

consolidation of
public services

Consolidation Of Public Services In Hampton Roads: Would We Save Money And Enhance The Service We Receive?

I refuse to join any club that would have me as a member.

— Groucho Marx

Would we save money in Hampton Roads and would we receive better governmental services if the various cities and counties merged their provision of some of those services? This question has been asked many times, most recently in the February 2003 issue of Hampton Roads Monthly. The argument proffered in the article was not only that we might save money and receive better services to boot, but also merger might reduce internecine competition within Hampton Roads and as a result, enable us to adopt more of a regional identity. This, in turn, might enable Hampton Roads to attract major league sports franchises, large conventions and more corporate headquarters.

Few would argue against the proposition that our cities and counties often are at odds with each other on major policy proposals and that this adversely affects the quality of life in the region. The cities have scrapped over transportation, water, economic development and many other issues. This was in evidence in the Hampton Roads Monthly article. **When area leaders were asked their views on consolidation, not one of the county chairs or city mayors supported a regional government. They cited uncertainty over taxes and revenues and the differing tastes and needs of one city relative to another.**

Such views are hardly surprising, since the consolidation of cities is quite rare. Epple and Romer, in a 1989 Journal of Urban Economics article, concluded that 98 percent of all boundary changes in the 1970s were by cities and counties annexing otherwise unincorporated land that did not involve the merger of existing cities. Hence, though some might disagree, we take it as a given that a merger of the cities and counties in Hampton Roads into a single governmental unit is politically impossible. Therefore, in this chapter, we focus on the issue of whether the consolidation of specific services (police, fire, etc.) might make us better off.

Consolidation of services is an important issue in Virginia because, unlike other states, in our Commonwealth every location resides either within a city or a county, but not both. Hence, we have no overlapping regional elected political bodies that operate as another tier of government above our cities and counties. There are, of course, some agencies that provide services on a regional basis, for example, the Hampton Roads Sanitation District. In this chapter, we explore this fundamental question: Should we have more of this type of cooperative effort, or would it be a waste of time?

In recent years, cooperative regional entities have encountered funding problems. Many Virginia newspapers editorialized that it would be a mistake to reduce funding for the Urban Partnership because it is one of the few institutions that specifically address regional issues, but the General Assembly paid no heed and wiped out that funding earlier this year. The Virginian-Pilot (March 19, 2003) reported that the City of Virginia Beach had discussed cutting its contribution to the Hampton Roads Economic Development Authority (HREDA) because it was uncertain of the benefits it received relative to the costs incurred. The HREDA funding formula requires each city to contribute one dollar per citizen. The Pilot also editorialized (March 23, 2003) that Virginia Beach receives a large share of the benefits from regional employment growth, even if jobs are located in other cities. And, indeed, the 2001 "State of the Region" report demonstrated that Virginia Beach receives more benefit from the Port of Hampton Roads than any other locality, despite the fact that the port's facilities are situated in other cities.

I. ISSUES

Four issues are critical when determining the appropriate level of provision of public services by local governments. First, we must consider the possibility of economies of scale (lower costs per unit may result from a larger output) and economies of scope (it may be proportionately less expensive to offer five services rather than four because a governmental unit already is paying for the necessary infrastructure and personnel). If either economies of scale or economies of scope are present, then consolidation of services will result in lower tax revenue requirements than if these services were provided by each municipality separately.

Second, we must consider the tastes of citizens for diversity in their public services. If residents of Norfolk have a greater demand for cultural activities than their counterparts in Newport News, then Norfolk might subsidize cultural activities more than Newport News. Charles Tiebout, in a now-classic 1956 *Journal of Political Economy* article, coined the catchy phrase, "Vote with your feet," to reflect the reality that citizens may choose their place of residence based upon their taste (or distaste) for particular services.

Third, we must consider the impact of externalities ("spillover effects"). Sometimes, what one city does affects the well-being of residents in another city. Illustrations include the port, the Norfolk Tides, the Virginia Beach oceanfront and NASA in Hampton. What happens at these locations affects the other cities, whether or not the other cities are aware of this, or agree to it. The problem that develops in these situations is that the decisions made by one city may not take into account the effects of those decisions on the citizens of other communities.

Fourth, improvements in the quality of public services may result from specialization. Thus, it may be that Hampton Roads needs only one or two police officers to investigate cyber crimes, as there may be only a few such crimes per city. In theory, if the region's cities and counties joined together, they might be able to afford such specialized police personnel and the result would be improved service.

The question of consolidation of services, then, depends on the relative importance of the above issues. For example, if we consider a city such as Poquoson (population 11,566), plausibly there might be economies of scale associated with the provision of its police services if it were served by a larger, regional police force. On the other hand, if the regional police force did not seem to meet the needs of Poquoson residents because they prefer or require their own local investigative team, then an obvious tradeoff exists – scale economies vs. their diversity in demand. It is tradeoffs such as these that we must consider when weighing the costs and benefits of service consolidation.

In general, the greater the degree of homogeneity between cities and counties, the greater will be the willingness of citizens to accept consolidation of public services across municipal boundaries. The more unlike the communities are, the more interest there will be in diverse, tailored services and there will be less cooperation. How much homogeneity is there among cities and counties in Hampton Roads? Consider Table 1, which presents the population, geographic size, family income, racial composition and percentage of population below poverty for each of the area's cities and counties.

The data indicate significant diversity across Hampton Roads. City and county population varies from almost 425,000 (Virginia Beach) to several under 12,000 (Franklin, Poquoson, Surry, Williamsburg). The region has densely populated cities (Hampton, Newport News, Norfolk, Portsmouth) and rural counties (Southampton). In some localities, per capita family income is well above national averages (York and Poquoson), while in others per capita income lags behind (Franklin and Norfolk). The income differences are echoed in the poverty statistics. Racial diversity is prevalent in some areas, with whites being the minority in Portsmouth, while in other areas racial diversity is hardly present at all (Poquoson). Thus, **the cities and counties within Hampton Roads are hardly identical and this diversity is a factor that militates against the consolidation of services.**

**TABLE 1
DEMOGRAPHIC DATA**

| City/County | Population | Sq. Miles | Population Density | Median Family Income | Percent White/Black | Percent Below Poverty |
|----------------|----------------|------------|--------------------|----------------------|---------------------|-----------------------|
| Chesapeake | 199,184 | 340 | 586 | \$56,302 | 67/31 | 7.3 |
| Franklin | 8,346 | 8 | 1,043 | 40,299 | 46/54 | 19.8 |
| Hampton | 146,437 | 52 | 2,816 | 46,110 | 54/43 | 11.3 |
| Newport News | 180,150 | 68 | 2,649 | 42,520 | 59/37 | 13.8 |
| Norfolk | 234,403 | 54 | 4,341 | 36,891 | 53/43 | 19.4 |
| Poquoson | 11,566 | 16 | 723 | 65,460 | 97/1 | 4.5 |
| Portsmouth | 100,565 | 33 | 3,047 | 39,577 | 47/52 | 16 |
| Suffolk | 63,677 | 400 | 159 | 47,342 | 50/49 | 13.2 |
| Virginia Beach | 425,257 | 248 | 1,715 | 53,242 | 77/16 | 6.5 |
| Williamsburg | 11,998 | 9 | 1,333 | 52,358 | 78/19 | 18.3 |
| Gloucester | 34,700 | 225 | 154 | 51,426 | 86/13 | 7.7 |
| Isle of Wight | 29,728 | 316 | 94 | 52,597 | 64/35 | 8.3 |
| James City | 48,102 | 153 | 314 | 66,171 | 78/20 | 6.4 |
| Southampton | 17,482 | 600 | 29 | 41,324 | 49/50 | 14.6 |
| Surry | 6,829 | 279 | 24 | 41,234 | 40/60 | 14.3 |
| York | 56,267 | 106 | 530 | 64,892 | 79/18 | 3.5 |

Source: Hampton Roads Planning District Commission, www.hrpd.org

III. A LOOK AT EMPIRICAL EVIDENCE

In this section we consider in turn each of the major spending categories of the cities and counties in Hampton Roads and then discuss their potential for consolidation. Of course, in order to talk about the merger of services, one has to define what is being served or produced. One of the most difficult issues surrounding the investigation of governmental services is how the output of services is measured. For example, should we measure police output by the number of crimes investigated, the number of crimes cleared or solved, or the number of crimes prevented? Is educational output best measured by success rates on a standardized examination, dropout rates, graduation rates or something else?

TABLE 2
SPENDING PER CAPITA FOR PUBLIC SERVICES IN HAMPTON ROADS

| City/ County | Law Enforcement | Fire | Education | Solid Waste | Mental Health | Library |
|----------------|-----------------|---------------|-----------------|--------------|---------------|--------------|
| Chesapeake | \$123.26 | \$110.17 | \$1,258.06 | \$63.77 | \$46.4 | \$25.64 |
| Franklin | 276.86 | 95.99 | 1,541.18 | 90.85 | 120.7 | 46.06 |
| Hampton | 138.65 | 88.12 | 1,120.99 | 83.03 | 110.55 | 18.06 |
| Newport News | 159.52 | 114.46 | 1,278.53 | 39.17 | 72.17 | 16.94 |
| Norfolk | 206.95 | 122.40 | 1,175.00 | 58.28 | 62.27 | 23.96 |
| Poquoson | 112.88 | 113.26 | 1,252.67 | 33.30 | 52.05 | 37.54 |
| Portsmouth | 174.48 | 148.40 | 1,212.36 | 80.85 | 87.84 | 16.59 |
| Suffolk | 112.85 | 117.96 | 1,114.59 | 25.62 | 63.90 | 11.46 |
| Virginia Beach | 144.15 | 67.15 | 1,172.51 | 54.12 | 56.47 | 24.42 |
| Williamsburg | 221.39 | 164.28 | 1164.20 | 34.65 | 106.11 | 60.55 |
| Gloucester | 108.02 | 26.23 | 1,192.01 | 1.78 | 81.74 | 11.17 |
| Isle of Wight | 25.63 | 46.87 | 1,157.94 | 39.09 | 83.47 | 19.72 |
| James City | 96.50 | 106.86 | 1,164.20 | 22.29 | 75.46 | 67.52 |
| Southampton | 61.29 | 24.22 | 1,046.32 | 55.65 | 66.92 | 14.21 |
| Surry | 94.52 | 31.75 | 1,978.07 | 63.88 | 214.80 | 26.92 |
| York | 64.11 | 105.03 | 1,215.71 | 63.77 | 54.58 | 27.15 |

Source: "Comparative Report of Local Government for the Fiscal Year Ending June 2001," Auditor of Public Accounts. Note that Williamsburg and James City County have consolidated school districts.

We will rely on per capita spending as the basis for most of the comparisons among municipalities. The advantage of per capita spending is that it takes into account the size of each community and highlights the willingness of each to commit resources to a particular public service.

Table 2 data show per capita spending on selected public services for all the cities and counties of Hampton Roads. The highest spender in each category is in bold. Cities and counties that are above the median in each category are in green and those below the median in each category are in red. Several patterns emerge from the data in Table 2. First, cities spend more per capita than counties for law enforcement and fire services. This is not surprising given the greater population density in cities. Second, the largest cities do not make the highest per capita expenditures in any category. This suggests some economies of scale may be present in some services. Third, education is the largest spending category for each city, usually followed by law enforcement. The analysis that follows discusses these and other public services in detail.

LAW ENFORCEMENT

Miles Finney, in a 1997 article in *Contemporary Economic Policy*, found that the provision of police services in Los Angeles was subject to increasing unit costs. This suggests that consolidation would increase costs and therefore be inefficient. Another study (Savitch and Associates, 1998) examined the consolidation of police services in Louisville and Jefferson County, Ky., Las Vegas and Jacksonville, Fla., and concluded that per capita costs increased with size. They found evidence that expenditures per officer declined only after a population exceeded 1 million. In Hampton Roads, this would mean that all of the police departments on the Southside would have to be merged before economies of scale would begin.

There are other problems associated with consolidation of police departments. In the early 1970s, Las Vegas and Clark County, Nev., consolidated their departments. Numerous problems resulted, including cultural clashes between officers, differences in long-established policing techniques and funding.

Consider Table 3, which provides specific data on the distribution of crimes across Hampton Roads and the number of police officers.

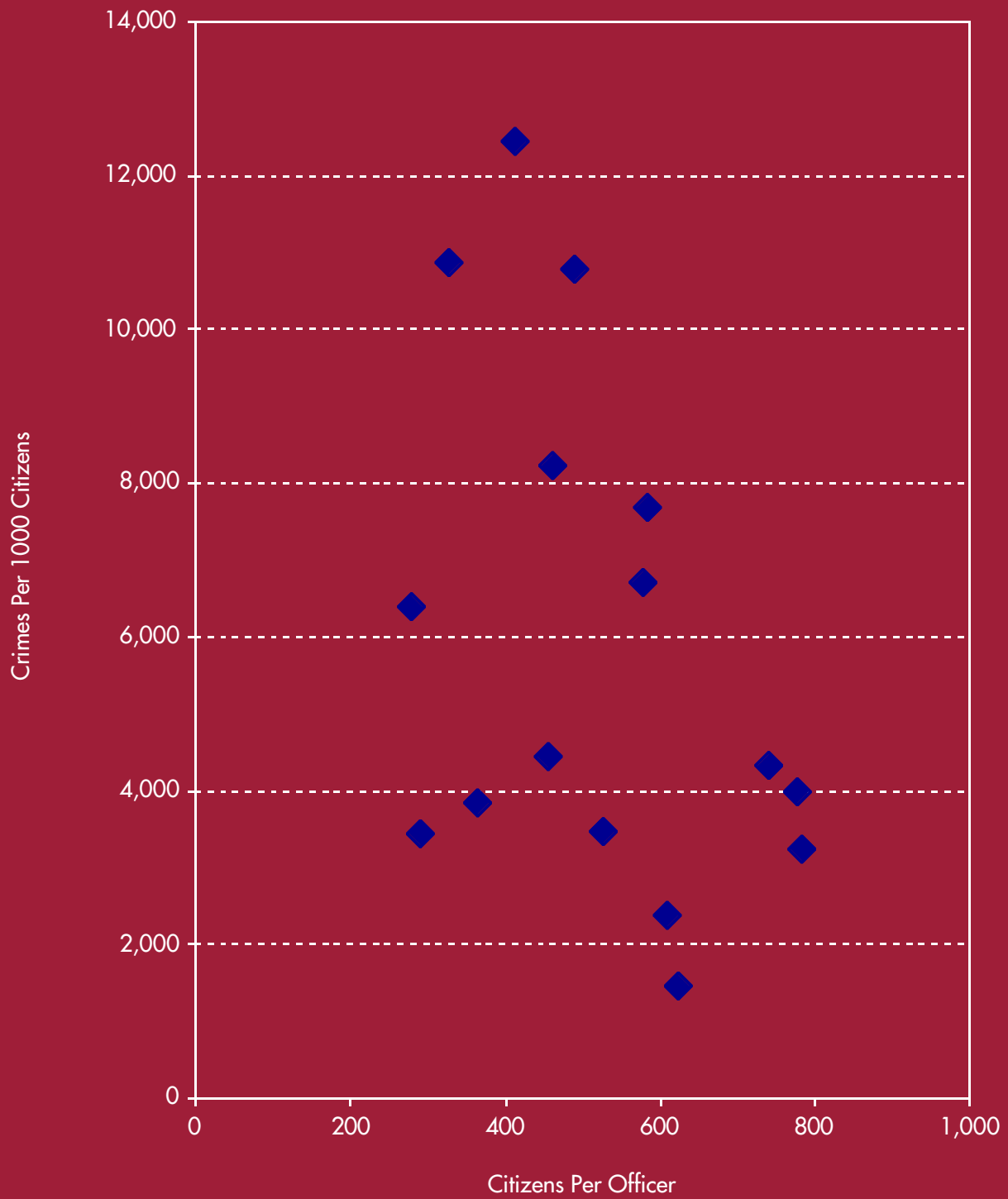
**TABLE 3
POLICE AND CRIME DATA**

| City or County | Sworn Officers | Citizens Per Officer | Incidents Per 1000 Population | Law Enforcement Costs Per Incident |
|----------------|----------------|----------------------|-------------------------------|------------------------------------|
| Chesapeake | 320 | 622.3 | 1468.5 | \$123.26 |
| Franklin | 30 | 278.2 | 6390 | 276.86 |
| Hampton | 253 | 578.7 | 6713.5 | 138.65 |
| Newport News | 369 | 488.3 | 10,794 | 159.52 |
| Norfolk | 716 | 327.3 | 10,881 | 206.95 |
| Poquoson | 19 | 608.6 | 2386.3 | 112.88 |
| Portsmouth | 244 | 412.2 | 12,462 | 174.48 |
| Suffolk | 138 | 461.5 | 8227.5 | 112.85 |
| Virginia Beach | 727 | 584.8 | 7676.1 | 144.15 |
| Williamsburg | 33 | 363.6 | 3850.6 | 221.39 |
| Gloucester | 76 | 456.6 | 4448 | 108.02 |
| Isle of Wight | 38 | 782.5 | 3255.9 | 25.63 |
| James City | 62 | 775.8 | 4006.1 | 96.50 |
| Southampton | 60 | 291.4 | 3456.9 | 61.29 |
| Surry | 13 | 525.2 | 3485.1 | 94.52 |
| York | 76 | 740.2 | 4327.1 | 64.11 |

Source: "Uniform Crime Reports of the United States," 2000, Federal Bureau of Investigation, U.S. Department of Justice, Washington, D.C.

Assume that the number of crimes is used as a measure of police services in Hampton Roads in a given year. In Graph 1, the relationship between the number of crimes and the number of citizens per officer is presented. We can see a weak negative relationship between the two, suggesting only mild economies of scale in the delivery of police services in the region. Hence, **a reasonable inference is that there do not seem to be strong enough economies of scale that would motivate the consolidation of police services in Hampton Roads.**

**GRAPH 1
CRIME DATA**



FIREFIGHTING

While research does not seem to suggest that there are economies of scale in the delivery of police services, there is evidence that economies of scale exist in the delivery of fire services. Brueckner, in the *Journal of Public Economics* (1981), used a sample of 100 municipalities in Midwest states and found that increases in population typically increased fire protection. One reason for this is that fire protection may easily be extended to additional people without seriously diminishing the protection already given to existing residents. Thompson, in the journal *American City and County* (1992), evaluated the consolidation of three metropolitan fire departments near Portland, Ore. She found significant consolidation benefits, including the use of regionalized hazardous material teams, more efficient use of reserve equipment and reduced response times for fires. Thus, there may be efficiency gains from consolidation of fire services.

What about Hampton Roads specifically? Table 4 provides information on the number of fires and the amount spent per fire for each of the region's municipalities.

Interestingly, the costs per fire are low for the smaller municipalities, but also relatively low in the region's largest city, Virginia Beach. Therefore, local data do not permit us to draw any conclusions with regard to economies of scale.

**TABLE 4
THE COST OF FIGHTING FIRES**

| City/County | Number of Fires | Fire Expenditures Per Capita | Total Fire Costs | Cost Per Fire |
|----------------|-----------------|---------------------------------|------------------|---------------|
| Chesapeake | 9,932 | \$110.17 | \$21,944,101 | \$2,209.43 |
| Franklin | 932 | 95.99 | 801,132.5 | 859.58 |
| Hampton | 7,603 | 88.12 | 12,904,028 | 1,697.23 |
| Newport News | 6,007 | 114.46 | 20,619,969 | 3,432.66 |
| Norfolk | 14,657 | 122.40 | 28,690,927 | 1,957.49 |
| Poquoson | 520 | 113.26 | 1,309,965 | 2,519.16 |
| Portsmouth | 717* | 148.40 | 14,923,846 | 20,814.29 |
| Suffolk | 3,551 | 117.96 | 7,511,339 | 2,115.27 |
| Virginia Beach | 21,462 | 67.15 | 28,556,008 | 1,330.59 |
| Williamsburg | 2,626 | 164.28 | 1,971,031 | 750.58 |
| Gloucester | 500 | 26.23 | 910,181 | 1,820.36 |
| Isle of Wight | 1,186* | 46.87 | 1,393,351 | 1,174.83 |
| James City | 5,036 | 106.86 | 5,140,180 | 1,020.69 |
| Southampton | NA | 24.22 | 423,414 | NA |
| Surry | NA | 31.75 | 216,820.8 | NA |
| York | 4,691 | 105.03 | 59,09723 | 1,259.8 |

Source: "Monthly Incident Counts, National Fire Incident Reporting System, Year 2000

* Indicates data obtained from calling public officials

EDUCATION

For most communities, spending on public education is their greatest expense. It follows that the potential savings from consolidation could be substantial. Research by Chakraborty, et al., in Contemporary Economic Policy (2000) suggests that there are economies of scale in the provision of education, meaning there may well be efficiency gains from school district consolidation.

Table 5 reports the relationship between the number of students in Hampton Roads school systems and the percentage of students passing the Standards of Learning (SOL). Using a statistical technique known as multiple regression,¹ we find that a 10 percent increase in the number of students increases the percentage of students passing the mathematics examination by 1.6 percent and also generates a 2 percent increase in the success rate on the English examination. Control variables for each of the cities and counties included educational spending per capita, median income and percentage of the population with bachelor's degrees. **These results indicate that in Hampton Roads there are returns to scale in the provision of education.**

**TABLE 5
EDUCATION DATA**

| City/County | Total Education Expenses | Number of Students | Exp. Per Student | English SOL Pass Rate | Math SOL Pass Rate | Education |
|----------------|--------------------------|--------------------|------------------|-----------------------|--------------------|-------------|
| Chesapeake | \$247,837,572 | 47,417 | \$5226.77 | 69.36 | 46.64 | \$ 1,258.06 |
| Franklin | 12,637,703 | 8,442 | 1,497.00 | 71.95 | 39.35 | 1,541.18 |
| Hampton | 152,678,398 | 31,298 | 4,878.22 | 74.73 | 48.81 | 1,120.99 |
| Newport News | 230,007,371 | 43,001 | 5,348.88 | 78.97 | 44.61 | 1,278.53 |
| Norfolk | 265,196,744 | 47,440 | 5,590.15 | 69.40 | 44.04 | 1,175.00 |
| Poquoson | 14,280,383 | 2,605 | 5,481.91 | 84.09 | 55.28 | 1,252.67 |
| Portsmouth | 117,841,750 | 21,208 | 5,556.48 | 59.26 | 14.52 | 1,212.36 |
| Suffolk | 70,776,575 | 15,469 | 4,575.38 | 63.36 | 15.39 | 1,114.59 |
| Virginia Beach | 493,628,650 | 94,268 | 5,236.44 | 78.90 | 54.87 | 1,172.51 |
| Williamsburg | 6,997,534 | 767 | 9,123.25 | 72.50 | 43.83 | 1,164.20 |
| Gloucester | 41,124,322 | 8,179 | 5,028.04 | N/A | N/A | 1,192.01 |
| Isle of Wight | 34,275,156 | 6,130 | 5,591.38 | 75.79 | 38.17 | 1,157.94 |
| James City | 53,669,661 | 9,943 | 5,397.73 | 72.50 | 43.83 | 1,164.20 |
| Southampton | 18,624,441 | 4,347 | 4,284.44 | 65.56 | 21.77 | 1,046.32 |
| Surry | 12,659,630 | 1,342 | 9,433.41 | 72.34 | 14.29 | 1,978.07 |
| York | 69,903,546 | 13,132 | 5,323.15 | 85.04 | 55.12 | 1,215.71 |

Source: "2000 Census of Population and Comparative Report of Local Government for Fiscal Year Ending June 2001," Auditor of Public Accounts. SOL pass rate data are for 1999. James City County and Williamsburg SOL data are the same because of consolidation of education services.

WATER

The availability of water has been one of the most divisive issues in Hampton Roads. This has been especially true for Newport News and Virginia Beach.

The laws of physics dictate that there are likely to exist economies of scale in the transfer and distribution of water ("throughput"). The water throughput of a pipe is strongly related to the circumference of the pipe.² A pipe with a circumference of 16 inches will have four times the throughput of a pipe with a circumference of only eight inches. Thus, water throughput quadruples when the circumference of a pipe (which measures cost) doubles. So, economies of scale exist. **What does this mean for Hampton Roads? It suggests that cooperation in the provision of water should be at the very top of the regional agenda because it makes strong economic sense.**

¹ To obtain a detailed copy of these results, contact James V. Koch at Old Dominion University, jkoch@odu.edu.

² If S represents the area of a circle and C the circumference, then $S = C^2/4\pi$.

GARBAGE

Kinnaman and Fullerton, in a 1999 National Bureau of Economic Research study, examined the collection and disposal of trash. Not a very thrilling subject, one might venture, but nonetheless it is a matter that has important economic and tax implications. They found that increases in population density can decrease the average cost of collecting garbage and that franchise agreements tend to be less expensive than municipal collection. Evidence in Hampton Roads is consistent with these findings. In Southside Hampton Roads, garbage is disposed of at sites operated by the Southeastern Public Service Authority (SPSA). In each Southside municipality, garbage is collected and taken to a disposal site run by SPSA. On the Peninsula, however, municipalities dispose of garbage independently, often via private waste management corporations. The City of Hampton sends some waste to NASA Langley Research Center for burning in order to create steam energy.

What difference do these two methods make in terms of cost? The data presented in Table 2 indicate that the average per capita spending on solid waste disposal is \$63.45 in Southside Hampton Roads and \$46.03 (even after excluding the very low figure for Gloucester) on the Peninsula. Of course, this type of comparison must be used with caution because of differing conditions north and south of the James River. Nonetheless, these results are consistent with national data, at least concerning franchising of waste collection.

In addition, the recycling of paper and glass may allow communities to reap economies of scope in the collection of refuse. However, the Kinnaman and Fullerton study found that the economic costs of curbside recycling often exceed the economic benefits. This is relevant because Virginia Beach has left the SPSA recycling system and Portsmouth has considered ending curbside recycling. **Recycling obviously is attractive from an environmental standpoint, but does not necessarily make economic sense.**

TRANSPORTATION

What about the potential consolidation of transportation services and public transit? Public transit has been consolidated in Southside Hampton Roads since the inception of Tidewater Regional Transit (TRT) in 1955. North of the James River, Peninsula Transit (Pentran) has maintained a consolidated service since 1971. In 1999 Pentran merged with TRT to form Hampton Roads Transit (HRT). A 1992 study by Talley and Colburn found that there were economies of scale in the provision of TRT services, though no economies of scope in the provision of add-on services such as dial-a-ride.

The merger and the creation of a major transfer station in the Wards Corner section of Norfolk have made it easier to travel from one side of Hampton Roads to the other. And, while it is too early to identify any significant cost savings from the TRT-Pentran merger, cost-saving possibilities include the sharing of equipment and emergency services. Further, individual commuters may save money and reduce their travel times.

A frequently proposed solution to the transportation problems in Hampton Roads is some version of light rail. A 1978 study by Schroeder and Sjoquist not surprisingly found that support for a rapid rail transit system increases when large numbers of employees work in a central business district. Of course, **in Hampton Roads, there is no central city, a fact that reduces the potential impact of light rail. However, highway congestion throughout the region is likely to make light rail a topic of continuing interest.**

LIBRARIES

The data in Table 2 also reveal significant differences in spending for library services across Hampton Roads. Because libraries serve many different functions, regional cooperation would seem to make sense in some areas. For example, it would seem logical to have one storehouse for academic journals and other specialized material so that multiple copies would not have to be purchased. On the other hand, there is likely a need for multiple copies of the latest best-selling novels at each library branch.

In Hampton Roads today, there is some local coordination for selected library services. One may obtain a library card for a city one does not reside in and there is substantial exchange of materials between libraries. However, currently there is not a single searchable database for the holdings of all public libraries in the region – as there is in Maryland with its *Maryland*

Share system. That's unfortunate, because there are "network" economies of scale associated with searches for library materials, just as there are network economies of scale associated with listing an item for sale on a huge network such as e-Bay.

Within the region, James City County spends the most per capita on libraries, and the City of Suffolk and Gloucester County spend the least. It might be expected that communities that spend more on education would also spend more on libraries, but the data do not support that speculation.

The Virtual Library of Virginia (VIVA) is an organization composed of 39 public and 30 nonprofit colleges and universities in Virginia. It coordinates the purchase of electronic journals and databases in order to achieve cost savings from the elimination of duplicate purchases and savings from large purchases. Its member institutions are able to improve their quality by accessing databases that they otherwise could not afford. VIVA estimates the combined savings from its efforts approximated \$5.5 million in 1997 and that the value added in terms of new material approximated \$11.4 million in the same year. Perry Library at Old Dominion University estimates that its participation in the VIVA system saved the university \$375,000 on a base expenditure for journals of about \$1.4 million in 2002. Here is why this is important to our considerations. **If a VIVA-type operation were used in Hampton Roads and similar savings resulted, then the cities and counties would save \$1.6 million.** Even if this estimate is inaccurate by 50 percent, there would still be substantial cost savings from consolidating elements of library services.

MENTAL HEALTH DELIVERY

Community service boards (CSBs) provide a variety of public mental health and substance abuse services. Some CSBs are consolidated while others are not. Table 6 describes the structure of CSBs in Hampton Roads.

**TABLE 6
SPENDING ON MENTAL HEALTH CARE**

| Community Service Board | Consolidated Yes/No | Cities Covered | Per Capita Spending on Mental Health |
|-------------------------|---------------------|---|--------------------------------------|
| Chesapeake | No | Chesapeake | \$46.40 |
| Colonial | Yes | James City, York, Williamsburg, Poquoson | \$67.03 |
| Hampton – Newport News | Yes | Hampton, Newport News | \$89.38 |
| Norfolk | No | Norfolk | \$62.27 |
| Portsmouth | No | Portsmouth | \$87.84 |
| Virginia Beach | No | Virginia Beach | \$56.47 |
| Western Tidewater | Yes | Isle of Wight, Southampton, Franklin, Suffolk | \$98.19 |

Sources: "Comparative Report of Local Government for Fiscal Year Ending June 2001," Community Service Board home pages

More than half of the municipalities in Hampton Roads have joined other cities or counties to deliver their mental health services. The final column of Table 6 reports the average per capita spending of each community service board on mental health services. The consolidated communities spend \$84.87 per capita on mental health while the non-consolidated communities spend \$63.25. On the face of it, this would appear to tell us that consolidation is not cost-effective, though in the case of the smaller communities, costs per capita might have been even higher were they not consolidated. Further, it's not clear whether all of the areas are supplying the same services. **It does appear, however, that the consolidation of mental health services is suspect in terms of its economic benefits.**

III. CONCLUSIONS

Our conclusions are summarized in Table 7. Regardless of the politics involved, it appears there are distinct cost and efficiency gains to be had from the regional consolidation of four services on a regional basis – education, water distribution, transportation and libraries. The evidence is mixed with respect to firefighting. The evidence discourages consolidation in three areas – law enforcement, garbage collection and mental health delivery.

Ultimately, actions speak louder than words where regionalism is concerned. Elected officials and city managers often say kind things about regionalism in public forums, but then undercut or “poor-mouth” efforts in that direction when push comes to shove in their own cities or counties. Nonetheless, **if our leaders are interested in actual financial savings, the evidence in Table 7 should provide them with a firm basis for exploring several consolidation efforts. Consolidation of selected services (such as libraries or water distribution) does not imply regional government or some type of super-regional city council. It does imply increased efficiency and financial savings.** Elected officials and city managers must use their “bully pulpits” to educate their citizens about these possibilities.

**TABLE 7
SUMMARY OF EVIDENCE CONCERNING CONSOLIDATION AND LOCAL EFFICIENCY GAINS**

| Service | Potential Local Gains from Consolidation? | Issues |
|------------------------|--|---|
| Law Enforcement | No | Efficiency vs. diversity, consolidation does not reduce costs |
| Fire | Mixed | Less duplication of resources |
| Education | Yes | Efficiency gains, improvement in SOL scores |
| Water Distribution | Yes | Natural monopoly, cooperation reduces duplication |
| Garbage Collection | No | Peninsula less expensive per person |
| Transportation | Yes | Evidence of economies of scope and scale |
| Libraries | Yes | Shared resources |
| Mental Health Delivery | No | Economies of scale due to specialization |

