

THE FUTURE OF GOVERNMENT CONSOLIDATION IN UPSTATE NEW YORK



A REPORT TO SYRACUSE 20/20

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EXECUTIVE SUMMARY

Section 1: Literature review

In the first section of this report, we identify the different theoretical arguments regarding the issue of the impacts of consolidation and compare them with empirical findings. Our report attempts to assess the relationship between consolidation and five dimensions of governance: efficiency, equity, accountability and responsiveness, political participation, and regional economic growth. The first section is in essence a review and update of Appendix A of the report “Governance in Erie County – A foundation for understanding and action” (1996), commissioned by the University of Buffalo Governance Project. This original report serves as a guide to governance issues that are relevant to many communities throughout Upstate New York.

According to public choice theorists, consolidation is inferior to the fragmentation of local governments. Larger governments are assumed to be less able than smaller governments to efficiently allocate resources according to the preferences of a heterogeneous population, thus reducing the satisfaction of citizens. In addition, reducing the number of jurisdictions also decreases the level of competition between jurisdictions and limits their incentive to provide public services at the lowest costs and services that better match preferences. Other scholars labeled as centralists or regionalists believe that the consolidation of services might lead to some economies of scale because of large-scale production which results in a more economical way to deliver services and increase technical efficiency. Unfortunately, empirical studies remain inconclusive with respect to the relationships between consolidation and cost reduction, consolidation and the amount and quality of outputs, and consolidation and production efficiency.

Regarding equity concerns, it is generally admitted that politically integrated systems may have greater potential for vertical and horizontal equity on the ground of ability-to-pay. In addition, city-county consolidation constitutes a way to make suburbs contribute to financing services located in the city that are used by all. Critics claim that consolidation might also result in a concentration of power in fewer hands and dilute the political influence of minorities and the economically disadvantaged, negatively affecting the political participation of disadvantaged community groups.

The issues of accountability and responsiveness also divide the academic community. Some believe that consolidation reduces the number of options where people can locate, thus limiting the competition between local governments as well as their responsiveness and accountability. On the other hand, a consolidated government may create clearer lines of accountability than more complex decentralized arrangements and thus empower citizens in the supervision of public officials and administration. Here again, empirical studies do not significantly contribute to clarify the theoretical debates.

Regarding the impact on economic development, some argue that consolidation will stimulate investments and the local economy by providing clearer rules and lines of authority, as well as simpler procedures for businesses, a more professionalized bureaucracy, more services, and less risks. Consolidation might also overcome the traditional lack of coordination between different governments and enhance the planning capacity of local government. Decentralist scholars argue that fragmentation is more likely to foster competition between jurisdictions, thus increasing the number of options and the bargaining power of private investors. It is likely true that the most critical factor that influences government is the quality of governance rather than the structure of government.

Section 2: Consolidation and Upstate New York

The second section of this report applies these concepts to Upstate New York. This requires an examination of the legal structure of the state. Models of city-county consolidation that have taken place throughout the country can provide important lessons, but few if any possess the specific logistical constraints that are present in New York State law. Recent efforts in Buffalo demonstrate that consolidation efforts in New York are fraught with difficulty. Political prudence is required in order to form a successful consolidation process that will meet with voter approval.

A consolidation between Syracuse and Onondaga County is possible, but it is unlikely that such a radical reformulation of local governance will constitute a single sweeping effort. Instead, governmental reform in the spirit of consolidation should be gradual and meaningful, utilizing the genuine desire of all local interests to provide better services to taxpayers throughout the region. Any consolidation effort in Syracuse should

recognize that cost savings is not always the best reason to engage in reform—quality of service is also what drives the satisfaction and well-being of citizens.

Regional economic planning is a noble goal of any consolidation movement, yet there are limitations to this vision. Consolidation will likely aid a local economy, although empirical evidence is mixed on this presumption. Proponents of consolidation must realize that long-term benefits of consolidation are difficult to convey and that voters will likely respond more positively to immediate and necessary changes brought by reform. A consolidation effort has to be gradual enough to address governmental concerns in the short-term, and flexible enough to address economic problems that are much broader in nature.

Political feasibility is at the root of any successful reform movement. After analyzing various case studies involving consolidation, as well as the lessons learned from the recent consolidation initiative of the City of Buffalo, we have formulated nine recommendations (see page 55) that will aid any group or individuals who wish to engage in consolidation efforts in Syracuse and Onondaga County. These general recommendations serve to:

- 1) Define the nature of a process that will help plan a successful consolidation movement;
- 2) Discuss frankly the required characteristics and objectives of the final consolidation product, as well as highlight the necessary limitations of such a consolidation;
- 3) Suggest what kind of a political atmosphere will help and not hinder a consolidation effort.

Many of the authorities on the subject of consolidation feel that governmental consolidation, especially city-county consolidation, is an issue that will soon come to the forefront in many communities around the nation. Syracuse and Onondaga County will serve their citizens well by exploring the issue in its entirety. While the most feasible first step for local consolidation might not take the form of a complete city-county merger, there are many incremental and politically-sensitive steps that can be taken which will benefit the region as a whole. The main theme in this report is that any degree of reform is possible, as long as it is implemented in an open and responsible manner.

LITERATURE REVIEW

Carr and Feiock (2001) emphasize that city-county consolidation has been subject to renewed attention the last couple of years, especially in the last decade, because of “pressures to achieve greater efficiencies in service provision, the necessity of protecting and/or improving local tax bases, and demands for increased responsiveness and accountability by local governments.” In addition, regionalism is expected to solve equity problems (Basolo, 2003). Our focus in the following review is to identify the different theoretical arguments in favor of and against consolidation that are based on the expected impacts of consolidation. We also compare those arguments with empirical evidence. The debate between the poles of consolidation and fragmentation has changed markedly in recent years with the emergence of neoprogressive arguments for the former (Lower, 2001). These developments deserve attention.

It is also important to note that the following section is in essence a review and update of Appendix A of the report “Governance in Erie County – A foundation for understanding and action” (1996), commissioned by the Governance Project at the University of Buffalo (see Appendix A). This 1996 report examines theoretical arguments and empirical findings on the relationship between local government arrangements and dimensions of governance. Our report attempts to assess the relationship between consolidation and five dimensions of governance: efficiency, equity, accountability and responsiveness, political participation, regional economic growth. The 1996 governance report provides a basis for our analysis.

Methodological Issues: Measuring Local Government Arrangements

The 1996 Appendix A outlines the difficulty of isolating the impacts of local government arrangements on the effectiveness of systems of governance from other factors. Definite conclusions about the relationship between government and the conditions of municipalities are not always readily apparent.

In addition, some methodological issues arise when one intends to measure local government arrangements. The extreme diversity of local government arrangements in the U.S. makes comparisons difficult. Metropolitan areas are characterized by an impressive array of differences in the role of county governments, the size and powers of special-purpose governments, the prominence of central cities within the metropolitan

area, and the degree to which various units overlap geographically and functionally. As a consequence, comparing two counties, cities, or units might be particularly impractical.

To measure local government arrangements, researchers generally rely on the number of local governments in a given area, the number of local governments per capita, and the number of local governments per land area (square miles). Despite low reliability regarding the definition of local governments' size, powers, or influence within an area, these categories are the most used because of their availability and because they can be computed and understood.

Mergers receive a great deal of attention because they represent change, but measuring change can be problematic. Discerning whether identical effects are the direct result of merger or other factors invites comparison, but there are few merged governments to study and compare. The 33 merged governments in the United States represent less than one percent of all counties, and even with these examples there are extreme variances in size, location, and age (Campbell and Durning 2000).

As a consequence, because of those methodological limitations and especially because of the limited number of cases, it remains difficult to make inferences from specific studies. We thus recommend to policy makers to consider the conclusions of empirical studies with caution and to carefully analyze their particular contexts before making any decision. The results of existing studies should be considered as relevant experiences but their results cannot always be generalized.

Impacts of consolidation on efficiency

Theoretical arguments

Efficiency is usually defined in two ways. First, a (public) service is considered efficient when it is provided in the quantity and quality (preferences) that people want (allocative efficiency). Second, the service has to be produced at the lowest possible cost, which can be expressed by using an optimized or minimal cost for a given quantity of services (technical or production efficiency). Given this, inefficiencies appear when one (or two) of these conditions is not met. For example, to produce at the lowest possible cost does not guarantee efficiency if the services produced do not correspond to people's preferences, and vice-versa.

In theory, determining whether consolidation will lead to higher levels of efficiency rather than fragmentation is equivalent to comparing the advantages and disadvantages of both centralized and decentralized systems of governance.

Public choice theorists argue that the fragmentation of local governments allows higher allocative efficiency (Tiebout, 1956; Bish and Ostrom, 1973; Oates, 1972). The closeness of local governments to the constituency should lead them to make decisions that better reflect local preferences and allocate resources more efficiently. This argument was further developed by Oates (1972), who considers the ability of local governments to tailor public goods to match local tastes a justification for local provision of public services. This local justification does not hold, however, if local government efficiency is outweighed by spillovers or economies of scale in more centralized systems. But what really matters is the degree of homogeneity of the locality rather than its size. This argument rests on the assumption that the smaller the jurisdictions, the higher the homogeneity of preferences within the locality and, in turn, the greater the match between people's preferences and the kind, quantity and quality of services provided. High homogeneity is expected to lead to high efficiency and high level of satisfaction of the population. In addition, decentralized systems offer more opportunity for competition between fragmented local governments with potential efficiency gains.

The competition of local governments to attract individuals entails the provision of public services at lower costs as well as services that better match preferences. Tiebout (1956) assumes that individuals face no mobility restrictions and zero moving costs, so they rationally choose to locate in a community that maximizes their preferences for local services, encouraging a desirable competition. As a consequence, "fragmented governments respond to varying preferences among residents of different communities, enabling citizens to "shop" among localities and "buy" the one which provides the lowest tax price for the services desired"" (Leland and Thurmaier, 2000).

According to public choice theorists, fragmented local governments are thus expected to increase technical/productive and allocative efficiency and benefit the constituency. Following these lines of thought, city-county consolidation would limit competition between localities and undermine efficiency. In addition, the dilution of each *individual* efficiency gain or loss (due to the increase of the population within the

consolidated jurisdiction) reduces the impact of inefficiencies or efficiency gains on each citizen, and in turn limits individual incentives for asking for improvements.

Other scholars that might be identified as centralists or regionalists consider that the consolidation of services might lead to some economies of scale because of large-scale production which results in a more economical way to deliver services (Leland and Thurmaier, 2000) and increase technical efficiency. However, the achievement of such economies of scale depends on the characteristics of the service. Economies of scale might not automatically be produced. For some services, especially those with a limited share of overhead costs, consolidation might not result in significant cost savings. The more capital-intensive the service is, the higher the opportunities for obtaining economies of scale. Additionally, large units of government may also suffer from diseconomies of scale, that is, because they are too large for cost-effective service delivery.

In practice, proponents argue that consolidation would result in cost savings. Consolidation should allow limiting the possibilities of duplication of services by diminishing the size of the bureaucracy and overhead costs. This happens because the city as well as the county provides similar services such as street, road and bridge maintenance, water, sewer, mass transit, park maintenance, recreation opportunities and economic development. In addition, local governments have administrative divisions that perform similar tasks such as purchasing, payroll, word processing, budgeting, personnel, vital statistics and property recordkeeping. By merging these services and administrative units, economies of scale and cost savings are expected.

In addition, larger governments may have a greater ability to internalize externalities, which are byproducts (either positive or negative) associated with the provision of services that goes beyond the borders of small localities. For example, a local school district may provide education services beneath the optimum level because positive externalities (additional social benefits) for the entire society or region are not taken into account. On the contrary, small localities might overproduce pollution – an example of a negative externality, because negative impacts for the larger area are not considered.

As a consequence, consolidation offers more opportunities for economies of scale and for internalizing externalities within broader boundaries. It is important to keep in mind, however, that the extent of economies of scale depends more on the characteristics

of the services provided such as the degree of capital or labor intensities. Similarly, efficiency gains associated with consolidation also remain on the intensity of externalities associated with each different service. Collaboration of local governments, which is often problematic in fragmented arrangements, might also be a way to internalize externalities and realize economies of scale.

In theory, consolidation would likely reduce allocative efficiency and inter-jurisdictional competition but, on the other hand, provide significant opportunities for economies of scale and internalization of externalities. In practice, the optimal system of local government arrangements will depend on the degree of homogeneity of resident preferences, the nature of services provided, the presence and intensity of externalities, and the level of competition. Consolidation will theoretically increase efficiency if economies of scale and externality considerations outweigh service preference and competition factors.

Empirical Evidence

Empirical studies are mainly characterized by their scarcity. Campbell and Coleman Selden (2000) mention that “very few studies have examined the impact of city-county consolidation.” Similarly, Carr and Feiock (2002) outline the limitations of the current literature. The few empirical studies that have been published, however, provide some interesting findings regarding the relationship between local governance arrangements and per capita costs of service delivery—the traditional measure of efficiency. These empirical studies produce as many contradictory results as the theories do.

The greater the number of multi-purpose governments in an area, the lower the amount of government spending on services (Adams 1965; Isserman 1976; Sjoquist 1982; Nelson 1987; Schneider 1989). This finding bolsters the theoretical argument that competition impacts on costs outweigh economies of scale. In this sense, consolidation would result in higher per capita costs of service delivery.

Nevertheless, for single-purpose governments, the greater the number of units of government in a given area either has no effect or leads to higher *per capita* costs for services these units provide (Nelson 1986; Nelson 1987; Eberts and Gronberg 1988). There are several possible explanations to this finding. What it suggests about consolidation is that when multiple special-purpose governments do provide the same

service in an area, the possible erosion of economies of scale might outweigh cost reductions realized through greater competition. Consolidation of functional agencies—the equivalent of single-purpose governments—would lead to important economies of scale and greater efficiency. Additionally, competition between jurisdictions in practice might result in a misallocation of resources such as the attribution of excessive public subsidies to the private sector (Carr and Feiock, 1997).

At the same time, results are inconclusive with respect to whether fiscally centralized or decentralized areas (measured by the share of higher-level government spending to total higher- and lower-level government spending) spend more per capita for services. The outcomes of studies are often contradictory, some concluding that there are higher government expenditures in fiscally decentralized systems, and vice-versa (See: Nelson 1986; Oates 1985; Giertz 1981; Wagner and Weber 1975; DiLorenzo 1983; Zax 1989; Dolan 1990). The effect of consolidation on government expenditures and taxes is uncertain.

It is also important to highlight the fact that many studies failed to find strong relationships between consolidation and cost reduction, consolidation and the amount and quality of outputs, and consolidation and production efficiency (Parks and Whitaker 1973; Sjoquist 1982; Dolan 1990; Schneider 1989; Ostrom 2000). Some studies, however, claim that costs are indeed reduced (Stephens and Wikstrom 2000). The National Research Council, which commissioned a review of this subject, concluded that “there is a general agreement that consolidation has not reduced costs (as predicted by some reform advocates) and, in fact, may have even increased total local expenditures” (Altshuler et al. 1999, 106). Savitch and Vogel (2004) state that a number of studies verify this proposition. Campbell and Coleman Selden (2000) explain that those results are not surprising since local government services tend to be labor intensive, which limits the possibilities for economies of scale.

Despite their general usefulness, case studies provide little reliable evidence of the relationship between consolidation and cost saving. In Appendix A of the 1996 report on Erie County, we find that “before and after” studies of metropolitan reorganizations reveal higher per capita costs for regionalized services following consolidation (Gusteley 1977, Cook 1978; Benton and Gamble 1984). In Miami-Dade County (Florida), Metropolitan Toronto, and Jacksonville-Duval County (Florida), three areas that either

formed two-tier federated governments or underwent city-county consolidation, per capita costs increased for regionally provided services (e.g., police and education), while there was no change in expenditures for locally provided services (e.g., sanitation). On the other hand, Campbell and Coleman Selden (2000), in their case study, found that expenditures in Athens–Clarke County increased at a rate noticeably lower over the same eight-year period than in the three unconsolidated city-county governments in Georgia in both the short and long term.

The identification of higher costs after consolidation is attributed in part to the "leveling up" phenomenon in which post-consolidation spending levels are set equal to the highest pre-consolidation levels in individual jurisdictions prior to the reorganization (for salary and fringe benefit packages, for example). An alternative explanation is that the purpose of city-county consolidation was not cost savings but rather improved services, which tend to cost more. Reforms also generally imply short term costs of design and implementation. This suggests that the expected cost savings from possible economies of scale should be balanced with short term costs of reforms. In the case of highly labor-intensive services, short term costs might exceed economies of scale and undermine the arguments in favor of consolidation based on costs savings.

Consequently, cost saving opportunities, especially in the long term, are mainly contextual and depend on the design and implementation of the new government. For instance, Leland and Thurmaier (2000) suggest that when there is little redundancy in the provision of services and administrative functions, cost saving opportunities might be limited. We might then outline three important conditions under which economies of scale are achieved:

- Most departments of the consolidated governments perform similar functions. This is often the case with administrative departments such as procurement and budgeting, personnel management, etc.
- The consolidated governments provide many similar services.
- Most services are capital intensive as opposed to labor intensive. Nevertheless, local governments tend to provide labor intensive services, such as road and park maintenance, more efficiently.

In those conditions, merging services or administrative departments should lead to important economies of scale and higher levels of efficiency.

There is also the issue of satisfaction. Efficiency is not only measured in terms of monetary costs. Officials in consolidated areas often laud the ability to plan an agenda in a unified manner, eliminating the bickering and territorial infighting that can make government appear inefficient and cumbersome (Fleischmann A. 2000). Overall, it seems that citizens are often more satisfied with services in a consolidated government (Lowery, 2001), but this might be attributed to the quantity of services provided. Consequently the wisest conclusion should be that satisfaction did not vary systematically when comparing consolidated versus non-consolidated government.

Impacts on equity

Theoretical arguments

As stated in Appendix A of the report on Erie County, questions of equity focus on the distribution of resources across groups by neighborhood, race, age, gender, income class, and location within a city, suburb, or rural area. Equity might be defined in different ways. The ability-to-pay criterion holds that persons with equal ability to pay should pay equal taxes (a standard known as horizontal equity), and persons with greater ability to pay should pay more taxes than those with lesser ability (known as vertical equity). On the other side, the benefits criterion, sometimes referred to as fiscal equity, holds that persons should pay taxes or fees in proportion to the services received. The two different measures of equity might lead to contradictory judgments on the impacts of governmental reforms on equity. In addition, reforms might be assessed according to their impacts on intra or inter-jurisdictional disparities, between individuals or between jurisdictions.

Fragmentation of local government arrangements hinders the redistribution of resources and fosters vertical disparities. Tiebout's theory on the benefits of people's mobility implies undesirable consequence in terms of equity insomuch as people with the same amount of wealth will concentrate in the same areas. For example, the richest households will be able to live in localities where taxes are high but the provision of public services is in good quality and abundance. On the opposite side of the spectrum, poor people will concentrate in deprived localities, resulting in high inequalities between jurisdictions. This makes vertical redistribution difficult in a fragmented system.

On the other hand, larger jurisdictions are more likely to undermine horizontal disparities. There is a greater probability that two persons or households with identical resources will pay the same in taxes if they live in the same jurisdiction than if they live in different ones (horizontal equity). Sometimes, those living in poorer municipalities actually pay proportionally more taxes than in richer jurisdictions because the level of services needed due to at-risk children, higher crime rates, and public transportation dependency necessitate the delivery of services that wealthier families do not need. Concurrently, there is an incentive among some municipalities to keep poor people out, since they are often more in need of government-funded services (Altshuler et al, 1999). It is generally admitted that politically integrated systems may have greater potential for vertical and horizontal equity on the ground of ability-to-pay.

In terms of general benefits, local governance arrangements may also have an impact on equity according to the location of services. In general, most services are located in the city and benefit not only the inhabitants of the city but also inhabitants of the areas surrounding the city. In this sense, city-county consolidation constitutes a way to make suburbs contribute to financing services located in the city that are used by all. Metropolitan renewal advocates, such as Rusk (1994, 1995) and Peirce (1993), contend that consolidation allows making those who have abandoned the inner city once again take responsibility for it. In particular, Rusk and others see an “elastic” central city being able to draw in the suburban interests and spread out the urban, creating greater opportunities to alleviate economic, social, and racial disparities (Fleischmann A. 2000). For an ailing inner city, unifying its tax base with nearby wealthy suburbs represents an opportunity for revitalization (Leland and Thurmaier, 2000). Consequently, consolidation might be generally seen as a redistributive policy between households and jurisdictions.

Additionally, politically decentralized metropolitan areas tend to result in higher levels of segregation. Planning and zoning provide a community with the legal power to insulate itself and exclude “undesirable outsiders,” thus strengthening disparities.

Equity, in its broad meaning, also implies an equal redistribution of political power and representation. Savitch and Vogel (2004), argue that consolidation might undermine the equal representation of the different citizen groups. “Consolidations have an operative quality that magnifies the influence of some groups and diminishes the presence of others” (From Savitch and Vogel, 2004). These authors believe that

consolidation will result in the concentration of political power in the hand of a smaller number of politicians and officials who might increase their strength within the locality and improve their influence at other levels of government. Additionally, minorities might be diluted in larger jurisdictions and lose influence on the decision-making processes. Some studies have also focused on the degree of influence African-American communities have on local decisions in consolidated local governments. (Carver 1973; Robinson and Dye 1978; Swanson 2000). The African-American responses to consolidation efforts have varied from case-to-case, suggesting that pre-existing racial conditions in a community might drive the need for reform, or in fact impede it (Joe Stefko, 2002, p. 286).

Empirical Evidence

Analyzing studies dealing with equity issues is not an easy task since different studies do not compare the same governments units or do not use the same concept or measurement of equity. Variations in dependent variables that make the measurement of efficiency between differing municipalities difficult also affect the issue of equity (Alschuler et al, 1999).

Some findings confirm the idea that consolidation limits the opportunities for implicit segregation policies. Hill (1974) found that the variation in income levels across jurisdictions increases as the number of jurisdictions in an area increases. Fragmentation is thus expected to strengthen segregation and disparities between localities. Additionally, given fiscal systems and planning laws, political fragmentation facilitates segregation at the jurisdiction level (Danielson 1976; Miller 1981; Logan and Schneider 1981; Weiher 1991; Rusk 1993).

Nevertheless, other studies conclude that consolidation appears to have a limited impact on the redistribution of resources. For instance, Savitch and Vogel (2004) found that consolidation had no effect on socioeconomic disparities in Louisville. Residents of poorer sections of a greater consolidated municipality may in fact see their tax base exploited to pay for improvements that benefit wealthier citizens who use the city for recreation. This phenomenon has been reported in Indianapolis (Rosentraub 2000; see also Powell 2000, 236-237) and in Phoenix (Guhathakurta and Wichert 1998), which is the city most often cited by Rusk as a model for elastic consolidation (Parks and Oakerson, 2000).

In regard to the distribution of political power, Leland and Thurmaier (2000) in their study of the Kansas City–Wyandotte County consolidation, point out that consolidation planners involved minority interests in the process and promised them voices in the new government. Despite these efforts, consolidation did not guarantee a fair redistribution of political power. The experience of the Kansas City–Wyandotte County consolidation indicates that consolidation, even when planned to increase representation, does not always do so. In examining election results in three consolidation cases in Nashville, Jacksonville, and Indianapolis, Stefko (2002) finds that the results are mixed, although they do not lend themselves to supporting the notion that blacks experience either a gain or a loss of political influence due to consolidation (Stefko, 320). This explains why other scholars argue that consolidation might also lead in practice to a higher concentration of political power among those existing elites who have the most resources to procure and maintain it (Savitch and Vogel, 2004). In this sense, consolidation is not free from the potential to undermine citizen participation and local democracy.

Impacts on accountability and responsiveness

Theoretical arguments

Some contend that decentralized government arrangements prompt governments to respond more closely to citizens' preferences rather than more centralized systems. This outcome is the result of the possibility for citizens to “vote with their feet” (Tiebout, 1956), that is to move to another locality that better satisfies their preferences. Consequently the threat of exit, and in turn, the degree of political responsiveness depends on the scope of available options. In this sense, consolidation would reduce the number of options and the competition between local governments and could result in lower accountability and responsiveness.

Other scholars expect that consolidation will improve accountability. Because different local governments might work in the same area, their respective responsibilities might be less visible for the constituency. A consolidated government may then create clearer lines of accountability than do more complex decentralized arrangements and thus empower citizens in the supervision of public officials and administration. This argument contradicts the notion, often trumpeted by opponents of metropolitan government or

service consolidation that big government equates to big bureaucracy, which equates to diminished accountability and responsiveness to citizen concerns.

Empirical Evidence

Because responsiveness and accountability are concepts that are difficult to measure, analysts tend to substitute consumer satisfaction as a proxy. The only study that intends to examine consumer satisfaction levels across places distinguished by local government arrangements is the study done by W.E. Lyons, David Lowery, and Ruth Hoogland DeHoog (1992). In their comparison of service satisfaction levels for persons living in carefully matched neighborhoods in pre-consolidation Louisville, Kentucky, a politically decentralized metropolitan region (later consolidated in 2003), and Lexington-Fayette County, Kentucky, a consolidated city-county metropolitan area, these authors found that:

- Other factors such as service levels and personal characteristics and maybe historical events and the quality of local leadership, rather than local government arrangements, determine service satisfaction levels.
- Citizens in politically consolidated areas appear to be more satisfied with services than were citizens of localities in the decentralized system mainly because of by the higher number of services provided by the larger regional government. Consequently, consolidation by increasing the size of local governments might indirectly improve service satisfaction. On the other hand, this result does not allow us to make conclusions about the degree of responsiveness and accountability of consolidated governments versus fragmented ones.

Unfortunately, this issue has not been subject to recent and significant theoretical and/or empirical research. We have to acknowledge that more research on this issue is required.

Impacts on political participation

Theoretical Arguments

At the local level, citizens have a variety of options to participate in local processes including "exit" (leaving the jurisdiction or opting for private services rather

than public offerings) and "voice" (attending meetings, contacting officials, organizing petitions, and so forth). The literature also refers to other more passive options for participation which are "loyalty" (tolerating inferior government programs or policies and trusting public officials to work things out) and "neglect" (disregarding the community, ignoring public issues, and giving up on government's ability to work things out).

Kelleher and Lowery (2004) provide an extensive review of works on consolidation and political participation. The two main opposing arguments are the idea that "small is beautiful" and that larger metropolitan governments facilitate better political participation. In the comparison of a decentralized versus a centralized system, a basic argument is that small-scale democracy is more likely to promote participation because of the proximity of the different actors. In addition, smaller jurisdictions might enhance the homogeneity of communities and simultaneously reduce barriers to participation. If one looks less to "voice" than to the signals sent implicitly or explicitly via "exit," one concludes that availability of a large number of local jurisdictions within a metropolitan area to which voters might migrate should improve their ability to participate in political process (Tiebout, 1956; Ostrom, Kelleher, Tiebout, and Warren, 1961; Fischel, 2001; Schneider 1989).

On the other hand, larger metropolitan government structures may promote higher rates of political participation generally and higher turnout rates (voice) more specifically. Besides community-level participation, an effective democracy also requires the greater resources and broader outlook of a larger-scale government. Many scholars argue that fragmentation prevents citizens from discussing, and acting upon crucial issues such as sprawl, racial segregation, growth management, unemployment, and economic development (Dahl, 1967; Rusk, 1995; Downs, 1994; Massey and Denton, 1993; Orfield, 1997; Waste, 1998; and Drier, Mollenkopf, and Swanstrom, 2001). Demographically heterogeneous communities should produce more conflicts of interests, thus creating strong incentives for political leaders to mobilize their supporters and for citizens to defend their interest and to participate in political decision making processes (Deutsch 1961; Verba, Schlozman, and Brady, 1995; Oliver, 2000). Consolidation, as opposed to fragmentation, is more likely to produce heterogeneity by integrating the entire metropolitan area (Oliver 1999; Weiher 1991; Downs 1994; Rusk 1995; Massey and Denton 1993; Orfield 1997; Waste 1998; Drier, Mollenkopf, and Swanstrom 2001). Third,

some scholars argue that citizens in larger areas tend to psychologically be more attached to their community and thus more prone to political participation.

Empirical Evidence

The conflicting results from empirical studies on the relationship between government size and political participation encourage us to take the different conclusions with some precautions (Kelleher and Lowery, 2004). Earlier studies have provided quite mixed results (Fischer 1976; Kasarda and Janowitz 1974), some concluding that even large cities have proven to be quite innovative in fostering new means of participation (Berry, Portney, and Thomas 1993).

In 1993, Berry, Portney, and Thomson in a study of citizen participation in 15 U.S. cities (including Buffalo) found that demographic as well as socio-economic characteristics do not explain differences in levels of participation in community organizations. However, Lyons, Lowery and DeHoog (1992) conclude that residents of politically integrated government systems are more knowledgeable about which services are provided by their local governments than are residents of jurisdictions in fragmented systems. Consequently, city-county consolidation may create favorable conditions to improve the effectiveness of political participation, which are the establishment of clearer lines of accountability. In addition, Lowery, Lyons, and DeHoog (1992), in a comparison of survey responses in five pairs of matched neighborhoods in a consolidated and a fragmented metropolitan setting, found that psychological attachment to the community was much stronger in the former, which in turn increases the likelihood that citizens will be engaged with local issues and participate in local politics (Kelleher and Lowery, 2004).

On the other hand, Kelleher and Lowery found that citizens in fragmented local government arrangements are slightly more likely to consider exit as a means of expressing dissatisfaction with government than are residents of politically integrated regions. In this sense, consolidation would limit the scope of available instruments for citizens to express their dissatisfaction on local governments. Nevertheless, because exit options are attenuated, residents of consolidated systems might be more likely to use voice and loyalty forms of participation.

Finally, the most recent study on this issue indicates that municipal size per se has no influence on the level of political participation (Kelleher and Lowery, 2004). In

addition, the same authors state that the concentration of local civic competence within an urban county promotes turnout under the condition that other municipal location options are limited to avoid dissatisfied people to flee. Scholars consider that “moving either toward greater fragmentation with less concentration or toward less fragmentation with greater concentration could improve local political participation.” These authors conclude that despite the fact that the latter strategy might be more effective, fragmentation as a way to promote political participation appears to be an ineffective strategy.

Impacts on economic development

Theoretical Arguments

Economic growth, especially in stagnant or declining regions like Upstate New York, stimulates the debate on the reform of local government structure. Proponents of regional government argue that politically integrated arrangements are more likely to attract new (or retain existing) population and business growth. Their main arguments rely on the assumption that initiatives such as consolidation will stimulate investments and the local economy by providing clearer rules and lines of authority, as well as simpler procedures for businesses, a more professionalized bureaucracy and less risk (Barlow, 1991; Cox and Nartowicz, 1980; Lind, 1997; Ward, 1987). In addition, consolidation reduces the limitations due to a lack of coordination between different governments and enhances the planning capacity of local government (Carr and Feiock, 1997). Centralized systems also possess a larger pool of human, material and financial resources which provide them a higher ability to offer a wider variety of services to residents and businesses than can governance systems comprised of relatively small, resource-limited, sometimes part-time-staffed municipalities (Felbinger, 1984; Frisken 1991). In the same way, Carr and Feiock (1997) add that consolidation improve the legal power of local government and their ability to attract business. Finally, consolidation is generally perceived as a sign of dynamism by businesses.

On the other side, decentralist scholars argue that politically decentralized government arrangements are a magnet for economic growth and investment. The main argument is that fragmentation is more likely to foster competition between jurisdictions, thus increasing the number of options and the bargaining power of private investors.

Fully understanding this argument also entails that local governments lose power over the private sector.

The relationship between the structure of local governments and the localization and dynamism of businesses is difficult to establish and, at best, indirect. Economic development is often associated to the quality of governance. Nevertheless, it is necessary to look at intermediary variables such as tax burden as well as the level and quality of public services in order to determine the relationship between consolidation and economic development. Finally, the quality of governance rather than the structure of government might be the critical factor that influences economic development.

Empirical Evidence

In 1999, Nelson and Foster stated that empirical evidence linking governance structures to income growth is scant and inconclusive which encourages advocates to rely on theoretical allegiances and provide little guidance to voter and policy makers on this issue. Theretofore, no further significant advance has been made.

The main issue in trying to assess the relationship between local government arrangements and economic growth is to isolate the impact of the former since economic development is determined by many other factors.

Empirical studies show no strong relationship between consolidation and economic development. Nelson and Foster (1999) highlight some positive association between city-county consolidation and income growth, but conclude that the association is not statistically significant. Foster (1993), in a cross-sectional study of population growth rates in 129 large metropolitan areas, found inconclusive results linking political structure to economic growth. In a similar fashion, Carr and Feiock (1997) avoided rejecting the hypothesis that consolidation may improve the planning capacity and the legal, jurisdictional, and financial resources of local government, yet their analysis did not help showing significant increases in manufacturing, retail, or service-sector growth following the consolidation of Jacksonville/Duval governments. The same authors in 1999, in a study of 18 consolidated city/counties, also failed to identify any relationship between economic development and consolidated governments.

Empirical studies generally conclude that local economic growth is associated with different factors from government reorganization. Economic development might rather be more strongly related to broader economic trends or to regional prosperity as

suggested by Blair and Zhongcai Zhang (1994). Savitch and Vogel (1995) recommended that, to be efficient, local development programs need to be implemented at a regional level. They almost completely deny the role of cities and suburbs in providing the necessary assets for economic development. Savitch and Vogel (2004) also state that investors' decision of their business location depends more on the size of local markets rather than on municipal boundaries.

Case study research reveals strong support by business interests for regionalized government (Crosby and Bryson 1995; Greer, 1963; Fleischmann, 2000; Lyons, 1977; Temple 1972; Rosenbaum and Henderson 1973). For instance, Carr and Feiock (2002) indicate that the Chamber of Commerce and real estate developers were among the most frequently identified supporters in the initiation of the issue in the 25 communities they investigated. The study of Edwards and Bohland (1991) confirms that consolidation, whether it promotes growth or not, is perceived by people and business as favorable to economic development.

Conclusion

Despite the fact that the previous analysis does not provide clear-cut responses in terms of the impacts of consolidation, it is critical for any decision maker to build a frame of analysis on the basis of those arguments and to apply these frames to a particular context. The main problem in analyzing consolidation is that many theoretical arguments are contradictory and rest on different types of assumptions. Empirical studies demonstrate limitations in clarifying the debates. This is understandable given the very small number of consolidation cases that have occurred in the U.S. The use of different methodologies and indicators do not serve one well in an effort to understand these complex topics.

Policy makers should not expect any dramatic cost savings from consolidation and should avoid using the argument of cost saving as the main benefit of reform. This is not to say that fragmentation is more efficient. Appendix A emphasizes that "politically decentralized arrangements may have the edge with respect to efficiency," but there are no claims that the difference is significant. In order to gain a clearer picture of the issue, a systematic analysis of the degree of homogeneity of resident preferences, the nature of services provided, the presence and intensity of externalities, and the level of competition will help define the optimal system of local government arrangements.

It is important to recognize that larger units of government provide more opportunities for active distribution policies, for internalizing externalities and coordinating efforts to promote economic development. The realization of such opportunities, however, rests on the motivations and responsiveness of decision makers and on the ability of the civil society to participate in political processes. Consequently, since consolidation increases the power of a few elected officials and dilutes the political influence of some group, especially minorities and the economically disadvantaged, the design of consolidation will determine the degree of equity. While the economic benefits of consolidation are unclear, the perception among businesses is generally favorable, perhaps inducing a more positive economic atmosphere.

Since efficiency will hardly be a consistent criterion in favor or against consolidation, the final decision to engage in consolidation activities might be based on value judgments regarding equity, political representation issues, and geographic identity. These conclusions are similar to what is found in Appendix A of the Governance Report. Any consolidation effort must consider both sides of the argument in order to ascertain whether consolidation, or what type of consolidation, is the right choice for a given region.

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CONSOLIDATION IN NEW YORK STATE

Upstate New York communities find themselves under immense fiscal pressure. While cities such as Rochester and Albany managed to weather the storm of economic decline over the past thirty years better than some of their Upstate counterparts, all Upstate cities currently find themselves dealing with similar financial problems. For example, the City of Buffalo is currently under the fiscal control of the State after years of insolvability. The City of Syracuse, although able to recently pass its budget for FY 2006, was only able to do so because of a significant amount of aid promised by New York State. Most New York State municipalities depend on state aid to balance their budgets, and should the State decide to limit or cut current levels of aid, almost every municipality would find itself in a complete financial crisis.

Financial pressures faced by New York State municipalities include declining tax bases, escalating healthcare and employee benefit costs, limited state aid, various state and federal mandates, and the need to support new security measures. The notion of “smarter” government is at the forefront of local government reform efforts as a means to achieving long-term fiscal stability. New York State is comprised of more than 2,300 local governments, including counties, cities, towns, villages, and school districts, and these overlapping layers of government are vulnerable to certain inefficiencies. Intermunicipal cooperation and consolidation are viewed as valuable tools for communities to maximize available resources, while at the same time save money and improve services. The current consolidation efforts in the City of Buffalo serve as a valuable resource for other Upstate cities contemplating similar actions, and by analyzing Buffalo’s accomplishments and shortfalls, New York State municipalities will stand to benefit from important lessons learned.

Intermunicipal Consolidation: Legal Framework in New York State

New York State views cooperation as the act of two or more local governments working together to provide a service for the benefit of all municipalities involved. This type of cooperation is achieved through either service agreements or joint agreements. A service agreement is achieved when one local government contracts to provide a service to another local government for an agreed upon charge. Joint agreements involve two

municipalities sharing in the provision of a particular service. Local governments are able to realize many benefits through cooperation agreements because they are maximizing their available resources.

Intermunicipal consolidation can occur on several levels. First, consolidation can occur at the service level when a local government chooses to combine two functional departments, such as building and code enforcement. Second, it can also involve two separate local governments merging functions in a particular area, such as city and county purchasing departments. Finally, consolidation can involve the merging of entire local governments, as seen in a metropolitan form of government. Most recently, the consolidation efforts in the City of Buffalo have primarily revolved around the creation of a metropolitan form of government, or a “super” county. The Greater Buffalo Commission has proposed legislation in the New York State Legislature that will facilitate the creation of a statutory authority for a merger. Should local governments in Upstate New York, and specifically in Syracuse, expect to follow Buffalo’s lead on consolidation, it is necessary to examine the legal requirements and ramifications of such an effort.¹

If local governments in Upstate New York, and specifically the City of Syracuse, choose to follow the Buffalo model for consolidation, the current structure of New York State law will have to be adjusted. The legislation proposed by the Greater Buffalo Commission, as it is currently written, will facilitate the creation of a statutory authority for a merger between the City of Buffalo and Erie County. The problem for Syracuse and other municipalities in the Upstate region is that the proposed legislation is specific to the Buffalo region. It is therefore necessary for the Legislature to enact much more comprehensive legislation that would apply to all Upstate municipalities, as opposed to site-specific legislation. In addition to legislation enabling local governments in the State to facilitate the creation of a statutory authority for mergers, David Rusk, an independent consultant on urban and suburban policy has laid out additional steps in his Upstate New York report (see Appendix B) the Legislature could take to facilitate the restructuring of local governments.

¹ “Intermunicipal Cooperation and Consolidation” Office of the New York State Comptroller, Alan G. Hevesi, 11/20/03.

According to Rusk, the legislature must:

- empower county government to develop comprehensive, county-wide land use and transportation plans that will curb urban sprawl and channel investment back towards core cities, villages, and inner-ring towns;
- require municipal governments to conform municipal plans and zoning maps to the county-wide plan;
- direct such comprehensive plans to incorporate a fair share plan for balanced housing development, serving all levels of the workforce throughout all municipalities;
- empower county government to issue bonds against the county-wide tax base for all growth-supporting infrastructure investments of regional significance;
- empower county government to issue bonds against the county-wide tax base for purchase-of-development rights to preserve valuable farmland and to secure open space;
- authorize county government to be the only local government that can approve tax abatement and other local financial incentives for economic development; and
- institute a county-administered system of tax-base sharing so that all municipalities will share in the revenues generated by regional economic growth.²

In order to achieve such far-reaching legislation, the involved communities would have to work together to present a united front to the New York State Legislature. If Upstate legislators can form a solid coalition with the backing of their respective communities, the State Legislature will be much more likely to act on more sweeping forms of legislation.

Cooperation and Consolidation: Helpful Tools in New York State

Although the State of New York must do more to encourage and enable local governments to pursue consolidation and cooperation efforts, it is important to point out the existing programs that the State has in place. One example of how the State has proactively responded to local governments seeking support in their consolidation efforts

² Rusk, David "Upstate New York: A House Divided," 5/20/05.

is through its “how-to” manual on intermunicipal consolidation, which provides helpful approaches for local governments seeking to launch cooperative projects. The Division of Local Government Services and Economic Development also provides resources to local governments through various programs intended to help incorporate cooperation into deficit-financing requirements. The State is also attempting to address certain obstacles by enabling official recognition of “hamlets” for dissolved local governments. By designating the boundaries of a dissolved local government as a “hamlet” the State is responding to the concern in small municipalities over the loss of community identity. Finally, the State Comptroller’s office offers a Cooperation and Consolidation Consulting Service (3CS) to help local governments work through their issues.³ While it is important that communities throughout the Upstate region pursue new and innovative ways to engage the State in consolidation issues, it is equally important that these same communities explore and take advantage of existing state programs.

³ “Intermunicipal Cooperation and Consolidation” Office of the New York State Comptroller, Alan G. Hevesi, 11/20/03.

CONSOLIDATION EFFORTS IN BUFFALO

When approaching the question of city-county consolidation in the Syracuse region, it is advisable to examine both successful and proposed consolidations in other regions throughout the nation. Unfortunately, many consolidations took place too far in the past or under special circumstances which are not applicable to the current governmental scenario present in Central New York.

The most relevant consolidation example is the proposed City of Buffalo-Erie County merger. This proposed consolidation would be subject to the same New York State laws as would be present in Onondaga County. If and when such a consolidation does happen, it will help define both the avenue of change and the resulting characteristics of a city-county merger in the State of New York. Those in the Syracuse region who wish to undertake consolidation efforts must pay close attention to the efforts taking place in Western New York.

It is tempting to view completed city-county mergers in other states as potential models of consolidation. This is unrealistic. Consolidations in other states can provide peripheral lessons about the process of consolidation, but the rigidity inherent in the New York State legal structure means that city-county mergers in New York will be somewhat unique in their end result. Therefore, the proposed Buffalo-Erie County merger must be judged primarily upon its own merits.

This does not imply, however, that lessons learned from other consolidations are not worth any consideration. Where applicable, critique of the continuing political process in Buffalo will feature commentary based on observations of governmental consolidations in other states and regions. Advocates of consolidation in Syracuse can best judge their own situation by comparing some aspects of what has happened in Buffalo to other known consolidation efforts.

History of Buffalo-Erie County Merger Effort

Like many other regions that have faced economic hardships, Buffalo has considered the idea of consolidation for some time. This issue began to gain prominence in the late 1990s as the City of Buffalo became increasingly insolvent. Joel A. Giambra was elected Erie County Executive in 1999, and he immediately began to explore a merger in which the county would be responsible for the management of the City of

Buffalo in conjunction with the services already provided to the other municipalities of Erie County.

In 2003, a control board was created by New York State to run the financial affairs of the City of Buffalo due to its increasing budgetary crisis. This event pushed the consolidation effort to the forefront, and by May of 2004 the Greater Buffalo Commission was formed to officially examine and make recommendations on the possibility of a city-county merger. The commission released its report in January of 2005. As of June of 2005, no official action has been taken on any of these merger recommendations.

The Legal Process of Merger

Like many of the industrialized states of the northeastern United States, New York is widely settled and heavily incorporated. There are no unincorporated areas of the state. Every square inch of land falls under the jurisdiction of an existing and autonomous local government.

Article IX, Sec. 1 of the New York State Constitution clearly states that annexation or a submission of granted power of a local government is not legal without the consent of the majority of the population of the affected area. This means that no municipality can be forced to consolidate. In the proposed Buffalo merger, a dual referendum must be held where the majority of voters in both Buffalo and Erie County must approve the proposed merger. Other legal concerns are present, outlined by Hodgson Russ LLP of Buffalo (see Appendix C). The most pressing of these is the need for an enabling act by the New York State Legislature which will facilitate the creation of a statutory authority for merger. Legislation has been proposed by the Greater Buffalo Commission.

New York currently recognizes cities, towns, villages, and counties as the only legitimate forms of local governance. The new entity created by the proposed Buffalo-Erie County merger would be represented by a “super” county government which would govern the city and provide county services to the rest of Erie County as it did prior to the merger.

The Result of the Proposed Merger

The new government of Erie County, as proposed by the Greater Buffalo Commission, would be responsible for the former City of Buffalo. The City of Buffalo would cease to exist officially and instead become a new Municipal Services District. All 43 other municipal bodies within Erie County would remain independent and retain their current relationship with the county and be classified in whole as the General Services District. Taxing for the purpose of providing services would be divided between those who live within the Municipal Services District and those who live within the General Services District. City workers will become county employees, honoring collective bargaining where applicable, and the duplication of services and departments will be eliminated over time.

Issue #1: Process is dependent upon NYS legislation.

It is necessary to change the Erie County charter in order to facilitate consolidation. This cannot be done until a Home Rule request is made to the New York State Legislature. An approved bill enabling the merger must be signed by the governor.

Campaigning for voter approval in this matter is key, and momentum is necessary in order to gain and keep voter confidence. It is possible that any sort of a delay in the legislative process will leave time for discouraged, anti-merger voters to become organized against the perceived inefficiency of the county to bring this issue to fruition. This can result in the emergence of anti-merger candidates for the county legislature, mayor, or county executive, as well as an entrenched anti-merger vote that will continue to build as long as the issue is dragged out. Apathy among the voter population could result, giving anti-merger voters an edge in the referendum. This may be reflected in public polling (see below).

In addition, it is not a given that legislators will be comfortable allowing the creation of a county in line with the suggestions of the Greater Buffalo Commission. Buffalo, like all major cities in New York, receives a great deal of state aid. Prof. John Sheffer of the Institute of Local Governance at the University of Buffalo believes that officials and politicians in Albany will have to seriously consider the ramifications of providing state aid to a city that is, technically, no longer a city. These concerns can be worked out, but the political process will take time.

This point is moot if the legislative process goes smoothly, but it is impossible to completely gauge the prospects of an item of legislation that is in many respects unprecedented. Coordination amongst the various political interests both within and without Erie County is absolutely essential. Erie County voters cannot continue to be told of an impending referendum, only to have that referendum be pushed back in light of considerations in Albany and faltering at home. Thus far, a referendum has been suggested publicly for November of 2004, then November of 2005, and now November of 2006 is cited as the most realistic date. This shell game is counterproductive.

Legal constraints limit the power of the City of Buffalo and Erie County to hold the referendum on their own terms. It cannot be done overnight, even if all parties wished to do so. Unfortunately, the inordinate amount of attention paid to the issue of consolidation early in the process has left the issue lingering to the point where it may not seem new, exciting, or even beneficial to the voters. Unforeseen delays in the legislative process that would push the referendum past November of 2006 could sink the entire initiative.

Issue #2: The new entity will have no net gain of assets.

If the merger between the City of Buffalo and Erie County is approved by the voters, then the county will run the former City of Buffalo as well as continue to provide the same services to the rest of the county. None of the other municipalities within Erie County are being asked to join the district formerly known as the City of Buffalo. Suburbs that lie within proximity of the City of Buffalo will retain their full independence.

The Greater Buffalo Commission claims that Greater Buffalo will become the 10th-largest city in the United States. This is both true and untrue. A resident of the affluent Buffalo suburb of Amherst is a resident of Amherst and Erie County. After a merger between Buffalo and Erie County, will the said resident suddenly become a resident of Greater Buffalo because he or she happens to live within the boundary of an Erie County with an amended charter? This is a difficult question to answer.

The consolidation of the City of Louisville with Jefferson County, Kentucky in 2003 made similar claims despite the fact that all 92 existing municipalities retained their independence. The main difference between the Louisville merger and the proposed Buffalo merger is that one-third of the residents of the Regional City of Louisville (as it is

now known) were formerly living on unincorporated land within Jefferson County. The gain of taxable land and residents in the Louisville case is real and significant. In the case of Buffalo, not one acre of land or a single resident will be added to the Municipal Services District formerly known as the City of Buffalo.

If the funding of services is truly divided between the Municipal Services District and the General Services District, has the former City of Buffalo gained any advantage by replacing its current governmental structure with one orchestrated at the county level? Consider the drastic changes in assets enjoyed by cities which have successfully consolidated in the past (compiled by David Rusk):

Consolidated Regional Cities	Non-merged Municipalities	Increased Land	Increased Population
ANCHORAGE, AK	0	10,377%	185%
LEXINGTON, KY	0	1,137%	125%
COLUMBUS, GA	1	211%	18%
ATHENS, GA	2	610%	96%
AUGUSTA, GA	2	1,424%	317%
JACKSONVILLE, FL	4	2,409%	246%
NASHVILLE, TN	7	1,532%	196%
INDIANAPOLIS, IN	14	408%	55%
LOUISVILLE, KY	92	300%	108%
BUFFALO (as proposed) ⁴	44	0%	0%

Issue #3: The widespread governmental crisis has created mistrust.

Crisis is identified by an innumerable amount of sources as one of the most important ingredients of a successful consolidation. The theory follows the common-sense notion that voters will prefer to keep the status quo when everything seems to be

⁴ Rusk, David “Acting as One—Not Becoming One: A Presentation to the Pittsburgh Interfaith Impact Network,” 3/25/04.

running well, but will be open to change if government finances and services begin to sour.

The Buffalo region has been plagued by economic problems for several decades. Buffalo was a largely industrialized city, and it found itself in poor shape to cope with the loss of heavy industry and manufacturing jobs throughout the 1970s and 1980s. The technology and service-based economic boom of the 1990s missed Buffalo almost entirely.

The City of Buffalo's continued insolvability became so insurmountable that the State of New York was asked to intercede in 2003. The Buffalo Stability Authority Act was passed by the New York State Legislature to authorize the creation of the Buffalo Fiscal Stability Authority (commonly known as the State Control Board). This agency is authorized to control and advise the city government in all financial planning matters.

Taken by itself, the economic crisis of the City of Buffalo seemed a compelling enough reason to consider consolidation. Residents of the city felt that a new governmental structure might be needed, and residents of the suburbs clearly saw that the city that gives the region its identity is increasingly in need of a rescue. This scenario lent itself to heavy-handed talk of reform, including consolidation.

Unfortunately, the entity most likely to take charge of a consolidation effort, Erie County, met with its own financial crisis. In 2004, the county announced that increasing Medicaid costs would cause a budget shortfall of at least \$70 million. As of June, 2005, this deficit has grown to over \$100 million.⁵ The County Executive, Joel Giambra, was unable to convince the county legislature to increase the sales tax in order to sustain solvability in FY2005. The specter of increased county sales or property taxes continues into the future as significant shortfalls are predicted for FY2006 and FY2007.

Many Erie County voters may have entertained the thought of turning the City of Buffalo's management over to the county while the county seemed a stable alternative form of government. Now that Erie County is having difficulty providing normal services to all county residents, it seems unlikely that voters will wish to entrust the county with another burden in the near future.

⁵ Spina, Matthew "County to give \$14 million to Bass Pro project," Buffalo News, 6/3/05.

Issue #4: Public support for merger is tenuous.

A Zogby Poll conducted in May of 2004 found that 54 percent of City of Buffalo residents were in favor of consolidation, while only 39 percent of suburban voters favored the proposition. In all of Erie County, those in favor of a merger equaled 43 percent while those against were 45 percent.⁶ In 2001, Zogby found that nearly 50 percent of all suburban voters were in favor of consolidation, indicating an 11-point drop between 2001 and 2004.⁷ This same 2001 poll found that overall county support stood at 51 percent, dropping 8 points between 2001 and 2004. Urban support for consolidation has remained above 50 percent in all Zogby polls conducted since 2001.

There is also racial divide in the public perception of consolidation. A 2005 Zogby poll found that whites within the City of Buffalo favored consolidation 64 to 27 percent. In the same poll, black respondents were split, 41 percent in favor and 43 percent opposed.⁸

The drop in suburban and overall support between 2001 and 2004 may be the result of the legal and political delay of a merger, as well as the increasing insolvability of both the City of Buffalo and Erie County. Suburban voters increasingly see the city as a burden, the county as inefficient, and the reality of a Greater Buffalo in name-only an unsatisfying result. Why should a voter in Amherst or Waterloo care who runs the City of Buffalo, especially when the proposed merger does not seem to bring any new assets to the table?

In the Louisville-Jefferson County merger, a public relations campaign was one of the essential components of the effort to garner support despite the doubts of constituents.⁹ Throughout 2000, a comprehensive campaign utilizing popular politicians from both major parties, phone banks, tracking polls, direct mailings, and targeted advertising was undertaken by the official task force in charge of the merger. These

⁶ Fairbanks, Phil "City, suburbs split on merger issue," *Buffalo News*, 5/3/04.

⁷ Lakamp, Patrick and Bryan Meyer "Majority in poll backs city-county merger: Respondents also favor control board for Buffalo," *Buffalo News*, 12/30/01.

⁸ McCarthy, Robert J. "56% in city say they're upbeat about merger," *Buffalo News*, 1/28/05.

⁹ Readers should consider that the Louisville merger, despite its apparent success, took over 30 years to implement from the time it was first proposed. Consolidation is a hard sell, and organizing parties to make the commitment sometimes takes many years to implement.

efforts were financed with a \$1 million budget raised from the local business community. With these large-scale efforts, the merger passed 56% to 46%.¹⁰

Surprisingly, the Greater Buffalo Commission held its 2004 planning meetings behind closed doors. This was cited by the Institute of Local Governance as the most compelling reason why its recommendations have failed to capture the public's imagination. Public trust was not gained on the issue of consolidation during the private creation of the commission's report, and speculations throughout the community as to the motivations of the commission tended to be negative. Coupled with the economic problems of the city and county, it is of little surprise that perceived public support for a merger has continued to drop.

Currently, the most comprehensive source for information, including polling, about consolidation efforts in the Buffalo region has been the Buffalo News. The Greater Buffalo Commission was charged with creating a report and proposing legislation that would enable a consolidation, but neither this commission nor any other body has yet been given the task of starting a spirited campaign for consolidation. Surprisingly, the most outspoken advocate for consolidation, Kevin Gaughan, is a private citizen.¹¹ He has organized several public forums on the issue of consolidation, inviting outside experts to address groups of concerned citizens. No other organization has felt compelled to try and emulate the populist approach utilized by Gaughan.

Issue #5: Buffalo is politically unstable.

A Zogby poll conducted in January of 2005 found that the mayor of Buffalo, Anthony Masiello, had a 61% unfavorable rating. He announced in May of 2005 that he will not seek another term.¹² Erie County Executive Joel Giambra announced that he will not run for re-election in 2007. Giambra's image has been so badly tarnished that he is using his remaining campaign funds to run public television ads to try and convince voters that mismanagement was not at the root cause of the county's continued financial crisis.¹³

¹⁰ "Lessons from Merger: What other communities can learn from the merger of Louisville and Jefferson County, Kentucky governments," Louisville Jefferson County Metro Mayor's Office, 3/4/04, pg. 2.

¹¹ At the time of this report, Kevin Gaughan has declared his candidacy for the Office of Mayor in the City of Buffalo. He hopes to capture a spot on the Democratic ticket.

¹² Thompson, Carolyn "Buffalo Mayor won't seek fourth term," Newsday, 5/2/05.

¹³ McCarthy, Robert J. "Giambra hoping ads improve his image" Buffalo News, 6/1/05.

Like in many Upstate New York regions, the City of Buffalo trends Democratic, while the suburbs and rural regions of Erie County trend Republican (although Democrats currently hold a slim majority in the county legislature). Giambra switched party registration from Democrat to Republican when he ran for the county executive office. The initial reaction of Masiello and other city Democrats to the idea of consolidation was that the Democratic Party's power base might be diminished.

Worry over party strongholds has not been as significant a factor as the financial crises that have plagued the Buffalo region. Both parties have acknowledged the need for reform. What has been a more significant factor politically has been the lack of a cohesive, trusted leadership core of elected and popular politicians.

The Indianapolis-Marion County merger of 1970 was spearheaded by well-known Republican Mayor Richard Lugar, who went on to become a nationally-recognized U.S. Senator.¹⁴ The Louisville merger employed a public working relationship between the Louisville mayor, a Democrat, the Jefferson County executive, a Republican, a former and very popular Louisville mayor, a Democrat, and Republican U.S. Senator Mitch McConnell. This group helped sell the consolidation initiative to the voters of Louisville and Jefferson County.

Currently, Buffalo has not enjoyed the political stability that may be necessary to advocate a major structural governmental change. The current mayor and county executive have become unpopular due to the financial crises of their respective administrations. Both the mayoral and county executive offices will soon be in periods of transition. Voters of Buffalo and Erie County are demonstrably dissatisfied with their current leadership, and new leadership will of course take time to build the political momentum necessary for consolidation. A merger referendum placed on the 2006 ballot might not represent the best political timing.

¹⁴ This is an example of a consolidation that was not voted on, but created by the powers vested in the Indiana state legislature. Lugar is credited with creating a feasible plan that would not compel voters to punish elected officials for taking part.

Lessons Learned

The problems highlighted above are the most significant issues related to a possible Buffalo-Erie County merger. In light of the possible benefits of consolidation, one can glean some general lessons from the Buffalo consolidation initiative.

1) Long-term benefits are overshadowed by short-term conditions.

Advocates of a merger in any area must realize that the end-result of a merger—a comprehensive, efficient regional government capable of planned economic growth—is often subservient to the short-term conditions present at the time of referendum. The Buffalo region is in financial crisis, its leaders are unpopular, and the merger proposed does not have any immediate gain in assets for any municipality. The lofty goal of smart growth and regional planning is quickly lost in light of these negative aspects. While merger might be a long-term solution to the plight of the Buffalo region, its immediate effects are too unclear to invite broad voter support.

2) Strong leadership is necessary.

Almost all successful city-county consolidations have been led by strong and popular elected officials. Voters are more apt to listen to people for whom they vote and support, and citizens are likely to consider consolidation on its merits if accountable officials are the individuals advocating it to them. Unelected officials, community elites, and business leaders are useful and often employed in these efforts, but voters must feel that the main proponents of consolidation are vulnerable at the ballot box. Elected leaders who are unpopular and likely to lose election, or those who have indicated that they will not seek re-election, are not the ideal advocates for consolidation.

3) Crisis can be a catalyst, but cannot be too widespread.

A period of crisis presents one of the most ideal times to engage in active consolidation efforts. In this case, voters feel they have something to gain from consolidation that is not currently available: stability. If, however, crisis becomes too widespread, it is possible that no one level of government will be trusted enough to take over another level.

Polling data shows that consolidation in the Buffalo area enjoyed wide support in the early 2000s when the City of Buffalo was in deep financial trouble and Erie County was in acceptable financial shape. By 2004, this support had dropped dramatically, especially in the suburban communities. If consolidation had been placed on the ballot before 2004, it is possible that it would have passed. With no end in sight to the economic troubles of the county, it is unlikely that consolidation will be passed any time in the near future.

4) Consolidation efforts must be undertaken by a capable and willing coalition.

That the county executive of Erie County was pushing for consolidation was never enough. Past consolidation efforts throughout the United States relied on bipartisan coalitions of community leaders and grass root organizations. It does not appear that Buffalo currently has a sufficiently cohesive group of advocates for consolidation.

The Greater Buffalo Commission was made up of bipartisan elected officials, community elites, and representatives of community organizations. Unfortunately, the commission missed an opportunity to garner public support by meeting in closed sessions. Simple efforts, such as an effective and well-made website were not employed by the commission, which seemed to enjoy little or no enthusiasm from its members once the report was complete. The initial report is scant on details and does not address enough questions that concerned citizens may have about the effects merger would have on the City of Buffalo and its inhabitants.

It is possible that if the momentum of the process had continued, that this commission would have been a good springboard for forming a lasting and significant coalition. Unfortunately, the Greater Buffalo Commission failed to engage in any sort of public campaign and will not likely do so in the near future.

5) There must be a sense of purpose.

An outside observer to the Buffalo consolidation effort may ask the same question that a casually-observant Buffalonian would ask: Why? Why should consolidation take place? What are the benefits to the community? Why should I trade the status-quo for something different?

The Greater Buffalo Commission correctly points out that the Buffalo region is not competitive in a global market and that its economy is in shambles, but they fail to articulate why making a pseudo-metropolitan “super” county would solve these problems. Voters understand the need for better economic planning on a more regional scale, but the proposed merger of Buffalo and Erie County does not seem to automatically address the problems that Western New York has faced over the last few decades.

No one has yet to make the case that consolidation in Buffalo will provide better efficiency or equity, arguments that do not always bear fruit but could start a meaningful dialogue among voters. Minorities have not been shown how consolidation can help them increase their representation in the region or have been reassured that a larger government will not dilute their political influence. Suburban voters have been coddled by a promise of not touching their current level of service. This seems fine, but hardly inspiring. The Greater Buffalo Commission’s recommendations fall into the trap articulated by David Rusk: when consolidation is unable to bring new assets to the table in the creation of a new governmental entity, then the effort is simply a re-shuffling of what already exists. This type of consolidation can perhaps save some money by eliminating the duplication of services, but it is hardly going to transform the nature of a region.

Conclusion

Many of the problems found in the proposed Buffalo-Erie County merger are not necessarily controllable. The bad timing associated with the widespread financial crises in the Buffalo region could not have been avoided. Due to the legal restrictions inherent in New York State law, government consolidation is not an easy or a quick transition. Even if problems are anticipated, the leverage is not readily available to speed up consolidation efforts.

Buffalo is limited by being the first Upstate New York region to consider such a move. If broad enabling legislation existed prior to Buffalo’s consolidation efforts, then it is possible that the initial momentum created by the Greater Buffalo Commission could have resulted in a ballot referendum as early as 2004. If the possibility of consolidation was absolutely guaranteed based on a yes or no referendum, more and more public and

private entities within the greater Buffalo community might have entertained advocating such reform.

Ideally, the recommendations of the Greater Buffalo Commission would have been performed only under the pretense that a referendum was legally possible at any time. Under these circumstances, the possibilities presented by the Greater Buffalo Commission would have been fresh in voters' minds, and financial resources could have been pooled into a fund for a campaign of a reasonable duration. Because the Greater Buffalo Commission created its report in conjunction with its legislation, the political momentum was lost due to circumstances beyond anyone's control.

Prof. Kathryn Foster of the University of Buffalo, an expert on regions and governance, outlines three major components of a successful consolidation: 1) **Process**; 2) **Product**; and 3) **Politics**. These three components are essential in building a successful consolidation effort in any location. The process component of consolidation deals with the development of a plan. The nature of the process will help shape both the eventual plan and the public perception of the issue. The product component applies to the characteristics of a completed consolidation. This outcome should be desirable to as many parties as possible in the community. Finally, the politics component covers the feasibility of implementing a consolidation plan by taking into account the diversity of interests throughout a community. Beyond the uncontrollable economic conditions that limited the Buffalo consolidation initiative, it is safe to conclude that the entire effort failed to engage these three components effectively:

- 1) The **process** was muddled from the start. The Greater Buffalo Commission met behind closed doors, lacked charisma, failed to consult the public, and failed to carefully consider the legal and logistical hurdles to their proposal.
- 2) The **product**, a Buffalo-Erie "super" county, was portrayed as nothing more than a switch of leadership from the mayor's office to the county with some grand promises of economic revitalization thrown into the mix in order to justify such a move.
- 3) The **politics** of the entire initiative were counterproductive. Erie County Executive Giambra pushed the idea as a county saving the city crusade, placing too much emphasis on his personal role in becoming a regional

administrator. The Greater Buffalo Commission was created by elites who failed to engage in a public campaign of dialogue and ideas.

All parties interviewed for this report felt that the Greater Buffalo Commission's recommendations, as well as the organization itself, represented a false-start. While no one felt that consolidation in the Buffalo region is impossible, few believed that it could happen in the next couple of years due to the opportunities missed before the economic crises set in. If city-county consolidation is to occur in Buffalo in the future, the process will likely have to start completely over from the beginning.

CONSOLIDATION EFFORTS IN SYRACUSE

The issue of consolidation is not a new one in the Syracuse Region. The County's Forensic Crime Laboratory and the Emergency 911 Call Center are primary examples of how consolidation can be successful in this community. Previous failed merger attempts, such as the case between the Syracuse and Liverpool Police Departments, has left the community wary of any future consolidation attempts. It is therefore necessary that any future mergers or consolidation efforts in the Syracuse Region are conducted in a comprehensive manner that takes into account previous lessons learned as well as the current political atmosphere in each community. If the proper issues are adequately addressed, the Syracuse Region will be better prepared to provide meaningful reform as part of a new consolidation initiative.

Intermunicipal Consolidation in Upstate New York

The majority of attention in this report has focused on the Buffalo model of consolidation that involves a merger between city and county. There are a number of different types of consolidation, and Upstate cities such as Syracuse can greatly benefit from exploring intermunicipal consolidation and cooperation on a smaller scale. An important lesson learned from the Buffalo model is that most communities are not prepared for a full-scale consolidation of city and county governments. Whether cities like Syracuse are interested in an eventual city-county merger, or just looking to make government more efficient, smaller scale consolidation and cooperation agreements serve as a building block to future consolidation efforts.

As with any government restructuring, there are inherent obstacles that can complicate the process. Turf issues, community apprehension over access and representation, local identity, and municipal employee concerns all represent challenges to any consolidation effort. Along with inherent obstacles to consolidation, many groups have touted the potential benefits such as cost savings, improved service quality, improved comprehensive planning, and enhanced regional effectiveness in economic development. If Syracuse or any other Upstate municipality is going to seriously examine consolidation as a viable option, these issues must be addressed.

Issue #1: Turf Issues

New York State is comprised of more than 2,300 local governments, including counties, cities, towns, villages, and school districts. With so many small municipalities the potential for conflicts over turf in any form of government restructuring is great. The key to overcoming these turf issues lies in the ability of local officials to communicate effectively.

In interviews conducted with local officials throughout Onondaga County, the biggest obstacle to consolidation in the Central New York region was reported to be the reluctance of City officials to come to the table to discuss consolidation opportunities with the County. One interviewee pointed to the regular meetings of local town supervisors in Onondaga County as an example of positive communication that can help avoid turf battles. Another interviewee cited the *Citizens Task Force on Consolidation and Inter-Municipal Cooperation*, which meets regularly in Manlius, as another good example to how consolidation issues can be discussed in an open forum. However, it should be noted that all but one town supervisor in Onondaga County is a member of the Republican Party, and due to the fact that the City is overwhelmingly Democratic, issues related to trust are to be expected to a certain extent. The issue of party politics is inherently intertwined with turf issues but it is essential that local leaders rise above their personal concerns and communicate effectively in order to achieve what is best for their constituents.

There are a number of ways to deal with traditional turf issues, but the most important tool deals with the ability of local leadership to lead by example. As stated previously in the report, one of the key elements in the Jefferson County/Louisville merger was the fact that they employed three very popular elected officials who not only worked with the community on these difficult issues, but they also worked well together. Future consolidation efforts in Syracuse and Onondaga County stand to benefit greatly from similar efforts.

Issue #2: Community Access and Representation

A common concern related to consolidation is the effect it will have on community access and representation. Similar to the problem of turf issues, access and representation are also intertwined with party politics, in addition to even more controversial issues such as race. Just as the City of Syracuse is more Democratic than

its suburban counterparts, the majority of minorities live within city boundaries. For this reason, any efforts that would alter the current structure of city government threaten minority representation and community access to elected representatives. Results from empirical studies found in this report confirm these concerns. By expanding the base of political representation from the traditional City of Syracuse that has a considerable concentration of minorities to a city/county metropolitan government potentially decreases the proportion of minorities in the expanded population.

The political consolidation of the City of Athens and Clarke County, Georgia serves as a valuable case study when examining representation and community access issues. In the newly formed charter, the former Clarke County was divided into four districts of 12,000 to 14,000 people per district. Eight council members are elected to each district, and two members are elected to represent two super districts in the east and the west of the County. By reconfiguring the traditional political boundaries and ensuring that each district was represented adequately, officials in Athens were able to address many of the community's concerns regarding access and representation.¹⁵

While it has been noted that it is difficult to compare government structures outside of New York State to Upstate municipalities, the Athens-Clarke County example serves as a good point of reference when discussing these difficult issues. As with turf issues, the most important part of this process is to maintain open lines of communication that will enable citizens to voice their concerns with local decision makers. According to David Rusk, local community based organizations (CBO'S) can play an integral role in ensuring that these issues are at the forefront of local consolidation talks. A local chapter of the religious organization Gamaliel has begun this process in Syracuse by holding the NYS Economic Summit at Onondaga Community College in May 2005, in which keynote speaker David Rusk stressed the importance of CBO's in any consolidation effort. These efforts should be commended and expanded throughout the community. If local officials reach out to CBO's that represent different constituencies throughout the community, issues involving community access and representation will be better understood and more manageable in the long run.

¹⁵ Report to the Onondaga County Executive on Government Consolidation. Maxwell School of Citizenship and Public Affairs (1996).

Issue #3: Local Identity

The issue of local identity is a particularly difficult issue to address when talking about consolidation due to the fact that involves a great deal of history and emotional attachment. Regardless of whether a particular local municipality is politically relevant or financially stable, residents of both small and large communities are very passionate about their hometowns. At the same time, most people who live in Onondaga County equally value their connection to the City of Syracuse, which they identify as the region's cultural and historical epicenter. In a recent visit to Syracuse for a symposium on the *Syracuse Neighborhood Initiative*, former Indianapolis Mayor William Hudnut proclaimed "you cannot have a suburb of nothing." The point of this statement is that although suburban residents value their small town identity, and even though some suburban officials believe they have no vested interest in the City of Syracuse, the Central New York region cannot truly thrive without a strong central city.

A useful tool that was previously mentioned in this report is the ability of the New York State Legislature to enact legislation that would officially recognize dissolved local governments as "hamlets." This official designation would give smaller municipalities incentive to merge with a larger government by addressing local identity concerns. Under this new designation the dissolved government would cease to exist and all municipal functions would be absorbed by a larger government. The notion of hamlets allows for communities to respect the history of the area, while at the same time looking forward to establishing a more modern regional identity based around the central city of Syracuse.

Despite disjointed governance, economic markets extend over multiple jurisdictions in Central New York. While suburban communities serve a necessary purpose by offering residents of Central New York a wide variety of lifestyle options, they will not be viable communities without a strong economic engine in the City of Syracuse driving the region's economy. As many scholars contend, the real cities of a given area are the entire urbanized zone, and traditional local identity issues are no longer economically relevant. This is especially true in Upstate New York.

Issue #4: Cost Savings vs. Service Quality

Much of the current debate on intermunicipal consolidation revolves around the potential benefits of cost savings versus service quality. While in some situations both

goals can be achieved, any community seriously exploring consolidation issues must be aware of the problems that can arise by selling a community on consolidation based on a false pretense of unconfirmed benefits. If a serious dialogue is going to take place on consolidation in Onondaga County, it is necessary to look at specific examples of projects that have been successful as well as those that did not live up to expectations.

For the fiscal year ending 2001, local governments in New York State reported revenues of approximately \$575 million as a result of providing services to other governments. This figure represents at least 3,332 cooperative agreements between local municipalities throughout the state.¹⁶ In Onondaga County, the Southern Onondaga Trash System (SOTS) is a good example of how such consolidation efforts can work. Launched in 2002, SOTS represents four Onondaga County towns (Fabius, Pompey, LaFayette and Tully) and two villages (Fabius and Tully), and has been successful in cutting costs and extending service to outlying areas.¹⁷

In a recent interview with a local government official, he cited a study that concluded that an initial savings of \$500,000 could be achieved by consolidating the Onondaga County and City of Syracuse Purchasing Departments. Although the purchasing figures cannot be confirmed, the aforementioned examples deal with primarily “back office” functions that offer the most potential for cost savings, while at the same time usually do not create a significant amount of public attention or dissent. The consolidation of “back office” functions may represent a reasonable and incremental beginning to larger consolidation efforts.

When Onondaga County and the City of Syracuse consolidated their Forensic Sciences Labs, proponents of consolidation touted the potential for significant cost savings. Upon interviewing a former city official who was present during these efforts, he reported no cost savings as a result of the merger. This particular consolidation serves as a primary example of how consolidation can improve service quality, even if it does not save a great deal of money. Due to the improved service that resulted from the consolidation effort, the citizens of Onondaga County have clearly benefited from these efforts, despite the lack of cost savings. It is therefore imperative that local leaders and

¹⁶ “Intermunicipal Cooperation and Consolidation” Office of the New York State Comptroller Alan G. Hevesi, 11/20/03.

¹⁷ Seely, H. “Trash Burnt at Home Releases Many Toxins,” The Syracuse Post-Standard, 3/14/04.

voters examine all potential benefits and costs when exploring consolidation opportunities.

Issue #5: Comprehensive Planning

Proponents of intermunicipal consolidation often tout the benefits of government restructuring on planning throughout a particular region. It is a well known fact that cities throughout New York State have continued to lose population while the outer suburbs in surrounding counties continue to expand. This shifting of population can be attributed to many social and economic factors, but an important part of this discussion revolves around the ability of communities to plan effectively. The current situation in Syracuse and Onondaga County is no different, and local officials have recently viewed comprehensive planning as an effective tool to combat suburban sprawl while concurrently adjusting for a decreasing central city population.

In an interview conducted with a county official, he highlighted the importance of planning on a county wide basis. In response to suburban sprawl issues, the County has adopted a philosophy of not subsidizing any new infrastructure that will support sprawl. This philosophy continues to be a contentious issue throughout the region, and additional interviews throughout the community have helped to further shape this issue. Those who are against the idea of a consolidated planning effort express concern over a county-wide planning function that would not be sympathetic to localized decisions made in city and suburban neighborhoods. Another concern raised deals with the lack of cost savings that would result from such efforts, but as was stated previously in the report, many of the benefits of consolidation are acquired through improved service as opposed to cost savings.

The Central New York region has achieved moderate success in producing effective planning documents. Onondaga County's *2010 Development Guide*, the City of Syracuse's *Comprehensive Plan*, the Central New York Regional Planning and Development Board's *Central New York Comprehensive Economic Development Strategy*, and the Metropolitan Development Association's *Essential New York Initiative* have all attempted to plan in a more comprehensive manner. Still, more work can be done in order to use these plans together to effectively plan for the future of Central New York. Whether or not it would be beneficial to consolidate all the planning departments in Onondaga County is open for debate, but it is clear that the entire region will benefit

from increased collaboration on important planning decisions that affect everyone in Central New York.

Issue #6: Regional Effectiveness and Economic Development

Consolidation of the Economic Development Departments in the City of Syracuse and Onondaga County has been a contentious issue throughout the community in recent years. Proponents of consolidating economic development departments point to the fact that under the current structure, business looking to locate in the region must report to multiple economic development departments and agencies depending on where they are interested in locating. This often results in communities within Onondaga County and the surrounding region battling for economic development that stands to benefit the entire region. The multitude of tax breaks offered throughout different communities creates a race to the bottom as municipalities give up more and more in order to secure badly needed jobs.

For the aforementioned reasons, many leaders in the Syracuse community believe that a more coordinated effort in economic development would create a better business atmosphere than currently exists. At the same time, a number of individuals interviewed for this report expressed serious concerns over such consolidation efforts. The majority of concern comes from local officials working to increase business in the City of Syracuse. A local economic development expert expressed his concern that by taking economic development out of the hands of city officials, a newly consolidated county economic development department would be less inclined to bring business directly into the city as long as a business is willing to locate somewhere in the area. This particular interviewee pointed specifically to the neighborhood business districts in the city as the group most likely to be hurt by such a consolidation.

In speaking with an official from Onondaga County, he proposed a solution that could potentially allay some of the City's fears. The City could potentially retain its Industrial Development Agency that could establish a tax structure that would enable the City to continue to aggressively compete for business. The newly consolidated county-wide economic development department would continue to be accountable to the City by regularly reporting to the City's IDA. This proposal is just one potential way to address the current inefficiencies in the regions economic development efforts, and the only way

that this and other proposals can be effectively analyzed is through increased communication between all economic development agencies throughout the region.

Recommendations for the City of Syracuse and Onondaga County

The issues outlined above frame the possibilities of consolidation in the Syracuse region. There is no right or wrong form of consolidation, as long as the purpose of improved governance guides those who craft a new form of government. Limited consolidation is obviously the most realistic method of reform, but a broad city-county consolidation is absolutely possible if all parties involved wish to produce such radical change and the voters of the region deem such an effort worthy of their approval.

The eventual form of government consolidation in the Syracuse region will depend upon a variety of factors, many of which may not be apparent at this time. What is more vital, no matter the type of consolidation attempted, is the way one goes about forming a consolidation movement. After studying numerous case studies, we believe that the recommendations outlined below are essential guidelines in forming a successful consolidation movement. Concurrently, Buffalo's failing consolidation efforts contradicted almost every single one of our recommendations. If consolidation is to be a positive reform experience in Syracuse, the entire initiative should closely follow the guidelines found below.

In a format suggested by Professor Kathryn Foster of the University of Buffalo, we have compiled a series of recommendations for the Syracuse Region under the general headings of 1) **Process**; 2) **Product**; 3) **Politics**. These three components are essential in building a successful consolidation effort in any location.

Process:

1. Broad consolidation efforts may require enabling legislation from the New York State Legislature. Whether the Syracuse Region offers legislation covering local municipalities only, or whether a broad Upstate coalition is formed, it is important that the legislative process is underway before the issue of consolidation is taken to the public. The public should vote in a referendum that can legally take effect almost immediately.
2. An open and transparent dialogue on consolidation must exist from the beginning to the end of the planning process. If a commission is formed, its meetings, notes, and reports should be available to the public. At no

time should planning efforts be concealed by any officials for fear of political dissent. During the final stages of an initial referendum, a public campaign should be organized and financed to help disseminate the details of the proposal.

3. There should be no pressure for a commission or any other body to make sweeping recommendations at the beginning of a consolidation process. Some aspects of consolidation might, and perhaps should, take years to formulate. It is important that a process recognizes incremental steps needed to build trust and political cooperation.

Product:

1. The initial consolidation proposal taken to the voters should be realistic in its scope and practical in its application. All members of the community should be able to understand the proposal and consider its potential benefits or shortcomings.
2. Broader goals of a unified economic region should be discussed and planned. It is prudent, however, for any planning commission to realize that future events will do more to shape a consolidation than any efforts made at the present time. An economic vision can help inspire all parties involved in a consolidation, but plans should be flexible enough to absorb changing conditions and related concerns from members of the community.
3. Any final plan for consolidation should strive to increase the quality of representation and community access for all groups within a given community. A consolidated government should be particularly sensitive to representation issues among minorities and the economically disadvantaged.

Politics:

1. A planning commission examining the issue of consolidation must be made up of a comprehensive cross-section of the community. The commission should include elected officials, members of community-based organizations, union officials, and accomplished professionals with

- a vested interest in the economic and social well-being of the community. Members of the commission should be appointed in a bi-partisan manner.
2. The primary advocates for consolidation must be elected officials who are accountable to the public. This ensures that voters will perceive consolidation as a function of necessary governmental reform and not a consolidation of political power.
 3. Elected officials who have enjoyed a substantial tenure in public office and those officials who enjoy popular support in the community are the most effective advocates for consolidation. Consolidation efforts can suffer from ill political timing if a newly-elected official who has yet to build sufficient political capital attempts to spearhead a consolidation movement.

Conclusion

The Syracuse Region is at a crossroads in its history. The City has weathered the economic decline and population loss that has decimated similar northeastern industrial cities over the past 30 years, and is now poised for an economic and cultural renaissance. While members of the community have begun to think in a more regional context in response to the changing economic structure throughout the country, governmental inefficiencies and fiscal instability threaten to derail the recent progress of the region. Intermunicipal consolidation and cooperation can be useful tools for modernizing the current government structure in Onondaga County. Only through a comprehensive community effort will members of the Syracuse community understand the extent of change that is adequate for the unique needs of this region. There is no quick fix when it comes to the restructuring of traditional governmental entities, but consolidation, if approached properly, can help communities to be better equipped to handle the challenges of modern day government.

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APPENDIX DESCRIPTIONS

Appendix A: 1996 Governance Report, Appendix A

This section of the University of Buffalo Governance Project's *Governance in Erie County: A Foundation for Understanding and Action* (1996) is a compilation and analysis of various literature pertaining to the issue of consolidation. Appendix A was authored by Prof. Kathryn Foster of the University of Buffalo. This appendix of the governance report served as the basis for the first section of this report per request of Syracuse 20/20.

Appendix B: Upstate New York: A House Divided by David Rusk

In May of 2005, the Gamaliel NY foundation held an economic conference in Syracuse. The keynote speaker was David Rusk, former mayor of Albuquerque and independent consultant on urban and suburban policy. *Upstate New York: A House Divided* is a report Rusk prepared for the group and it was the basis of his address. While some of the claims and conjectures about the economic possibilities of consolidation are not necessarily supported by theorists or empirical evidence, the report provides a good analysis of the logistical constraints of consolidation in New York State.

Appendix C: State Legal Issues Implicated by the Proposed Merger of the City of Buffalo and Erie County

This legal brief by the prestigious Buffalo law firm of Hodgson and Russ LLP examines the legal issues of consolidation in New York State. The brief was commissioned by attorney and private citizen Kevin Gaughan, an advocate for government consolidation. Gaughan has organized a series of public forums on the issue of consolidation in Buffalo, and this brief was presented to the public during a forum entitled Buffalo Conversation 3 in June of 2004. Hodgson and Russ have provided a succinct and readable document that presents the legal considerations clearly.