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Christopher Spruce

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# Resource challenges for local governments

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*by George K. Criner, Steven C. Deller, Dennis E. Gale, and Christopher Spruce  
University of Maine System*

For most of the era since 1960, when environmental policy and resource policy have been central public issues, the focus of public debates on those policies was at the federal and state levels. But as we enter the last decade of the century, we find that more and more of the decisions and policies that will determine the quality of life for our citizens are being made at the local level. Issues that have historically been local prerogatives—water supply, solid waste disposal, sewerage disposal, land use planning, and transportation infrastructure—are increasingly identified as crucial for effective environmental policy and for insuring "quality of life." To be sure, those local decisions are often constrained by a wide variety of state and federal policies on environmental policy and resource use. But clearly, effective management of quality of life issues by local governments will require more than reluctant reaction to rules and deadlines imposed from above.

In this series of articles, three authors (Dennis Gale, Steven Deller, and George Criner) examine the match between the increasing demands for local action on environment-related issues and the local resources available to meet those demands. Local planning efforts under Maine's growth management law, local transportation infrastructure decisions, and local solid waste planning are each examined. (A later article by Nick Houtman separately examines local water planning.) The narrow funding base afforded by the property tax, as always, an important concern. But a common concern also emerges over the ability of small governmental units, which often rely heavily on the New England tradition of volunteer government, to manage the new array of technical issues. The fourth author, Christopher Spruce, asks *i/we* should not think more carefully about the creation of an increasingly complex set of intergovernmental special districts at the municipal level. Might a single broad-based general governmental unit, perhaps a form of reinvigorated county-level government, provide a better umbrella for cooperative efforts by local governments?

(The papers in this collection were completed prior to the announcement by Governor McKernan, as part of his budget amendments, that he would seek to delay or eliminate a number of mandates imposed on local government by state government. Although the pressures of certain deadlines may be relieved, these resource issues will certainly not disappear from the agendas of towns and cities across Maine.) - *Editor*

## Matching municipal challenges and resources: Intergovernmental options

*by Christopher Spruce  
Margaret Chase Smith Center for Public Policy, University of Maine*

Three observations about Maine municipal government form the rationale for this article. First, the resource challenges described by Gale, Deller and Criner have been exacerbated by the

current recession. Shrinking state revenues have hampered the state's ability to assist municipalities. Consequently, municipalities are pressed to address a number of state and federal mandates that have accumulated, most notably in environmental protection. At the same time, there has been a rising clamor against continued increases in local property taxes. Second, the citizen-volunteers that empower municipal government must respond to these increasingly technical challenges and mandates, even as volunteerism itself declines. Communities that lack professional administrators or that do not have technical expertise on staff are at a distinct disadvantage in managing these increasingly expensive demands on local governments. Third, "first-person governance," governance in which each resident acts or believes she can act to personally affect decision-making, results in a prejudice for small, autonomous units of government. As each of the previous authors has mentioned, the New England town meeting strongly influences how Maine citizens relate to their local governments. Solutions that require larger or more remote government are strongly resisted.

Although each previous author has looked at local government from the perspective of a particular resource issue, the observations and conclusions bear very similar themes about resource capacities of small governmental units. Further, these challenges to local government must be met under increasingly difficult financial constraints. From the bare cupboard perspectives of the 1990s, approaches to intergovernmental cooperation that have been rejected out of hand in the past may find a more receptive audience in the months and years ahead. I will close by suggesting that one old approach to government in Maine, county government, may deserve another look.

### **New fiscal realities**

The nationwide recession that hit Maine head-on in late 1989 has forced Maine state government to abandon its free-spending habits of recent years. Not only will government be unable to broaden programs as it did in the expanding economy of the 1980s, but also the future offers dim prospects even for maintaining existing programs and services. Some observers suggest that we face a fundamental paradigm shift: The changes required are not merely the temporary retrenchments we have experienced intermittently over the last few decades. Rather, a reduced standard of living faces not only consumers, but also governments. A \$120 million budget gap for the 1991-92 fiscal year, which was discovered in October 1991 and which was the third such state "fiscal crisis" in two years, offers painful support for that theory.

For local governments in Maine, the state fiscal calamity will mean that municipalities face continuing declines in the levels of state transfers. As we went to press, municipal revenue sharing and state aid for education were both being considered as potential sources of funds to balance the state budget. Substantial reductions or elimination of such programs exacerbate the revenue problems for local officials, who, in many cases, already have reduced municipal expenses and raised property taxes to balance their own budgets. Municipal officials are extremely reluctant to push property taxes higher. With property values in decline since the onset of the recession two years ago, and with the continued rise in municipal budgets, property owners are in no mood to suffer significant increases in their tax bills. The property tax is widely viewed as the most unfair form of taxation, because it does not reflect ability to pay. With its primary revenue source resistant to significant expansion, Maine municipalities are facing a fiscal challenge not typical of the recent past.

In the context of diminishing fiscal capacity, communities may be required to reassess past approaches to meeting resource challenges. For example, must solid waste disposal, sewage treatment, growth management, and other boundary-less problems be addressed by single, autonomous local governments? While Bangor and Portland may be in positions to struggle with solid waste management, highway improvements, the Safe Drinking Water Act, and comprehensive planning, many smaller communities probably are not. On-staff expertise, or the financial resources to contract for expertise, often do not exist in these communities.

Even where the local tax base may be able to fund such expertise, the political will to address such problems may be absent. In addition to simple avoidance of dealing with a complex, often expensive-to-solve problem, local officials confront an array of opposition to almost any decision that affects local resources and infrastructure. Opposition may be based on strongly held views of the historic rights of property owners. There often exists deep skepticism of the use of professional management or staff by municipalities. Any decision to site new public facilities, and especially waste management facilities, is increasingly contentious. Given these contexts of controversy, it is no wonder that local officials often delay consideration of these issues as long as possible.

### **Local government organization**

New England has a long history of individualized government, of governance where each citizen can have a direct voice. Writing 150 years ago, de Tocqueville (1956) seemed awed by the egalitarian spirit that sponsored the New Englander's dedication to first-person governance. The town meeting is the most celebrated legacy of that commitment. Even as the complexity of life in the late twentieth century threatens to overwhelm both the individual and our national institutions, the ideal of democracy practiced as an act of individualism remains strong (Bellah, *et al.* 1985).

Communities in Maine are often caught up in debilitating and sometimes destructive political turmoil because of a nearly religious adherence to individualism. This individualism underlies the reluctance of community leaders to relinquish autonomy in order to work with other communities to solve mutual problems. In the face of severe resource challenges, Maine communities are being forced to reconsider this penchant for "going it alone." In solid waste disposal, communities are beginning to map out potential avenues of wider cooperation. Not every cooperative solution will be suitable for each interested community, but a pooling of financial, technical, and political resources can work to the advantage of more than a few communities. As long as each community retains the right to disentangle itself from such alliances, then cooperative efforts seem to offer great potential to address the organizational and technical deficiencies facing local governments.

The idea of inter-town cooperation is viewed suspiciously by those who perceive such cooperation as an attempt to avoid either the town meeting or participation-focused local government. But clearly, these resource problems require broad citizen participation. The objective cannot be to give up on local government, but rather to sponsor a careful expansion of the intergovernmental agreements. The locus of control, local or regional, is not an unimportant consideration. However, local control of resources and process is not necessary in every instance to ensure the local public interest. The local public interest ultimately may require the surrendering of some small measure of autonomy.

## Using county government

In addition to interlocal agreements, state and community leaders in Maine need to re-examine the potential capacity for county government to provide an intergovernmental clearinghouse. Maine's county governments are woefully underutilized, poorly organized, and too distanced from the broader public to presently tackle these significant challenges (Spruce 1989). The major function performed by county governments in Maine is to operate county jails, and even this function has been targeted for takeover by the state in recent legislative sessions (Wood 1991). If county government is to survive, it must become more representative, more responsive, and more professional.

Given that a reinvigoration of Maine county government has not occurred, it is clear that the transfer of functions from the local to the county level is not an idea that excites many, and especially not municipal officials. However, the transfer of either certain functional responsibilities {e.g., sewage disposal, solid waste disposal, or police and fire dispatching} to county government, or the mobilization of expert staff and resources at the county level to support local officials, may be preferable to surrendering authority piecemeal to *ad hoc* special districts, such as regional solid waste compacts. Special district arrangements may lead to a system where decision making is so fragmented and constituencies so diverse that the challenges will go largely unmet (Chicoine and Walzer, 1984). A town manager and a town council may be better able to realize the "economies of scope" that Deller identified if they deal repeatedly with a single county government than with a diffuse set of special-purpose districts.

Although revitalized county government is easier to talk about than to accomplish, the potential contribution of county government should not be summarily dismissed. Flexible approaches, in which particular functions are transferred to county government in some counties, but not others, may be appropriate. Some municipalities may want to draw on county-level options, while other municipalities (such as larger towns and cities) may not. County government that is more representative, more professional, and more flexible may represent an opportunity, rather than a threat, to local governments.

Whether the approach is wider and more effective use of county government or some other intergovernmental pooling of resources, responding to today's resource challenges will require ways of doing the public's business that are flexible, efficient, and effective, but which preserve the basic principles of individualized government.

*Christopher Spruce is a research associate at the Margaret Chase Smith Center for Public Policy, where he serves as Project Manager for the Public Regulation and the Environment (PURE) program. A former journalist and media manager, Spruce also is an instructor in public administration at the University of Maine.*