

ARTICLE 10

Interlocal Cooperation, Regional Organizations, and City-County Consolidation

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GOVERNMENT OFFICIALS FREQUENTLY discover that some facilities and services can be operated more efficiently or provided through collaboration among two or more local governments. North Carolina counties and cities have entered into a wide variety of agreements establishing such collaborations. The number and success of joint efforts have led to continuing interest in the consolidation of governments themselves, especially cities with counties, but no city-county consolidations have yet occurred in North Carolina.

Interlocal Cooperation

Cooperation among local governments has become common in recent years. As urbanization has spilled beyond city limits, cities and counties have found it useful to cooperate in providing urban services to unincorporated neighborhoods. The cooperation might take the form of county contributions to city services, city provision of services to unincorporated areas through contracts with the county, or jointly financed and operated services. In addition, cities and counties have sometimes found advantage in merging parallel agencies in order to have only one government providing

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a particular service or activity countywide. Also, counties have continued to cooperate among themselves in providing services more traditional to county government, while cities have continued to cooperate among themselves in providing urban services.

Cooperation offers several advantages.

1. It may be the most efficient and least expensive way of providing a new service. As a county or a small town begins to provide fire inspection services, for example, a contract with an ongoing city inspection department can make the services of experienced inspectors available immediately, with no administrative overhead. Similarly, a town may not need or be able to afford full-time specialized services such as the more sophisticated types of police activities. However, if such services are jointly sponsored by a county and one or more cities, by two or more cities, or by two adjacent counties, such services may be financially feasible and fully used by all parties.
2. Cooperation also allows governments to achieve economies of scale, lowering the per-unit cost of a service and perhaps providing it at a higher level. Good examples include a district (multicounty) health department and a city-county utility operation.
3. Cooperation permits a more effective response to problems that refuse to respect government boundaries. For example, air pollution may drift from one county to another and require a regional problem-solving approach.
4. By cooperating, two units of government may coordinate functions that each has been carrying on independently. Such coordination may be needed, for instance, to provide water and sewer services in areas just beyond city limits. There, counties must often work with cities to establish policies on extensions, supplies, costs, and the like.
5. Cooperation permits local governments to adjust inequitable situations concerning payment for and use of services. For example, cities often provide recreation programs used by people from throughout the county, so many counties contribute funds to these city-sponsored programs.
6. Cooperation is flexible. It can usually begin by simple action of the governing boards involved. A local government may engage in several cooperative ventures, each differing from the others in scope, administrative structure, and financial support. While a cooperative relationship established for one service may provide a model for another, it in no way establishes a mold that must be followed.

Types of Cooperation

Cooperation between local governments may assume a variety of forms. The most frequently used categories are contributions, mutual aid contracts, transfer of functions, service contracts, joint agreements, and new units of government.

Contributions

Occasionally one local government will provide a program that benefits the property or citizens of another government but without direct financial support from these beneficiaries. In this case the government that benefits might contribute funds to the government that provides the program. County financial support for a city recreation program is such a contribution.

Mutual Aid Contracts

Mutual aid contracts involve two or more governments agreeing to come to each other's aid (if possible) in police or fire emergencies or natural disasters.

Transfer of Functions

Sometimes a county and a city, each authorized to perform a particular function, will agree that one of them should assume total responsibility for the activity. Such transfers of responsibility have frequently occurred with counties assuming responsibility for libraries, hospitals, and, most recently, solid waste disposal; less frequently a city might assume countywide responsibility for a particular service or administrative function.

Service Contracts

The category of service contracts includes all agreements in which one government contracts with another to provide a service, either an administrative service to the receiving government itself or a service provided directly to the citizens of that government. A county might contract to collect the taxes of or provide data-processing for a city; or a city might contract to treat the sewage of a county-owned collection system.

Joint Agreements

The line between joint agreements and service contracts is often a thin one. In theory, a joint agreement involves two or more government units exercising jointly a power that each could exercise individually. Thus two towns might employ a joint manager, or a city and a county might organize a joint planning or inspections department. City-county planning boards fit this category, as do councils of governments and other regional councils.

New Units of Government

On occasion, two or more local governments may cooperatively create a new political subdivision to provide service to the citizens of each cooperating government. This form of cooperation is not often found in North Carolina, but examples include some airport authorities, water and sewer authorities, metropolitan water or sewerage districts, regional solid waste management authorities, and regional transportation agencies.

Authority for Cooperation

The General Assembly, through a series of statutes, has provided ample authority for intergovernmental cooperation among local governments. The appendix at the end of this article sets out the principal statutes authorizing local governments to cooperate among themselves.

Provisions of Interlocal Agreements

Some types of cooperative arrangements are quite simple. When one government contributes to an ongoing program of another, the contributing government typically does not concern itself with the administration of the program; it simply includes an appropriation in its budget ordinance. The amount of the appropriation may have been negotiated, but the negotiations probably will not extend to other subjects. The same disinterest in program administration will probably exist when functions are transferred. Once the transfer is made, the function becomes the sole responsibility of the recipient government.

Other arrangements, however, become more complex, and negotiations may be difficult. Questions may arise concerning financing, operations, administration, property, and many other matters. This article cannot suggest correct solutions, because the needs, administrative structures, traditions, and services involved all differ. Nor can it even suggest all the questions that need to be asked. But it can point out the most common decisions that negotiating governments might face (see Table 10-1). Perhaps this partial list will suggest other questions more particular to a specific situation.

Regional Organizations

The conditions that have given rise to cooperative relationships between local governments have also prompted the creation of substate regional organizations. The development of highway systems, the operation of water and sewer facilities, the protection of air quality, and the regulation of land use are examples of activities that when undertaken by one unit will affect people and property in neighboring units. Sometimes, as noted in the preceding section, these common interests may be recognized and managed by cooperative relationships. At other times, however, the administration of some joint interests may be accomplished most effectively by creating a joint, regional agency.

Impetus for Regional Organization

By 1960 an increasing number of federal agencies required some form of regional planning and the creation of multicounty organizations to administer categorical programs under their jurisdictions. State agencies, of course, have a long history of dividing the state into administrative regions. In 1961 the General Assembly authorized the creation of regional planning commissions (G.S. 153A-391, -400) and economic development commissions (G.S. 158-8, -15) by general law. These actions built on the successful experience with regional planning and economic development organizations that had been established in previous years by local legislation. Today's most frequently used form of regional organization, the regional council of governments, was authorized by legislation in 1971 (G.S. 160A-470, -484).

The big push for multicounty regional organizations, however, came from the federal government after Congress enacted the Intergovernmental Cooperation Act of 1968. This act encouraged states to establish a uniform system of areawide planning and development districts. Regional review of local grant and program proposals, as required by Circular A-95 of the Office of Management and Budget, became a standard procedure. In 1969 the General Assembly directed the Department of Administration to cooperate with "the counties, the cities and towns,

Table 10-1. Common Decisions Facing Negotiating Governments

Administrative	Should the units jointly supervise the function, or should one simply contract with the other to supervise it for both?
Finances	Are user charges to be levied? Should the agreement establish the schedule of charges? Should the agreement establish the basis of charges? How should charges be modified? Should charges be the province of the operating government alone? On what basis are costs to be divided? What should be included as costs attributable to the activity? What will be the timing and the manner of payment between governments? What budgeting procedures should be established? Are special assessments to be used? On what basis? In capital projects, who will make expenditure decisions?
Operations	What will be the territorial scope of activity? What performance levels will be expected? Can they be modified? How? In capital projects, will the parties mandate specific features? On facilities, what limitations or priorities on use will be necessary?
Personnel	How are personnel to be selected? Whose employees will they be? Should there be special provisions in regard to position classification, pay plan, fringe benefits, etc.?
Property	How will decisions to buy real or major personal property be made? How are sites to be selected? How are specifications to be established? How will acquisition be made? Who will own the property? How will property be disposed of?
Miscellaneous	What reports will be required? What records must be retained? What rights of inspection should be allowed? How will potential tort liabilities be paid?
Joint agencies	How will joint agencies be structured? What will the size of the coordinating body be? What will the terms of members be? Who will appoint them? How often will the body meet? What powers and duties will be conferred on/delegated to the body? What provisions should be made for budgeting? What reports and records will be required?
Duration	How long will the cooperative activity continue?
Termination and renewal	What should be the provisions for renewal and termination?

the federal government, multi-state commissions and private agencies and organizations to develop a system of multi-county, regional planning districts to cover the entire State" [G.S. 143-341(6)(i)]. This charge was part of the department's broader role in undertaking and supporting state and regional planning and development.

Lead Regional Organizations

In May 1970, Governor Robert Scott designated seventeen multicounty regions by executive order. There have been some boundary adjustments since that time, but the state continues to be divided into seventeen regions. Following the designation of the multicounty regions, many state agencies took action to align their regional administrative organization with the new regional designations. Cities and counties in the regions also moved to create a new

regional organization or to reshape an existing one to fit the new pattern. In 1971 the state announced a policy of designating a single organization in each region as the *lead regional organization* (LRO). This organization is open to all cities and counties in the region and is the organization through which many state and federal programs are channeled. In 2005 four of these LROs were planning and economic development commissions, and thirteen were councils of governments.

The governing bodies of the LROs comprise representatives from the member governments. Most counties and municipalities are members. According to the website of the North Carolina Association of Regional Councils,¹ in 2005 all 100 counties were members of regional councils as were about 435 of the state's cities and towns.

Because the LROs may not levy taxes, they must depend on membership dues, earnings from technical assistance, and grants from other governments for their financial support. Traditionally most support has come from federal sources, with state grants, membership dues, and revenues from local projects and miscellaneous revenues accounting for the remainder.

Programs and activities of the LROs vary. All engage in economic planning and development, provide intergovernmental review, serve as a data center for the region, administer programs for the aging in cooperation with state and federal agencies, and advise and assist counties in providing emergency medical services. Most participate in administering community development block grants and the Job Training Partnership Act, and provide technical assistance in local solid waste and land use planning, housing, and programs to enhance water quality. For a number of LROs, transportation services, regional transportation planning, management consulting, and land and water conservation are significant activities. In short, although the LROs focus principally on planning and coordinating activities and technical assistance in the areas within which they work, they are also available to carry out almost any function or activity that their members may wish.

City-County Consolidation

City-county consolidation is the merger of a county government with one or more city governments. As a general rule, the city government is abolished, and the county government is legally transformed into one that has all the powers and functions previously held by both governments. Authority for counties and cities to create special commissions to study consolidation and other forms of cooperative action, including the drafting of a charter for a consolidated government, is found in Article 20 of G.S. Chapter 153A.

The History of City-County Consolidation

City-county consolidation has a long history in the United States. New Orleans City and Parish were consolidated in 1813; Boston and Suffolk County in 1821; and Philadelphia City and County in 1854.

In North Carolina, interest in city-county consolidation also has a long history, beginning with a 1927 plan (never submitted to the voters) to consolidate the City of Charlotte and Mecklenburg County. Since that time, consolidation plans have been placed before the electorate four times in Wilmington and New Hanover County, twice in Durham and Durham County, and once each in Charlotte and Mecklenburg County and Asheville and Buncombe County. All the plans were rejected, but the margins of defeat have decreased in the places that have had more than one consolidation attempt. The results of the eight referenda on consolidation are shown in Table 10-2.

In every case, voters inside the city proposed for consolidation were more favorable toward the merger than those outside the city but inside the county. However, only in the three most recent votes—Wilmington and New Hanover County in 1987 and 1995, and Asheville and Buncombe County in 1982—have a majority of the voters inside the city involved favored merger.

Other moves toward city-county consolidation in the four counties mentioned earlier have been made in the past sixty years, but they all stopped short of the referendum. There were efforts in Charlotte-Mecklenburg and in Durham in the 1990s that led to proposed charters, but the governing boards decided not to submit those charters to the county's voters. Interest in consolidation, as evidenced by the creation of study groups, has also been present in recent years in a number of other cities and counties, including Brevard and Transylvania County, Fayetteville and Cumberland County, Roxboro and Person County, Sanford and Lee County, and Elizabeth City and Pasquotank County.

1. www.ncregions.org.

Table 10-2. *Results of City-County Consolidation Referenda in North Carolina*

Governmental Units Involved	Date of Referendum	Votes	Percentage
		For / Against	For / Against
Wilmington and New Hanover County	March 28, 1933	1,189 / 4,128	22 / 78
	February 27, 1973	4,040 / 11,722	26 / 74
	October 6, 1987	7,051 / 10,337	41 / 59
	October 10, 1995	11,377 / 15,923	42 / 58
Durham and Durham County	January 28, 1961	4,115 / 14,355	22 / 78
	September 10, 1974	6,198 / 13,124	32 / 68
Charlotte and Mecklenburg County	March 22, 1971	17,313 / 39,464	31 / 69
Asheville and Buncombe County	November 2, 1982	12,642 / 20,883	38 / 62

Source: Official election returns

Advantages and Disadvantages of City-County Consolidation

The people who have supported consolidation have done so on the grounds of efficiency. They note that the county is a single social and economic community and argue that it could be better served by one local government than by two. They see better coordination of all government services and improved management of growth flowing from consolidation. Merger would also result in greater equity in taxation, in their view, because it typically involves the use of service districts in which taxation is tied to service levels. Proponents also argue that a single governing board, serving all citizens for all local government purposes, would be more responsive and responsible. Furthermore, they assert, consolidation would eliminate city-county conflicts and the objections to municipal annexation decisions being made by a governing board not responsive to those being annexed.

The opponents of consolidation, for their part, have put forth a host of objections. Citizens outside the central city have feared that merger would, in effect, result in their being “swallowed up” by the “big city.” They note that a merged government would be a larger one and have argued that this would mean a less responsive and less efficient government. The fear of higher taxes, especially among residents outside the city, has usually been a major objection to consolidation.

Most of the plans for consolidation proposed in North Carolina have called for changes in the manner in which the governing board was elected and for the merger of administrative departments and offices. These proposed changes have caused some citizens to fear a loss of political influence or jobs or both. Members of rural fire departments and employees of sheriffs’ offices, for example, have usually opposed consolidation.

Residents of small towns in counties proposed for merger with a central city have usually opposed consolidation, even though their towns would continue to exist after the merger. They have seen the initial consolidation as a first step that might lead eventually to the merger of their towns and a loss of their identity.

The efforts at city-county consolidation have not yet culminated in a merger of any city and county governments in North Carolina. Almost all of them, however, have been a factor in promoting city-county cooperation by the merger of functions or by an increase in the joint use of facilities.

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The author is indebted to the late Warren Jake Wicker, a coauthor of earlier chapters on these topics in the School of Government books *County Government in North Carolina* and *Municipal Government in North Carolina*. This article reflects his contributions.

Appendix 10-1. Statutes Authorizing Cities to Cooperate with Other Local Governments

Function	G.S. Citation
General Powers of Cooperation	
Administrative and governmental powers	160A-460 through -464
Property transactions	160A-274
Buildings	153A-164
Councils of governments	160A-470 through -478
Consolidation study commissions	153A-401 through -405
Elections	
Registration	163-288
Conduct	163-285
Officials	163-281(a)
Voting machines	163-151
Planning and Regulation of Development	
Transfer of territorial jurisdiction	160A-360
Planning contracts	160A-363
Historic preservation commissions	160A-400.7
Appearance commissions	160A-451
Open space	160A-404
Inspection services	160A-413
Housing	157-39.5
Community development	160A-456
Regional planning commissions	153A-391 through -398
Regional economic development commissions	158-8 through -15
City-county redevelopment commissions	160A-507.1
Environmental Matters	
Air pollution control	143-215.112
Sedimentation control	113A-60
Public Safety	
Law Enforcement	
Training	160A-289
Auxiliary police	160A-283
Personnel and equipment	160A-288
Local confinement facilities	153A-219
Fire protection	160A-293
Civil disorders	14-288.12, -288.14
Civil preparedness	166A-7, -10
Ambulance services	153A-250
Animal shelter	160A-493
Hospitals	131E-7
Social Services	
Human relations programs	160A-492
Manpower programs	160A-492
Community action programs	160A-492
Senior citizens	160A-497
Library Services	153A-270
Recreation, Generally	160A-355
Regional sports authorities	160A-479 through -479.17
Public Enterprises	
Airports	63-56; 153A-278
Water services	153A-278
Sewer services	153A-278
Solid waste services	153A-278; 160A-192(b)
Utility emergencies	160A-318
Water and sewer authorities	162A-1 through -19
Metropolitan water districts	162A-31 through -58
Metropolitan sewerage districts	162A-64 through -81
Regional natural gas districts	160A-660 through -676
Public transportation systems	153A-278
Electric power generation	159B-4 through -59
Regional public transportation authorities	160A-600 through -625
Regional transportation authorities	160A-630 through -651
Regional solid waste management authorities	153A-421 through -432

