demands for that kind of intergovernmental cooperation. However, the emphasis has shifted. Given our troubled economy, planning and community development are focusing more on ways to reduce costs and increase government efficiencies. There is a growing emphasis on working together for greater efficiencies, including shared services as well as intergovernmental cooperation for economic development.*

### A LONG HISTORY OF SERVICE SHARING

With falling property values, most local governments across Michigan are experiencing a decline in revenues. State revenue sharing continues to be on the chopping block. At the same time, labor costs for most governments are increasing as health insurance rates and pension expenses rise. Service costs are also being pushed up by the price of energy and materials.

Local governments facing fiscal stress appear to have few options: either cut services or raise revenues (e.g., increased taxes and fees), or find some combination of the two. However, some people argue that local governments can save costs through greater efficiencies to avoid these difficult choices. Significant cost savings are possible, the argument goes, through the sharing of services, consolidation of government functions, or both. Gov. Rick Snyder has offered this argument:

*"We need to positively encourage our local jurisdictions, both municipal and school, to move to service consolidation and better deliver value for money. We will provide better services, for less money." (State of the State Address, Jan. 20, 2011)*

The discussion about service sharing has been going on for many years. Some people have argued that there are just too many local units of government in Michigan to deliver services

efficiently. Therefore, consolidation should be considered. Others have argued that the biggest problem is insufficient cooperation and coordination between local governments, both in planning for community development and in the delivery of services.

There is little evidence that simply consolidating local units of government will make service delivery more efficient. As stated by Eric Scorsone, Ph.D., then-senior economist for Michigan's Senate Fiscal Agency, in a 2010 white paper, "There is no clear relationship between spending per person and total number of local governments." However, many townships, and other local governments, have long-embraced service sharing and intergovernmental cooperation agreements to meet community needs. Indeed, a 2008 Michigan Townships Association survey revealed a high level of cooperation among townships in providing services to residents, and the Citizens Research Council was able to offer a long list of local government service-sharing examples in 2005, including fire and safety services, ambulance services, libraries, and water and sewer services.

It is clear, however, that inter-jurisdictional cooperation and coordination can be both difficult and limited in many ways. While there are countless examples of townships, cities and villages that are engaged in consolidated or shared service arrangements, some local governments have not yet taken steps to partner with neighboring jurisdictions—and those that do may cover one or two areas and seldom include comprehensive or community-wide planning.

Some 660 Michigan townships, cities and villages completed a LIAA survey about inter-jurisdictional cooperation in 2006, representing 37 percent of public officials in the state. The survey found:

- While 64 percent of respondents indicated that their local governments cooperate with others in land use planning and regulation, over 36 percent noted that their township, village or city does not cooperate with neighboring jurisdictions.
- Nearly 60 percent of responding local officials believe that barriers to inter-jurisdictional cooperation remain, including the time and expense of getting the process started and lack of information about how to get started.

### BARRIERS TO INTERGOVERNMENTAL COOPERATION

Intergovernmental cooperation can be difficult, even when it makes sense. Many local officials can likely offer several reasons why intergovernmental cooperation has been challenging. For the most part, these barriers are familiar interpersonal relationship concerns. Cooperation, after all, is a choice people make in relation to other people. Some common barriers include:

- Lack of trust (e.g., distrust between potential participants)
- Fear of failure and/or political loss
- Unequal partners in participating municipalities (e.g., professional staff v. volunteers)
- Turf protection by elected and appointed officials



**Suttons Bay Township and Village (Leelanau Co.) officials worked together to develop a plan that met their mutual goals of preserving and enhancing the area's thriving village center, first-class natural features, rich agricultural activity, and distinct sense of place.**

- Lack of leadership
- Insufficient incentives
- Lack of capacity (e.g., no staff support, no experience)

In addition to interpersonal and leadership barriers, there are a number of structural concerns involved in building inter-jurisdictional cooperation. For example, election cycles can disrupt longer-term efforts with political campaigns and remove experienced leaders from the process. Additionally, many cooperative efforts require a significant amount of up-front time, effort and funding to gather data and conduct analyses on the options. These up-front costs might be considered a form of risk capital, offering no guarantee of payback in the traditional sense.

### TAKING A CLOSER LOOK AT SHARED SERVICES

Regardless of the barriers, the struggling economy and declining municipal revenues are forcing a reconsideration of inter-jurisdictional cooperation and coordination. Municipal officials are searching high and low for ways to save money and deliver services more efficiently. Some officials may begin by considering the familiar list of shared or consolidated services used by local governments all over Michigan. There are numerous organizational or legal mechanisms used to create such joint ventures, from inter-jurisdictional contracting to the creation of special purpose units of government (e.g., authorities).

#### Common Shared or Consolidated Municipal Services

- Fire protection
- Public safety (i.e., police)
- Water and sewer services
- Libraries
- Parks and recreation

In addition to this familiar list of municipal services, we should add governmental functions that help build local economies and organize a physical location into a place we want to call

home. That is, local officials should consider community-wide cooperation in land use planning and regulation as well as economic development in a process often referred to as placemaking. These are critical municipal services that must be performed if we wish to protect and preserve cultural and natural resources, provide for public amenities (e.g., parks, sidewalks, streetscapes, trails), establish engaging community centers, and build both local and regional economies.

### GETTING TO INTERGOVERNMENTAL COOPERATION

Overcoming the barriers to intergovernmental cooperation may not be easy, but the beginning is simple. Citizens and officials open new channels of communication to explore common interests and community-oriented goals. There may be a catalyzing event such as the failure of a major employer in the area or conflict over a new development, but local officials and citizen activists must share the realization that “business as usual” will not work.

Whether the goal is to improve a key business and transportation corridor, provide for the development of a hiking and biking trail system, or manage the extension of water and sewer services, committed local leaders for multiple jurisdictions have the authority to plan and act cooperatively. There are few real legal barriers to cooperation. In fact, there are at least 77 different provisions in state law authorizing two or more local governments to work together, according to the Citizens Research Council (2007).

To be successful with almost any substantial form of intergovernmental cooperation, participating local governments need to invest in a process that involves exploring existing conditions, identifying local and regional assets, and evaluating

### Leaders get to know the issues—and their neighbors

Good interpersonal skills and some leadership preparation can make inter-jurisdictional cooperation easier to achieve. Some of the key leadership skills include the ability to model the way for others and to communicate a vision for the future that others can embrace. But when it comes to cooperative change, there’s no substitute for research and active listening.

According to **Mary Sanders**, supervisor of **Hayes Township** (Otsego Co.), local officials need to sit on committees and boards with other people. “You need to get to know your neighbors and be willing to discuss issues openly, without carrying a grudge or pushing a big agenda,” she said. “And you have to have a short memory. You’ve got to be able to forget the negative issues from the past. Otherwise, you’ll spend half your time just overcoming history.”

Sanders believes that “all decisions are based upon some level of agreement, which often involves compromise. So, listening and truly hearing the opinions of other leaders—sensing where they’re coming from—is often where the solution becomes clear.”

policy options (including control structures and budgetary impacts). The process usually requires external assistance such as facilitation and research. In some cases, grants may be available to cover these costs, but an investment of time and commitment to the process are required of all participants.

To initiate the process and keep things moving, local leaders and citizens must become champions of the larger community. Short community-building exercises such as asset mapping or facilitation training can help build this base. In any case, the jurisdictional boundaries that once defined the defendable turf need to recede.

### INTERGOVERNMENTAL COOPERATION AND THE NEW ECONOMY

Managing Michigan’s economic challenges will require changes in our communities. Municipalities will continue to look for ways to reduce costs by purchasing, sharing or consolidating services with other local units of government. As described briefly above, there are hundreds of examples in Michigan of local governments doing joint purchasing, sharing fire and safety services, establishing water and sewer authorities, and many other combinations of purchasing power. However, the erosion of municipal revenues makes it clear that these efforts are no longer enough. We need to look beyond municipal borders and consider other factors.

Local governments are being asked to look at economic challenges differently, using a more holistic and multi-jurisdictional approach focused on community-wide and regional solutions. We need to be smarter and more efficient in service delivery, but we also need to build our local and regional economies with strategies that acknowledge the new global economy.

In January 2010, MTA published a white paper calling on local governments to work together to build strong regional economies.

*Vibrant, healthy communities are essential to simultaneously attracting knowledge-based industries, highly educated workers and more diversified value-added resource-based economies in rural areas. (Reforming Michigan’s Local Government, MTA, January 2010)*

Indeed, a wide range of experts across Michigan have called on our communities to embrace the New Economy and compete globally. They tell us we need to attract and retain educated, creative people by: creating amenity-rich, high-quality places to live, work and recreate; encouraging an entrepreneurial spirit; building on the regional economic strengths; and providing high-speed communications infrastructure. These placemaking activities can help make communities more attractive and desirable to well-educated, young and creative people. Such settings are where entrepreneurs can find what they need to grow ideas and businesses. Places with these characteristics are the “great places” that will help turn the economy around.

## PLANNING AND ECONOMIC DEVELOPMENT

Experts have long argued that planning and resource management should address areas larger than single townships, cities and villages. Numerous statewide studies and blue-ribbon panels over the past four decades have concluded that a lack of coordinated land use planning was responsible for the degradation of critical cultural and natural resources while generating excessive costs to communities through the construction and maintenance of inefficient or redundant infrastructure. By embracing intergovernmental cooperation in land use planning and community development, we can reverse this trend and focus attention on building or rebuilding great places for the New Economy in Michigan.

When groupings of adjacent municipalities recognize their common future and identify themselves collectively as a single community, they build economic strength and capacity while gaining better footing in the New Economy. Of course, there are varying degrees of cooperation and coordination.

As suggested in the chart below, first steps toward cooperative planning and community development may be small, such as building formal communications and information-sharing structures for the review of development proposals, marketing plans, and proposed infrastructure investments (e.g., capital improvement plans). With leadership and a greater commitment to the community, a combination of local governments can form a joint planning commission and adopt a joint master plan and a joint zoning ordinance. The local governments can also establish a single zoning board of appeals and share a single planning department to manage land use permits, infrastructure planning and economic development, resulting in several forms of cost-savings.

Under this future-oriented scenario, the elected officials for each jurisdiction would retain the responsibility of adopting and changing ordinances and approving budget requests. In essence, each local government would retain veto power. But they would finally be in it together, planning and managing community-wide resources for the greater good. Further, they

## Leaders challenge the status quo—and accept risks

Inter-jurisdictional cooperation can help to control the costs of government services by achieving better economies of scale in many different ways, or by simply avoiding unnecessary or duplicative expenses. However, these shared service arrangements require an up-front investment by the participants, including feasibility studies that address the economics as well as the organizational and political ramifications.

Once again, local government leaders need to be prepared to lead. Making changes to “business as usual” requires a focus on service and real humility. According to **Doug Mansfield**, MTA District 8 director and supervisor for **Union Township** (Grand Traverse Co.), “You can’t be afraid of losing your seat. If you’re always afraid of losing an election, you’ll be unwilling to stick your neck out. Successful inter-jurisdictional cooperation should bring us greater efficiency, but it means making changes and change can seem risky, even if the math works out. So, you’ve got to keep focused on long-term benefits.”

would be much stronger together. Their joint master plan and zoning ordinance would assure that particular developments were directed to the appropriate part of the greater community. Lawsuits that once claimed exclusionary zoning for such practices could be a thing of the past.

## LEVERAGING NEW COMMUNITY-WIDE COOPERATION

Over the past seven years, 30 different projects have been undertaken by Michigan communities with services provided by the MTA-partnered *Partnerships for Change Program*, demonstrating innovative approaches to intergovernmental cooperation for planning and community development. Some of these projects helped to lower institutional and interpersonal barriers to cooperation while others established regionally significant placemaking efforts. All of these projects have

Potential community-wide benefits							
Levels & Methods of Cooperation	Limit Effects of Rumors & Conflicts	Limit Duplication of Efforts	Increase Purchasing Power	Limit Service Redundancies	Reduce/Control Infrastructure Costs	Strengthen Controls Over Unwanted Land Uses	Increase Defensibility of Land Use Controls
Informal Contacts Between Leading Officials (e.g., City Manager & Twp. Supv. Talk)	Significant Benefits	Potential Benefits	Potential Benefits	Potential Benefits			
Establish Regular "Joint" Meetings of Boards & Commissions	Significant Benefits	Significant Benefits	Potential Benefits	Potential Benefits			
Contract with Same Planning Services Provider (e.g., Zoning Administrator)	Significant Benefits	Potential Benefits	Significant Benefits	Potential Benefits			
Establish a Standing "Joint" Study Committee or Advisory Panel	Significant Benefits	Significant Benefits		Potential Benefits	Potential Benefits		
Cooperate in the Development of a Master Plan (adopted separately)	Significant Benefits	Significant Benefits	Significant Benefits	Potential Benefits	Potential Benefits	Potential Benefits	
Establish a Joint Planning Commission to Create a Joint Master Plan	Significant Benefits	Significant Benefits	Significant Benefits	Significant Benefits	Potential Benefits	Potential Benefits	
Joint Planning with Joint Zoning & Joint Zoning Administration	Significant Benefits	Significant Benefits	Significant Benefits	Significant Benefits	Significant Benefits	Significant Benefits	Significant Benefits



Collaborative planning among 23 municipalities in Gratiot County is credited with attracting the state's largest wind farm project to the area—representing a \$400 million investment.

offered valuable lessons for local officials interested in intergovernmental cooperation.

The **Fremont Community** took the first steps toward a cooperative relationship in 1997. Community activists and local leaders from the City of Fremont, and **Dayton** and **Sheridan Charter Townships** (Newaygo Co.) participated in *Building a Sense of Place*, a community asset-mapping and documentation project from LIAA. This cooperative venture led to a decision to pursue cooperative planning.

The jurisdictions formed the Fremont Community Joint Planning Commission (FCJPC), one of the first joint planning commissions in Michigan and the first to include a city. Fremont is often referenced as a model when other communities consider forming a joint planning commission. The three local governments developed and adopted the Fremont Community Joint Master Plan, the first of its kind in the state. The community is now engaged in the development of a joint zoning ordinance, which is near completion.

By having one planning commission administering a single plan and soon a single zoning ordinance, the Fremont Community is able to consolidate resources, saving some expenses and assuring more effective placemaking efforts. As stated by **Jack Taylor**, Sheridan Charter Township planning commission vice chair and chair of the zoning board of appeals, "The joint planning commission helps us avoid duplicating planning services. In addition to all the benefits of coordinated planning, the joint planning commission helps the townships and the city be more efficient."

In the **Gratiot Community**, the Gratiot Regional Excellence and Transformation (GREAT) plan brought together 23 local municipalities, the county, and Greater Gratiot Development Inc. to create one county-wide master plan that could be adopted and tailored by each jurisdiction. This is a rare document in the state of Michigan. Seldom, if ever, have this many jurisdictions come together to develop a shared master plan for individual adoption by each local unit of government.

Building on their collaborative foundation and the process of developing the GREAT plan, the local governments created

and adopted a common zoning ordinance for wind turbines. This attracted the largest wind energy project in the state, representing a \$400 million investment. Don Schurr, president of Greater Gratiot Development, explained that "the master planning process became the facilitation process for the wind energy ordinance."

The **Suttons Bay Community** stepped up to address its land use management concerns in groundbreaking fashion. **Suttons Bay Township** (Leelanau Co.) and the Village of Suttons Bay received support to form a joint planning commission and develop a joint master plan.

By working together, the township and village developed a plan that met their mutual goals of preserving and enhancing the area's thriving village center, first-class natural features, rich agricultural activity, and distinct *sense of place*. Furthermore, because the township and village shared the investment of time and money in one plan instead of two, the Suttons Bay Community Joint Planning process was both innovative and extensive. It incorporated a "potential conservation area" assessment plan, an interactive geographic information system (GIS) process, public input options in gallery-walk style, and a youth photography component. The joint master plan is also being published as an interactive Web document.

**Kathy Egan**, planner for both the township and the village, remarked, "The process brought together a greater pool of minds, which brought forth new approaches and ideas that the individual planning commissions had not considered. This led to

a greater buy-in of the final product, which ultimately results in a stronger sense of ownership during the implementation phase of the plan.” Echoing Egan’s statement, Suttons Bay Township Planning Commissioner **Tom Nixon** stated, “All parties are enthusiastic and are excited about this document to be a living foundation for the next step of a zoning ordinance. We are very pleased.”

The **Greater Lansing Community** has been engaged in developing innovative approaches to intergovernmental cooperation since 2005. At that time, 17 municipalities of the Tri-County region (Clinton, Ingham and Eaton Counties) formed an Urban and Rural Service District/Urban Service Boundary (URSD/USB) committee. This committee was set up in response to the Tri-County Regional Planning Commission’s *2005 Regional Growth: Choices for our Future* report (Regional Growth Project) to address concerns related to rising service and infrastructure costs.

While the URSD/USB committee had been discussing the potential of an urban service boundary for some time, the current economic climate heightened the need to address escalating service and infrastructure costs. Furthermore, with the waning of immediate growth pressures, the group found that it was an opportune time to be proactive with a plan. With this in mind, the URSD/USB committee sought assistance to investigate best practices and develop a course of action to implement the boundary. As **Susan McGillicuddy**, **Meridian Charter Township** (Ingham Co.) supervisor, explained, “The goal of the boundary is to get unmanaged growth under our

control so we can re-energize our regional urban core and take unwanted development pressures off the townships. With the *PfC* support, we hope to have something in place by the end of the summer.”

### RADICAL COOPERATION FOR ENTREPRENEURIAL COMMUNITIES

When adjacent townships, cities and villages recognize their interdependence as a single community, they move beyond intergovernmental competition for economic development and stop the cannibalizing of local markets—pitting one business area against another. Local government officials begin to act like true community leaders, acknowledging and encouraging diversity of all kinds. When local governments recognize that they share a single community, their leaders rise above the fear, distrust and history of past disputes to build new systems of communication and joint planning for coordinated economic development and resource management.

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*Next month, the Michigan Township News will take a closer look at another regional cooperation opportunity: recreation authorities.*