



# **IMPROVING THE COMPETITIVENESS OF HAMPTON ROADS**

**The Hampton Roads Regional Structure Project**

**Recommendation to create a**

**Commission on Local Government  
Operations**

Prepared by the Future of Hampton Roads, Inc.

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HAMPTON ROADS REGIONAL STRUCTURE PROJECT

**REPORT OF STUDY GROUP 4A**

**COMMISSION ON LOCAL GOVERNMENT OPERATIONS**

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## 1. Study Group Task

Study Group 4A was charged with providing detailed recommendations in support of the proposals from pages 12-14 in the Hampton Roads Structure Project's *Report No.2 – Transforming the Regional Structure*. These pages are reproduced in Annex A-1. In summary, the Study Group task was to:

- a. Review the principles governing the work of the proposed Committee, as stated in the draft of *Report No.2*.
- b. Propose details of a structure for the proposed Committee on Local Government Operations.
- c. Comment on the specific suggestions for possible combined services mentioned in the draft of *Report No.2*.

## 2. Recommendations

### a. Statement of principles

We endorse the statement of principles contained in Section 2.1 of *Report No.2 – Transforming the Regional Structure* (see Annex A-1) except for the name and membership of the entity to be created, as noted below in b(i) and b(iii).

We note that over the years the local governments of Hampton Roads have established numerous bilateral or multilateral working relationships, in various forms, to accomplish specific objectives, including arrangements designed to foster more efficient and cost-effective delivery of services. A compilation of these shared services has been prepared by the region's city and county managers at the request of the Hampton Roads Partnership (Annex A-2). We believe the multiplicity of these practical arrangements demonstrates both a willingness to consider regional service arrangements as well as the pragmatic approach needed when considering further proposals for sharing services or consolidating organization structures. Furthermore, the fiscal stress of almost all our region's localities combined with the resistance of residents to increased taxes provides a powerful motivation to look for methods to work together regionally to improve service delivery at lower cost.

### b. Commission on Local Government Operations

Numerous examples exist of prior efforts organized elsewhere to improve government efficiency and economy. Several are listed in Annex A-2. Their procedures and accomplishments can provide guidance for implementing the following proposals.

With reference to Section 2.2 of *Report No.2*, we recommend the following with respect to the structure of the proposed Committee:

i. The entity to be created should be named the “Hampton Roads Commission on Local Government Operations.”

ii. The Commission should operate under a directive provided by the region’s elected officials and should report to them. The directive should provide a clear mandate to examine all aspects of local government overhead, service delivery systems, and infrastructure projects for opportunities to improve service and/or reduce costs through various forms of regional cooperation or consolidation.

iii. The Commission should be composed of one elected official from each of the member governments of the Hampton Roads Planning District Commission and one senior business person or other citizen from each such locality appointed by the mayor. (We note that this differs from the suggestion in *Report No.2* that the group be under the leadership of the Chief Administrative Officers. We prefer the stronger form recommended here.)

iv. The Commission should either be chaired by a non-government member or co-chaired by one government member and one non-government member.

v. The Commission should be assisted by a Technical Advisory Committee composed of the Chief Administrative Officers of the participating localities and volunteer business representatives with professional skills in public accounting, management consulting, and public law. Appropriate teams would be organized to examine specific government functions and prepare recommendations.

vi. Alternatives to be considered include various forms of consolidation (coordinating committee, commission, authority, etc.), contracting for support of one locality by another, or outsourcing to the private sector.

vii. The Commission should be required to report its progress at least quarterly in writing to the region’s elected officials (Planning District Commission or the proposed Metropolitan Council).

viii. Proposals for agreements to share or consolidate services should be approved by the elected officials of localities that would have to implement changes and, if necessary, by the state legislature. Proposals should include cost/benefit analyses.

ix. Administrative support should be provided to the Commission by the staff of the Planning District Commission.

x. A budget should be provided by the localities to defray out-of-pocket expenses for research and analysis.

### c. Specific Suggestions

The specific proposals listed in Sections 2.3, 2.4, and 2.5 of *Report No. 2* (see Annex A-1) should receive early attention by the proposed Commission. These include:

i. Create a single Hampton Roads Workforce Investment Board by merging the separate Peninsula and South Hampton Roads workforce investment boards. (See the report of study group 4C on this subject).

ii. Create a regional tourism authority or convention and visitors bureau to prepare and implement a regional strategy for tourism development and marketing. (See the report of Study Group 4B.)

iii. Although the Dillon Rule does not fundamentally impede regional cooperation, the localities might deal with the inconveniences the Rule causes by inviting a group of city/county attorneys to draft a standard city/county charter based on the typical exemptions already approved by the legislature. (See “The Dillon Rule” in *The Regionalist Papers* and the study group report *Recommendation for Simplifying Virginia’s Local Government Charter Amendment Pro*)

iv. While the decentralization of the public school systems is desirable, the superintendents might consider consolidation of any redundant school system overheads.

v. These specific proposals are a good starting point for the proposed Commission on Local Government Operations, but they should be supplemented by a thorough comparative analysis of *all* major service and overhead functions of local governments and authorities to identify opportunities for sharing or consolidating functions or entities. Examples of the functions that might be considered for some form of consolidation are:

Purchasing	Personnel services
Vehicle maintenance	Standardized accounting
Building management	Standardized services delivery
Library services	Forms management
Information Technology	Firefighting
Pooled Investments	Accounts Receivable & Payable

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## Annex A-1

### Excerpt from Report No. 2 relative to Local Government Operations

## **2. Make Local Governments More Efficient.**

**2.1 Principles.** The Regional Structure Project did not consider whether any particular local government operates as efficiently as it might, especially since all of them report some measure of fiscal stress, i.e. a shortfall of revenue to meet identified public needs. Intense pressure on governments to provide services combined with public resistance to additional taxation suggests it is time to look at structural alternatives.

2.11 Given automation, telecommunications, and modern forms of organization, there is a presumption that among sixteen separate governments in a region of 1.6 million citizens there must be some functions that could be further combined to achieve better service at less overall cost.

2.12 The proposed review, which should be supervised by the chief administrative officers, is a pragmatic matter of examining specific functions, one by one, and identifying those where some sort of change would be beneficial, either by reducing expense, improving service, or both, or by slowing the growth of expenses as the population grows.

2.13 Changes in operating bureaucracies can be implemented without modifying the basic political structure provided accountability is established properly at the regional level as proposed in Section 1 above.

2.14 Although any effort to achieve real economies implies a reduction of government personnel relative to the population served, such reductions can be achieved humanely through management of turnover.

2.15 Even if the financial results turn out to be relatively modest, the effort of elected officials to examine the possibility of sharing services beyond what is already being done should be politically rewarding as a way of demonstrating concern for the public purse.

**2.2 Functional Consolidation.** It is proposed that the elected leaders of the sixteen local governments implement this recommendation by directing their administrative staffs to organize a joint examination of the feasibility of consolidating various common functions in addition to those already handled by regional authorities. The form of any particular functional consolidation might range from a simple coordinating committee to entire bundling of the function in a present or newly-chartered regional authority.

2.21 Given the extent of the necessary review, and to sustain focus, it is proposed that a Committee on Local Government Operations be established under the administrative supervision of the Chief Administrative Officers Organization to oversee and evaluate the work of functional study groups.

2.22 The Committee should be adequately funded to draw on the expertise of accountants and other outside experts to assist in the research and preparation of recommendations.

2.23 Where the structure of existing authorities or commissions might be subject to modification, the responsible boards of directors should be involved in the deliberations.

**2.3 Specific Suggestions.** A sample of specific areas of investigation suggested by citizens who participated in the Regional Structure Project includes the following. No detailed studies have yet been done to validate these suggestions, and some may turn out not to be desirable, but they are recommended to the proposed Committee for consideration.

2.31 Combine established authorities that have similar functions, such as the Southeastern Public Service Authority and the Virginia Peninsula Public Service Authority, both of which process trash. Models exist already in the Hampton Roads Transit Authority and Hampton Roads Sanitation District.

2.32 As Hampton Roads is a single labor market, combine the two separate workforce development organizations. (Also see 3.4.)

2.33 Some of the marketing functions of the local government economic development departments might be assumed by the Hampton Roads Economic Development Alliance, in particular as a means of reducing many separate budgets for external advertising.

2.34 The sixteen city and county treasurers should consider merging the investment function into a single staff with themselves as an oversight committee. Consideration should be given to pooling of funds in the hands of selected investment institutions, much as the universities do, and to the combining of other service functions.

**2.4 The Dillon Rule.** A careful study of the Dillon Rule indicates that Virginia localities enjoy relatively broader powers than municipalities in many so-called Home Rule states.

2.41 Although Virginia is strict in requiring requests for additional local government authority to be approved by the General Assembly, in fact over 60% of such requests have been routinely approved.

2.42 Therefore, although the Structure Project does not consider that the Dillon Rule impedes regionalism, the local governments might wish to commission a study to determine whether the number of requests to the legislature might be reduced by proposing that a standard list of powers be legislated based on the nature of prior approvals.

**2.5 Public Schools.** The Structure Project values the traditional decentralization of public schooling, where accountability is placed as closely to parents as possible. Nevertheless, Region 2 School Superintendents might invite an examination of the feasibility of further consolidation of various overhead functions of the seventeen school districts as an extension of the common purchasing policies already in place.

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### **Examples of Government Efficiency Commissions**

Some government efficiency initiatives have been structured as business efforts, others were organized within a government, or across governments. Some were outgrowths of the Total Quality Management movement, based on Japanese “kaizen” efficiency teams. Self-examination is a key element for obtaining productive change.

#### **Virginia: Governor’s Commission on Efficiency and Effectiveness**

Established by executive order of Governor Warner, with former Governor Wilder as chairman and a businessman as vice chairman, the Commission issued its final report on state government operations in December, 2002. The document is instructive for the statement of purposes: identify redundant programs, consolidate departments and programs, use modern technology and management tools to improve service delivery and reduce costs.

#### **Federal Government: The Grace Commission**

Appointed by President Reagan in 1982, the Commission issued its report in 1984. “In the course of the search by our 36 Task Forces, chaired by 161 top executives from around the country and staffed by over 2,000 volunteers that they provided, we came up with 2,478 separate, distinct, and specific recommendations which are the basis for the carefully projected savings.”

#### **Los Angeles County: Citizens’ Economy and Efficiency Commission**

“In 1964 the Los Angeles County Board of...established the Los Angeles County Citizens’ Economy and Efficiency Committee. After nine years, the Board re-designated the Committee as a Commission. The County Ordinance under which the Commission derives its authority provides for the appointment of twenty-one Commissioners; four appointments by each of the five Supervisors with the twenty-first appointment being the preceding year’s Foreperson of the Los Angeles County Grand Jury. Commissioners are appointed to serve a two-year term, but may serve longer if requested to do so by their appointing Supervisor. The commissioners, as recognized leaders within the public service, corporate, legal and academic segments of society, bring a uniquely focused perspective to the Commission’s review and analysis of local government policy, management and operations.”

The Web site lists current projects. “These projects are undertaken at the direction of the Los Angeles County Board of Supervisors or as a result of the Commission’s interest in an issue. Upon completion the results and the accompanying recommendations are forwarded to the Board and released to the public.”

Publications are listed on the Web site according to topics considered, including departmental operations, risk management, security, asset management, contracting, court procedures, and legislative recommendations.

The Commission has received awards from a number of national organizations.

### **Alberta Canada: Ministry of Restructuring and Government Efficiency**

The Ministry was created in 2004. Its 2006-09 Business is worth study for its mission statement, statement of values, list of “core businesses,” strategies, and performance measures.

Especially suggestive is the list of Shared Services it promotes: “Even though the business of each ministry is different, the support functions are similar, making it possible to share these services through a coordinating business unit called Shared Services... (Streamlining and standardizing these functions under a single business unit can prevent duplication, provide economies of scale, reduce costs, and ultimately improve efficiency).” Examples of shared services:

- \* Library Services
- \* Fleet Management
- \* Human Resources Services
- \* Computer Desktop Support
- \* Building Management
- \* Forms Management
- \* Managing of Capital Assets
- \* Computer Infrastructure
- \* Accounts Receivable/Payable
- \* Purchasing (Furniture, Computers, etc)”

### **New York State: Association of Counties**

In May, 2006, the Association “...announced a new partnership aimed at creating greater efficiency and innovation in county government through the use of Salient's Muni-Minder performance management solution...[which] creates efficiencies in the management of public sector agencies and programs.”

A 1997 Cornell University survey report found that “Restructuring in New York State primarily involves public sector innovation rather than privatization. Intermunicipal cooperation was the predominant form of restructuring, while privatization was the second most common form of restructuring. Significant levels of reverse privatization and governmental entrepreneurship were also found. Incidence of restructuring was highest... in...public works, public safety, and general governmental support functions. Impact on local budget and economic efficiency were the most important factors in the decision to restructure services. Concerns with service quality and community values were also important. Labor and management concerns were also significant but unionization was not considered a major factor.”

## **Annex A-3**

### **“Connected Cities” Report of Hampton Roads Partnership on joint activities of local governments**

#### **Connected Cities**

The Hampton Roads region is a community rich in resources. The military, tourism and thriving business community bring money, jobs, and a stable economy. People like living and working here.

At the helm of this region are the governments of each of the seventeen localities that make up Hampton Roads. They work to attract business, balance growth, and build and maintain strong communities. Often, this effort is similar to that of a track team. The success of individual runners contributes to the success of the team. But today’s global competition is a relay, and winning means working together for maximum results. We acknowledge that much work remains to be done to encourage greater cooperation among local governments, but our cities and counties do, in fact, cooperate in a number of areas.

The Hampton Roads Partnership, a public private organization comprised of the chief elected officials of the local governments of the region, colleges and university presidents, key business leaders and the military commands has worked over the past nine years to improve regional cooperation economic competitiveness. To get a handle on how our cities and counties work together the Partnership embarked on a project to identify as many activities and services as possible where two or more local governments are working together. The focus of our work was on regional cooperation among the seventeen Hampton Roads localities, defined as initiatives where local governments work together to provide better and more efficient customer service to citizens.

The initiatives we identified represent areas as diverse as the cities and counties themselves. Some are wonderful examples that work for the communities involved. Others could be expanded to include other localities. All demonstrate that the whole is greater than the sum of its parts, and citizens are the greatest beneficiaries.

We are culling a list of over 600 activities reported by local governments down to a short list based on the number of localities participating, with particular emphasis on projects that involved both Peninsula and Southside localities, and improved service to the community. Some are well known because pooled resources are used partially for community education. Others focus resources entirely on the project itself with little allocated for community awareness.

The regional activities with the highest impact are often entities of their own and supported by local governments. They represent how diverse the candidates for cooperation can be. They include groups you all are probably very familiar with: Hampton Roads Planning District Commission (HRPDC), Hampton Roads Sanitation District (HRSD), and the Southeastern Public Service Authority (SPSA). There are some projects that will be easy to understand and explain, such as the Hampton Roads

Metropolitan Medical Response System, which brings together the public safety and medical communities to respond in a coordinated way to public health emergencies. Project Lifesaver brings a team together to locate people prone to wandering, such as Alzheimer's patients. Now an international organization, it was started right here in Hampton Roads.

And there are some that you may have never heard of, such as SECEP, or Southeastern Cooperative Education Programs, a regional public school that serves over 1200 special education and alternative education students. Serving children with special needs is a real challenge – finding teachers, funding, SOLs. This group works at both the school board and staff level to plan and operate programs. It has eight centers, plus it operates programs within the eight participating public school systems.

With our real estate values increasing at a rapid pace, affordable housing has gotten a lot of attention, but have you heard of the Hampton Roads Community Housing Resource Board? In April 2004, mayors and city managers from seven cities as well as executive directors from six area public housing authorities joined together to present a regional Analysis of Impediments to Fair Housing Choice to the HRPDC. This was the reaction from HUD Regional Director Milton Pratt: “Just think about it, seven independent cities and six public housing authorities ignoring boundaries and rivalries to work collaboratively and cooperatively to develop this plan. To the best of my knowledge, nowhere else in the country have so many local governments serving so many people joined together like this. You are taking what it means to be committed to fair housing and equal opportunity to a new level.”

And finally, did you know that you can get a library card at any library in Hampton Roads? Since the 1970's, under an agreement of the Tidewater Area Library Directors Council and the Library of Virginia, residents of Hampton Roads and the Eastern Shore have been able to register for a library card from the other cities and counties at no charge.

We have identified a list of projects that we believe are good examples of governments working together to improve service to citizens. Our next step is to determine which projects offer the greatest opportunity to educate citizens and governments on the innovation that currently exists, opportunities for expansion, and the value of cooperation.

Attachment: Joint Activities Grid

**Annex A-4****Members of the Study Group**

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