

## Golf-Course Hamlet of 29 Shows Why States Want to Erase Towns

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May 17 (Bloomberg) -- U.S. politicians facing budget deficits are gunning for hamlets such as Green Hills, a square-mile Pennsylvania borough with 29 residents that exists to allow alcohol at a golf course.

The town was created in 1978 so it could apply for a state liquor license for Lone Pine Country Club. It has an annual budget of about \$10,000 to pay a solicitor and contract with a volunteer fire department in the surrounding township, according to Terry D. George, club pro and mayor. He was elected in 2005 with all five votes cast.

"I don't think there's any logical way to try to pretend that it makes any sense," J. Bracken Burns Sr., a commissioner in Washington County, home to Green Hills about 35 miles (56 kilometers) southwest of Pittsburgh, said in a telephone interview.

Pennsylvania faces a budget deficit next year forecast at \$4.2 billion. With shortfalls nationwide that could reach \$112 billion in the next fiscal year, states including Ohio, New Jersey and Michigan are pushing school districts and local governments -- each with its own officials and budgets -- to share more services and to consolidate for the sake of efficiency and cost.

Green Hills, named after the rolling hills of the 175-acre golf course and a 300-acre horse farm, also has four homes. In an interview at the club, George, 63, points to three binders and a few manila folders sitting under his PGA hat that contain most of the borough's records. Why did he become mayor?

"Someone has to do it," he said.

### Giving Up Control

State Representative Thomas R. Caltagirone, a Democrat from Reading, introduced a bill last year that would require consolidation among the commonwealth's 2,652 boroughs -- 30 percent of which have 1,000 or fewer residents, according to the Pennsylvania Department of Economic Development. Residents and elected officials are loath to surrender control, he said.

"A lot of them know in their hearts it's the right thing to do, but politically they're afraid to touch it," Caltagirone said in a telephone interview.

In Ohio, Governor John Kasich has suggested a bipartisan panel similar to the federal Base Closure and Realignment Commission to analyze consolidations and document the benefits.

"If you can't show that there's something to be gained, you're not going to get it done," Kasich said in a

telephone interview.

## Old and Over

One state to the west, Indiana Governor Mitch Daniels has proposed eliminating the state's 1,008 township governments, calling them "venerable but obsolete" in his State of the State address this year. Cutting their three-member elected boards alone would save about \$2 million a year, Chris Ruhl, director of the Indiana Office of Management and Budget, said in a telephone interview.

"I've never seen such a consistent push across so many different states and across so many different municipalities to say, 'We have to look at this,'" Charles Zettek Jr., vice president of the Center for Governmental Research in Rochester, New York, said in a telephone interview. The nonprofit center has advised governments about consolidation in New York, New Jersey and Ohio.

Justifying duplication is difficult with revenue still rebounding from recession, said Scott Pattison, executive director of the Washington-based National Association of State Budget Officers.

"People are saying, 'Come on, we know why you would want to keep it this way, but we just can't continue to afford it,'" Pattison said in a telephone interview.

## Mere Numbers

Local governments already share, and the idea that larger is less expensive and more efficient is a myth, said Matthew DeTemple, director of the Ohio Township Association.

"Counting up the number of local governments is a canard, a red herring that doesn't tell you anything," he said.

Gene Krebs, a former Ohio representative, county commissioner and school board member, said the state is "wildly overgoverned."

"Whenever people say, 'Well, we share services,' I go, 'Yeah, you share services the way my diet works: It works really good until I see chocolate cake,'" Krebs, now senior director of government affairs and policy for Greater Ohio Policy Center, a Columbus-based nonprofit organization, said in a telephone interview.

## Measured by Horse

The Buckeye State has nearly 3,700 local government entities -- including villages of as few as 27 people, according to the U.S. Census Bureau. The boundaries of its counties and townships were established in the 19th century so someone could make a round-trip to the county seat by horse and buggy in one day, said Auditor Dave Yost. He has proposed making it easier for the state's 1,308 townships to merge.

"I think there is political will because there's a lack of wallet," he said.

In New Jersey, Governor Chris Christie is using financial pressure to nudge governments together. He has said he hopes his 2 percent cap on annual property-tax increases will force some of his 566 municipalities and 591 school districts to merge.

A citizen commission is studying a consolidation of Princeton Borough, which had 13,381 residents based on 2009 U.S. Census estimates, with surrounding Princeton Township, population 17,404. Voters rejected three previous efforts, according to the Center for Governmental Research, a consultant on the project.

The Princetons had combined budgets of \$60.7 million last year, and might save \$3.3 million by joining forces, according to a center report. That includes \$2.1 million from combining the police departments, which operate with their own chiefs, dispatching services and communications frequencies, the report said.

### Taking on Debt

The municipalities had \$106 million in debt as of last November, according to a center analysis. A merged entity would assume it all, Joseph Stefko, the center's director of public finance, said in a telephone interview.

That's typically the way debt is handled under such consolidations, said John Hallacy, manager of municipal research for Bank of America Merrill Lynch in New York. Refinancing debt may make sense, depending on credit ratings, tax rates and interest costs, though forced redemption would not necessarily be required, Hallacy said in a telephone interview.

### 'Multiplicity of Municipalities'

Although former New Jersey Governor Jon Corzine created a commission in 2007 to study local and county governments, none have merged since 1997, according to the State League of Municipalities.

Christie said at a May 3 town-hall meeting in Manalapan he would not force mergers. He supports legislation that would use incentives and penalties to encourage consolidation, he said.

Pennsylvania Governor Tom Corbett has said he doesn't want to force consolidation, leaving that decision to local officials and residents.

That time may come for Green Hills. Burns, a Washington County commissioner since 1996, said he has complained for years about what he called the "multiplicity of municipalities" in the Commonwealth, and he highlights Green Hills in a speech he delivers calling for consolidation of government entities.

Jodie Main, 30, increased the borough's population by four when she and her husband moved there in 2003 and had two children. Her identity as a Green Hillian is not something important to her, she said.

"As far as fighting to keep a borough, that's not a large factor to me," she said.

--With assistance from Bill Koenig in Detroit and Stacie Servetah and Terrence Dopp in New Jersey.  
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