MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M

ROLL NUMBER

DESCRIPTION

1209

Operator's Signature

10/2/03
Date

2003 HOUSE POLITICAL SUBDIVISIONS

HB 1209

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1209

House Political Subdivisions Committee

☐ Conference Committee

Hearing Date: January 30, 2003

Tape Number	Side A	Side B	Meter #
2	X		4.1-14.4
Committee Clerk Signature Mickie Schmidt			2-11-03

Minutes:

(TAPE 2; SIDE A:)

(4.1) REP. GLEN FORSETH: We will call the committee back to order and open the hearing on HB 1209. With this Bill still fresh in our minds, what are the committee's wishes?

(5.0) REP. WILLIAM KRETSCHMAR: I MOVE A DO NOT PASS.

(5.1) REP. DALE SEVERSON: I SECOND IT.

(5.2) REP. GLEN FORSETH: Any committee discussion?

(5.3) REP. RON IVERSON: The counties need to realize that they have to accelerate in the Tool Box Legislation.

(5.6) REP. GLEN FORSETH: This will probably have some impact to DPI's recommendation and as a result to that plan, there were schools that did start the process because I think they realized that if they didn't, it would be mandated to them. Right after the 15 regions happened, a large movement of counties started consolidation of services and offices. They really began to take advantage of the Tool Box Legislation to do that. Now, the TBL has all the provisions for the counties to do that. I believe there are parts of HB1209 are unconstitutional.

(6.8) REP. ALON WIELAND: The discussion was good because it points out the counties that are doing so much to combine. None of these counties were asked if they wanted to be associated with this county or that county. Some of the smaller populated counties were left alone because there's some inconsistency. We're always looking at reducing government, we always talk about counties, but we have a lot of duplication between city and county government. There's a lot of areas we could be looking at. (Also commended the prime sponsor)

(8.0) REP. MIKE GROSZ: I too would like to commend the prime sponsor. However I do not see in this Bill where it removes the Tool Chest Act or says you cannot continue those cooperative efforts even after you've become a multi county subdivision. If the counties aren't one of the pieces of the puzzle, then what is the problem as those displayed by the Association of Counties showing a decrease in state aid compared to the increase of property taxes. Should every North Dakotan pay more in sales and income taxes in order to make up that difference, or do we need to look at our schools and cities? Where is the answer?

(9.2) REP. MARY EKSTROM: I think you all realize how difficult it was to sign on to this Bill and it was never my intention to rake the counties over the coals for what they have or haven't done. I know that many of them are doing an excellent job. We are in serious trouble here. This was one more attempt to get the conversation going.

(9.9) REP. GIL HERBEL: One of the County Commissioners told me that there are about 20 counties on the verge of insolvency. This might serve as a notice to these people that they're going to have to start doing something with these counties.

(10.8) REP. GLEN FORSETH: In my earlier comments, I didn't intend to indicate the Tool Chest Legislation could be by passed. The Tool Chest is still there. It might form some constitutional questions in article 7; section 4: reads: The Legislative Assembly shall have no power to remove the county seat of any county. Section 5 in part reads: No portion of any county or counties shall be annexed, merged, consolidated or absolved unless the majority of the electives of each effective county voting on the question so approved. Section 8 reads: Any elective office provided for by the county shall be for a term of four years. In this Bill it said some elected positions would be for two years. Any other comments? Is the committee ready for a vote? I'll ask the clerk to take a **Roll Call Vote on a DO NOT PASS:**

10-y; 4-n; 0-absent; Carrier: Rep. Wieland

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1209

House Political Subdivisions Committee

☐ Conference Committee

Hearing Date: January 30, 2003

Tape Number	Side A	Side B	Meter #
3	X		**0.0-53.0**
3		X	**0.0-50.1**
4	X		**0.0-3.6**

Committee Clerk Signature Mickie Schmidt 2-12-03

Minutes:

(TAPE 3: SIDE A:)

(0.0) REP. GLEN FROSETH: We will open the hearing on **HB 1209.**

(0.2) REP. DAVE WEILER: Testimony in support of HB 1209. (See attachment # 1)

(9.0) REP. GLEN FROSETH: I noticed you point out the growth in local government on one of the charts, but I presume that a lot of that growth is probably due to mandates that have been placed on local government for federal or state mandates. The largest in the area of Human Service programs. I didn't notice any charts on what contributed to that growth of local government. Do you have any available?

(9.4) REP. DAVE WEILER: Which chart are you referring to? That's correct, it's local government. There is a sheet that says with the correct data, that town government throughout the state has grown by over 300 people in the last five years.

(10.0) REP. DALE SEVERSON: How much of that growth is due to mandates?

(10.1) REP. DAVE WEILER: I don't have that.

(10.2) REP. WILLIAM KRETSCHMAR: When you drafted the Bill, did you consider a line for a reprimand by the counties involved.

(10.4) REP. DAVE WEILER: No I did not, it has been brought to my attention and if this bill is passed it's quite possible to have it happening whether it's in the Bill or not.

(11.0) REP. RON IVERSON: Do you have any data on what the savings would be?

(11.1) REP. DAVE WEILER: The savings is a difficult number to come up with. The counties might have that information. I think the savings would be somewhere around $200,000-$300,000 for each multi county district. If you add the courthouse that you would not have to maintain, it would increase even more.

(11.7) REP. GIL HERBEL: If the Bill doesn't address anything when where the two counties, one might have a long term debt, the other not. Do the two counties then assume that debt together?

(11.9) REP. DAVE WEILER: It does not address that and the reason is we want to leave as much up to the counties as much as possible.

(12.3) REP. GIL HERBEL: This probably would go in line then with what your comment was like, boards were maybe, there's a group of people like Securities Boards, Zoning Boards and that type of thing. The Bill as it is doesn't address that, does it?

(12.6) REP. DAVE WEILER: That again would up to the multi county.

(12.7) REP. ALON WIELAND: You mentioned court houses that would be empty, I'm assuming that you thought they could be torn down. Would not the State Historical Society have something to say about that and maybe they would end up having to maintain, insure and keep these courthouses, as many of them are represented as historical. When you set up the multi districts, did you discuss with each of these counties where the best bet would be for them?

(13.4) REP. DAVE WEILER: No, I did not discuss that with any of them. If there are some issues and problems, the Bill is certainly open to being worked on. Know that there are going to be some concerns out there. The original Bill had 32 multi county districts. With McKenzie and Dunn County being combined into one, and was brought to my attention, that it would be a problem for those two because of their large size. In the Bill, it doesn't say that the courthouses have to be torn down, but they will be closed. What happens to them is up to the people in their county.

(15.0) REP. ALON WIELAND: The counties don't have that authority.

(15.1) REP. DAVE WEILER: They will have the say in which of the two county court houses remains open and which one is shut down.

(15.8) REP. CAROL NIEMEIER: When you speak about savings in government, do you equate that to the lost wages?

(16.1) REP. DAVE WEILER: As far as the business's go, they're still going to contract with the county seat on that. The savings and the lost wages...absolutely there will be some lost wages.

(16.8) REP. CAROL NIEMEIER: Do you agree that the business's contracting for a court house services would be in the city of the court house's location?

(17.0) REP. DAVE WEILER: They would but they are still going to be a court house within the multi county district. They are just going to have to travel and go to a different area.

(17.3) REP. ANDREW MARAGOS: Isn't there a device already available if they choose and think it's in their best interest to be more efficient and vote on our property taxes, which they aren't paying and we are not paying. Doesn't it give you concern that they decided not to exercise this, wish to maintain things that they are willing to pay for?

(17.7) REP. DAVE WEILER: You are referring to the Tool Chest Legislation that was passed in 1995, I assume? The purpose of that was to pave the way for the counties to do some consolidating. The numbers and figures that I have show that they have not done so.

(18.2) REP. RON IVERSON: Why do you think there's such a bias against doing this, consolidating the counties?

(18.3) REP. DAVE WEILER: People don't want to lose what they have, or family or friends in office that will be affected, local control...

(18.7) REP. DALE SEVERSON: You said in your testimony that you wanted to leave as much local control as you could. How do you perceive your Bill on assisting local control?

(19.0) REP. DAVE WEILER: I see your point. This Bill takes away some of that local control. But, there has been some opportunity over the last eight or ten years to do some consolidating.

(19.9) REP. GIL HERBEL: If you support HB 1198 which was just before us, that would help us control property tax at the local level, reduce it which would force some of the issues, because if there's less money to work with they're going to have to consolidate some of these governments. "So I would encourage you to vote yes on HB 1198."

(21.6) REP. DALE SEVERSON: My concern because of the sponsorship of the Bill, it appears that there is a rif between urban and rural. Would you address that?

(21.9) REP. DAVE WEILER: I tried very hard to get someone from the rural area's to get on this Bill. I couldn't find one.

(22.4) REP. ALON WIELAND: You just stated that you were looking to reduce property taxes, but in your testimony you said that this Bill is not going to reduce property taxes, at least not by itself. Where would the savings come from?

(22.6) REP. DAVE WEILER: I don't believe that I said that it wouldn't reduce property taxes, I said that by itself it would not reduce property taxes. This alone can't take care of the problem. This is one piece of the puzzle.

(23.2) REP. ANDREW MARAGOS: Do you know of any other state that have ever reduced the number of counties that they had?

(23.9) REP. DAVE WEILER: To my knowledge I don't know if there has been.

(24.6) REP. SALLY SANDVIG: What happens to the feelings of the people that elect their officials. They feel a sense of closeness, not only geographically but also they know their people better, what's going to happen to this?

(25.0) REP. DAVE WEILER: It is a concern, but the multi county district set up whether they want to elect their people at large, the county commissioners, or whether they want to set up their own districts and voting and they could set it up so that they still get representation close to that. This is not going to help the issue that you're talking about. It is a hindrance on some of them.

(25.8) REP. SALLY SANDVIG: What type of counties have already been consolidated, and now they're going to be put into a different county?

(26.1) REP. DAVE WEILER: There are two counties that are currently sharing a States Attorney, and they happen to be two that this Bill addresses.

(26.9) SEN. TONY GRINDBERG: (Testimony in support) We are the policy branch of government and to air these kind of debates is healthy for our state. We will come together and work with you on this.

(29.2) REP. RON CARLISLE: (Testimony in support) This is the last state in the USA that you can have a hearing like this, where a committee chairman cannot pocket that Bill.

(30.9) REP. MARY EKSTROM: (Testimony in support) (See attachment #2 & #3- An article "Planning For A Sustainable Future in the Great Plains")

(38.3) REP. ANDREW MARAGOS: You said saving ND growth is an essential key. How do invision this Bill helping in this area's that we plan to confine services to help them grow?

(38.7) REP. MARY EKSTROM: It's the process of providing services to all of our people that they need and want, this will allow growth. If we allow this Bill to fail, by pure default, we have not done our job. We need to bring up all of the resources that we can find in order to allow both state government and county government to get things going in legislation.

(40.2) REP. DALE SEVERSON: If we were to take some of the larger counties like Cass, Burleigh and divide them and have them share with the county next to them, would that offer us the same opportunity?

(40.3) REP. MARY EKSTROM: I think it's a wonderful idea. We have to find a way to save as many as we possibly can or Cass County won't do well, West Acres won't do well, won't continue to grow.

(41.4) REP. MIKE GROSZ: (Testimony in support) When I look at this Bill, with more of an emphasis on looking at it from the State of ND perception. It's not taking anything away from local government. However we have seen numerous property tax issues and Bills. In this case, government in the state of ND at the local levels have become a state issue. We need to look at the expense side of the equation, not the revenue side.

(45.6) MARK JOHNSON: DIRECTOR OF ND ASSOCIATION OF COUNTIES: (Testimony in opposition) (See attachment #4) (Also handed out attachment #5 & #6) (Attachment #7) **(53.8)**

(TAPE 3: SIDE B:)

(3.7) MARK JOHNSON: (Continued Testimony)

(16.9) REP. MIKE GROSZ: On attachment 4-D, is that just the revenues going to the counties and also includes school districts, cities etc...?

(17.3) MARK JOHNSON: That includes only counties. This is counties based on their office.

(17.8) KATHY HOGAN: DIRECTOR OF CASS COUNTY SOCIAL SERVICE DIRECTOR'S ASSOCIATION: (Testimony in opposition) (See attachment #8) There are 32 types of services that are combined in different kinds of ways. **(22.8)** The rural counties are really working together.

(23.7) NORM ANDRUS: PRESIDENT OF THE ND ASSOCIATION OF COUNTIES & DICKEY COUNTY COMMISSIONER: (Testimony in opposition) (See attachment #9)

(26.5) RON KREBSBACH: PRESIDENT OF ND COUNTY COMMISSION ASSOCIATION & McLEAN COUNTY COMMISSIONER: (Testimony in opposition) (See attachment #10)

(29.3) SUSAN RITTER: RENVILLE COUNTY AUDITOR/TREASURER: (Testimony in opposition) (See attachment # 11)

(36.3) REP. GLEN FROSETH: What other effects do you see that this could have on the city of Mohall?

(36.6) SUSAN RITTER: I got a phone call from a local newspaper. They have great concern thinking "how am I going to keep my business running"? The Court House brings people in to receive services, it is sort of the center. People take care of their business and then do their other errands.

(38.2) KEN YANTES: REP. OF ND TOWNSHIP OFFICERS ASSOCIATION: (Testimony in opposition) (See attachment #12)

(39.7) MAC HALCROW: PEMBINA COUNTY COMMISSIONER: (Testimony in opposition) I don't think the drafters of this Bill understand how many services we've combined already. In our county we have 12 combined services with other counties. Some are as many as two counties and some are as many as 20 counties. We have a tremendous amount of consolidation up and down the valley. In my county, we've reduced the workforce by 25% in the last three years. In the next three years we're going to reduce it another 10 or 15 percent. We have not cut one service.

(43.1) REP. MARY EKSTROM: Pembina was the one and sole county in ND Territorial Days.

(43.4) MAC HALCROW: There once was three in the 1860's.

(43.5) REP. MARY EKSTROM: I'm not suggesting to go back to one and I'm not suggesting you get rid of counties, however the problem is there is 645,000 people in this state. That does not make a medium size city.

(46.7) KRISTI M. BOHL: PUBLISHER OF BURKE COUNTY TRIBUNE: (Testimony in opposition) (See attachment #5)

(51.3) REP. GLEN FROSETH: What county do you feel will affect your town, and I think you summed it up very well with the phrase that it will kill Main Street.

(52.6) ROGER BAILEY: EXECUTIVE DIRECTOR OF THE ND NEWSPAPER ASSOCIATION: (Testimony in opposition)

(53.7) SYDNEY HEGGE: BILLINGS COUNTY AUDITOR: (Testimony in opposition) (See attachment #13)

TAPE 4: SIDE A:

(0.0) SYDNEY HEGGE: (Continued testimony)

(0.1) JOAN JURGENS: BILLINGS COUNTY: Handed in testimony for the committee to read, didn't speak.

(0.5) CHUCK DAMSCHEN: FARMER: LANDOWNER: LAND MEMBER: (Testimony in opposition) (See attachment #14)

(2.5) REP. GLEN FROSETH: Any questions by the committee? Further testimony? Seeing none I will close the hearing on HB 1209.

(3.4)

FISCAL NOTE STATEMENT

House Bill or Resolution No. 1209

This bill or resolution appears to affect revenues, expenditures, or fiscal liability of counties, cities, or school districts. However, no state agency has primary responsibility for compiling and maintaining the information necessary for the proper preparation of a fiscal note regarding this bill or resolution. Pursuant to Joint Rule 502, this statement meets the fiscal note requirement.

John Walstad
Code Revisor

Date: 1-30-03
Roll Call Vote #: 2

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1209

House POLITICAL SUBDIVISION Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Do Not Pass

Motion Made By Rep. Kretschmar Seconded By Rep. Severson

Representatives	Yes	No	Representatives	Yes	No
Chairman Glen Froseth	✓				
Vice-Chairman Nancy Johnson	✓				
Rep. Mike Grosz		✓			
Rep. Gil Herbel	✓				
Rep. Ron Iverson		✓			
Rep. William Kretschmar	✓				
Rep. Andrew Maragos		✓			
Rep. Dale Severson	✓				
Rep. Alon Wieland	✓				
Rep. Bruce Eckre	✓				
Rep. Mary Ekstrom		✓			
Rep. Carol Niemeier	✓				
Rep. Sally Sandvig	✓				
Rep. Vonnie Pietsch	✓				

Total (Yes) 10 No 4

Absent 0

Floor Assignment Rep. Wieland

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
February 3, 2003 2:04 p.m.

Module No: HR-20-1548
Carrier: Wieland
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1209: Political Subdivisions Committee (Rep. Froseth, Chairman) recommends **DO NOT PASS** (10 YEAS, 4 NAYS, 0 ABSENT AND NOT VOTING). HB 1209 was placed on the Eleventh order on the calendar.

(2) DESK, (3) COMM

2003 TESTIMONY

HB 1209

1-30-03

#1

1 of 4

House Political Subdivisions Committee
January 30, 2003
House Bill 1209

Testimony of Rep. Dave Weiler, District 30 Bismarck

Chairman Froseth and Members of the House Political Subdivisions Committee.

For the record, my name is Representative Dave Weiler. I represent District 30 here in Bismarck.

North Dakota has too much government.

Maybe the problem began with the founders of our state. Maybe their expectations were too high. You see, they thought that North Dakota would some day have a population large enough to support all 53 counties. Unfortunately, their expectations were perhaps a bit too high.

Our population was supposed to peak at 1.3 million. Maybe we have let our founding fathers down because our population peaked in 1930 at about 680,000.

The time has come to right size government in ND.

It's not just county government, State government also is too big. I've been sent e-mails asking me why I'm picking on county government, they ask, why does Bismarck and Mandan both need a city commission? Why is there both a county commission and city commission serving the Bismarck area? The truth is, government all over the state is too big. A recent study done by NDSU, says that the fastest growing non-farm industry in ND between 2000 and 2001 is state and local government.

We are taking baby steps towards smaller, more efficient government. The legislature a year ago reduced the number of legislative districts from 49 to 47. Many believe, including myself, that it didn't go far enough.

Governor Hoeven wants to down size state government by 100 state employees through attrition. Some say that's not enough. Our school districts are very slowly volunteering to consolidate. Many believe the pace is too slow.

But we are here today to discuss only county government, for now.

Except for small efforts of consolidation, perhaps partly due to the "tool chest" bill passed in 1995, the size of county government has not changed much. As a result, ND citizens have too many county officials, in too many county court houses. And unfortunately, in too many areas of the state we have a shortage of people, but a plethora of government.

I'd like to continue by telling you what HB 1209 does not do. It does not consolidate counties. We have 53 counties now and we will have 53 counties, with or without this legislation. I've received e-mails from those that do not want to consolidate counties. HB 1209 does not consolidate counties. If you are from Eddie County, you will always be from Eddie County, if you are from Pembina County, there will always be a Pembina County.

All HB 1209 does is consolidate the government within the counties. It combines offices of 39 counties into, for lack of a better term, Multi-county districts. 36 county governments will become 18, 3 county governments, Eddie, Foster, and Wells Counties will become one, and 14 counties will be unaffected.

The offices affected are county auditor, county treasurer, county recorder, states attorney, sheriff, and board of county commissioners. There will be 33 courthouses instead of 53.

Allow me to talk briefly about property taxes. There is a huge concern among ND citizens in the rise of property taxes.

Is this bill alone going to greatly reduce property taxes? Unfortunately, not by itself. But, it is one piece of the puzzle... it's a start. There is not just one thing out there that we can do to greatly reduce, what is currently one of the biggest concerns of ND citizens. If there were, we would be doing it.

HB 1209 is one piece of the puzzle of better more efficient government.

What about technology?

Over the years, the distance we travel from Crosby to Bowbells, from Bowman to Hettinger, and from Wishek to Grand Rapids, hasn't changed. The distance is still 58, 39, and 80 miles, respectively. But today, with fax machines, cell phones and the Internet, we are much closer than the actual distance between us. We have spent millions and millions of dollars on technology over the past several years, we need to allow technology to help us become more efficient and bring us closer than we really are. We need to become more efficient and more effective with the money that our hard working citizens of ND entrust us with. After all, it's their money!

It has been ten years since this idea was last discussed in the legislature. It's time to revisit the issue. We need to move in this direction. It's been 8 ~~years~~ since the "Tool Chest" legislation was passed. The "tool chest" bill was supposed to pave the way for counties to consolidate offices, share ideas and services. Yet very little to date has been done. In fact, since 1997 the number of county employees statewide has grown by 300. The payroll has increased in that same period by 14.7 %.
Yet population in rural ND has declined.

In a short while, you'll hear from the opposing side. You are going to hear them say, "we are consolidating in some areas", I'm asking you to look at the trends. They will say "leave it up to us, don't mandate this". The truth, if we wait for counties to downsize, I fear it may never happen. Again look at the trends. I've heard county commissioners tell me that a better way to reach this goal is to give incentives for counties to consolidate.
I don't believe incentives should be given to do what is right.

HB 1209 will downsize and streamline county government in ND.

HB 1209 will provide for less duplication and more efficiency.

HB 1209 will give a better opportunity for counties to share services and ideas. There will be an even better delivery of human services, maybe even sharing in road construction projects and equipment.

HB 1209 should provide some property tax relief to rural ND.

HB 1209 will help provide good government, and in turn, good government should provide more and better services for those who need them, NOT JUST PROVIDE MORE ADMINISTRATORS.

HB 1209 is not the first step taken to reduce government in ND. And I'll do my best to see to it that it's not the last, but it might be the boldest effort in quite some time. I believe the time is right for bold moves. I know this step is not an easy one, but the taxpayers of ND deserve good government and good government is a small government.

Chairman Froseth and committee members, Thank you

#2 1-30-02 1 of 3

NORTH DAKOTA
HOUSE OF REPRESENTATIVES

Representative Mary Ekstrom
District 11
1450 River Road South
Fargo, ND 58103-4325

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360

COMMITTEES:
Industry, Business and Labor
Political Subdivisions

HB 1209 Multicounty Districts
ND House Political Subdivisions Committee
January 30, 2003 / 9:00 AM / Prairie Room
Chairman Glen Froseth

Good morning Chairman Froseth and members of the House Political Subdivisions Committee. My name is Representative Mary Ekstrom and I represent District 11 in Fargo.

I am here to offer my support to HB 1209 which creates 19 multicounty districts to carry out a variety of County functions.

Since moving to North Dakota in 1989, I have studied the historical development of the state and the rationale behind the formation of towns, cities and counties. I have come to the conclusion that something has to be done to build a sustainable future for our state.

In his 1990 article titled, "Planning for a Sustainable Future: The Case of the North American Great Plains, Dr. Marv Duncan (now an economist with the USDA) said, "Those who live in the North American Great Plains have exhibited since settlement an ambivalence toward two fundamental elements of their environment. Those who promoted settlement in the region encouraged an initial endowment of people, infrastructure and institutions that far exceeded the need for or the capacity of, the region to support sustainable patterns of life and work." *(close quote)*

In other words, we have historically built more infrastructure and government than we can sustain and maintain and we continue to do so. I can provide copies of Dr. Duncan's article if members of the committee would like them.

Dr. Duncan furthers states, *(and I quote)* "The number of towns and businesses exceeded almost from the beginning what would be required by - and could be supported by - the settlers. Too many towns, spawned too many schools . . . Too many courthouses and jails . . . Too many governmental units were created as well, though that remains an unresolved issue 130 years after settlement." *(close quote)*

He also says that the toughness and yes, the stubbornness that allowed our fore bearers to survive the harsh reality of the plains may also be keeping "people from reaching out for new ideas and from building a network of social, political and business alliances needed for success in a modern economy."

Dr. Duncan's efforts have focussed primarily on solving the problems of agricultural production and markets. But the survival of all sectors of our society are linked. If I have had a single frustration as a legislator it has been the fragmented quality of the process. I sometimes feel that while I am busy fixing one problem, I am inevitably creating another one somewhere else. Which may be why this solution appeals to me because it seems to be comprehensive.

In 1991 a series of community meetings were held to address the problems of rural North Dakota, more particularly to look at the problem of providing county services. From those meetings came the landmark toolchest legislation that provided the mechanisms for counties to collaborate, share services and office holders.

The toolchest legislation (HB 1347) was passed in 1993. In the ten years since, we have seen some progress but now the problems are overrunning our ability to solve them fast enough. I think it is time to take the next step and enact HB 1209.

We are a small state with a very weak growth rate. Yet when we are stacked against the other states we rank 5th in the nation for the number of state employees per 10,000 in population. I have included a chart with my testimony that was reproduced from "Governing" magazine. In comparison, South Dakota ranks 23rd and Iowa 22nd. I realize that statistics are relative and that a state with few people and lots of square miles necessitates some adjustments. But our ranking in comparison with South Dakota is alarming.

I have also included a document called, "The New Community" by Dr. James L. Satterlee of South Dakota State University. Dr. Satterlee has a comprehensive plan that is bold in its approach. It calls for networking, cooperation, collaboration and consolidation.

This plan would revitalize the rural areas by providing the amenities, infrastructure and government services that people need and more importantly want and demand.

We cannot spin some Utopian dream that will somehow magically transform North Dakota into a perfect place to live. We can talk continually and fondly of the quality of life, clean air, clean water and good schools that we have. But without a systematic and dynamic shift in our thinking all we are doing is dreaming.

Change is hard. There is no one answer to all of the problems. At a time of fiscal crisis, I believe that we have an opportunity. People don't make changes when times are good but are looking for innovative answers when the old ways have not worked.

Please give consideration to passing HB 1209. I will try to answer your questions.

1-30-03 HB 1209

#3

Planning for a Sustainable Future: The Case of the North American Great Plains
(Home | Contents)

Planning for a Sustainable Future in the Great Plains

Marvin Duncan, Dennis Fisher, and Mark Drabenstott

From Settlement to Present

Understanding the Current Terrain

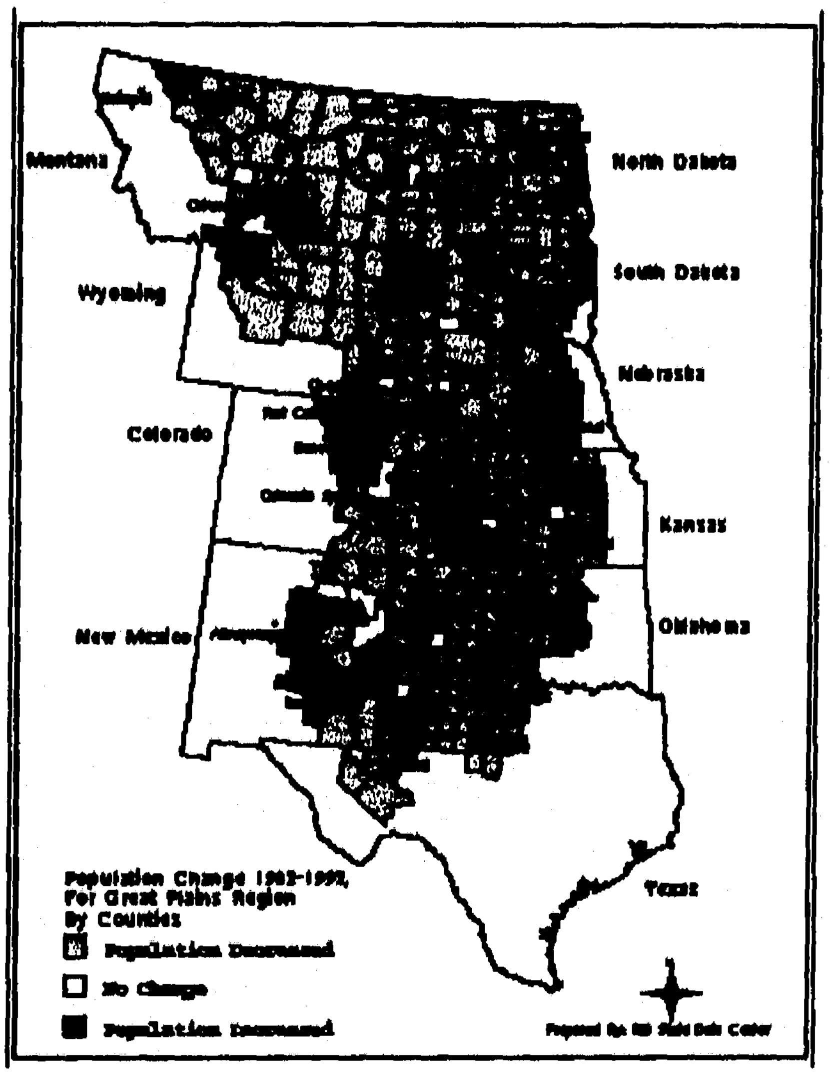
Strategies for the Future

Conclusions

The Great Plains represents a unique physical, sociological, and economic region in North America. Ranging up to several hundred miles wide at its northern end to only two to three hundred miles at its southern terminus, the area is astride much of what early explorers called the Great American Desert (Figure 1). The region runs from the Canadian prairie provinces in the north to Texas and New Mexico in the south. Along the western extremity of America's and Canada's heartland, states and provinces within this area share much in common.

This chapter focuses on the economic and social stressors of the Great Plains, and on adaptation to changing social and economic circumstances, primarily since 1980. This chapter will address the experience of the U.S. Great Plains. However, the Canadian Plains shares much of the same experience.

No analysis of the Great Plains can be complete without consideration of its natural endowment of climate, soil resources, water supply, and geographic place. However, at this conference, those issues are the responsibility of others.



From Settlement to the Present

The region was settled quickly, and its residents have been involved in an ongoing process of change and adjustments.

The Endowment at Settlement

Those who live in the North American Great Plains have exhibited, since settlement, an ambivalence toward two fundamental elements of their environment. Those who promoted settlement in the region encouraged an initial endowment of people, infrastructure, and institutions that far exceeded the need for, or the capacity of, the region to support sustainable patterns of life and work on the Great Plains.

The pattern of homesteading, as a primary means of settlement, generally limited farmers to one quarter section (160 acres) of land. A bit later, in exchange for planting trees on land that generally was devoid of them in its native environment, farmers were able to obtain an extra 160 acres, called a *tree claim*. Late in the homestead period, and after many personal failures from trying to wrest a living out of a much different and more unforgiving environment from that of the Middle West and the East, the federal government provided homestead tracts of 640 acres in some parts of the Great Plains--Nebraska, for example.

Transcontinental railroads, given land by the federal government in exchange for laying tracks across the continent, began to promote settlement of those lands to develop an indigenous source of freight to be hauled from the region and inbound demand for freight to be delivered to locations along the railroads. A number of railroads began to build branch rail lines to further facilitate freight collection and distribution.

Communities were established every 10 miles along railroad lines to provide watering stops for the railroad steam engines and to provide communities within easy travel distance for settlers dependent on transportation by horse. Merchants, lawyers, bankers, teachers, adventurers, young people starting their careers, those seeking a second chance, and assorted scoundrels all flooded these little towns seeking their future, a fresh start, or an opportunity to become rich. Alexis de Tocqueville in *Democracy in America* (1835) commented on the westward expansion earlier in the settlement period of the United States: "Millions are marching at once towards the same horizon. Their language, their religion, their manners differ; their object is the same. Fortune has been promised to them somewhere in the West and to the West they go to find it." Some thirty years later, similarly diverse people populated the Great American Desert, and their objectives were no different from those de Tocqueville had observed.

The number of towns and businesses exceeded, almost from the beginning, what would be required by - and could be supported by - the settlers. Too many towns spawned too many schools, too many churches, too many saloons, too many court houses and jails, too many merchants, and too many roads to be supported by the more extensive type and scale of agriculture that emerged to replace homestead agriculture. Perhaps too many governmental units were created as well, though that remains an unresolved issue 130 years after settlement began in earnest.

Too many people arrived, as well. Railroads and land companies heavily promoted the region, often inaccurately. For example, the Northern Pacific (NP) Railroad advertised the availability of Great Plains land to Europeans, extolling the richness of the region and the prospects to grow wealthy in farming. To attract hard-working German immigrants, the NP provided maps to them across which was sprawled in huge letters the name of Bismarck, a small and rough railroad town and, incidentally, the title of the revered German ruler. European peasants, used to hard work and inspired by the prospect of owning land, flocked to the Great Plains. People left the more settled parts of the United States, as well, to join the settlement of the Great Plains. Alas, many would find the region too demanding, lacking in financial reward and social interaction, and would move on to the West Coast or back to the more settled areas from which they came. Some, in desperation, committed suicide to escape the incessant wind and the utter isolation of the prairie - a fate that befell more pioneer women than men. It was often a bleak and lonely life for women, isolated from their own gender and deprived of the social support system of U.S. and European cities.

Once on the frontier, many people had no viable alternative but to tough it out since they had nowhere to return to, and usually no money with which to finance a return. So they put up with drought, snow storms, hail, tornadoes, grasshoppers, rattlesnakes, illness, loneliness, claim jumpers, and assorted adventurers. For their efforts we are indebted. They wrested a productive land from great emptiness.

Remoteness of the region from the rest of North America created a stubborn independence on the part of Great Plains people. Most of the supply, distribution, marketing, and finance services used by settlers came from the larger cities to the east.

The natural suspicion of those on the Plains was that they were often taken advantage of by business men from outside the region. Indeed, that view fueled a native insularity, giving rise to the often-repeated lament of the Plains, *we buy retail, sell wholesale, and pay the freight both ways*. Today they would write a country/western song about it - maybe they already have.

That insularity of the people, developed out of adversity, remoteness, and a need to depend on themselves, was understandable and perhaps even useful in a much earlier development stage. However, its remnants even today keep people from reaching out for new ideas and from building the network of social, political, and business alliances needed for success in a modern economy.

It bears repeating to note that although the Great Plains region was thinly populated as settlement began, it was not unpopulated. The region had been ceded by treaty to Native American nations before westward expansion pressures began. Unfortunately, as was the typical case, the United States did not respect treaty rights of Native Americans and through political pressure, new treaties, chicanery, and military force continued to move these people onto less and less desirable land. The isolation of Native Americans, often on the least desirable land, has hindered their own self-development and the integration of their aspirations into a broader fabric of economic growth and development in the Great Plains. Native Americans are an important people in the Great Plains and their economic growth and development must increasingly be recognized within the broader development efforts across the region.

Although this chapter focuses on the Great Plains within the United States, the Plains area of the Canadian prairie provinces shares much of the same background and faces most of the same challenges. Indeed, one of the linkages that binds the Great Plains together is that similarity of experience within the Plains region, contrasted to the differences between the Plains region and other regions of North America. For example, in North Dakota it is often said that farmers in the state's central and western regions have more in common with Kansans and residents of the Texas high plains than with the Red River Valley residents astride the North Dakota/Minnesota border.

A Pattern of Adaptation and Adjustment

The history of the Great Plains since settlement has been one of ongoing response to change, both to dynamics from within the region and to nationally based changes. By many measures the region has very successfully adapted to the changes required of it. It has become an agricultural production powerhouse, but it has not been able to diversify its economy as much as the rest of the country has.

The region's nonagricultural manufacturing base has grown as well, but it remains a relatively small part of the U.S. manufacturing base. However, aircraft, defense-related weapons development, and oil industry equipment manufacturing have long been important to the region and an important contribution to the nation's manufacturing base. The region remains a limited contributor to finance, insurance, real estate development, and other service industries as well. Finally, only a small proportion of the nation's tourist dollars are spent in the Great Plains, with an even smaller proportion in which the tourist destination is within the region.

More recent change (since 1970) in the demographics of the Great Plains has been substantial. Population has increased annually by 0.77% - just 0.13% if metropolitan areas are excluded. The Great Plains counties in each state, as a group, have increased in population. Annual growth has ranged from a high of 2.08% in Texas to a low of 0.11% in Oklahoma. Metropolitan areas within the Great Plains have, on balance, grown annually by 1.59% over this same period. Arapaho County in Colorado is the fastest-growing metropolitan county at 4.39% annual growth.

The Great Plains population includes a lower proportion of persons over 65 years of age than does the nation as a whole. Only 11.7% of the Great Plains population is 65 years of age or older, compared to 13.0% for the nation as a whole. Additionally, young adults in the region have tended to leave their home communities to seek careers after finishing their education. This is a trend of long standing.

Though a pattern of population loss does not necessarily mean the demise of rural towns and communities, there does appear to be a point beyond which it is extraordinarily difficult for them to rebound, to rebuild their economic vitality and social relevance. For many counties of smaller population, that demise picks up tempo when population falls below 10,000. Across the Great Plains, 59% of those counties lost population in the past 10 years. The problem is exacerbated when, in addition, the natural rate of growth is negative - that is, the number of births is less than the number of deaths.

Economic Performance of the Rural Great Plains

The economic sustainability of communities in the Great Plains is difficult to predict. Though not a precise predictor of the future, recent economic performance does provide valuable insight into the challenge facing the region. Comparing economic indicators for the Great Plains over the past decade or more with indicators for the nation raises concerns about economic sustainability in many rural parts of the region.

Table 1. Economic Performance of Great Plains counties, 1980-92 (US benchmark).

			Annual growth rate, 198		
			per capita:		
	Share of population in 1992	No of counties	Population	Real Income	Emplo
Nonmetro					

counties	51.7	375	-0.34	2.11	0.32
Winners	3.5	12	1.60	2.31	3.39
Neutral	21.6	221	-0.55	3.43	0.37
Losers	26.7	142	-0.40	0.22	-0.07
Farming	13.8	212	-1.14	2.98	-0.34
Manufacturing	0.9	3	-0.11	058	0.60
Mining	3.7	16	0.11	0.13	0.31
Government	7.6	28	0.35	1.11	0.96
Retirement	1.4	4	0.71	0.61	0.83
Trade	21.4	94	-0.37	0.93	0.23
Other	0.2	2	-1.32	1.62	-0.42
Mixed	2.6	16	1.44	2.08	3.01
Metro Counties	48.3	21	1.14	0.18	1.74
All Great Plains Counties	2.7	396	0.34	1.99	0.98
All US counties	100.0	3,078	0.96	1.40	1.70
US nonmetro counties	22.6	2,359	0.46	1.46	1.24
US metro counties	77.4	719	1.11	1.24	1.82

Note: "Winners" are counties with per capita income growth and employment growth above the U.S. nonmetro average. "Neutral" counties are those with per capita income growth or employment growth above the U.S. nonmetro average. "Losers" are counties with per capita income growth and employment growth below the U.S. nonmetro average.

Source: U.S. Department of Commerce.

A useful economic picture of the region comes from examining average annual growth in jobs and income since 1980. Like the nation and other regions, the Great Plains is subject to economic cycles that can distort economic performance in any given year. Persistent patterns of performance become more evident over a decade or more. This section examines growth in income and jobs for the Great Plains counties from 1982 to 1992, the most recent year for which county-level data are available. The data follow the Great Plains region that has been defined by the Great Plains Agriculture Council.

In general, the Great Plains economy has consistently boosted the incomes of its citizens, but it has had trouble creating new jobs (Table 1). Indeed, much of the income gain appears to come from dividing up a slowly growing economic pie among relatively fewer residents in the region. Put another way, per capita income gains are driven more by slowly growing - or even declining - populations than by robust gains in earnings. Real income grew just 1.3% a year in the Great Plains region from 1980 to 1992, a full percentage point less than for the nation as a whole. But per capita income, which takes into account the fact that the Great Plains population is growing much slower than the rest of the nation, actually grew faster in the Great Plains than in the United States as a whole. Total employment, meanwhile, grew

1% a year in the Great Plains from 1980 to 1992, roughly 40% less than for the nation as a whole.

Economic growth is not spread evenly across the region. Many rural places in the Great Plains have stagnant economies, while most metropolitan places are faring reasonably well. The region's metro counties enjoyed growth in both jobs and real income of 1.7% a year from 1980 to 1992. Per capita income grew just 0.2% a year after rapid population gains were taken into account. Rural counties in the Great Plains, on the other hand, had sluggish growth in both real income (1.0% annually) and jobs (0.3% a year). Income performance was substantially better when measured in per capita terms (2.1% a year) because rural counties lost population on average. Thus, fewer people shared an income pie that was growing very slowly.

For rural counties, economic growth has been concentrated among relatively few counties, most of which are emerging economic hubs. A useful way to benchmark rural counties in the Great Plains is to compare their economic performance with that of the nation's rural counties. Taken together, the region's rural counties had much weaker economic growth than elsewhere in rural America. Jobs grew only one-fourth as fast from 1980 to 1992. Total income also grew slower, although per capita income grew considerably faster in rural Great Plains counties (2.1% annually versus 1.5% for rural counties nationwide). That is the result of shrinking population in the Great Plains rural counties, compared with steady growth in the rest of rural America.

Very few rural counties in the Great Plains have enjoyed above-average economic growth since 1980. In fact, only 12 of the region's 375 rural counties had annual average growth in jobs and per capita income that exceeded the average for the nation's rural counties (those averages were 1.2% and 1.5%, respectively). Most of these counties were economic trade centers that essentially borrowed their growth from surrounding communities. By contrast, 142 rural counties in the Great Plains - more than one-third of all rural counties in the region - had below-average growth in jobs and per capita income. Most of these poor performers were dependent on farming or were former retail centers that have given way to bigger trade centers.

In sum, the region's economic performance since 1980 points out both strength and weakness. Metropolitan areas have enjoyed solid employment growth, creating jobs at a rate roughly equal to the nation's average. Rural communities, meanwhile, have had much weaker growth. Very few rural communities in the region have economic growth that exceeds the national average. Those that do appear to be doing so by becoming dominant economic hubs for broader market regions. Thus, serious challenges about long-term economic sustainability confront policy makers concerned with the future of the rural Great Plains.

Understanding the Current Terrain

Before discussing the future of the Great Plains, it is useful to review its current state and inherent limits that will inevitably shape its future.

What is Rural?

On balance, the non-metropolitan areas of the Great Plains may be among the most rural areas of the nation. Distances are far; population density is low. However, it would be a mistake to believe this area does not have important interdependencies with areas outside the Great Plains. Although there are few standard metropolitan statistical areas (SMSA) within the Great Plains, many have close linkages to the Great Plains. Among those cities are Minneapolis, Omaha, Kansas City, Oklahoma City, Dallas, Albuquerque, and Denver. Even more closely affiliated are Fargo, Des Moines, Sioux Falls, Tulsa, and Colorado's front range urban area from Pueblo to Fort Collins. These cities are the business, financial, distribution, health care, education, and cultural leaders with which Great Plains towns and cities affiliate and to which young people go to seek their future when they leave the Great Plains.

The Great Plains region is economically diverse, perhaps less so than other regions in the United States, but nonetheless diverse. The economy includes wheat, cattle, oil, coal mining, recreation, education, manufacturing, and service industry. Hence, the opportunities for development and employment vary greatly across the region. Employment opportunities in western Kansas or North Dakota are considerably more limited than they are in Oklahoma or along the Platte River in Nebraska. Consequently, a sustainable future for the Plains means different outcomes for different parts of the Plains.

There is a tendency to think of all the Great Plains as singularly dependent on agriculture. It is true that agriculture is of overriding importance across the Plains. Indeed, North Dakota, Nebraska, Kansas, and Texas are among those states most dependent on government farm programs. On occasion, government payments to farmers in those states represent more than 100% of the net farm income earned by farmers growing government program crops. Moreover, Texas, North Dakota, and Kansas (in that order) are the states with the largest number of acres retired from crop production into the Conservation Reserve Program, under which farmers are paid rental on the land to put it into soil-conserving uses and retire it from crop production for 10 years.

But not all counties in the Great Plains are primarily agriculturally dependent. Scattered across the region, 46% of the counties are predominantly nonagricultural. Manufacturing, mining, energy, and recreation are among the major activities in non-agriculturally dependent counties across the Great Plains. Hence, the range of development strategies for the Great Plains states must be much broader than farm policy strategies. Strategies must focus on adding new value to the base industries of communities, as well as on developing those manufacturing and business activities not primarily dependent on location for their success. Finally, a new and broader sense of community must be fostered and rural development must be viewed from the perspective of intercommunity cooperation, to create the critical mass needed for self-sustaining growth.

The Scenic Setting Phenomenon

It is more true than ever before that business activity can occur from locations selected by the owners, rather than from locations in close geographic proximity to firms' customers. This is especially true for high-value manufacturing and service activities for which geographic location is not a fundamental economic determinant. Examples are the growth of high-value computer and computer peripheral manufacturing that has grown up along the front range of the Rocky Mountains. That in turn has attracted computer software and assorted support businesses.

The primary placement of these businesses is not as random as might at first be assumed, however. Four factors appear important in determining the development of high technology and computer-based manufacturing along the front range of the Rockies. First, and very importantly, high-technology weapons manufacturing and sophisticated military installations in the region appear to have been a magnet. Secondly, the presence of universities in the region provided trained professional workers. Third, the region is a magnet for young adults drawn to the mountains and bringing with them good educations and high-quality work skills. Fourth, the lifestyle of the region was appealing to the firms' management and workers alike.

Another example of the location phenomenon, although outside of the Great Plains, can be found in southwestern Missouri and northwestern Arkansas, where the presence of several large lakes (the result of federal dam construction) and a rural Ozark ambience has stimulated development of recreation and retirement living. Indeed, the once sleepy Branson, Missouri, now rivals the Grand Old Opry of Nashville as the home of country/western music.

In short, this development is likely more place-specific than it might at first appear. The likelihood of duplicating broad computer industry development in the middle of eastern Colorado and the western Kansas plains is low. Nor is the recreation-based development of the Ozarks easily replicated in the absence of initial public investment in infrastructure and access to amenities of location.

In the absence of public policy intervention and investment - and perhaps even with it - stimulating new development of the type identified here is unlikely to occur.

The Importance of Critical Mass

Two factors are favoring development of midsize cities such as Des Moines, Lincoln, and Oklahoma City. The complexity and cost of doing many types of business in major metropolitan centers such as New York, Philadelphia, and Chicago are causing business owners to seek smaller and less costly locations. Moreover, increasing ease of electronic communication and control is making it possible to realize business economies in smaller cities. Thus, across the nation, this decade is treating the fortunes of smaller cities very well.

The second factor is the mirror image of the first. These smaller cities are large enough to have a critical mass of population, work force, education, transportation, other infrastructure, commerce, and lifestyle amenities to become magnets for people and businesses moving up from dying smaller communities. Thus, in the current environment these cities may provide the best of both worlds for the businesses and their employees.

Technological changes in communication have been extraordinarily important in bringing smaller cities more fully into the manufacturing, commerce, and services mainstream of American business life. Fiber optics and satellite up and down links make place a less constraining factor in choice of business location.

Aggressive marketing by somewhat smaller cities, along with some policy support, has brought a new array of cities into the development arena. Lawton (Oklahoma), Grand Island (Nebraska), Sioux Falls (South Dakota), and Fargo (North Dakota) are all cities able to play in this development game with considerable success.

Strategies for the Future

The changing demographics and lagging economic performance in the Great Plains, especially in non-metropolitan areas, do present a number of important challenges to the region. These challenges go to the delivery of public services and to the strategies to be pursued in economic development. This section discusses both the challenges and the strategies for meeting those challenges. Opportunities exist as well, perhaps more so now than ever before. These are addressed as well.

A Sustainable Future in the Absence of Policy Change

In many respects, the pattern of economic activity and development likely in the future is signaled by the patterns of recent years. These patterns can be characterized as development around scenic settings, development of towns and cities that have attained a critical mass of people and activity, large-scale agricultural production units, small communities in long-term decline, and continued outmigration of young adults from rural areas.

Large-scale agricultural production units. Narrowing profit margins in agriculture have long been a driving force in farm consolidation. Readily available government subsidy programs, underwriting producer risk, have also played an important role in supporting firm growth beyond the size envisioned in Jeffersonian agriculture. Critical mass having been attained in farm production units, it is often easy to grow even larger. Though there may be relatively limited production economies of scale beyond the threshold size of commercial agriculture, it is increasingly apparent that heretofore unrecognized economies of scale exist in input access and product marketing.

Here, too, technology has been a driving force. Access to large-scale equipment, computerized control technology, and production systems works to support farm firm expansion. Additionally, and importantly, improved management skills by firm owners should continue to support farm firm expansion. Finally, the trend toward contractual arrangements between producers and processors for livestock and, increasingly, for crops spurs expansion since processors usually desire to work with fewer but larger and more highly skilled producers.

Thus, in the absence of policy intervention, farm size should continue to grow. The larger and more successful farms will acquire the land resources of the smaller and less successful farms through purchase or rental. Most of these farms, if recent experience is a reliable indicator, will be specialized in production. Extensive environmental law and regulation will also spur consolidation of farming units. The per animal or per bushel cost of environmental compliance is typically lower for the large farm than for the small farm.

Larger farms have demonstrated their willingness to access farm inputs from outside their communities and to sell products to more distant markets, as well. These farm families, enjoying income levels equal to or in excess of their city cousins, travel great distances for consumer products, services, and recreation. Country/western and rock concerts in Fargo's new Fargodome attract attendees from a 200-mile radius. Walmart stores attract customers from a 100-mile radius. It seems unlikely that this long-term trend will change in favor of local, but small, communities. Consequently, without public and private policy intervention, towns below some critical size will be bypassed in favor of larger communities.

Small communities in long-term decline. Current trends do not hold much optimism for small communities. Those towns of less than 1,000 - 2,000 and located outside a reasonable commuting distance to a larger city seem destined, as a generalization, to decline in importance as business centers. That trend is not new. However, the tempo of decline may be picking up. Towns of under about 500 appear destined for even more rapid decline.

The factors driving this trend are not new. Better highways, more demanding consumer expectations, scale economies in almost everything a town provides, and a declining population base from which to attract customers all point to decline toward some irreducible minimum. For some towns, that means little will be left. For others that are able to create a specialized market niche, population may stabilize. That specialized market may be as a retirement center, a recreation center, or a bedroom community for a larger city.

Loss of young people to larger centers. Young people, especially those with good education and/or specialized training, have always been the most mobile segment of society. In the Great Plains, the pattern of outmigration of young adults is long-standing. It is unlikely that the pattern will soon change, except that those who depart are drawn from an increasingly smaller base. But the familiar pattern of high school graduation followed by a bus ride to the nearest city for college or job will continue.

That job may be found in a smaller city, possibly one closer to where the person grew up, as smaller cities enjoy a renascence. Ironically, many of those persons would prefer to find employment in their home communities. Yet, in most cases, those jobs exist only in larger centers.

In summary, under a public and private regime without new policies or initiatives to change, the trends identified are likely to continue. Nonetheless, it would be incorrect to assume that those who remain in rural areas do so at great cost. Despite declines in population, towns, and farm numbers, real per capita incomes tend to rise in these rural areas, although perhaps not at the pace of urban America. Moreover, improved communications and innovative means to deliver public and private services mean that rural America under this scenario will likely become a more desirable place to live, albeit for fewer people.

Building on Great Plains Agriculture

Even with the emergence of other industries in recent decades, agriculture will remain a vital part of the Great Plains' economic future. The region produces nearly two-thirds of the nation's wheat, more than half its beef, a fifth of its corn, a quarter of its cotton, four-fifths of its grain sorghum, and a sixth of its pork. With abundant endowments of soil and water, the region will continue to be the nation's breadbasket.

But from the point of view of economic sustainability, the question is not how many bushels of grain are produced, but how much value is added before this cornucopia of farm products is shipped to the rest of the nation and the world (Table 2, Table 3, and Figure 2). It is clear that if the region remains mostly a producer of bulk farm commodities, the number of farms will continue to shrink, leaving fewer and fewer farm trade centers serving ever-expanding market regions. This outlook is one of economic decline, if not death, for many small, remote Great Plains communities.

The alternative is to view the region's abundant herds and harvests as the essential ingredients for a budding food processing industry in the region. Food processing is the nation's leading manufacturing industry. But it currently is located mostly in the northeast quarter of the nation, near major population centers, or in the Sun Belt, where special crops are grown and the population is growing rapidly (Figure 2). Historically, the Great

Plains has been too far from the nation's major cities to lure much food processing activity. In short, most farm states are not food states, and most food states are not farm states. Texas and California are notable exceptions to this generalization.

Can the Great Plains reverse this historical pattern and use its agricultural abundance to fuel economic growth in Great Plains communities? Pursuing a value-added strategy will not be easy, and widespread success is by no means assured. Still, the region does have three options to consider. The *first* is to enlarge its already large base of meat packing and processing. The *second* is to lay the foundations for a grain processing industry in the region. And the *third* is to explore new niches for food products or alternative products that might spawn additional processing opportunities. All three options call for public and private decision makers to reconsider their approach to economic development policy, funding for food and agricultural research, and logistical challenges.

Table 2. The importance of farm production in the 50 states, 1989-91 average.

Farm share of gross state product					
Rank	State	Share (percent)	Rank	State	Share (percent)
1	South Dakota	12.10	26	Georgia	1.44
2	Nebraska	9.63	27	California	1.37

3	North Dakota	9.33	28	Utah	1.30
4	Idaho	8.05	29	Hawaii	1.23
5	Iowa	6.95	30	Texas	1.22
6	Montana	6.04	31	Tennessee	1.19
7	Kansas	3.82	32	Maine	1.18
8	Arkansas	3.63	33	Delaware	1.13
9	Minnesota	3.17	34	Illinois	1.10
10	Kentucky	2.85	35	Ohio	0.96
11	Wisconsin	2.84	36	South Carolina	0.92
12	Oklahoma	2.73	37	Virginia	0.91
13	Oregon	2.55	38	Michigan	0.89
14	Wyoming	2.52	39	Louisiana	0.81
15	Mississippi	2.19	40	West Virginia	0.75
16	North Carolina	2.18	41	Pennsylvania	0.69
17	New Mexico	2.14	42	Maryland	0.58
18	Alabama	2.01	43	Nevada	0.52
19	Colorado	1.91	44	New Hampshire	0.39
20	Vermont	1.89	45	New York	0.32
21	Washington	1.79	46	Connecticut	0.31
22	Florida	1.63	47	Rhode Island	0.27
23	Missouri	1.60	48	New Jersey	0.21
24	Indiana	1.55	49	Massachusetts	0.20
25	Arizona	1.51	50	Alaska	0.07

	National Average	1.43

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Table 3. Population and food processing activity in the major food processing states and the farm states.

	Population*		Share of US food processing output**		Food processing share of gross state product**	
Major food processing states	Thousands	Rank	Percent	Rank	Percent	Rank
California	30895.4	1	13.5	1	1.65	23
Illinois	11612.9	6	7.19	2	2.47	10
Pennsylvania	11995.4	5	5.36	3	2.04	16
Ohio	11021.4	7	5.26	4	2.19	12
New York	18109.5	2	5.25	5	1.05	36
Texas	17682.5	3	5.09	6	1.26	31
New Jersey	7820.3	9	3.84	7	1.73	21
Wisconsin	4992.7	18	3.72	8	3.47	5
Michigan	9433.7	8	3.61	9	1.77	19
Missouri	5190.7	15	3.29	10	2.95	6
Farm states						
Iowa	2802.9	30	2.85	13	4.88	1

Minnesota	4468.2	20	2.78	14	2.59	8
Kentucky	3753.8	24	1.98	18	2.72	7
Arkansas	2394.3	33	1.78	22	4.26	2
Nebraska	1600.5	36	1.27	24	3.54	4
Kansas	2515.3	32	1.17	25	2.12	15
Idaho	1065.9	42	0.82	31	4.18	3
South Dakota	708.4	45	0.24	42	1.74	20
North Dakota	634.0	47	0.19	43	1.50	25
Montana	822.3	44	0.11	48	0.74	43

* 1992

** 1989-91 average

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Enlarging the Great Plains meat industry. A sizable concentration of relatively new packing plants and a big, growing livestock herd make the meat industry an encouraging bet for adding more value to Great Plains agriculture in the period ahead. The region already accounts for half the nation's supply of beef, so there may be limited gains there. Pork may offer the greatest growth potential, as the industry continues its dramatic restructuring toward large, more vertically integrated producers.

Although the region's meat prospects are good, the corresponding economic impact may be low. Wages in the meat packing industry are relatively low. Moreover, the value added in meat processing is low. The average value added for all food products is 39%; for meat products it is just 21%. Thus, the region's solid prospects for expanding meat processing are unlikely to provide a widespread economic tide for Great Plains communities.

The Great Plains appears likely to retain its dominant hold on the nation's beef industry. The nation's largest, most efficient beef packing plants are found in the region. Supporting those plants are a concentration of commercial feed yards and a considerable beef cow herd that uses the region's extensive rangeland. The one resource that might limit further development of the region's beef industry appears to be water.

Water is essential to producing the feedstuffs that supply cattle feedlots. Water is also important to the meat packing process itself. Overriding both of these considerations may be the effect of concentrated livestock production on the quality of local water supplies. Water quality almost certainly will become a bigger factor for many communities in the Great Plains. Still, the great amount of wide open space in the Great Plains seems likely to provide ample room for continued expansion of the livestock industry.

The pork industry may follow the beef industry to the Great Plains. More than any other single segment of U.S. agriculture, pork production is undergoing a dramatic restructuring. Pork production is rapidly moving to producers who have three key characteristics: large scale, access to leading-edge genetics, and marketing contracts with processors. These commercial producers are locating in places with a welcoming business climate and substantial capacity to absorb animal waste. Many communities in the Great Plains welcome the new pork industry with open arms and have substantial environmental capacity. Thus, it is not surprising to see pork production moving away from its traditional home in the Corn Belt into states such as Oklahoma, Colorado, and Wyoming, states where pork has never before been a mainstay.

The key to further pork development in the region will depend critically on state laws on corporate farming. Some states in the region, including North Dakota, Kansas, and Nebraska, have laws that prohibit corporate ownership of farm enterprises, including pork production. Given the scale of the new pork industry, such laws will serve to push pork production to other states. Thus, if current laws continue, the Great Plains might resemble a checkerboard of pork production, with large concentrations in some states and little production in others.

Building a grain processing industry. The Great Plains produces huge amounts of grain, but most is exported to the rest of the nation or overseas. Thus, there is naturally a great deal of interest in building a bigger grain processing base in the region. The economic gains would be big. The value added in selected grain processing is among the highest of all food processing industries. But because these same industries are capital-intensive, they are dominated by a handful of large companies with well-established brand names. Thus, grain processing offers substantial potential but is difficult for new firms to penetrate.

Given the nature of the industry, states and communities in the Great Plains appear to have limited options. They might choose to seek branch plants of major food companies. Experience has shown that this is a costly, difficult approach to economic development. Firms would probably seek substantial concessions to offset the remote location of the Great Plains.

Another option would be to make new investments in transportation and packaging technology, aimed at offsetting the region's distance from population centers. The cost of shipping grain from the region to distant processing plants is relatively low; the cost of shipping processed products, on the other hand, is high. New technologies, related either to shipping or product shelf-life and freshness, might help to close that cost differential. Prospects for substantial progress, however, are uncertain.

Exploring new agricultural niches. The third option is to explore new niches for processed foods and alternative products. These niches are not well defined and will involve creative ventures that will naturally involve some risk. Given the economic outlook for the region, some of these risks may be worth exploring, especially if the risk can be shared between the public and private sectors.

In the past, the Great Plains region has produced a traditional set of crops well adapted to its soil and climate. In the future, with economic sustainability a key concern, the region may want to turn to a different set of crops. For instance, there may be parts of the region that, if water supplies were sufficient, might have the soil and climate to grow fruits and vegetables for several months out of the year. Costs of production might be substantially less than in coastal states such as California. As in grain processing, however, entry may be hampered by a strong industry concentration among a few firms located in a few states. For example, nearly 60% of the nation's employment in the frozen fruits and vegetables industry and more than 80% of employment in the dehydrated fruits and vegetables industry are located in just four states.

The region may also want to make some investments in alternative crops that might be used for either food or industrial uses. Such basic research has longer odds of success. Most states will want to pursue meat and grain processing opportunities first. Research on new crops is a good candidate for regional cooperation. By sharing the costs and the risks, states in the region can hold another development option open while limiting the expense of the investment.

Building on Information Age Opportunities

The new information age technology offers substantial opportunity for both business development and provision of public services in the Great Plains. It also presents an imminent danger. We will focus first on the opportunities.

Development opportunities. Business expansion opportunities in the Great Plains are scarce. Sparse population and outmigration often leave businesses with small and/or declining markets. Local consumers offer limited opportunity for businesses to expand sales. There will be some opportunity to expand business through value-added processing of raw materials available in the region, such as agricultural products and minerals. This will provide additional employment and income in the communities where plants are sited. However, there will not be many locations because of the generally large volume of the raw product necessary for plants to run efficiently.

The new information age technology has the potential to expand business opportunities. First, it greatly reduces cost and improves access to markets and market information from outside of the region. Second, working with the secular movement toward a service-based economy, some businesses, particularly those that depend on an effective communications system, have been freed from their traditional locations and may select a location in the Great Plains.

The market expansion potential of the new telecommunications technology is substantial.

An increasing volume of goods and services is being marketed over the communications networks, but the total potential is far from being exploited. Computer networks allow a business person in any location to offer products, explore business opportunities, and gain critical trade information from within the United States and around the world. A business person can explore this network from any location with access to the network. Government procurement programs targeted to smaller businesses are prime candidates for this technology.

The information highway contains information about the goods and services available for sale or wanted and (often) the peculiarities of the market. International markets in particular require special technical expertise. The novice can exchange information with other business people who have operated successfully in the desired market. The information highway will not answer all questions, but it can be an idea generator and help narrow the search for markets and information before expensive on-site visits are made.

Not only can the information highway provide better access to markets and information, it has also freed many firms to locate in nontraditional areas. The last decade has brought a rapidly changing face to business transactions in the United States and the rest of the world. Large corporate entities have begun a process of downsizing and decentralization with extensive layoffs or early retirement buy-outs for many of their long-term employees. Many corporations are encouraging "virtual office space" for their executives, which allows them to provide leadership from off-site locations. Over the last decade, technological advances made in information and technology transfer have lowered the transaction costs of business start-up. Many of these former employees are discovering that the lowered transaction costs and technology advancements are providing opportunities for non-location-specific small diversified corporations that can better compete in the world economy.

Many large business firms are now locating business functions at locations remote from their main offices. In the first round of this activity, telemarketing, data processing, and certain accounting and financial functions are being remotely located. In subsequent rounds it is likely that some manufacturing, marketing, computer services, and additional financial services may be located remote from headquarter sites.

These remote locations appear likely to gravitate first to smaller cities with populations in the 50,000 - 150,000 size range. Cities of this size typically provide communications infrastructure, access to a labor pool, and desired lifestyle amenities for employees. It is reasonable to expect even smaller cities to benefit from this trend as well in subsequent rounds of business relocation.

Very small towns are not likely to prove very attractive to outside firms and will likely find their future in homegrown businesses and in serving satellite support functions for larger communities. Some small towns have done very well as bedroom communities for adjacent cities. Additionally, as discussed earlier, locational amenities will continue to play an important role in the growth of smaller cities and small towns. If a city doesn't have mountains or lakes nearby, it should hope for a river or a historic site.

Several Great Plains cities and larger towns have an underused advantage in the job competition arena. Their telephone and electric power transmission systems have been augmented to meet the needs of military installations such as air bases, radar stations, and missile installations. Those infrastructure upgrades can be very important advantages as communities compete for jobs in the information age.

In addition to expanding marketing and location considerations, the information highway can provide business services, technical assistance, and training. Businesses in major metropolitan centers are accustomed to having a wide variety of business services within easy reach. Businesses in less populated areas are faced with providing their own legal and accounting services, operational and financial management services, personnel services, and so forth. Computer networks can provide access to the top business schools and service providers around the world. Provision of these services and market information is in its infancy. A fraction of what could be offered is currently available. The information highway is far from friendly at this point.

Significant investment in skill development is required to effectively access the system. The cost of accessing the system can be high and the response time slow if a local fiber optics line is not available. However, these barriers are being torn down. The new technology may create a change in the way business is conducted that is similar in scope to the revolutions created by the rail and highway systems.

Challenges to address. Where it once was more important to provide capital infrastructure improvements such as major traffic thoroughfares, bridges, rail transportation, and so forth, it is now important that capital infrastructure improvements focus on the ability to have reliable, instant communications transfer to worldwide markets. This business paradigm shift will likely affect regrowth in the Great Plains region as more businesses discover that they can operate from a physical location that is of their choosing rather than from a location that is determined by transportation arteries. U.S. businesses are just now discovering the extent to which the information highway will expand their location alternatives.

Although telecommunications technology will create the potential, actual regrowth will depend on several factors: First, the area will need to be connected to the new technology. Being left off the line could result in greater isolation than was true before the new technology was developed. Second, the area will need to possess other attributes that will attract businesses. Businesses being footloose will be of little consequence if locations within the Great Plains are not attractive. And finally, local business people will need to accept and use the new technology to capture some of its market expansion possibilities. The biggest impediment to using the new technology may be a cultural predisposition not to embrace it. The danger of this emerging technology is that those who do not access it will be more disadvantaged than before the technology became available.

In addition to communications infrastructure, a renewed policy commitment to traditional infrastructure development is imperative because most of the Great Plains region is a production-based economy. Transportation remains a vital link in the economic chain for commodity and manufactured goods. For the Great Plains region it will be critical that economic development policies continue to focus on the need for adequate rail, truck, and air transportation at the same time that communications technology also is expanded.

Finally, it is important to remember that economic development brings new ideas and more culturally and racially diverse communities. Economic development upsets the status quo and the local power structure. Not all communities are comfortable with that prospect. Those that are not will typically be viewed as less desirable places to locate a new business. Those communities that embrace change will create a more receptive environment for economic growth. They will be rewarded by growth in jobs and income, and a more dynamic, interesting community in which to live.

Conclusions

The Great Plains was, and continues to be, a region in transition toward the future. The region's progress has lagged that of the rest of the nation in many ways. That has been particularly true for the region's non-metropolitan areas. We have argued that this is the result, in part, of the insularity of the people as well as the natural impediments of distance and sparsity of population.

We have laid out, in our discussion, three possible scenarios for sustainable growth into the future. The first scenario is the most austere, and requires no change in policy.

The second scenario stresses the potential for adding value to the region's agricultural production as a means of adding jobs and income. That will require more indigenous leadership and investment than the region has heretofore demonstrated. However, the strategy has significant promise. Even if successful, it is unlikely that the growth impact would spread evenly across the region. Instead, growth would likely be enhanced principally around those cities and towns that have shown growth in the past decade.

The third scenario is the most intriguing. Vastly improved communication and footloose business functions could result in substantial job and income growth across the Great Plains. However, the attractiveness of agglomeration in and around growth centers would still be difficult to overcome. More importantly, this third scenario - and for that matter, the second scenario as well - will not occur without creative public- and private-sector partnering in infrastructure, education/training, and equity investments across the Great Plains.

Current evidence strongly suggests that economic development occurs most frequently and most successfully where private sector firms partner with each other, and with public institutions and governments, in doing the many things necessary to make business growth happen successfully. Great Plains people and their public/private institutions must act on the strength of this evidence if these more intriguing and optimistic scenarios for a sustainable future in the Great Plains are to be realized.

About the Authors

Dr. Marvin Duncan is a professor of agricultural economics at North Dakota State University (NDSU). Before joining the NDSU faculty, Dr. Duncan was a presidentially appointed member of the board of the Farm Credit Administration and, earlier, a vice president and economist at the Federal Reserve Bank of Kansas City. He researches and writes on agricultural and rural policy and rural financial and credit markets.

Dr. Dennis Fisher is a professor of agricultural economics and an economist with the Texas Agricultural Extension Service at Texas A & M University. He directs the rural policy program within the Economic Development Program Unit of the Extension Service. Dr. Fisher plans and conducts rural policy workshops on the national and state levels, and he has advised many state task forces and legislative committees. Before joining the Texas A & M University system, he was on the faculty at Cornell University, Oregon State University, and Michigan State University. Dr. Fisher also has consulted extensively with government, retail, service, and manufacturing firms throughout the United States and advises them on economic development, market analysis, and other business and economic areas.

Dr. Mark Drabenstott is vice president and economist at the Federal Reserve Bank of Kansas City. He is responsible for overseeing the bank's research on the seven-state Tenth Federal Reserve District. Dr. Drabenstott has spoken to audiences across the nation on agriculture, rural America, and public policy. He is the author of numerous articles and books on such topics as farm policy, agricultural trade, rural and economic development, and the food industry. Dr. Drabenstott is chairman of the National Planning Association's Food and Agriculture Committee and a director of the National Bureau of Economic Research.

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Kristi M Bohl
1 of 2

Mister Chairman and members of the committee, Kristi M. Bohl

If I understand correctly, and I believe I do, newspapers across North Dakota have much to lose with the passage of HB1209, therefore I oppose this bill. Elected positions in half of the counties affected would be eliminated. With that, I assume that means just one official county newspaper in each multicounty district.

Twenty newspapers in North Dakota would lose their official county newspaper status. At worst, some could cease to exist. At best, a definite financial burden would be suffered at most of these smaller newspapers. Any reduction in revenue is devastating to the newspaper.

The largest circulation of any newspaper directly affected by this bill has a circulation of 3572, and the smallest circulation is 317. I would imagine that the newspapers with just 300 or 500 or even 1000 subscribers are actually providing a service to their readers, even more so than providing a liveable income for themselves. Of the 39 official county newspapers in these counties, the average circulation is about 1800. As an example, if I should lose official county newspaper status, I would see about a $6000 loss in a non-election year, and well over $8000 in an election year. That is very substantial to any newspaper, especially a small one.

I am not sure which newspapers across North Dakota will be able to financially absorb a loss and which ones will be forced to make drastic changes, but one thing is certain, it will greatly impact the service that newspapers provide to the readers of North Dakota.

When visiting with some of my publisher friends, I kept hearing the same thing over and over, and that is what this consolidation would do to their communities. As one of my colleagues said, "It would kill our Main Street."

As devastating as it could be to newspapers across the state, we citizens in rural North Dakota would face an even larger issue...the huge economic impact. North Dakota has a respectable reputation for trying to gain an economic development edge. How can we continue on this positive path if we continue to see an out-migration of people? On one hand we're trying to bring new business in, but then killing the businesses we already have.

It seems that North Dakota has been in the business of trying to create new jobs With the passage of this bill, I am concerned with the number of jobs which would be eliminated because of the closure of main street businesses, jobs at the county-level, and jobs at newspapers.

In rural North Dakota, our population of elderly citizens is growing all the time. It seems the services they have always taken for granted are moving farther and farther away. Travel is an issue for many of us as it is; driving more miles to take care of county business would burden our people, especially the elderly.

Those of us in small towns don't like to complain, probably because we think we're not going to make a difference. But, we need to tell the people in the large communities who want to make these decisions for us that bigger isn't always better or more efficient. As I understand it, our counties are funded mostly at the local level. When we, as a county, decide we can no longer afford to, or efficiently operate a fully-staffed courthouse, then WE should be the ones to decide on our fate.

The people who live in small towns across North Dakota and across this country live there because it suits them well. When they have just the services they need, including local government, they don't feel a need to travel any farther. That is what they are accustomed to, and that is what they like.

In an age where we are all about jobs development and retaining our population, we need to recognize the negative economic impact this bill could have on the residents of North Dakota.

Thank you for your time and consideration.

Kristi M. Bohl

Kristi M. Bohl, Publisher
Burke County Tribune
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#6

TESTIMONY BEFORE THE
HOUSE POLITICAL SUBDIVISIONS COMMITTEE
HB 1209
January 30, 2003

Chairman Froseth and members of the committee:

I'm Roger Bailey, executive director of the North Dakota Newspaper Association, and I am here today to speak in opposition to HB 1209.

HB 1209, in addition to eliminating 20 county courthouses, 20 county auditors, 20 county treasurers, 20 county recorders, 20 state's attorneys, and 20 county sheriffs, will ostensibly eliminate 20 official county newspapers, although HB 1209 makes no reference to the election of official county newspapers as contained in NDCC 46-06-01.

The implementation of HB 1209 could very well eliminate several of North Dakota's newspapers. Some of the newspapers which would no longer be "official county newspapers" might survive without the "official county newspaper" status and some of the present county seat cities might also survive after losing the courthouse. The passage of HB 1209 would certainly hasten the demise of rural North Dakota – just at the time that rural North Dakota has been given hope that a future does exist.

I will be surprised, if in the course of discussion of HB 1209, that someone doesn't mention historian Elwyn Robinson's "too many" theory about North Dakota – too many towns, too many townships, too many counties, too many banks, too many farms, too many schools, etc. Robinson failed to take into account two relatively easy explanations for the manner in which North Dakota developed. Towns were settled every seven miles for a good reason – that's the maximum distance a horse could pull a wagon to town and back home in one day. The second reason is that government closest to the people was considered the best government. The people back then liked it that way. I believe they still do.

Please vote "Do Not Pass" on HB 1209.

If you have questions, I'll try to answer them.

THANK YOU.

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1 of 2

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North Dakota Farm Bureau
www.ndfb.org

House Political Subdivisions Committee

January 30, 2003

Testimony by North Dakota Farm Bureau

presented by Sandy Clark, public policy team

Good morning, Chairman Froseth and members of the committee. For the record my name is Sandy Clark and I represent North Dakota Farm Bureau.

NDFB opposes HB1209. Every resident of North Dakota benefits from a vibrant, healthy economy in the entire state, including rural areas. Rural communities are making every effort to revitalize rural North Dakota and to curb the out migration of the rural population. This bill is not only counterproductive to that effort, but promotes the demise of even more rural communities.

County government is a vital part of every community that hosts the county seat. The county offices not only create government jobs, but private industry jobs are also generated to support the services of the county government. Print shops, gas stations, utility companies, engineering companies, construction companies, road construction crews…and the list goes on and on. These dollars turn over many times in a community. And, even more significantly, each of these people pays taxes.

You must also consider that both the government employees and the employees of those private sector businesses have families. They attend local schools and churches. They make it viable to have a wider variety of businesses in that community.

Because of the nature of county services, residents from within the entire county have need to visit that county seat. When they are in town, they shop.

Cutting in half the number of county seats will rapidly lose the dollars you may think you'll save in consolidating counties.

Neighboring counties are already finding ways to share some services and they will continue to do more. But they should be allowed to do it at a time and manner of their

One future. One voice.

choosing. They pay for the vast majority of their services with local property taxes and it should be their choice how they conduct their business.

We are chasing every economic development opportunity in every urban and rural community in this state. New economic development and diversity of the economy are key to our survival. But we must also keep the current businesses in tact. This bill guarantees the demise of many rural communities, just as surely as would mandated school consolidation.

Rural communities and neighboring counties, by and large, get along very well today. However, this bill would set the stage for a turf war over who gets the county seat. The battles would be hard fought and would have long-lasting effects that would be detrimental to our society.

Therefore, North Dakota Farm Bureau urges a "do not pass" recommendation on HB1209. Thank you for your consideration. I would be happy to entertain any questions you might have.

1-30-03

#8- (1&2)

TESTIMONY BEFORE THE HOUSE POLITICAL SUBCOMMITTEE REGARDING HB 1209

January 30, 2003

Chairman Froseth, members of the committee, my name is Kathy Hogan, I am the Director of Cass County Social Services and I am speaking here today as the president of the ND County Social Service Directors Association. I speak in opposition to HB 1209.

As the demographics of North Dakota change, the structure of government also changes. Over the last seven years, the delivery of county based social services has substantially changed as a result of funding changes, demographic changes and local efforts to provide more efficient and effective social services. Cross county sharing and collaboration have existed in county social services since statehood. Since the establishment of "Tool Chest Bill", implementation of joint power's agreements and increasing financial pressures facing counties, we have increased sharing, consolidating, and purchasing services.

In the summer of 2002, the ND County Social Service Director's Association compiled a list of current cross county collaborative efforts. All 53 of the counties are participating in some collaborative efforts. Attached is a copy of the final report of cross county collaboration that was compiled. Some counties purchase a service from another county, some counties share staff positions such as directors, social workers, and child care licensors, some counties participate in collaborative projects

such as foster care recruitment sharing resources and time. Each of these efforts is locally designed and driven.

HB 1209 describes a process for major top down governmental change. Counties have used the bottom – up approach for the past 15 years and we believe that this approach is more responsive to local needs. Local control has demonstrated the ability to provide quality services in a cost effective manner and therefore we urge you to vote no on HB 1209.

I would be more than willing to answer any questions.

#9 1-30-03

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TESTIMONY TO THE HOUSE
POLITICAL SUBDIVISIONS COMMITTEE

Prepared January 30, 2003

Norm Andrus, President - N.D. Association of Counties

Dickey County Commissioner

CONCERNING HOUSE BILL NO. 1209

Chairman Froseth and members of the Political Subdivisions Committee, as president of the North Dakota Association of Counties and a Dickey County Commissioner, I am here today to oppose the mandated consolidation of counties as set out in House Bill 1209.

I believe local boards and citizens are in a better position to decide how and when county government services should be redefined, consolidated or merged. As a local leader, I know that tough decisions are made each year as counties try to do more with less. Counties often cooperate to provide services as commissions work to best meet the needs of their citizens.

In Dickey County, we share our social services with LaMoure County very successfully, and our health unit goes across county lines to meet citizen needs. Our Sheriff also contracts with the city of Ellendale to provide policing. A mandated consolidation of counties as proposed by this bill would jeopardize already working consolidation of service efforts by counties, not to mention the many "Tool Chest" related structures that have been developed in some counties.

Forced consolidation of services can create problems, as it does not serve to meet the differing needs of our communities. Attached you will see a document with actual comments from our counties expressing their concerns on consolidation. Mr. Chairman and members of the committee, a "one-size-fits-all" approach does not adapt well to county government. I urge you to oppose House Bill 1209 and give it a Do Not Pass recommendation.

HB1209 COUNTY CONSOLIDATION
COMMENTS FROM POSSIBLE CONSLIDATION COUNTIES
Collected from 1/16/03 to 1/22/03

A survey, conducted by the North Dakota Association of Counties, in mid-January 2003 asked the following question of county auditors in the proposed consolidation counties as set out in HB 1209:

In your opinion, what impacts would consolidation have for your county
- *fiscally,*
- *on your official procedures, and*
- *for your constituents.*

The following are the responses from the counties.

FISCAL IMPACTS

- If we consolidate with Sioux County we will be picking up more cost with less tax base as we struggle enough with what we have.
- I think that it may increase the amount that we have to levy in tax dollars as the county that we are to merge with are at their maximum in most levies.
- Several individuals would have to move to other areas, thereby causing the town to lose revenue and residents. The school would lose students, some stores would be forced to close, etc. The cost of combining courthouses would be enormous as neither Logan nor Kidder has a large enough place to house one another's records, not the space for the workforce.
- One of the biggest factors in combining Pierce & McHenry is the difference in determining land valuations.
- I note that they are proposing a combination of Walsh & Pembina. What happens to the Home Rule question, Walsh County has home rule, Pembina does not.
- How do they address long term debt?
- The only thing I can see that you may be able to possibly save is 5 commissioner's salaries. You would still need the greater share of your staff if you consolidated, so where is the savings?

PROCEDURAL IMPACTS

- It is too bad that our local county officials aren't given the credit that they deserve for running their counties as efficiently as possible on their own.
- Our officials serve our communities very well but are stretched to the limit in time. If we start extending borders we will have to either get more help or stretch the people we have further.
- In the case of Billings/Golden Valley County combination, if it came to a vote where the county seat would be, Billings County would lose, since Golden Valley County has twice the number of voters. Therefore, a new courthouse would be closed and employees would more than likely be out of work.
- There would be one more empty beautiful building that the Historical Society would demand to be kept up with no one to use it.

- How would consolidated counties store old documents and records? Most counties are having problems with finding space for records retention. If it would be combined with another county, finding space for another county's records would be a major problem.
- Another concern would be the software for the tax, general ledger and payroll programs. We use Dakota Programs and they use Software Innovations. It has been proposed to close one site.

IMPACTS TO CONSTIUENTS

- Most small counties have an economic development organization that feels very good about a small business employing one, two or more people. By closing the courthouse, there could be up to 50 employees looking for a job.
- Most of the constituents I have talked with say if we want to consolidate we will vote on it and not have someone from Bismarck dictate to us.
- There would be nothing positive for constituents. They would be paying taxes to support another county.
- Although taxpayers are not fond of government control, they do prefer to have their officials as local as possible.
- Most, if not all, of the elderly population believe that they must pay their property taxes in person, and consolidation would only make more travel for a good share of them.
- We are financially stable and consolidation would most likely cause out taxes to increase. Bigger is not always better.

Responses compiled from the following counties: Billings, Dickey, Foster, Golden Valley, Grant, Kidder, LaMoure, Logan, McHenry, Pembina, Ransom, and Slope.

#10 1-30-03

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TESTIMONY TO THE HOUSE
POLITICAL SUBDIVISIONS COMMITTEE
Prepared January 30, 2003
Presented by Ronald Krebsbach, President
N.D. County Commissioners Association
McLean County Commissioner

CONCERNING HOUSE BILL NO. 1209

Chairman Froseth and members of the House Political Subdivision Committee, my name is Ron Krebsbach and I am president of the North Dakota County Commissioners Association. I am here today on behalf of county commissioners to oppose House Bill 1209.

Shared services, shared staff and shared costs are all a part of joint efforts already being done by counties to offer better, more cost efficient services to our citizens. Disrupting current cooperative efforts, through legislative mandate to merge in one direction, may not only upset these arrangements but also arbitrarily damage existing, successful relationships.

Currently, McLean County has many shared or cooperative arrangements. We share a regional library with Mercer County and take part in the District 1 Regional Health Unit. When possible, we cooperate with local townships to share costs on crushing gravel and other road maintenance issues. Our law enforcement provides contract protection services to the cities in our county. McLean also shares it social service director with three other counties. It is arrangements such as these that has allowed us to meet the needs of our citizens and address budget concerns in a proactive manner. Through innovative thinking, counties in the state have come up with similar cooperative arrangements to continue to meet taxpayer needs without drastic property tax increases.

Merging counties can do nothing but shift property tax burdens because of the differing valuations and funding priorities of two counties. Merging them will create unfair combinations where some citizens will benefit and others will suffer. Analysis by the North Dakota Association of Counties suggests that in the proposed McLean/Sheridan combination, Sheridan's taxes would go down significantly and McLean's would increase by 18 percent.

Local boards and citizens have demonstrated their ability to make decisions that are in the best interests of their communities through the many existing consolidated services and cooperative arrangements across the state. Mr. Chairman and members of the committee I ask that you allow them to continue to do so by opposing House Bill 1209 and giving it a Do Not Pass recommendation.

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HOUSE BILL 1209 182

Testimony to the
ND HOUSE POLITICAL SUBDIVISIONS COMMITTEE
Prepared and given by Susan A. Ritter, Renville County Auditor/Treasurer
January 30, 2003

Chairman Froseth and members of the Political Subdivision Committee, it is a pleasure to be here today. It is with great pride that I acknowledge Chairman Froseth as he represents District Six, my home district.

I appear before you today to oppose HB1209. My testimony has also been endorsed by the Renville County Commissioners.

I have served County Government for nearly 25 years. In my earliest years we seemed to perform our jobs and provide services the way "things were always done." However, as time and technology progressed and as funds began to tighten Renville County began to look to other offices, co-workers, counties, the state, and to our associations, especially the ND Association of Counties, in an effort to combine services. Combining services has been done successfully in many cases and is by no means insignificant. They include such things as a combined emergency 9-1-1 system with Bottineau County, an agreement with NDSU to share video conference equipment and the services of a technician, a joint powers agreement for the county risk management program, a multi-county wireless 9-1-1 joint powers agreement, a joint powers agreement for the services of a HIPAA coordinator, police contracts with our cities, providing road maintenance for townships and cities, intra-office, interoffice, and many, many other services that we share with other counties, cities, schools, townships, and the State. The vast majority of state and county Officials and employees have an email address ending in @state.nd.us which signifies another effort of combined services. In 1994 Renville County began identifying the number of shared services and to this day the number of shared services continues to grow. It is our goal as county officials to provide the best services to our constituents by using the most effective means possible. Sharing services will always be a factor in doing so.

I have to admit that one of the driving forces behind examining efficiency and effectiveness in our service delivery has not only come from lack of funding and technological advances but because of past proposed legislation similar to HB1209. The Renville County Advisory Committee examined Renville County's structure and service delivery and encouraged cooperative efforts with schools, townships, cities, counties, and the State, but made no recommendations as to structure, except combining of offices within the county. People from all parts of Renville County encouraged cooperative efforts but under no circumstance did anyone suggest that closing our Courthouse was an option. HB1209 proposes that an election be held to determine the location of the multicounty's courthouse. With under 1,800 voters in Renville County and over 5,500 in Bottineau County there's no question where our courthouse would be located should HB1209 become law. On the grassroots level we want our autonomy and our infrastructure but we are willing to share resources to provide services.

I am most certainly surprised by the brevity of HB1209. Recently the Board of Renville County Commissioners requested that I write a plan to combine the offices of Auditor, Treasurer, and Tax Director. By statute, the resolution and plan to combine offices must analyze the existing structure, function and procedures of each office, provide a comprehensive plan that describes the changes to be made, the proposed office organization, and the effectiveness and efficiency created by the plan to combine the offices. The document that I wrote is seven pages in length and the plan will be tested for two years before a final decision to combine the offices will be made. It would seem that a plan as sweeping as HB1209 would contain language addressing, at the very least, the effectiveness and efficiencies created by merging county government and closing courthouses. With dedicated public servants, the use of technology, and combining services, as the County Governing Board determines, we are providing services, programs and activities to our constituents and it is our hope that we will continue to do so from our Courthouse at 205 Main Street East, Mohall, North Dakota.

According to an article in the Bismarck Tribune, HB1209 is a response partly to the growth of government in North Dakota. I'm not exactly sure what areas of growth are being addressed but in Renville County, government is not growing all that fast. In recent years, we have had a decline in full time employees from 25 to 23 and a decline in part time employees from 25 to 16, not to mention a decrease in election workers from 60 to 25. Our spending has been relatively level with major spending occurring in Road and Bridge Funds, Law Enforcement, and Human Services.

Creating a multicounty district needs to be carefully addressed by local people. How far is too far to drive for services, how diluted should representation on a governing board be, and will services, especially for those living on the fringe of the district, be decreased or diminished in any way, shape, or form? Perhaps this is a good time for counties to put strategic planning to the forefront. Planning will prepare us to be architects of change rather than the tenants of mandated change. We need to control our destiny from the local level with the laws that you, the Legislators, have given us. I simply ask that you give credit to those of us who have used the laws to become more efficient.

It has been said that to participate in a democracy, you don't need to be "somebody" because the most important political office is that of the private citizen. Mr. Chairman and members of the Committee, as a private citizen, I want to participate in our democracy by respectfully urging a "Do Not Pass" recommendation by this Committee on HB1209.

1-30-03

#12

Testimony on HB1209 House Political Subdivisions

prepared by Ken Yantes

Mr. Chairman Froseth and Members of the House Political Subdivisions Committee.

My name is Ken Yantes and I represent about 6300 grassroots leaders from over 1100 dues paying township members of the North Dakota Township Officers Association.

We have been leaders in the multi-district concept. Townships were given the authority to ban together and form multi-township districts in the late 1980's. This is found in chapter 58-05.1 of our North Dakota Century Code and it allows up to 5 townships to voluntarily form multi-districts. The procedures to do so are all spelled out for us to use. Some townships have done so and others continue to consider it.

We feel that to mandate formation of multi-county districts as found in HB1209 is an unacceptable procedure. North Dakotans usually resist change; especially when they are told they must change.

It remains our opinion that although combining some counties sounds good, it should come from the needs of the electors rather than from a legislative requirement to do so. Please give HB1209 a do not pass recommendation.

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1-30-03

WRITTEN TESTIMONY
HOUSE POLITICAL SUBDIVISIONS COMMITTEE
HOUSE BILL 1209
By Sydney Hegge, Billings County Auditor
January 30, 2003

Mr. Chairman and members of the committee:

My name is Sydney Hegge; I am the Auditor for Billings County. I am here today to testify on behalf of Billings County residents and officials in opposition to House Bill 1209. This bill proposes to combine thirty nine counties into nineteen.

Billings and Golden Valley counties already share several services as provided by legislative action ten years ago. We feel the counties involved are better able to determine what services can be combined and still provide for our residents. Accessibility to services provided by county government is essential to rural North Dakota.

Billings and Golden Valley counties are split by the Little Missouri River from end to end. There are no all season crossings except at Medora. This makes approximately forty miles north on each side of the river inaccessible from either side making an eighty mile trip from Medora, one hundred five miles from Beach, for road maintenance, law enforcement, fire or ambulance. It also makes approximately twenty-five miles south on each side of the river inaccessible to either county which would result in a fifty mile drive from Medora or seventy-five miles from Beach. Billings County students would have to go to Beach High School which could be a one hundred sixty mile round trip for the majority of high school students.

Combining the counties could eliminate up to twenty-six full time jobs and several seasonal and part time jobs, just in Billings and Golden Valley Counties. These are families that live in, pay taxes and support businesses in the two counties and the surrounding area. Everyone else in the state is promoting economic development and trying to keep or bring more people and jobs to the state.

Government is growing because of State and Federal mandates, most of which provide no funding. Counties usually have to do the extra work with the same number of employees. The State has taken funding from the counties in some offices and left the majority of the workload.

It appears House Bill 1209 would create many problems for both Golden Valley County and Billings County. Please vote a "Do Not Pass" on HB 1209.

Thank you for hearing my testimony. If you have questions, please contact me either at my office: 701-623-4377, home 623-4306 or e-mail auditor@midstate.net.

#14 1-30-03 182

HB #1209

Greeting

Introduction: Chuck Damschen, farmer, landowner, LAND member, Cav.Co. WRB

Opposed to HB 1209

A. This bill consolidates counties by creating "multicounty districts"
B. It goes on to eliminate one or more existing county seats in each new "multicounty district"
C. I believe this bill to be in conflict with Article VII of the Constitution of the State of North Dakota.
    a. Article VII, Sections 1, 2, 3, 4, 5, and 10 read as follows: (see attachment)
    b. Clearly the intent is for local self-government, with any such actions as described in HB 1209 left up to the electors in the affected counties.
    c. Even if there was a question as to how the courts would decide this, the intent of the writers of Article VII is crystal clear: LOCAL CONTROL!! DECISIONS OF THIS MATTER ARE TO BE MADE BY THE PEOPLE WHO ARE AFFECTED BY IT!!
    d. I trust you as elected representatives of the people to support the intent of the writers of the Constitution you are sworn to uphold.
D. On the basis of this information I request that you recommend "do not pass" on HB 1209.

Thank you.

Chuck Damschen

ARTICLE VII

POLITICAL SUBDIVISIONS

Section 1. The purpose of this article is to provide for maximum local self-government by all political subdivisions with a minimum duplication of functions.

Section 2. The legislative assembly shall provide by law for the establishment and the government of all political subdivisions. Each political subdivision shall have and exercise such powers as provided by law.

Section 3. The several counties of the state of North Dakota as they now exist are hereby declared to be counties of the state of North Dakota.

Section 4. The legislative assembly shall provide by law for relocating county seats within counties, but it shall have no power to remove the county seat of any county.

Section 5. Methods and standards by which all or any portion of a county or counties may be annexed, merged, consolidated, reclassified, or dissolved shall be as provided by law. No portion of any county or counties shall be annexed, merged, consolidated, or dissolved unless a majority of the electors of each affected county voting on the question so approve.

Section 6. The legislative assembly shall provide by law for the establishment and exercise of home rule in counties and cities. No home rule charter shall become operative in any county or city until submitted to the electors thereof and approved by a majority of those voting thereon. In granting home rule powers to cities, the legislative assembly shall not be restricted by city debt limitations contained in this constitution.

Section 7. The legislative assembly shall also provide by law for optional forms of government for counties, but no optional form of government shall become operative in any county until submitted to the electors thereof at a special or general election, and approved by a majority of those voting thereon.

Until one of the optional forms of county government is adopted by any county, the fiscal and administrative affairs of the county shall be governed by a board of county commissioners as provided by law.

Section 8. Each county shall provide for law enforcement, administrative and fiscal services, recording and registration services, educational services, and any other governmental services or functions as may be provided by law. Any elective office provided for by the counties shall be for a term of four years. Elective officers shall be elected by the electors in the jurisdiction in which the elected officer is to serve. A candidate for election for sheriff must be a resident in the jurisdiction in which the candidate is to serve at the time of the election. The office of sheriff shall be elected. The legislative assembly may provide by law for the election of any county elective officer, other than the sheriff, to serve one or more counties provided the affected counties agree to the arrangement and any candidate elected to the office is a qualified elector of one of the affected counties.

Section 9. Questions of the form of government to be adopted by any county or on the elimination or reinstatement of elective county offices may be placed upon the ballot by petition of electors of the county equal in number to twenty-five percent of the votes cast in the county for the office of governor at the preceding gubernatorial election.

Section 10. Agreements, including those for cooperative or joint administration of any powers or functions, may be made by any political subdivision with any other political subdivision, with the state, or with the United States, unless otherwise provided by law or home rule charter. A political subdivision may by mutual agreement transfer to the county in which it is located any of its powers or functions as provided by law or home rule charter, and may in like manner revoke the transfer.

Testimony to the
HOUSE POLITICAL SUBDIVISIONS COMMITTEE
Prepared January 30, 2003 by
Mark A. Johnson, CAE – Executive Director
North Dakota Association of Counties

HB 1209

CONCERNING HOUSE BILL NO. 1209

Chairman Froseth and members of the Political Subdivisions Committee, I appear before you today on behalf of counties and county officials to oppose House Bill 1209, as a State mandated structural change to local government.

While we oppose this bill, we don't oppose the examination of county structure, as we believe it is healthy and usually productive, and today it gives us the opportunity to present the tremendous efficiencies already implemented at the county level. NDACo however has historically supported a grassroots model for change; a bottom-up approach to restructuring service delivery by those that will be most affected – the citizens.

With the help of county officials from across the State, we have prepared a rather extensive set of handouts that I won't go through in detail, but would like to reference as supporting the following points.

- **Changes to increase efficiency are already occurring**. A "Tool Chest" of statutory changes was enacted in 1993 to give citizens and their local officials the ability to modify their government structure to meet the changing needs. Included in this collection of statute changes was a "win-win" process that would allow the citizens of two or more counties to merge without the automatic reduction in services, access, or identity.

  In response to the "Tool Chest" legislation, almost every county in the State appointed a citizen's advisory committee in 1997 and 1998 to examine their current county structure and service delivery, and to recommend to the county commission any changes they felt appropriate. The results were varied, sometime broad, but often quite specific – and most importantly, many recommendations were implemented by the county boards. (Attachment A is a summary of some of the advisory committee reports)

  In 1993, county government had 349 elected officials – Now, when all elected county offices expire in early 2003, there will be only 240 left, a 31% decrease in elected offices in 10 years. We have seen very dramatic changes in the "administrative offices" within county courthouses. Where we once had 53 separately elected county auditors, we will now have 39, with 8 elected auditor/treasurers, 2 appointed auditors, 2 appointed auditor/treasurers, and 2 appointed auditor/treasurer/tax director combinations. This is a profound change to a structure that has been virtually unchanged since Pembina became a territorial county in 1866. And this is just one example. Similar changes have taken place with county treasurers, recorders, clerks of court, tax directors and county superintendents of schools. HB1209 appears to undo these locally-determined efficiencies by reestablishing offices that have been eliminated. (Attachment B is a summary of the structural changes implemented statewide in the last ten years)

- **Research indicates county consolidation is not cost-effective.** In 1996, a researcher at NDSU produced a report titled "*Cost Savings from Consolidating North Dakota Counties*" (Ag.Econ. Rept. No. 361 - Attachment C). The researcher concluded that "***consolidating counties is not the answer for reducing costs for county government services in North Dakota.***" While certain service areas consolidation could result in savings, in others consolidation would most likely increase costs.

- **Savings the research suggests can occur, are already taking place.** The NDSU report provided a "future history" of sorts for county structural change, because we have seen the greatest consolidation of services, both internal and cross-county, in those areas identified in the study as having the greatest potential for savings. The report suggested that the potential for savings was greatest in the area of social services. North Dakota has never had (in reality) 53 social service agencies. Almost since "welfare" became a county responsibility, Bowman and Slope Counties have operated as one social service agency with two boards. Golden Valley and Billings counties are structured similarly.

  But, in the last 15 years, the cross-county consolidation in social services has been rapid and extensive. North Dakota now has only 37 Social Service Directors, acting as chief executive for the agencies serving all 53 counties – several manage services in 4 counties apiece. But that is just the tip of this iceberg – Attachment D provides a set of maps depicting the current service sharing configurations and Cass County Social Service Director, Kathy Hogan will be providing further information specific to county social services. It must be noted however that in the last six years we have seen reductions in social service FTE's in most counties – during a period when the State has increased county responsibilities.

- **The arbitrary merging of counties may disrupt current sharing.** HB1209 appears to arbitrarily assign counties to merge – without comprehensive consideration of current consolidation efforts. Besides social service staff, counties share state's attorneys, tax directors, specialized road equipment, and other things. In some cases this bill brings together those already sharing, in others it would likely unravel long-standing cooperative efforts.

- **Merging of certain counties will directly shift tax burden.** Some of the consolidations proposed in this bill would have dramatic property tax impacts to individual citizens. Attachment E is a set of tables and graphs examining county financing. The first table contains an analysis of the proposed merger of two counties, and its effect on an average citizen's tax in each county. This analysis assumes a 5% savings in overall expenditures – savings that the NDSU study suggests would not be realized. This example combines Pierce and McHenry County to form "McPierce". The former residents of Pierce County could expect a 19% average property tax reduction, while those living in what was once McHenry County could plan for paying 8% more. We believe that the citizens of these two counties should be the ones to determine if this tax shift is acceptable.

- **The cost of county government is decreasing not increasing**. It has been suggested that the growing cost of government is a reason for forced consolidation. I believe that in reality, if the cost of government is growing, its not growing in the counties. Every county undergoes an annual audit by either the State or a private accounting firm. The data from these audits are compiled as a set of graphs to provide a picture of county government finances (also Attachment E).

Although county expenditures increased from $176 Million to $274 Million during the period 1985 through 2000, when these figures are adjusted for inflation (CPI), total costs have remained flat, and when capital expenditures due to federal disaster relief are factored out, counties actually spend less in 2000 than in 1985 (in 1985 dollars).

- **County reliance on property tax may be increasing but only due to decreasing State and federal revenues.** When you examine the revenues of county government (also Attachment E), the audit reports provide an interesting picture of the financing of county services. Fifteen years ago, property taxes were 32% of county revenues, and state and federal intergovernmental transfers were 47%. As of 2000, property taxes have risen to 39% and intergovernmental transfers have dropped to 44%. During the same period, county revenue for fees and other charges dropped from 21% to 17%. Since property tax is levied to meet the cost of service delivery less other revenues, it seems clear that decreasing funding support from State and federal government has driven up county property taxes. County spending patterns have not been the driver of these costs.

- **Staffing surveys indicate counties are doing more with less full-time staff.** As with finances, I think a quick examination of county staffing levels will also show that if government growth is a problem, its not because of counties. NDACo conducts an annual on-line survey of county salaries and staffing levels by department. In the past 15 years, while part-time employment has risen, we have seen a slow decrease in the total FTE's, with one notable exception. Since passage of the most recent federal crime bill, COPS grants have allowed some counties to expand their law enforcement capacity. If this exception is factored out, we see an overall reduction in total county Full-Time Equivalents over the last six years. (Attachment E)

- **Public Opinion supports a grassroots approach to change**. The issue of a grassroots approach to change has been the topic of editorials throughout the state for the last 10 years, and while they don't provide a great deal of new information, they do provide a perspective we felt should be shared with the committee. The editorials have been included as Attachment F.

- **HB1209 would most likely be found unconstitutional.** Constitutional problems with the proposed consolidation of counties are too numerous to discuss in detail, but clearly would need significant legal research. Attachment G contains three sections of Article VII of North Dakota's Constitution that appear to bar the enactment of this bill. Section 4 prohibits the Legislature from removing county seats, section 5 requires a vote to move county lines, and section 8 requires county official terms to be 4 years in length.

In conclusion Mr. Chairman and committee members, county officials suggest that HB1209 would be a political nightmare for all of us. It is unnecessary because of the efficiencies that have been, and are being, implemented in county government today. It will undoubted increase property taxes (at least in some areas), creating winners and losers. And, you all know that mandating change that can be better implemented by the citizens living in these counties is poor public policy. We therefore ask for a Do Not Pass recommendation on this bill.

Attachment A

County Advisory Study Process

Established by "Tool Chest"
Provisions
of North Dakota Law

Based on Surveys
of the
North Dakota Association of Counties

1998

TESTIMONY TO THE
ADVISORY COMMITTEE ON INTERGOVERNMENTAL RELATIONS
Mark A. Johnson, NDACo Executive Director

ADVISORY STUDY PROCESS - INTRODUCTION

This document has been prepared, and the attached items have been assembled, to provide background information on Chapter 40-01.1 of the North Dakota Century Code and to assist counties in fulfilling the requirements of this chapter.

NDCC 40-01.1 was passed by the Legislature in 1993, and subsequently became effective on August 1, 1993. It contains the only legislative mandate in a large number of statutory changes, enacted that year throughout the Century Code, that have collectively been termed the "Tool Chest" for local government. The mandate of 40-01.1 is, very simply, the requirement to appoint an advisory committee to study county government (cities also have this requirement), or to place a question on the ballot asking the voters if they would like a committee appointed. If, in the last five years, the ballot question has not been voted on, or a committee has not issued recommendations to the governing board; the county auditor (or city auditor) is required to place the question on the ballot for the next regular election.

The Legislative history suggests that this particular provision was specifically discussed, and that the "need" to push local government into self-examination was acknowledged. The editorial from Divide County reprinted on page 2 takes this discussion further, suggesting that the process this statute creates can be a major factor in heading off "forced consolidation".

At the request of several counties, the Board of Directors of the Association of Counties developed resources to assist those counties interested in beginning an advisory committee study. With the help of the NDSU Extension Service, USDA Rural Development, and others; the three-phase process, described on page 3, was developed and made available to interested counties. The purpose of this process is not to direct, or even suggest a direction, but to offer basic demographic data and professional facilitators to assist county boards and advisory committees in developing their own recommendations for the future of their local government.

Page 4 – 9 contains our most complete summarization of the results of the process each county conducted. Counties are listed in alphabetical order. Page 10 contains draft ballot language for consideration by those counties that will be including the question in an upcoming election. As indicated in Secretary Jaeger's November 21, 1997 memo to county auditors, this issue is a local one. It would, therefore, be inappropriate for the State to develop standard ballot language. NDACo however has worked with the Secretary of State's Office to develop a <u>draft</u> analysis and <u>draft</u> ballot language for consideration by counties. Page 11 includes a discussion of the issue of ballot publication. As with all local issues, we urge each county to consult with their State's Attorney as they determine appropriate.

As an appendix, a copy of NDCC 40-01.1 has been included for reference.

ADVISORY STUDY PROCESS - PUBLIC OPINION

Be creative – or face forced consolidation

In 1993, the Legislature considered a bill to reorganize the state into 15 large counties. It decided, instead, to give us the opportunity to become creative in heading off the urban forces that believe governments for rural folk should be consolidated with those in the city.

That year, the Legislature enacted a law, called the "Tool Chest, " that unties the bonds that have kept our cities, schools and counties operating since statehood without significant structural change.

We know that legislative forces in Fargo and other urban areas are planning the next round in their fight for forced consolidation. The time is right for those of us in rural areas to take the offensive in that fight, rather than sit on our heels and wait to defend ourselves in 1999.

The way to do it is to take advantage of the Tool Chest law. Particularly in rural areas such as ours, the opportunities are endless.

The law allows all types of alliances between local governments. Consider some of the possibilities:

- The Crosby swimming pool is in extreme need of repair and management. The Divide County School District always has trouble fining someone to coordinate athletic events. The Crosby Blue Line Club has a perpetual problem with administration of its hockey program, and the Crosby youth recreation program, by default, gets dumped on the city auditor.

By pooling their resources, these various entities could hire a professional who would not only solve their annual problems but bring new ideas to sports and recreation in the community.

- We could have one law-enforcement agency that would cover all of Divide County. For that matter, if we could eliminate the requirement that each county elect a sheriff, Burke County could be included in the concept. The city of Crosby already has concluded it can save a small amount of money by contracting with the sheriff's department for police services.
- Divide County and its cities could enter a joint administrative effort in which a professional public administrator could manage the work of all the entities. We could then have one staff of workers who would be assigned to do whatever work is necessary rather than be confined to the tasks of a particular office.

We could do away with city and county government as we know it, incorporating all of Divide County into one entity. After all, we have only 2,500 people in the entire county, about half of them in Crosby, and we're already one community working on common problems and ideas.

Sound too grandiose? Perhaps. But we need to dream big and then pare our dreams back to reality. The Tool Chest law mandates nothing, but gives us the opportunity, even the obligation, to spend time dreaming. The process simply calls for appointment of study commissions that can dream those dreams.

If we choose not to dream, we choose to accept whatever the great consolidators force down our throats.

– Steve Andrist, The Journal, Crosby

ADVISORY STUDY PROCESS – FACILITATION RESOURCES

Through the joint efforts of the North Dakota Association of Counties, NDSU Extension Service, USDA Rural Development, the League of North Dakota Cities, and the North Dakota Consensus Council; a Three Phase process has been proposed for the serious examination of a local government's service needs, current resources, and the structure and governance options available for service delivery into the next century. Specialized staff and consultants have been assembled to assist local committees in the implementation of this process. The process has been designed to be timely, low cost, and non-directive – by which we mean those staff and consultants involved will facilitate, educate, and communicate; but will not suggest solutions, strategies, or outcomes. The three phases are briefly described below:

Phase I: Presentations in Preparation for Advisory Study Processes

A consultant will spend 4 to 6 hours with the Advisory Committee, governing boards, and appropriate community stakeholders to present demographic, service, financial, and other key data in a rapid, but county-specific format. This presentation will provide the background information for preliminary decision-making and future planning. A very brief overview of the governance options available and some of those implemented throughout the State will be shared. The participants will then be given several very basic considerations for discussion and the meeting will be closed with a consensus about whether it is appropriate for the advisory committee to continue with Phase II, or if the recommendation of the committee should be "no change". If continuation is planned, the make-up of an expanded Phase II committee will be discussed.

Phase II: Facilitation of Advisory Study Processes

If the consensus reached in Phase I is to proceed, a second meeting will be scheduled 2-4 weeks after the first. This will involve a trained facilitator from NDSU Extension or USDA Rural Development, who will work with the Advisory Committee and other key stakeholders to process the information from Phase I, identify the objectives, and develop an action plan that can become the Advisory Committee's recommendation to the governing board. This Phase may involve one or two days of meetings, depending upon the scope of study agreed to by the advisory committee.

Phase III: Implementation of Advisory Study Process Recommendations

If the governing board agrees with the Advisory Committee's recommendations, the next phase will be more long-term and county specific. Depending upon the county's objectives, the resources needed to implement certain recommendations may include the State's Attorney, outside consultants, a facilitator to work with multiple jurisdictions, or any number of other more specialized individuals. When a county reaches this phase in their planning, the team assembled for Phase I and II, may only act as a reference source, or provide guidance by phone and fax.

Barnes County

- Phase I Report
- Meeting Date: March 29, 1998
- Present: 5 Barnes County Commissioners; County Auditor; several county officials and a few interested citizens from the county
- Suggested holding meetings in communities throughout the county to gather input.
- Valley City Winter Show to gather priority recommendations from Barnes County residents
- No decision was made for Phase II, it is believed that the commission will appoint a committee to work on recommendations (Subsequently placed on ballot and failed)

Benson County

- Phase I Report
- Meeting Date: April 26, 1998
- Present: One Benson County Commissioner; Auditor; Treasurer; and other local officials; Representatives from ND Ext Service and Office of Rural Development
- List of Strengths, weaknesses and vision of Benson County
- Benson County will appoint a committee to review combining offices and entering into other joint agreements with other political subdivisions, that committee will also make recommendations about what course to take in the future in the terms of studies and/or other potential agreement areas to explore.
- Phase II Benson County Task Force Report
- Meeting Date: July 21, 1998
- Present: Not listed
- Goals: provide local access to services, provide full-time employment, increase revenue to the county, and provide benefits for both full time and part-time employees
- Combine county/city auditor positions
- Combine city and county law enforcement, having deputies stationed in small communities
- Job sharing for county/city employees which allow benefits
- Group insurance for farmers
- Bring in industry that pays higher wage
- Utilizing empty buildings
- Benson County Job Authority could assist feasible studies/improve bus service
- Health services – district
- Telecommunications training
- Establish an incubation centers – Maddock

Billings County

- Phase I Report
- Meeting Date: May 3rd, 1998
- Present: County Auditor; June Kraft; NDSU's Ext Service; Several other county employees Note: there were not commissioners present Billings has already appointed a committee and this meeting was for other interested citizens
- While Billings county's population is fairly stable, those remaining are older, and the education level of those staying in the County has increased significantly. The number of farms and ranches continues to decline and the average size is increasing. The average age of farmers is 50, the same as the statewide average. Economically, Billings County appears to be stronger than surrounding counties, other than Stark, as sales in the past few years have increased faster than inflation and the number of businesses in the County has remained fairly constant.
- August 10th Report
- Vision is to maintain its independent identity, while welcoming economic development and to continue to emphasize their natural beauty and natural resources. They will also keep the schools and residents competitive through technology.
- Proposed Goals
  1. Improve business opportunities through zoning laws that promote and encourage business
  2. Maintain identity

   3. Maintain public and private land use for local economy through zoning laws, and Billings County land use plan
   4. Encourage strong leadership and participation in county and civic affairs
   5. Pool county resources to maximize efficiency
   6. Promote technology for advancement of schools, businesses, and individuals
- Action Plan
   1. City and county zoning boards can have public forums to educate the public in regards to the zoning process and how it works.
   2. Use the established committees for the land use plan so all residents are informed on land management decisions.

Burleigh County

- Presentation Report
- Meeting Date February 9, 1998
- Present: 4 Burleigh County Commissioners; several county officials
- Commissioners concluded that they would like to have a re-presentation on a Saturday with more public notice. The topic would be to discuss whether to put the matter to a vote of the people or to establish sub-committees from the general public to review various options available to the county under the Constitution and the Tool Chest Statute.
- Second Presentation Report
- Meeting Date: April 16, 1998
- Present: 3 of 5 Commissioners, several county officials and several county employees
- No decision was made at this meeting about the next step

Dunn County

- Presentation Report
- Meeting Date: April 4, 1998
- Present: 2 Commissioners; Auditor of Killdeer; Mayor of Dunn Center and interested citizens from Dunn County
- It was suggested to hold meetings in communities throughout the County to gather input
- April 21, 1998 Phase II
- Present: John Combs; Robert D. Binek; Margaret Senger; Reinhard Hauck, Commissioner; Tim Stroh; Jane Erickson; Mayor Allen Roll of Dunn Center; City Councilman Gust Mittelstedt; Commissioner Orris Bang; Josh Dohrmann; Terry Fredericks; Bobbi Kukla.
- Vision Statement: Dunn County will be a thriving county with an increase in business and population while maintaining the values of freedom, safety, family and environment.
- Goals
   1. Create appealing business atmosphere
   2. Develop and train new leaders
   3. Keep the population of Dunn County and stop out migration
- Action Plans
   1. Establish an economic developer or jobs development authority for Dunn County
      a. Development of tax dollars
      b. Look at joint arrangements between cities, county, state and possibly CAM Incorporated
   2. Develop a County Management Team
      a. Team to consist of 2 individuals per community, not necessarily elected officials
      b. Meet monthly or a team feels is necessary to discuss issues relating to county and communities

McIntosh County

- Advisory Study Committee Report
- Meeting Date: July 7, 1998
- Committee Members: LaVern Blinsky, Wishek City Councilman; LuElla Blumhardt, County Auditor; Terry Elhard, States Attorney; Roger Klifel, Commissioner; Ron Meidinger, Commissioner; Ervin Miller, Lehr resident; Leonard Roeszler, Ashley resident; Bill Wald, Commissioner; and Ray Wolf, Mayor of Zeeland

- State mandated consolidation is a major threat to the survival of the cities in McIntosh County. Very often, consolidation has proven to cost more money to taxpayers with the result of less service. Too often taxpayers pay more for less because the legislature has forced us to change.

McKenzie County

- Presentation Report
- Meeting Date: July 8, 1998
- Present: Kathleen Tweeten, ND Ext.; Billy Bolken, Watford City Mayor; David Drovdahl, USDA-RD; Bill Goetz, Governors Office; Wayne Sanstend, State Supt.; Tom Decker, School Finance Director; Roger Chinn, Commissioner; Morris Cross, Commissioner; Jane Sanford, McKenzie County School District; Dale Naze NDSU Ext.; Daryl Vance, McKenzie Co. Dist 1; Sean Pitman, Williston Herald; Daryl Flagen, Yellowstone School Dist #14; Wayne Sanford; Dave Johnson City Engineer; Murray Kline Supt; Nancy Wisness, Supt Int. of Schools; Florence Ross, Alex H.S.; Mark Johnson, Assn. Of Counties; Sherman Sylling McKenzie PSD #1; Dennis Fortten, Alex HS.
- Roger Chinn accepted responsibility of being the focal point for groups interested in continuing the study process

Ramsey County

- Phase I Presentation Report
- Meeting Date: February 4, 1998
- Present: Ramsey County Commissioners; Commissioners from Benson, Pembina and Cavalier Counties; Many county officials from Ramsey and other counties.
- Phase II Presentation Report
- Kathy Tweeten and Don Warren co-facilitated the group
- Goal: Maintain Ramsey County as holistic and proactive, sustainable, continue to provide needed services to the taxpayers and keep quality of life
- Some issues identified: Low county salary; maintain tax base; maintain education; roads; water; loss of schools; underemployment; streamline local government

Renville County

- Presentation Report
- Meeting Date: April 18, 1998
- Renville had already appointed a committee. This meeting was for other interested citizens
- While Renville is losing population and those remaining are older, the education level of those staying in the county has increased significantly. Recently there has been a sharp decrease in the number of County residents living below the federal poverty level, but the number of farms continues to decline and the average size of farms is increasing and the average age of the farmers is also increasing.
- We have not other record of further meetings or conclusions or solutions

Richland County

- Local Advisory Study Report
- Meeting Date: May 19, 1998
- Recommendations are as follows:
- County Commission to educate themselves further with the Richland County Home Rule Charter
- Commission will continue in its executive position with information, research and recommendations brought forward by key department heads for final decisions

Rolette County

- Presentation Report
- Meeting Date: February 21, 1998
- Present: All commissioners; County Auditor; Deputy Auditor; a State Senator and other elected County officials
- Commission appointed a 5 member study commission

- The video "Building CommUNITY in North Dakota" was viewed to help the group focus on the task ahead
- No record of follow up meetings

Sheridan County

- Phase I Presentation Report
- Meeting Date: March 21, 1998
- Present: 3 Commissioners; Auditor; Deputy Sheriff; Treasurer; Tax Director,McClusky City Council Member; Mayor of McClusky; one person from Social Services and a representative from Rural Development
- Recommended to hold meetings throughout communities in the County to gather input
- An informal meeting was held to discuss the implementation of Step II, no decision was made on a meeting time or date
- April 7, 1998 Local Advisory Committee Meeting
- Present: Tom Sauter, Armin Erdmann, Byron Zingg and Arlo Dockter
- Absent: Bonita Kluck
- A recommendation of "No Change" is necessary at this time in the county government services and that they would meet again at a later date if there is a need to change services

Sargent County

- Local Advisory Committee
- Meeting Date: April 21, 1998
- Present: Earl Anderson, Jr., Dist 1; Harrison McCleery, Dist 2; Rick Holstad, Dist 3; Dan Delahoyde, Dist 4; Diane McDaniel, Dist 5; Lyle R Bopp, States Attorney; Betty Hewitt, Commissioner; Sherry Hosford, Auditor
- Recommendations
- 1. Economic Development
    - a. Sargent County Commissioners establish a Job Development Authority and provide funding for communities in the county for housing projects. Funding From either property tax increase or existing county funds. Job Development Authority to encourage construction of housing units in Sargent County Communities.

  2. Contract Policing
    - a. Work with cities on contract policing and solicit funding from Bureau of Indian Affairs and Dept of Interior.
    - b. Urge cities to apply for grants through COPS program to offset cost of policing.
    - c. Respond to Tewaukon Comprehensive Survey before June 1, 1998 to seek assistance in funding for policing and road maintenance.

  1. Commission Reduction
    - a. Reduce number of commissioners from five to three and place the question before the electors at the next appropriate election

  2. County Coordinator/Administrator
    - a. Hire county coordinator/administrator to write grants and perform tasks assigned by commission

  3. Combining County Offices
    - a. Consider combining offices and departments in the courthouse and county highway dept.
    - b. Consider combining other counties or governmental entities

  4. Courthouse Accessibility
    - a. Make reasonable accessibility to the courthouse and other county buildings

  5. State/County/City/Township Joint Purchasing Powers
    - a. Continue to work together with State, City and township governments to cooperate in purchasing and using equipment and materials
- Phase II
- Meeting Date. June 26, 1998
- Present: Anita Kessel; Sandy Baertsch; Ron Krush, Jerry Redmond, Roger Myers; Mary Griffin; Mary Schneider, Darlene Mitchell; Olie Golberg; John Lazorenko; don Heiser; Dave Jurgens Pat Rummel; Philip Malkowski, Wesley Schuhrke; Jay Brovold; Roy Krivoruchko
- Issues Identified

1. Consolidation – Counties having to go into districts
2. Zoning
3. Losing local control
4. Representation at state level
5. Maintain services without raising taxes
6. Declining oil revenue
7. Tourism costs
8. Less restrictionon creation of expanding of businesses
9. Lack of housing
10. Jobs for the young
11. Necessity to raise grazing fees
12. Declining population affects everthing
13. Lack of employment opportunities
14. Low population
15. County records moving to a decided seat
16. Discussing Home Rule
17. Contract Services
18. Land locked

- Phase II Meeting
- Meeting Date: June 30, 1998
- Present: Anita Kessel; Sandy Baertsch; Ron Krush; Jerry Redmond; Roger Myers; Mary Griffin; Mary Schneider
- Action Plan
    1. City and county zoning boards can have public forums to educate the public in regards to the zoning process and how it works
    2. County commissioners will send the letter to the Association of Counties and will try to maintain the financial resources that are available
    3. Use the established committees for the land use plan so all people are informed on land management decisions

Stark County/Dickinson

- Phase I Report
- Meeting Date: March 7, 1998
- Present: Two Stark County Commissioners; Mayor of Dickinson; Dickinson City Administrator; One City Councilman; several city and county employees and citizens of Stark County
- Suggested to hold meetings throughout the communities to gather input
- They prepared study potential alternatives to the delivery of local government services throughout Stark County
- No decision was made at this time for a Phase II meeting

Steele County

- Advisory Study Report
- Meeting Dates: October 21, 1997 and November 6, 1997
- Present: Wayne Fetting; John Overland; Lauren Erickson; Myron Kloster; Gladsey Boe; Sherman Thykeson; Jonal Uglem and Linda Leadbetter
- Have a joint powers agreement signed with North Dakota
- Jonal Uglem explained the local advisory options
- Sherman gave a rundown on the County Tax Levy
- NDSU pays a portion of the County Agent's costs
- Home rule with 5 commissioners and county administrator
- Combine offices: auditor and treasurer-County Manager
- Eliminate county agent
- Combine townships
- Contract or combine States Attorney with another county
- Cap on salaries for time in office
- Register of Deeds combined with another county
- Social Service Administrator with another county
- Job Development Authority raised to 4 mills

- Create county consolidation committee to combine with one or two counties

Walsh County

- Phase I Presentation Report
- Meeting Date: June 6, 1998
- Present: Lila Mielke, Commissioner; USDA Representative; Allen Ruzicka, Commissioner; Vernon Vijtaar, Task Force; Daniel Kouba, Commissioner; Larry Tarke, Task Force, Lennart Almen, Task Force; Margaret Tweten, NDSU Ext.
- An informal meeting was held to discuss implementation of Phase II
- Suggested to hold meetings throughout communities in the county to gather information
- ND Ext Service and Rural Development are assisting in process

Ward County

- Phase I Presentation Report
- Meeting Date: March 14, 1998
- Present: 4 Ward County Commissioners; Ward County Auditor; 4 of the 5 appointed to the Tool Chest Study Committee by Ward County Commissioners and citizens from Ward County
- Suggested to hold meetings throughout the count to gather input
- Informal meeting to discuss implementation of Phase II, no decision was made by the end of this meeting

Williams County

- Local Advisory Study Committee Report
- Meeting Date: June 9, 1998
- Present: Larry Hanson; Karl Evenson; Don Larson; Phil Stenehjem; Raymond Schmidt
- The Advisory Committee held 4 sessions to get input form department heads regarding the structure of existing county government. An extensive amount of time was spent on some issues. The following are the committees recommendations for consideration by the Williams County Commission
    1. Process of election of County Commissioners should be left as is until the year 2000
    2. County Commission should study and determine at next budget session whether the position should continue for Superintendent of Schools
    3. A considerable amount of time was spent regarding the function between the Auditors office and the Valuation & Equalization office. Attempt was made for resolution between offices. The committee expects progress or recommends the County Commission to take action. Both parties agreed to open lines of communication and work together. This needs to be monitored by the County Commission. Commissioner Hanson agreed to work with the 2 departments to separate functions and improve working relations between offices
    4. Contacts should be made with other governmental entities in Williams County and surrounding counties to determine if there is interest in forming a Local Government Investment Pool. A pool could potentially earn a higher rate of return to benefit all involved
    5. A committee be established to study the sharing of dispatching and records between the Williams County Sheriffs Department and the Williston Police Department
- Department Suggestions
    1. During the budget process spend as much time as necessary with department heads.
    2. Recommend a committee be established to do long range planning regarding the County's buildings. Develop short/long range plans in general
    3. Annual meetings among representatives from each of the taxing entities to improve communication and possibly share resources
    4. Study current voucher system
    5. Help develop positive attitudes among employees
    6. Have commissioners establish county-wide yearly goals for supervisors
    7. Have supervisors establish yearly goals consistent with commission
    8. More effective communication with legislators
    9. Identify areas of limited workspace and develop a plan for improvement
    10. Share computer capabilities with other entities
- No further meetings are planned at this time

ADVISORY STUDY PROCESS - BALLOT ISSUE

The following has been prepared for consideration by those counties that must vote on a ballot question regarding the advisory study issue, pursuant to NDCC 40-01.1 The attached specific language is not required, as the advisory study issue is a local ballot question. All counties that will be including a ballot question on this issue in an upcoming election are advised to consult with their State's Attorney on the appropriate language as well as publication requirements as discussed on the following page.

Draft Analysis

The 1993 Legislature approved the creation of a process for establishing an advisory study committee to "provide local citizens and leaders with the means for fully and adequately studying options available for positioning their local governments for effective, creative, and efficient service in the future." The legislation encourages this committee to "prepare a comprehensive program for the performance of local government functions and the furnishing of local government services within the jurisdiction of the governing body or cooperating governing bodies".

The statute allows the governing board of a county, city, park district, township, or school district to establish a committee by majority vote, or one can be established by a petition of the electors in the local district. For counties and cities, the Legislature added the requirement that if an advisory study committee has not been formed by the governing board or the electors in the past five years, a ballot question of establishing the five-member advisory study committee must be presented at the next election.

The time frames created by the effective date of this legislation requires that the question of establishing and advisory study committee for ________________ County be included in the County's next election. The sample ballot, printed in today's issue of the county newspaper, contains ballot issue number ____ to respond to this requirement.

Draft Ballot Question

County Advisory Study Committee

Shall the ________________ County Commission establish a five-member county advisory study committee to study the cooperative and restructuring options available to ________________ County according to the provisions of section 40-01.1-02 of the North Dakota Century Code.

A "**YES**" vote means you want the ________________ County Commission to establish a five-member advisory study committee.

A "**NO**" vote means you don't want the ________________ County Commission to establish a five-member advisory study committee.

Publication Requirements

The statute (NDCC 40-01.1) does not provide specific direction regarding the notice and publication requirements for the Advisory Study Ballot Issue.

With State Measures, the analysis of the measure must be published two consecutive weeks prior to the two weeks the ballot language is published. This ultimately provides the voter with information about the measures for 4 consecutive weeks before the election. This 4 week stretch was devised because the statewide measure analysis and the ballot language are often the same language. When they appear in the same publication for the two consecutive weeks before the election, it gave the appearance of waste and double-up and caused voter confusion. That's why the analysis was bumped up to the two weeks before the ballot language is to be published.

As noted above, with this question being put specifically before the county voters, there doesn't appear to be specific publication rules. However, there are other publication requirements for other specific county questions. These requirements vary between the notice being published for two consecutive weeks prior to the election to four consecutive weeks before the election. (See NDCC, sections 11-05-04, 11-06-04, 11-08-03, 11-09-04.)

If a publication notice such as the attached is used, (one that is much more explanatory and thorough than the ballot language), the voter probably would benefit from having both in the same publication. Therefore, absent any specific guidance within NDCC 40-01.1, it may be wise to publish the notice in the newspaper at the same time they publish the sample ballots that would be two consecutive weeks prior to the election.

receive actual and necessary expenses incurred in the performance of official duties as determined by the governing body.

5. The governing body may provide office and meeting space and legal, clerical, facilitation, training, and other assistance to the study committee, and may appropriate funds in its final budget, or expend any unexpended balances in its general fund otherwise designated for current expenditure, for the necessary expenses of the advisory study committee. The committee, with the approval of the governing body, may:
   a. Employ and fix the compensation and duties of necessary staff;
   b. Contract and cooperate with other individuals and public or private agencies considered necessary for assistance, including institutions of higher education;
   c. Establish advisory subcommittees that may include persons who are not members of the study committee;
   d. Hold public hearings and community forums and use other suitable means to disseminate information, receive suggestions and comments, and encourage public discussion of the committee's purpose, progress, conclusions, and recommendations;
   e. Cooperate with a like committee established pursuant to this section by another political subdivision in the conduct of the study. A cooperative study does not preclude a study committee from making separate recommendations to the governing body; and
   f. Do any other act consistent with and reasonably required to perform its advisory function.

40-01.1-03. Cooperative advisory study committee.

1. The governing bodies of any two or more political subdivisions, including any combination of counties, cities, city park districts, townships, school districts, or other political subdivisions, may establish an advisory committee to study the potential for cooperative or combined efforts for providing local government functions and services. A cooperative advisory study committee is established:
   a. By execution of a joint powers agreement between participating political subdivisions or by joint resolution pursuant to separate majority votes of each participating governing body; or
   b. By petitions signed by ten percent or more of the total number of qualified electors of each affected political subdivision voting for governor at the most recent gubernatorial election and submitted to the governing bodies.
2. The composition and duration of the advisory study committee is as prescribed in the joint powers agreement, resolutions of the governing bodies, or petitions. However, the governing bodies may agree, by joint resolution, to limit the duration or composition of the advisory study committee created by petition pursuant to subdivision b of subsection 1. Any vacancy may be filled as prescribed in the agreement, resolution, or petitions or, if not prescribed, by the governing body that was represented by the person vacating the position.
3. A governing body may agree to provide office and meeting space and legal, clerical, facilitation, training, and other assistance to the study committee, and may appropriate funds in its final budget, or expend any unexpended balances in its general fund otherwise designated for current expenditure, for the necessary expenses of the advisory study committee. The committee, with the approval of the governing body, may:
   a. Employ and fix the compensation and duties of necessary staff;
   b. Contract and cooperate with other individuals and public or private agencies considered necessary for assistance, including institutions of higher education;
   c. Establish advisory subcommittees that may include persons who are not members of the study committee;
   d. Hold public hearings and community forums and use other suitable means to disseminate information, receive suggestions and comments, and encourage public discussion of the committee's purpose, progress, conclusions, and recommendations; and

Page 12 is missing.

   e. Do any other act consistent with and reasonably required to perform its advisory function.

40-01.1-04. Advisory recommendations. A local or cooperative advisory study committee established for one or more political subdivisions may recommend that a local governing body or the electors pursue any course of action permitted by law or home rule charter for that political subdivision. The committee may recommend:

1. With respect to a county:
   a. Execution of a joint powers agreement between the county and one or more other political subdivisions or the state for the cooperative or joint administration of any service or function pursuant to chapter 54-40.3 or as otherwise specifically provided by law, or an agreement between the county and a tribal government pursuant to chapter 54-40.2.
   b. Exercise of the county's general authority to contract pursuant to section 11-10-01 and any other law, including service agreements with public or private parties under the terms and conditions of the agreements.
   c. Combination or separation of any elective or appointive county office and corresponding functions, or redesignation of any county office as elective or appointive, pursuant to chapter 11-10.2.
   d. Change in the number of county commissioners pursuant to chapter 11-12.
   e. Establishment of a county home rule charter commission for initiating the adoption of a home rule charter or the amendment or repeal of a home rule charter pursuant to chapter 11-09.1, or the adoption, amendment, or repeal of ordinances for implementing a home rule charter. The recommendation may include a specific nonbinding proposal or draft for a home rule charter or amendment to a home rule charter.
   f. Adoption of the consolidated office form of county government pursuant to chapter 11-08.
   g. Adoption of the county manager form of county government pursuant to chapter 11-09.
   h. Use of other statutory tools relating to social and economic development, land use, transportation and roads, health, law enforcement, administrative and fiscal services, recording and registration services, educational services, environmental quality, water, sewer, solid waste, flood relief, parks and open spaces, hospitals, public buildings, or other county functions or services, including creation of cooperative county job development authorities pursuant to section 11-11.1-03, multicounty health units pursuant to chapter 23-35, regional planning and zoning commissions pursuant to section 11-35-01, boards of joint county park districts pursuant to chapter 11-28 or a combination of boards of park commissioners with a city pursuant to chapter 40-49.1, or multicounty social service districts pursuant to chapter 50-01.1.
   i. Participation in a community or leadership development, assessment, education, planning, or training program offered by any public or private agency, institution, or organization.
   j. Sharing of elective or appointive county officers with other counties, cities, or other political subdivisions pursuant to chapter 11-10.3.
   k. Initiation of the multicounty home rule charter process or the amendment or repeal of a multicounty home rule charter pursuant to section 11-09.1-04.1, or the adoption, amendment, or repeal of ordinances to implement the charter. The recommendation may include a specific nonbinding proposal or draft for a multicounty home rule charter.
   l. Initiation of the county-city home rule process or the amendment or repeal of a county-city home rule charter pursuant to chapter 54-40.4, or the adoption, amendment, or repeal of ordinances to implement the charter. The recommendation may include a specific nonbinding proposal or draft for a county-city home rule charter.
   m. Transfer of a power or function of another political subdivision to the county pursuant to chapter 54-40.5.
   n. Creation of a county consolidation committee pursuant to chapter 11-05.1.
   o. That any other action be taken that is permitted by law.
   p. That no action be taken.

2. With respect to a city:
   a. Execution of a joint powers agreement between the city and one or more other political subdivisions or the state for the cooperative or joint administration of any service or function pursuant to chapter 54-40.3 or as otherwise specifically provided by law, or an agreement between the city and a tribal government pursuant to chapter 54-40.2.
   b. Exercise of the city's general authority to contract pursuant to section 40-05-01 and any other law, including service agreements with public or private parties under the terms and conditions of the agreements.
   c. Combination of city officers pursuant to section 40-14-04 or 40-15-05 or the sharing of officers with other cities, counties, or other political subdivisions pursuant to chapter 11-10.3.
   d. An increase or decrease in the number of members of the governing body of a city pursuant to section 40-06-09.
   e. Establishment of a city home rule charter commission for initiating the adoption of a home rule charter or the amendment or repeal of a home rule charter pursuant to chapter 40-05.1, or the adoption, amendment, or repeal of ordinances for implementing a home rule charter. The recommendation may include a specific nonbinding proposal or draft for a city home rule charter or amendment to a home rule charter.
   f. Adoption of the commission form of city government pursuant to chapter 40-04.
   g. Adoption of the modern council form of city government pursuant to chapter 40-04.1.
   h. Adoption of the city manager plan pursuant to chapter 40-10.
   i. Sharing an appointive city officer and function with another city, the county, or another political subdivision pursuant to chapter 11-10.3.
   j. Initiation of the multicity home rule process or the amendment or repeal of a multicity home rule charter pursuant to section 40-05.1-05.1, or the adoption, amendment, or repeal of ordinances to implement the charter. The recommendation may include a specific nonbinding proposal or draft for a multicity home rule charter.
   k. Initiation of the county-city home rule process or the amendment or repeal of a county-city home rule charter pursuant to chapter 54-40.4, or the adoption, amendment, or repeal of ordinances to implement the charter. The recommendation may include a specific nonbinding proposal or draft for a county-city home rule charter.
   l. Participation in a community or leadership development, assessment, education, planning, or training program offered by any public or private agency, institution, or organization.
   m. Use of other statutory tools for social and economic development, land use, transportation, health, fire and police protection, street construction and maintenance, assessment, financing, accounting, legal, environmental quality, water, sewer, solid waste, flood relief, parks and open spaces, hospitals, public buildings, or other city functions or services, including the creation of cooperative city job development authorities pursuant to section 40-57.4-03.
   n. Transfer of a power or function of the city to the county pursuant to chapter 54-40.5.
   o. Consolidation of cities pursuant to chapter 40-53.2.
   p. Dissolution of a city pursuant to chapter 40-53.1.
   q. That any other action be taken that is permitted by law.
   r. That no action be taken.
3. With respect to a township:
   a. Execution of a joint powers agreement between the township and one or more other political subdivisions or the state for the cooperative or joint administration of any service or function pursuant to chapter 54-40.3 or as otherwise specifically provided by law, or an agreement between the township and a tribal government pursuant to chapter 54-40.2.
   b. Exercise of the township's general authority to contract pursuant to section 58-03-01 and any other law, including service agreements with public or private parties under the terms and conditions of the agreements.

c. Participation in a community or leadership development, assessment, education, planning, or training program offered by any public or private agency, institution, or organization.
d. Combination of the offices of township clerk and treasurer pursuant to section 58-05-02 or the sharing of officers with other townships or other political subdivisions pursuant to chapter 11-10.3.
e. An increase in the number of board of township supervisors from three to five pursuant to section 58-04-02.1.
f. Contract with the county, another political subdivision, or any individual for assessor services pursuant to section 58-05-02.
g. Consolidation of boards of township officers pursuant to chapter 58-05.1.
h. Transfer of a power or function of the township to the county pursuant to chapter 54-40.5.
i. Creation of an organized civil township pursuant to chapter 58-02.
j. Division or annexation of a township pursuant to chapter 58-02.
k. Dissolution of the township pursuant to chapter 58-02.
l. That any other action be taken that is permitted by law.
m. That no action be taken.

4. With respect to a city park district:

a. Execution of a joint powers agreement between the city park district and one or more other political subdivisions or the state for the cooperative or joint administration of any service or function pursuant to chapter 54-40.3 or as otherwise specifically provided by law, or an agreement between the city park district and a tribal government pursuant to chapter 54-40.2.
b. Exercise of the city park district's general authority to contract pursuant to section 40-49-04 and any other law, including service agreements with public or private parties under the terms and conditions of the agreements.
c. Participation in a community or leadership development, assessment, education, planning, or training program offered by any public or private agency, institution, or organization.
d. An increase or decrease in the number of board members pursuant to sections 40-49-07.1 and 40-49-07.2.
e. Transfer of a power or function of the city park district to the county pursuant to chapter 54-40.5.
f. Combination of the city board of parks commissioners with other city or county boards of park commissioners pursuant to chapter 40-49.1.
g. Sharing of officers with other city park districts or other political subdivisions pursuant to chapter 11-10.3.
h. Dissolution of the city park district pursuant to sections 40-49-07.1 and 40-49-07.2
i. That any other action be taken that is permitted by law.
j. That no action be taken.

5. With respect to a school district:

a. Execution of a joint powers agreement between the school district and one or more other political subdivisions or the state for the cooperative or joint administration of any service or function pursuant to chapter 54-40.3 or as otherwise specifically provided by law, including the exercise of the general powers to make contract for joint educational endeavors, or an agreement between the school district and a tribal government pursuant to chapter 54-40.2.
b. Participation in a community or leadership development, assessment, education, planning, or training program offered by any public or private agency, institution, or organization.
c. An increase or decrease in the number of school board members pursuant to section 15.1-09-01.
d. Sharing of officers with other school districts or other political subdivisions pursuant to chapter 11-10.3.

e. School district annexation or reorganization.
f. Transfer of a power or function of the school district to the county pursuant to chapter 54-40.5.
g. That any other action be taken that is permitted by law.
h. That no action be taken.

6. With respect to other political subdivisions, including rural ambulance service districts, rural fire protection districts, irrigation districts, hospital districts, soil conservation districts, and recreation service districts:
   a. Execution of a joint powers agreement between the political subdivision and one or more other political subdivisions or the state for the cooperative or joint administration of any service or function pursuant to chapter 54-40.3 or as otherwise specifically provided by law, or an agreement between the political subdivisions and a tribal government pursuant to chapter 54-40.2.
   b. Participation in a community or leadership development, assessment, education, planning, or training program offered by any public or private agency, institution, or organization.
   c. Sharing of officers with other political subdivisions pursuant to chapter 11-10.3.
   d. Transfer of a power or function of the political subdivision to the county pursuant to chapter 54-40.5.
   e. That any other action be taken that is permitted by law.
   f. That no action be taken.

HB 1209

Attachment B

County Structural Changes

1993 – 2003

Based on Surveys
of the
North Dakota Association of Counties

2002

TOOL CHEST PROVISIONS AND COUNTIES

In 1993, the North Dakota Legislature passed House Bill 1347 which became known as the "Tool Chest for Local Government". This large collection of statutory changes and additions addressed the powers and authorities of local governing boards and the electors, as they relate to almost any function of local government. While this "Tool Chest" is often discussed in terms of counties and cities, it included changes and expanded authority for townships, park districts, and other local governments as well.

The Tool Chest bill streamlined the "joint powers" process, clarified home rule powers, created several procedures for reorganizing local government, and established a citizens advisory process to encourage the periodic examination of local government structure and service delivery.

Often discussions of the Tool Chest provisions focus on the expanded ability for citizens and governing boards to change the structure of their government. This however is only the most obvious element of the Tool Chest bill. Advancements to local government that were facilitated by tool chest provisions include cross-county sharing of staff; statewide joint powers agreements for purchasing such things as drug testing services, equipment, and project coordination; agreements between different types of local governments to access broader authority; and expanded citizen involvement in local government planning.

Tool Chest and County Structural Change

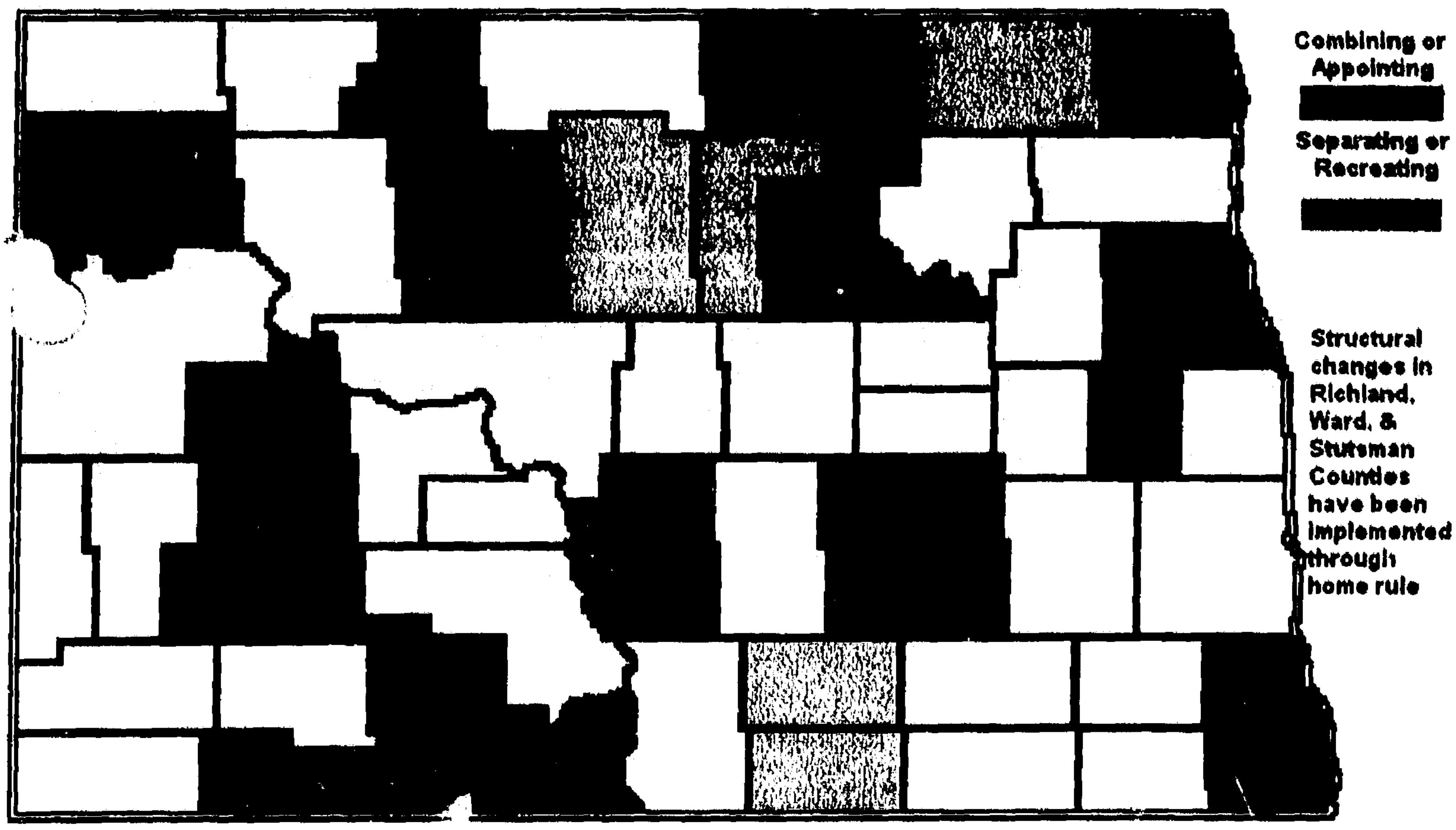
North Dakota's changing demographics, Legislative restructuring, and the evolving service demands of county government have however prompted the consideration of structural changes at the county level. Through the limited use of Home Rule powers and the more extensive use of the provisions of NDCC 11-10.2, created by the Tool Chest Legislation, twenty-two counties have taken steps to implement some form of structural change.

It is interesting to note that while seventeen counties are anticipating the redesignation of elected offices as appointed and/or the combining of formerly separately elected offices, five of the counties are using the Tool Chest provisions to separate statutorily combined positions or to recreate elected positions that were eliminated by the Legislature.

It should be pointed out that while the attached table indicates that 246 people will be responsible for the duties formerly assigned to 354 individuals, a statewide reduction of 108 staff is unlikely. Certainly, in some counties there will be a net reduction, however in others the employee count may remain the same by the addition of support staff.

One of the strengths of the 11-10.2 provisions is the ability of the local governing board or the electors to easily reverse or modify the changes implemented, if they are found to be less efficient or effective than planned.

Counties Implementing or Considering Structural Changes



Structural changes in Richland, Ward, & Stutsman Counties have been implemented through home rule

County Officials in 1993

(Excluding Commissioners and Judges)

		County Officials	
Instances		Appointed	Elected
[illegible]	Elected Auditors		53
[illegible]	Elected Treasurers		53
53	Elected Sheriffs		53
53	Elected State's Attorneys		53
22	Combined Elected Clerk/Registers		22
31	Separately Elected Registers		31
31	Separately Elected Clerks of Court		31
53	Co. Elected Supt. of Schools		53
53	Appointed Tax Directors	53	
		53	349

Anticipated County Officials in 2003

(Excluding Commissioners and Judges)

		County Officials	
Instances		Appointed	Elected
2	Separately Appointed Auditors	2	
2	Combined Appointed Auditor/Treasurers	2	
2	Combined Appointed Auditor/Treasurers/Tax Directors	2	
8	Combined Elected Auditor/Treasurers		8
39	Separately Elected Auditors		39
[illegible]	Separately Appointed Treasurers	2	
[illegible]	Combined Elected Treasurer/Recorders (1 with clerk duties assigned)		2
37	Separately Elected Treasurers		37
4	Separately Appointed Recorders	4	
1	Combined Appointed Recorder/Tax Director	1	
22	Elected Recorders without Clerk Duties Assigned		22
25	Elected Recorders with Clerk Duties Assigned		25
13	Separately Appointed Clerks of Court	13	
3	Separately Elected Clerks of Court		3
53	Separately Elected Sheriffs		53
50	Separately Elected State's Attorneys		50
1	Elected State's Attorney serving 2 counties		1
1	Separately Appointed State's Attorney	1	
48	Separately Appointed Tax Directors	48	
1	Separately Appointed Tax Director Serving 2 Counties	2	
27	Separately Appointed Co. Supt. of Schools	27	
2	Appointed Co. Supt. of Schools serving 2 counties each	2	
22	Co. Supt. of Schools Duties assigned to other office holder		
[illegible]	Clerks of Court Moved to State Employment		
		106	240

Attachment C

Cost Savings from Consolidating

North Dakota's Counties

Agricultural Economics Report No. 361

August, 1996

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COST SAVINGS FROM CONSOLIDATING NORTH DAKOTA'S COUNTIES

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COST SAVINGS FROM CONSOLIDATING NORTH DAKOTA'S COUNTIES

Mark A. Krause

Abstract

Consolidation of county government services is often proposed as a way to reduce costs. A bill was proposed in the 1993 North Dakota Legislative Assembly to merge North Dakota's 53 counties into 15 "super counties." This study estimates county expenditure functions for four categories of services: (1) general government, (2) public safety, (3) roads and highways, and (4) health and welfare. The statistical results were used to estimate expenditures for the 15 consolidated counties and a 26-county alternative. The results indicate that the 15-county proposal would have achieved cost savings of 4.9 percent for the four service categories. Costs of road and highway, general government, and health and welfare services could be reduced 3, 10, and 15 percent, respectively, under the 15-county proposal, but public safety expenditures would increase 25 percent. The 26-county alternative would provide less total cost savings, but also fewer cases of cost increases. Consolidation of some, but not all, county government services provides the greatest cost savings.

Key Words: Consolidation, County Government, Economies of Size, Nonlinear Regression, Population

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Abstract

Consolidation of county government services is often proposed as a way to reduce costs. A bill was proposed in the 1993 North Dakota Legislative Assembly to merge North Dakota's 53 counties into 15 "super counties." This study estimates county expenditure functions for four categories of services: (1) general government, (2) public safety, (3) roads and highways, and (4) health and welfare. The statistical results were used to estimate expenditures for the 15 consolidated counties and a 26-county alternative. The results indicate that the 15-county proposal would have achieved cost savings of 4.9 percent for the four service categories. Costs of road and highway, general government, and health and welfare services could be reduced 3, 10, and 15 percent, respectively, under the 15-county proposal, but public safety expenditures would increase 25 percent. The 26-county alternative would provide less total cost savings, but also fewer cases of cost increases. Consolidation of some, but not all, county government services provides the greatest cost savings.

Key Words: Consolidation, County Government, Economies of Size, Nonlinear Regression, Population

Highlights

Consolidation of county government services has often been proposed as a way to reduce the cost to taxpayers. In 1993, North Dakota State Senator Jay Lindgren proposed merging North Dakota's 53 counties into 15 "super counties." He estimated that $3.9 million would be saved from salaries alone. The super-county proposal was defeated, but consolidation of specific county government services continues in North Dakota.

This study estimates to what extent consolidation of county government services in North Dakota would reduce expenditures and thereby reduce the burden on taxpayers. Four major categories of county government services were evaluated: (1) general government, (2) public safety, (3) roads and highways, and (4) health and welfare. Based on 1983-92 data, county expenditures were statistically estimated as a function of population, average wage, a travel-cost variable, year, oil extraction, and coal extraction. The travel-cost variable equals the total miles of streets, roads, and highways in each county multiplied by the average gasoline price for North Dakota. The statistical results were used to estimate expenditures for the 15 consolidated super counties and an intermediate, 26-county alternative created by the author for comparison.

The results indicated that the 15-county proposal would have achieved cost savings of 4.9 percent, or about $12 million in 1992 dollars, for the four categories of county government services. However, the cost of public safety services would have increased in each of the 15 super-county districts 25 percent for the state. Cost savings for road and highway services in eastern and southwestern North Dakota would be largely offset by cost increases in northwestern North Dakota, resulting in only a 3.5 percent cost reduction for county-level road and highway services in the state. The results suggest that consolidation of general government and health and welfare services would have achieved substantial cost savings of 10 percent and 15 percent, respectively. The 26-county alternative would achieve savings of approximately 3 percent for the four categories of service. Public safety expenditures would be about 11 percent higher than for 53 counties.

The results suggest that consolidating of counties is not the answer for reducing the costs of county government services in North Dakota. Substantial cost savings could be achieved for some services, in some regions of North Dakota, but not for other services and regions. Furthermore, this analysis does not consider the adjustment costs of consolidating counties. The cost estimates also does not consider the lower quality of services, reduced local control over services, and effects of lost jobs and local business in current county seats that would result from consolidation. Consolidation should be undertaken only for specific services after careful study of probable cost savings, adjustment costs, and reduced quality of services.

COST SAVINGS FROM CONSOLIDATING NORTH DAKOTA'S COUNTIES

Mark A. Krause[*]

Introduction

Declining populations, taxable incomes, and property values, combined with declining state government contributions, have made it difficult for many rural counties in North Dakota to maintain traditional county government services. Increasing tax rates to maintain levels of county government services is generally not a politically viable option. Consolidation of counties or of individual services provided by county governments has been proposed to reduce costs. In 1993, the North Dakota State Legislature debated a bill that would have consolidated North Dakota's 53 counties into 15 "super-counties." The bill's sponsor, Jay Lindgren, claimed that it would eliminate the jobs of about 400 county officeholders and save $3.9 million in salaries alone (Wetzel, 1993). However, his estimate and the subsequent debate appeared to be based more on speculation than on economic analysis. This study presents statistical analysis and estimated cost savings for four categories of county government services in North Dakota under the 15-county proposal and a 26-county alternative compared to costs for the current 53 counties (Figure 1). The statistical method is described and could easily be used to evaluate whether consolidation could reduce costs of providing local government services in other states.

Figure 1. Proposed Multicounty Districts in North Dakota

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The challenges of maintaining local government services while per capita tax revenues and fiscal aid from federal and state governments are declining have been reported throughout the United States (Dimeo, 1991; Boroughs, Black, and Collins, 1991; Hinds, 1991; Johnson et al., 1995; Rubin, 1996). Local governments began reporting budget deficits in 1986 (Rubin), which became increasingly severe by 1991 and 1992. In 1991, the director of research for the National Association of Counties stated, "Nearly all of the nation's 425 counties with populations over 100,000 are also looking to reduce services or raise taxes or both" (Hinds, 1991). Three quarters of these large counties have a legal cap on the property taxes they can raise, and 78 percent of them had reached this limit by 1991 (Boroughs, Black, and Collins, 1991). However, fiscal burden, as defined by Johnson et al. (1995), has been even higher in non-metropolitan counties, particularly in the West and Great Plains regions of the United States.

It has been argued since the 1930s that the county governments established in the 19th century in the Great Plains are smaller than needed to provide high-quality services and smaller than the most cost-efficient size. Complete elimination of some local government units in sparsely settled regions of the Great Plains was advocated by a Great Plains Committee report published in 1936 (Rose, 1971). The same report argued that county boundaries that were determined by the distance a horse could travel in a day are inappropriate when more modern means of transportation are available and that substantial reductions in fiscal burdens could be obtained through consolidation.

One important obstacle to consolidation of local government units has been a lack of clear empirical documentation of economies of size for local government services. Fox (1980) discusses the difficulties in measuring costs, input usage, input prices, technology, and output when estimating cost functions for government services. Another difficulty is separating the effects of demand changes on expenditures from the effects of supply-side production costs. Most of these difficulties have been assumed away in the empirical studies. Furthermore, most empirical studies have pre-determined the functional form of the cost function. Largely as a result of the different model specifications and measurement problems in the data, empirical studies of economies of size in local government services have produced mixed results (Fox, 1980).

Anecdotal evidence for achieving economies of size through local government consolidation also has been mixed. Consolidation of city with county government services appears to have achieved cost savings in Lexington-Fayette County, Kentucky; Indianapolis-Marion County, Indiana; and St. Louis-St. Louis County, Missouri (Ward, 1992); but has not achieved cost savings in Athens-Clarke County, Georgia (Condrey, 1994). An ex ante analysis by Bunch and Strauss (1992) indicates that seven of nine municipalities in western Pennsylvania would reduce their per capita revenue burdens after consolidation. Bunch and Strauss also suggest that local governments with relatively low overhead costs and relatively low wages and fringe benefits are most likely to increase costs after consolidation, largely due to equalization of wages and taxes with relatively free-spending neighbors.

Consolidation of local government units also has been slowed by concerns over access to services, local control over the quality of service, loss of community identity, and the economic impact of lost jobs (Thompson, 1992; Ward, 1992; Lemov, 1993; Mahtesian, 1995). Most consolidation of services has been small scale because consolidation of major services is politically controversial (Lemov, 1993; Mahtesian, 1995). Efficiency is not the only economic goal in the provision of local government services. Estimated economies of size must therefore be large enough to offset negative impacts on equitable access to services, local control, and the preservation of rural communities before consolidation will be politically popular.

Consolidation of counties also would result in substantial adjustment costs, including moving expenses and the expansion of existing courthouses or building of new ones. The Logan County auditor, Blanche Schumacher, suggested that the cost of building a new district courthouse in Wishek, North Dakota, would far outweigh any cost savings due to economies of size (Reiger, 1993). The long-term cost savings would need to be substantial for the present value of consolidation benefits to exceed the present value of the adjustment costs.

Methodology

This study estimates economies of size for four categories of county government services: general government, public safety, health and welfare, and road and highway. The categories are defined by the North Dakota State Auditor's office, from which the expenditure data were obtained. General government expenditures include those for the County Board, County Auditor, County Treasurer, States Attorney, County Court, Register of Deeds, plus general supplies, utilities, and maintenance. Public safety expenditures include those for the Sheriff's office, County Jail, and Civil Defense. Health and Welfare expenditures include those for Social Services/Welfare, County Poor, Veterans Service, Social Security, County Health Unit, Board of Health, senior citizen programs, and mental health programs. Highway and Road expenditures include County Road and Bridge expenditures, Farm to Market Road expenditures, and expenditures from the North Dakota Highway Tax Distribution Fund. The data cover 1983-92 for most of the counties, for a total of 506 observations.

Total annual expenditures for each category are estimated as a function of population, average wage, a transportation cost variable, a time trend, oil extraction, and coal extraction. Population is the primary variable of interest because this study focuses on the relationship between per capita costs and population. The average wage and transportation cost variables are included to capture the influence of higher wages and the costs of traveling greater distances in some counties and some years than in others. The year is included to account for policy, economic, and technology trends. Oil and coal extraction effects are included because they provide North Dakota counties with large extraction tax revenues, which encourage spending and increase demands for county government services.

Fox (1980) and Deller, Chicoine, and Walser (1988) have criticized models which combine supply and demand variables and use expenditures as a dependent variable. However, the data required for this model are relatively easy to obtain, so the model could be estimated for other states with less time and expense than the models advocated by Fox and Deller, Chicoine, and Walser.

The average county wage data were taken from the REIS data set (Bureau of Economic Analysis, Department of Commerce). The transportation cost variable equaled the product of total street, road, and highway miles in the county (Bangsund and Leitch, 1990) multiplied by the state average gasoline price (Energy Information Administration, various years). Oil and coal extraction data were obtained from the North Dakota tax commissioner. All monetary data were converted to 1992 dollars using the Consumer Price Index.

A Box-Cox non-linear transformation of the data was used to avoid imposing a particular functional form on the expenditure relationships. The Box-Cox estimates were obtained using the LIMDEP econometrics software package (Greene, 1992). Separate transformation parameters for the dependent and independent variables were estimated. Oil and coal extraction were included as linear effects and were not transformed, due to the many zero observations for which the Box-Cox transformation is not defined. The standard deviation of the residuals was calculated from the predicted expenditure values.

Predicted expenditures were calculated for North Dakota's 53 counties, the 15 proposed super counties, and a 26-county alternative. Consolidated county definitions and populations are presented in Tables 1 and 2. The 26-county alternative was created to provide cost-savings estimates for an intermediate level of consolidation. The criteria used to create the alternative 26 consolidated counties were a combined population of at least 10,000 (three exceptions were allowed) and local trade centers included in as many consolidated counties as possible. Local trade centers were identified by Bangsund et al. (1991).

The predicted expenditure values for 1992, or the most recent year for which data were available, provided the baseline for the estimation of cost-savings from consolidation. Population, travel cost, oil extraction, and coal extraction data were summed for each of the consolidated counties. The average wage for each consolidated county was calculated as an average, weighted by county population, of the county average wage data. Predicted expenditure values were then calculated for the consolidated counties, based on the estimated Box-Cox parameters. Finally, the predicted expenditures were summed and compared for North Dakota's current 53 counties, the 15 proposed super-counties, and the 26-county alternative.

Table 1. Populations in 1992 for the 15 Super-county Districts

District	Counties	Combined Population
1	Divide, Williams, Burke, Moutrail	32,928
2	Ward, Renville, McHenry, Bottineau	74,287
3	Rolette, Pierce, Benson, Towner, Ramsey	40,528
4	Cavalier, Pembina, Walsh	27,844
5	Grand Forks, Nelson	75,027
6	Cass, Traill	115,121
7	Griggs, Steele, Barnes	17,647
8	Richland, Ransom, Sargent	28,023
9	Emmons, Logan, McIntosh, LaMoure, Dickey	22,241
10	Eddy, Foster, Stutsman, Wells	34,021
11	Burleigh, Kidder, Sheridan	67,693
12	Dunn, Mercer, McLean, Oliver	25,484
13	Grant, Morton, Sioux	30,794
14	Adams, Bowman, Hettinger, Slope, Stark	33,277
15	Billings, Golden Valley, McKenzie	9,116

Table 2. Populations in 1992 for 26 Consolidated Counties

	Counties	Combined Population
1.	Divide, Williams	23,475
2.	Burke, Mountrail	9,453
3.	Renville, Ward	60,466
4.	Bottineau, McHenry	13,821
5.	Rolette, Towner	16,416
6.	Pierce, Benson	11,649
7.	Ramsey, Nelson	16,641
8.	Cavalier, Pembina	14,653
9.	Walsh	13,191
10.	Grand Forks	70,849
11.	Griggs, Steele, Traill	14,004
12.	Barnes	12,205
13.	Cass	106,559
14.	Ransom, Sargent	10,181
15.	Richland	17,842
16.	LaMoure, Dickey	11,113
17.	Emmons, Logan, McIntosh	11,128
18.	Eddy, Foster	6,638
19.	Stutsman	21,838
20.	Sheridan, Wells	7,590
21.	Burleigh, Kidder	65,648
22.	McLean, Mercer, Oliver	21,600
23.	Morton, Grant, Sioux	30,794
24.	Slope, Hettinger, Bowman, Adams	10,468
25.	Dunn, Stark	26,693
26.	Golden Valley, Billings, McKenzie	9,116

Readers who wish to apply this method to other cases should note that the predicted values are calculated as non-linear functions of the estimated Box-Cox parameters. The formula for calculating the predicted expenditure values is

$$(1)\quad Exp = [(\theta\alpha+1)+\theta\beta_1\frac{P^{\lambda}-1}{\lambda}+\theta\beta_2\frac{W^{\lambda}-1}{\lambda}+\theta\beta_3\frac{T^{\lambda}-1}{\lambda}+\theta\beta_4\frac{Y^{\lambda}-1}{\lambda}+\theta\beta_5 O+\theta\beta_6 C]^{-\theta}\ ,$$

where *Exp* is the predicted expenditure, θ is the estimated theta parameter, λ is the estimated lambda parameter, α is the estimated constant, *P* is population, *W* is average wage, *T* is transportation cost, *Y* is year, *O* is oil extraction, *C* is coal extraction, and β_1 through β_6 are the estimated parameters for population, wage, transportation cost, year, oil extraction, and coal extraction, respectively. The calculations can easily be in a computer spreadsheet.

Statistical Results

Population has the expected positive and highly significant influence on total costs for all four service categories (Table 3). The year has a statistically significant, positive influence on total costs for every category except roads and highways, for which it has a statistically significant, negative influence. Oil and coal extraction have a highly significant, positive influence on every service category except health and welfare. Oil and coal extraction have a statistically significant, negative effect on health and welfare expenditures, probably reflecting less demand for social services in times of economic expansion. Similarly, wages have a positive effect on total costs for general government and public safety, but a negative influence on health and welfare expenditures, although none of these effects are statistically significant. The transportation cost variable has a statistically significant, positive influence on county road and highway expenditures.

The coefficients of determination, or R^2 coefficients in Table 3, suggest that most of the variance in expenditures is explained by the models. The R^2 coefficients range from 0.652 for road and highway expenditures to 0.943 for health and welfare expenditures. However, the R^2 coefficients are inflated by the large number of observations and exaggerate the predictive power of the model. A better indication of the model's predictive power can be obtained by comparing the standard deviation of the residuals to the mean expenditures (Table 3). The standard deviation of residuals for general government and health and welfare are around 30 percent of their mean values, but the standard deviation of residuals for the other two categories are around 53 percent of their mean values. This comparison suggests that many other variables influence expenditure levels than have been included in the statistical model.

When all variables except population are held constant at their means, estimated per capita costs show large economies of size throughout the range of North Dakota county populations for general government (Figure 2) and road and highway services (Figure 3). Estimated per capita costs for general government services are 2.2 times as high for a population of 5,000 as for a population of 25,000. Estimated per capita costs for road and highway services are 2.6 times as high for a population of 5,000 as for a population of 25,000. Consolidation of at least some general government and road and highway services would therefore be expected to result in substantial per capita cost savings.

Estimated costs for road and highway services per mile of streets, roads, and highways also decline with additional miles over the range observed in North Dakota counties. Doubling the miles from the average of 2,157, while holding population constant at the mean, reduces estimated road and highway expenditures 41 percent, which is consistent with the approximately 50 percent reduction for rural townships estimated by Deller, Chicoine, and Walzer (1988), Deller and Nelson (1991), and Deller and Halstead (1994).

Table 3. Box-Cox Estimates of Total Expenditure Parameters[1]

Independent Variable	General Government	Public Safety	Health & Welfare	Roads & Highways
Constant	15.78 (3.44)	16.67 (3.50)	43.02 (3.98)	-12.53 (1.19)
Population	0.522 (3.42)	0.940 (6.04)	2.863 (5.10)	0.531 (2.70)
Wage	0.302 (2.69)	0.976 (5.09)	0.770 (2.32)	0.227 (1.25)
Transportation Cost	0.184 (3.39)	0.250 (3.90)	-0.035 (0.26)	0.227 (2.59)
Year	1.252 (2.75)	8.785 (3.04)	18.045 (3.23)	-12.530 (1.19)
Oil	0.726E-3 (2.90)	0.177E-2 (4.91)	-0.147E-2 (3.34)	0.733E-2 (2.82)
Coal	0.116E-4 (0.86)	0.256E-4 (1.04)	-0.136E-3 (2.76)	0.204E-3 (2.4[illegible])
Lambda[2]	0.195 (4.79)	0.224 (6.02)	0.124 (3.90)	0.395 (5.80)
Theta[3]	0.070 (1.45)	0.120 (3.82)	0.230 (6.31)	0.180 (3.88)
R^2	0.871	0.873	0.943	0.652
Mean	860.3	380.6	728.2	1,374.0
Standard Deviation of Residuals	274.9	203.5	210.6	720.9

[1] The variables in parentheses are t-statistics. (All data were divided by 1,000).
[2] Lambda was used to transform the dependent variables.
[3] Theta was used to transform the dependent variables.

Figure 2. General Government Expenditures Per Capita in North Dakota Counties

Figure 3. Road and Highway Expenditures Per Capita in North Dakota Counties

Estimated per capita costs show small economies of size for health and welfare services (Figure 4) and small diseconomies of size beyond a population of 70,000 for public safety services (Figure 5). The ratios of estimated per capita costs for a population of 5,000 to those for a population of 25,000 are only 1.4 for public safety and 1.3 for health and human services. Since access to health, welfare, and public safety services is vital for many people, it is doubtful whether the potential cost savings from consolidating the units providing these services would offset the economic costs of reduced access.

However, transportation costs increase as counties are consolidated, so increasing populations by combining counties may increase the costs of government services rather than reduce them. In addition, because the relationships are nonlinear, dividing one county's oil or coal extraction evenly among it and three other counties that have no extraction often results in substantially higher (or lower in the case of health and welfare) estimated costs for the combined four counties than the sum of estimated costs in the four separate counties. As counties are consolidated, the effects of transportation costs and summation of nonlinear relationships sometimes increase per capita costs more than the increased population reduces per capita costs.

Figure 4. Health and Welfare Expenditures Per Capita in North Dakota Counties

Figure 5. Public Safety Expenditures Per Capita in North Dakota Counties

Cost Reduction Estimates

Estimates of total expenditures in North Dakota for the four categories of county government services are 2.5 percent lower under the 15-county proposal than for the current 53 counties. The reduction is equivalent to about $4 million in 1992. Assuming that the real social discount rate is 5 percent (adjusted for inflation) and that the $2 million cost savings increase at the inflation rate, the present value of cost savings from the 15-county consolidation will be positive if the initial adjustment costs are less than $80 million.

However, costs for public safety services are estimated to increase in each of the 15 super-county districts and costs for other service categories increase in five of the super-county districts (Table 4). Cost increases for public safety in the super-county districts range from 6 percent to 130 percent. General government costs range from 33 percent lower to 21 percent higher than before consolidation in the 15 super-county districts. Health and welfare costs range from 50 percent lower to 2 percent higher than before consolidation. Road and highway costs range from 42 percent lower to 54 percent higher than before consolidation. For the entire state, general government costs are reduced 8.3 percent, public safety costs increase 34.9 percent, health and welfare costs decline 14.1 percent, and road and highway costs decline 2.4 percent under the 15-county proposal.

Table 4. Estimated Percent Cost Savings for 15-County Proposal

Super County District	Counties	General Government	Public Safety	Health & Welfare	Roads & Highways
1	Divide, William, Burke, Mandrel	7.5	-43.5	23.3	-4.9
2	Ward, Renville, McHenry, Bottineau	-21.3	130.0	6.7	-11.2
3	Rolette, Pierce, Benson, Towner, Ramsey	2.2	-71.0	-2.3	14.8
4	Cavalier, Pembina, Walsh	21.2	-12.0	19.8	27.5
5	Grand Forks, Nelson	0.0	-12.0	3.3	7.8
6	Cass, Traill	2.4	-8.6	7.6	4.5
7	Griggs, Steele, Barnes	22.9	-5.9	14.0	32.0
8	Richland, Ransom, Sargent	21.4	-7.1	18.0	28.7
9	Emmons, Logan, McIntosh, LaMoure, Dickey	32.9	-19.2	42.3	23.6
10	Eddy, Foster, Stutsman, Wells	22.4	-13.7	18.9	31.8
11	Burleigh, Kidder, Sheridan	2.7	-18.0	7.7	11.2
12	Dunn, Mercer, McLean, Oliver	9.6	-45.4	49.7	-54.3
13	Grant, Morton, Sioux	14.3	-15.3	11.4	26.2
14	Adams, Bowman, Hettinger, Slope, Stark	19.1	-31.8	22.3	20.0
15	Billings, Golden Valley, McKenzie	4.9	-54.5	27.9	-50.8

Regional differences in the benefits and costs of consolidation are apparent. Public safety costs increase the most in northwestern and north-central North Dakota (super-county districts 1, 2, 3, 12, and 15) under the 15-county proposal. Each of these super-county districts except district 3 combine counties with widely different average salaries. Each of these super-county districts except district 15 also have relatively high transportation costs. Road and highway costs only increase in northwestern North Dakota (super-county districts 1, 2, 12, and 15). Again, each of these super-county districts combine counties with a wide range of average salaries. The least cost savings for general government services occur when the most populated counties (Cass, Grand Forks, Burleigh, and Ward) are combined with lightly populated counties. Health and welfare cost savings are greatest where counties with large amounts of oil and coal extraction are combined with counties that have little or no extraction.

Total cost savings are slightly greater for the 26-county alternative than for the 15-county proposal (Table 5). Estimated expenditures in North Dakota for the four categories of services are 3.2 percent lower for the 26-county alternative than for the current 53 counties. This reduction is equivalent to about $5 million in 1992. Although consolidation increases estimated public safety costs in all but one case, the 26-county alternative reduces general government and health and welfare expenditures in every case. Road and highway expenditures are increased by consolidation in only three cases. Cost savings relative to the current 53 counties (excluding cases of no consolidation) range from 1.2 percent to 31 percent for general government and from 2.8 percent to 44 percent for health and welfare services. Changes in costs for public safety range from a 0.8 percent reduction to a 55 percent increase. Changes in road and highway costs range from a 36 percent reduction to a 51 percent increase. For the entire state, general government costs are reduced 7.0 percent, public safety costs increase 10.6 percent, health and welfare costs decline 6.8 percent, and road and highway costs decline 2.2 percent under the 26-county proposal.

Discussion

The cost savings estimates strongly suggest that selective consolidation of some county government services in some regions will reduce costs more than large-scale consolidation of all services throughout the state. In particular, it appears that consolidating the public safety services of one or more adjacent counties would generally increase rather than reduce costs. It appears that a moderate amount (e.g., the 26-county alternative) of consolidating general government and health and welfare services in adjacent counties would provide positive cost savings throughout the state. Consolidation of road and highway services in one or more adjacent counties also appears to provide cost savings in all but northwestern North Dakota.

An important implication is that at least the county sheriff's office (generally the largest public safety item) should be kept in all of the counties. Consolidation of public safety offices appears to increase costs and reduces the quality of public safety services. Quality of public safety services is largely based on the quickness of response to threats and emergencies, the prevention of problems through education and frequent patrols, and responsiveness to community preferences regarding how services are provided. These quality factors would be reduced for the residents who are located further away from consolidated public safety offices than from the current county seats.

Since there is a strong economic argument for keeping public safety services in the current county seats, the other categories of service should be examined in greater detail to see whether other services should continue to be provided in the county seats. Quickness of response is also important for snow removal (a major road and highway activity) and some health and welfare services. Access and local control over the quality of services are important for many general government (e.g., county clerk) and health and welfare services.

Table 5. Estimated Percent Cost Savings for 26-County Alternative

	Counties	General Government	Public Safety	Health & Welfare	Roads & Highways
1.	Divide, Williams	4.8	-14.3	8.5	-0.9
2.	Burke, Mountrail	3.6	-16.1	2.8	-14.3
3.	Renville, Ward	1.2	-12.0	5.9	0.3
4.	Bottineau, McHenry	10.3	-15.6	6.8	17.4
5.	Rolette, Towner	13.3	-7.4	9.4	20.7
6.	Pierce, Benson	17.9	-3.3	11.1	24.1
7.	Ramsey, Nelson	12.4	-9.7	7.0	22.3
8.	Cavalier, Pembina	16.0	-5.1	11.9	21.8
9.	Walsh	n/a	n/a	n/a	n/a
10.	Grand Forks	n/a	n/a	n/a	n/a
11.	Griggs, Steele, Traill	25.6	-5.0	14.7	35.2
12.	Barnes	n/a	n/a	n/a	n/a
13.	Cass	n/a	n/a	n/a	n/a
14.	Ransom, Sargent	19.4	0.8	11.4	26.4
15.	Richland	n/a	n/a	n/a	n/a
16.	LaMoure, Dickey	18.1	-4.2	10.9	24.4
17.	Emmons, Logan, McIntosh	26.1	-13.2	13.3	35.7
18.	Eddy, Foster	19.2	-2.9	5.5	30.31
19.	Stutsman	n/a	n/a	n/a	n./a
20.	Sheridan, Wells	18.3	-1.8	7.7	25.5
21.	Burleigh, Kidder	0.4	-11.5	4.8	5.7
22.	McLean, Mercer, Oliver	8.3	-31.1	43.7	-39.3
23.	Morton, Grant, Sioux	14.3	-15.3	11.4	26.2
24.	Slope, Hettinger, Bowman, Adams	30.6	-12.1	19.1	35.0
25.	Dunn, Stark	5.5	-18.0	10.1	3.4
26.	Golden Valley, Billings, McKenzie	4.9	-54.5	27.9	-50.8

Selective consolidation of these services is already occurring in North Dakota. County courts (general government) have been merged into district courts. Adjacent counties share some of the more specialized health and welfare services staff. County road and highway services now provide much of their maintenance and construction work through contracts with private companies that are large enough to achieve many economies of size.

The large ranges of cost savings from county consolidations under either the 15-county proposal or the 26-county alternative suggest that more than population and geography need to be examined in deciding where consolidation may reduce costs of services. Increased transportation costs are the largest reason for the increased cost of public safety services under both the 15-county proposal and the 26-county alternative. Nonlinear relationships between expenditures and the explanatory variables also cause costs to rise in many cases as counties are combined. Furthermore, the assumption that wages would be averaged as counties are consolidated is questionable. Employees may be able to resist any wage reductions, resulting in wages being set at the maximum of wages in the consolidated counties. If so, total cost savings for the 15-county proposal would decline from 4.9 percent to 3.0 percent and public safety costs would increase 31 percent rather than 25 percent.

Conclusions

The results of this analysis provide a preliminary indication of the pitfalls that would be encountered in consolidating county government services. Due to the broad categories of services and reliance on secondary data for the statistical analysis, much of the variation in expenditures for county government services still has not been explained. Further research should estimate economies of size for more specific services using additional explanatory variables and primary data. Adjustment costs and economic impacts from reduced quality of services after consolidation also need to be estimated. However, the results demonstrate that consolidation sometimes increases rather than reduces costs of county government services and needs to be carefully evaluated before it is proposed.

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Attachment D

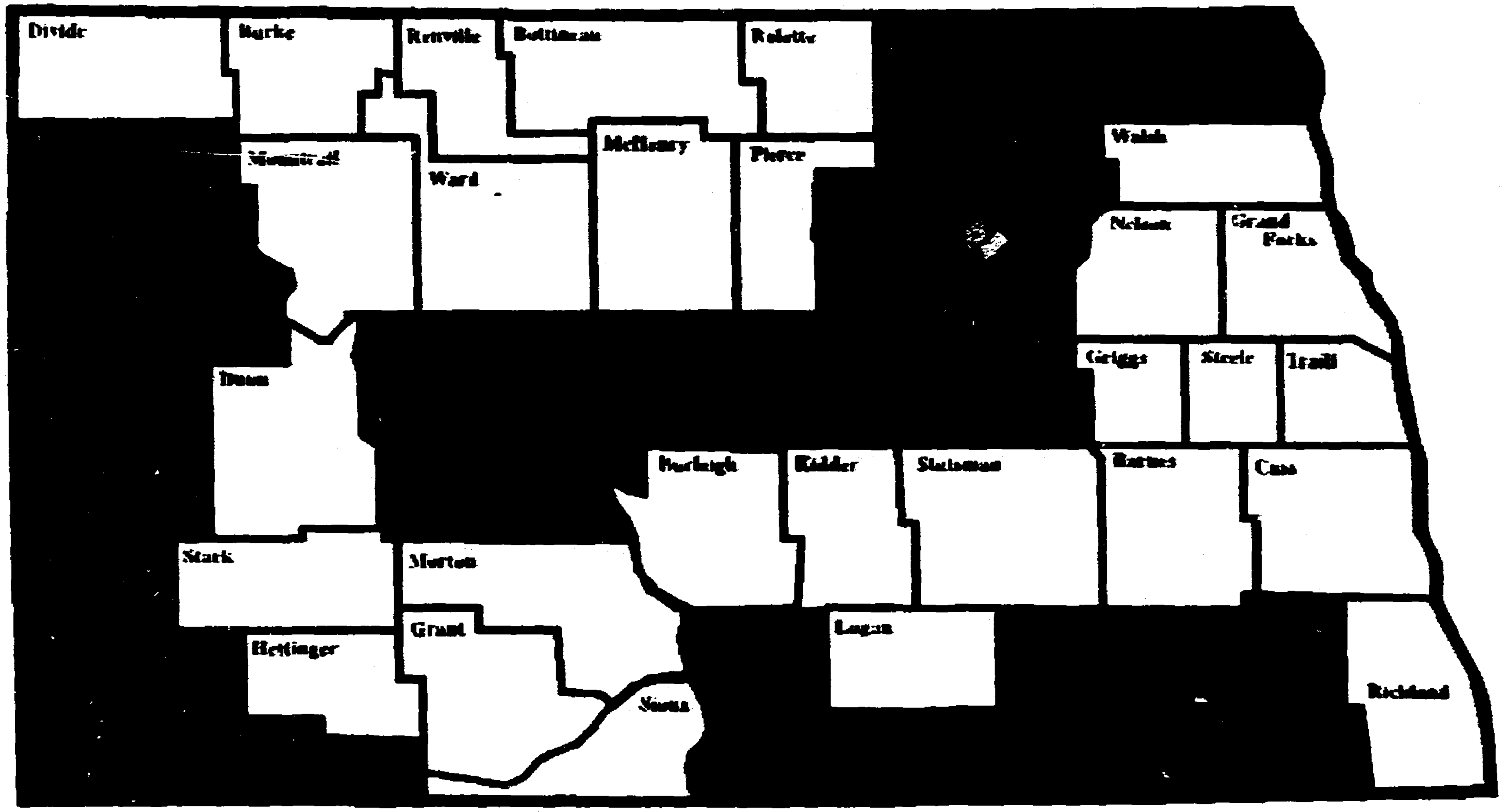
Shared County Social Services

32 Social Service Sharing Configurations

County Social Service Directors'
Association Survey
July, 2002

2002
COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

SHARED DIRECTOR ARRANGEMENTS



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COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

Shared Director Arrangements

27 counties out of 53 have shared director arrangements. These consist of 11 units with from two to four counties with shared directors.

Williams/McKenzie - Michon Sax

Pierce/McHenry - Winston Pottenger

Towner/Benson/Ramsey - Ed Forde

Bowman/Slope - Janice Burke

Eddy/Wells/Foster - John Mogren

McLean/Oliver/Sheridan/Mercer - Roger Redfield

Ransom/Sargent - Wendy Jacobson

Adams/Billings/Golden Valley - Richard Fedge

Dickey/LaMoure - Bob Carlson

Emmons/McIntosh - Klaes Welch

Cavalier/Pembina - Melody King

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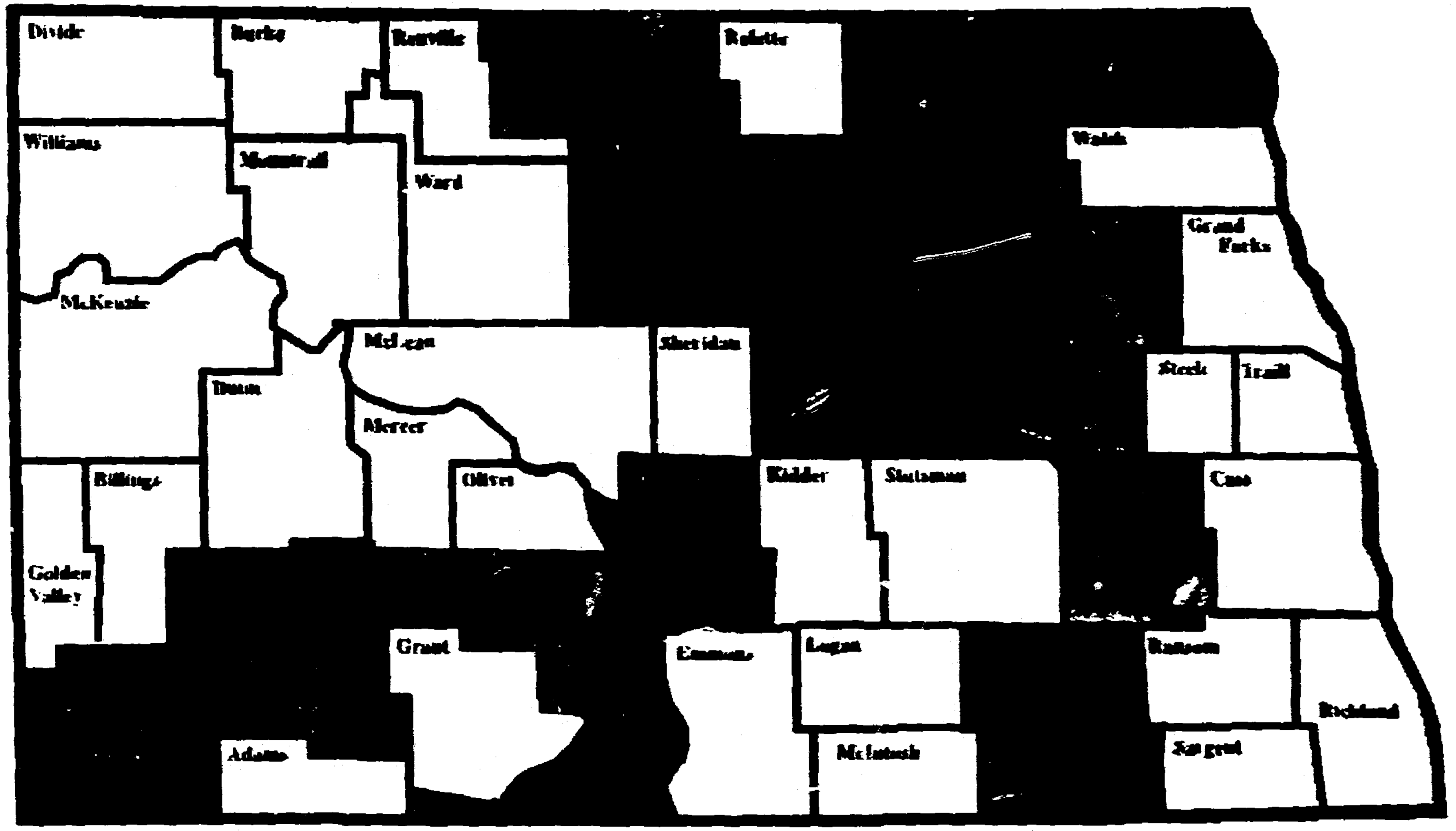
COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

SHARED CPS AND CA/N ARRANGEMENTS



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COUNTY SOCIAL SERVICES

County Director's Association Shared Services survey (07-02)

SHARED CPS AND CA/N ARRANGEMENTS

Bottineau /Pierce/McHenry
Mountrail/Burke/Renville
Pembina/Cavalier
Burleigh/Morton – Burleigh Co. is host.
Bowman/Slope
Stark/Hettinger
Dickey/LaMoure
Griggs/Nelson/Barnes
Wells/Foster/Eddy
Sioux – Standing Rock Sioux Tribe
Benson/Towner/Ramsey - provide inter-change of workers. (By formal/informal agreement)
Ramsey – Ofers Multi-county Assessments to the NE Region

Most counties provide back-up as a courtesy to neighboring counties when there are conflict of interest referrals, neighboring workers exceed caseload standards, and during absences of CPS workers due to illness, etc.

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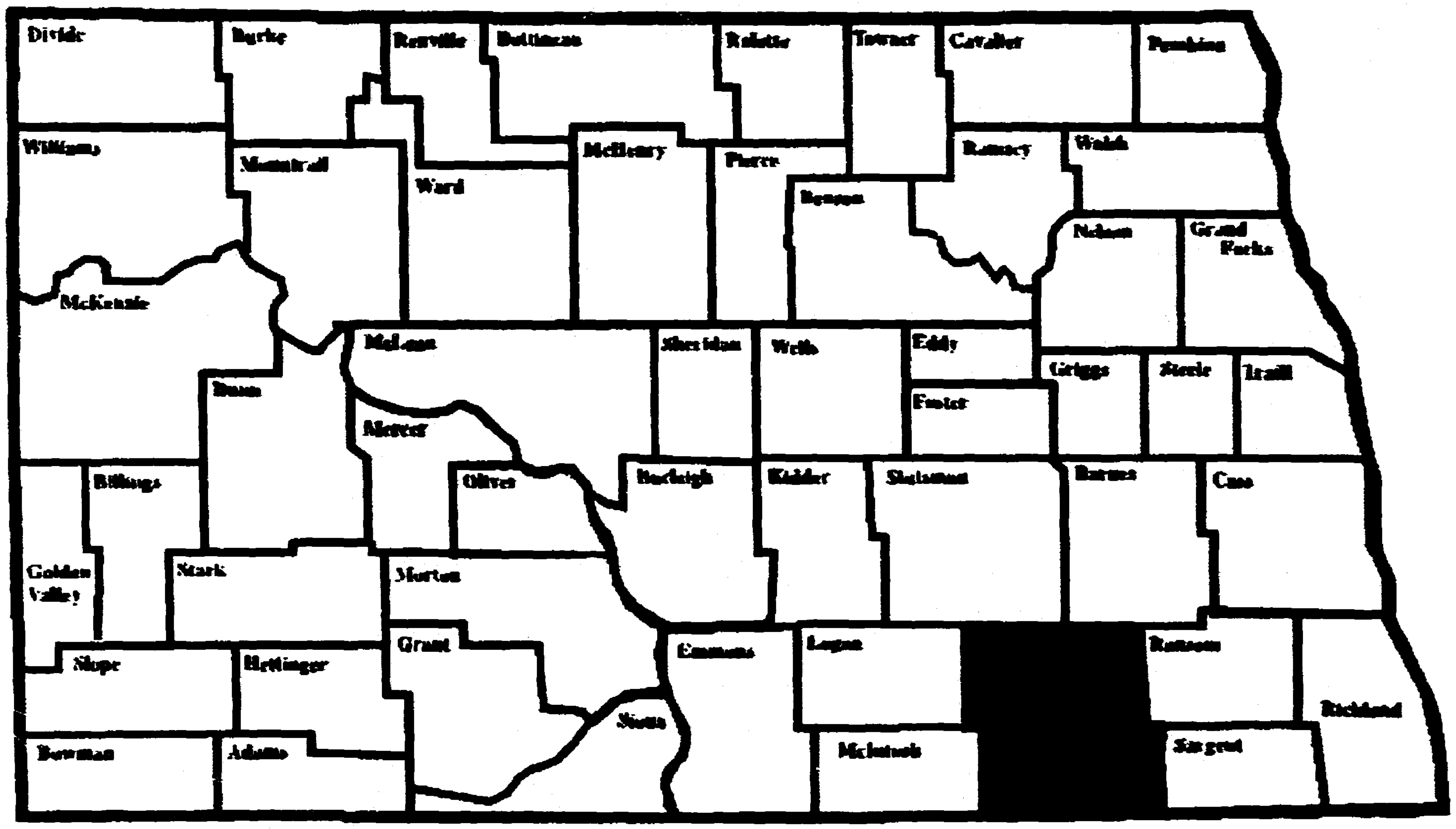
COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

CHILDREN & FAMILY SERVICES



McLean/Mercer – SW supervisor shared.

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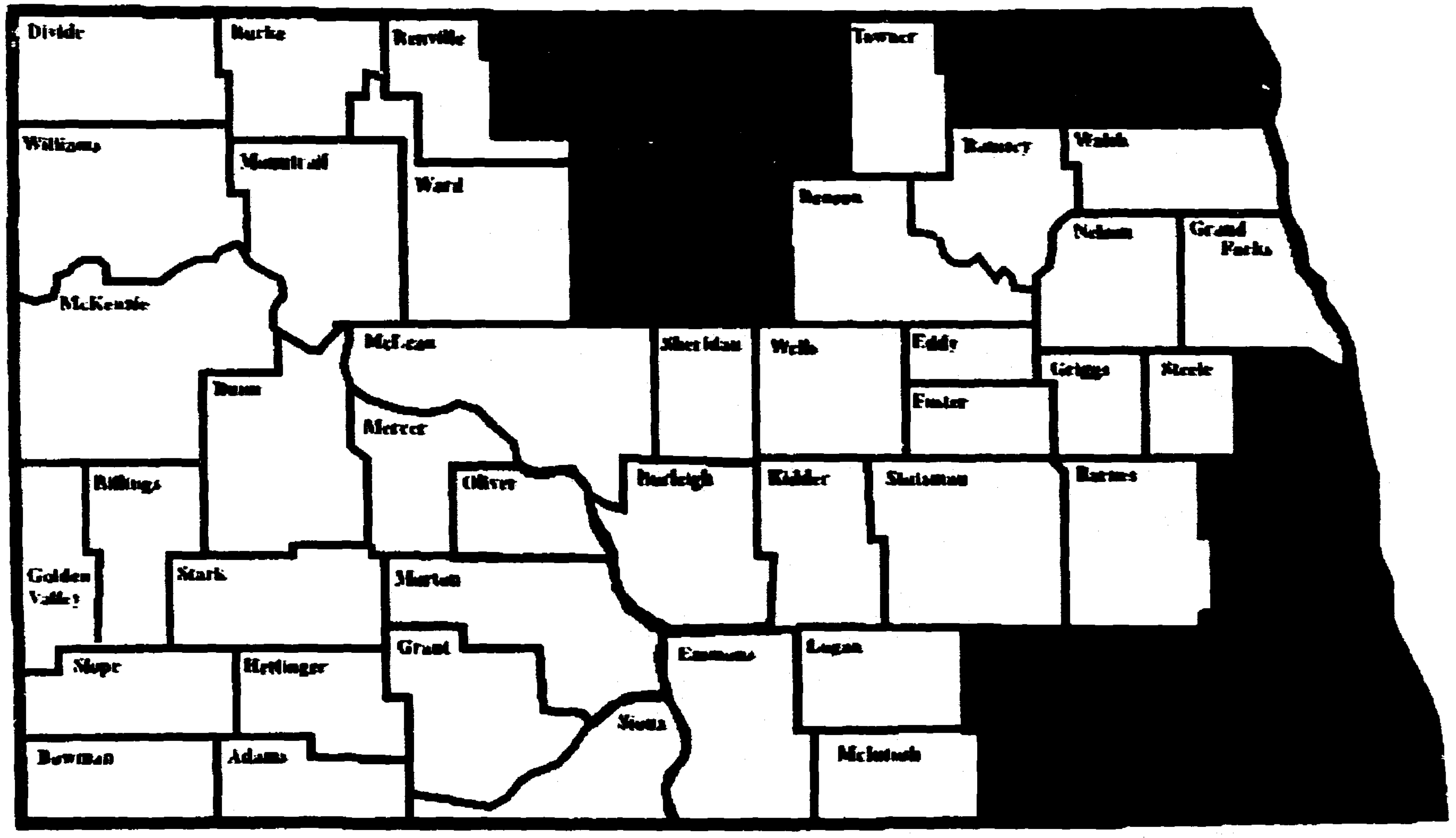
County Director's Association Shared Services survey (07-02)

FAMILY FOCUSED SUPERVISION and/or CHILD WELFARE SUPERVISION



Cass County provides Family Focused Supervision to Richland, Ransom, Sargent, Steele, and Trail County. McHenry, Pierce, Rolette, Bottineau, Cavalier, and Pembina contract for FF supervision with private provider. Williams – contract for FF supervision with private contract.
Burleigh/Morton – contract agreement – Burleigh Co. is host.

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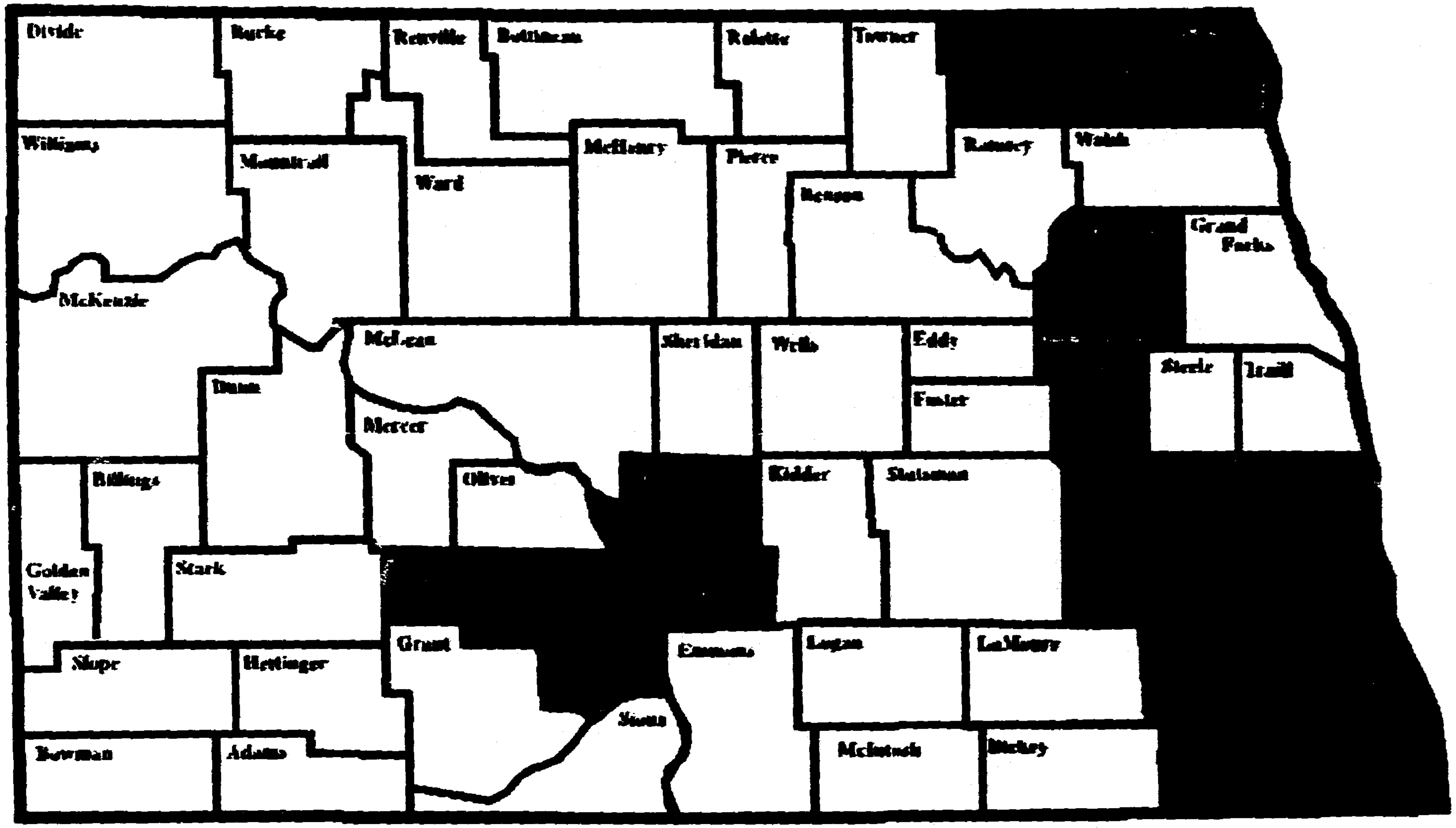
County Director's Association Shared Services survey (07-02)

SHARED FAMILY FOCUSED WORKERS



LaMoure & Dickey – share one worker 50% time in each county.
Burleigh – hosts Morton Co.

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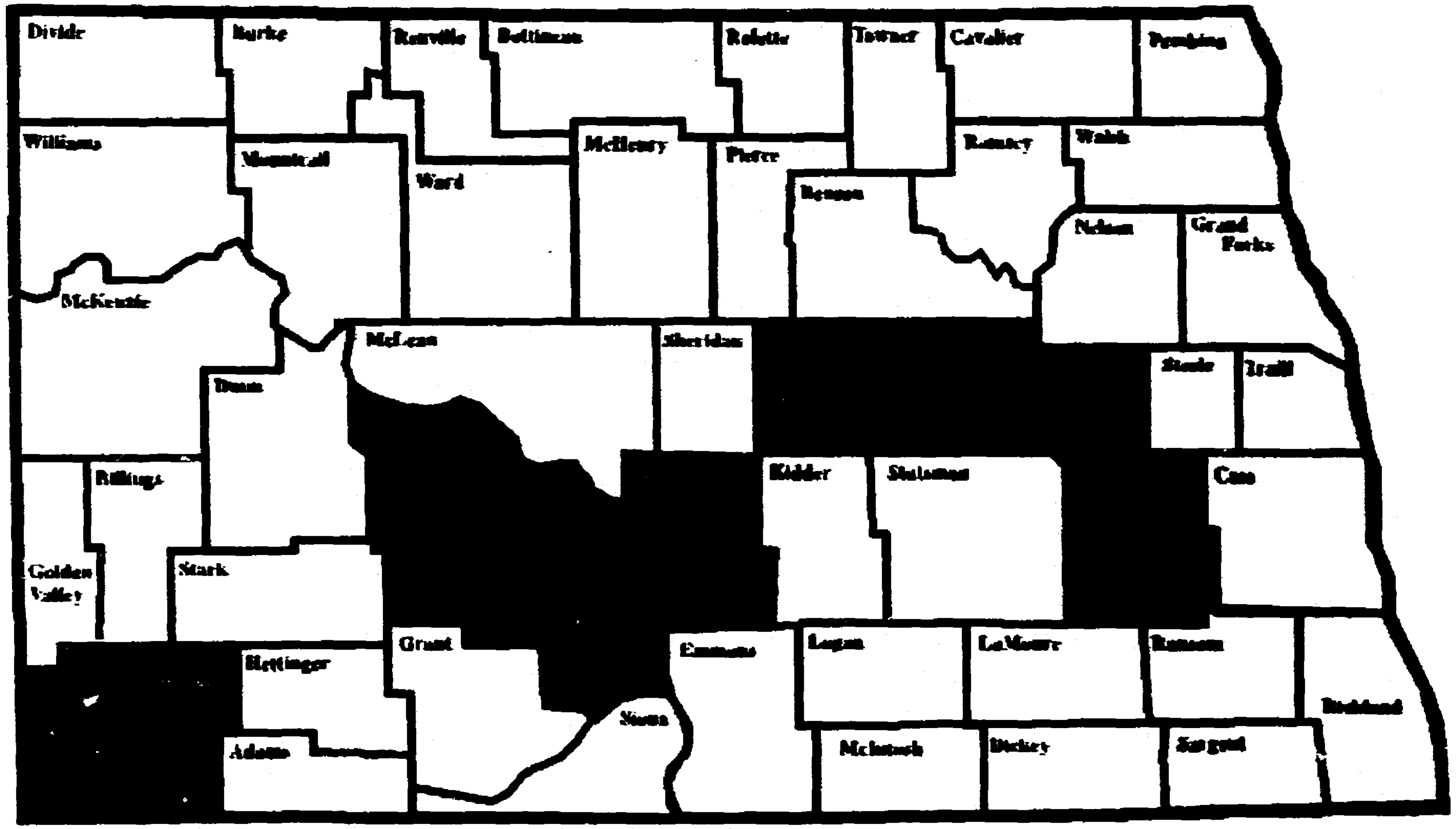
County Director's Association Shared Services survey (07-02)

ADULT & FAMILY FOSTER CARE LICENSURE



Cass, Steele, Traill, Ransom, Sargent, Richland – Foster Care Recruitment. Burleigh hosts Morton: Foster Care Services. Barnes/Griggs: Foster Care Services. Oliver Co. does Foster Home Licensing for Mercer Co. Foster, Eddy Wells share Adult & Family Licensing services.

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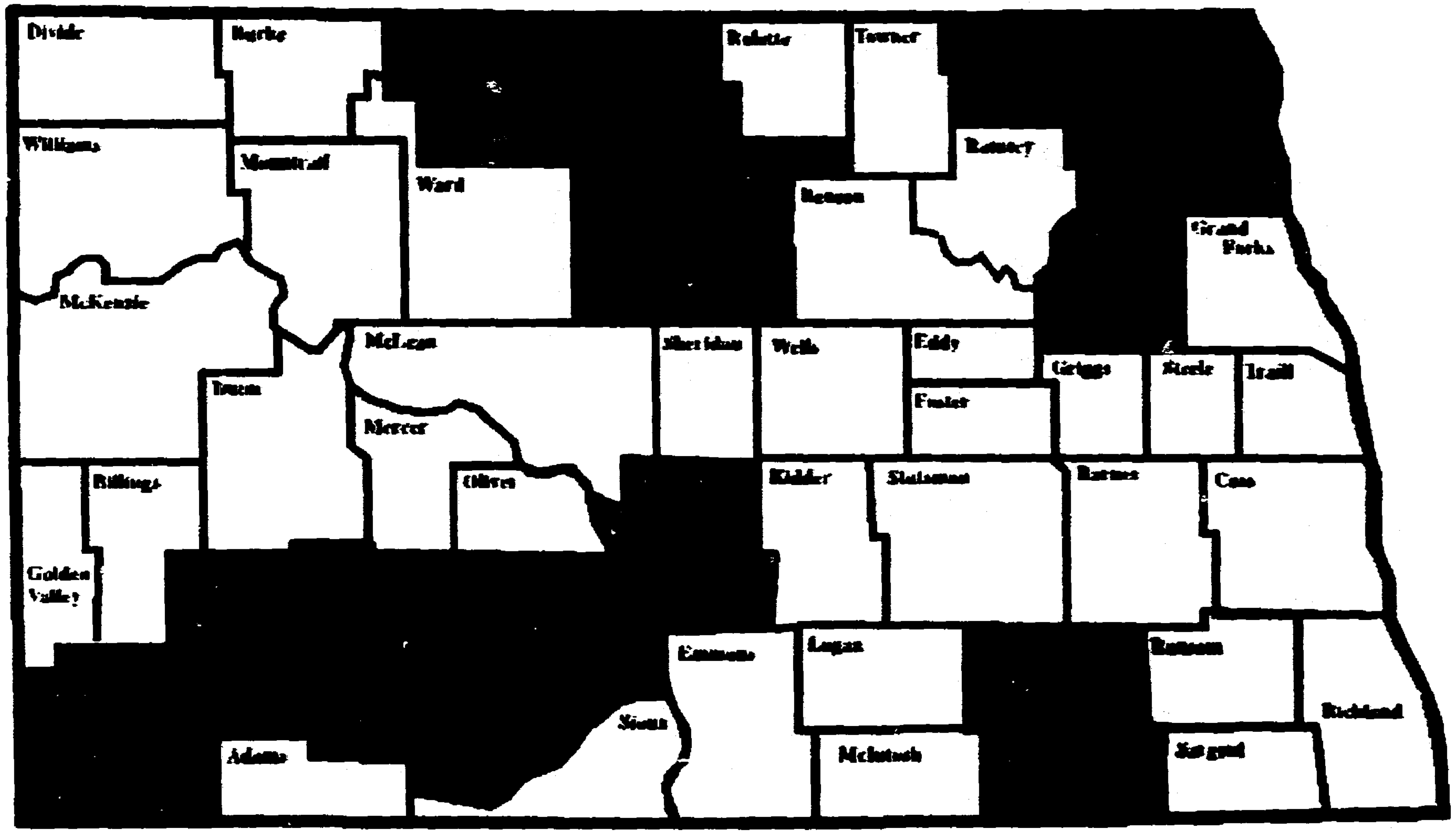
COUNTY SOCIAL SERVICES

County Director's Association Shared Services survey (07-02)

SHARED PARENT AIDE SERVICES



Nelson County -- Worker is ½ time PA and ½ time Family Support Worker for Healthy Families Region IV. Morton is host to Burleigh. Renville: purchases from Bottineau Co. Hettinger: contracts with Stark and Grant Co. LaMoure: contracts with Dickey. Pierce/McHenry -- share Parent Aide Staff. Cavalier provides service to Pembina & Walsh. Sargent/Ransom -- share staff.

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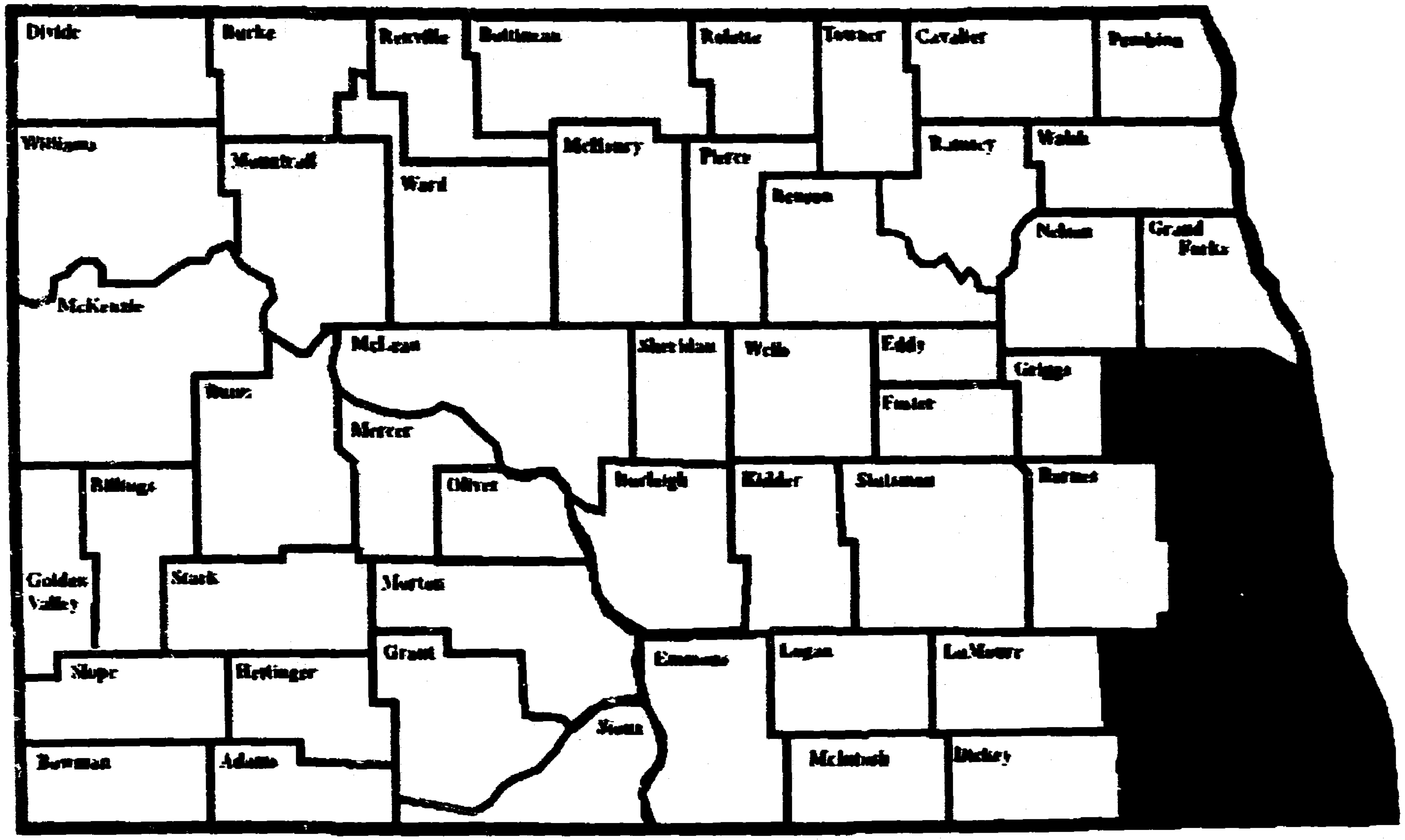
COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

RESPITE CHILD CARE



Cass County – host. .25% FTE for all

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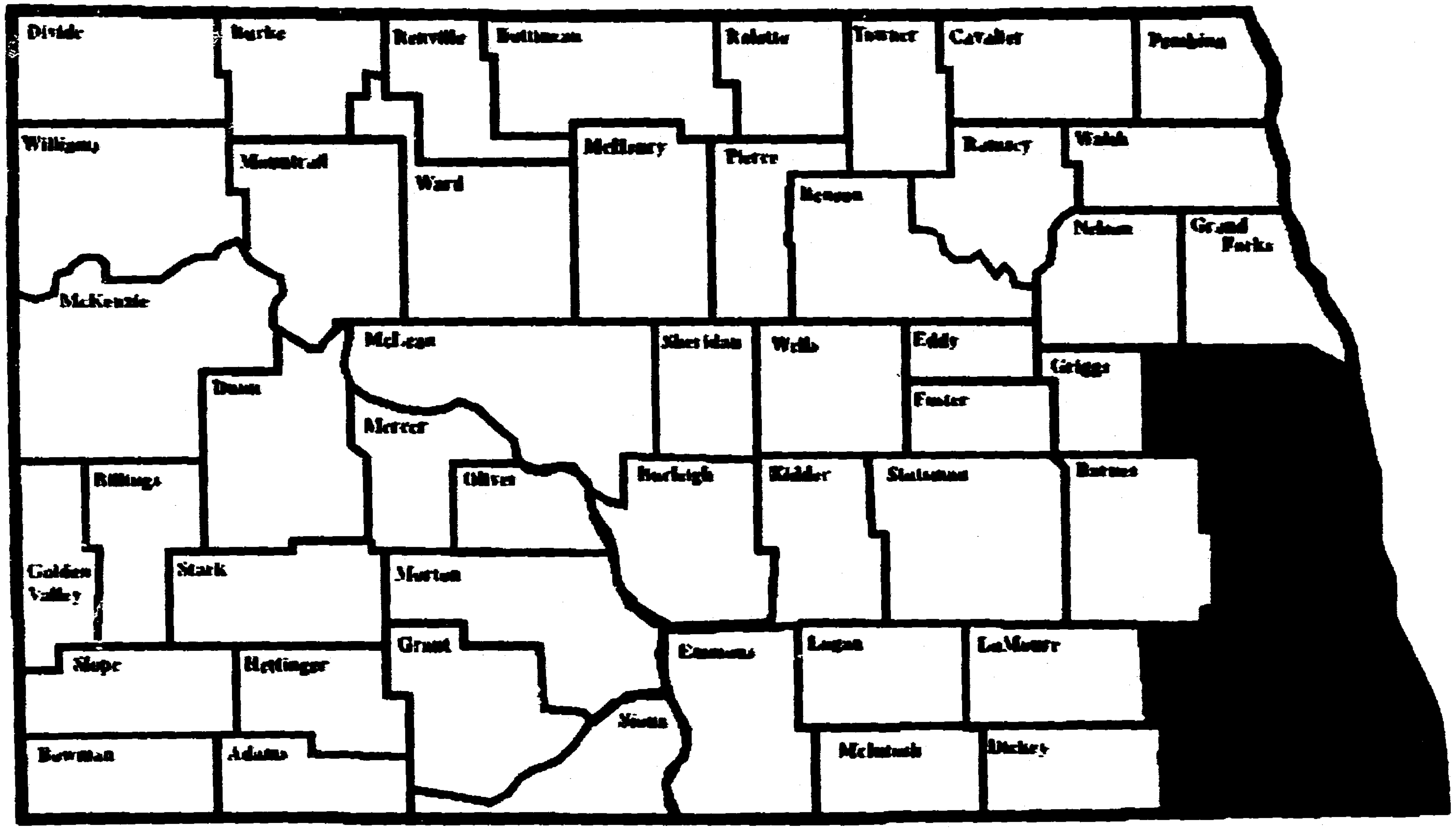
COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

SHARED ADULT PROTECTIVE SERVICES



Cass County – host.

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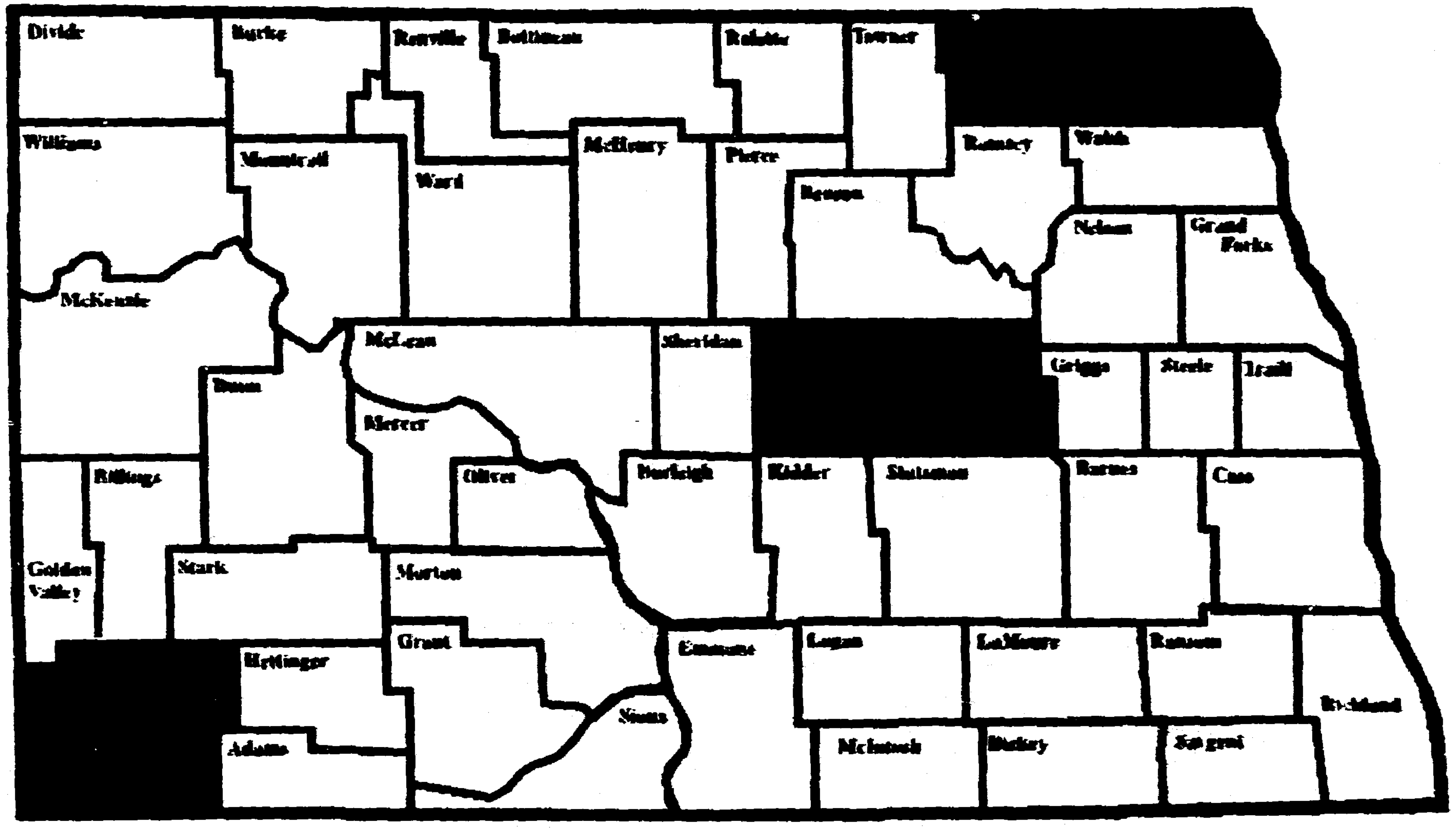
COUNTY SOCIAL SERVICES

County Director's Association Shared Services survey (07-02)

HCBS SUPERVISION & CASE MANAGEMENT



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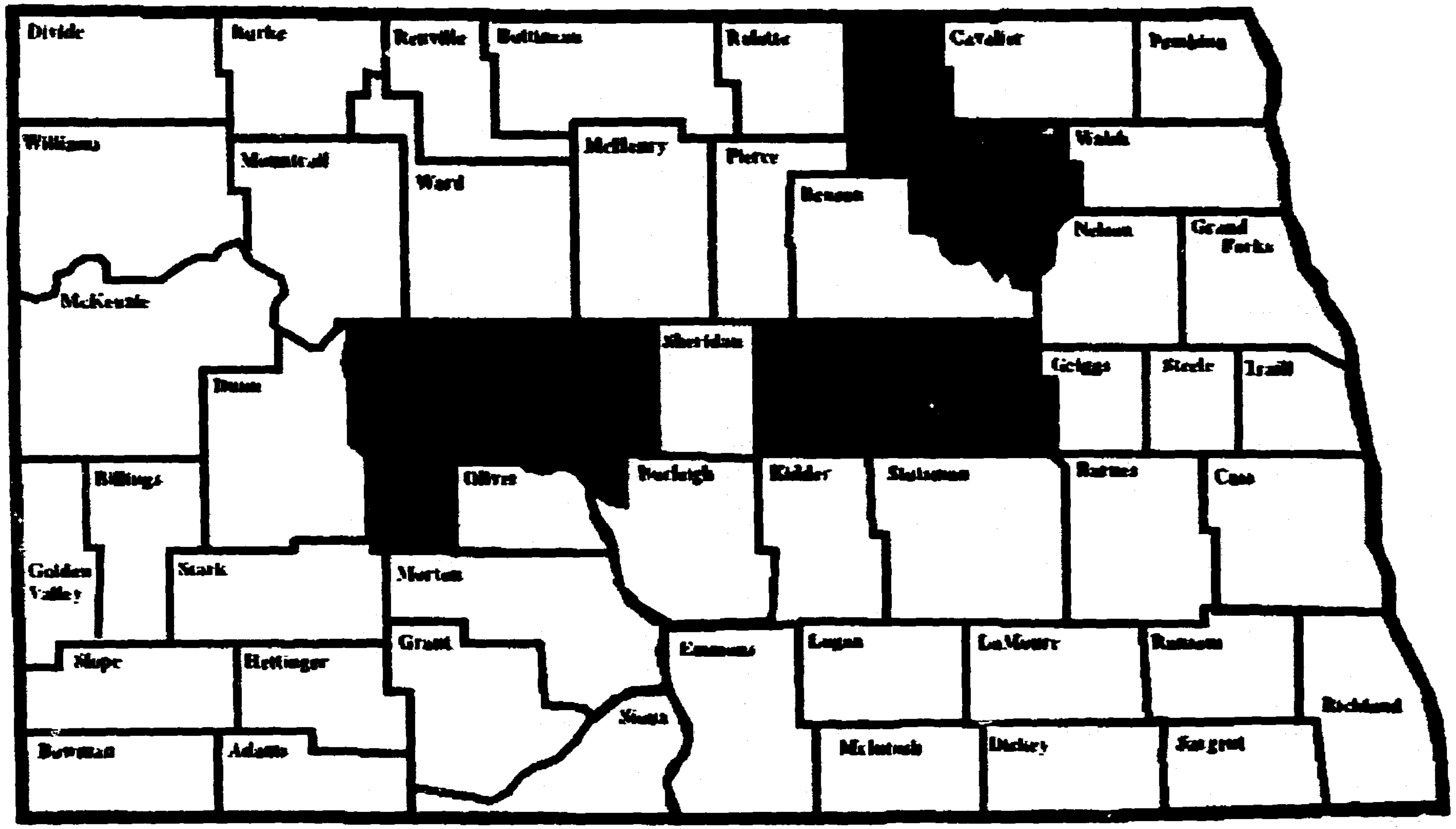
COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

CHILDREN'S SPECIAL HEALTH SERVICES



Operator's Signature

10/2/03
Date

ADVISORY STUDY PROCESS - PUBLIC OPINION

Be creative – or face forced consolidation

In 1993, the Legislature considered a bill to reorganize the state into 15 large counties. It decided, instead, to give us the opportunity to become creative in heading off the urban forces that believe governments for rural folk should be consolidated with those in the city.

That year, the Legislature enacted a law, called the "Tool Chest, " that unties the bonds that have kept our cities, schools and counties operating since statehood without significant structural change.

We know that legislative forces in Fargo and other urban areas are planning the next round in their fight for forced consolidation. The time is right for those of us in rural areas to take the offensive in that fight, rather than sit on our heels and wait to defend ourselves in 1999.

The way to do it is to take advantage of the Tool Chest law. Particularly in rural areas such as ours, the opportunities are endless.

The law allows all types of alliances between local governments. Consider some of the possibilities:

■ The Crosby swimming pool is in extreme need of repair and management. The Divide County School District always has trouble fining someone to coordinate athletic events. The Crosby Blue Line Club has a perpetual problem with administration of its hockey program, and the Crosby youth recreation program, by default, gets dumped on the city auditor.

By pooling their resources, these various entities could hire a professional who would not only solve their annual problems but bring new ideas to sports and recreation in the community.

■ We could have one law-enforcement agency that would cover all of Divide County. For that matter, if we could eliminate the requirement that each county elect a sheriff, Burke County could be included in the concept. The city of Crosby already has concluded it can save a small amount of money by contracting with the sheriff's department for police services.

■ Divide County and its cities could enter a joint administrative effort in which a professional public administrator could manage the work of all the entities. We could then have one staff of workers who would be assigned to do whatever work is necessary rather than be confined to the tasks of a particular office.

We could do away with city and county government as we know it, incorporating all of Divide County into one entity. After all, we have only 2,500 people in the entire county, about half of them in Crosby, and we're already one community working on common problems and ideas.

Sound too grandiose? Perhaps. But we need to dream big and then pare our dreams back to reality. The Tool Chest law mandates nothing, but gives us the opportunity, even the obligation, to spend time dreaming. The process simply calls for appointment of study commissions that can dream those dreams.

If we choose not to dream, we choose to accept whatever the great consolidators force down our throats.

– Steve Andrist, The Journal, Crosby

ADVISORY STUDY PROCESS – FACILITATION RESOURCES

Through the joint efforts of the North Dakota Association of Counties, NDSU Extension Service, USDA Rural Development, the League of North Dakota Cities, and the North Dakota Consensus Council; a Three Phase process has been proposed for the serious examination of a local government's service needs, current resources, and the structure and governance options available for service delivery into the next century. Specialized staff and consultants have been assembled to assist local committees in the implementation of this process. The process has been designed to be timely, low cost, and non-directive – by which we mean those staff and consultants involved will facilitate, educate, and communicate; but will not suggest solutions, strategies, or outcomes. The three phases are briefly described below:

Phase I: Presentations in Preparation for Advisory Study Processes

A consultant will spend 4 to 6 hours with the Advisory Committee, governing boards, and appropriate community stakeholders to present demographic, service, financial, and other key data in a rapid, but county-specific format. This presentation will provide the background information for preliminary decision-making and future planning. A very brief overview of the governance options available and some of those implemented throughout the State will be shared. The participants will then be given several very basic considerations for discussion and the meeting will be closed with a consensus about whether it is appropriate for the advisory committee to continue with Phase II, or if the recommendation of the committee should be "no change". If continuation is planned, the make-up of an expanded Phase II committee will be discussed.

Phase II: Facilitation of Advisory Study Processes

If the consensus reached in Phase I is to proceed, a second meeting will be scheduled 2-4 weeks after the first. This will involve a trained facilitator from NDSU Extension or USDA Rural Development, who will work with the Advisory Committee and other key stakeholders to process the information from Phase I, identify the objectives, and develop an action plan that can become the Advisory Committee's recommendation to the governing board. This Phase may involve one or two days of meetings, depending upon the scope of study agreed to by the advisory committee.

Phase III: Implementation of Advisory Study Process Recommendations

If the governing board agrees with the Advisory Committee's recommendations, the next phase will be more long-term and county specific. Depending upon the county's objectives, the resources needed to implement certain recommendations may include the State's Attorney, outside consultants, a facilitator to work with multiple jurisdictions, or any number of other more specialized individuals. When a county reaches this phase in their planning, the team assembled for Phase I and II, may only act as a reference source, or provide guidance by phone and fax.

Barnes County

- Phase I Report
- Meeting Date: March 29, 1998
- Present: 5 Barnes County Commissioners; County Auditor; several county officials and a few interested citizens from the county
- Suggested holding meetings in communities throughout the county to gather input.
- Valley City Winter Show to gather priority recommendations from Barnes County residents
- No decision was made for Phase II, it is believed that the commission will appoint a committee to work on recommendations (Subsequently placed on ballot and failed)

Benson County

- Phase I Report
- Meeting Date: April 26, 1998
- Present: One Benson County Commissioner; Auditor; Treasurer; and other local officials; Representatives from ND Ext Service and Office of Rural Development
- List of Strengths, weaknesses and vision of Benson County
- Benson County will appoint a committee to review combining offices and entering into other joint agreements with other political subdivisions, that committee will also make recommendations about what course to take in the future in the terms of studies and/or other potential agreement areas to explore.
- Phase II Benson County Task Force Report
- Meeting Date: July 21, 1998
- Present: Not listed
- Goals: provide local access to services, provide full-time employment, increase revenue to the county, and provide benefits for both full time and part-time employees
- Combine county/city auditor positions
- Combine city and county law enforcement, having deputies stationed in small communities
- Job sharing for county/city employees which allow benefits
- Group insurance for farmers
- Bring in industry that pays higher wage
- Utilizing empty buildings
- Benson County Job Authority could assist feasible studies/improve bus service
- Health services – district
- Telecommunications training
- Establish an incubation centers – Maddock

Billings County

- Phase I Report
- Meeting Date: May 3rd, 1998
- Present: County Auditor; June Kraft; NDSU's Ext Service; Several other county employees Note: there were not commissioners present Billings has already appointed a committee and this meeting was for other interested citizens
- While Billings county's population is fairly stable, those remaining are older, and the education level of those staying in the County has increased significantly. The number of farms and ranches continues to decline and the average size is increasing. The average age of farmers is 50, the same as the statewide average. Economically, Billings County appears to be stronger than surrounding counties, other than Stark, as sales in the past few years have increased faster than inflation and the number of businesses in the County has remained fairly constant.
- August 10th Report
- Vision is to maintain its independent identity, while welcoming economic development and to continue to emphasize their natural beauty and natural resources. They will also keep the schools and residents competitive through technology.
- Proposed Goals
  1. Improve business opportunities through zoning laws that promote and encourage business
  2. Maintain identity

3. Maintain public and private land use for local economy through zoning laws, and Billings County land use plan
4. Encourage strong leadership and participation in county and civic affairs
5. Pool county resources to maximize efficiency
6. Promote technology for advancement of schools, businesses, and individuals

- Action Plan
  1. City and county zoning boards can have public forums to educate the public in regards to the zoning process and how it works.
  2. Use the established committees for the land use plan so all residents are informed on land management decisions.

Burleigh County

- Presentation Report
- Meeting Date February 9, 1998
- Present: 4 Burleigh County Commissioners; several county officials
- Commissioners concluded that they would like to have a re-presentation on a Saturday with more public notice. The topic would be to discuss whether to put the matter to a vote of the people or to establish sub-committees from the general public to review various options available to the county under the Constitution and the Tool Chest Statute.
- Second Presentation Report
- Meeting Date: April 16, 1998
- Present: 3 of 5 Commissioners, several county officials and several county employees
- No decision was made at this meeting about the next step

Dunn County

- Presentation Report
- Meeting Date: April 4, 1998
- Present: 2 Commissioners; Auditor of Killdeer; Mayor of Dunn Center and interested citizens from Dunn County
- It was suggested to hold meetings in communities throughout the County to gather input
- April 21, 1998 Phase II
- Present: John Combs; Robert D. Binek; Margaret Senger; Reinhard Hauck, Commissioner; Tim Stroh; Jane Erickson; Mayor Allen Roll of Dunn Center; City Councilman Gust Mittelstedt; Commissioner Orris Bang; Josh Dohrmann; Terry Fredericks; Bobbi Kukla.
- Vision Statement: Dunn County will be a thriving county with an increase in business and population while maintaining the values of freedom, safety, family and environment.
- Goals
  1. Create appealing business atmosphere
  2. Develop and train new leaders
  3. Keep the population of Dunn County and stop out migration
- Action Plans
  1. Establish an economic developer or jobs development authority for Dunn County
     a. Development of tax dollars
     b. Look at joint arrangements between cities, county, state and possibly CAM Incorporated
  2. Develop a County Management Team
     a. Team to consist of 2 individuals per community, not necessarily elected officials
     b. Meet monthly or a team feels is necessary to discuss issues relating to county and communities

McIntosh County

- Advisory Study Committee Report
- Meeting Date: July 7, 1998
- Committee Members: LaVern Bilinsky, Wishek City Councilman; LuElla Blumhardt, County Auditor; Terry Elhard, States Attorney; Roger Klifel, Commissioner; Ron Meidinger, Commissioner; Ervin Miller, Lehr resident; Leonard Roeszler, Ashley resident; Bill Wald, Commissioner; and Ray Wolf, Mayor of Zeeland

- State mandated consolidation is a major threat to the survival of the cities in McIntosh County. Very often, consolidation has proven to cost more money to taxpayers with the result of less service. Too often taxpayers pay more for less because the legislature has forced us to change.

McKenzie County

- Presentation Report
- Meeting Date: July 8, 1998
- Present: Kathleen Tweeten, ND Ext.; Billy Bolken, Watford City Mayor; David Drovdahl, USDA-RD; Bill Goetz, Governors Office; Wayne Sanstend, State Supt.; Tom Decker, School Finance Director; Roger Chinn, Commissioner; Morris Cross, Commissioner; Jane Sanford, McKenzie County School District; Dale Naze NDSU Ext.; Daryl Vance, McKenzie Co. Dist 1; Sean Pitman, Williston Herald; Daryl Flagen, Yellowstone School Dist #14; Wayne Sanford; Dave Johnson City Engineer; Murray Kline Supt; Nancy Wisness, Supt Int. of Schools; Florence Ross, Alex H.S.; Mark Johnson, Assn. Of Counties; Sherman Syling McKenzie PSD #1; Dennis Fortten, Alex HS.
- Roger Chinn accepted responsibility of being the focal point for groups interested in continuing the study process

Ramsey County

- Phase I Presentation Report
- Meeting Date: February 4, 1998
- Present: Ramsey County Commissioners; Commissioners from Benson, Pembina and Cavalier Counties; Many county officials from Ramsey and other counties.
- Phase II Presentation Report
- Kathy Tweeten and Don Warren co-facilitated the group
- Goal: Maintain Ramsey County as holistic and proactive, sustainable, continue to provide needed services to the taxpayers and keep quality of life
- Some Issues Identified: Low county salary; maintain tax base; maintain education; roads; water; loss of schools; underemployment; streamline local government

Renville County

- Presentation Report
- Meeting Date: April 18, 1998
- Renville had already appointed a committee. This meeting was for other interested citizens
- While Renville is losing population and those remaining are older, the education level of those staying in the county has increased significantly. Recently there has been a sharp decrease in the number of County residents living below the federal poverty level, but the number of farms continues to decline and the average size of farms is increasing and the average age of the farmers is also increasing.
- We have not other record of further meetings or conclusions or solutions

Richland County

- Local Advisory Study Report
- Meeting Date: May 19, 1998
- Recommendations are as follows:
- County Commission to educate themselves further with the Richland County Home Rule Charter
- Commission will continue in its executive position with information, research and recommendations brought forward by key department heads for final decisions

Rolette County

- Presentation Report
- Meeting Date: February 21, 1998
- Present: All commissioners; County Auditor; Deputy Auditor; a State Senator and other elected County officials
- Commission appointed a 5 member study commission

- The video "Building CommUNITY in North Dakota" was viewed to help the group focus on the task ahead
- No record of follow up meetings

Sheridan County

- Phase I Presentation Report
- Meeting Date: March 21, 1998
- Present: 3 Commissioners; Auditor; Deputy Sheriff; Treasurer; Tax Director,McClusky City Council Member; Mayor of McClusky; one person from Social Services and a representative from Rural Development
- Recommended to hold meetings throughout communities in the County to gather input
- An informal meeting was held to discuss the implementation of Step II, no decision was made on a meeting time or date
- April 7, 1998 Local Advisory Committee Meeting
- Present: Tom Sauter, Armin Erdmann, Byron Zingg and Arlo Dockter
- Absent: Bonita Kluck
- A recommendation of "No Change" is necessary at this time in the county government services and that they would meet again at a later date if there is a need to change services

Sargent County

- Local Advisory Committee
- Meeting Date: April 21, 1998
- Present: Earl Anderson, Jr., Dist 1; Harrison McCleery, Dist 2; Rick Holstad, Dist 3; Dan Delahoyde, Dist 4; Diane McDaniel, Dist 5; Lyle R Bopp, States Attorney; Betty Hewitt, Commissioner; Sherry Hosford, Auditor
- Recommendations
- 1. Economic Development
    - a. Sargent County Commissioners establish a Job Development Authority and provide funding for communities in the county for housing projects. Funding From either property tax increase or existing county funds. Job Development Authority to encourage construction of housing units in Sargent County Communities.

  2. Contract Policing
    - a. Work with cities on contract policing and solicit funding from Bureau of Indian Affairs and Dept of Interior.
    - b. Urge cities to apply for grants through COPS program to offset cost of policing.
    - c. Respond to Tewaukon Comprehensive Survey before June 1, 1998 to seek assistance in funding for policing and road maintenance.

  1. Commission Reduction
    - a. Reduce number of commissioners from five to three and place the question before the electors at the next appropriate election

  2. County Coordinator/Administrator
    - a. Hire county coordinator/administrator to write grants and perform tasks assigned by commission

  3. Combining County Offices
    - a. Consider combining offices and departments in the courthouse and county highway dept.
    - b. Consider combining other counties or governmental entities

  4. Courthouse Accessibility
    - a. Make reasonable accessibility to the courthouse and other county buildings

  5. State/County/City/Township Joint Purchasing Powers
    - a. Continue to work together with State, City and township governments to cooperate in purchasing and using equipment and materials
- Phase II
- Meeting Date. June 26, 1998
- Present: Anita Kessel; Sandy Baertsch; Ron Krush, Jerry Redmond, Roger Myers; Mary Griffin; Mary Schneider, Darlene Mitchell; Olie Golberg; John Lazorenko; don Heiser; Dave Jurgens Pat Rummel; Philip Malkowski, Wesley Schuhrke; Jay Brovold; Roy Krivoruchko
- Issues Identified

1. Consolidation – Counties having to go into districts
2. Zoning
3. Losing local control
4. Representation at state level
5. Maintain services without raising taxes
6. Declining oil revenue
7. Tourism costs
8. Less restrictionon creation of expanding of businesses
9. Lack of housing
10. Jobs for the young
11. Necessity to raise grazing fees
12. Declining population affects everthing
13. Lack of employment opportunities
14. Low population
15. County records moving to a decided seat
16. Discussing Home Rule
17. Contract Services
18. Land locked

- Phase II Meeting
- Meeting Date: June 30, 1998
- Present: Anita Kessel; Sandy Baertsch; Ron Krush; Jerry Redmond; Roger Myers; Mary Griffin; Mary Schneider
- Action Plan
    1. City and county zoning boards can have public forums to educate the public in regards to the zoning process and how it works
    2. County commissioners will send the letter to the Association of Counties and will try to maintain the financial resources that are available
    3. Use the established committees for the land use plan so all people are informed on land management decisions

Stark County/Dickinson

- Phase I Report
- Meeting Date: March 7, 1998
- Present: Two Stark County Commissioners; Mayor of Dickinson; Dickinson City Administrator; One City Councilman; several city and county employees and citizens of Stark County
- Suggested to hold meetings throughout the communities to gather input
- They prepared study potential alternatives to the delivery of local government services throughout Stark County
- No decision was made at this time for a Phase II meeting

Steele County

- Advisory Study Report
- Meeting Dates: October 21, 1997 and November 6, 1997
- Present: Wayne Fetting; John Overland; Lauren Erickson; Myron Kloster; Gladsey Boe; Sherman Thykeson; Jonal Uglem and Linda Leadbetter
- Have a joint powers agreement signed with North Dakota
- Jonal Uglem explained the local advisory options
- Sherman gave a rundown on the County Tax Levy
- NDSU pays a portion of the County Agent's costs
- Home rule with 5 commissioners and county administrator
- Combine offices: auditor and treasurer-County Manager
- Eliminate county agent
- Combine townships
- Contract or combine States Attorney with another county
- Cap on salaries for time in office
- Register of Deeds combined with another county
- Social Service Administrator with another county
- Job Development Authority raised to 4 mills

- Create county consolidation committee to combine with one or two counties

Walsh County

- Phase I Presentation Report
- Meeting Date: June 6, 1998
- Present: Lila Mielke, Commissioner; USDA Representative; Allen Ruzicka, Commissioner; Vernon Vijtaar, Task Force; Daniel Kouba, Commissioner; Larry Tarke, Task Force, Lennart Almen, Task Force; Margaret Tweten, NDSU Ext.
- An informal meeting was held to discuss implementation of Phase II
- Suggested to hold meetings throughout communities in the county to gather information
- ND Ext Service and Rural Development are assisting in process

Ward County

- Phase I Presentation Report
- Meeting Date: March 14, 1998
- Present: 4 Ward County Commissioners; Ward County Auditor; 4 of the 5 appointed to the Tool Chest Study Committee by Ward County Commissioners and citizens from Ward County
- Suggested to hold meetings throughout the count to gather input
- Informal meeting to discuss implementation of Phase II, no decision was made by the end of this meeting

Williams County

- Local Advisory Study Committee Report
- Meeting Date: June 9, 1998
- Present: Larry Hanson; Karl Evenson; Don Larson; Phil Stenehjem; Raymond Schmidt
- The Advisory Committee held 4 sessions to get input form department heads regarding the structure of existing county government. An extensive amount of time was spent on some issues. The following are the committees recommendations for consideration by the Williams County Commission
    1. Process of election of County Commissioners should be left as is until the year 2000
    2. County Commission should study and determine at next budget session whether the position should continue for Superintendent of Schools
    3. A considerable amount of time was spent regarding the function between the Auditors office and the Valuation & Equalization office. Attempt was made for resolution between offices. The committee expects progress or recommends the County Commission to take action. Both parties agreed to open lines of communication and work together. This needs to be monitored by the County Commission. Commissioner Hanson agreed to work with the 2 departments to separate functions and improve working relations between offices
    4. Contacts should be made with other governmental entities in Williams County and surrounding counties to determine if there is interest in forming a Local Government Investment Pool. A pool could potentially earn a higher rate of return to benefit all involved
    5. A committee be established to study the sharing of dispatching and records between the Williams County Sheriffs Department and the Williston Police Department
- Department Suggestions
    1. During the budget process spend as much time as necessary with department heads.
    2. Recommend a committee be established to do long range planning regarding the County's buildings. Develop short/long range plans in general
    3. Annual meetings among representatives from each of the taxing entities to improve communication and possibly share resources
    4. Study current voucher system
    5. Help develop positive attitudes among employees
    6. Have commissioners establish county-wide yearly goals for supervisors
    7. Have supervisors establish yearly goals consistent with commission
    8. More effective communication with legislators
    9. Identify areas of limited workspace and develop a plan for improvement
    10. Share computer capabilities with other entities
- No further meetings are planned at this time

ADVISORY STUDY PROCESS - BALLOT ISSUE

The following has been prepared for consideration by those counties that must vote on a ballot question regarding the advisory study issue, pursuant to NDCC 40-01.1 The attached specific language is not required, as the advisory study issue is a local ballot question. All counties that will be including a ballot question on this issue in an upcoming election are advised to consult with their State's Attorney on the appropriate language as well as publication requirements as discussed on the following page.

Draft Analysis

The 1993 Legislature approved the creation of a process for establishing an advisory study committee to "provide local citizens and leaders with the means for fully and adequately studying options available for positioning their local governments for effective, creative, and efficient service in the future." The legislation encourages this committee to "prepare a comprehensive program for the performance of local government functions and the furnishing of local government services within the jurisdiction of the governing body or cooperating governing bodies".

The statute allows the governing board of a county, city, park district, township, or school district to establish a committee by majority vote, or one can be established by a petition of the electors in the local district. For counties and cities, the Legislature added the requirement that if an advisory study committee has not been formed by the governing board or the electors in the past five years, a ballot question of establishing the five-member advisory study committee must be presented at the next election.

The time frames created by the effective date of this legislation requires that the question of establishing and advisory study committee for ______________ County be included in the County's next election. The sample ballot, printed in today's issue of the county newspaper, contains ballot issue number ____ to respond to this requirement.

Draft Ballot Question

County Advisory Study Committee

Shall the ______________ County Commission establish a five-member county advisory study committee to study the cooperative and restructuring options available to ______________ County according to the provisions of section 40-01.1-02 of the North Dakota Century Code.

A "**YES**" vote means you want the ______________ County Commission to establish a five-member advisory study committee.

A "**NO**" vote means you don't want the ______________ County Commission to establish a five-member advisory study committee.

Publication Requirements

The statute (NDCC 40-01.1) does not provide specific direction regarding the notice and publication requirements for the Advisory Study Ballot Issue.

With State Measures, the analysis of the measure must be published two consecutive weeks prior to the two weeks the ballot language is published. This ultimately provides the voter with information about the measures for 4 consecutive weeks before the election. This 4 week stretch was devised because the statewide measure analysis and the ballot language are often the same language. When they appear in the same publication for the two consecutive weeks before the election, it gave the appearance of waste and double-up and caused voter confusion. That's why the analysis was bumped up to the two weeks before the ballot language is to be published.

As noted above, with this question being put specifically before the county voters, there doesn't appear to be specific publication rules. However, there are other publication requirements for other specific county questions. These requirements vary between the notice being published for two consecutive weeks prior to the election to four consecutive weeks before the election. (See NDCC, sections 11-05-04, 11-06-04, 11-08-03, 11-09-04.)

If a publication notice such as the attached is used, (one that is much more explanatory and thorough than the ballot language), the voter probably would benefit from having both in the same publication. Therefore, absent any specific guidance within NDCC 40-01.1, it may be wise to publish the notice in the newspaper at the same time they publish the sample ballots that would be two consecutive weeks prior to the election.

receive actual and necessary expenses incurred in the performance of official duties as determined by the governing body.

5. The governing body may provide office and meeting space and legal, clerical, facilitation, training, and other assistance to the study committee, and may appropriate funds in its final budget, or expend any unexpended balances in its general fund otherwise designated for current expenditure, for the necessary expenses of the advisory study committee. The committee, with the approval of the governing body, may:
   a. Employ and fix the compensation and duties of necessary staff;
   b. Contract and cooperate with other individuals and public or private agencies considered necessary for assistance, including institutions of higher education;
   c. Establish advisory subcommittees that may include persons who are not members of the study committee;
   d. Hold public hearings and community forums and use other suitable means to disseminate information, receive suggestions and comments, and encourage public discussion of the committee's purpose, progress, conclusions, and recommendations;
   e. Cooperate with a like committee established pursuant to this section by another political subdivision in the conduct of the study. A cooperative study does not preclude a study committee from making separate recommendations to the governing body; and
   f. Do any other act consistent with and reasonably required to perform its advisory function.

40-01.1-03. Cooperative advisory study committee.

1. The governing bodies of any two or more political subdivisions, including any combination of counties, cities, city park districts, townships, school districts, or other political subdivisions, may establish an advisory committee to study the potential for cooperative or combined efforts for providing local government functions and services. A cooperative advisory study committee is established:
   a. By execution of a joint powers agreement between participating political subdivisions or by joint resolution pursuant to separate majority votes of each participating governing body; or
   b. By petitions signed by ten percent or more of the total number of qualified electors of each affected political subdivision voting for governor at the most recent gubernatorial election and submitted to the governing bodies.
2. The composition and duration of the advisory study committee is as prescribed in the joint powers agreement, resolutions of the governing bodies, or petitions. However, the governing bodies may agree, by joint resolution, to limit the duration or composition of the advisory study committee created by petition pursuant to subdivision b of subsection 1. Any vacancy may be filled as prescribed in the agreement, resolution, or petitions or, if not prescribed, by the governing body that was represented by the person vacating the position.
3. A governing body may agree to provide office and meeting space and legal, clerical, facilitation, training, and other assistance to the study committee, and may appropriate funds in its final budget, or expend any unexpended balances in its general fund otherwise designated for current expenditure, for the necessary expenses of the advisory study committee. The committee, with the approval of the governing body, may:
   a. Employ and fix the compensation and duties of necessary staff;
   b. Contract and cooperate with other individuals and public or private agencies considered necessary for assistance, including institutions of higher education;
   c. Establish advisory subcommittees that may include persons who are not members of the study committee;
   d. Hold public hearings and community forums and use other suitable means to disseminate information, receive suggestions and comments, and encourage public discussion of the committee's purpose, progress, conclusions, and recommendations; and

Page 12 is missing.

   e. Do any other act consistent with and reasonably required to perform its advisory function.

40-01.1-04. Advisory recommendations. A local or cooperative advisory study committee established for one or more political subdivisions may recommend that a local governing body or the electors pursue any course of action permitted by law or home rule charter for that political subdivision. The committee may recommend:

1. With respect to a county:
   a. Execution of a joint powers agreement between the county and one or more other political subdivisions or the state for the cooperative or joint administration of any service or function pursuant to chapter 54-40.3 or as otherwise specifically provided by law, or an agreement between the county and a tribal government pursuant to chapter 54-40.2.
   b. Exercise of the county's general authority to contract pursuant to section 11-10-01 and any other law, including service agreements with public or private parties under the terms and conditions of the agreements.
   c. Combination or separation of any elective or appointive county office and corresponding functions, or redesignation of any county office as elective or appointive, pursuant to chapter 11-10.2.
   d. Change in the number of county commissioners pursuant to chapter 11-12.
   e. Establishment of a county home rule charter commission for initiating the adoption of a home rule charter or the amendment or repeal of a home rule charter pursuant to chapter 11-09.1, or the adoption, amendment, or repeal of ordinances for implementing a home rule charter. The recommendation may include a specific nonbinding proposal or draft for a home rule charter or amendment to a home rule charter.
   f. Adoption of the consolidated office form of county government pursuant to chapter 11-08.
   g. Adoption of the county manager form of county government pursuant to chapter 11-09.
   h. Use of other statutory tools relating to social and economic development, land use, transportation and roads, health, law enforcement, administrative and fiscal services, recording and registration services, educational services, environmental quality, water, sewer, solid waste, flood relief, parks and open spaces, hospitals, public buildings, or other county functions or services, including creation of cooperative county job development authorities pursuant to section 11-11.1-03, multicounty health units pursuant to chapter 23-35, regional planning and zoning commissions pursuant to section 11-35-01, boards of joint county park districts pursuant to chapter 11-28 or a combination of boards of park commissioners with a city pursuant to chapter 40-49.1, or multicounty social service districts pursuant to chapter 50-01.1.
   i. Participation in a community or leadership development, assessment, education, planning, or training program offered by any public or private agency, institution, or organization.
   j. Sharing of elective or appointive county officers with other counties, cities, or other political subdivisions pursuant to chapter 11-10.3.
   k. Initiation of the multicounty home rule charter process or the amendment or repeal of a multicounty home rule charter pursuant to section 11-09.1-04.1, or the adoption, amendment, or repeal of ordinances to implement the charter. The recommendation may include a specific nonbinding proposal or draft for a multicounty home rule charter.
   l. Initiation of the county-city home rule process or the amendment or repeal of a county-city home rule charter pursuant to chapter 54-40.4, or the adoption, amendment, or repeal of ordinances to implement the charter. The recommendation may include a specific nonbinding proposal or draft for a county-city home rule charter.
   m. Transfer of a power or function of another political subdivision to the county pursuant to chapter 54-40.5.
   n. Creation of a county consolidation committee pursuant to chapter 11-05.1.
   o. That any other action be taken that is permitted by law.
   p. That no action be taken.

2. With respect to a city:
   a. Execution of a joint powers agreement between the city and one or more other political subdivisions or the state for the cooperative or joint administration of any service or function pursuant to chapter 54-40.3 or as otherwise specifically provided by law, or an agreement between the city and a tribal government pursuant to chapter 54-40.2.
   b. Exercise of the city's general authority to contract pursuant to section 40-05-01 and any other law, including service agreements with public or private parties under the terms and conditions of the agreements.
   c. Combination of city officers pursuant to section 40-14-04 or 40-15-05 or the sharing of officers with other cities, counties, or other political subdivisions pursuant to chapter 11-10.3.
   d. An increase or decrease in the number of members of the governing body of a city pursuant to section 40-06-09.
   e. Establishment of a city home rule charter commission for initiating the adoption of a home rule charter or the amendment or repeal of a home rule charter pursuant to chapter 40-05.1, or the adoption, amendment, or repeal of ordinances for implementing a home rule charter. The recommendation may include a specific nonbinding proposal or draft for a city home rule charter or amendment to a home rule charter.
   f. Adoption of the commission form of city government pursuant to chapter 40-04.
   g. Adoption of the modern council form of city government pursuant to chapter 40-04.1.
   h. Adoption of the city manager plan pursuant to chapter 40-10.
   i. Sharing an appointive city officer and function with another city, the county, or another political subdivision pursuant to chapter 11-10.3.
   j. Initiation of the multicity home rule process or the amendment or repeal of a multicity home rule charter pursuant to section 40-05.1-05.1, or the adoption, amendment, or repeal of ordinances to implement the charter. The recommendation may include a specific nonbinding proposal or draft for a multicity home rule charter.
   k. Initiation of the county-city home rule process or the amendment or repeal of a county-city home rule charter pursuant to chapter 54-40.4, or the adoption, amendment, or repeal of ordinances to implement the charter. The recommendation may include a specific nonbinding proposal or draft for a county-city home rule charter.
   l. Participation in a community or leadership development, assessment, education, planning, or training program offered by any public or private agency, institution, or organization.
   m. Use of other statutory tools for social and economic development, land use, transportation, health, fire and police protection, street construction and maintenance, assessment, financing, accounting, legal, environmental quality, water, sewer, solid waste, flood relief, parks and open spaces, hospitals, public buildings, or other city functions or services, including the creation of cooperative city job development authorities pursuant to section 40-57.4-03.
   n. Transfer of a power or function of the city to the county pursuant to chapter 54-40.5.
   o. Consolidation of cities pursuant to chapter 40-53.2.
   p. Dissolution of a city pursuant to chapter 40-53.1.
   q. That any other action be taken that is permitted by law.
   r. That no action be taken.
3. With respect to a township:
   a. Execution of a joint powers agreement between the township and one or more other political subdivisions or the state for the cooperative or joint administration of any service or function pursuant to chapter 54-40.3 or as otherwise specifically provided by law, or an agreement between the township and a tribal government pursuant to chapter 54-40.2.
   b. Exercise of the township's general authority to contract pursuant to section 58-03-01 and any other law, including service agreements with public or private parties under the terms and conditions of the agreements.

    c. Participation in a community or leadership development, assessment, education, planning, or training program offered by any public or private agency, institution, or organization.
    d. Combination of the offices of township clerk and treasurer pursuant to section 58-05-02 or the sharing of officers with other townships or other political subdivisions pursuant to chapter 11-10.3.
    e. An increase in the number of board of township supervisors from three to five pursuant to section 58-04-02.1.
    f. Contract with the county, another political subdivision, or any individual for assessor services pursuant to section 58-05-02.
    g. Consolidation of boards of township officers pursuant to chapter 58-05.1.
    h. Transfer of a power or function of the township to the county pursuant to chapter 54-40.5.
    i. Creation of an organized civil township pursuant to chapter 58-02.
    j. Division or annexation of a township pursuant to chapter 58-02.
    k. Dissolution of the township pursuant to chapter 58-02.
    l. That any other action be taken that is permitted by law.
    m. That no action be taken.
4. With respect to a city park district:
    a. Execution of a joint powers agreement between the city park district and one or more other political subdivisions or the state for the cooperative or joint administration of any service or function pursuant to chapter 54-40.3 or as otherwise specifically provided by law, or an agreement between the city park district and a tribal government pursuant to chapter 54-40.2.
    b. Exercise of the city park district's general authority to contract pursuant to section 40-49-04 and any other law, including service agreements with public or private parties under the terms and conditions of the agreements.
    c. Participation in a community or leadership development, assessment, education, planning, or training program offered by any public or private agency, institution, or organization.
    d. An increase or decrease in the number of board members pursuant to sections 40-49-07.1 and 40-49-07.2.
    e. Transfer of a power or function of the city park district to the county pursuant to chapter 54-40.5.
    f. Combination of the city board of parks commissioners with other city or county boards of park commissioners pursuant to chapter 40-49.1.
    g. Sharing of officers with other city park districts or other political subdivisions pursuant to chapter 11-10.3.
    h. Dissolution of the city park district pursuant to sections 40-49-07.1 and 40-49-07.2
    i. That any other action be taken that is permitted by law.
    j. That no action be taken.
5. With respect to a school district:
    a. Execution of a joint powers agreement between the school district and one or more other political subdivisions or the state for the cooperative or joint administration of any service or function pursuant to chapter 54-40.3 or as otherwise specifically provided by law, including the exercise of the general powers to make contract for joint educational endeavors, or an agreement between the school district and a tribal government pursuant to chapter 54-40.2.
    b. Participation in a community or leadership development, assessment, education, planning, or training program offered by any public or private agency, institution, or organization.
    c. An increase or decrease in the number of school board members pursuant to section 15.1-09-01.
    d. Sharing of officers with other school districts or other political subdivisions pursuant to chapter 11-10.3.

e. School district annexation or reorganization.
f. Transfer of a power or function of the school district to the county pursuant to chapter 54-40.5.
g. That any other action be taken that is permitted by law.
h. That no action be taken.

6. With respect to other political subdivisions, including rural ambulance service districts, rural fire protection districts, irrigation districts, hospital districts, soil conservation districts, and recreation service districts:
   a. Execution of a joint powers agreement between the political subdivision and one or more other political subdivisions or the state for the cooperative or joint administration of any service or function pursuant to chapter 54-40.3 or as otherwise specifically provided by law, or an agreement between the political subdivisions and a tribal government pursuant to chapter 54-40.2.
   b. Participation in a community or leadership development, assessment, education, planning, or training program offered by any public or private agency, institution, or organization.
   c. Sharing of officers with other political subdivisions pursuant to chapter 11-10.3.
   d. Transfer of a power or function of the political subdivision to the county pursuant to chapter 54-40.5.
   e. That any other action be taken that is permitted by law.
   f. That no action be taken.

HB 1209

Attachment B

County Structural Changes

1993 – 2003

Based on Surveys
of the
North Dakota Association of Counties

2002

TOOL CHEST PROVISIONS AND COUNTIES

In 1993, the North Dakota Legislature passed House Bill 1347 which became known as the "Tool Chest for Local Government". This large collection of statutory changes and additions addressed the powers and authorities of local governing boards and the electors, as they relate to almost any function of local government. While this "Tool Chest" is often discussed in terms of counties and cities, it included changes and expanded authority for townships, park districts, and other local governments as well.

The Tool Chest bill streamlined the "joint powers" process, clarified home rule powers, created several procedures for reorganizing local government, and established a citizens advisory process to encourage the periodic examination of local government structure and service delivery.

Often discussions of the Tool Chest provisions focus on the expanded ability for citizens and governing boards to change the structure of their government. This however is only the most obvious element of the Tool Chest bill. Advancements to local government that were facilitated by tool chest provisions include cross-county sharing of staff; statewide joint powers agreements for purchasing such things as drug testing services, equipment, and project coordination; agreements between different types of local governments to access broader authority; and expanded citizen involvement in local government planning.

Tool Chest and County Structural Change

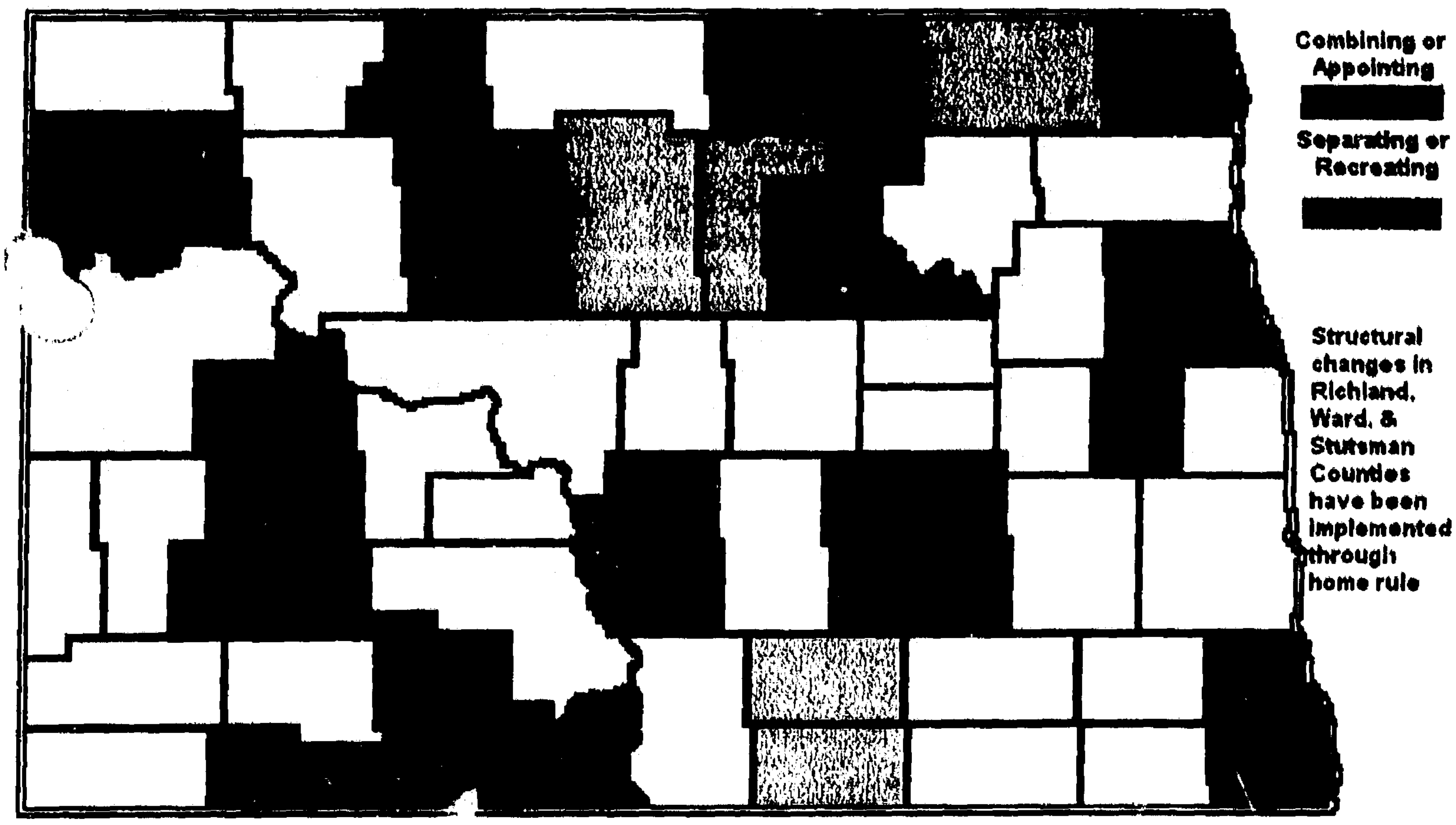
North Dakota's changing demographics, Legislative restructuring, and the evolving service demands of county government have however prompted the consideration of structural changes at the county level. Through the limited use of Home Rule powers and the more extensive use of the provisions of NDCC 11-10.2, created by the Tool Chest Legislation, twenty-two counties have taken steps to implement some form of structural change.

It is interesting to note that while seventeen counties are anticipating the redesignation of elected offices as appointed and/or the combining of formerly separately elected offices, five of the counties are using the Tool Chest provisions to separate statutorily combined positions or to recreate elected positions that were eliminated by the Legislature.

It should be pointed out that while the attached table indicates that 246 people will be responsible for the duties formerly assigned to 354 individuals, a statewide reduction of 108 staff is unlikely. Certainly, in some counties there will be a net reduction, however in others the employee count may remain the same by the addition of support staff.

One of the strengths of the 11-10.2 provisions is the ability of the local governing board or the electors to easily reverse or modify the changes implemented, if they are found to be less efficient or effective than planned.

Counties Implementing or Considering Structural Changes



County Officials in 1993

(Excluding Commissioners and Judges)

		County Officials	
Instances		Appointed	Elected
[illegible]	Elected Auditors		53
[illegible]	Elected Treasurers		53
53	Elected Sheriffs		53
53	Elected State's Attorneys		53
22	Combined Elected Clerk/Registers		22
31	Separately Elected Registers		31
31	Separately Elected Clerks of Court		31
53	Co. Elected Supt. of Schools		53
53	Appointed Tax Directors	53	
		53	349

Anticipated County Officials in 2003

(Excluding Commissioners and Judges)

		County Officials	
Instances		Appointed	Elected
2	Separately Appointed Auditors	2	
2	Combined Appointed Auditor/Treasurers	2	
2	Combined Appointed Auditor/Treasurers/Tax Directors	2	
8	Combined Elected Auditor/Treasurers		8
39	Separately Elected Auditors		39
2	Separately Appointed Treasurers	2	
[illegible]	Combined Elected Treasurer/Recorders (1 with clerk duties assigned)		2
37	Separately Elected Treasurers		37
4	Separately Appointed Recorders	4	
1	Combined Appointed Recorder/Tax Director	1	
22	Elected Recorders without Clerk Duties Assigned		22
25	Elected Recorders with Clerk Duties Assigned		25
13	Separately Appointed Clerks of Court	13	
3	Separately Elected Clerks of Court		3
53	Separately Elected Sheriffs		53
50	Separately Elected State's Attorneys		50
1	Elected State's Attorney serving 2 counties		1
1	Separately Appointed State's Attorney	1	
48	Separately Appointed Tax Directors	48	
1	Separately Appointed Tax Director Serving 2 Counties	2	
27	Separately Appointed Co. Supt. of Schools	27	
2	Appointed Co. Supt. of Schools serving 2 counties each	2	
22	Co. Supt. of Schools Duties assigned to other office holder		
[illegible]	Clerks of Court Moved to State Employment		
		106	240

Attachment C

Cost Savings from Consolidating North Dakota's Counties

Agricultural Economics Report No. 361

August, 1996

Agricultural Economics Report No. 361 August 1996

COST SAVINGS FROM CONSOLIDATING NORTH DAKOTA'S COUNTIES

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COST SAVINGS FROM CONSOLIDATING NORTH DAKOTA'S COUNTIES

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COST SAVINGS FROM CONSOLIDATING NORTH DAKOTA'S COUNTIES

Mark A. Krause

Abstract

Consolidation of county government services is often proposed as a way to reduce costs. A bill was proposed in the 1993 North Dakota Legislative Assembly to merge North Dakota's 53 counties into 15 "super counties." This study estimates county expenditure functions for four categories of services: (1) general government, (2) public safety, (3) roads and highways, and (4) health and welfare. The statistical results were used to estimate expenditures for the 15 consolidated counties and a 26-county alternative. The results indicate that the 15-county proposal would have achieved cost savings of 4.9 percent for the four service categories. Costs of road and highway, general government, and health and welfare services could be reduced 3, 10, and 15 percent, respectively, under the 15-county proposal, but public safety expenditures would increase 25 percent. The 26-county alternative would provide less total cost savings, but also fewer cases of cost increases. Consolidation of some, but not all, county government services provides the greatest cost savings.

Key Words: Consolidation, County Government, Economies of Size, Nonlinear Regression, Population

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Abstract

Consolidation of county government services is often proposed as a way to reduce costs. A bill was proposed in the 1993 North Dakota Legislative Assembly to merge North Dakota's 53 counties into 15 "super counties." This study estimates county expenditure functions for four categories of services: (1) general government, (2) public safety, (3) roads and highways, and (4) health and welfare. The statistical results were used to estimate expenditures for the 15 consolidated counties and a 26-county alternative. The results indicate that the 15-county proposal would have achieved cost savings of 4.9 percent for the four service categories. Costs of road and highway, general government, and health and welfare services could be reduced 3, 10, and 15 percent, respectively, under the 15-county proposal, but public safety expenditures would increase 25 percent. The 26-county alternative would provide less total cost savings, but also fewer cases of cost increases. Consolidation of some, but not all, county government services provides the greatest cost savings.

Key Words: Consolidation, County Government, Economies of Size, Nonlinear Regression, Population

Highlights

Consolidation of county government services has often been proposed as a way to reduce the cost to taxpayers. In 1993, North Dakota State Senator Jay Lindgren proposed merging North Dakota's 53 counties into 15 "super counties." He estimated that $3.9 million would be saved from salaries alone. The super-county proposal was defeated, but consolidation of specific county government services continues in North Dakota.

This study estimates to what extent consolidation of county government services in North Dakota would reduce expenditures and thereby reduce the burden on taxpayers. Four major categories of county government services were evaluated: (1) general government, (2) public safety, (3) roads and highways, and (4) health and welfare. Based on 1983-92 data, county expenditures were statistically estimated as a function of population, average wage, a travel-cost variable, year, oil extraction, and coal extraction. The travel-cost variable equals the total miles of streets, roads, and highways in each county multiplied by the average gasoline price for North Dakota. The statistical results were used to estimate expenditures for the 15 consolidated super counties and an intermediate, 26-county alternative created by the author for comparison.

The results indicated that the 15-county proposal would have achieved cost savings of 4.9 percent, or about $12 million in 1992 dollars, for the four categories of county government services. However, the cost of public safety services would have increased in each of the 15 super-county districts 25 percent for the state. Cost savings for road and highway services in eastern and southwestern North Dakota would be largely offset by cost increases in northwestern North Dakota, resulting in only a 3.5 percent cost reduction for county-level road and highway services in the state. The results suggest that consolidation of general government and health and welfare services would have achieved substantial cost savings of 10 percent and 15 percent, respectively. The 26-county alternative would achieve savings of approximately 3 percent for the four categories of service. Public safety expenditures would be about 11 percent higher than for 53 counties.

The results suggest that consolidating of counties is not the answer for reducing the costs of county government services in North Dakota. Substantial cost savings could be achieved for some services, in some regions of North Dakota, but not for other services and regions. Furthermore, this analysis does not consider the adjustment costs of consolidating counties. The cost estimates also does not consider the lower quality of services, reduced local control over services, and effects of lost jobs and local business in current county seats that would result from consolidation. Consolidation should be undertaken only for specific services after careful study of probable cost savings, adjustment costs, and reduced quality of services.

COST SAVINGS FROM CONSOLIDATING NORTH DAKOTA'S COUNTIES

Mark A. Krause[*]

Introduction

Declining populations, taxable incomes, and property values, combined with declining state government contributions, have made it difficult for many rural counties in North Dakota to maintain traditional county government services. Increasing tax rates to maintain levels of county government services is generally not a politically viable option. Consolidation of counties or of individual services provided by county governments has been proposed to reduce costs. In 1993, the North Dakota State Legislature debated a bill that would have consolidated North Dakota's 53 counties into 15 "super-counties." The bill's sponsor, Jay Lindgren, claimed that it would eliminate the jobs of about 400 county officeholders and save $3.9 million in salaries alone (Wetzel, 1993). However, his estimate and the subsequent debate appeared to be based more on speculation than on economic analysis. This study presents statistical analysis and estimated cost savings for four categories of county government services in North Dakota under the 15-county proposal and a 26-county alternative compared to costs for the current 53 counties (Figure 1). The statistical method is described and could easily be used to evaluate whether consolidation could reduce costs of providing local government services in other states.

Figure 1. Proposed Multicounty Districts in North Dakota

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The challenges of maintaining local government services while per capita tax revenues and fiscal aid from federal and state governments are declining have been reported throughout the United States (Dimeo, 1991; Boroughs, Black, and Collins, 1991; Hinds, 1991; Johnson et al., 1995; Rubin, 1996). Local governments began reporting budget deficits in 1986 (Rubin), which became increasingly severe by 1991 and 1992. In 1991, the director of research for the National Association of Counties stated, "Nearly all of the nation's 425 counties with populations over 100,000 are also looking to reduce services or raise taxes or both" (Hinds, 1991). Three quarters of these large counties have a legal cap on the property taxes they can raise, and 78 percent of them had reached this limit by 1991 (Boroughs, Black, and Collins, 1991). However, fiscal burden, as defined by Johnson et al. (1995), has been even higher in non-metropolitan counties, particularly in the West and Great Plains regions of the United States.

It has been argued since the 1930s that the county governments established in the 19th century in the Great Plains are smaller than needed to provide high-quality services and smaller than the most cost-efficient size. Complete elimination of some local government units in sparsely settled regions of the Great Plains was advocated by a Great Plains Committee report published in 1936 (Rose, 1971). The same report argued that county boundaries that were determined by the distance a horse could travel in a day are inappropriate when more modern means of transportation are available and that substantial reductions in fiscal burdens could be obtained through consolidation.

One important obstacle to consolidation of local government units has been a lack of clear empirical documentation of economies of size for local government services. Fox (1980) discusses the difficulties in measuring costs, input usage, input prices, technology, and output when estimating cost functions for government services. Another difficulty is separating the effects of demand changes on expenditures from the effects of supply-side production costs. Most of these difficulties have been assumed away in the empirical studies. Furthermore, most empirical studies have pre-determined the functional form of the cost function. Largely as a result of the different model specifications and measurement problems in the data, empirical studies of economies of size in local government services have produced mixed results (Fox, 1980).

Anecdotal evidence for achieving economies of size through local government consolidation also has been mixed. Consolidation of city with county government services appears to have achieved cost savings in Lexington-Fayette County, Kentucky; Indianapolis-Marion County, Indiana; and St. Louis-St. Louis County, Missouri (Ward, 1992); but has not achieved cost savings in Athens-Clarke County, Georgia (Condrey, 1994). An ex ante analysis by Bunch and Strauss (1992) indicates that seven of nine municipalities in western Pennsylvania would reduce their per capita revenue burdens after consolidation. Bunch and Strauss also suggest that local governments with relatively low overhead costs and relatively low wages and fringe benefits are most likely to increase costs after consolidation, largely due to equalization of wages and taxes with relatively free-spending neighbors.

Consolidation of local government units also has been slowed by concerns over access to services, local control over the quality of service, loss of community identity, and the economic impact of lost jobs (Thompson, 1992; Ward, 1992; Lemov, 1993; Mahtesian, 1995). Most consolidation of services has been small scale because consolidation of major services is politically controversial (Lemov, 1993; Mahtesian, 1995). Efficiency is not the only economic goal in the provision of local government services. Estimated economies of size must therefore be large enough to offset negative impacts on equitable access to services, local control, and the preservation of rural communities before consolidation will be politically popular.

Consolidation of counties also would result in substantial adjustment costs, including moving expenses and the expansion of existing courthouses or building of new ones. The Logan County auditor, Blanche Schumacher, suggested that the cost of building a new district courthouse in Wishek, North Dakota, would far outweigh any cost savings due to economies of size (Reiger, 1993). The long-term cost savings would need to be substantial for the present value of consolidation benefits to exceed the present value of the adjustment costs.

Methodology

This study estimates economies of size for four categories of county government services: general government, public safety, health and welfare, and road and highway. The categories are defined by the North Dakota State Auditor's office, from which the expenditure data were obtained. General government expenditures include those for the County Board, County Auditor, County Treasurer, States Attorney, County Court, Register of Deeds, plus general supplies, utilities, and maintenance. Public safety expenditures include those for the Sheriff's office, County Jail, and Civil Defense. Health and Welfare expenditures include those for Social Services/Welfare, County Poor, Veterans Service, Social Security, County Health Unit, Board of Health, senior citizen programs, and mental health programs. Highway and Road expenditures include County Road and Bridge expenditures, Farm to Market Road expenditures, and expenditures from the North Dakota Highway Tax Distribution Fund. The data cover 1983-92 for most of the counties, for a total of 506 observations.

Total annual expenditures for each category are estimated as a function of population, average wage, a transportation cost variable, a time trend, oil extraction, and coal extraction. Population is the primary variable of interest because this study focuses on the relationship between per capita costs and population. The average wage and transportation cost variables are included to capture the influence of higher wages and the costs of traveling greater distances in some counties and some years than in others. The year is included to account for policy, economic, and technology trends. Oil and coal extraction effects are included because they provide North Dakota counties with large extraction tax revenues, which encourage spending and increase demands for county government services.

Fox (1980) and Deller, Chicoine, and Walser (1988) have criticized models which combine supply and demand variables and use expenditures as a dependent variable. However, the data required for this model are relatively easy to obtain, so the model could be estimated for other states with less time and expense than the models advocated by Fox and Deller, Chicoine, and Walser.

The average county wage data were taken from the REIS data set (Bureau of Economic Analysis, Department of Commerce). The transportation cost variable equaled the product of total street, road, and highway miles in the county (Bangsund and Leitch, 1990) multiplied by the state average gasoline price (Energy Information Administration, various years). Oil and coal extraction data were obtained from the North Dakota tax commissioner. All monetary data were converted to 1992 dollars using the Consumer Price Index.

A Box-Cox non-linear transformation of the data was used to avoid imposing a particular functional form on the expenditure relationships. The Box-Cox estimates were obtained using the LIMDEP econometrics software package (Greene, 1992). Separate transformation parameters for the dependent and independent variables were estimated. Oil and coal extraction were included as linear effects and were not transformed, due to the many zero observations for which the Box-Cox transformation is not defined. The standard deviation of the residuals was calculated from the predicted expenditure values.

Predicted expenditures were calculated for North Dakota's 53 counties, the 15 proposed super counties, and a 26-county alternative. Consolidated county definitions and populations are presented in Tables 1 and 2. The 26-county alternative was created to provide cost-savings estimates for an intermediate level of consolidation. The criteria used to create the alternative 26 consolidated counties were a combined population of at least 10,000 (three exceptions were allowed) and local trade centers included in as many consolidated counties as possible. Local trade centers were identified by Bangsund et al. (1991).

The predicted expenditure values for 1992, or the most recent year for which data were available, provided the baseline for the estimation of cost-savings from consolidation. Population, travel cost, oil extraction, and coal extraction data were summed for each of the consolidated counties. The average wage for each consolidated county was calculated as an average, weighted by county population, of the county average wage data. Predicted expenditure values were then calculated for the consolidated counties, based on the estimated Box-Cox parameters. Finally, the predicted expenditures were summed and compared for North Dakota's current 53 counties, the 15 proposed super-counties, and the 26-county alternative.

Table 1. Populations in 1992 for the 15 Super-county Districts

District	Counties	Combined Population
1	Divide, Williams, Burke, Moutrail	32,928
2	Ward, Renville, McHenry, Bottineau	74,287
3	Rolette, Pierce, Benson, Towner, Ramsey	40,528
4	Cavalier, Pembina, Walsh	27,844
5	Grand Forks, Nelson	75,027
6	Cass, Traill	115,121
7	Griggs, Steele, Barnes	17,647
8	Richland, Ransom, Sargent	28,023
9	Emmons, Logan, McIntosh, LaMoure, Dickey	22,241
10	Eddy, Foster, Stutsman, Wells	34,021
11	Burleigh, Kidder, Sheridan	67,693
12	Dunn, Mercer, McLean, Oliver	25,484
13	Grant, Morton, Sioux	30,794
14	Adams, Bowman, Hettinger, Slope, Stark	33,277
15	Billings, Golden Valley, McKenzie	9,116

Table 2. Populations in 1992 for 26 Consolidated Counties

	Counties	Combined Population
1.	Divide, Williams	23,475
2.	Burke, Mountrail	9,453
3.	Renville, Ward	60,466
4.	Bottineau, McHenry	13,821
5.	Rolette, Towner	16,416
6.	Pierce, Benson	11,649
7.	Ramsey, Nelson	16,641
8.	Cavalier, Pembina	14,653
9.	Walsh	13,191
10.	Grand Forks	70,849
11.	Griggs, Steele, Traill	14,004
12.	Barnes	12,205
13.	Cass	106,559
14.	Ransom, Sargent	10,181
15.	Richland	17,842
16.	LaMoure, Dickey	11,113
17.	Emmons, Logan, McIntosh	11,128
18.	Eddy, Foster	6,638
19.	Stutsman	21,838
20.	Sheridan, Wells	7,590
21.	Burleigh, Kidder	65,648
22.	McLean, Mercer, Oliver	21,600
23.	Morton, Grant, Sioux	30,794
24.	Slope, Hettinger, Bowman, Adams	10,468
25.	Dunn, Stark	26,693
26.	Golden Valley, Billings, McKenzie	9,116

Readers who wish to apply this method to other cases should note that the predicted values are calculated as non-linear functions of the estimated Box-Cox parameters. The formula for calculating the predicted expenditure values is

$$(1)\quad Exp = [(\theta\alpha+1)+\theta\beta_1\frac{P^{\lambda}-1}{\lambda}+\theta\beta_2\frac{W^{\lambda}-1}{\lambda}+\theta\beta_3\frac{T^{\lambda}-1}{\lambda}+\theta\beta_4\frac{Y^{\lambda}-1}{\lambda}+\theta\beta_5 O+\theta\beta_6 C]^{-\theta} ,$$

where *Exp* is the predicted expenditure, θ is the estimated theta parameter, λ is the estimated lambda parameter, α is the estimated constant, *P* is population, *W* is average wage, *T* is transportation cost, *Y* is year, *O* is oil extraction, *C* is coal extraction, and β_1 through β_6 are the estimated parameters for population, wage, transportation cost, year, oil extraction, and coal extraction, respectively. The calculations can easily be in a computer spreadsheet.

Statistical Results

Population has the expected positive and highly significant influence on total costs for all four service categories (Table 3). The year has a statistically significant, positive influence on total costs for every category except roads and highways, for which it has a statistically significant, negative influence. Oil and coal extraction have a highly significant, positive influence on every service category except health and welfare. Oil and coal extraction have a statistically significant, negative effect on health and welfare expenditures, probably reflecting less demand for social services in times of economic expansion. Similarly, wages have a positive effect on total costs for general government and public safety, but a negative influence on health and welfare expenditures, although none of these effects are statistically significant. The transportation cost variable has a statistically significant, positive influence on county road and highway expenditures.

The coefficients of determination, or R^2 coefficients in Table 3, suggest that most of the variance in expenditures is explained by the models. The R^2 coefficients range from 0.652 for road and highway expenditures to 0.943 for health and welfare expenditures. However, the R^2 coefficients are inflated by the large number of observations and exaggerate the predictive power of the model. A better indication of the model's predictive power can be obtained by comparing the standard deviation of the residuals to the mean expenditures (Table 3). The standard deviation of residuals for general government and health and welfare are around 30 percent of their mean values, but the standard deviation of residuals for the other two categories are around 53 percent of their mean values. This comparison suggests that many other variables influence expenditure levels than have been included in the statistical model.

When all variables except population are held constant at their means, estimated per capita costs show large economies of size throughout the range of North Dakota county populations for general government (Figure 2) and road and highway services (Figure 3). Estimated per capita costs for general government services are 2.2 times as high for a population of 5,000 as for a population of 25,000. Estimated per capita costs for road and highway services are 2.6 times as high for a population of 5,000 as for a population of 25,000. Consolidation of at least some general government and road and highway services would therefore be expected to result in substantial per capita cost savings.

Estimated costs for road and highway services per mile of streets, roads, and highways also decline with additional miles over the range observed in North Dakota counties. Doubling the miles from the average of 2,157, while holding population constant at the mean, reduces estimated road and highway expenditures 41 percent, which is consistent with the approximately 50 percent reduction for rural townships estimated by Deller, Chicoine, and Walzer (1988), Deller and Nelson (1991), and Deller and Halstead (1994).

Table 3. Box-Cox Estimates of Total Expenditure Parameters[1]

Independent Variable	General Government	Public Safety	Health & Welfare	Roads & Highways
Constant	15.78 (3.44)	16.67 (3.50)	43.02 (3.98)	-12.53 (1.19)
Population	0.522 (3.42)	0.940 (6.04)	2.863 (5.10)	0.531 (2.70)
Wage	0.302 (2.69)	0.976 (5.09)	0.770 (2.32)	0.227 (1.25)
Transportation Cost	0.184 (3.39)	0.250 (3.90)	-0.035 (0.26)	0.227 (2.59)
Year	1.252 (2.75)	8.785 (3.04)	18.045 (3.23)	-12.530 (1.19)
Oil	0.726E-3 (2.90)	0.177E-2 (4.91)	-0.147E-2 (3.34)	0.733E-2 (2.82)
Coal	0.116E-4 (0.86)	0.256E-4 (1.04)	-0.136E-3 (2.76)	0.204E-3 (2.4[illegible])
Lambda[2]	0.195 (4.79)	0.224 (6.02)	0.124 (3.90)	0.395 (5.80)
Theta[3]	0.070 (1.45)	0.120 (3.82)	0.230 (6.31)	0.180 (3.88)
R^2	0.871	0.873	0.943	0.652
Mean	860.3	380.6	728.2	1,374.0
Standard Deviation of Residuals	274.9	203.5	210.6	720.9

[1] The variables in parentheses are t-statistics. (All data were divided by 1,000).
[2] Lambda was used to transform the dependent variables.
[3] Theta was used to transform the dependent variables.

Figure 2. General Government Expenditures Per Capita in North Dakota Counties

Figure 3. Road and Highway Expenditures Per Capita in North Dakota Counties

Estimated per capita costs show small economies of size for health and welfare services (Figure 4) and small diseconomies of size beyond a population of 70,000 for public safety services (Figure 5). The ratios of estimated per capita costs for a population of 5,000 to those for a population of 25,000 are only 1.4 for public safety and 1.3 for health and human services. Since access to health, welfare, and public safety services is vital for many people, it is doubtful whether the potential cost savings from consolidating the units providing these services would offset the economic costs of reduced access.

However, transportation costs increase as counties are consolidated, so increasing populations by combining counties may increase the costs of government services rather than reduce them. In addition, because the relationships are nonlinear, dividing one county's oil or coal extraction evenly among it and three other counties that have no extraction often results in substantially higher (or lower in the case of health and welfare) estimated costs for the combined four counties than the sum of estimated costs in the four separate counties. As counties are consolidated, the effects of transportation costs and summation of nonlinear relationships sometimes increase per capita costs more than the increased population reduces per capita costs.

Figure 4. Health and Welfare Expenditures Per Capita in North Dakota Counties

Figure 5. Public Safety Expenditures Per Capita in North Dakota Counties

Cost Reduction Estimates

Estimates of total expenditures in North Dakota for the four categories of county government services are 2.5 percent lower under the 15-county proposal than for the current 53 counties. The reduction is equivalent to about $4 million in 1992. Assuming that the real social discount rate is 5 percent (adjusted for inflation) and that the $2 million cost savings increase at the inflation rate, the present value of cost savings from the 15-county consolidation will be positive if the initial adjustment costs are less than $80 million.

However, costs for public safety services are estimated to increase in each of the 15 super-county districts and costs for other service categories increase in five of the super-county districts (Table 4). Cost increases for public safety in the super-county districts range from 6 percent to 130 percent. General government costs range from 33 percent lower to 21 percent higher than before consolidation in the 15 super-county districts. Health and welfare costs range from 50 percent lower to 2 percent higher than before consolidation. Road and highway costs range from 42 percent lower to 54 percent higher than before consolidation. For the entire state, general government costs are reduced 8.3 percent, public safety costs increase 34.9 percent, health and welfare costs decline 14.1 percent, and road and highway costs decline 2.4 percent under the 15-county proposal.

Table 4. Estimated Percent Cost Savings for 15-County Proposal

Super County District	Counties	General Government	Public Safety	Health & Welfare	Roads & Highways
1	Divide, William, Burke, Mandrel	7.5	-43.5	23.3	-4.9
2	Ward, Renville, McHenry, Bottineau	-21.3	130.0	6.7	-11.2
3	Rolette, Pierce, Benson, Towner, Ramsey	2.2	-71.0	-2.3	14.8
4	Cavalier, Pembina, Walsh	21.2	-12.0	19.8	27.5
5	Grand Forks, Nelson	0.0	-12.0	3.3	7.8
6	Cass, Traill	2.4	-8.6	7.6	4.5
7	Griggs, Steele, Barnes	22.9	-5.9	14.0	32.0
8	Richland, Ransom, Sargent	21.4	-7.1	18.0	28.7
9	Emmons, Logan, McIntosh, LaMoure, Dickey	32.9	-19.2	42.3	23.6
10	Eddy, Foster, Stutsman, Wells	22.4	-13.7	18.9	31.8
11	Burleigh, Kidder, Sheridan	2.7	-18.0	7.7	11.2
12	Dunn, Mercer, McLean, Oliver	9.6	-45.4	49.7	-54.3
13	Grant, Morton, Sioux	14.3	-15.3	11.4	26.2
14	Adams, Bowman, Hettinger, Slope, Stark	19.1	-31.8	22.3	20.0
15	Billings, Golden Valley, McKenzie	4.9	-54.5	27.9	-50.8

Regional differences in the benefits and costs of consolidation are apparent. Public safety costs increase the most in northwestern and north-central North Dakota (super-county districts 1, 2, 3, 12, and 15) under the 15-county proposal. Each of these super-county districts except district 3 combine counties with widely different average salaries. Each of these super-county districts except district 15 also have relatively high transportation costs. Road and highway costs only increase in northwestern North Dakota (super-county districts 1, 2, 12, and 15). Again, each of these super-county districts combine counties with a wide range of average salaries. The least cost savings for general government services occur when the most populated counties (Cass, Grand Forks, Burleigh, and Ward) are combined with lightly populated counties. Health and welfare cost savings are greatest where counties with large amounts of oil and coal extraction are combined with counties that have little or no extraction.

Total cost savings are slightly greater for the 26-county alternative than for the 15-county proposal (Table 5). Estimated expenditures in North Dakota for the four categories of services are 3.2 percent lower for the 26-county alternative than for the current 53 counties. This reduction is equivalent to about $5 million in 1992. Although consolidation increases estimated public safety costs in all but one case, the 26-county alternative reduces general government and health and welfare expenditures in every case. Road and highway expenditures are increased by consolidation in only three cases. Cost savings relative to the current 53 counties (excluding cases of no consolidation) range from 1.2 percent to 31 percent for general government and from 2.8 percent to 44 percent for health and welfare services. Changes in costs for public safety range from a 0.8 percent reduction to a 55 percent increase. Changes in road and highway costs range from a 36 percent reduction to a 51 percent increase. For the entire state, general government costs are reduced 7.0 percent, public safety costs increase 10.6 percent, health and welfare costs decline 6.8 percent, and road and highway costs decline 2.2 percent under the 26-county proposal.

Discussion

The cost savings estimates strongly suggest that selective consolidation of some county government services in some regions will reduce costs more than large-scale consolidation of all services throughout the state. In particular, it appears that consolidating the public safety services of one or more adjacent counties would generally increase rather than reduce costs. It appears that a moderate amount (e.g., the 26-county alternative) of consolidating general government and health and welfare services in adjacent counties would provide positive cost savings throughout the state. Consolidation of road and highway services in one or more adjacent counties also appears to provide cost savings in all but northwestern North Dakota.

An important implication is that at least the county sheriff's office (generally the largest public safety item) should be kept in all of the counties. Consolidation of public safety offices appears to increase costs and reduces the quality of public safety services. Quality of public safety services is largely based on the quickness of response to threats and emergencies, the prevention of problems through education and frequent patrols, and responsiveness to community preferences regarding how services are provided. These quality factors would be reduced for the residents who are located further away from consolidated public safety offices than from the current county seats.

Since there is a strong economic argument for keeping public safety services in the current county seats, the other categories of service should be examined in greater detail to see whether other services should continue to be provided in the county seats. Quickness of response is also important for snow removal (a major road and highway activity) and some health and welfare services. Access and local control over the quality of services are important for many general government (e.g., county clerk) and health and welfare services.

Table 5. Estimated Percent Cost Savings for 26-County Alternative

	Counties	General Government	Public Safety	Health & Welfare	Roads & Highways
1.	Divide, Williams	4.8	-14.3	8.5	-0.9
2.	Burke, Mountrail	3.6	-16.1	2.8	-14.3
3.	Renville, Ward	1.2	-12.0	5.9	0.3
4.	Bottineau, McHenry	10.3	-15.6	6.8	17.4
5.	Rolette, Towner	13.3	-7.4	9.4	20.7
6.	Pierce, Benson	17.9	-3.3	11.1	24.1
7.	Ramsey, Nelson	12.4	-9.7	7.0	22.3
8.	Cavalier, Pembina	16.0	-5.1	11.9	21.8
9.	Walsh	n/a	n/a	n/a	n/a
10.	Grand Forks	n/a	n/a	n/a	n/a
11.	Griggs, Steele, Traill	25.6	-5.0	14.7	35.2
12.	Barnes	n/a	n/a	n/a	n/a
13.	Cass	n/a	n/a	n/a	n/a
14.	Ransom, Sargent	19.4	0.8	11.4	26.4
15.	Richland	n/a	n/a	n/a	n/a
16.	LaMoure, Dickey	18.1	-4.2	10.9	24.4
17.	Emmons, Logan, McIntosh	26.1	-13.2	13.3	35.7
18.	Eddy, Foster	19.2	-2.9	5.5	30.31
19.	Stutsman	n/a	n/a	n/a	n./a
20.	Sheridan, Wells	18.3	-1.8	7.7	25.5
21.	Burleigh, Kidder	0.4	-11.5	4.8	5.7
22.	McLean, Mercer, Oliver	8.3	-31.1	43.7	-39.3
23.	Morton, Grant, Sioux	14.3	-15.3	11.4	26.2
24.	Slope, Hettinger, Bowman, Adams	30.6	-12.1	19.1	35.0
25.	Dunn, Stark	5.5	-18.0	10.1	3.4
26.	Golden Valley, Billings, McKenzie	4.9	-54.5	27.9	-50.8

Selective consolidation of these services is already occurring in North Dakota. County courts (general government) have been merged into district courts. Adjacent counties share some of the more specialized health and welfare services staff. County road and highway services now provide much of their maintenance and construction work through contracts with private companies that are large enough to achieve many economies of size.

The large ranges of cost savings from county consolidations under either the 15-county proposal or the 26-county alternative suggest that more than population and geography need to be examined in deciding where consolidation may reduce costs of services. Increased transportation costs are the largest reason for the increased cost of public safety services under both the 15-county proposal and the 26-county alternative. Nonlinear relationships between expenditures and the explanatory variables also cause costs to rise in many cases as counties are combined. Furthermore, the assumption that wages would be averaged as counties are consolidated is questionable. Employees may be able to resist any wage reductions, resulting in wages being set at the maximum of wages in the consolidated counties. If so, total cost savings for the 15-county proposal would decline from 4.9 percent to 3.0 percent and public safety costs would increase 31 percent rather than 25 percent.

Conclusions

The results of this analysis provide a preliminary indication of the pitfalls that would be encountered in consolidating county government services. Due to the broad categories of services and reliance on secondary data for the statistical analysis, much of the variation in expenditures for county government services still has not been explained. Further research should estimate economies of size for more specific services using additional explanatory variables and primary data. Adjustment costs and economic impacts from reduced quality of services after consolidation also need to be estimated. However, the results demonstrate that consolidation sometimes increases rather than reduces costs of county government services and needs to be carefully evaluated before it is proposed.

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Attachment D

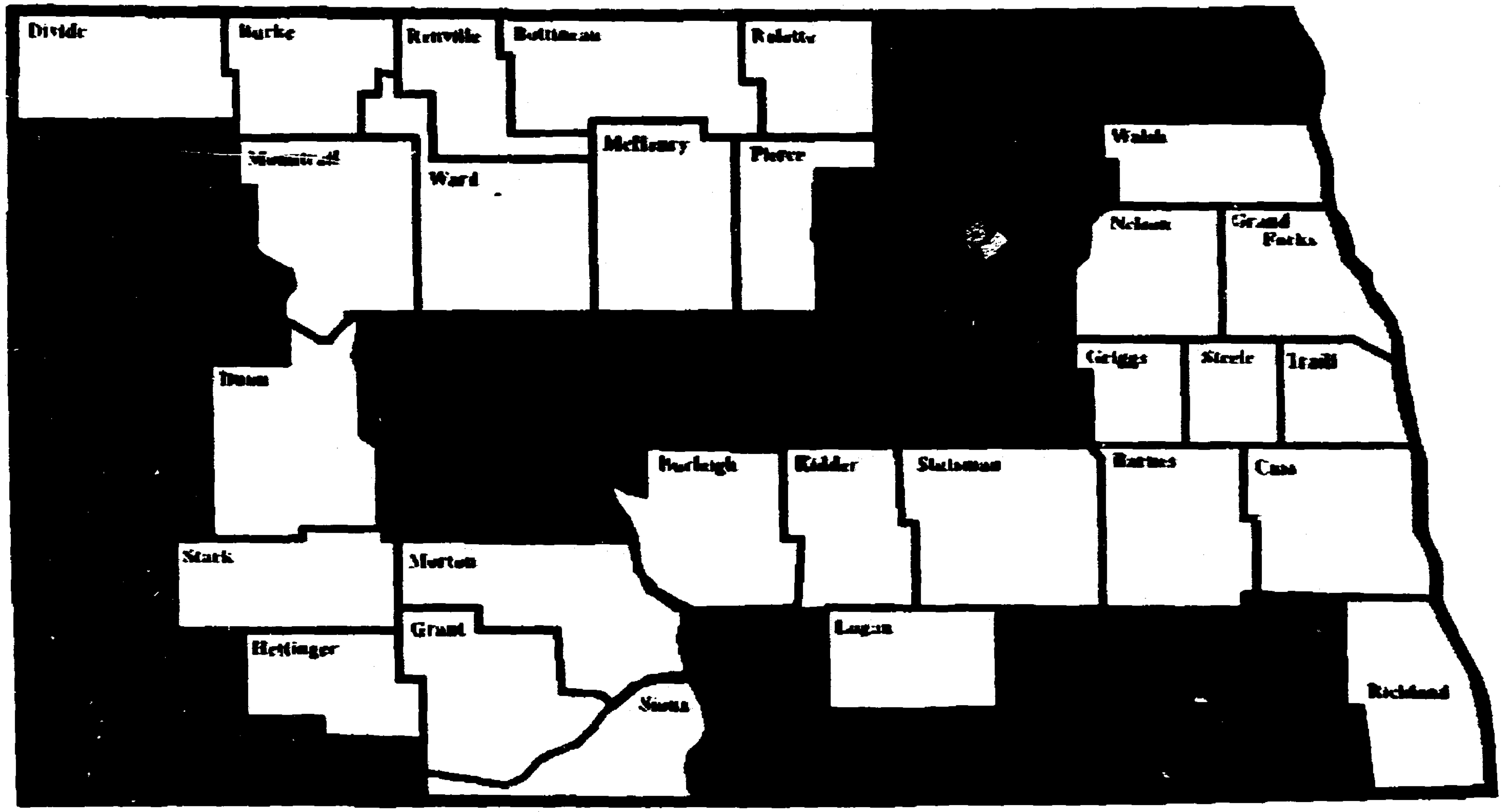
Shared County Social Services

32 Social Service Sharing Configurations

County Social Service Directors'
Association Survey
July, 2002

2002
COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

SHARED DIRECTOR ARRANGEMENTS



2002
COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

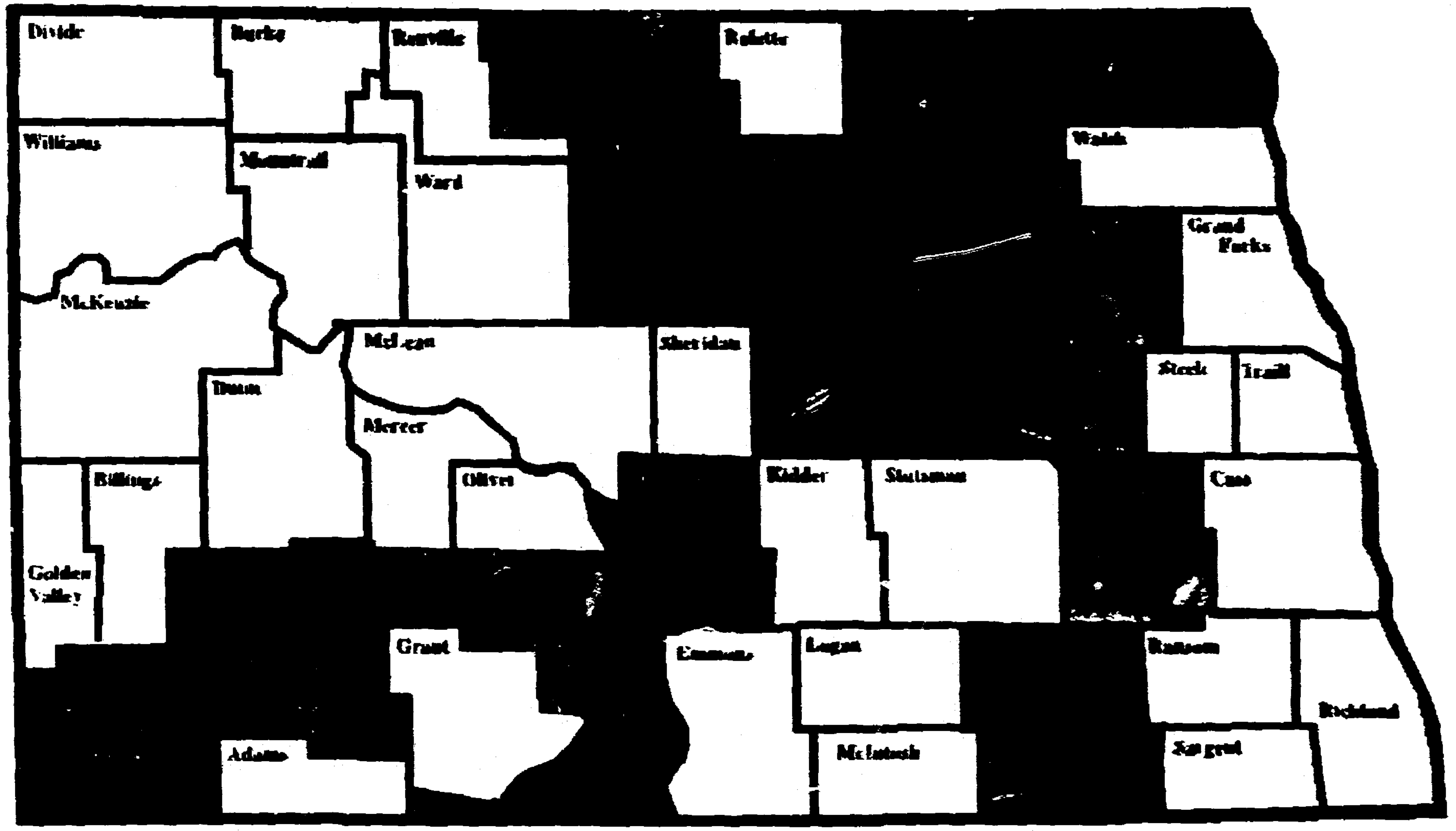
Shared Director Arrangements

27 counties out of 53 have shared director arrangements. These consist of 11 units with from two to four counties with shared directors.

Williams/McKenzie - Michon Sax
Pierce/McHenry - Winston Pottenger
Towner/Benson/Ramsey - Ed Forde
Bowman/Slope - Janice Burke
Eddy/Wells/Foster - John Mogren
McLean/Oliver/Sheridan/Mercer - Roger Redfield
Ransom/Sargent - Wendy Jacobson
Adams/Billings/Golden Valley - Richard Fedge
Dickey/LaMoure - Bob Carlson
Emmons/McIntosh - Klaes Welch
Cavalier/Pembina - Melody King

20u2
COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

SHARED CPS AND CA/N ARRANGEMENTS



2002
COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

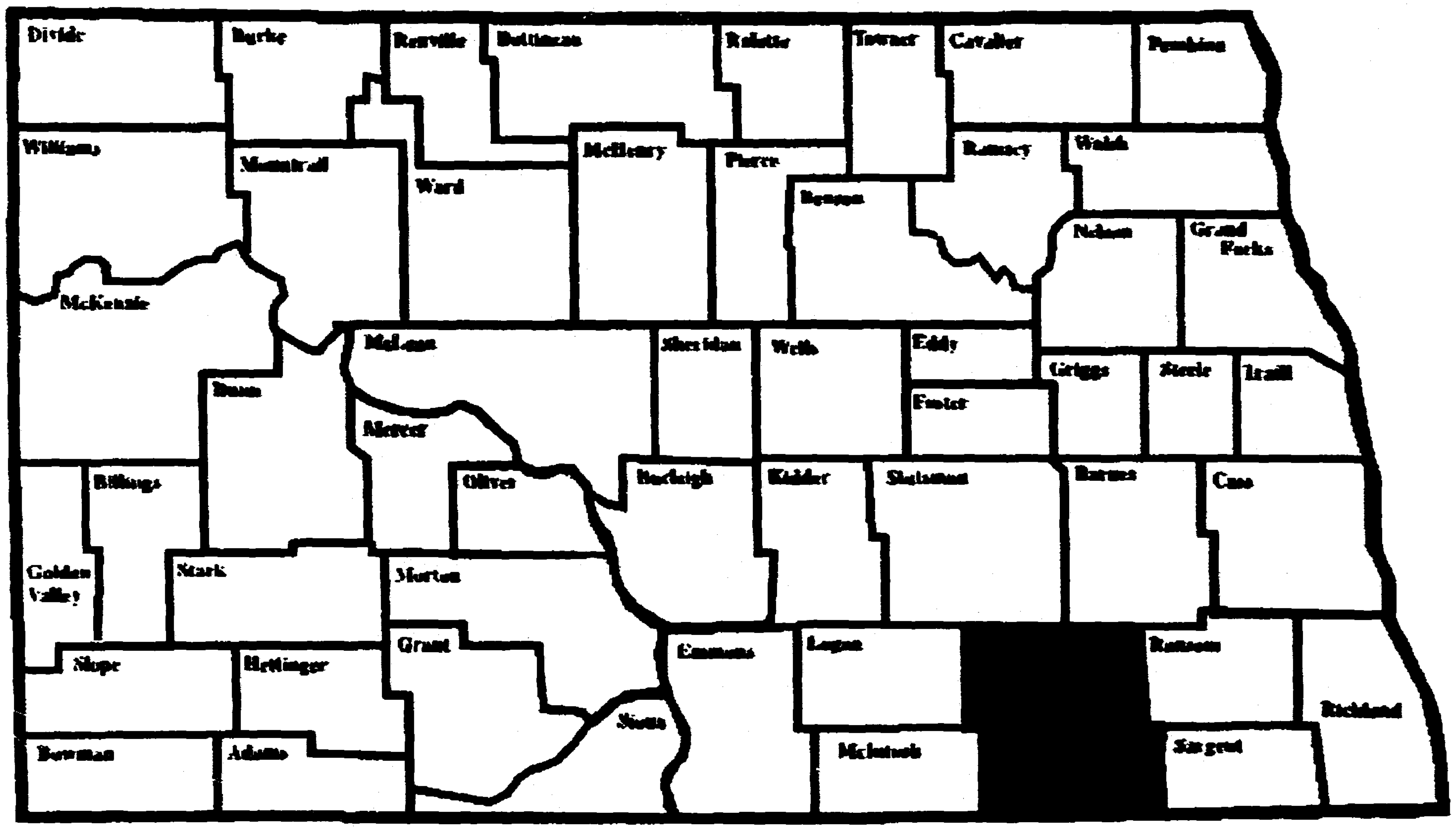
SHARED CPS AND CA/N ARRANGEMENTS

Bottineau /Pierce/McHenry
Mountrail/Burke/Renville
Pembina/Cavalier
Burleigh/Morton – Burleigh Co. is host.
Bowman/Slope
Stark/Hettinger
Dickey/LaMoure
Griggs/Nelson/Barnes
Wells/Foster/Eddy
Sioux – Standing Rock Sioux Tribe
Benson/Towner/Ramsey - provide inter-change of workers. (By formal/informal agreement)
Ramsey – Ofers Multi-county Assessments to the NE Region

Most counties provide back-up as a courtesy to neighboring counties when there are conflict of interest referrals, neighboring workers exceed caseload standards, and during absences of CPS workers due to illness, etc.

2002
COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

CHILDREN & FAMILY SERVICES

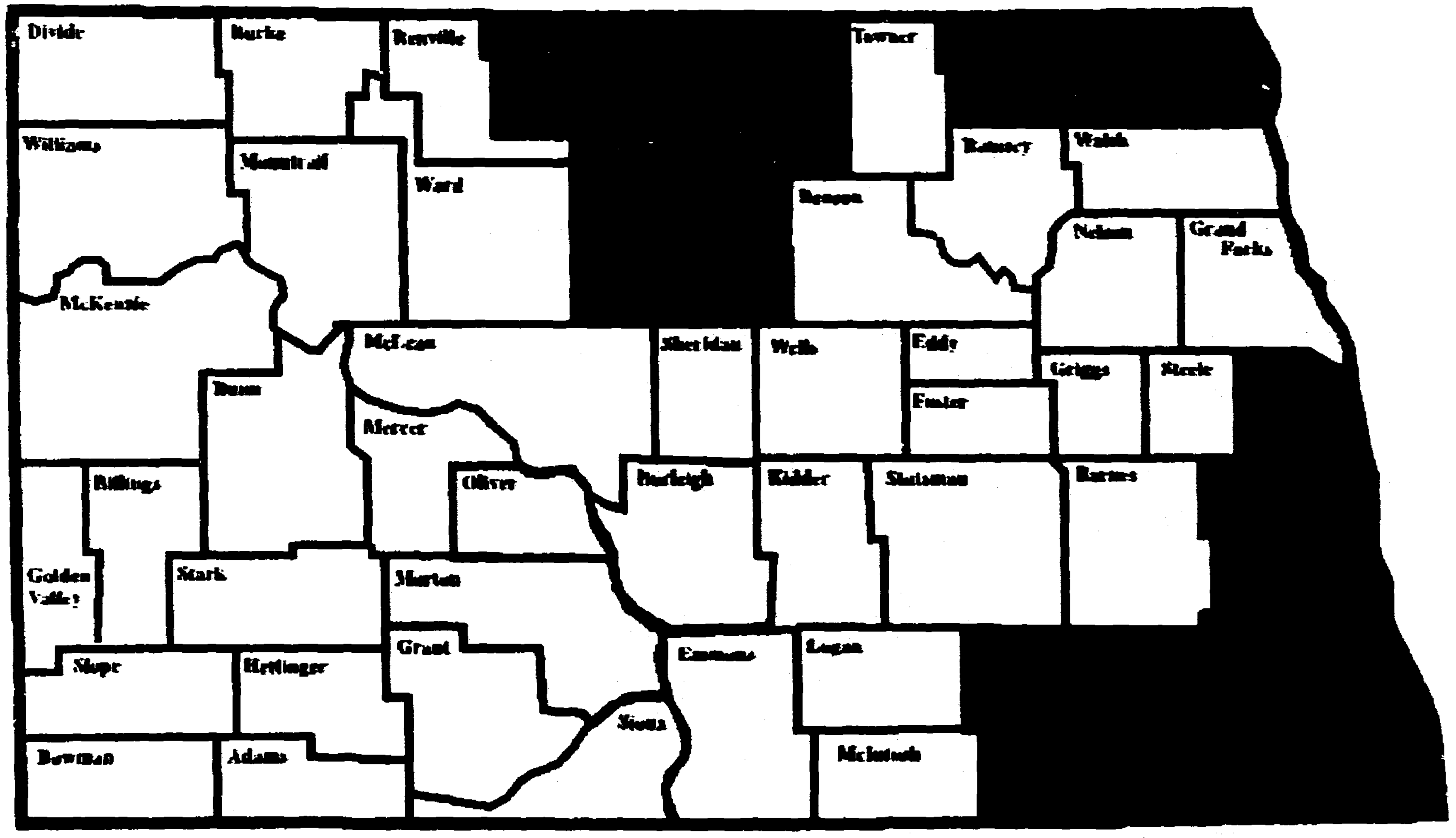


McLean/Mercer – SW supervisor shared.

6

2002
COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

FAMILY FOCUSED SUPERVISION and/or CHILD WELFARE SUPERVISION



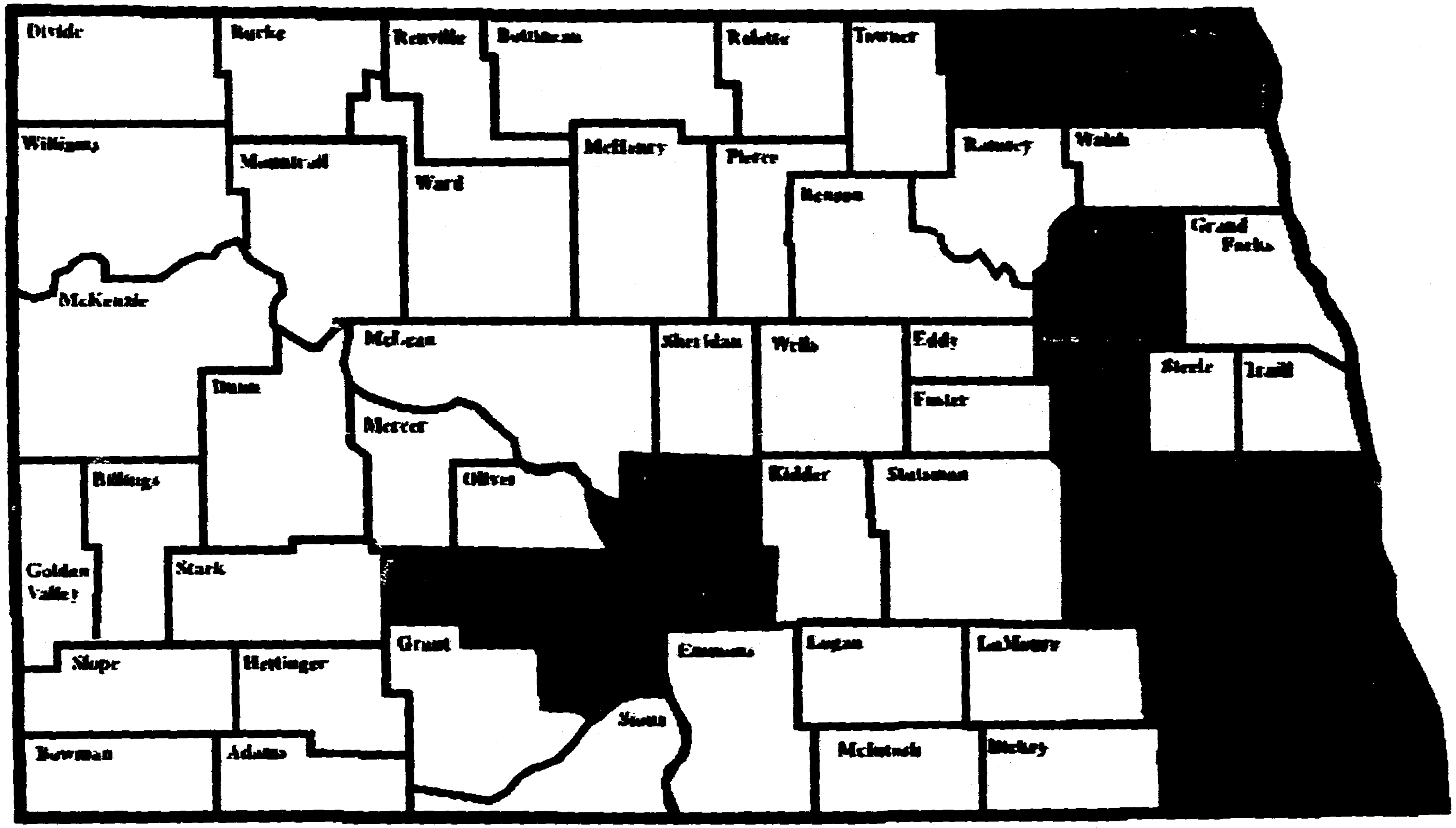
Cass County provides Family Focused Supervision to Richland, Ransom, Sargent, Steele, and Trail County. McHenry, Pierce, Rolette, Bottineau, Cavalier, and Pembina contract for FF supervision with private provider. Williams – contract for FF supervision with private contract.
Burleigh/Morton – contract agreement – Burleigh Co. is host.

2002

COUNTY SOCIAL SERVICES

County Director's Association Shared Services survey (07-02)

SHARED FAMILY FOCUSED WORKERS

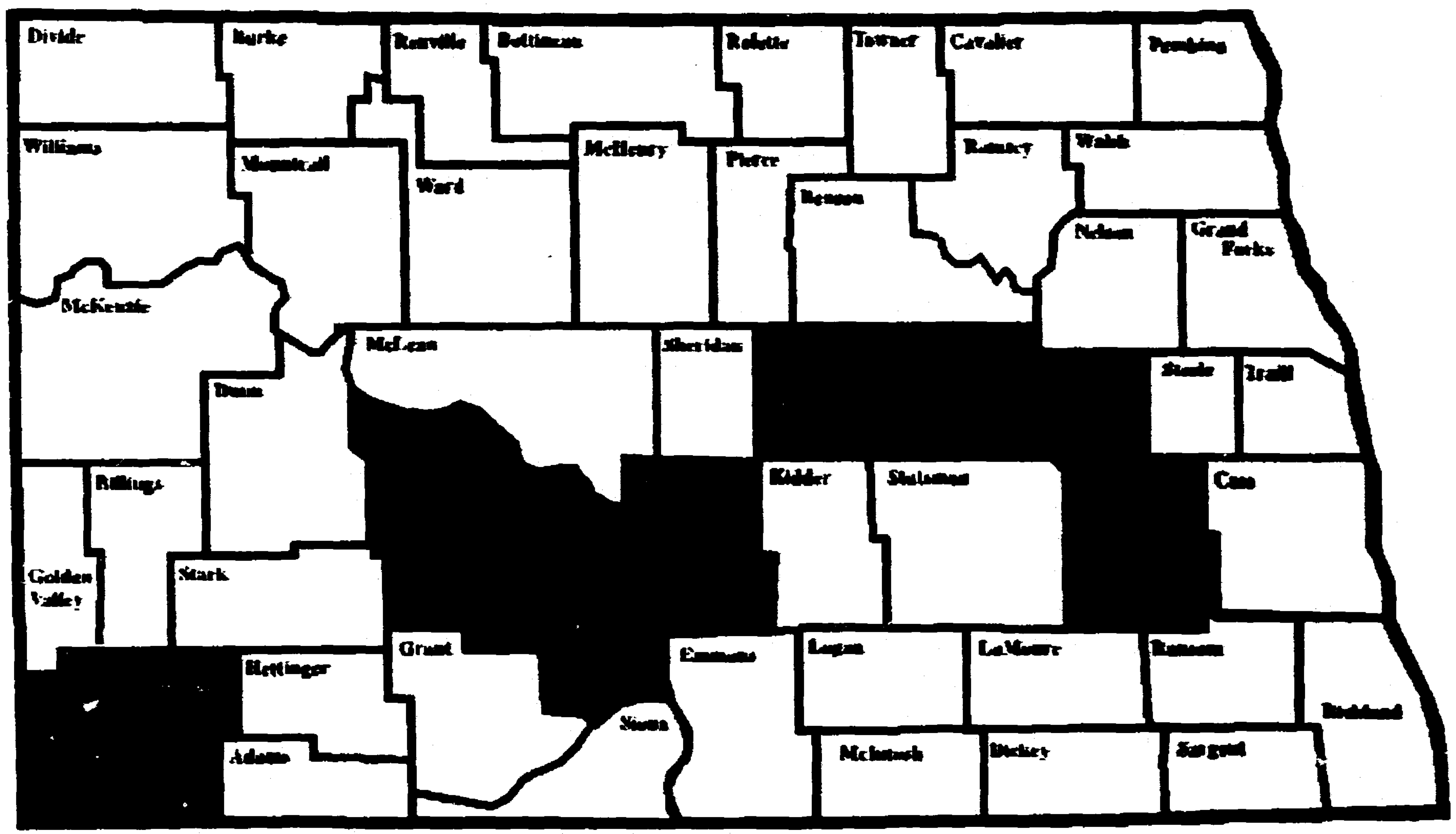


LaMoure & Dickey – share one worker 50% time in each county.
Burleigh – hosts Morton Co.

2002
COUNTY SOCIAL SERVICES

County Director's Association Shared Services survey (07-02)

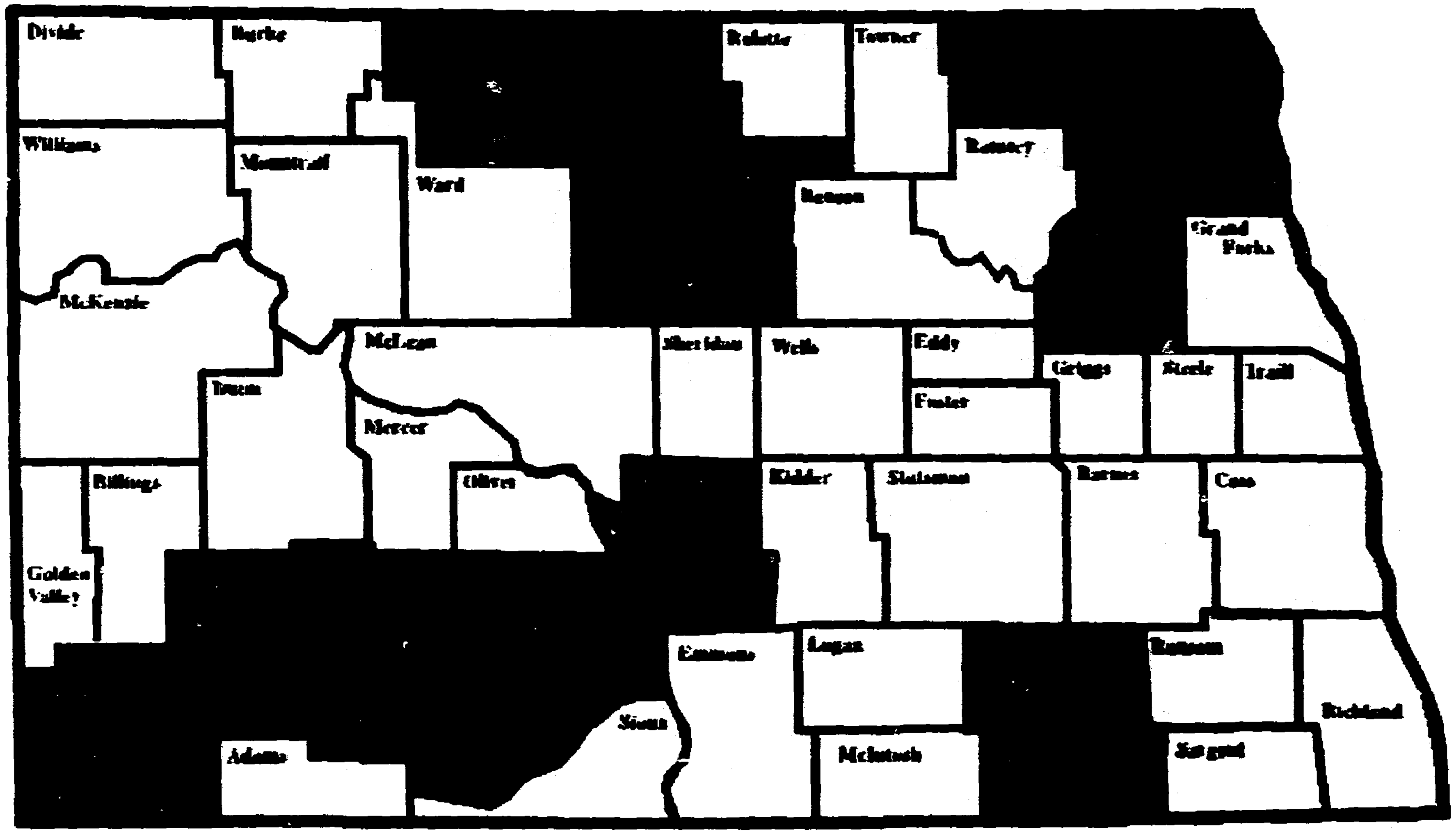
ADULT & FAMILY FOSTER CARE LICENSURE



Cass, Steele, Traill, Ransom, Sargent, Richland – Foster Care Recruitment. Burleigh hosts Morton: Foster Care Services. Barnes/Griggs: Foster Care Services. Oliver Co. does Foster Home Licensing for Mercer Co. Foster, Eddy Wells share Adult & Family Licensing services.

2002
COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

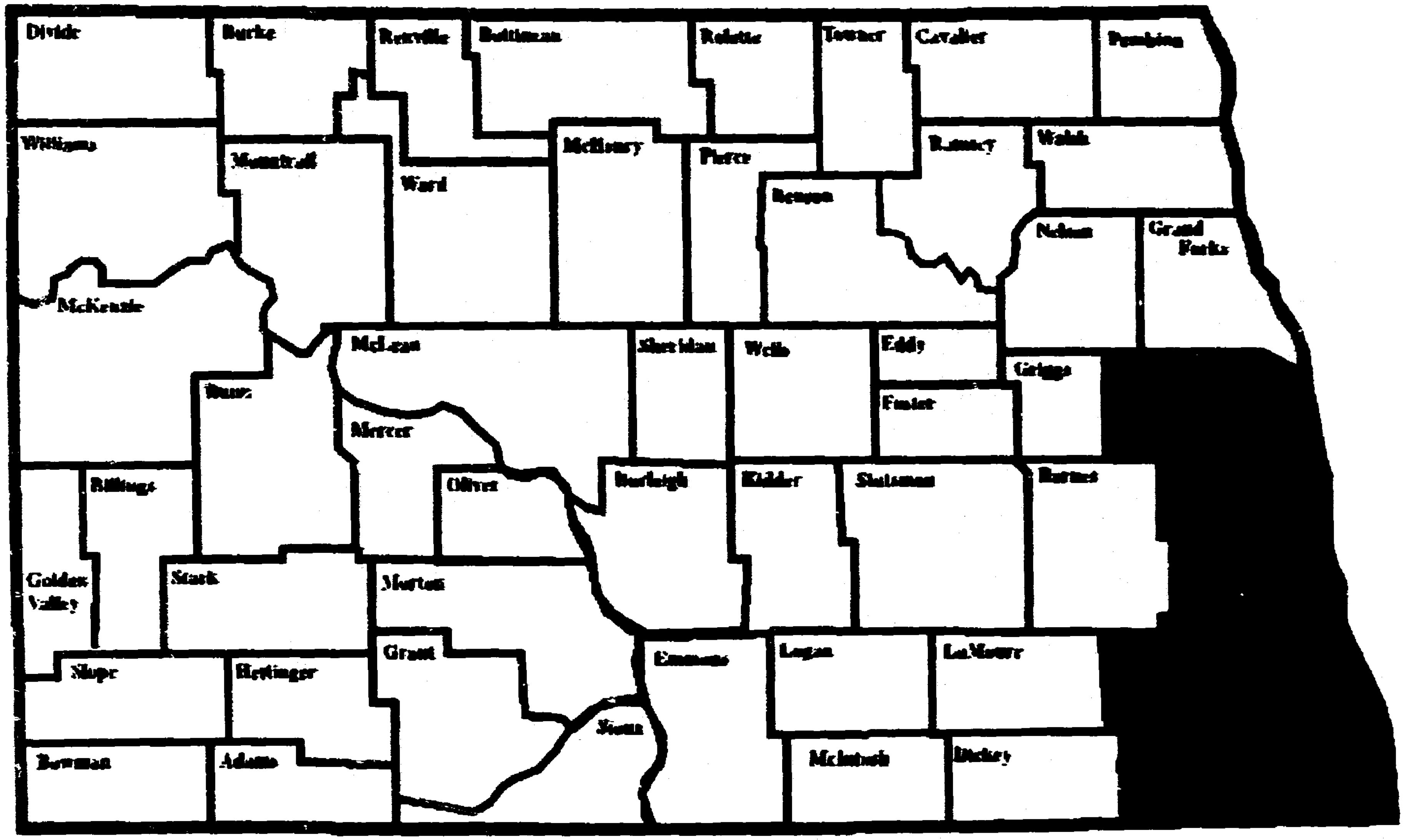
SHARED PARENT AIDE SERVICES



Nelson County – Worker is ½ time PA and ½ time Family Support Worker for Healthy Families Region IV. Morton is host to Burleigh. Renville: purchases from Bottineau Co. Hettinger: contracts with Stark and Grant Co. LaMoure: contracts with Dickey. Pierce/McHenry – share Parent Aide Staff. Cavalier provides service to Pembina & Walsh. Sargent/Ransom – share staff.

2002
COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

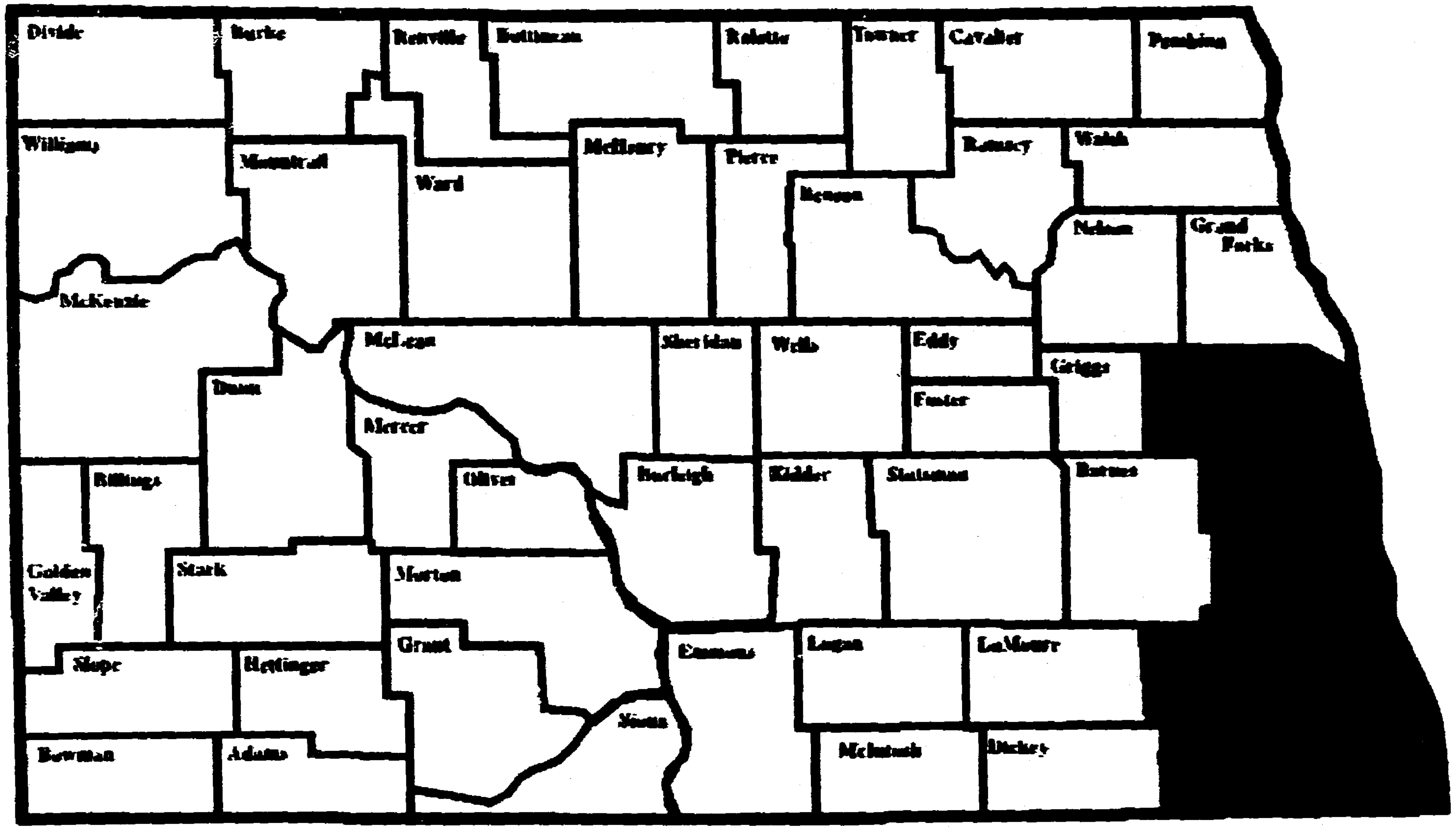
RESPITE CHILD CARE



Cass County – host. .25% FTE for all

2002
COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

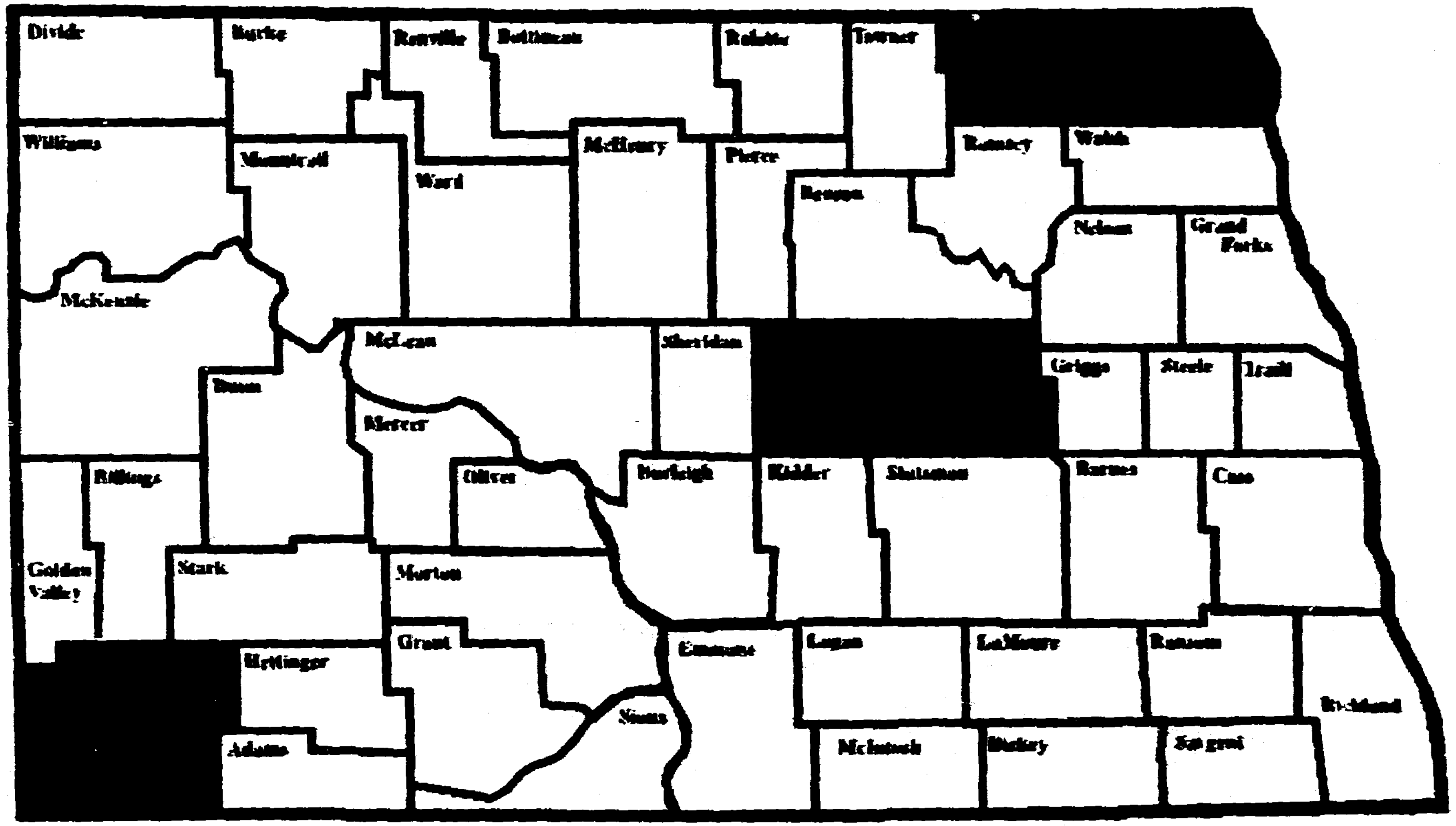
SHARED ADULT PROTECTIVE SERVICES



Cass County – host.

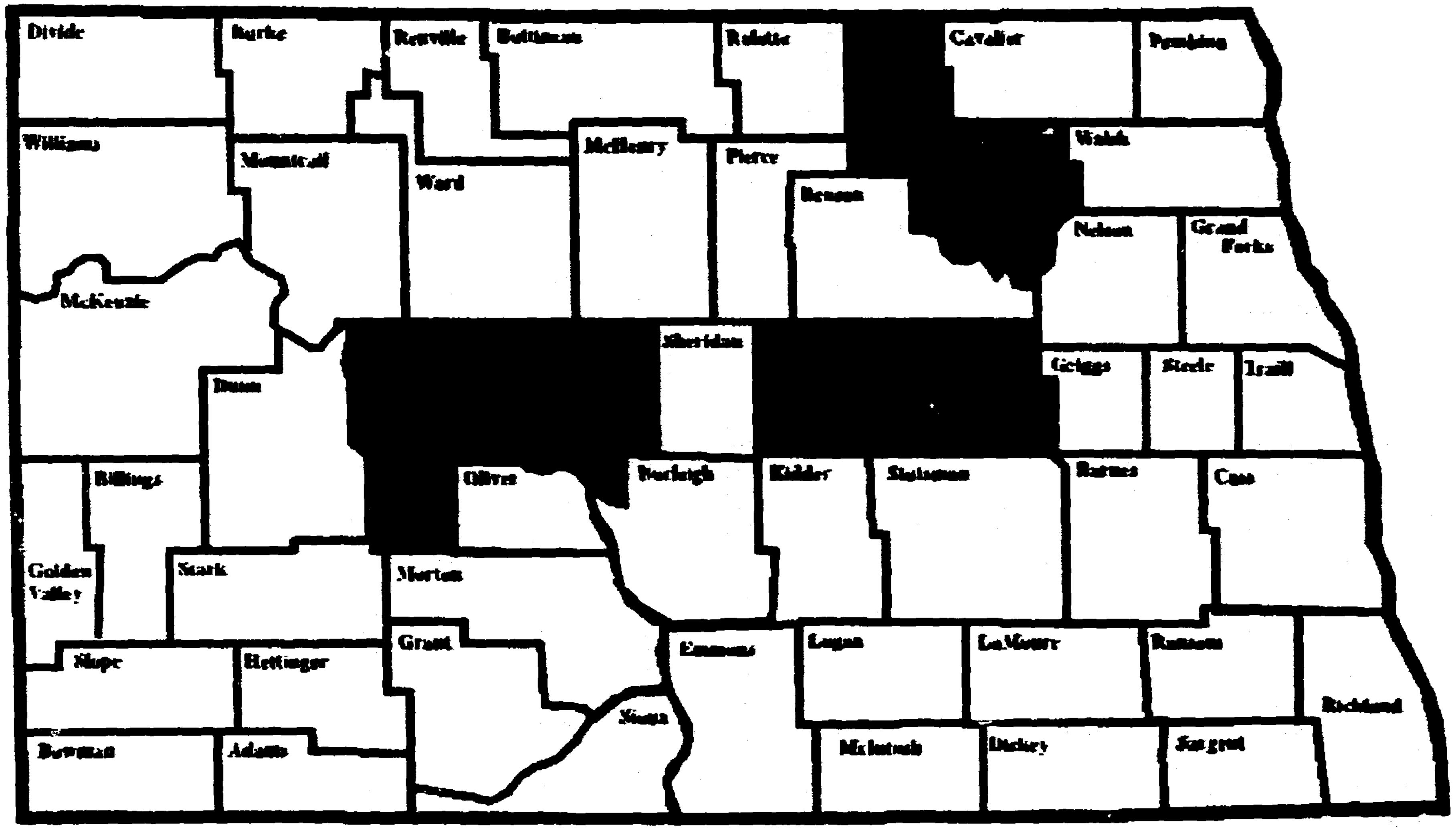
2002
COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

HCBS SUPERVISION & CASE MANAGEMENT



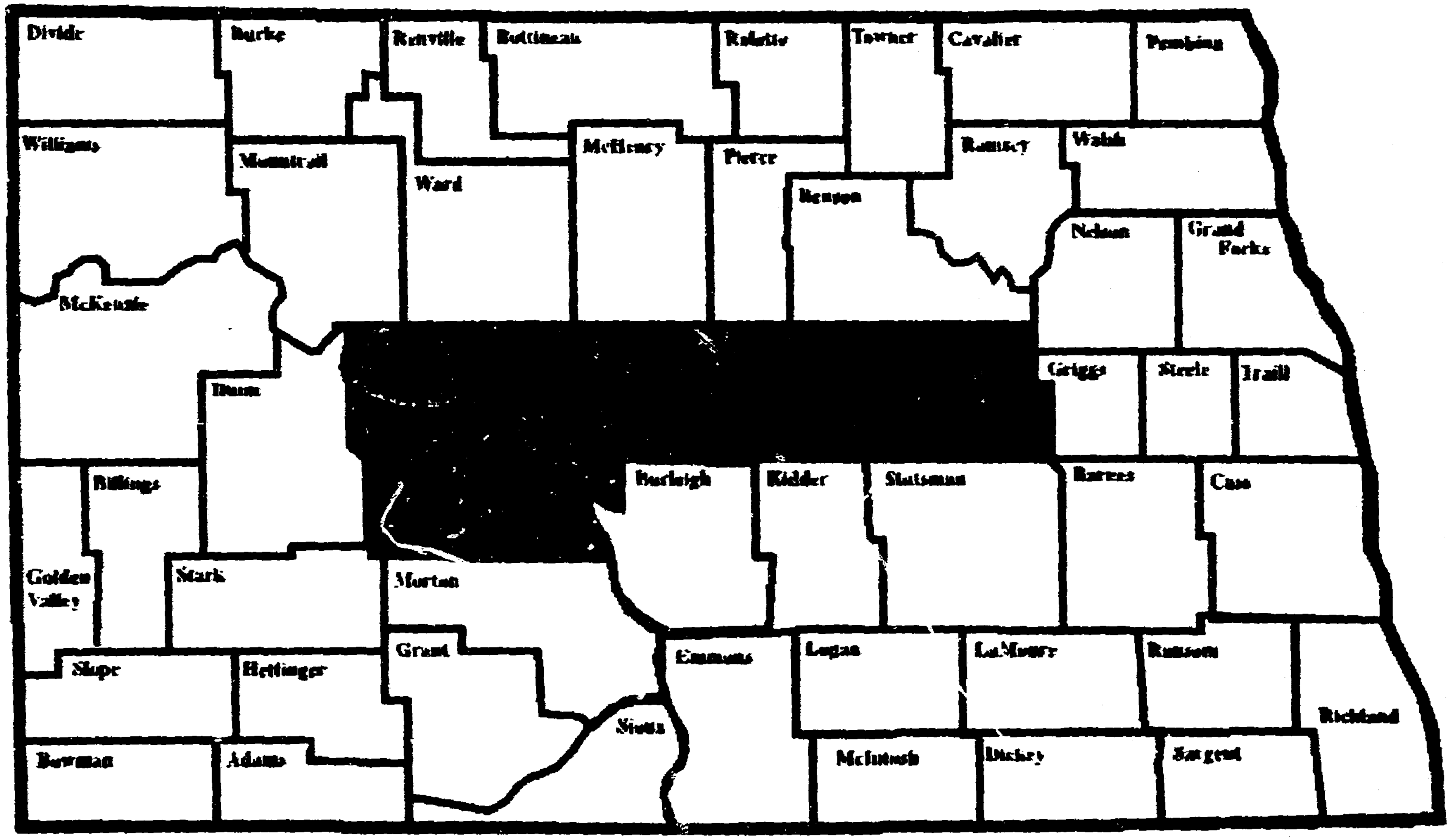
2002
COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

CHILDREN'S SPECIAL HEALTH SERVICES



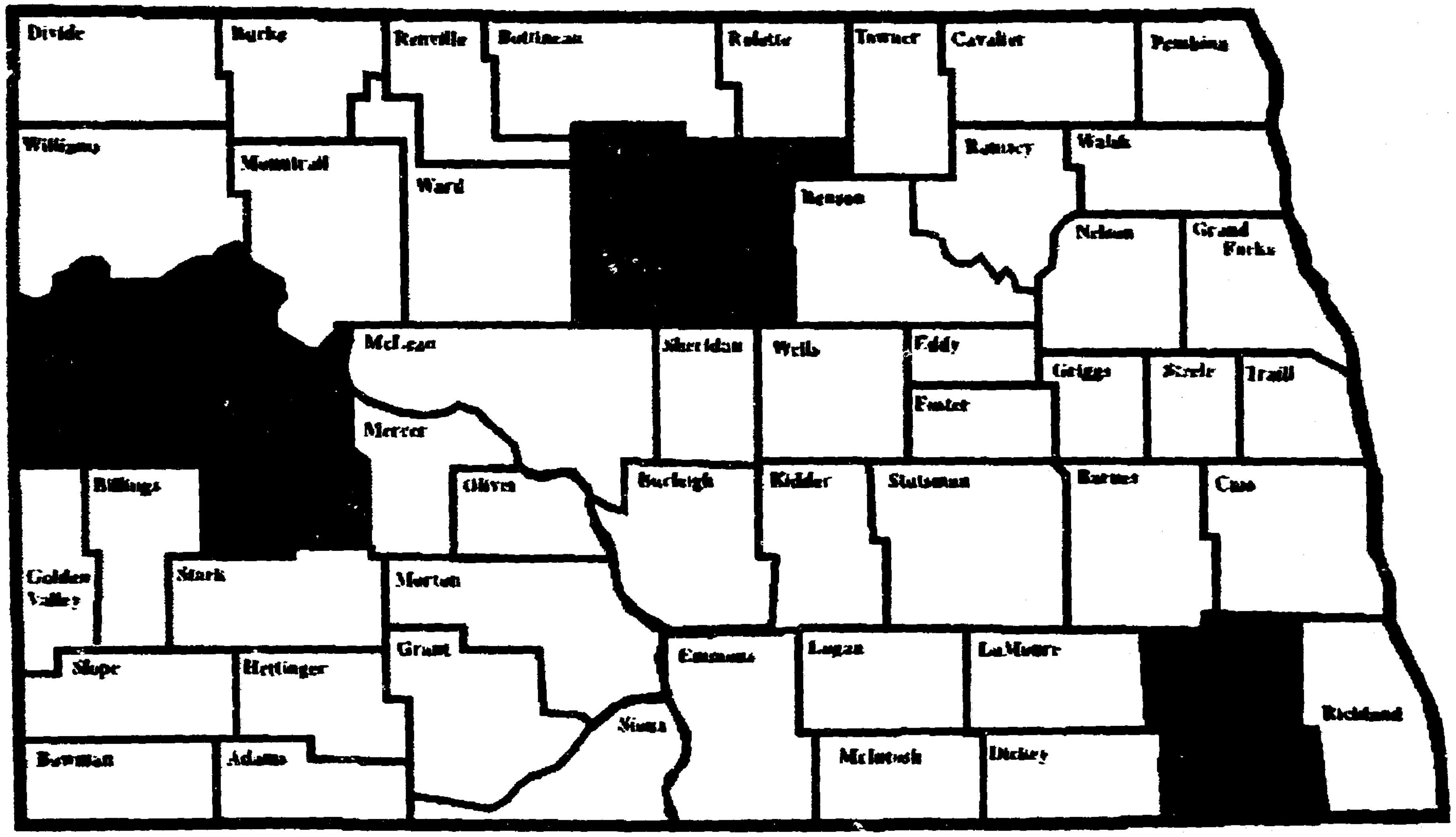
2002
COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

NORTH DAKOTA HEALTH TRACKS



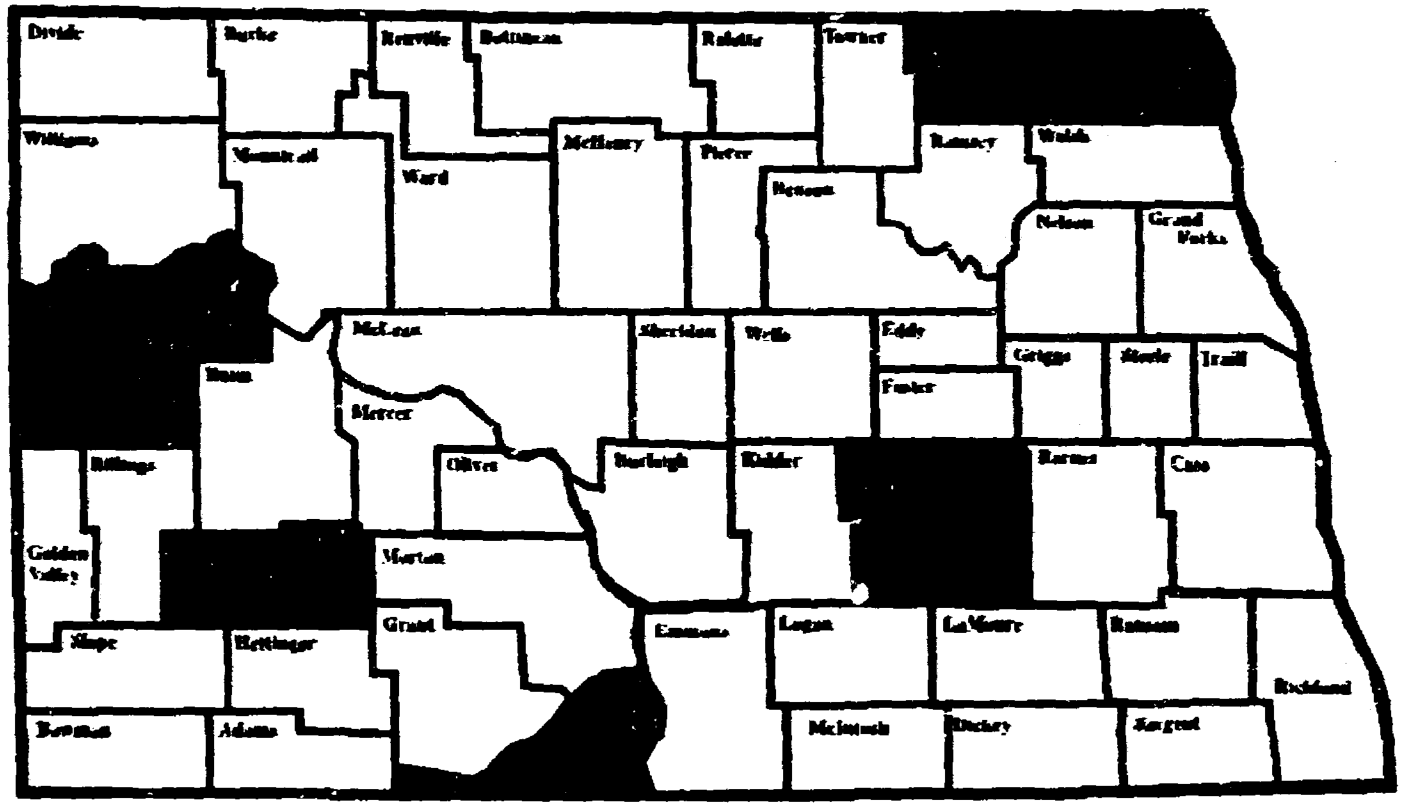
2002
COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

SOCIAL WORKERS CONSULTATION & SHARING



2002
COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

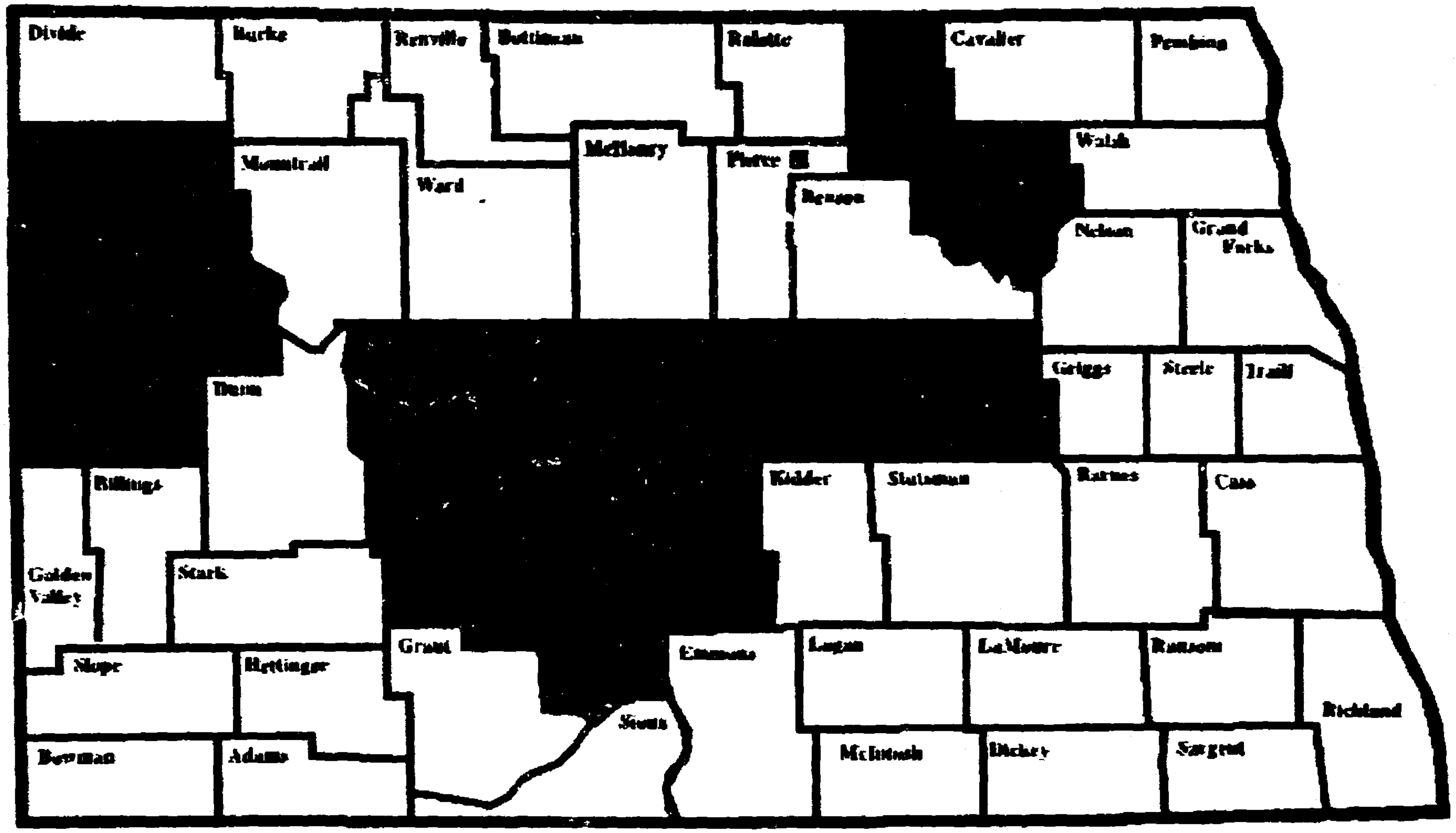
SW ARRANGEMENTS WITH OTHER ENTITIES



McKenzie Co. – provides Social Worker for hospital and school. Also provides back-up to State CCWIPS Help Desk.
Pembina Co. provides Cavalier Co. with SW for Court Ordered Visitor to the Elderly reports.
Sioux Co. shares services with the Standing Rock Sioux Tribe – Perm Plan Teams, CPS Team, IVE determination and payments for IVE foster children, and provides IVE training to tribal workers. The director sits on the Tribe's Welfare Reform committee.
Stark Co. – provides SW to Dickinson Public Schools.
Steele Co. – contracts for Family Preservation Services through D.H.S. (e.g. Intensive In Home)
Stutsman Co. – Will provide ca/n assessments, shares foster homes & provides case mgmt. services for surrounding counties.

2002
COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

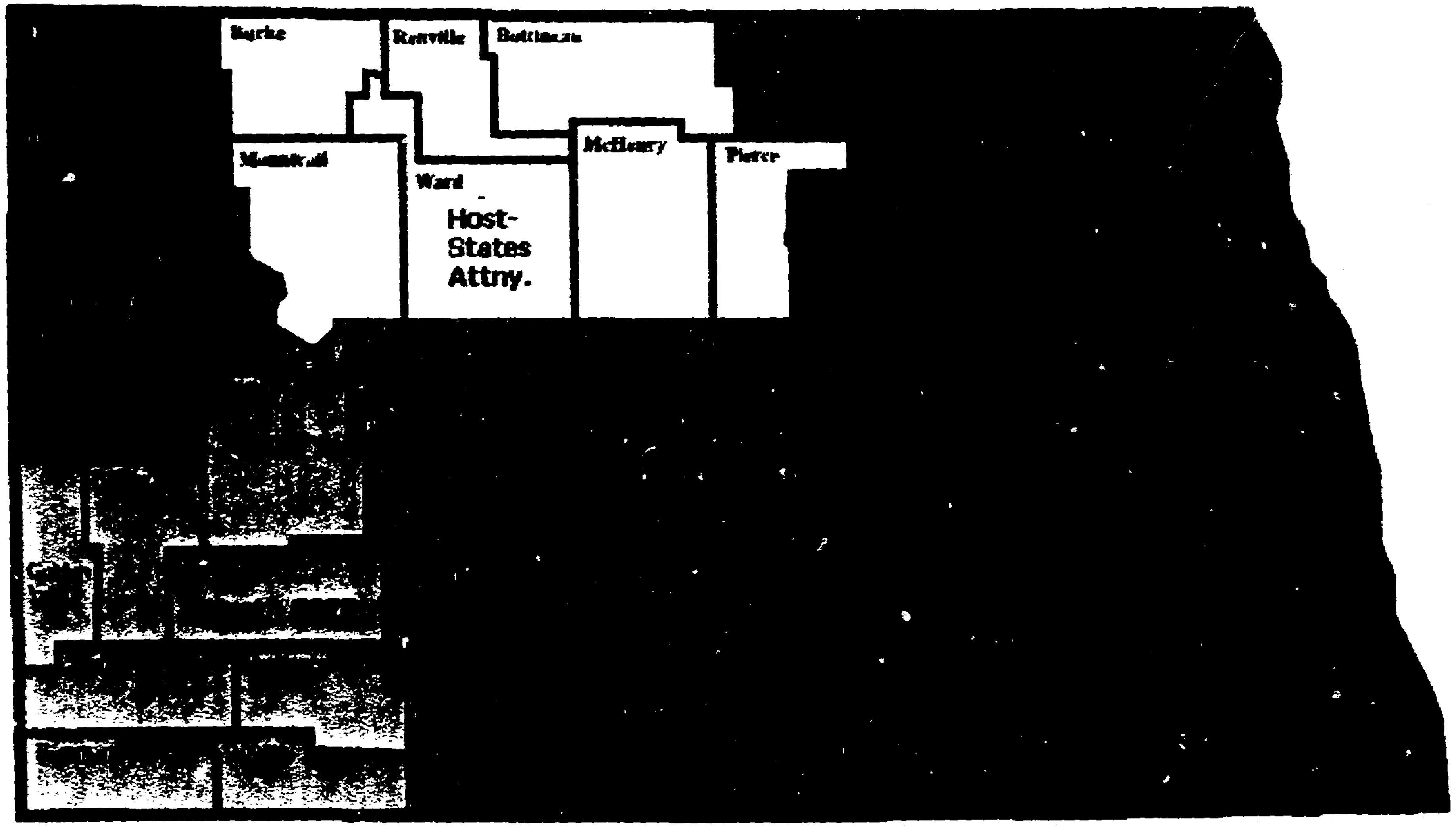
SHARED EARLY CHILDHOOD CARE SPECIALIST
CHILD CARE LICENSOR SHARED ADMINISTRATION & FUNDING



Denotes Host County: ■

2002
COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

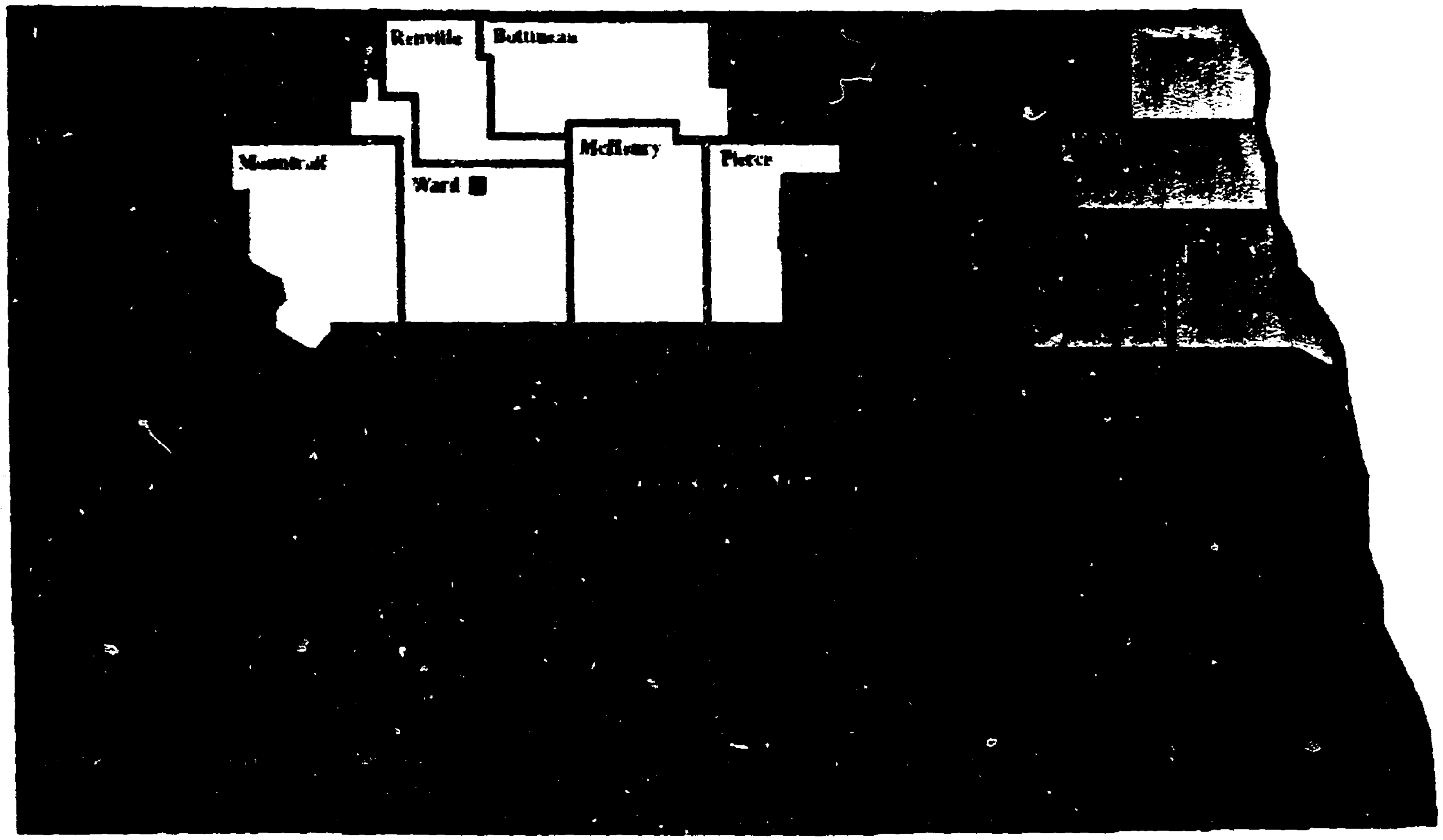
CHILD SUPPORT ENFORCEMENT ADMINISTRATIVE UNITS ADMINISTERED AND FINANCED BY COUNTIES



2002
COUNTY SOCIAL SERVICES

County Director's Association Shared Services survey (07-02)

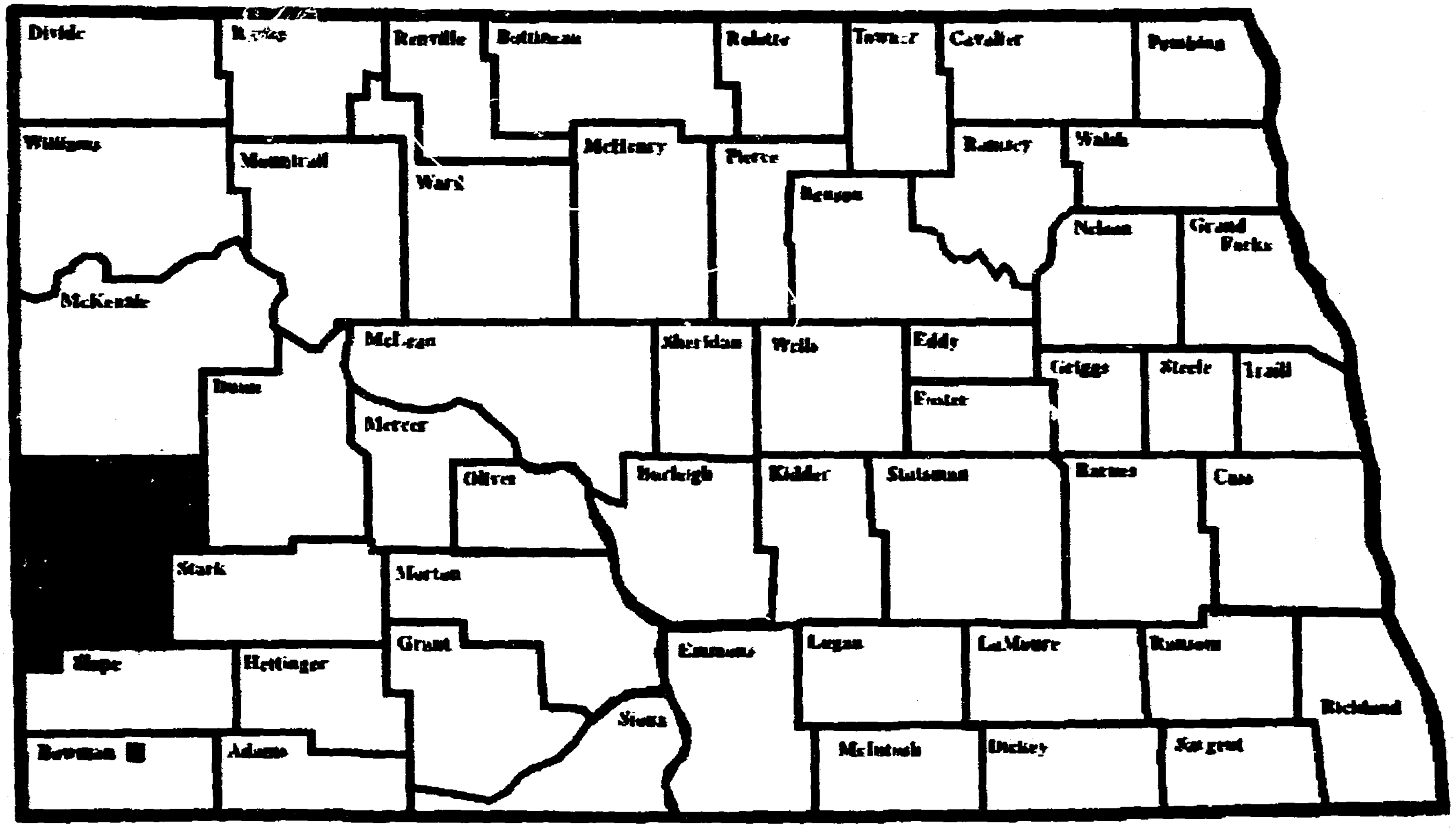
CHILDREN'S SPECIAL HEALTH SERVICE (CCS) CLINICS



Administered by county and funded by county. Clinics hosted within region at host county expense.
Denotes Host Counties CSSB: ■

2002
COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

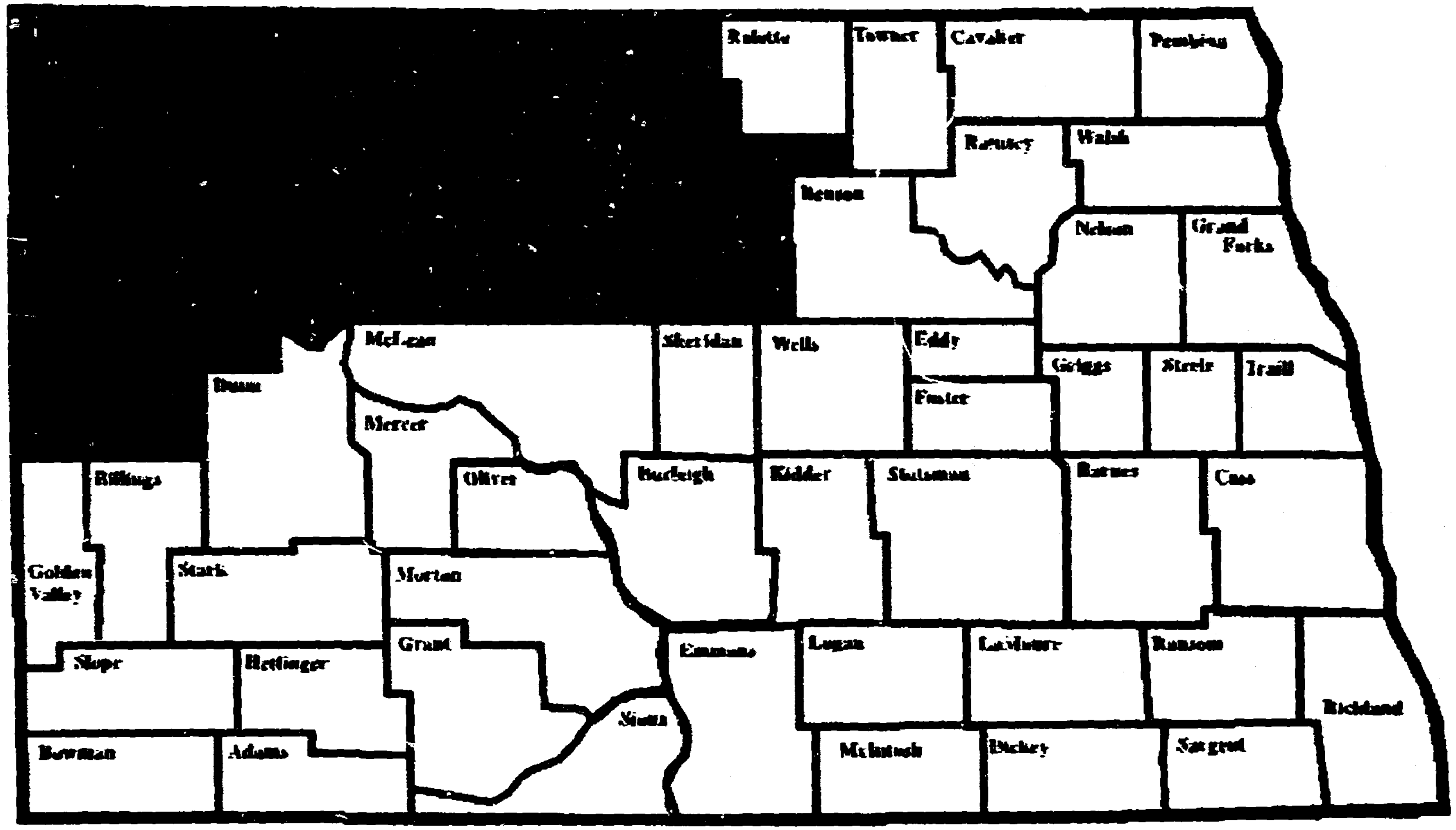
SINGLE DELIVERY POINT SHARED OPERATIONS



Counties that deliver services from a single site.
Denotes Host Counties CSSB: ■

2002
COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

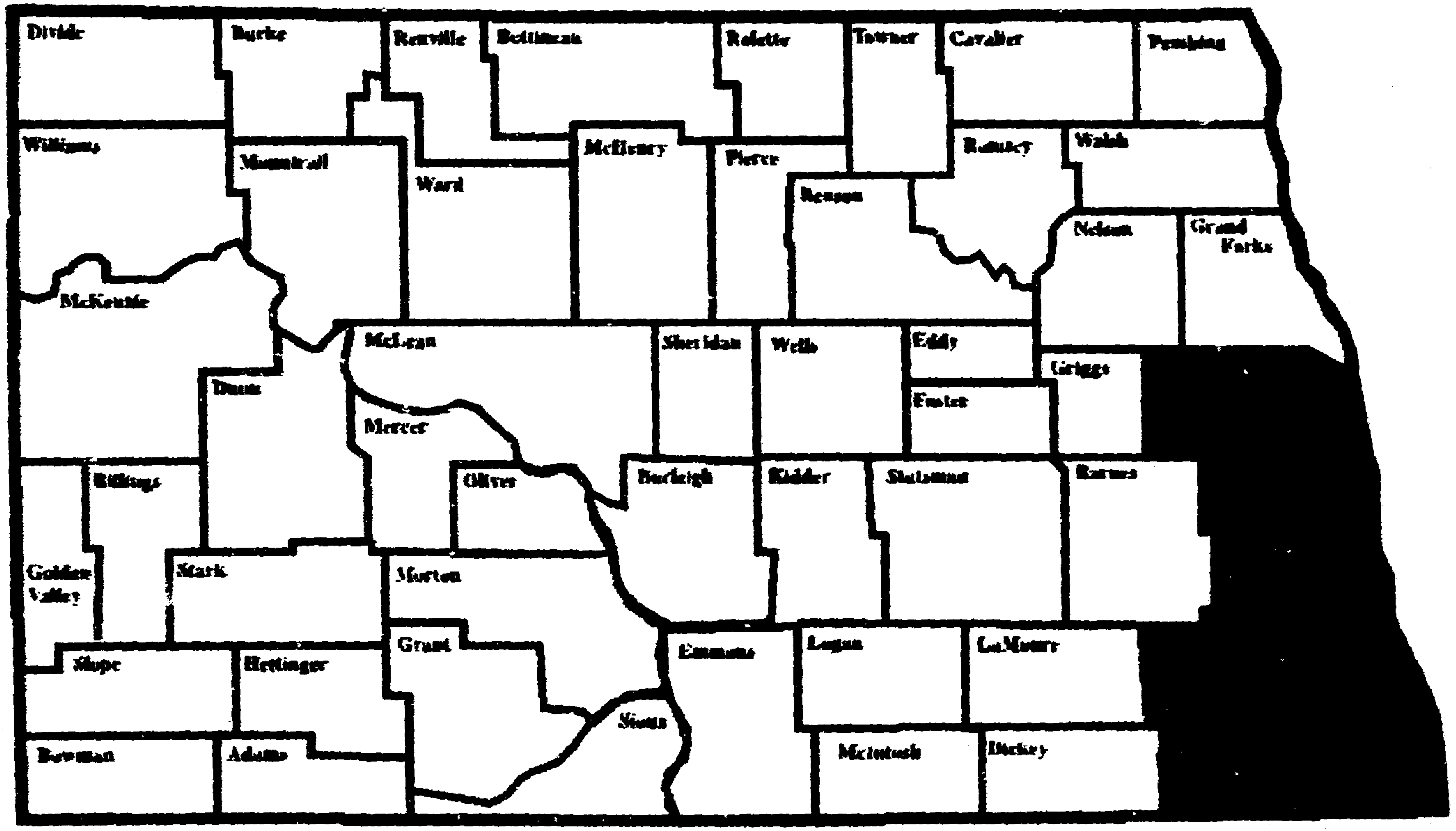
COUNTY HOME & COMMUNITY BASED SERVICE SUPERVISORS



All Region 1 & 2 counties. Collaboration for Training, Program & Policy Review on a shared effort basis.

2002
COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

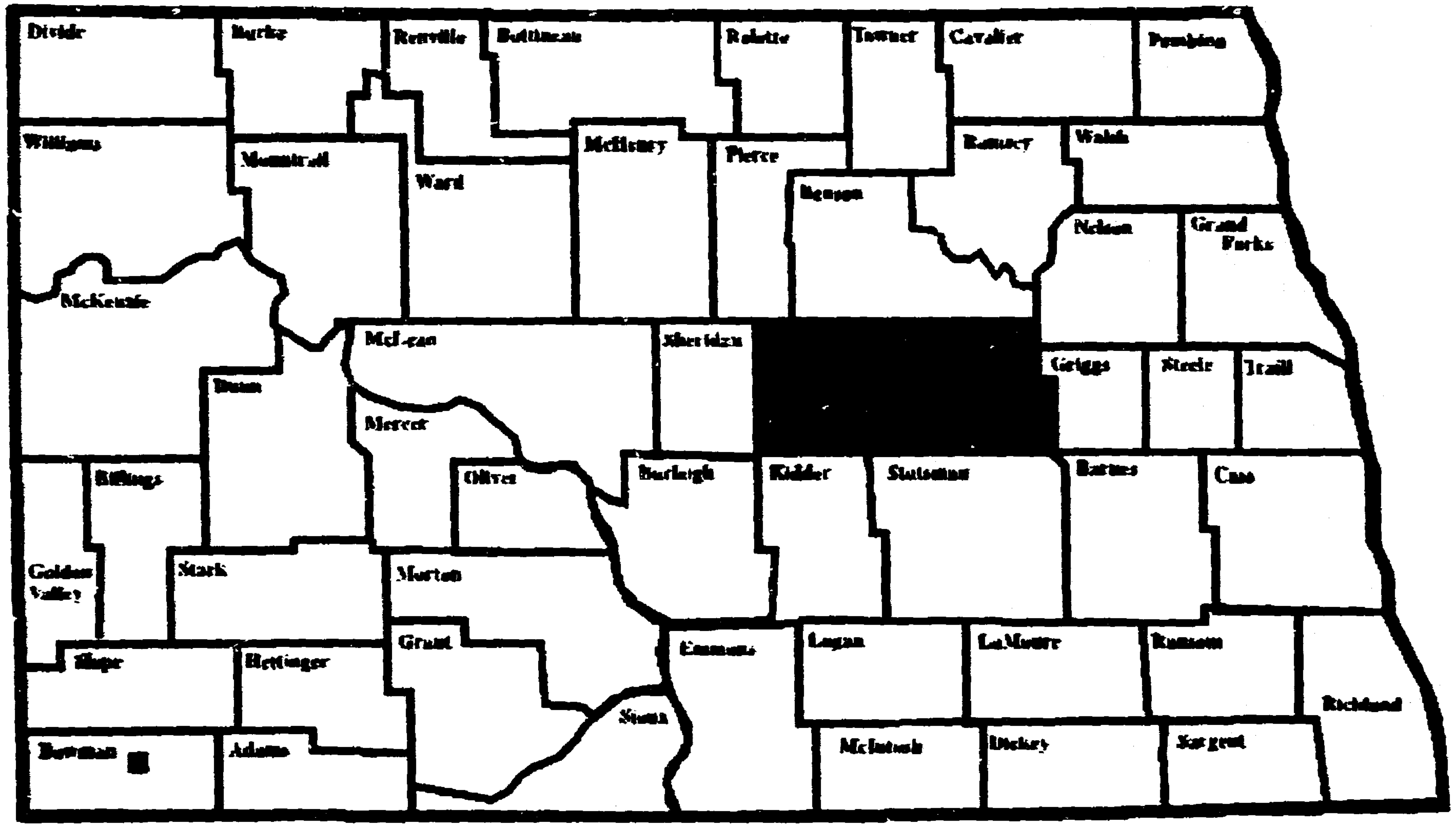
COUNTY RESPITE CHILD CARE INITIATED THROUGH A GRANT



All Region 5 counties participating.

2002
COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

EA – Long Term Care and Basic Care Program Service



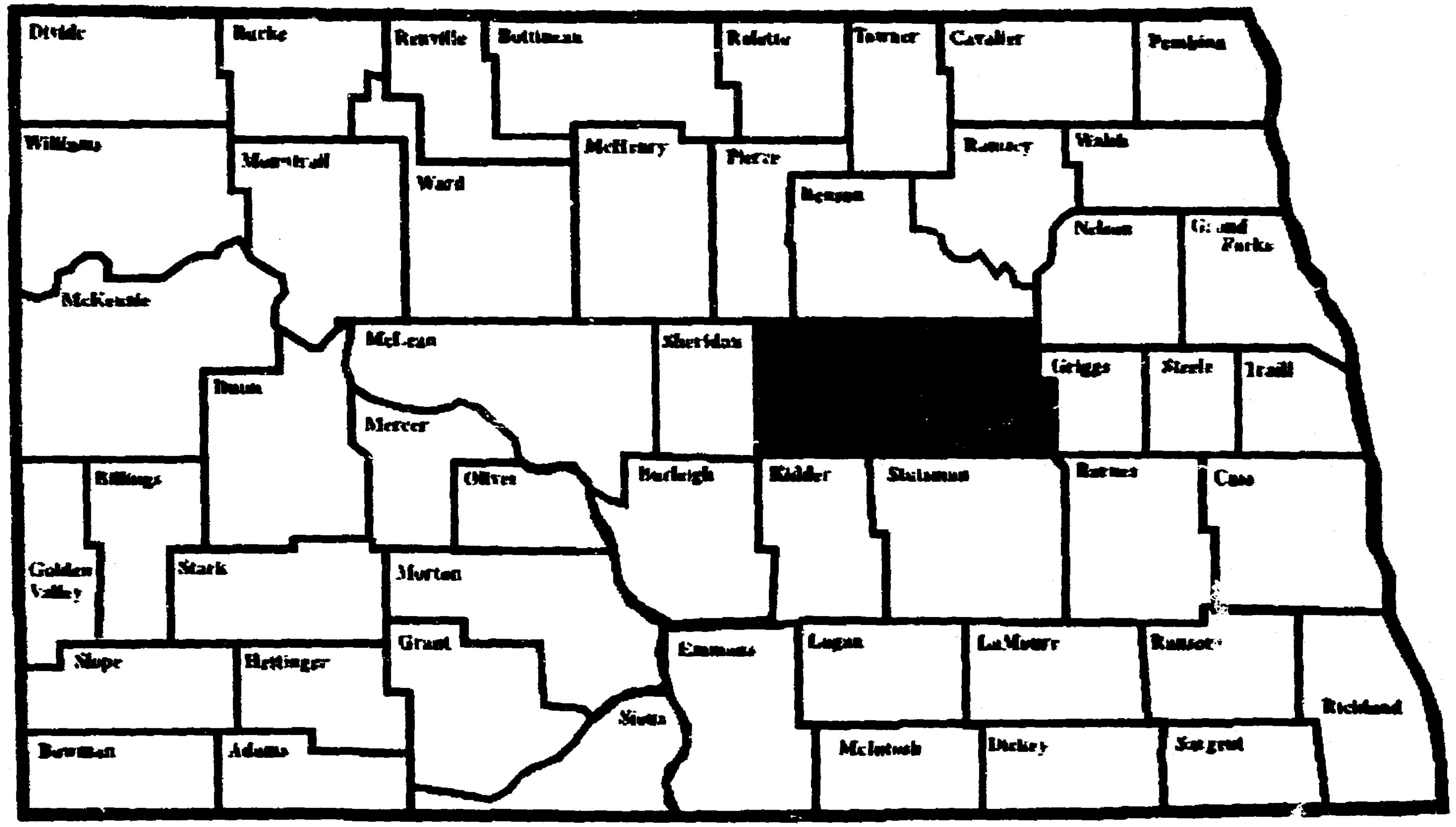
Denotes Host county: ■

Operator's Signature

10/2/03
Date

2002
COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

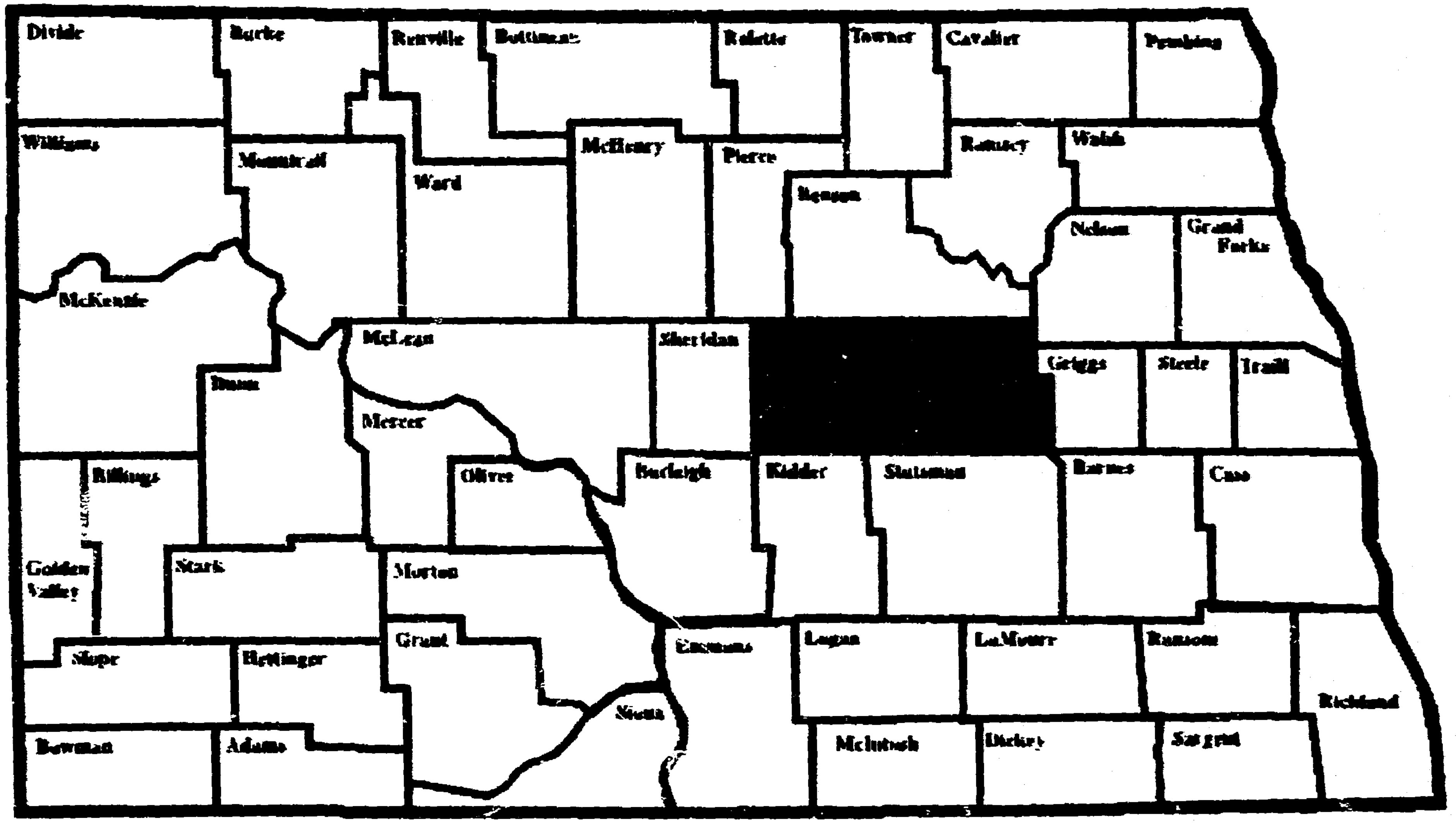
EA – CHILD CARE ASSISTANCE



Denotes Host county ■

2002
COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

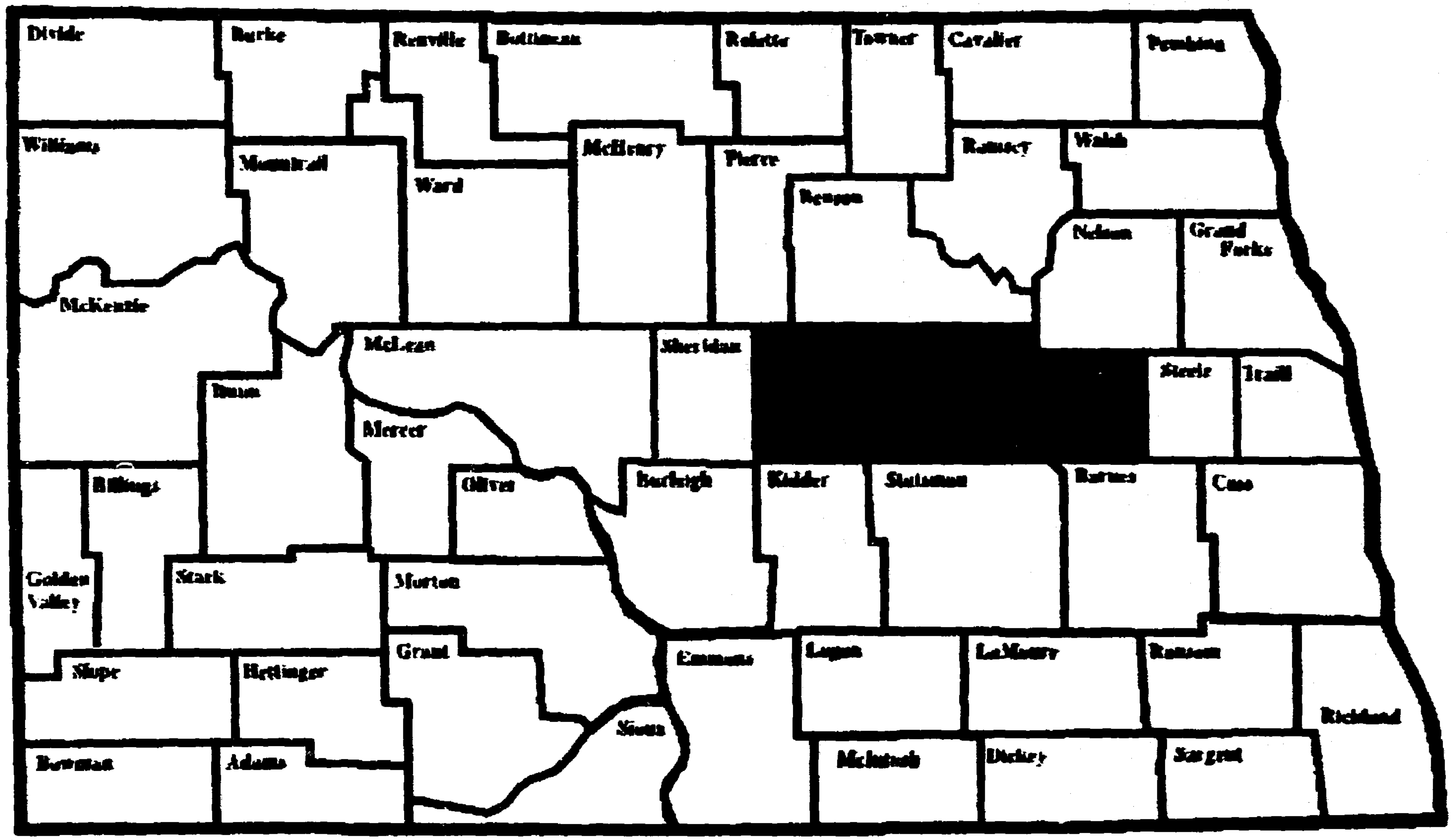
EA – VISION PROGRAM SERVICE



Denotes Host county: ■

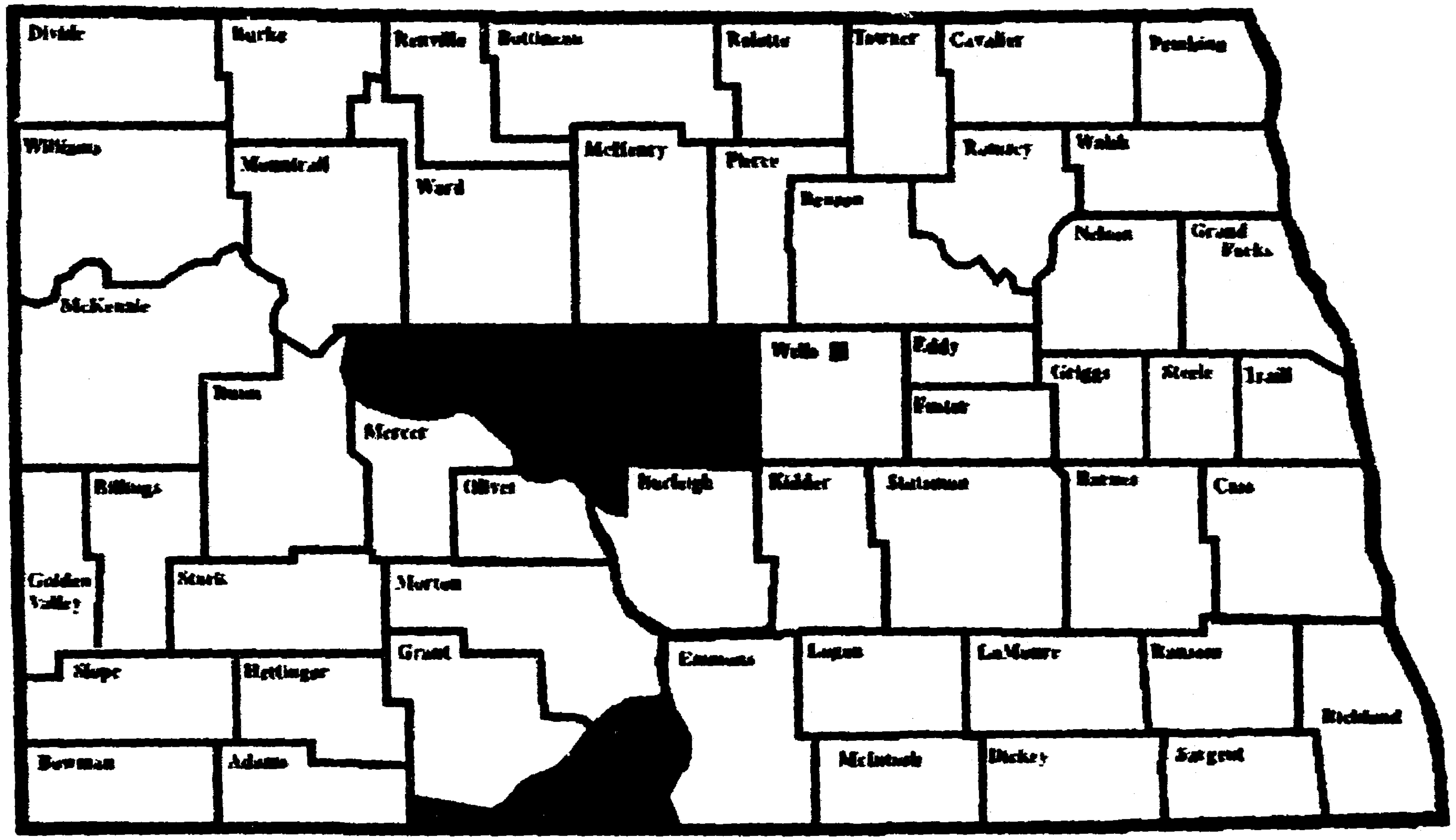
2002
COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

EA – TANF PROGRAM SERVICE



2002
COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

EA – FOSTER CARE ELIGIBILITY AND IV-E D DETERMINATION



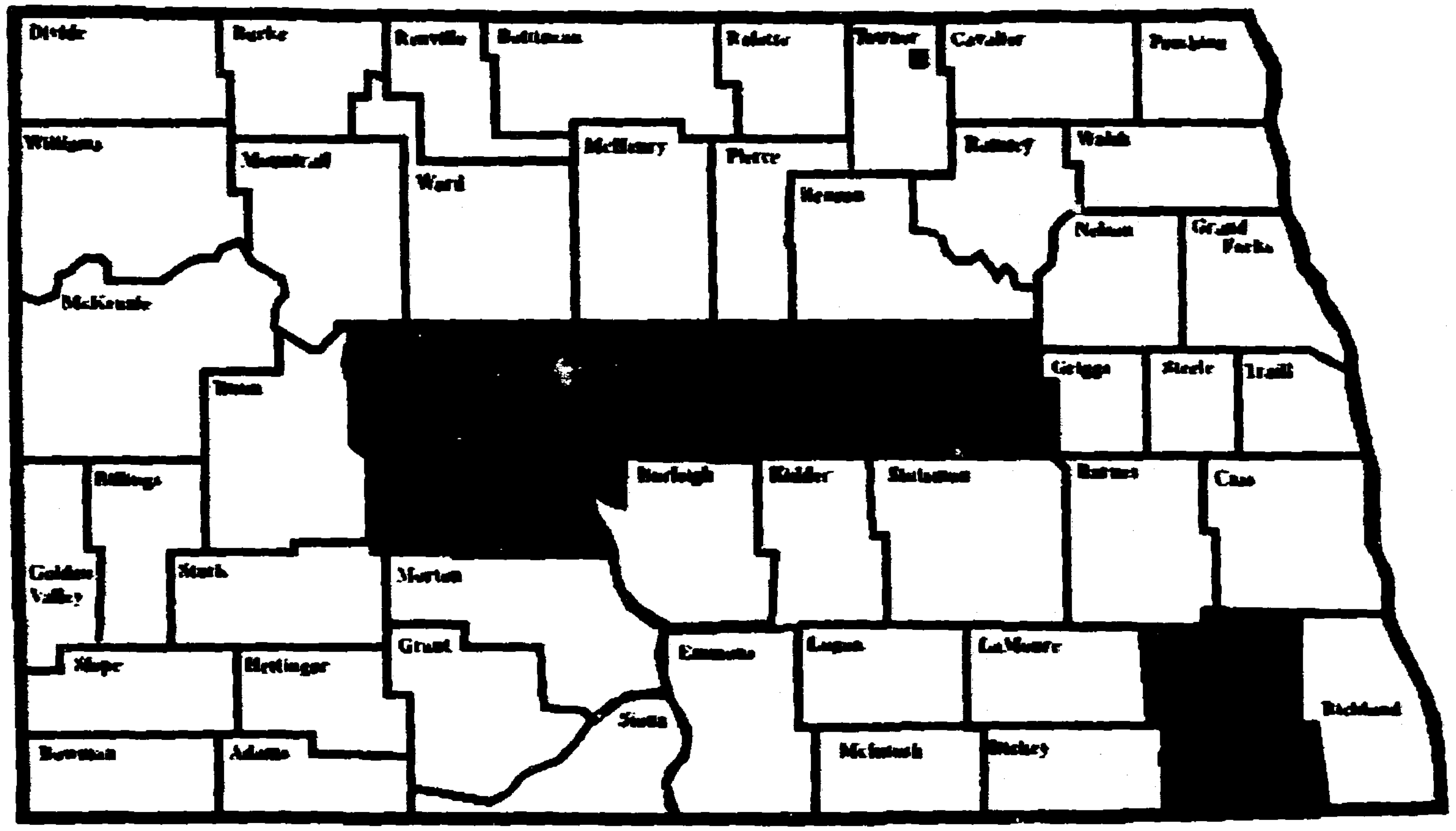
Sioux CSSB does the IVE determination and payments for IVE foster children and provides IVE training to the Standing Rock Sioux Tribe.
Denotes Host County: ■

2002

COUNTY SOCIAL SERVICES

County Director's Association Shared Services survey (07-02)

EA – SHARED SUPERVISION AND STAFF: FORMAL/INFORMAL ARRANGEMENTS

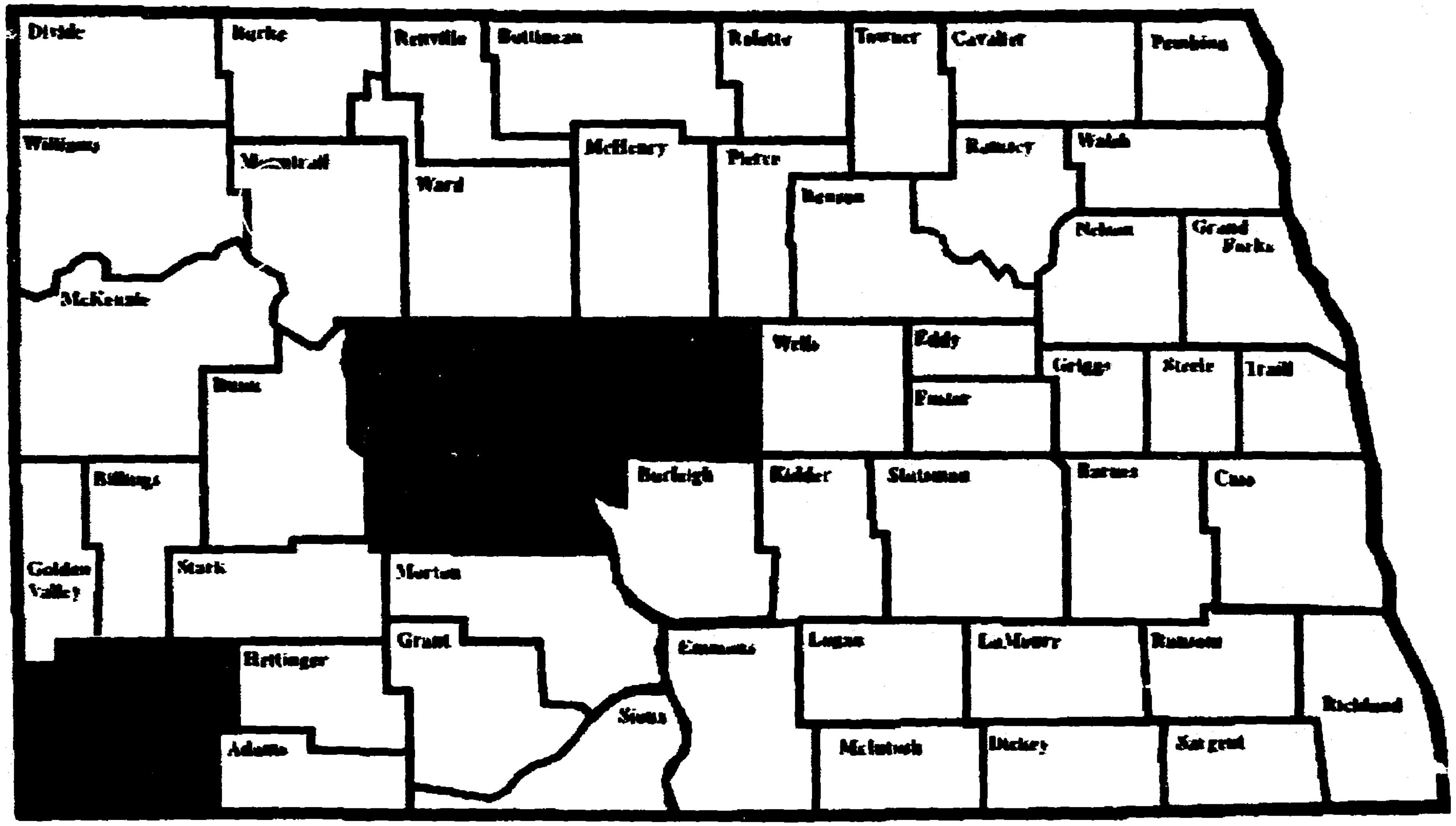


Wells, Eddy, Foster – Formal arrangement.
Ransom/Sargent – Informal arrangement to provide staff when there are shortages due to illness, etc.
Mercer Co. HSPAIII is EA supervisor for McLean, Oliver & Sheridan.

2002
COUNTY SOCIAL SERVICES

County Director's Association Shared Services survey (07-02)

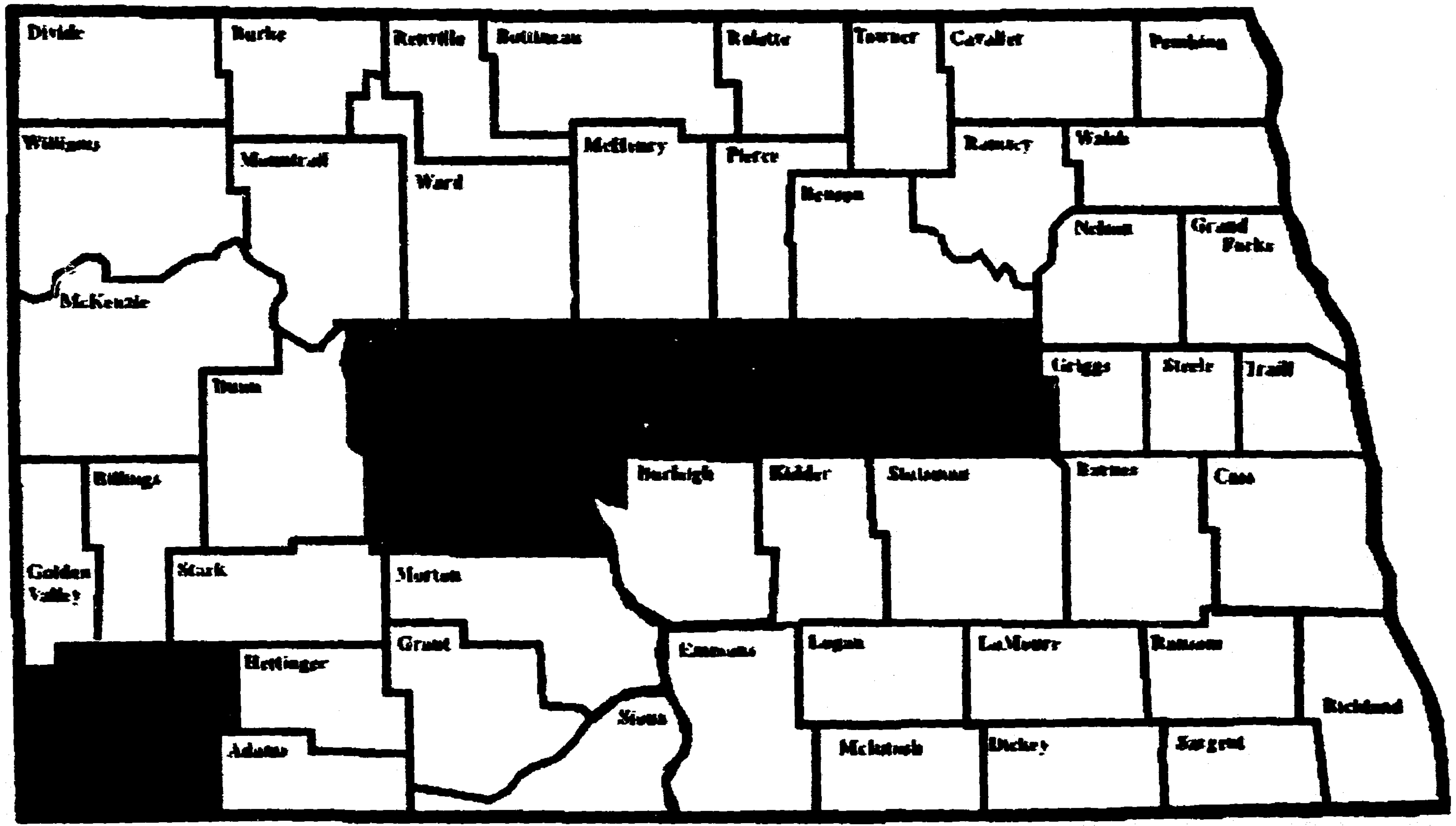
SHARED OFFICE ADMINISTRATORS AND CLERKS



Bowman provides space for Bowman/Slope.
Wells provides an Administrative Assistant to Eddy Co. and clerical assistance to Eddy & Foster.
McLean's Administrative Assistant does the RMTS for Sheridan Co.
Mercer's Office Assistant does RMTS for Oliver Co.

2002
COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

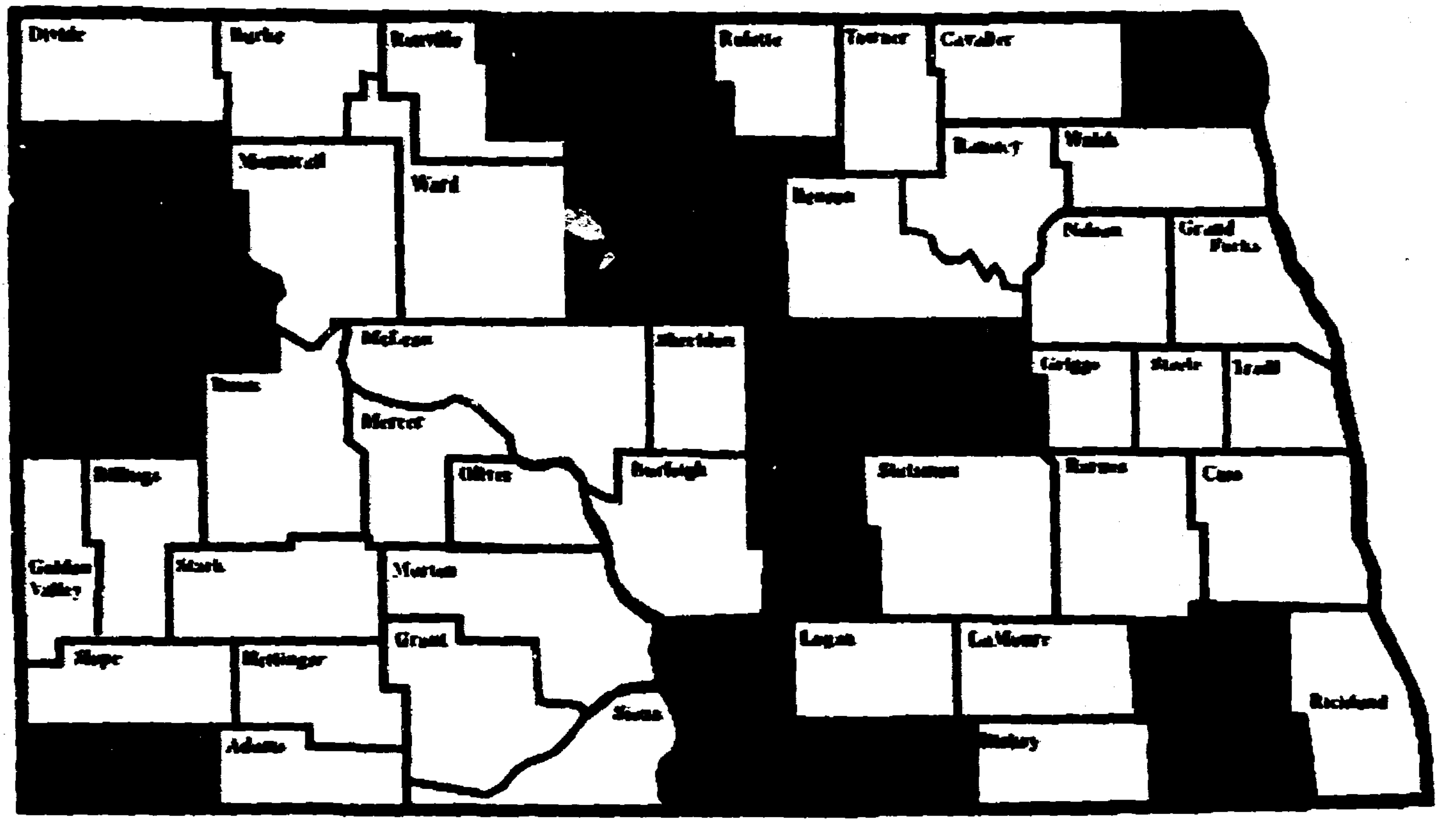
MULTI-COUNTY SOCIAL SERVICE BOARD ARRANGEMENTS



Bowman/Slope has one board with an equal number of members seated from each county.
Eddy/Foster/Wells each have their own CSSB. The three boards meet once yearly as an Inter-County Board.
McLean/Mercer/Sheridan/Oliver each have their own CSSB. The four boards along with their county commissioners meet together once yearly.

2002
COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

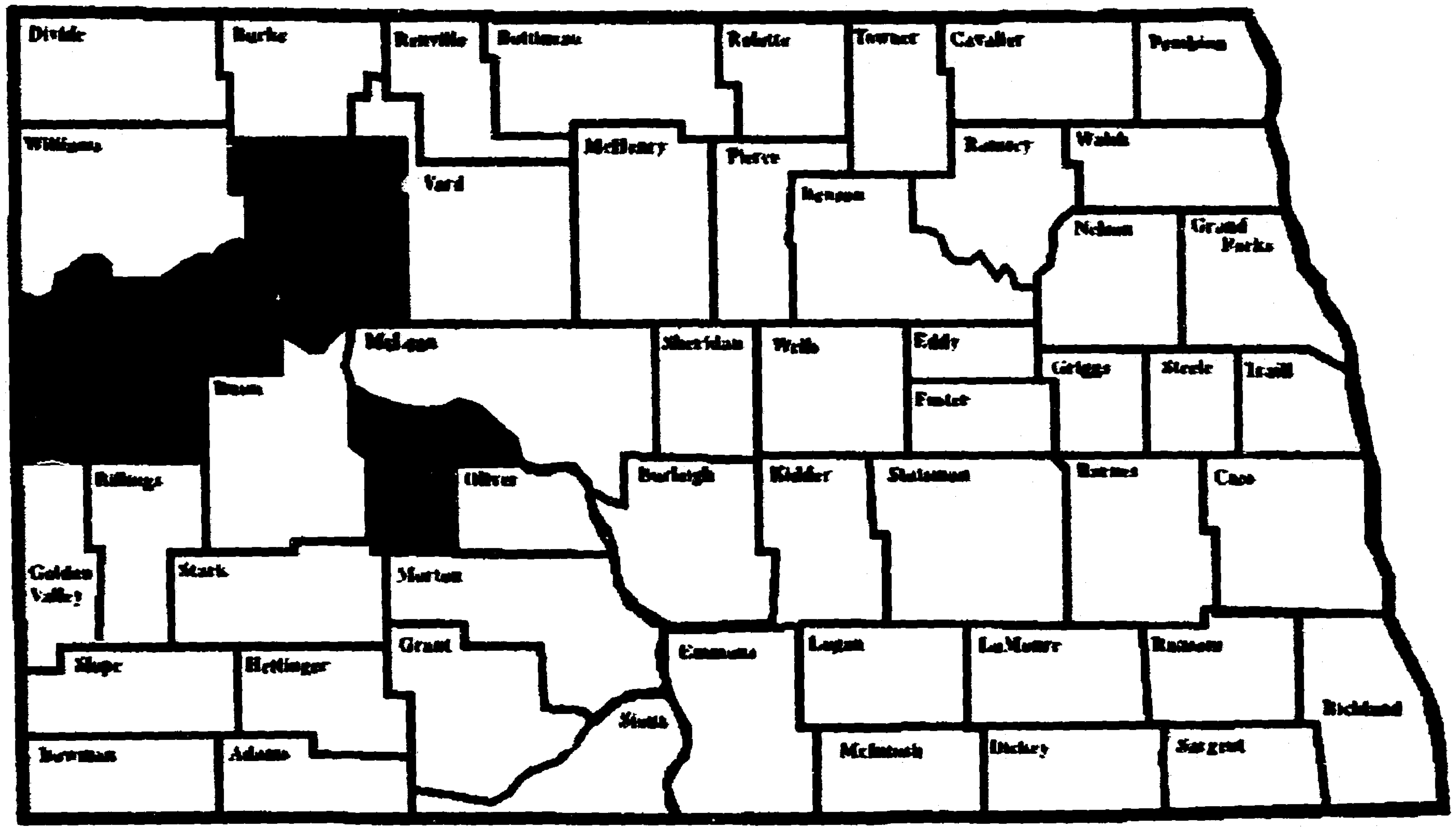
OFFICE SPACE SHARED WITH OUTREACH WORKERS FROM OTHER GOVERNMENT AGENCIES



Bottineau: to Community Action, Voc. Rehab., Job Service.
Bowman provides space for all services to Slope Co.
Dickey shares building with County Health District and Highway Dept.
Eddy, Foster, Wells each provide space to Human Service Center Outreach.
Emmons: to West Central Human Service Center.
Kidder: to Job Service & Human Service Center.
McHenry: to Community Action, Voc. Rehab., Job Service, Family Crisis Intervention.
McIntosh – to various outreach workers.
McKenzie: to Legal Services.
Pembina houses the Family Support Worker from Lutheran Social Services.
Pierce : to Voc. Rehab., Community Action, and Job Service.
Ransom: Job Service, Food Pantry(drop off site).
Sargent: to Job Service. Williams: to Job Service.

2002
COUNTY SOCIAL SERVICES
County Director's Association Shared Services survey (07-02)

COUNTIES THAT PROVIDE OUTREACH WORKERS TO OTHER OFFICES IN THEIR COUNTY



McKenzie: provides outreach workers to Mandaree and New Town.
McLean: provides EA outreach to Garrison
Mercer: provides EA outreach to Beulah.
Mountrail: provides outreach in New Town .

Attachment E

County Fiscal Data

Analysis of Property Tax Changes
Due to Merger – 2001 Taxes

County Expenditure Charts (2)
53 County Audits 1985 – 2000

County Revenue Charts (2)
53 County Audits 1985 – 2000

County Staffing Level Changes
Full-Time Equivalents 1988 – 2002

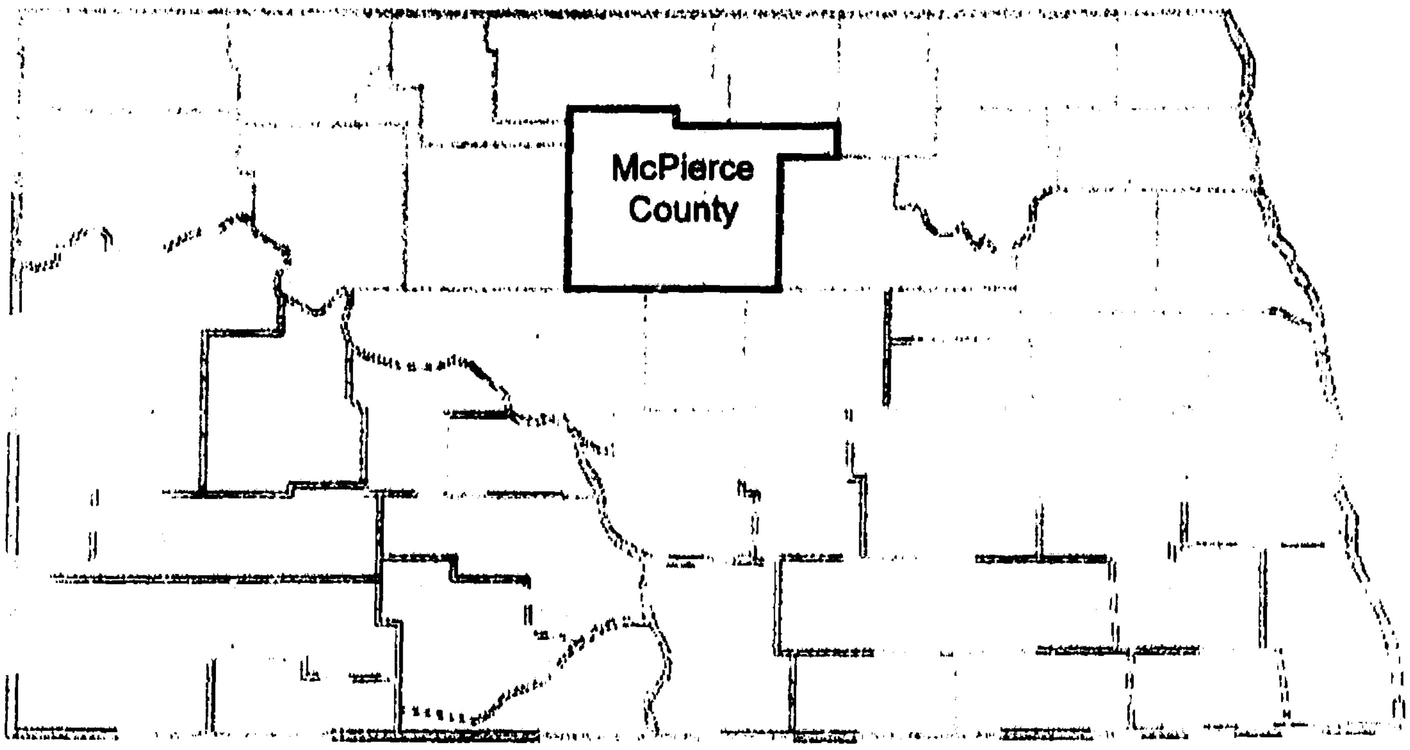
Analysis of Property Tax Changes Due to Merger

Based on 2001 Valuations and Taxes Levied

	Pierce	McHenry	McPierce
County Valuation	12,692,340	19,220,589	31,912,929
Total Property Tax	1,279,952	1,451,432	2,594,815
Mills Levied (2001)	100.84	75.51	81.31
Value of Avg. Acre <u>Cropland Pierce</u>	$267.89		$267.89 *
Tax per Quarter	$194.51		$156.83
Value of Avg. Acre <u>Cropland McHenry</u>		$247.15	$247.15 *
Tax per Quarter		$134.38	$144.69
Tax on Home Valued at $60,000	$302.53	$226.54	$243.93

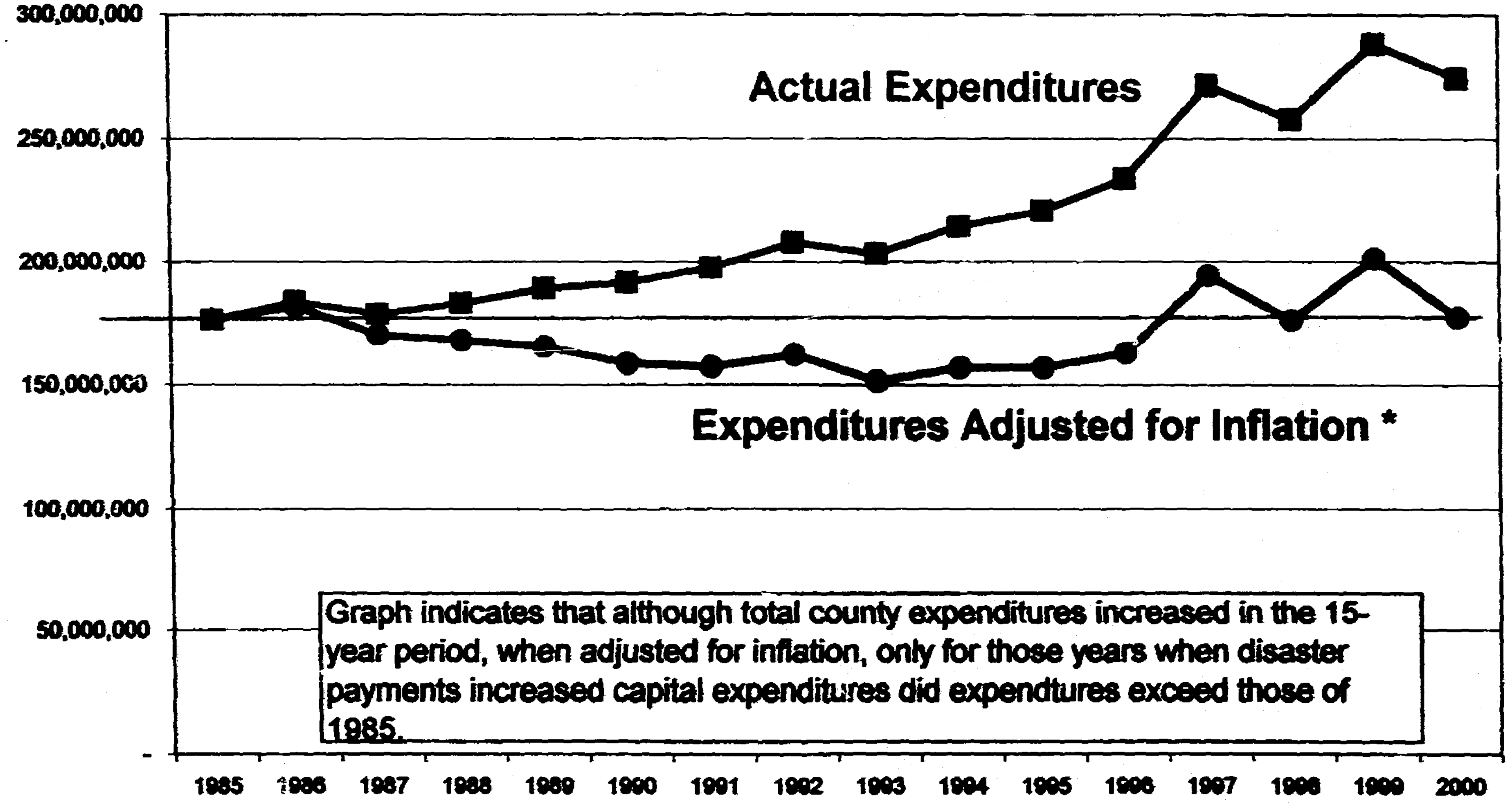
Taxpayers in McHenry County would experience a 8% tax increase
Taxpayers in Pierce County would experience a 19% tax decrease

*** Assumes average cropland value stays the same.**



Total County Expenditures

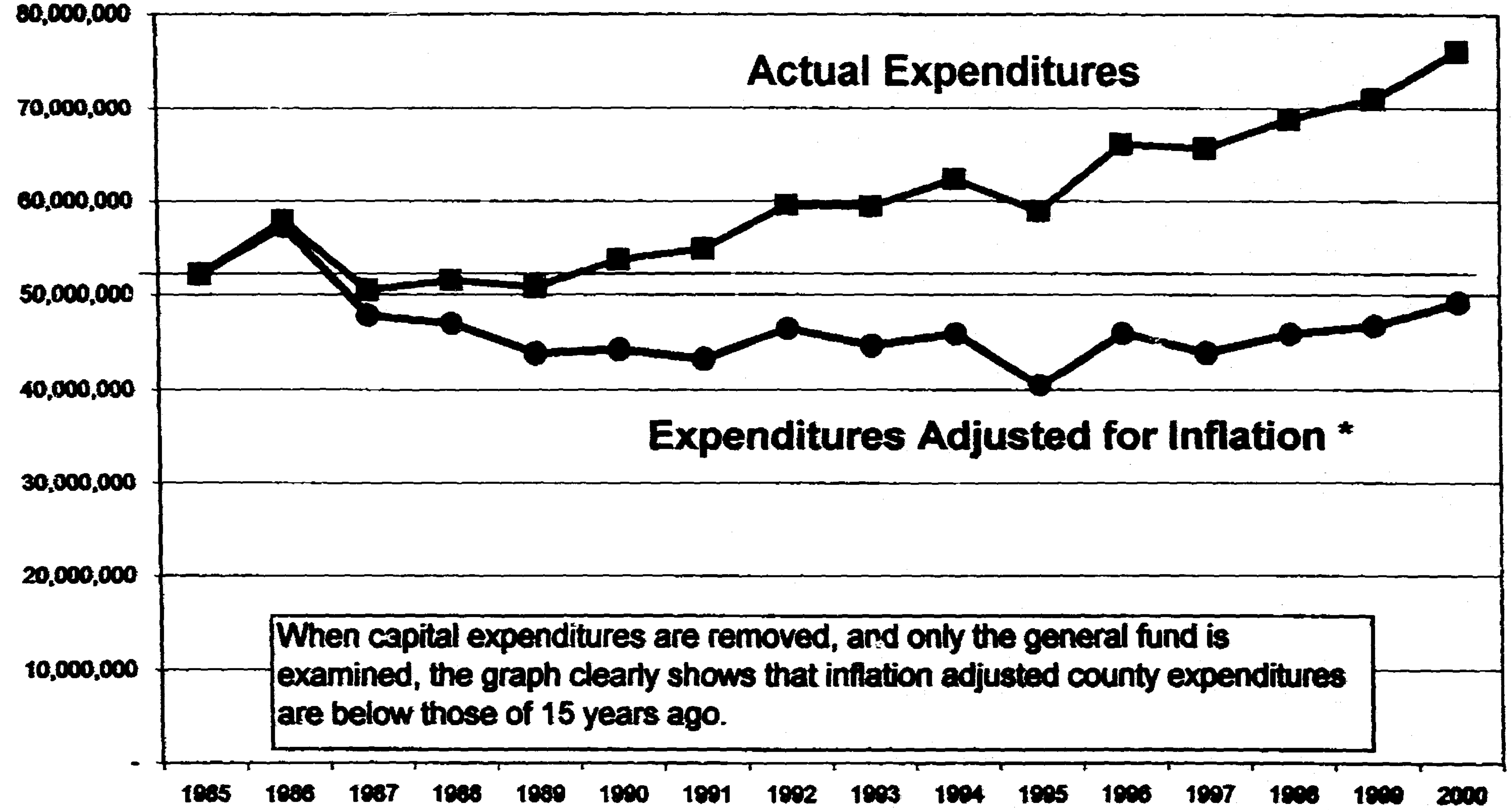
Compiled State Audit Reports - All 53 Counties



Graph indicates that although total county expenditures increased in the 15-year period, when adjusted for inflation, only for those years when disaster payments increased capital expenditures did expendtures exceed those of 1985.

* Inflation calculated on the Consumer Price Index - Midwest Urban

County General Fund Expenditures
Compiled State Audit Reports - All 53 Counties

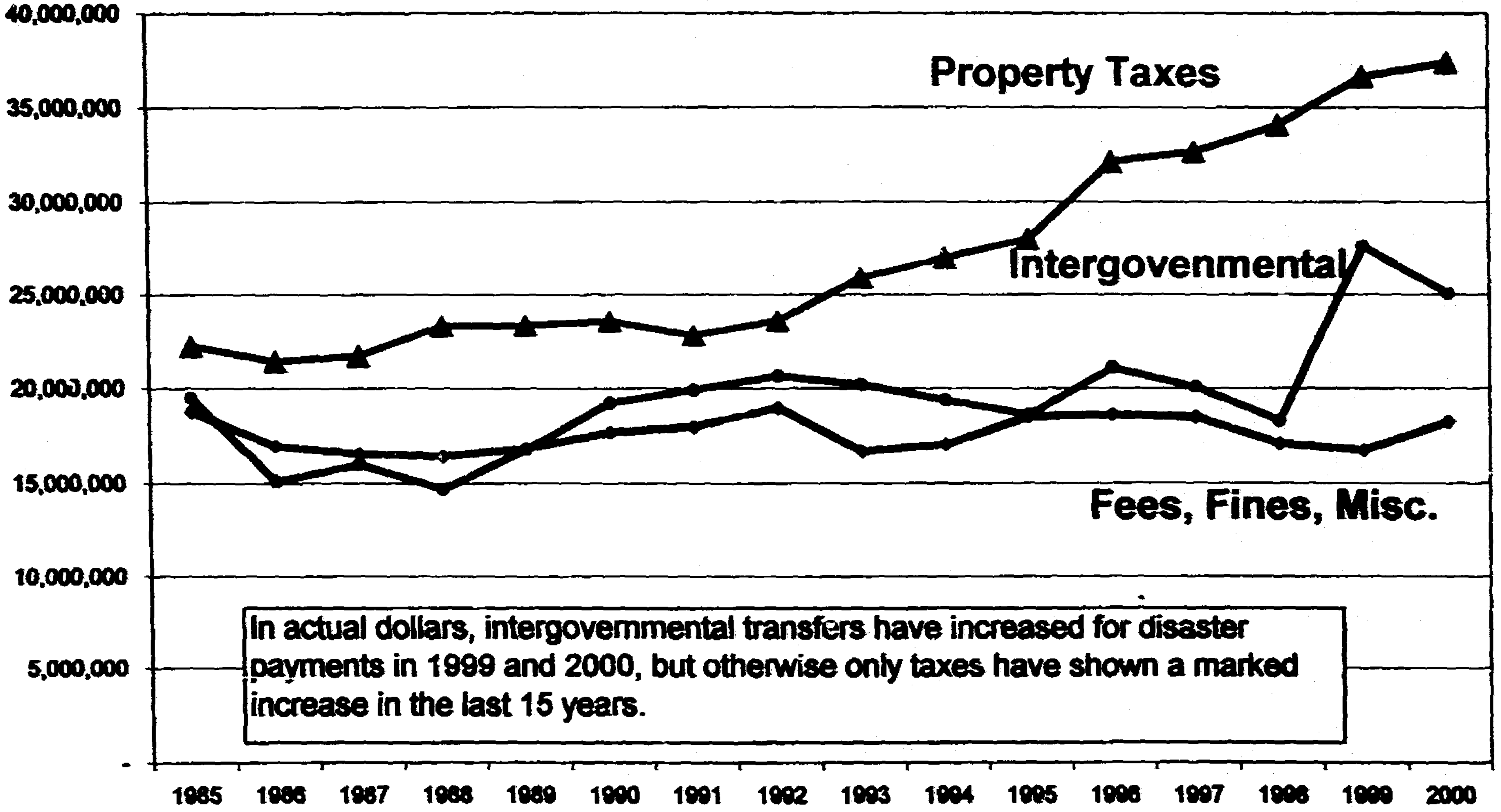


When capital expenditures are removed, and only the general fund is examined, the graph clearly shows that inflation adjusted county expenditures are below those of 15 years ago.

* Inflation calculated on the Consumer Price Index - Midwest Urban

Total County Revenues

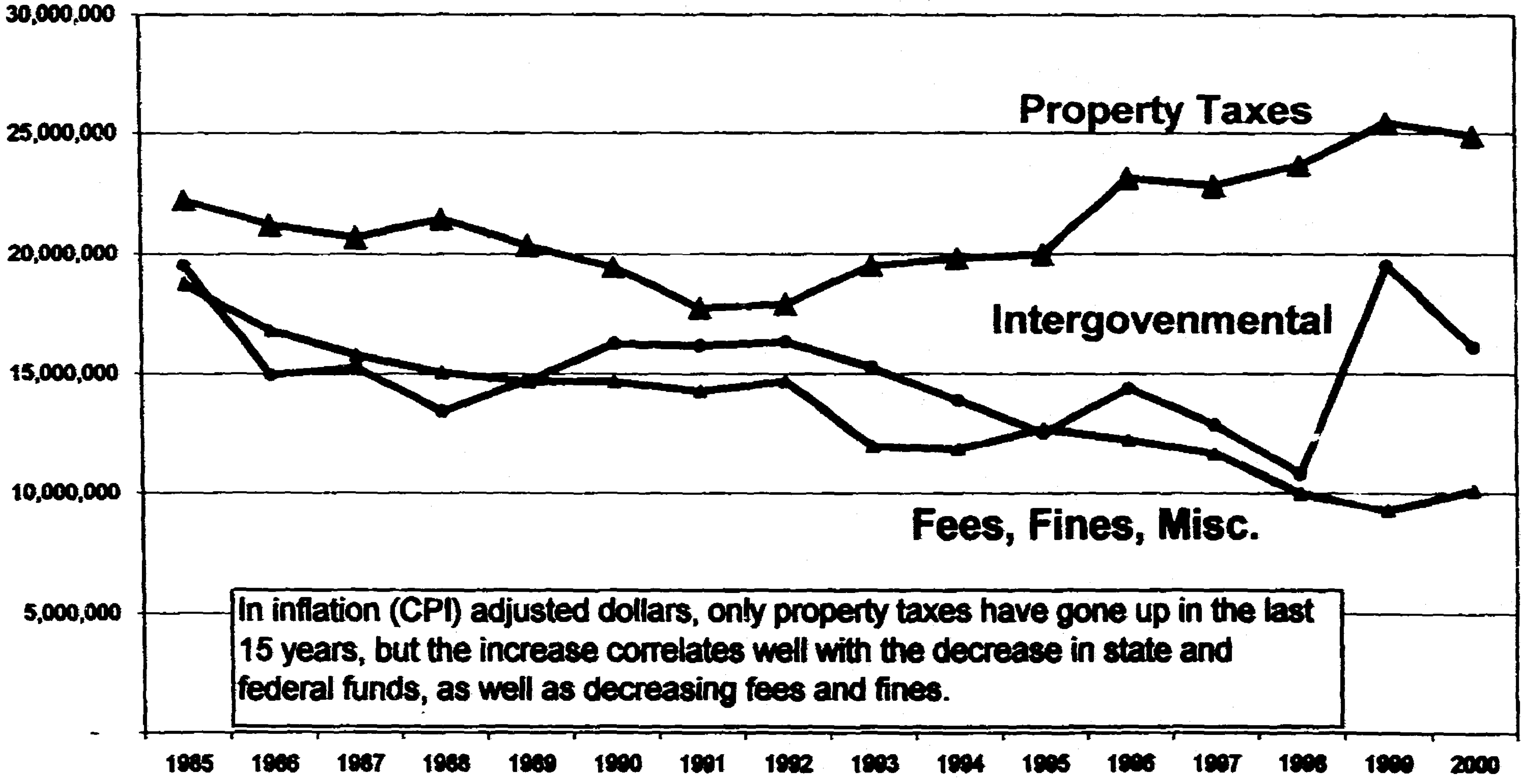
Compiled State Audit Reports - All 53 Counties



In actual dollars, intergovernmental transfers have increased for disaster payments in 1999 and 2000, but otherwise only taxes have shown a marked increase in the last 15 years.

Adjusted Total County Revenues

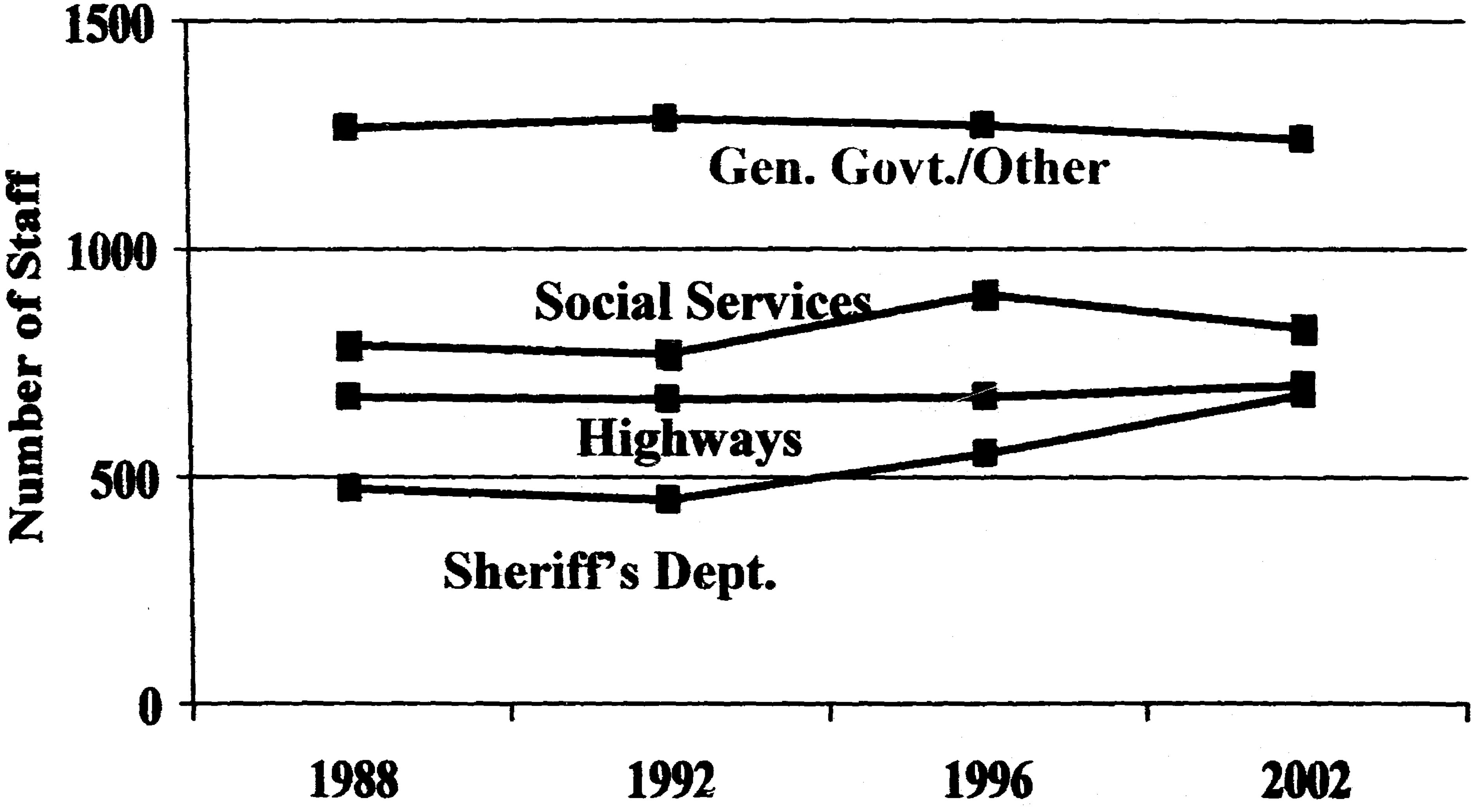
Compiled State Audit Reports - All 53 Counties



In inflation (CPI) adjusted dollars, only property taxes have gone up in the last 15 years, but the increase correlates well with the decrease in state and federal funds, as well as decreasing fees and fines.

* Inflation calculated on the Consumer Price Index - Midwest Urban

County Staffing Level Changes
FTEs All North Dakota Counties, 1984-2002



Source: NDACo County Staffing Level Surveys - Compiled

Attachment F

County Consolidation Editorials

Steve Andrist, 1998, The Journal, Crosby – Be creative for face forced consolidation

Garner, Jeremiah, 1998, Associated Press – Small counties fight consolidation, strive for independence.

Pates, Mikkel, 2000, The Fargo Forum – Survey: Many in N.D. support consolidation of county services

Omdahl, Lloyd, 2001, Bismarck Tribune – N.D. counties modernizing rapidly

Editorial Staff, 2003, The Bismarck Tribune – Counties are doing their own combining

ADVISORY STUDY PROCESS - PUBLIC OPINION

Be creative – or face forced consolidation

In 1993, the Legislature considered a bill to reorganize the state into 15 large counties. It decided, instead, to give us the opportunity to become creative in heading off the urban forces that believe governments for rural folk should be consolidated with those in the city.

That year, the Legislature enacted a law, called the "Tool Chest, " that unties the bonds that have kept our cities, schools and counties operating since statehood without significant structural change.

We know that legislative forces in Fargo and other urban areas are planning the next round in their fight for forced consolidation. The time is right for those of us in rural areas to take the offensive in that fight, rather than sit on our heels and wait to defend ourselves in 1999.

The way to do it is to take advantage of the Tool Chest law. Particularly in rural areas such as ours, the opportunities are endless.

The law allows all types of alliances between local governments. Consider some of the possibilities:

■ The Crosby swimming pool is in extreme need of repair and management. The Divide County School District always has trouble fining someone to coordinate athletic events. The Crosby Blue Line Club has a perpetual problem with administration of its hockey program, and the Crosby youth recreation program, by default, gets dumped on the city auditor.

By pooling their resources, these various entities could hire a professional who would not only solve their annual problems but bring new ideas to sports and recreation in the community.

■ We could have one law-enforcement agency that would cover all of Divide County. For that matter, if we could eliminate the requirement that each county elect a sheriff, Burke County could be included in the concept. The city of Crosby already has concluded it can save a small amount of money by contracting with the sheriff's department for police services.

■ Divide County and its cities could enter a joint administrative effort in which a professional public administrator could manage the work of all the entities. We could then have one staff of workers who would be assigned to do whatever work is necessary rather than be confined to the tasks of a particular office.

We could do away with city and county government as we know it, incorporating all of Divide County into one entity. After all, we have only 2,500 people in the entire county, about half of them in Crosby, and we're already one community working on common problems and ideas.

Sound too grandiose? Perhaps. But we need to dream big and then pare our dreams back to reality. The Tool Chest law mandates nothing, but gives us the opportunity, even the obligation, to spend time dreaming. The process simply calls for appointment of study commissions that can dream those dreams.

If we choose not to dream, we choose to accept whatever the great consolidators force down our throats.

– Steve Andrist, The Journal, Crosby

May 4, 1998

Small counties fight consolidation, strive for independence

JEREMIAH GARDNER
Associated Press

AMIDON — With only about 800 people paying taxes to maintain an area bigger than Rhode Island, Slope County would seem a likely candidate for consolidation. But it remains independent, sharing very few services with neighboring counties.

Slope County officials believe there is little money to be saved by consolidating, and they're opposed to losing their sovereignty.

"You'd think you could save money, but you don't," said Robert Strommen, who is retiring this year after 32 years as auditor. "You might be able to save some money, but at the same time, you get what you pay for."

The county, which has elementary schools in Marmarth and Amidon and a one-room country school, shares a school superintendent with Bowman County. The two counties also share social services.

But Slope County — population 846 — fills other offices on its own, including auditor, sheriff, treasurer, state's attorney and disaster manager.

"We kind of like to be independent," said County Commissioner Gene Bergquist. "We kind of like to run our own until we go under, but we're sitting pretty good right now."

Some state legislators have tried to consolidate the state's 53 counties into as few as 15, saying North Dakota's small population can be managed more efficiently with less government.

But in Slope County, residents say it is hard to imagine consolidation leading to lower taxes.

"I think the property tax here is the best I've ever seen," said grocery store owner Tom Jorgensen, who moved to Amidon from Rapid City, S.D., almost two years ago.

About $845,500 in property taxes was payable in Slope County last year, third lowest in the state, behind Billings and Sioux counties, according to the state Tax Department. Agricultural property taxes averaged just $1.32 per acre, with only Billings County lower. Ag property taxes in Traill County, in the eastern part of the state, averaged a state-high of $7.86 per acre in 1997, said Barry Haas of the Tax Department.

Jorgensen said he thinks consolidating would just force Slope County residents to help pick up the tax tab in another county.

"I'm afraid our tax rate would jump through the ceiling," he said.

County Commissioner Ralph Urlacher said if Slope, with 1,218 square miles, were to join a neighboring county, people would have to drive long distances to get government services.

"The mileage eats you up. So far, I see no savings," he said.

"They want everything big, but it ain't better," added Bergquist. "I don't think it's cheaper even."

State Sen. Tony Grindberg, R-Fargo, said the reluctance to consolidate is understandable. "It's job security," he said. "No one ... wants to see anyone lose their jobs."

But Grindberg, who chairs the Legislature's Advisory Committee on Intergovernmental Relations, said consolidation of services has saved money in the past and will do so in the future.

"I think everybody realizes it is inevitable," he said. "One of the frustrations the Legislature may have is we don't see things happening as fast as they should be. It just takes forever."

A February telephone survey conducted by the State Data Center in Fargo indicates North Dakotans may be opening up to the idea of more consolidation. In the random survey of 504 households, 63 percent of respondents said counties can combine services without losing quality. County services got the best ratings in counties with more than 10,000 people, while those in counties with fewer than 2,600 residents got the worst ratings.

Strommen, the Slope County auditor, said consolidation should not be an issue in a county that enjoys relatively low taxes.

"Right now we're in pretty good financial shape," he said. "If and when that time comes where we're running short of money and we have to go to the people and ask for a mill levy increase, they will have to make a choice."

Ken Eraas, North Dakota State University's Extension Service agent for Slope County, said money should not be the only consideration.

"You lose a level of service every time that you make something bigger," he said. "There's that little extra personal attention that makes that service better."

Survey: Many in N.D. suppo[illegible] consolidation of county services

By Mikkel Pates
The Forum

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This is telling decision-makers we have an excellent window of opportunity to make some important changes. I think there's a mood out there to take action.

Richard Rathge
NDSU State Data Center

A new survey by North Dakota State University shows widespread dissatisfaction with county services.

A majority of people in the survey said some services could be shared, county-to-county or county-to-city, without losing quality. Of those, the vast majority would like to see such combinations.

"This is telling decision-makers we have an excellent window of opportunity to make some important changes," said Richard Rathge, director of NDSU's State Data Center. "I think there's a mood out there to take action. That action is to somehow change the way we're delivering services."

The study was commissioned by the North Dakota Legislative Council and the North Dakota Association of Counties. It's a starting point in deciding whether and how county services can be delivered as populations decline.

About 600 people were surveyed by telephone in April. The survey is random, but is stratified to include proportions from all counties.

"People seem to recognize that the population density in North Dakota is such that we have to do something differently," Rathge said.

Dissatisfaction

Fewer than 10 percent of those surveyed gave their current county services a good to excellent rating.

Conversely, 55 percent rated the quality of services at below average to poor.

Also, 68 percent of respondents say the quality of their services has been roughly the same for the past five years. "One could conclude they've been dissatisfied for the past five years, at least," Rathge said.

Respondents rated satisfaction on an array of 10 services, from social services for the elderly and disabled, to court administration.

"The least amount of dissatisfaction was for road construction and maintenance, followed by property tax administration," Rathge said.

"To me, that's surprising because one of the common complaints we hear about is roads." Even then, satisfaction was only tepid.

"The lowest satisfaction was property ownership recordkeeping – the auditor's office," Rathge said. "Usually you hear the least complaints about that."

Affordability

Most people surveyed felt they are spending about the right amount of money for the services right now. But 63 percent said if those services become too expensive they could combine services with other counties or cities – without losing quality.

The results aren't homogeneous.

In "urban" counties of 10,000 or more, 68.7 percent said yes, services could be combined without compromising quality; 21.2 percent said no and 10.2 said they didn't know.

In the most rural counties (the seven counties with 2,500 or fewer residents), 42.6 percent said yes, services could be combined and quality maintained, while 51.5 percent said no and 5.9 percent said they didn't know.

"One thing that was surprising to me was that of the 63 percent statewide who said yes, you could combine services without losing quality, 88 percent said they were in favor of doing just that," Rathge said.

Residents in the most urban counties favored combining services between counties and cities. Predictably, residents in the most rural counties saw possibilities in county-to-county partnerships.

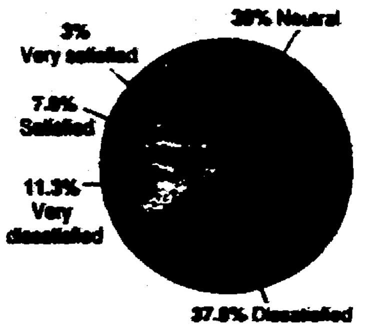
"Individuals in the most rural areas recognize there's likely to be so[illegible] drop in quality of services [illegible] combine services," Rathge said. "However, they recognize that we're in a position of having to consider that because services are becoming fairly expensive."

Rathge said the survey indicates a need for a dialogue. The decisions must be from the ground-level up, and there will be different impacts with different services.

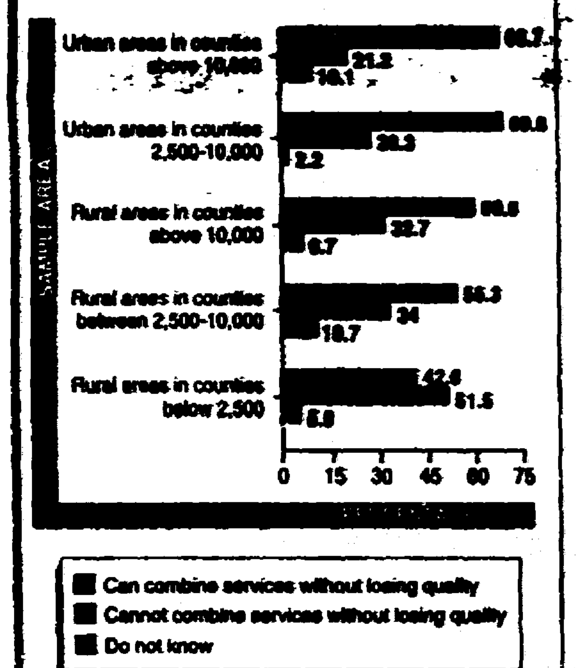
"If the Legislature says, all right, we're going to consolidate counties across the state, I think that won't be embraced by the public," Rathge said.

A new survey s[illegible]ws a majority of N[illegible]h Dakotans don't like the quality of their county services and would be open to consolidating county and town services.

Satisfaction with current structure of county government

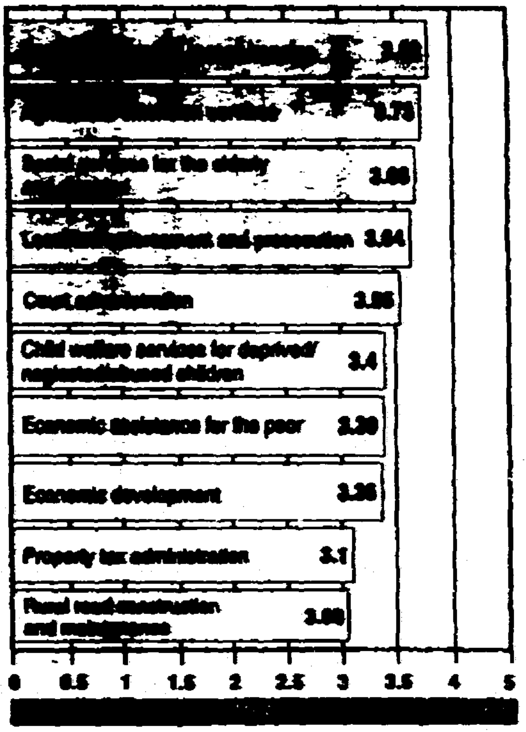


Ability to combine county services with other counties or cities without losing quality



Quality of specific county services

Dissatisfaction is highest with county property record-keeping, and lowest in road construction and maintenance.



[illegible] / The Forum

Our county governments are on a roll

Lloyd Omdahl

After a century of languishing under archaic laws and political fiefdoms, county governments have been blossoming with change since 1993. During the decade of 1993-2003, North Dakota county governments will have reduced the number of elected and appointed officials managing county functions from 354 to 246.

According to a recent survey conducted by the North Dakota Association of Counties, 22 counties have either combined or changed the selection status of county officials. Because each county has a unique configuration of offices, the reorganization changes have also been unique. Auditors, treasurers, clerks of court, tax directors and superintendents of schools are the offices most commonly involved in new combinations that best fit each individual county.

A variety of reasons explains this organizational awakening of county governments.

Very significant has been a change in the attitude of the Legislature. Since statehood, legislators enjoyed dictating every detail of county government, from the powers to the structure to the salaries. But, by the 1950s and 1960s, legislators started to realize that they couldn't run every county courthouse from Bismarck. One-size law didn't fit all, so they started to liberate county governments.

First came passage of a model intergovernmental-relations act in the 1950s and 1960s that authorized all local governments to share and exercise powers. Not much happened. Then, in the mid-1980s, the Legislature proposed a constitutional amendment to remove the specific county offices from the constitution. The people approved it. Also in the '80s, home rule was granted to counties.

Next, in the early 1990s, the "tool chest" law was passed, renewing and expanding the authority for local governments to design and redesign their own governments.

All local governments now have great latitude in reorganizing and sharing with other governments. The ball is clearly in their court.

Another important reason for this decade of change can be found in the number and content of county officials' meetings.

The new legislation has been the topic of many panel discussions at Association of Counties meetings at which the pioneers of reorganization have talked about their experiences. In addition, the association has greatly accelerated its education program, especially in the use of technology. This heightened level of communication among county officials has spurred interest in reorganization.

While county policymakers became more receptive to organizational change, the public became more supportive.

Assocation of Counties Executive Director Mark Johnson noted that very little public opposition was expressed at the public hearings required before the status of county officials could be changed.

Johnson is cautious about using cost savings as a major argument for reorganization. Reorganization will avoid increasing costs in the future, even though immediate savings may be more difficult to claim. At the same time, Ward County Auditor-Treasurer David Senger says the combination of his two offices did result in immediate savings of $40,000, with more to come.

Senger said the combination of auditor and treasurer was a natural for immediate savings, because the workloads of the two offices occurred at different times of the year. With the offices combined, personnel are more fully occupied year around.

Senger believes that the 1993-2003 decade of change is being driven to some extent by cost and declining population. These two factors tell many counties that they can't afford — nor do they need — the old complement of elected and appointed officials. It boils down to tighter budgets and fewer clients.

As the number of counties involved in reorganization increases, a snowball effect will be taking shape. As one county leader put it, fear is being replaced by knowledge.

It is a safe bet that the decade of 2004-14 will produce twice as many changes as reported in the Association of Counties survey of 1993-2003.

(Lloyd Omdahl is a political scientist and a former North Dakota lieutenant governor. His column appears on Sunday.)

Bis Trib 2/25/01

1/17/03

Counties are doing their own combining

Tribune editorial

Nearly every legislative session, someone introduces a bill to force consolidation of North Dakota's 53 counties. So it is this time, with a plan to boil us down to 33 by 2004.

The idea never gets anyplace, but it does rile a lot of people and provide a diversion from the staples, such as education, of which we will have grown so tired by session's end. So, we shouldn't get too mad at it, even if it addresses no necessity and would be a real disaster in the implementation.

Item: The latest plan would set up elections in which 39 existing county seats would be running for their lives, with 19 survivors. Bring your hazmat suits. It is hard to imagine what the already-depressed regions of rural North Dakota need less than 19 neighbor-against-neighbor brawls, with hard feelings lasting a generation.

The charge is that we have too much government, especially in rural areas, where the population is shrinking. But is that really true?

Ten years ago, in the "tool chest" package of legislation, the Legislature gave the subdivisions, including counties, the ability to share services and offices and to otherwise shrink themselves. The counties have been using it. Since 1993, they have reduced the number of elected officials from 349 to 240, says Mark Johnson, director of the state Association of Counties.

That's a reduction of nearly one-third. There are only 39 "pure" auditors, anymore, says Johnson; the others, as in Burleigh, have been combined with some other officer, such as treasurer or tax director. Bowman and Slope counties are sharing a state's attorney, and Burleigh and Morton counties a county superintendent of schools.

It's likewise with some appointive positions. Johnson offers the example of county director of social services, generally a higher-paid, harder-to-fill job. There, counties have combined to reduce the number of positions to 35.

With the tool chest, counties can even go the whole hog and merge entirely. So, they don't need the state to do it for them. That nobody has explored this option tells us that the cost of county government must not be too burdensome — not yet.

Nor do the counties, as such, represent a financial burden on the state. The sales- and gas-tax dollars they get back from the state are population-driven and would be coming in the appropriate amounts no matter how the borders are drawn. State human-services dollars are much the same.

North Dakotans have demonstrated repeatedly that they like their government close to home, with lots of elected officials. As long as they're willing to pay for it — mostly out of their property taxes — it should be nothing to the state.

Counties are the local arm of the state, and the state has the right to reach in and rearrange things, if it wants. But it has no compelling reason to do so — and several reasons not to.

Attachment G

Selected Sections

North Dakota State Constitution

CONSTITUTION OF NORTH DAKOTA

ARTICLE VII
POLITICAL SUBDIVISIONS

Sec. 4. [County seat].

The legislative assembly shall provide by law for relocating county seats within counties, but it shall have no power to remove the county seat of any county.

Sec. 5. [Annexation, merger, consolidation, reclassification, or dissolution of counties].

Methods and standards by which all or any portion of a county or counties may be annexed, merged, consolidated, reclassified, or dissolved shall be as provided by law. No portion of any county or counties shall be annexed, merged, consolidated, or dissolved unless a majority of the electors of each affected county voting on the question so approve.

Sec. 8. [County services and functions - Term of elective offices].

Each county shall provide for law enforcement, administrative and fiscal services, recording and registration services, educational services, and any other governmental services or functions as may be provided by law. Any elective office provided for by the counties shall be for a term of four years. Elective officers shall be elected by the electors in the jurisdiction in which the elected officer is to serve. A candidate for election for sheriff must be a resident in the jurisdiction in which the candidate is to serve at the time of the election. The office of sheriff shall be elected. The legislative assembly may provide by law for the election of any county elective officer, other than the sheriff, to serve one or more counties provided the affected counties agree to the arrangement and any candidate elected to the office is a qualified elector of one of the affected counties.