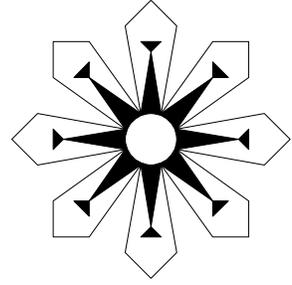


**Program Notes**



**Alternatives  
For the  
Delivery of  
Government Services**

Including Intergovernmental Cooperation and Privatization

**Revised and Updated April 2001**

**Local Government Center  
University of Wisconsin - Extension**

# Alternatives for the Delivery of Services

For local governments, providing local services involves three levels of policy decisions. First, the local governing body must determine whether or not it will provide a given service. Second, if the service is to be provided, a decision must be made setting the level at which the service will be provided. Third, policy makers must select the appropriate means through which the service will be provided or delivered to residents. All three levels of decisions have an impact on the budget.

Local governments can approach how services are provided to residents in different ways. Many local governments decide to simply provide a needed service themselves, usually by a government employee or department. Other local governments decide to provide a service, but try to limit or reduce demand for the service through educational programs and use of their regulatory and taxing powers. When it is appropriate for a particular service, some governments provide the service and charge a fee, which recovers some or all of the cost, and may also help reduce demand for, or excessive use of, the service.

More and more, local governments are cooperating with neighboring local governments to provide services. Some do so with one or more other governments in a jointly owned and operated facility. Others contract with a nearby local government to provide services for their residents. To deliver some services to residents in areas smaller than the entire jurisdiction of the local government, local officials have encouraged and approved the formation of special taxing districts, such as utility, sanitary, and lake management districts. A few local governments have explored consolidation with another local government X to form a single local government providing services.

Not all approaches involve cooperating with other governments. Public/private partnerships and privatization have become increasingly popular in recent years. Local governments may involve the private sector in providing services in a variety of ways, including contracts with private companies, franchises, vouchers, and complete turnover to the market.

Finally, local governments sometimes transfer the delivery of services to others, such as another (usually larger) government, volunteers, or residents themselves. The following table lists many of the alternative approaches and options local governments can use in delivering services.

## ALTERNATIVE SERVICE DELIVERY APPROACHES AND OPTIONS

- |   |  |
|---|--|
| <b>1. Elimination of service</b>          | Local governing body votes to eliminate a service which has been provided to residents.  |
| <b>2. Reduction of demand</b>             | Local government uses various techniques (education, requests, higher costs, etc.) to reduce overall demand for a service.   |
| <b>3. Regulatory and taxing authority</b> | Local regulations and taxes are used to reduce demand or encourage the private sector to provide a service. Emphasis is on government's power to control rather than its role as a service provider. |
| <b>4. Intergovernmental transfer</b>      | Authority and responsibility for delivering a service is transferred to another, usually larger, governmental unit.  |
| <b>5. Local government service</b>        | Local government organizes and operates its own service delivery unit.   |
| <b>6. Government vending</b>              | Government provides a service for a fee or charge to the user. Increasing charges can reduce demand for the service.   |

- |  |  |
|--|--|
| <b>7. Joint production</b>               | Two or more local government units jointly own and operate a service or facility.  |
| <b>8. Intergovernmental contract</b>     | One or more government units purchase services produced by another government unit.  |
| <b>9. Grants and subsidies</b>           | An agreement by a government to partially support or subsidize another government or organization to provide designated services.  |
| <b>10. Special service district</b>      | A local government creates a special taxing district in all or part of its jurisdiction to provide and pay for one or more services.   |
| <b>11. Consolidation</b>                 | Two or more governments consolidate into a single governmental unit. All duplicated functions are eliminated.  |
| <b>12. Cooperative</b>                   | A cooperative is created to benefit member governments and/or provide services. Based on the agricultural cooperative model.   |
| <b>13. Joint public/private activity</b> | Government enters into an agreement with a private business to jointly provide a service.  |
| <b>14. Privatization</b>                 | Government contracts with a private company to provide services.   |
| <b>15. Vouchers</b>                      | Government sets standards for service, and permits individuals or groups to select from among several designated alternative producers (public and private) of a service.  |
| <b>16. Market</b>                        | A version of vouchers. Government sets standards for a service, and leaves it to private business to decide if it will provide the service, and at what cost. Consumers may also decide if the service is desired, and if it is, from whom they will buy it. |
| <b>17. Franchise</b>                     | Government designates or contracts with a service provider, and allows individual consumers to decide if they wish to purchase the service.  |
| <b>18. Volunteers</b>                    | Government recruits, organizes, and manages volunteers to provide a service.   |
| <b>19. Self-help</b>                     | Government encourages and provides training for individuals and groups to provide the services they need.  |

Some types of services lend themselves more easily to, or are more appropriate for, certain service delivery options. For example, some services can be delivered by volunteers or through self-help, while others may require the involvement of professionals, either on the local government payroll, or contracted privately. Similarly, some types of services are more appropriate for privatization, where others may be less so.

The following sections highlight several of the means for the alternative delivery of services.

# Intergovernmental Cooperation

Wisconsin local governments have had a long and successful history of cooperating with neighboring local governments, most notably through mutual agreements for fire and emergency services. More recently, local governments have sought to cooperate with their neighbors to provide other services, as a means of saving tax dollars.

Cooperation between governments can take different forms. It may be informal, based on verbal agreements and casual arrangements. Or, cooperation may be formal, based written agreements. In some cases, Section 66.0301 or other sections of *Wisconsin Statutes* serve as the basis for cooperation. Intergovernmental cooperation can result in very simple arrangements, like an agreement to share travel to a statewide conference. Cooperation can also mean complex programs, involving, for example, the creation of a separate joint commission, complete with employees, buildings, and equipment. Some cooperation between governments is undertaken through non-governmental means, such as local government associations and cooperatives.

Most intergovernmental cooperation is done with the purpose of *delivering services* or *exercising joint powers*. Some, however, is done to *receive services*, such as insurance pools through local government associations, and joint purchasing cooperatives.

Local governments can agree to work together in a variety of ways. A government-to-government contract, where one jurisdiction purchases services from another, is one option. Several jurisdictions can enter into a joint agreement to pool financial resources and personnel and thus provide services. If the delivery mechanism is complex, a new legal and organizational entity, separate from the government structure of the parties to the agreement, may be necessary. A commission created under Section 66.0301, *Wisconsin Statutes*, is an example of such an entity.

Pooling agreements can give smaller jurisdictions a range of financial and management options they would otherwise not be able to undertake. Examples include liability insurance pools through state government or local government associations, pools for employee pension programs, and investment and debt instrument pools. Informal agreements can also be used in intergovernmental cooperation, for things like cooperative purchasing.

## Potential Impacts of Intergovernmental Agreements

Entering into intergovernmental agreements will likely produce some positive or negative impacts, or perhaps both. Each jurisdiction involved should examine and weigh the potential for positive and negative impacts before entering into intergovernmental agreements. After agreements are made and implemented impacts should be monitored and evaluated. Some potential impacts include:

1. **Economies of scale** can be achieved. Less duplication of personnel and equipment and lower per unit cost of services can save tax dollars. This provides the opportunity of expanded and better services, especially for smaller jurisdictions.
2. Services uniformly needed throughout an area encompassing multiple jurisdictions can be **coordinated** and **uniformly administered**, while local control is maximized.
3. Seldom used or expensive facilities and equipment can be **better utilized**.
4. **Administrative effectiveness** can be improved through specialization of tasks and the introduction of new technologies. Larger organizations can afford well-trained administrators and technicians and improved equipment.

5. **Increased professionalism** in government employees is possible. Larger organizations offering merit selection and performance-based incentives are more attractive to professional managers and employees, and are more likely to retain them over longer periods.
6. Services can be more effectively provided to areas where **irregular boundaries** have created service problems.
7. **Greater equity** in both the cost and delivery of services can be expected. Government is usually more concerned with equality and fairness than is the private sector.
8. **Greater flexibility** (especially through shared services and intergovernmental contracting) in tailoring services to particular business needs can help foster economic development and expansion.
9. **Service stability** can be a result of intergovernmental agreements. These arrangements can avoid some of the potential problems associated with privatization, such as interruption of service, over-reliance on a single provider, lack of adequate accountability.
10. An **improved quality of life** can result, especially if, as often is the case, equity in service delivery results in the raising of every jurisdiction's level of service to that of the highest service co-provider.
11. **Expanded cooperation** can occur. Local governments that have had positive experiences in cooperating with other local governments on one issue often seek cooperation with partners on other issues.
12. **Little or no loss in autonomy and community control** should result from involvement in intergovernmental agreements. Government integrity can be maintained, and smaller jurisdictions can become more viable.
13. Local governing boards and councils may have to address **specific and complex legal concerns**.
14. A local government may have to incur **additional financial and legal risks**.
15. Local government boards and councils may have **less control of services**, as in the case of creating a joint commission to deliver services.
16. **Less political accountability** may result if local government boards and councils do not provide for adequate accountability in the agreement.
17. Services may be **less personalized** for residents if they are being provided by a larger organization.
18. An ongoing, long term funding system may be needed to assure long term control and maintenance of services, material, and equipment, making the endeavor **harder to terminate if necessary**.

## **Steps in a Successful Intergovernmental Cooperation Service Delivery Project**

Successful intergovernmental service delivery projects have generally followed a series of major steps:

1. **Identify the need for cooperation.** What service problem or need can the community not face alone, or could be more effectively met by cooperating with nearby communities?

2. **Organize for cooperation.** Bring the issue to the public's attention. Gather the facts and share them with others. Lead or find a good leader on the issue. Provide examples of other communities who have developed successful cooperation projects. Establish a personal relationship with leaders in surrounding communities. Participate in intergovernmental efforts now underway, such as regional planning commissions, economic development and tourism organizations, Counties Association district meetings, county Towns Association Units, district League of Municipalities meetings, etc. Publicly suggest cooperative projects that may benefit your community. Convince other leaders to support proposed projects.
3. **Check out legal authority.** Know what is possible under the state constitution, state statutes, and local ordinances. Identify barriers, if any, and lead efforts to remove them.
4. **Ensure the feasibility of the proposed project.** Test the political waters. Conduct a feasibility study if needed, and make sure the project makes sense financially. Make sure there is a means for administering the project.
5. **Negotiate an agreement with participating local governments.** Use persuasive skills to encourage cooperation among local government leaders. Suggest a list of points that must be agreed upon. Propose workable compromises where needed. Involve all participants in preparing a plan for the project.
6. **Prepare the formal agreement.** Draft the contract or letter of agreement, with an initial budget, to be signed by all participants. Get legal assistance. Fully explain the provisions.
7. **Begin the project.** Publicize the agreement, giving full credit to all cooperating parties. Establish a work team and assign leadership responsibilities. Begin thoughtfully, using test or pilot operations and phase-ins as necessary. Plan the first year's operation and refine the initial budget. Assign operating responsibilities.
8. **Operate the project.** Work hard for a smooth start. Announce the implementation of the project. Work out any operational problems quickly and keep good records. Document improvements to services and cost savings, and report regularly to all participants.
9. **Evaluate and seek continuing change and improvement.** Evaluate operations regularly and report progress and problems to all participants. Revise agreements and procedures as needed. Prepare new budgets based on operating experience. Seek new participants if appropriate. Keep citizens informed of the projects status and accomplishments.

## Examples of Intergovernmental Cooperation in the Delivery of Services

There are many examples of successful intergovernmental cooperation for delivering services in Wisconsin. Some examples are highlighted below:

- Many counties are providing dispatch services for municipal fire department, law enforcement agencies, and emergency medical services via the 9-1-1 program.
- Several counties share county employees, such as personnel directors and corporation counsels.
- Thirty-three counties have signed an intergovernmental contract and joined a commission under Section 66.0301, *Wisconsin Statutes*, for the joint issuance of bonds to fund counties' unfunded

pension liability debt in the Wisconsin Retirement System. Eventually the commission will also be used to issue bonds for capital projects.

- Many Wisconsin towns are cooperating with other units of local government in the delivery of police, fire, ambulance, and recycling services.
- Milwaukee County and the villages and cities in the county have formed a voluntary group called the Intergovernmental Cooperation Council (ICC). The group has helped to facilitate a variety of cooperative projects, including a cooperative group for joint contracting for cable television services, obtaining a grant to study the issue of library structure, and the cooperation of six north shore communities in consolidating fire services.
- VALUE in Local Government (volume acquisition and local uniform expenditures), consisting of five counties, 19 cities, 17 villages, 10 towns, nine school districts, the Milwaukee County Transit System, and the Milwaukee Metropolitan Sewerage District, was created to provide less costly and more efficient purchasing through joint purchasing. VALUE has also initiated joint employee training programs.
- The City of Janesville and seven other Rock County municipalities have their property taxes collected by the county. The Cities of Eau Claire and Superior also use the county system.
- Wisconsin has nearly 1,850 municipalities but only 863 fire departments. Most fire departments serve municipalities in addition to where the department is located. Some cities or villages sign agreements or contracts with surrounding municipalities for fire protection services. In other cases, fire protection districts have been created, with commissions comprised of representatives from participating municipalities.
- Many communities receive emergency medical services on an area-wide basis, either through a fire department or a separate EMS organization. Door, Douglas, Marquette, Oneida, Richland, Rusk, Sawyer, and Waushara Counties provide ambulance service countywide.
- Police protection is provided to some communities through contracts with the county, contracts with other municipalities, and joint operations.
- Some towns contract with their county highway department for road maintenance and snow plowing.
- Many local governments throughout the state cooperate on landfills, solid waste collection, and recycling.

## **Section 66.0301, *Wisconsin Statutes***

*Wisconsin Statutes* provide for cooperation between governments for many purposes. One section of the statutes, Section 66.0301, provides local units of government with the general authority to enter into agreements for the cooperative exercise of their powers and duties.

### ***Definition of Municipality***

This statute enables cooperation between and among “municipalities” (and Indian tribes and bands). Section 66.0301 defines “municipality” as

... the state or any department or agency thereof, or any city, village, town, county, school district, public library system, public inland lake protection and rehabilitation district, sanitary district, farm drainage district, metropolitan sewerage district, sewer utility district, solid waste management system created under Section 59.70 (2), local exposition district created under Subchapter II of Chapter 229, local professional baseball park district created under Subchapter III of Chapter 229, local professional football stadium district created under Subchapter IV of Chapter 229, local cultural arts district created under Subchapter V of Chapter 229, family care district under Section 46.2895, water utility district, mosquito control district, municipal electric company, county or city transit commission,

commission created by contract under this section [Section 66.0301], taxation district or regional planning commission. [Section 66.0301 (1) (a), *Wisconsin Statutes*]

### **General Authority**

Section 66.0301 is unusually flexible in authorizing intergovernmental cooperation:

In addition to the provisions of any other statutes specifically authorizing cooperation between municipalities, unless such statutes specifically exclude action under this section, any municipality may contract with other municipalities and with federally recognized Indian tribes and bands in this state, for the receipt or furnishing of services or the joint exercise of any power or duty required or authorized by law. If municipal or tribal parties to a contract have varying powers or duties under the law, each may act under the contract to the extent of its lawful powers and duties. A contract under this subsection may bind the contracting parties for the length of time specified in the contract. This section shall be interpreted liberally in favor of cooperative action between municipalities and between municipalities and Indian tribes and bands in this state. [Section 66.0301 (2), *Wisconsin Statutes*]

A major caution, however, should be noted concerning this subsection:

- Contractual authority for receiving or furnishing services, or the joint exercise of any power or duty is limited to those services, powers, or duties required or authorized by law.
- If the municipal or tribal parties to a contract have varying powers or duties, each party may act under the contract only to the extent of the party's lawful powers and duties. In other words, to act under a Section 66.0301 contract, a municipality or tribe must have independent authority (authority conferred outside Section 66.0301) to exercise the power or duty.

### **Plan for Administration**

Section 66.0301 (3) enables governmental units entering into a contract under Section 66.0301 to provide a plan for how the contracted function or project will be administered. The plan for administration may include (but is not limited to) provisions regarding proration of expenses, deposit and disbursement of funds, submission and approval of budgets, creation of a commission, selection and removal of commissioners, and formation and letting of contracts.

### **Preparing a Contract Agreement Under Section 66.0301, Wisconsin Statutes**

If two or more local governments are considering entering into an intergovernmental cooperation agreement under Section 66.0301, they should carefully consider a list of items that should be included in the contract. The contract is a very important document, outlining the conditions under which the agreement takes place, how the effort will be organized, how responsibility and accountability will be shared, and how the project will be operated and administered.

Contracts should include:

- A proration of the expenses involved
- How funds appropriated will be deposited and disbursed
- How budgets will be submitted and approved
- How the commission will be created, number of commissioners, how commissioners are appointed, terms, and how commissioners may be removed
- How contracts may be prepared and let
- A description of the service(s), quantity, and quality to be provided
- Fees to be paid for the service and payment schedule
- How periodic reports on activities and services provided will be prepared and presented

- Liability insurance, indemnification, duty to defend, hold harmless provisions, etc.
- Identification of facilities and vehicles
- Administrative procedures
- Problem solving and termination procedures

### ***Creating a Commission under Section 66.0301***

Local governments may create a separate legal entity, called a “commission” under Section 66.0301. This may be necessary if the service(s) to be provided under the 66.0301 contract are complex and require special employees, equipment, or facilities. Once created, such a commission can manage and operate the system necessary to provide the service(s), freeing the governing bodies to carry out their policy making and oversight functions.

*Wisconsin Statutes* provide no specific guidelines for creating a commission under Section 66.0301. If a commission is needed it should be created and defined in the contract. Since a 66.0301 contract is binding, an attorney should prepare, or at least review, the contract before it is approved and signed.

Local governments should maintain control over the commission they create. They can do this through:

- Appointment of commissioners
- Approval of budgets
- Appropriation of funds

### ***Legal Status***

A commission created under Section 66.0301 may sue and be sued in its own name. However, the municipalities involved in creating an “independent” 66.0301 body probably are not shielded from liability. If the 66.0301 commission has its own sufficient liability insurance, however, this issue may not be as important.

### ***Binding Contract***

Section 66.0301 (2) provides that the contract entered into under Section 66.0301 may bind the parties to the contract for the length of time specified in the contract.

### ***Regional Projects***

Section 66.0301 (4) expressly allows a commission created by contract under authority of Section 66.0301 to finance the acquisition, development, remodeling, construction, and equipment of land, buildings, and facilities for regional projects under Section 66.0621.

Participating municipalities, acting jointly or separately, may finance the projects, or an agreed share of the cost of the projects under Chapter 67, *Wisconsin Statutes*.

With the approval of the municipality in which condemnation is proposed, a commission created under authority of Section 66.0301 has condemnation authority [Section 32.02 (1), *Wisconsin Statutes*].

Counties and towns have the express authority to contract under Section 66.0301 for regional projects, whether or not the project is located within the county or town [Sections 59.52 (7) and 60.23 (1), *Wisconsin Statutes*]. Cities and villages are presumed to have the same authority under statutory or constitutional home rule.

### ***Interstate Cooperation***

Section 66.0303 (5) authorizes any municipality (as defined in 66.0301 (1)) to contract with municipalities of another state for receiving or furnishing services, or for the joint exercise of any power or duty required or

authorized by statute to the extent that the laws of the other state or the United States permit the joint exercise of power or duty.

A proposed interstate agreement under this section must be submitted to the Attorney General, who must certify that it is compatible with Wisconsin law. The AG must also provide a copy of the proposed agreement to the Governor, who must consult with any state agency affected by the agreement.

An agreement entered into under this section has the status of an interstate compact (presumably for enforcement purposes). If, however, there is disagreement or controversy involving performance, interpretation of the agreement, or liability, the municipalities who are party to the agreement – not the state – are the ultimately responsible parties, and may be required to reimburse the state for any damages or liability incurred as a result of the disagreement.

## **County Authority to Provide Services to Cities, Villages, and Towns**

Section 59.03 (2), *Wisconsin Statutes*, provides a very broad grant of authority to county boards to provide a variety of local government services to all cities, villages, and towns within the county that request such services be provided.

Section 59.03 (2) authorizes counties to provide these services, exclusively, or jointly with a municipality, upon the request of a city, village, or town, and upon approval by the county board. Few municipalities have requested that counties use this authority.

## **Intergovernmental Cooperation in Providing Police and Fire Services**

In addition to the general authority granted in Sections 66.0301 and 59.03 (2), *Wisconsin Statutes* provide for a variety of cooperative agreements by cities, villages, towns, and counties to provide police and fire services. Local governments frequently use this additional authority.

### ***Towns***

Town boards are authorized to provide law enforcement or fire protection services either by establishing their own department or by joining with another town, village, or city to create a joint police or fire department. If the town joins with a village of 5,000 or more population for a joint police department, or a village of 5,500 or more population for a joint fire department, the town board and the village board are required to form a joint board of police commissioners or fire commissioners to govern the department. Towns and village who create such a joint board of commissioners are authorized to jointly determine the number of commissioners to be appointed by each municipality and the length of commissioners' terms. [Sections 60.55 (1), 60.56 (1), and 61.65 (1), (2), and (3g)].

Town boards may also enter into contracts with any person, including cities, villages, towns, and counties, to provide law enforcement or fire protection. The major difference between contracting for services and creating a joint police or fire department is that in contracting the town is a customer for the services. In creating a joint department the town has a direct role in the governance of how the service is provided [Sections 60.55 (1) and 60.56 (1)].

Towns are also authorized to make use of a non-stock fire company organized under Chapter 181, *Wisconsin Statutes*.

### ***Villages***

Each village of 5,000 population or more is required to provide law enforcement services either by creating its own police department, by contracting for police services with another village, with the county in which the

village is located, or by creating a joint police department with a city or town or with another village [Section 61.65 (1)]. Villages of 5,000 or more population who create a joint police department with a city or town, or another village, must create a joint board of police commissioners to govern the department.

The Attorney General has given an opinion that villages with a population less than 5,000 also have police protection for their residents through cooperative agreements with the county in which the village is located. The rationale for this Opinion may be extended to read Section 61.65 as authorizing these smaller villages to also provide police protection by contracting with another city, village, or town, or by creating a joint police department with another city, village, or town.

Each village with a population of 5,500 or more is required to provide fire protection services by creating its own fire department, contracting for fire protection services with a city or town, or another village, or by creating a joint fire department with a city or town, or another village. Village of 5,500 or more population who create a joint fire department with another municipality are required to create a joint board of fire commissioners to govern the department.

## **Cities**

The statutory authority for cities to cooperate with other local units of government to provide law enforcement and fire protection services is less specific than that for towns and villages. The statutory authority for towns and villages to form joint police or fire departments with cities or to contract for these services with cities provides this authority, even though there is no specific authority in the Statutes for cities themselves to enter into these agreements.

Section 62.13, which provides that cities that create joint police or fire departments with villages do not have to form separate boards of police or fire commissioners, also provides authority for cities to enter into these agreements.

Also, Section 66.0301 explicitly states that its authority is in addition to the provisions of any other statutes specifically authorizing cooperation among municipalities. It appears, then, cities have the authority under Section 66.0301 to offer police and fire services cooperatively with other local governments.

## **Emergency or Temporary Law Enforcement Assistance**

*Wisconsin Statutes* also provide for cities, villages, towns, and counties to assist each other with law enforcement services on a temporary or emergency basis. Section 66.0313 provides that, upon the request of any law enforcement agency, the law enforcement personnel of any other law enforcement agency may assist the requesting agency. Section 66.0313 says that law enforcement officers performing services requested under Section 66.0313 are deemed to be employees of the requesting agency for purposes of Sections 895.35 (Expenses in actions against municipal and other officers) and 895.46 (State and political subdivisions thereof to pay judgments taken against officers).

## **Intergovernmental Cooperation in Wisconsin Statutes**

### ***Statutory Provisions Cross-Referencing Section 66.0301, Wisconsin Statutes***

Statutory provisions relating to intergovernmental cooperation that specifically cross-reference Section 66.0301, *Wisconsin Statutes*, were initially identified in a publication by the Wisconsin Legislative Council Staff, *Statutory Framework for Local Governmental Cooperation in Delivery of Services* [Staff Brief 94-10]. The original list has been updated to reflect changes in legislation.

1. Section 30.31 (5) provides that towns, villages, cities, and counties have the powers conferred by Section 66.0301 for purposes of cooperating in erecting, maintaining, or repairing a dock wall or shore protection wall along the shore of any waterway adjoining or within the limits of the municipalities.
2. Section 33.22 (4) restricts a public inland lake protection and rehabilitation district from exercising town sanitary district powers in any territory included in an existing town sanitary district except by contract under Section 66.0301 (or unless the sanitary district merges with the public inland lake protection and rehabilitation district).
3. Section 59.52 (7) authorizes counties to join with the state, other counties, and municipalities in a cooperative arrangement as provided by Section 66.0301, including the acquisition, development, remodeling, construction, equipment, operation, and maintenance of land, buildings, and facilities for regional projects, whether or not the project is located within the county.
4. Section 59.56 (3) (h) authorizes cooperative agreements under Section 66.0301 between county university extension programs and “other educational programs of importance to the citizens of the county.”
5. Section 59.58 (2)(j) permits a county, by contract under Section 66.0301, to establish a joint municipal transit commission, in cooperation with any county, city, village, town, or federally recognized Indian tribe or band.
6. Section 59.58 (3)(h) authorizes a county to contract under Section 66.03301 to establish a joint transit commission with other municipalities (as defined under Section 66.0301 (1)).
7. Section 59.692 (4)(a) expressly provides that Section 66.0301 applies to the section on county zoning of shorelands on navigable waters, Section 59.692, and requires that, for purposes of the section, any agreement under Section 66.0301 must be effected by ordinance. If the municipalities are served by a regional planning commission, the commission may, if it agrees, be authorized by the agreement under Section 66.0301 to administer each ordinance enacted under Section 59.692 throughout each party municipality, whether or not the area otherwise served by the commission includes that entire municipality.
8. Sections 59.693 (9)(a), 61.354 (8)(a) and (c), and 62.234 (8)(a) provide that Section 66.0301 applies to the sections on county, village, and city construction site erosion control and stormwater management zoning and require that, for purposes of these sections, any agreement under Section 66.0301 must be effected by ordinance.
9. Section 60.23 (1) authorizes town boards to cooperate with the state, counties, and other units of government under Section 66.0301, including cooperative arrangements involving acquisition, development, remodeling, construction, equipment, operation, and maintenance of land, buildings, and facilities for regional projects, whether or not located in the town.
10. Section 60.23 (20) authorizes a town to enter into a contract with any other governmental unit under Section 66.0301 to provide for the removal and disposition of dead animals.
11. Section 66.0825 (18) provides that powers granted under Section 66.0825, relating to municipal electric utilities, do not limit powers of cities, villages, and towns to enter into intergovernmental cooperation or contracts or to establish separate legal entities under Sections 66.0301 to 66.0311.

12. Section 200.11 (9) authorizes a metropolitan sewerage district to provide services to a territory outside the district, including territory in a county not in that district, under Section 66.0301, subject to other specified statutory provisions.
13. Section 66.1201 (9)(w) authorizes a housing authority to exercise any powers of a Section 66.1333 redevelopment authority “if done in concert with a redevelopment authority under a contract under Section 66.0301.”
14. Section 66.1333 (5)(a) 9 authorizes a redevelopment authority to exercise any powers of a Section 66.1201 housing authority “if done in concert with a housing authority under a contract under Section 66.0301.”
15. Section 66.0125 (2) provides that if a community relations-social development commission is established on an intergovernmental basis with a county, the provisions of Section 66.0301 “are applicable thereto as optional authority and may be utilized by participating municipalities to effectuate the purposes” of Section 66.0125, relating to community relations-social development commissions.
16. Section 66.1021 (10)(a) authorizes a city, village, or federally recognized Indian tribe or band to contract under Section 66.0301 to establish a joint municipal transit commission with the powers and duties of a city transit commission under Section 66.1021.
17. Section 66.0309 (12)(b) authorizes a regional planning commission to enter into a contract with any local unit of government within the region under Section 66.0301 to make studies and offer advice on land use, thoroughfares, community facilities, public improvements, and encouragement of economic and other development.
18. Section 74.10 authorizes a county and a taxation district within the county to contract under Section 66.0301 for the county to receive all payments of property taxes for which the taxation district has sent property tax bills.

### ***Other Statutes Authorizing Intergovernmental Cooperation***

Examples of statutes granting authority for intergovernmental cooperation that do not cross-reference the authority under Section 66.0301 were also originally identified in a publication by the Wisconsin Legislative Council Staff, *Statutory Framework for Local Governmental Cooperation in Delivery of Services* [Staff Brief 94-10]. The original list has been updated to reflect changes in legislation.

1. Section 43.53 authorizes joint libraries to be created by any two or more contiguous municipalities or by a county and one or more municipalities located in whole or in part in the county.
2. Section 46.23 (3) authorizes county boards of counties with a population of less than 500,000 to establish county departments of human services on a multi-county basis.
3. Section 51.42 (3) authorizes counties to join with other counties to establish a county department of community mental health, developmental disabilities, alcoholism, and drug abuse services.
4. Section 51.437 (4g) authorizes county boards to establish multi-county departments of developmental disabilities services.

5. Section 59.52 (15) authorizes counties to provide for the printing on assessment rolls and tax rolls and on data cards for local municipal officials descriptions of properties and the names of the owners of the properties.
6. Section 59.54 (4) authorizes counties to establish a rural numbering system in towns for the purpose of aiding in fire protection, emergency services, and civil defense. Establishment of the numbering system may be carried out in cooperation with any town or towns in the county.
7. Section 59.70 (2) authorizes county boards to establish and operate a solid waste management system or participate in such a system jointly with other counties, cities, villages, or towns.
8. Section 59.70 (12) authorizes any county or two or more contiguous counties to establish a district to control mosquitoes.
9. Section 60.23 (5) authorizes town boards to cooperate with counties in rural planning activities under Sections 27.019, 59.54 (4) and (4m), and 59.69.
10. Section 60.82 authorizes town boards to act jointly with other municipalities to establish and maintain regional planning programs to protect health, safety, and general welfare of the town as part of the region. The town board may make payments out of the general fund for the town's share of the cost of the program.
11. Section 61.34 (2) authorizes a village board to join with other villages or cities in a cooperative arrangement for executing any power or duty in order to attain a greater economy or efficiency, including joint employment of appointive officers and employees.
12. Section 66.0307 authorizes municipalities to enter into a cooperative plan determining the common boundary line between the municipalities, subject to Department of Administration approval. The plan must include specified planning and services requirements.
13. Section 200.05 provides for the creation of metropolitan sewerage districts.
14. Section 66.0131 (2) authorizes any political subdivision of the state, special purpose district in the state, or an agency or corporation of such a political subdivision or special purpose district to make purchases from another unit of government, including the state or federal government, without requiring bids.
15. Section 80.11 provides a process for constructing, altering, widening, or discontinuing a highway upon the boundary line between two towns or extending from one town into an adjoining town. Section 80.12 provides a procedure for constructing, altering, widening, or discontinuing a highway upon the boundary line between the town and a city or village or a highway extending from a town to a city or village.
16. Section 83.14 authorizes towns or villages to raise money to improve portions of county highways.
17. Chapter 116 authorizes the creation of cooperative educational service agencies to help school districts share staff, services, and purchasing.

## ***Additional Statutes Authorizing Intergovernmental Cooperation***

Several other statutes enable intergovernmental cooperation, and are worth mentioning.

1. Section 62.23 (7)(a) authorizes a village or a city to institute extra-territorial zoning in cooperation with a town.
2. Section 166.03 (7)(b) provides for intergovernmental cooperation in emergency government functions.
3. Section 92.12 provides for intergovernmental cooperation in soil conservation.

## **Barriers to Intergovernmental Cooperation**

Sometimes local governments find that there are barriers to cooperating with other governmental units. Often, local officials are not aware of needs and opportunities that may be jointly pursued with other local governments in the area. In some cases, local officials do not know neighboring officials, and are not aware of issues in nearby governmental units.

In some parts of the state local officials feel that they are in competition with other local governments, often for attracting development and jobs, and cannot cooperate in any way with the “competition.”

Perhaps the most serious barrier to town-village and town-city cooperation occurs when unsettled boundaries and annexation worries are present. From some towns’ point of view, the threat of annexation of town land can mean loss of tax base and revenue. From some cities’ and villages’ point of view, towns surrounding the urban area are “bedroom communities,” where residents work in the city or village and use many of their services, but do not pay city or village taxes. Sometimes two local governments are seen as being in competition for who will either retain or annex, and thus govern and benefit by, a given subdivision or development.

Usually, underlying problems must be dealt with and barriers overcome first, before true intergovernmental cooperation can take place. Generally, where intergovernmental cooperation has been successful, local officials have identified underlying problems and found solutions to them. They have found ways to meet regularly with neighboring officials and develop an understanding of each others’ needs and problems. Finally, they find common areas where cooperation between local governments can benefit all the parties involved.

## **Recent Developments in Intergovernmental Cooperation**

Recent pressures by citizens on governments to reduce taxes and increase the efficiency and effectiveness of government services have spurred a great deal of activity around the country to seek better alternatives for intergovernmental cooperation and providing services. In Wisconsin, the Legislature created a “Special Committee on Shared Governmental Services,” which conducted meetings in 1994 and 1995 to hear testimony and review options.

Early in its deliberations, the Special Committee found that the existing statutory framework for intergovernmental cooperation in Wisconsin permits a broad range of cooperation, and is sufficiently flexible to meet individual circumstances and enable innovation. The Special Committee did, however, make several recommendations for change, one of which was enacted by the Legislature in 1995.

### ***Section 66.0305, Wisconsin Statutes: Municipal Revenue Sharing***

- Gives express authority to towns, villages, and cities (municipalities) to enter into agreements to share revenues from taxes and special charges with other municipalities and with federally recognized

American Indian tribes or bands. Agreements may contain Aother appropriate matters,≡ including agreements regarding services to be provided or agreements with respect to municipal boundaries.

- The term of agreement is for at least 10 years. Boundaries of the shared revenue area must be specified in the agreement. The formula or other means for sharing revenue, the date of payment of revenues, and the means by which the agreement may be invalidated after the expiration of the minimum agreement period also must be specified.
- The governing body of a participating municipality may adopt a resolution calling for an advisory referendum.

# Privatization

Privatization can be defined as the removal of government from areas of activity or the turning over of functions or property from government to the private sector. In recent years, though, privatization has also become a broad, long term political movement, often powered by emotional conservative ideology, to reduce government spending, convert government assets and operations to private enterprise, and, thus, increase the effectiveness and efficiency of government.

Privatization can include the sale of government assets (*divestiture*), private financing of public facilities (*infrastructure financing*), or private provision of services (primarily *contract, franchise, vouchers*). For local government, privatization usually means only the private provision of services, but recently some communities have chosen to sell public assets such as buildings, farms, and forests. Recently, too, some local governments have used private financing for infrastructure, such as office buildings and waste treatment facilities.

Local government has always been a more active privatizer than federal and state governments, especially through contracting for services. Most local governments in the U.S. contract for some services X most often for professional, one-time services such as engineering consulting, architectural services, legal counsel, and auditing. Some municipalities contract for a much wider variety of services, including garbage collection, street lighting, vehicle towing, animal control, tree trimming, data processing, library management, planning, and, in rare cases, even police and fire protection. Privatization through franchising is common, and is used for such services as cable TV, taxi, and ambulance services.

## Benefits and Limitations

Privatization is usually undertaken to seek one or more hoped-for benefits, such as reduced costs, improved and/or expanded services, avoidance of service startup costs, increased flexibility (through reduced inflexibility of labor and equipment), greater response to consumer demand, and improved control. Additionally, privatization is sometimes pursued on ideological grounds – that government should not provide services that the private for- and non-profit sectors can provide.

Privatization can also have limitations and problems. There is concern and some evidence that privatization may lead to corruption because it is susceptible to political influence, difficulties in monitoring contract performance, reduced control over services, and a limited number of bidders willing and able to provide services.

Other issues in privatization may be regarded by some as limitations. In most cases, the private sector achieves cost savings by substituting workers who are paid less and receive fewer benefits for the original government workers. This replacement, if it is extensive enough, may have an economic impact on a community.

Equipment provided by the private sector can also present a serious problem. Sometimes private firms employ used or older equipment to deliver services, and do not address capital accumulation and modernization. Over the longer term issues of safety and efficiency can become a concern.

## Market Factors

The success of privatizing the provision of services depends on enhancing or creating a market that provides a profit opportunity for business. Creating or enhancing markets will be positive for the public welfare only if the markets function efficiently – at least more efficiently than the “nonmarket” alternative of a government providing the service itself. Four factors in market efficiency are important to consider:

1. In producing the goods or services to meet a need, do the private sector’s costs and production processes allow it to produce the goods or services at a lower total cost than could the public sector?

2. Are the costs to get the private sector involved and to manage it less than the cost savings achieved from the more efficient production of the private sector?
3. Is the supply side of the market sufficiently responsive that private companies enter the market rapidly and without difficulty?
4. Are service or goods purchasers (individual citizens or public agencies) sufficiently rational and informed to make adequate decisions? Are the services or goods, and their quality, sufficiently definable and measurable? Can consumer sovereignty be exercised?

When a good or service demanded is relatively straightforward, simple, and technological, empirical evidence points toward positive answers to the four market efficiency questions. The more a public need is complex, long run, and sociological, however, experience indicates the need for a more cautious and skeptical approach.

## **Contracting With the Private Sector**

Contracting for public services with the private sector means providing goods or services through contracts with private firms rather than having the goods or services provided directly by a government agency or department.

A contractual arrangement may involve a single agreement and a simple structure for carrying it out. If necessary, the contract may include additional features such as cost sharing penalties, financial bonuses for good performance, or multiple competitive contracts within one jurisdiction.

Cost minimization has long been the primary objective of contracting with the private sector. The potential for cost savings can be realized from several sources, including competition among firms, relative freedom in private firms from bureaucratic red tape and other procedural constraints, and greater flexibility on the part of private firms in hiring, firing, compensation. However, the costs of providing a service through contracting with the private sector can be increased if administrative costs in letting and monitoring contracts are high; if private bidders are few and little competition exists; if union, civil service, or other limiting factors prevent the local government from reducing its own labor force and costs; or if corruption occurs in the contracting process.

# References

1. Mark Bendick, Jr. "Privatization of Public Services: Recent Experience," in J. Steven Ott, Albert C. Hyde, and Jay M. Shafritz, editors. *Public Management: The Essential Readings*. Chicago, 1991.
2. Thomas W. Harnisch. "Intergovernmental Cooperative Agreements." Presentation made to 1992 Wisconsin Town Lawyers Conference, Madison, Wisconsin, April 24, 1992.
3. International City Management Association. *Small Cities and Counties: A Guide to Managing Services*. Washington, D.C., 1984.
4. Edward T. Jennings, Jr. "Public Choice and Privatization of Government: Implications for Public Administration," in J. Steven Ott, Albert C. Hyde, and Jay M. Shafritz, editors. *Public Management: The Essential Readings*. Chicago, 1991.
5. Minnesota Board of Government Innovation and Cooperation. "1994 Application Packet: Service Budget Management Model Grants, Cooperation Planning Grants, & Service Sharing Grants," 1994.
6. National Academy of Public Administration. "Privatization: The Challenge to Public Management □ The Management Challenges of Privatization," in J. Steven Ott, Albert C. Hyde, and Jay M. Shafritz, editors. *Public Management: The Essential Readings*. Chicago, 1991.
7. National Association of Towns and Townships. *Innovative Grassroots Financing*, Washington, D.C., 1990.
8. Southern Rural Development Center at Mississippi State University. *Rural Governments in a Time of Change: Sharing Local Costs*. Washington, D.C., Spring 1984.
9. Frederick C. Thayer. "Privatization: Carnage, Chaos, and Corruption," in J. Steven Ott, Albert C. Hyde, and Jay M. Shafritz, editors. *Public Management: The Essential Readings*. Chicago, 1991.
10. Wisconsin Legislative Council Staff. "Information Concerning Tax Base Sharing." Shared Government Services Memo No. 3, Madison, Wisconsin, December 14, 1994.
11. Wisconsin Legislative Council Staff. *Statutory Framework for Local Government Cooperation in Delivery of Services*, Staff Brief 94-10, Madison, Wisconsin, September 23, 1994.
12. Wisconsin Legislative Council Staff. *Legislation on Shared Governmental Services*, Report No. 12 to the 1995 Legislature, Madison, Wisconsin, February 13, 1996.
13. Wisconsin Taxpayers Alliance. "Municipal Services," *The Wisconsin Taxpayer*, Volume 61, Number 12, December 1993.

Prepared by  
David G. Hinds, Local Government Specialist  
Local Government Center  
University of Wisconsin - Extension  
Revised and updated April 2001