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COST SAVINGS RESULTING FROM CONSOLIDATION
OF MISSOULA CITY AND COUNTY GOVERNMENTS

By

B. Alan Davis

B.A., University of Montana, 1975

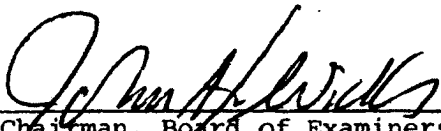
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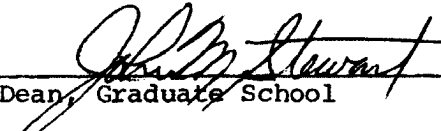
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Economics

Cost savings resulting from consolidation of Missoula city and county governments (72 pp.)

Director: Dr. John H. Wicks *JW*

The purpose of this study was to estimate the cost savings which would result if the city and county governments in Missoula were to consolidate. The primary information was generated from interviews with the various department heads in city and county government. The additional inputs necessary in order for a consolidated government to deliver a level of service comparable to that delivered by the two separate governments were identified. The relevant costs were assigned to these inputs by using the city and county budgets for fiscal year 1976. The cost of the consolidated government was compared to the cost of the current form of government. The savings were found to be significant enough to assure that the consolidated government would be no more costly than two separate governments assuming that the level of service remains unchanged. However, the magnitude of the savings was not substantial when compared to the total budget of the two governments.

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CHAPTER I

INTRODUCTION

On June 1, 1976, the voters of both the city and county of Missoula, Montana, were asked to vote on the adoption of the new government charter prepared by the Missoula City-County Local Government Study Commission. The charter proposed consolidation of Missoula city and county governments. This study is an outgrowth of the proposed consolidation and will estimate the cost savings that could have resulted if the two governments had consolidated.

This study was of interest for two reasons. First, it answered a question unanswered by the Study Commission: What would the new government cost? Proponents of the charter argued that the new government would save money through elimination of duplicate services provided by the two governments. Meanwhile, the opponents argued that the new government would be a "money hog." Neither side could substantiate its claim, so the voters had no facts, just emotional, unfounded, claims. This study will try to provide the voters with some factual information.

The second feature of this study is that it set forth a systematic, yet simple method of investigating the existence of cost savings from city-county consolidation. A systematic approach is important in Montana as local government review is a continual process.¹

¹Montana Constitution, Article XI, Section 9.

City-county consolidation (hereafter termed consolidation) will no doubt be proposed in the future. The techniques of this study could be used to estimate cost savings if city-county consolidation were to be proposed in the next local government review process. The methods of this study may also be applied outside Montana in other consolidation proposals.

These methods assume that the department heads are the most knowledgeable people in their respective departments. In order for these techniques to be applicable it is necessary to assume that each department head in a governmental unit to be consolidated has knowledge of the services performed by his counterparts in the other governmental entities to be consolidated.

Even though consolidation was defeated in Missoula there may be policy implications that could arise from this study. These policy implications pertain to areas of possible cooperation between the city and county for purposes of saving money.

Cost savings in a consolidated government could come from two possible areas. The new government could take advantage of economies of scale, resulting largely from excess capacity. Excess capacity is defined as the ability of a department to expand all the services, or any particular service it provides, to serve a larger population using only the existing manpower and/or equipment in that department. Excess capacity can also exist in specialized equipment, such as computers, or in specialized manpower, such as purchasing agents. Another area of savings would be elimination of geographic overlap. Geographic overlap

is defined as the time employees of the county spend travelling through the city on their way to other parts of the county, but providing no service to residents of the city while in transit, or vice versa with city employees.

The major sources of information for this study were budgets for fiscal year 1976 of both the city of Missoula and Missoula County and interviews with the heads of various departments for these governments. Interviewing department heads assumes that they are the most knowledgeable people in their respective departments and their information is reliable.

The questions to be asked the potential interviewees were first given to them when the appointment was made for the actual interview. The major theme underlying the questions dealt with the existence of the three conditions for cost savings previously mentioned. In addition, the department heads were asked what additional inputs, defined as manpower and equipment, they would envision as necessary in a consolidated department, if they were chosen to head their respective departments in the new government. The major assumption pertinent to the previous question was that the quality of service rendered by the new government would be the same as that rendered by the two existing governments. Once the additional inputs were identified and relevant costs assigned, the hypothetical budget of the consolidated department was compared to the sum of the budgets of the two separate departments as they currently exist. The difference between the two figures would be savings. This analysis also included an attempt to equalize wages

and identify transition costs. In addition, the city fire chief and the foreman of the sewage treatment plant were asked questions concerning the possibility of expanding their departments' services. If the expansion of these services would cost less than the cost of providing the next best alternative to these services, the difference would be cost savings.

Chapter two involves reviewing the literature to see what other attempts have been made in estimating cost savings from consolidation. Chapter three deals with the methodology used in performing this study and considers departments unaffected by consolidation. The affected departments are then analyzed in detail in chapter four. Chapter five contains the summary, conclusions and policy implications of this study.

CHAPTER II
SURVEY OF LITERATURE

The purpose of this chapter is to summarize previous studies that have addressed the problem of estimating cost savings resulting from consolidation of services in the public sector. Many of these studies deal with the potential for cost savings through expansion of public services to a larger population and do not specifically address estimating cost savings from consolidation of governmental entities. The studies in this section were grouped into three categories, the cross section, economies of scale approach, the case study hindsight approach, and the case study predictor approach.

CROSS SECTION, ECONOMIES OF SCALE

Studies that used the cross section, economies of scale approach attempted to identify the existence of economies of scale in the public sector. The sample for these studies consisted of a cross section of governmental units, usually within the same state. If economies of scale were found to exist, there would be potential for cost savings through consolidation of two governmental units. Schmandt and Stephens¹ used a cross section of counties in the United States to identify factors that caused expenditure patterns to vary from county to county.

¹Henry J. Schmandt and G. Ross Stephens, "Local Government Expenditure Patterns in the United States," Land Economics (November 1963); pp. 397-406.

The counties were divided into nine population classes. The mean per capita expenditure for each class was calculated for several different expenditure categories. The means for each class were ranked and the rank order coefficients were calculated. The two population variables used to measure the scale of operations, population density per square mile and population, had no significant rank order correlations with coefficients of .01 and .03 respectively. The two variables with the highest rank order correlations to total current spending were state aid and median income with rank order coefficients of .61 and .47 respectively.

Shapiro² used the same basic data as Schmandt and Stephens and even the same nine population classes for counties. The study took the average per capita expenditure and revenues in each population class in each of 48 states. In each state the population class with the lowest and highest per capita revenues and expenditures was calculated, and the number of states in each population class was recorded. The population class with the most states in the lowest per capita expenditure category was between 50,000-99,999. However, this same class also had the most states in the lowest per capita revenue category. The population class with the most states in the highest per capita expenditure category was less than 5,000, which also happened to be the class with the most states in the highest per capita revenue category. The population class with the second largest number of states for the

²Harvey Shapiro, "Economies of Scale and Local Government Finance," Land Economics (May 1963): pp. 175-186.

greatest per capita expenditures was greater than 250,000, which was also the class with the second largest number of states in the greatest per capita expenditure category. Looking at per capita expenditures alone would indicate a "U" shaped per capita cost curve possibly indicating economies of scale. However, this "U" shaped curve is strongly associated with per capita revenues, not just population.

Gabler³ used multiple regression techniques to test the hypothesis that per capita expenditures or employment in the public sector varied with the population of the city. Other independent variables included population per square mile, rate of population change, percentage of population greater than 65 years old, median number of school years completed for population greater than 25 years old and median family income. Two samples were used in each of three states: Texas, Ohio and New Jersey. The one sample consisted of cities with populations between 25,000 and 250,000, while the other sample consisted of cities with populations greater than 250,000. No correlation coefficients or T-values were included in the paper but the conclusion was that in cities with populations of 25,000 to 250,000 there was no significant relationship between per capita expenditures or per capita employment in the public sector and city size. Cities with populations greater than 250,000 did spend more per capita than the smaller cities.

With multiple regression analysis, Hirsch⁴ used a cross section

³L. R. Gabler, "Economies and Diseconomies of Scale in Urban Public Sectors," Land Economics, (November 1969): pp. 425-434.

⁴Werner A. Hirsch, "Expenditure Implications of Metropolitan Growth and Consolidation," Review of Economics and Statistics, (August 1959): pp. 232-241.

of governmental units in the St. Louis area to test the hypothesis that per capita expenditures in the public sector varied with the population within the governmental unit. Other independent variables, aside from population, included population per square mile, area of the town in square miles, average per capita assessed valuation, and a quality of service variable. This study was the first to include a variable for quality of service, which was a ranking of departments gathered by using the Delphi approach. The dependent variables were per capita expenditures for various publicly provided services. Hirsch found that slight savings could be obtained by consolidating the central administration function of government and even greater savings could be obtained by consolidating sewer and water services. These savings would be obtained by taking advantage of economies of scale. No significant savings would be obtained by consolidating other functions provided by local governments.

Schmandt and Stephens⁵ used a sample of cities and towns in Milwaukee County to test the hypothesis that per capita costs of governmental services varied with population size. Rank order coefficients were calculated between the following variables: total population, per capita expenditures, per capita total budget, population per square mile, age of town, area in square miles, equalized per capita property valuation, percentage of developed land and a quality

⁵Henry J. Schmandt and G. Ross Stephens, "Measuring Municipal Output," National Tax Journal (December 1960): pp. 369-375.

of service variable. The quality of service variable was the total number of subfunctions performed by each department. Service level was significantly related to all variables except per capita expenditures, which had a rank order coefficient of $-.07$. Population was significantly related to per capita expenditures with a rank order coefficient of $.86$. The conclusion reached by the study was that possible economies of scale existed in the provision of local government services.

No consistent conclusion can be drawn from the previously summarized studies. Some studies indicated no significant relationship between population size and per capita expenditures. A study by Hirsch and another by Schmandt and Stephens both used quality of service variables and concluded the potential for economies of scale existed in publicly provided services.

Although the evidence is not conclusive, there is an indication that consolidation could possibly save money by taking advantage of economies of scale. However, there are several problems with using a cross section of governmental units to estimate the potential cost savings from consolidation in Montana.

A lack of comparability exists between local governments from one state to another state; functions performed by local governments vary depending on the number of functions the state is willing to assume. For example, in Montana the assessment of property is a state function, with the state paying for all assessment. However, in Texas the assessment of property is fully funded by the school districts. Naturally, per capita local expenditures would be higher in Texas than

in Montana.

The studies summarized in this section that used interstate cross-section samples did not directly compare per capita costs across state lines. The studies took averages within population groups or frequency of highest or lowest per capita expenditures in each population class, but did not attempt to compare across state lines. The other studies limit comparison to within state lines. In fact, Schmandt and Stephens⁶ found state aid to local governments was the most significant variable in their study, with a rank order coefficient of .61.

Per capita expenditures on public services are not only related to the cost of supplying these services, but also to the demand that an area has for public services. Shapiro⁷ found a relationship between per capita expenditures and per capita revenues. The ability of an area to pay for services is influenced by the income of those who reside in the area. Schmandt and Stephens⁸ found a rank order coefficient of .47 between median family income and per capita current spending for public services. These findings imply that the ability of an area to pay for public services is going to influence the amount spent on these services.

The quality of service is another variable that must be accounted

⁶Schmandt and Stephens, "Government Expenditure Patterns," op.cit., p. 403.

⁷Shapiro, op. cit., pp. 176-181.

⁸Schmandt and Stephens, op. cit., p. 403.

for in a cross-sectional comparison of public expenditures. Both Hirsch⁹ and Schmandt and Stephens¹⁰ found the possible existence of economies of scale when they incorporated variables to account for quality of service. A department that provides better quality of service should cost more than a department that provides a lower quality of service. For example, a professionally trained full-time fire department should render better service than an all volunteer fire department. A professional department would cost much more than a volunteer fire department, but it would provide a better quality of service.

A cross-section approach was not used for this study. As previously discussed, cross-sectional comparisons of cost of public services should not cross state lines. This would leave a sample of two towns in Montana with which to compare Missoula: Great Falls and Billings. A sample size of two would hardly be valid for statistical significance, especially when one must account for quality of service and the revenue potential of an area.

CASE STUDY HINDSIGHT APPROACH

Another possible approach to estimating cost savings from consolidation would be to see what experience had dictated in other consolidations. Books have been written on consolidations using the

⁹Hirsch, op. cit., pp. 232-241.

¹⁰Schmandt and Stephens, "Measuring Municipal Output," op. cit., pp. 369-375.

case study approach.¹¹ These books covered several subjects pertaining to consolidations. The general subjects pertaining to consolidation that were covered included history and background, the pro and con arguments, the actual vote, and reasons for passage or failure of the consolidation. However, none of the books addressed the question of cost savings as it related to consolidation.

The U.S. Advisory Commission on Intergovernmental Relations published a book of case studies in 1973: Regional Governance -- Promise and Performance. Several studies of consolidation were included.¹² The studies investigated consolidations to see if promises of the proponents were fulfilled. The promise of interest to this study was whether or not the new consolidated government saved money when compared to the total cost of original, separate governments. The general conclusion of every study was best stated by John DeGrove:¹³

¹¹Examples of books on consolidation are: William C. Harvard and Floyd L. Carty, Rural-Urban Consolidation: The Merger of Governments in the Baton Rouge Area (Baton Rouge: The Louisiana State University Press, 1964); Daniel J. Elazar, A Case Study of Failure in Attempted Metropolitan Integration: Nashville and Davidson County, Tennessee (Chicago: National Opinion Research Center, University of Chicago, 1961); David A. Booth, Metropolitics: The Nashville Consolidation (Lansing: Institute for Community Development Services, Michigan State University, 1963); David G. Temple, Merger Politics: Local Government Consolidation in Tidewater Virginia (Charlottesville: University Press of Virginia, 1972).

¹²Studies contained within Regional Governance -- Promise and Performance include: Aileen Lotz, "Metropolitan Dade County," pp. 6-16; John M. DeGrove, "The City of Jacksonville: Consolidation in Action," pp. 17-25; Robert E. McArthur, "The Metropolitan Government of Nashville and Davidson County," pp. 26-35.

¹³DeGrove, op. cit., p. 21.

The picture that emerges from this assessment is one in which costs did in fact go up after consolidation, but the quality and quantity of services to the public was substantially increased.

From the studies of consolidation in this ACIR publication, common examples of increases in the quality of service became evident. Examples included new centralized sewer systems as opposed to septic tanks, replacement of all volunteer fire departments with full-time professional staffs, addition of street lights, and many others. These new services were usually introduced in both the incorporated and unincorporated urban fringe areas where the tax base was not yet large enough to afford these services before consolidation. However, consolidation allowed the costs for these new services to be spread over a larger tax base, which made these new services feasible.

It would hardly be valid to compare the costs of the new consolidated governments with the previous separate forms of governments. These additional services obviously cost more. The cost of the government had increased, which one would expect in any government when the quality of service is increased. In order to make a valid cost comparison the quality of service would have to remain the same.

The case study hindsight approach was not used for this study. The studies looked at what had already happened, not what will happen. Voters cannot change their votes when they find out what happened as a result of their votes. The voters need the information before they go to vote, not after they have voted.

CASE STUDY PREDICTOR APPROACH

A third approach to studying consolidations was to estimate the cost savings from consolidation before the actual consolidation vote. This is the approach that this study will use. Studies that used this approach were done by Columbia Research Institute (CRI), a consulting firm from Portland, Oregon¹⁴. These studies were the only studies that could be found that used the estimation approach.

The principals of CRI have fairly sound credentials. Mr. Halley received a Ph.D. in economics from Stanford and has been chairman of the Economics Department at Portland State University. Mr. Myllenbeck was also on the faculty of Portland State University in the urban studies department. Both principals have worked on several studies of various local governments throughout the Northwest and California. However, the studies that CRI have done leave something to be desired from an academic viewpoint. It appears that the studies reflect what was desired by the clients of CRI rather than what would be demanded by academic standards.

The major problem with the CRI studies was that they often failed to include a discussion of methodology or, when a discussion was included, there was no documentation. The only report that included

¹⁴Examples of CRI studies are: Richard B. Halley and Nelson B. Crick, Fiscal Implications of Governmental Unification (Portland: Columbia Research Institute, 1969); Wesley L. Myllenbeck and Ronald C. Cease, Approaches to Local Government Reorganization: Tri Cities, Washington (Portland: Columbia Research Institute, 1970); Wesley L. Myllenbeck and Richard B. Halley, Governmental Resource Study: Butte, Montana (Portland: Columbia Research Institute, 1973); Wesley L. Myllenbeck and Richard B. Halley, Financial Impact of Governmental Reorganization: Sacramento (Portland: Columbia Research Institute, 1974).

a section on data collection was the Sacramento study. The study included less than one-half of a page on data collection, the following two paragraphs being the most important.¹⁵

Budgets were used exclusively, except for the fiscal year 1972-73, as data sources for the city of Sacramento and for county expenditures. County revenues were obtained from reports to the State Controller. 1972-73 fiscal data for the city and county were obtained from trial balances prepared by each agency. Complete audits were available for Galt and Isleton. Audits for Folsom, covering the 1971-72 and 1972-73 fiscal years were not available. The Controller's report was not available for the 1972-73 fiscal year, necessitating estimation of data for that fiscal year.

Once the fiscal information was compiled, personal interviews were held with many of the elected and appointed personnel within the county, four cities, and the fire, recreation and park, and water districts. The interview process provided an excellent opportunity to check financial data, review inconsistencies, gather additional information and gain an insight into each unit of government's operating procedures. Problems each unit either experienced or anticipated in the future were also learned.

The other problem with the CRI studies was that statements and conclusions were made without documentation of sources. Even when sources were documented, they were grossly inadequate. An example is a table entitled "Possible Cost Savings from Four-City Unification" with the source of the table stated below:¹⁶

"Source: This table was computed by CRI from financial reports of each city. The savings rates were estimated by analysis of these figures, economic studies of other consolidations in other areas and other related studies."

The CRI reports were not employed for the purposes of this study because their methods were undiscernible. The conclusions of CRI

¹⁵ Myllenbeck and Halley, "Sacramento," op. cit., p. 24.

¹⁶ Myllenbeck and Cease, "Tri Cities," op. cit., p. 54.

studies should be viewed with caution because of the lack of documentation.

SUMMARY

There was a wide range of problems with the three general areas of methodology concerning consolidation summarized in this chapter. Cross-section studies would not work in Montana because interstate comparisons of public service costs cannot be used. By limiting the sample to Montana no statistical inference can be made because of the small sample size. Ex post case studies of consolidations do not aid voters in making decisions. The studies that used the case study predictor approach cannot be used because methodology was not documented, even though the approach was sound. For these reasons no adequate methodology was found for estimating cost savings from consolidation that could be applied to Missoula, Montana.

CHAPTER III

DATA COLLECTION AND ANALYSIS

The purpose of this section is to detail the procedures used to collect and analyze data. Detailing the procedures used to collect and analyze data is not only important in attesting to the validity of a study, but also so that others may replicate the study if they so desire.

DATA COLLECTION

Data collection in this study consisted of three phases. The first phase was gathering background knowledge about each department in the Missoula city and county governments, and deciding which departments would be affected by consolidation. The second phase was the process of formulating questions to ask department heads. As previously stated, the department heads were the major source of data under the assumption that department heads are the most knowledgeable people in their respective departments. The third phase was the actual interviews with the department heads.

Background and Sorting

Background information was necessary to this study so knowledgeable questions could be written. Background knowledge assures the interviewee that the interviewer is someone worth spending the time talking with. More importantly, sound background knowledge minimizes the chance of the interviewee giving misleading answers to the interviewer's

questions.

The background information needed for this study consisted of a list of services provided and duties required of each department, and the equipment and manpower used by each department to provide its particular services. Fortunately, this information was available for Missoula governments from two major sources: City of Missoula, Policies and Procedures Manual; and A Brief Synopsis of Local Government in Missoula City and County, prepared jointly by Priscilla McGill and Linda Schnelle in June 1975 for the Missoula Local Government Study Commissions.

The above sources provided information on duties, responsibilities, and problems within each department; also included were structural flowcharts of each department. Equipment inventories for the city and county were examined to learn what equipment each department used in providing its particular services. Additional information such as revenue sources and short-term needs pertinent to each department was gathered by inspecting budgets of both the city and county.

During the information gathering phase it was necessary to sort the departments into two groups. The first group included the departments that were already consolidated at either the city or county level; these departments would be unaffected by consolidation. The second group consisted of departments that could logically be consolidated. At the time of this sorting process the proposed charter was still being written. However, it was apparent that the charter was not going to, and in fact, the final draft did not dictate which departments would or would not be consolidated; this decision would be made by the new

elected council. Therefore, it was necessary to make a subjective decision about which departments could logically be consolidated. The costs of the departments already consolidated were assumed to be unaffected by consolidation.

Question Formulation

The questions were designed specifically for each department that would be affected by consolidation. The questions were directed to the department heads under the assumption that they were the most knowledgeable people in their respective departments. Several questions dealt with ascertaining whether any of the previously defined conditions for possible cost savings, excess capacity or geographic overlap, existed in either the city or county governments. Other questions sought to identify excess capacity of either manpower or equipment within each department. Another group of questions asked department heads to state what additional inputs, defined as units of manpower or equipment, they would envision as necessary if their particular department were to assume the responsibility of providing services for the consolidated government as compared to the inputs necessary under the current situation of separate city and county departments. Questions about excess capacity and additional inputs assumed the quality of service rendered would remain unchanged by consolidation. The final question sought a comparison of the quality of service between each department and its counterpart in either city or county government.

The major problem in formulating the questions was the inherent

bias of the officials in both city and county governments. Many of the officials were apprehensive about consolidation, usually for reasons of job security. Consequently, their responses to some questions might be biased. The questions were designed to minimize this bias.

The first measure to minimize bias was to disguise the study. This was accomplished by putting a deceiving title on the set of questions each official received. The questions were entitled "GOVERNMENT INPUT STUDY; a Study of Governmental Inputs as they Relate to Service Levels in Missoula Governments". This title was designed to give the officials the impression that this study was only tangentially related to consolidation.

The second measure to reduce bias was asking the officials to estimate what additional inputs they would envision as necessary for a consolidated department as opposed to the inputs necessary for their particular department as a separate city or county entity under current law. Identification of additional inputs was used instead of asking how much money consolidation would save. The officials could give a more accurate answer using the input approach since costs are more subjective than are inputs. (See Appendix 2 for a sample questionnaire.)

Interviewing

To insure maximum validity of answers the interview technique was used. Face to face interaction not only allowed the department heads to answer questions, but placed them in a position of having to justify any answers which might seem unrealistic to the interviewer. Each department

head interviewed was given a set of questions at the time an appointment was made for an interview. The officials had at least one day to study the questions before the actual interview. The time lag between the receiving of the questionnaire and the actual interview was designed to give the officials time to think about logical responses, instead of spontaneous, possibly inaccurate, answers. The actual interview was designed to place the department heads in a position of not only answering each question, but also substantiating each answer. Answers should be more accurate if the reason for each answer accompanies each answer.

DATA ANALYSIS

The data analysis in this study consisted of two major portions: the identification of the additional inputs required in the consolidated department and the assignment of costs to these additional inputs. An additional cost analyzed, though not associated with any particular input, was the cost wage parity between city and county employees.

Identification of Additional Inputs

The initial phase of identifying the additional inputs necessary for a consolidated department was to designate which department, either city or county, would be the nucleus of the consolidated department. The reason for establishing the nucleus department was to stipulate to which department the additional inputs would be added. It was assumed that the easiest way to consolidate departments would be for the larger departments to absorb their smaller counterparts. The county departments

had larger budgets, except for the engineering department, so the departments in the county would be the nucleus of every new consolidated branch except for engineering. However, in the interviews, the department of the interviewee was assumed to be the surviving department to avoid response bias.

The officials interviewed were almost always in agreement regarding the additional inputs for each particular set of departments. The agreement among department heads eliminated the subjective problem of deciding which official, either city or county, was correct. Answers concerning additional inputs that were obviously absurd were ignored. No objective criteria could be used to determine whether or not answers were absurd. Subjective reasoning was used when answers could not be justified by various department heads. This reasoning was based on background knowledge and cross-checking answers with people outside the department who had knowledge in the area of doubt. For example, the mayor of Missoula stated that he would need at least 20 extra people in his office, if he were the new elected executive, to sort through the existing city and county codes and decide which to keep and which to discard. This particular answer appeared absurd in view of the fact that the full-time legal staff of both the city and county consisted of eight lawyers. Also the county commissioners interviewed stated that this would be no problem. Finally, the county attorney, who should have ample knowledge concerning city and county codes, felt that his staff could easily handle the problem.

Some questions could not be answered by one of the two department

heads interviewed. This occurred when a city or county department had a function that was nonexistent in the department of the interviewee. When only one official answered the question concerning additional inputs, this answer was used under the assumption that the only department head answering the question should have adequate knowledge concerning this particular function. Once the replies to be used were chosen, identifying the additional inputs was simply a matter of compiling answers to the questions concerning these additional inputs. These questions dealt with the additional manpower and capital equipment that would be necessary in a consolidated department, as opposed to the existing structure of two separate departments.

Once the additional inputs needed by the surviving department were identified, costs were assigned. The surviving department was the department previously mentioned as being the nucleus department of the new consolidated departments. The additional costs were additional costs to the nucleus department, not costs in addition to what existed for the two separate departments.

In every instance the officials felt that equipment in their department plus that of the department to be absorbed could provide the same quality of service as was being provided by the two separate departments. In almost every instance the manpower necessary was what existed in a particular department plus the additional manpower of its counterpart. If additional manpower over what existed in the two departments was necessary, it was assigned the cost of the average wage for that position in the city or county, whichever was higher. By the

same token, if less manpower was needed in the surviving department the cost saving was calculated by removing the people with the lowest wage, either in the city or county.

Wage Equalization Process

The wage equalization process did not involve paying everybody the same wage. As was previously mentioned, the additional inputs of manpower usually consisted of the current employees in both city and county departments being combined into one department. City and county personnel were on different pay plans. A cost associated with consolidation would involve the increased costs of establishing a system of wage parity. It was assumed that nobody would receive a wage decrease. Wage parity, or equalization, would entail paying employees of similar duties and similar experience the same wage. This equalization would also entail parity of fringe benefits.

Fringe Benefits

Fringe benefits for employees in the city and county were almost identical, with the exception of retirement plans for the law enforcement agencies. Both city and county employees subscribed to Blue Cross health insurance. The city and county paid into the plan, for their employees, at the following rates per month:

Blue Cross Expenses Paid Per Month by the Missoula City and County Governments Per Employee		
	<u>City</u>	<u>County</u>
Single	\$17.10	\$20.00
Married, without children	37.80	40.00
Married, with family	52.45	50.00

Source: City Payroll Office and County Personnel Office

The only exception to the above table was that female employees in the city received a maximum of only \$10.00 per month toward health insurance. It was assumed that such blatant discrimination would have to be remedied regardless of consolidation. As was previously stated, fringe benefits, exclusive of law enforcement, were almost identical. With parity of fringe benefits already existing, parity of wages would be the only additional cost associated with wage equalization process.

Wages

It was not the intent of this section to write a new pay plan for the new consolidated government. It was felt that by making some reasonable assumptions the cost of equalizing wages, as previously defined, could be estimated.

Combining city and county pay plans was simplified by the fact that the city and county once had a joint personnel function. Because of the joint personnel function, the job classifications were identical with the exception of positions that were nonexistent in one governmental unit or the other. Upon comparison it was evident that similar job titles had similar job descriptions and similar duties.

The three different pay plans to be compared were the plans of the road and street department employees, the clerical employees and the law enforcement employees of each governmental entity. The pay plans of these three separate functions had to be treated somewhat differently, but using the same basic assumptions. It was assumed that no employee would receive a reduction in wages. Salary decreases in labor negotiations are rare and it is unlikely, with unions in both city and county

governments, that decreases would occur. It was also assumed that not every employee would receive a wage increase. For example, there are no building inspectors in the county, therefore there was no comparable pay scale for building inspectors in the county. It was assumed that the wages of building inspectors would remain unchanged by consolidation. It would be unnecessary to give all employees pay raises simply because the two governments consolidated into one unit, especially if the responsibilities remain unchanged.

It was further assumed that the new government would choose the least cost system of equalizing wages. This system would meet the criteria of the above assumptions, but would be the least costly method of doing so. In the case where uncertainty existed as to the cost of wage equalization, the bias was put in the direction of overstating wage equalization costs. Overstatement of the costs of wage equalization tended to understate the cost savings of consolidation.

Road and Street Department Employees

Wages in the county road and city street departments were almost identical. Operators in the county earned \$5.60 per hour and operators in the city earned \$5.50 per hour. Truck drivers earned \$5.44 per hour in the county and \$5.35 per hour in the city. With fringe benefits almost identical and wages so close it was assumed that there would be no additional costs of wage equalization associated with the consolidation of the two road departments. It should be noted that employees of both departments belonged to the same union.

Clerical Employees

Clerks and secretaries in the city belonged to the Retail Clerks Union, while the clerks and secretaries in the county were paid according to the Missoula County Personnel Plan. When the most recent pay plans¹ for clerical employees were compared, it became evident there was no easy way to combine the two. For example, the base salary of a Secretary III in the city was \$595 per month, while the equivalent position in the county, Executive Secretary, had a base salary of \$631 per month. The base pay for a Secretary II in the county was \$533 per month, while a Secretary II in the city had base pay of \$575 per month. Some job classifications paid more in the city, while others paid more in the county. There were also differences in pay levels for longevity. For example, a Secretary II in the county had a lower base salary than in the city, but if one assumed a three percent yearly increase due to longevity, a Secretary II in the county would be earning \$637 per month after six years. The three percent longevity increase was what most county employees received. After six years the same position in the city would be earning \$625 per month. As previously discussed, fringe benefits for both employees were almost identical. The above examples indicated that no single pay plan could be readily utilized in this study.

An alternative approach, and the approach used for this study, was to assume a pay scale that used the average pay in the governmental

¹The most recent pay plans were the City Clerical Pay Schedule for July 1, 1975 - June 30, 1976 and the Missoula County Personnel Plan, Pay Schedule effective January 16, 1976.

entity that had the highest average pay for the position, according to the city and county budgets for fiscal 1976. To illustrate this approach, the Secretary I position is examined below. The Secretary I position in the city had an average salary of \$6,070, while the average salary for the same position in the county was \$5,883. The average pay for this particular position was higher in the city so every Secretary I in the county was given a salary of \$6,070 for purposes of wage equalization. The difference between \$6,070 and the existing county salary was the cost of wage equalization for that position. If, for reasons of longevity, a Secretary I earned more than \$6,070 in the county, that employee would receive her current wage. In the pay schedule assumed, no one received a reduction in wages. This methodology was used for every position, exclusive of positions in road and law enforcement departments, which were comparable between the city and county.

The method described in the preceding paragraph puts the bias in the direction of overstating the cost of wage equalization. The "average" salary of any particular position was calculated from salaries of employees with varying longevities. Employees who just started were elevated to the "average" salary for the position, but employees who, due to longevity, had salaries greater than the "average" did not have their salaries decreased to the "average" salary for the position. Each position was considered, and the higher of the "average" salary or the employees current salary was used. It must be remembered that this method sought to obtain an estimate of what wage equalization would cost, not write a pay plan for the new consolidated government.

Average Salary of Clerical Positions
in Missoula City and County Governments

	<u>County</u>	<u>City</u>
Secretary I	\$5,883	\$6,070
Secretary II	6,800	6,259
Secretary III (Executive or Legal Secretary in the county)	7,599	6,618
Accounting Clerk I	5,753	6,140
Accounting Clerk II	6,309	7,856
Accounting Clerk III	7,914	--
Recording Clerk I	5,253	5,438
Recording Clerk II	5,856	--
Recording Clerk III	7,985	--
Court Clerk I	6,994	6,061
Court Clerk II	7,740	8,072
Clerk Typist	5,096	5,860

Source: Missoula city and county budgets for fiscal 1976. Empty cells signify no position was budgeted in the city for fiscal 1976.

Law Enforcement Employees

Wages for law enforcement agencies were equalized on the basis of experience rather than rank. There were several reasons for equalizing on the basis of experience. Most pay plans assume that more experience should dictate more pay. This method also meets the basic assumptions that were mentioned earlier in this chapter, especially the least cost criteria.

If one assumes that members of the law enforcement agencies are more interested in salary than the title of their position, this method would be viable. Promotion in the sheriff's department was much faster than in the police department. It would be ridiculous to promote the captain in the sheriff's department with only nine years experience to captain in the new consolidated department. The three captains in the

police department have 20, 20 and 19 years experience. The same sort of experience patterns prevailed in the other upper ranks of both departments.

Experience and Salary Ranges for Law Enforcement
Personnel in Missoula County

City Police	Years on Force	Pay Range
Sergeant	16,14,13,12,11,9,7,7,7	\$11,616--\$13,440
Lieutenant	19,17,14,13,13	\$12,648--\$14,472
Captain	20,20,19	\$15,000 (approximate)
County Sheriff	Years on Force	Pay Range
Sergeant	9,7,5,4,4,3	\$11,222--\$11,503
Lieutenant	11,5,4	\$11,924--\$12,625
Captain	9	\$12,625

Source: Missoula City Police Department, Missoula County Sheriff's Department, Missoula city and county budgets for fiscal 1976, and Missoula Police Pay schedule.

Fringe benefits were the same for both agencies, with the exception of retirement. The county paid 7.5 percent of the employees' salary into the Sheriff's Retirement Fund, while the deputies paid in seven percent. The city paid 11 percent into the State Wide Police Reserve, while the patrolmen paid six percent. Increasing the contribution to retirement would cost the new government 3.45 percent of the total salary bill, exclusive of clerical salaries, for the sheriff's department. Deputies take-home pay would increase in the process because their contribution would drop from seven percent to six percent.

If the deputies ranked sergeant and above were placed in the same categories as policemen with the same experience, their current pay would fall within the pay classification of policemen with equivalent experience. Even if these same officers were placed in the same rank, with the exception of the captain, they would receive nearly equivalent

pay. Of course they would be at the low end, or slightly below the low end of the particular rank's pay range. When one looks at the experience of these officers, the pay they currently receive should fall at the low end of the same ranking officers in the police department. The captain with only nine years of experience in the sheriff's department should at best be a lieutenant in the new department. The captain's current pay is just slightly below the low end of the lieutenant's pay in the police department.

Whether one uses experience alone or rank combined with experience, the equalization of salaries of the ranks of sergeant or higher in the law enforcement agencies should cost little or nothing. It was assumed to cost nothing for this study.

Patrolmen in the police department had a lower starting salary than patrolmen in the sheriff's department. A patrolman starts at a salary of \$9,528 per year, which increased to \$10,320 per year upon completion of a probationary period lasting six months to one year. The upper limit for a patrolman's salary in the police department was \$12,144. Patrolmen in the sheriff's department earned from \$10,521 to \$11,222, which was maximum pay for senior deputies. The salary for patrolmen in the police department was raised to \$10,521 from \$10,320 to equalize wages. The difference was multiplied by the number of patrolmen in the police department to obtain an estimate of what wage equalization would cost for patrolmen.

The preceding calculation assumed that most of the patrolmen had completed the probationary period. Twenty-five had completed the

probationary period and four members were on probationary status. If uncertainty existed as to the costs of wage equalization the error would be in the direction of overstating the costs of equalization. For example, a policeman with four years of experience earned \$10,836 per year, which was well within the pay ranks for patrolmen in the sheriff's department. There had been very low turnover in the police department and many patrolmen had four or more years of experience.

Cost Comparisons

For each department in the consolidated government a new, hypothetical department was constructed. Salary costs for the new department were compared to the sum of the salary costs for the current two separate governments. The difference was the savings or dissavings resulting from consolidation.

Operating and maintenance costs were assumed to be the same as they currently were. Officials felt that the effect that consolidation would have on operating costs would be negligible. Capital outlays were assumed to remain unchanged. As was previously mentioned, no official saw the need for any additional capital equipment, other than current replacement capital, over what existed in the two separate departments.

Cost Savings

In addition to the questions dealing with additional inputs, questions were asked concerning other possible areas of cost savings, such as joint purchasing. These questions called for estimates by

department heads, since this was the only way to obtain answers concerning other savings. When estimates were given they were usually in ranges: \$10,000-\$15,000, for example. This study used the low figures given in the range in an effort to keep all the bias on one side. This bias tended to overstate costs or understate cost savings resulting from consolidation.

For each department the additional cost savings, discussed above, were added to the savings estimated from the input questions. Wage equalization was subtracted from the savings. Transition costs, as estimated by department heads, were also subtracted from the savings estimates. Even though transition costs would be one time costs, they were subtracted because of the static nature of this analysis. The final result was an estimate of the overall savings, or dissavings in certain cases, from consolidating each department in Missoula city and county governments. Savings and dissavings for each department were summed to obtain an estimate on the total savings from consolidation.

CHAPTER IV

RESULTS

This chapter gives the results of this study for each department. The first portion of this section deals with departments or functions that would be unaffected by consolidation. Unaffected functions would be those provided solely by the county or solely by the city with residents of both receiving benefits. Some departments were already consolidated in joint city-county departments. Because of legal restraints, other departments would be unaffected by consolidation. This chapter will then summarize the respondents' answers to the questions and estimate the cost savings or dissavings for each department that would be affected by consolidation. Finally, there is a brief overview of possible cost savings by residents receiving a higher quality of service at a lower price than they would have to pay in absence of consolidation.

Throughout this analysis, it is important to remember the assumption that the quality of service must remain unchanged by consolidation. It would be impossible to make cost comparisons if the quality of service provided by a department were to change after consolidation. This assumption is the key control assumption for the analysis.

DEPARTMENTS UNAFFECTED BY CONSOLIDATION

Several departments provide functions for residents of Missoula county. All taxpayers pay for these services whether or not they reside within the city limits of Missoula. These departments would be

unaffected by consolidation because all residents of the county may receive and do pay for the services. The functions that would be unaffected are the assessor, public administrator, coroner, schools, office of emergency preparedness, weed control, county airport, county fair and constable. The health department, library and planning staff were funded by both the city and county. In addition, the animal shelter was also a joint function of the city and county. These departments would be unaffected by consolidation.

The court system, because of possible legal restraints, was purposely omitted from the charter. For this reason consolidation would not affect the court system.

The city cemetery was operated by the city of Missoula however, the county also contributed operating funds. There was no residency requirement and most of the operating expenses were covered by user fees. In effect, the cemetery was consolidated at the city level and would have been unaffected by consolidation.

The building inspector was effectively consolidated at the city level. The county had no such department. However, the city building inspector has authority up to four miles outside of the city limits, thus covering the urban area surrounding Missoula. The city building inspector will inspect any building in the county upon request. Building permits pay for this service. Consolidation would not affect the building inspector's department since the department already covers Missoula County.

Consolidation would not put a greater burden on the building

inspector's office, as building codes would not be changed by the charter. Should the new officials of the consolidated government change the building codes to call for inspection throughout the county, the burden on this office would be increased, as would the quality of service it provides. It should be noted that this change in building codes could occur as readily in absence of consolidation. An assumption of this study was that the quality of service would remain unchanged.

The parks and recreation department is effectively consolidated at the city level. The county paid the city department for park planning and layout, and the county contributed money for county users of city parks. If service levels would remain unchanged, the parks and recreation department would already be consolidated at the city level and therefore unaffected by consolidation.

The county has the only auditor's office in the two governmental entities. The city has no internal audit function. The auditor's office felt they could handle the audit functions of the new consolidated government with the current staff and equipment. The auditors felt the increased financial workload of the larger government would be offset by the implementation of the new county computer system which will be discussed later. Also, the yearly external audit required by the new charter would lessen the workload of the internal audit function. For these reasons the auditor's office felt the current staff could handle auditing for the new consolidated government.

DEPARTMENTS AFFECTED BY CONSOLIDATION

Law Enforcement

Interviewees: Sabe Pfau, Chief of Police

John Moe, County Sheriff (telephone interview)

Neither the police nor the sheriff's departments reported any excess capacity or ability to expand services without decreasing the quality of services they rendered. The only way either department could expand its operations, with current manpower and equipment, would be to have the same number of patrolmen patrol a larger area, thereby decreasing the quality of service. There was some geographic overlap in the sheriff's department as deputies did patrol inside the city on their way to other parts of the county. The deputies did respond to calls within the city limits of Missoula. However, policemen did not respond to calls outside the city limits of Missoula.

Both officials felt that the existing staffs of both departments would be needed in a consolidated department. However, having two department and assistant department heads would be unnecessary. A saving of \$27,355 would arise through elimination of the positions of sheriff and undersheriff. The positions of chief and assistant chief of police could have been eliminated, saving \$31,164. However, in keeping with the policy of conservatively stating cost savings, the sheriff and undersheriff positions were eliminated for the savings estimate. Also, the sheriff was an elected position that would automatically be terminated upon completion of his current term.

Wage and benefit equalization, discussed in detail in the previous chapter, would offset almost all of the aforementioned savings.

Equalization of retirement plans would cost \$16,265 and wage equalization would cost \$5,226, for an overall additional cost or dissavings of \$21,491. When wage and benefit equalization was subtracted from the \$27,355 savings calculated, the net result was a savings of \$5,864.

As was previously mentioned, sheriff's deputies and policemen wore different uniforms and both responded to calls inside the city limits. New uniforms could be gradually phased into service through the current system of uniform allowances. Since the charter called for an urban service district in addition to a countywide service district, policemen could basically work the urban area wearing their current uniforms, while sheriff's deputies could serve the rest of the county using their current uniforms. This is the anticipated plan, but the nearest patrolman would be able to respond. Furthermore, patrol cars are replaced every two years, so in a relatively short period all the new cars could be the same color.

There may be additional benefits, that are not quantifiable, resulting from consolidation of law enforcement agencies. Greater efficiency would be attained by coordination of criminal investigations. Also, residents might receive increased service, particularly in the urban fringe area of Missoula, by the ability of the nearest patrol car being able to respond instead of being restrained by city boundaries.

Engineering

Interviewees: Tom Crowley, City Engineer

Richard Colville, County Surveyor

The county surveyor is responsible for the engineering and

surveying functions in the county, as well as overseeing the county road department. The city engineering department performs functions necessary to urban areas, such as sanitary and traffic engineering, while the county surveyor's office does all the platting and record keeping of lands in the county. The surveyor's office also does the land surveying for all county owned lands. In addition, the city engineer aids in planning off-street parking for the urban area outside the Missoula city limits.

Neither department had any excess capacity or geographic overlap. Because each department provided different types of services, both men felt that the existing staffs and equipment in each department could perform the functions that would be required under a consolidated department. The only additional cost would be wage equalization which was calculated to be \$836 using the wage equalization assumptions of this study.

Roads and Street

Interviewees: Roy Wilhelm, City Street Superintendent
Richard Colville, County Surveyor
Bob Martin, Purchasing Agent for County Road
Department (telephone interview)

There was some geographic overlap, as previously defined, in the county road department, but this would still occur even without consolidation. For example, if a plow needed to go to Lolo it would

travel, without plowing, through part of the city to get there. If the truck were to plow on its way to Lolo it would take so long to arrive that Lolo residents would never get any service within the normal eight hour workday. County trucks also travel through parts of the county without plowing.

There was excess capacity in the area of winter snow removal in the city street department. The excess capacity existed in the first third and last third of the snow removal season. The excess capacity existed because of a peak loading problem. In Missoula the heavy storms usually occur during the middle third of the snow removal season, but there is a chance that a large storm may occur during the first third and last third of the season. The department must be able to handle these storms. Usually the storms are not as severe in first and last thirds of the season therefore there is some excess capacity during these two periods.

This excess capacity could be used in the rest of the county because several of the county roads receive snow before Missoula does. They also receive snow later in the year than the city. For this reason the excess capacity in the department could be used on county roads when it exists. Savings could be obtained by eliminating some of the overtime that county employees are paid during these periods. It was estimated that the overtime eliminated in the county by the use of this excess capacity would be one-half of the overtime in the first third and one-third of the overtime in the last third of the snow removal season.

Both officials felt that, in order to provide the same quality of

service in a consolidated road department, the current staffs and equipment in each department would be necessary. The exception would be a back-up paver in the city, which would be sold for its value of \$3,000. It was felt that two back-up pavers would be unnecessary.

The area where the largest savings would be attained in consolidation of road departments would be through joint purchasing. Savings would arise from bulk and quantity discounts on items such as sand, oil, replacement parts, and equipment. The estimated saving would be at least \$15,000, with larger saving possible, depending on the amount of equipment purchased.

Savings from consolidation of road departments would be \$1,941 through elimination of overtime, \$3,000 from salvage of a paver, and \$15,000 from joint purchasing. From these savings clerical wage equalization of \$1,153 would be subtracted. (As was mentioned in the Data Analysis section, wages for teamsters and operators are almost identical for the two departments.) The net savings from consolidation of road departments would amount to \$18,788.

Clerk, Recording, and Finance

Interviewees: Robert Arras, County Clerk and Recorder, and
Director of Finance

Bernice Helm, City Clerk

The clerk, recording, and finance functions were grouped together for reasons of cost comparisons. In the city these functions were under control of the city clerk, while in the county they were under the county clerk and recorder, who was also the director of finance.

The budget of the city clerk was not disaggregated by function so the only way to compare budgets was to group all of these functions together for final comparison. Even though the budgets were not disaggregated by functions, questions could be asked concerning a particular function.

Elections

Elections fall under the clerk function of both departments. If consolidation were approved, city elections would be eliminated. The city has special elections for positions in the legislative and executive branches. These elections are not held in conjunction with general elections, and the cost per election was estimated to be \$14,000 (\$1,000 from the city and \$13,000 from the county). The county is in charge of all elections in Missoula county, even the city elections. Subtracted from the savings would be \$166 which was estimated to be the cost of wage equalization for the elections functions.

Finance

There was no excess capacity, as previously defined, in either finance department. However, in the county finance department there will soon be excess capacity which has already been purchased and which will occur even without consolidation. The county purchased a Burroughs 1714 Computer which was scheduled to be operational by July 1, 1976. This computer would have the capacity to handle the accounting functions of both governments regardless of consolidation. Even though the

capacity would exist, it was doubtful that both governments would use the same computer in absence of consolidation.

Because only one accounting system would exist in the consolidated government, it was felt that the new consolidated government would have less financial work than the two separate governments. The computer would also aid in reducing the staff necessary to run finance functions by performing several calculations that were done by hand. According to both officials, the current county finance staff plus one Accounting Clerk III would be the staff necessary to run the financial function of the new consolidated government. An additional Accounting Clerk II at one-half time would be needed to aid in the changeover for one year. This transition cost would be necessary because the two separate accounting systems would have to be reconciled into one system. It was estimated that one year would be sufficient time.

The savings from consolidation of finance and recording functions would amount to \$34,048. (It should be noted here that the salary of the city administrative officer was subtracted from the city budget before the cost comparison was made because the city operated without this position and indicated that it did not anticipate filling the position in absence of consolidation). From the \$34,048 savings the transition cost of \$3,928 must be subtracted, along with \$4,076 for wage equalization. The net savings from consolidation of clerk, recording and finance function would amount to \$26,044, and when added to the \$13,834 savings from elimination of city elections an overall saving of \$39,878 was estimated.

Clerk and Recording

The other functions provided by the city clerk's office were not duplicated in the county clerk and recorder's office and vice versa. Both offices provided essentially the same services, but to different governmental entities. Excess capacity existed in the county microfilm system. This system streamlined the otherwise bulky and clumsy recording functions. It had enough excess capacity to handle the needs of the new consolidated government. It reduced the labor required in the recording function by eliminating the necessity of a large filing system where everything was filed and retrieved by hand. This system, coupled with the current staff of the recording function in the county and one additional Recording Clerk II could handle the consolidated government's recording function. The additional clerk would be necessary because of the increased workload put on the county staff by the new consolidated government. However, the excess capacity in the county microfilm system would necessitate only one additional employee instead of the entire recording staff of the city. The cost implication of the clerk and recording function is included in the previous section, as the budgets were not disaggregated by specific function.

Treasurer

Interviewees: Arleen Brown, County Treasurer (telephone interview)

Jack Haines, City Treasurer

There is reason to be wary of the information gathered in this section. Arleen Brown was reluctant to grant an interview. After she

refused admittance three times she finally answered, with much hesitation, some of the questions she was asked.

There was no excess capacity in either the city or county treasurer's offices. The only way either office could expand its services would be to add more staff.

Mr. Haines was the only interviewee who answered the questions dealing with additional inputs in the consolidated treasurer's office. He felt that the current staff of both departments plus two additional people for training would be necessary for a consolidated department. The time for training was estimated to be one year.

No employee in either department had the full-time job of training employees. However, as previously stated, it was the intent of this study to put the bias in the direction of overstating the costs of the new government, thereby underestimating the cost savings from consolidation. For this reason the transition cost of these two training personnel was included in this estimate of cost savings from consolidation. Both trainers were given Accounting Clerk III wages for one year for a total cost of \$15,828. Wage equalization in the treasurer's office was estimated to cost \$8,070.

Overall dissavings of \$23,898 would result if the treasurer functions were to consolidate. It is possible that these costs were somewhat overstated because of the inclusion of the transition cost of training. Potential for savings existed in the treasurer's office if it

were consolidated. It was anticipated that the computer system purchased for financial purposes would eventually be expanded to handle functions in the treasurer's office.

Attorney

Interviewees: Robert Deschamps III, County Attorney

Fred Root, City Attorney

The only excess capacity in either attorney's department was the law library in the county - a resource which the city lacks. A prerequisite for being city attorney was to own a law library. There were no duplicate functions performed by either department. For a consolidated legal function the addition to the county staff consisted of two lawyers, three interns and a legal secretary, which approximated the current city legal staff. Both men felt the workload would remain about the same under a consolidated government as it would with two separate governments. The two lawyers were assigned the average salary of the deputy attorneys in the county attorney's office, which assumes that these lawyers would have some experience. The three legal interns were assigned a yearly wage of \$3.00 per hour for 15 hours a week, which was the salary and workload for interns. The secretary's salary was assigned as described in the previous chapter. Using the above assumptions the dissavings from consolidation of the two attorneys' offices was calculated to equal \$2,660.

Administrative Services

Interviewee: Herb Barrett, Director of Centralized Services

Administrative services consisted of personnel, centralized services (purchasing), and janitor service. The personnel function used to be a joint city-county function, but the city opted out in January 1976 because it was felt by the mayor that the city was paying too much for the level of service it was receiving. The burden was put in the mayor's office. The staff of the personnel office in the county remained unchanged after the city left the program so there would be no reason to believe that the personnel department that supervised city and county personnel could not supervise personnel for the new consolidated government. The total number of employees would remain approximately the same in the new consolidated government as in the two separate governments. This joint personnel function would remove some of the duties from the already burdened mayor's office. Janitorial service was decentralized with departments such as the city street department having their own janitors. There would be the same number of buildings under consolidation as there are presently, so janitorial services should be unaffected by consolidation.

The area where potential savings would occur is joint purchasing. According to Mr. Barrett, the current staff of centralized services could administer purchasing for the new consolidated government. Joint purchasing of supplies, exclusive of those for the road department, would result in a savings of \$24,000. The savings would occur because of the ability to obtain bulk rate and carload discounts. It is possible that the savings could be greater because the purchasing department would have time to investigate the products it would be buying, thereby

assuring products of higher quality.

Executive and Legislative

Interviewees: Robert Brown, Mayor of Missoula

Lud Browman, County Commissioner

The current system of a mayor and a 12 member council in the city and three commissioners in the county would be completely revamped by consolidation. The only holdover would be one county commissioner, Lud Browman, whose term expires in 1979.

A council composed of nine members, of which Browman would be one until 1979, would replace the two separate systems. The council members would be paid \$3,600, as dictated by the charter, with the exception of Browman, who would be given his existing salary of \$12,828. According to the charter, the new executive would be paid \$20,000.

The additional input would be an administrative assistant to the executive, which Mr. Brown felt would be necessary because of the size of the new consolidated government. This assistant was arbitrarily assigned a salary of \$18,000, which would be 90 percent of the executive's salary. The current clerical staffs would be adequate for the new consolidated executive and legislative branches. Savings would amount to \$21,371 if executive and legislative functions were consolidated. After subtracting wage equalization of \$429, the net savings would be \$20,942.

ADDITIONAL COSTS OF CONSOLIDATION

The only additional cost of consolidation would be yearly independent audits specified by the charter. The practice in

the city and county is to contract for an independent audit every two or three years. The yearly independent audits require less work than audits every two or three years and therefore would cost less. Also the computerized accounting system simplifies the auditing procedure. The auditor's office estimated the cost of the yearly audit to be \$13,000, which was the sum of the costs of the last audit for the city and the county.

AREAS OF FURTHER SAVINGS

There are two areas of savings that would be possible if the assumption of keeping the level of service constant was dropped. The savings would be in the form of a better quality of service at a lower price than otherwise would have to be paid. These savings do not apply to everyone in the county, but only to residents in specific areas. The two areas of possible savings would be in fire protection and sewage treatment.

Fire Department

In order to keep the quality of service unchanged, the fire departments would remain as they currently exist, with the city fire department inside the city and several rural fire departments in the remainder of the county. The city recently built a new fire station at the corner of 39th and Russell Streets. This station could service the Wapikiya area if the residents so desired. The building and one fire engine were paid for by Federal revenue-sharing money, so the only item missing is a crew to run the station. This new station would provide an

increase in the quality of service since these residents would not only have better response time but also a professionally trained department. As with city residents, residents who desire city fire protection would have to pay taxes to finance the entire city fire system. The amount of tax would be less than the amount these new users would have to pay if they were to build a new station and equip it themselves, since the building and one fire engine have already been paid for.

Sewage Treatment

The sewage system of Missoula is capable of servicing the residents in the urban fringe of Missoula with the excess capacity in the system. The urban fringe is the area outside the city limits, east of Reserve Street, plus the Rattlesnake area. Consolidation would allow these residents that are currently constrained by city boundaries to hook into the city system.

Consolidation could save these residents money, if they desired a sewage treatment system, by allowing them to hook into the city system. The potential savings would be equal to the cost of building a separate sewage facility to handle these residents minus the cost of using the excess capacity in the city system. Hookup costs were assumed to be equal for both systems. The alternative treatment plant was estimated to cost at least \$2 million by Mr. Haverfield, the City Sewer Superintendent. However, only 25 percent of the funding necessary for the current city plant came from local taxes, the remaining 75 percent was federal money. Assuming the same would be true for the separate system, \$500,000 would be the cost to the residents mentioned above. The cost

of using the city system would be nil, so savings would equal \$500,000.

TOTAL SAVINGS

Overall savings from consolidation would amount to \$69,078, if the quality of service were to remain unchanged. Another \$500,000 could be saved by residents not currently on the sewage system if they desired to hook into the existing system. Also, under consolidation Wapikiya residents could save more money if they wished to increase the service level of their fire protection.

CHAPTER V

SUMMARY AND CONCLUSIONS

Consolidation of Missoula city and county governments would save the residents of Missoula county \$69,078. Several departments were already consolidated at either the city or county level so their costs would be unaffected by consolidation. Departments that would be affected by consolidation are listed in the table below along with the amount of savings or dissavings that could occur if the departments were to consolidate. These savings or dissavings would equal the difference between what the two departments currently cost versus what the consolidated departments would cost if they were consolidated at the time of this study.

Summary of Cost Savings From Consolidation
of Missoula City and County Governments by Department

<u>Department</u>	<u>Savings</u>	<u>Dissavings</u>
Law Enforcement		
Elimination of top two personnel	\$27,355	
Wage and benefit equalization		\$21,491
Subtotal	\$ 5,864	
Engineering		
Wage equalization		\$ 836
Subtotal		\$ 836
Road and Street		
Elimination of overtime	\$ 1,941	
Salvage of paver	3,000	
Joint purchasing	15,000	
Wage equalization		\$ 1,153
Subtotal	\$18,788	

<u>Department</u>	<u>Savings</u>	<u>Dissavings</u>
Clerk, Recording, and Finance		
Elimination of city elections	\$13,000	
Elimination of part-time election help in city	1,000	
Savings from consolidation of departments	34,048	
Wage equalization		\$ 4,242
Transition costs		3,928
Subtotal	<u>\$39,878</u>	
Treasurer		
Transition costs		\$15,828
Wage equalization		8,070
Subtotal		<u>\$23,898</u>
Attorney		
Dissavings from consolidation		\$ 2,660
Subtotal		<u>\$ 2,660</u>
Administrative Services		
Savings from joint purchasing	\$24,000	
Subtotal	<u>\$24,000</u>	
Executive and Legislative		
Savings from consolidation of departments	\$21,371	
Wage equalization		\$ 429
Subtotal	<u>\$20,942</u>	
Yearly External Audit		
Cost of audit		\$13,000
Subtotal		<u>\$13,000</u>
TOTAL SAVINGS	<u><u>\$69,078</u></u>	

In viewing the previous table it becomes readily apparent that the area where consolidation would achieve the greatest saving would be through joint purchasing. Joint purchasing for the general supplies and the road department would amount to a savings of \$39,000. These savings would be due to the bulk and quantity discounts that the new consolidated government would be able to take advantage of.

Another area where substantial savings would be made is through consolidation of clerk, recording, and finance functions in the city and

county. The net savings would amount to \$39,878. Savings from consolidation of financial functions would be due to the computer that the county purchased for the finance department. The county microfilm system would enable savings in the recording branch, and elimination of city elections would result in savings in the clerk branch.

The only other area where significant savings would result from consolidation would be in the executive and legislative branches. The \$20,942 savings in this area would be due to the replacement of two executive functions by a single function.

The other departments that would be affected by consolidation would cost about the same after consolidation as they currently cost. The only exception would be the treasurer's function which would have a dissaving of \$23,898. It should be noted that \$15,828 of the dissavings was attributed to the transition cost of training for one year, a cost which could be suspect. The remaining dissaving, \$8,070, would be the result of wage equalization.

\$69,078 would appear to be a rather substantial saving from consolidation of Missoula city and county governments. However, this figure should be put into perspective. The combined general fund budgets for Missoula city and county for fiscal 1976 amounted to approximately \$7.5 million. If the overall cost saving of \$69,078 were taken as a percentage of the total general fund budget, the resulting figure would be less than one per cent. It should also be mentioned that approximately \$36,000 of dissavings was the result of wage and benefit equalization. The conclusion to be drawn from this study would

be that the consolidated government of Missoula city and county would cost approximately the same as the two separate governments currently cost. Consolidation certainly would cost no more than the existing governments.

POLICY IMPLICATIONS

This study had two major policy implications. The first was that voters deciding on the consolidation issue could be assured that the new consolidated government would cost no more than the combined cost of the two existing governments if consolidation led to no upgrading of the level of service currently provided residents in the city and in the county. However, the new government would not save substantial sums of money. This implies that when looking at a given level of service, costs of the new governments should not be an issue in the vote on consolidation. The other aspects of the charter should be the reason for voting either for or against consolidation.

The second policy implication, if consolidation fails, would be that the city and county of Missoula should consider consolidating the clerk, recording, and finance functions and joint purchasing. These were the two areas where the largest cost savings were found in this study.

ELECTION OUTCOME

The proposed consolidation of Missoula city and county governments was defeated by a narrow margin on June 1, 1976.

APPENDIX I

MISSOULA CITY-COUNTY CHARTER

PREAMBLE

We, the people of the City of Missoula and Missoula County, looking at the past with appreciation, the present with understanding, and the future with hope, do hereby ordain and establish this Charter of Consolidation, in order to obtain the benefits of self-government, to increase governmental effectiveness, and to provide harmony within our total community.

ARTICLE 1. CREATION OF A CHARTER GOVERNMENT.

1.01. CONSOLIDATION. The city of Missoula and Missoula County are hereby consolidated into a single government unit known as Missoula City-County, which shall have the status of an incorporated municipality and the status of a county for all purposes.

1.02. CHARTER. This document and any amendments to it shall serve as the self-government charter of Missoula City-County.

ARTICLE 2. POWERS.

2.01. DECLARATION OF POWERS. (1) Missoula City-County shall have all the powers of a city and of a county and all self-government powers that are not specifically denied to cities, to counties, or to consolidated units by the Constitution and laws of the state of Montana.

(2) Enumeration of rights, powers, or duties in this charter shall not be considered exclusive or restrictive.

2.02. EXERCISE OF POWERS. All powers of the city-county are vested in and derived from the people of Missoula City-County. These powers shall be exercised by their elected representatives unless otherwise provided by this charter or by Montana law.

ARTICLE 3. POPULAR CONTROLS.

3.01. INITIATIVE, REFERENDUM, AND RECALL. The people of Missoula City-County may exercise initiative, referendum, and recall as provided by Montana law.

3.02. OPEN GOVERNMENT. All meetings and records of the charter government shall be open to the public as provided by Montana law.

3.03. NEIGHBORHOOD ASSOCIATIONS. The council shall establish procedures for the formation and operation of neighborhood associations.

Voters will have a choice between the chief administrative officer being elected or appointed. The following changes in type style will be used throughout the charter to indicate differences which depend upon election or on appointment:

An appointed chief administrative officer will be called the administrator.

An elected chief administrative officer will be called the executive.

Upon adoption of one of the suboptions, this charter shall be numbered and punctuated consistent with the suboption adopted.

ARTICLE 4. COUNCIL.

4.01. POWERS AND DUTIES. (1) The Missoula City-County Council shall be the legislative, policy-making body of Missoula City-County.

(2) The council, acting as a body,

(a) shall appoint and may remove the administrator by

resolution of a majority of the entire council;

- (a) *may override a veto by the executive by a two-thirds vote of the entire council;*
- (b) shall adopt an annual budget, may levy taxes and special assessments, may make appropriations for city-county purposes, and may borrow money subject to the limitations of Montana law. Appropriations may not exceed anticipated revenue;
- (c) shall adopt a long-term capital improvement program, with provisions for annual review, revision, and extension;
- (d) shall provide for an annual independent financial audit,
- (e) shall adopt and amend as necessary an administrative code and a personnel code;
- (f) shall adopt procedures for the creation, expansion, alteration, and abolition of service areas and special improvement districts;
- (g) shall appoint persons to fill vacancies in the Montana legislature;
- (h) may review and investigate all fiscal and management operations of the city-county; and
- (i) shall adopt procedures for contracting with private and public agencies.

(3) Individual council members may not prescribe administrative practice.

4.02. COMPOSITION AND TERMS. (1) The council shall be composed of nine members elected on a partisan basis to four-year overlapping terms. Six members shall be elected from single-member districts and three shall be elected at large.

(2) The city-county shall be divided into six districts as compact, contiguous, and equal in population as possible. Within six months after federal decennial census figures are published, the council shall alter district boundaries as necessary to properly apportion the city-county.

(3) The number of districts and composition of the council may be changed by a majority of those electors voting on the question at a city-county election. Proposals for such changes may be initiated by a two-thirds vote of the entire council or by initiative of the people.

4.03. QUALIFICATIONS, FORFEITURE, AND VACANCIES. (1) Any qualified elector of Missoula City-County is eligible for election to the council. A council member may not hold office simultaneously with any other elective public office or city-county employment.

(2) Forfeiture of council office shall occur when a member ceases to reside in the district represented; when an at-large member ceases to reside in the city-county; or when a member is convicted of official misconduct or of a felony, or is removed from office by a court of competent jurisdiction.

(3) If a council vacancy exists by reason of forfeiture, death, resignation, or recall, the council shall appoint a qualified person

to fill the vacancy.

4.04. COMPENSATION. (1) The council may set a salary for its members by ordinance adopted at least six months before a city-county election. The ordinance shall not become effective until the new council members take office. In addition to salary, council members shall be allowed actual and necessary expenses incurred in the performance of duties, as approved by the council.

(2) The council president may receive a salary greater than that of other council members.

4.05. ORGANIZATION. (1) The council shall elect a president and vice president from among its members. The president shall preside at council meetings, be the official representative of the city-county, and have those powers and duties delegated by the council.

(2) The council shall adopt a set of rules to govern its organization and procedures, including provisions for election and removal of its officers, regularly-scheduled meetings at publicly announced times and places, a journal of proceedings that shall be public record, and for reasonable public notice of special or emergency meetings.

(3) The council may employ a staff, including temporary legal counsel when necessary.

4.06. PROCEDURES. (1) Two-thirds of the entire council shall constitute a quorum.

(2) All action of the council shall be by written ordinance or resolution, which shall be adopted by majority roll call vote of those

present and voting, except that procedural matters may be by motion.

All legislation shall be adopted by ordinance.

(3) Action required of the council by this charter shall be by ordinance unless otherwise specifically provided.

(4) A person appointed to fill a vacancy in an elective office shall hold office until a successor has been elected to the remainder of the unexpired term at the next city-county election and has taken office.

(5) Council members shall disclose their financial interest in any official action to be taken by the council and may vote on such action only with majority approval of the other council members.

(6) Ordinances and resolutions may be introduced by any council member or by petition of two hundred electors.

(7) The council shall follow ordinance procedure provided by Montana law, except that a public hearing must take place before any ordinance other than an emergency ordinance is adopted.

(8) Executive veto power may be exercised only before the next regularly scheduled council meeting following passage of an ordinance. If the executive vetoes an ordinance, the council may override the veto at its next regularly scheduled meeting. If the council fails to override the veto, the ordinance fails.

ARTICLE 5. ADMINISTRATOR/EXECUTIVE.

5.01. DUTIES. *POWER AND DUTIES.* (1) The administrator/*executive* shall be the chief administrative officer of the city-county and shall be responsible for all administrative functions of the city-county not

otherwise provided by this charter or by Montana law.

- (2) The administrator/*executive* shall
- (a) prepare and present an annual budget to the council;
 - (b) prepare and present annually the long-term capital improvement program to the council;
 - (c) be responsible for the appointment, supervision, and dismissal of all employees according to the personnel code adopted by the council. The administrator/*executive* shall appoint and may dismiss department directors. Appointment of department directors shall require council approval;
 - (d) see that ordinances and resolutions of the council are executed;
 - (e) execute bonds, notes, contracts, and written obligations of the city-county;
 - (f) attend council meetings, make recommendations as necessary, participate in discussions, and report as required, but have no vote;
 - (g) *possess veto power;*
 - (h) *be the official representative of the city-county;* and
 - (g) perform other duties as requested by the council or required by this charter or by Montana law.
- (3) The administrator/*executive* may delegate duties as necessary.

5.02. APPOINTMENT, REMOVAL, AND VACANCY. (1) The administrator shall be appointed by resolution of a majority of the entire council on the

basis of merit, and shall serve at the pleasure of the council. After appointment, the administrator shall reside in Missoula City-County.

(2) The administrator may be removed by resolution of a majority of the entire council.

(3) The administrator shall designate in advance a city-county employee to serve during the administrator's absence. The council may revoke this designation at any time and appoint another city-county employee to serve in the administrator's absence.

(4) If a permanent vacancy exists, the council shall appoint an acting administrator who is not a council member to serve until an administrator has been appointed.

5.02. ELECTION, FORFEITURE, AND VACANCY. (1) Any qualified elector of Missoula City-County is eligible for election to the office of executive. The executive may not hold office simultaneously with any other elective public office or city-county employment.

(2) The executive shall be elected at large to a four-year term on a partisan basis.

(3) The executive shall forfeit office upon ceasing to reside in the city-county, being convicted of official misconduct or of a felony, or being removed from office by a court of competent jurisdiction.

(4) If an executive vacancy exists by reason of forfeiture, death, resignation, or recall, the council shall appoint a qualified person to fill the vacancy.

(5) The executive shall designate in advance an acting executive to serve during the executive's absence. In an emergency, the council

president shall serve as temporary executive until the council convenes and appoints an executive.

5.03 COMPENSATION. The council shall set the salary and condition of employment of the administrator.

5.03. COMPENSATION. The council shall set the executive's annual salary. The council may decrease the salary during the term of office only with the consent of the executive.

ARTICLE 6. ADMINISTRATION.

6.01. ADMINISTRATIVE RESPONSIBILITY. The administrator/*executive* shall be responsible for the administrative functions of the city-county unless otherwise provided by this charter or by Montana law.

6.02. ADMINISTRATIVE CODE. (1) The administrative code shall be the plan of organization and structure for the administrative functions of the charter government.

(2) The administrative code shall include:

- (a) the departmental organization of the charter government, the nature and scope of each department, and procedures for departmental operation;
- (b) comprehensive budget procedures for the city-county;
- (c) provisions for boards, commissions, advisors, studies, and investigations; and
- (d) provisions for other administrative functions.

(3) The administrator/*executive* may present proposed changes in the administrative code to the council for review, amendment, and adoption.

6.03. PERSONNEL CODE. (1) The personnel code shall include a salary schedule, provisions for vacations, sick leave, insurance, and other employees benefits; procedures for employees to be heard pending discharge, suspension, or other disciplinary action; and shall provide for such other procedures as may be necessary for an equitable personnel system.

(2) The administrator/*executive* may present proposed changes in the personnel code to the council for review, amendment, and adoption.

6.04. CLERK OF DISTRICT COURT. The clerk of District Court shall be appointed, and may be removed, by the judges of the District Court.

6.05. CITY-COUNTY ATTORNEY. (1) The Missoula City-County Attorney shall be the prosecuting attorney and legal counsel to the city-county, and shall have those duties provided by the administrative code and those duties provided for a county attorney by Montana law.

(2) The attorney shall be elected to a four-year term on a non-partisan basis.

(3) The attorney shall have the qualifications provided for a county attorney by Montana law.

(4) The attorney shall forfeit office upon ceasing to reside in the city-county, being convicted of official misconduct or of a felony, or being removed from office by a court of competent jurisdiction.

(5) If an attorney vacancy exists by reason of forfeiture, death, resignation, or recall, the council shall appoint a qualified person to fill the vacancy.

(6) The council shall set the attorney's annual salary. The

council may decrease the salary during the term of office only with the consent of the attorney.

ARTICLE 7. SERVICE AREAS AND SPECIAL IMPROVEMENT DISTRICTS.

7.01. SERVICE AVAILABILITY BASIS FOR TAXATION. To provide equitable taxation, taxes shall be based as reasonably as possible upon the availability of services.

7.02. GENERAL SERVICE AREA. The council shall levy general service area taxes to the entire city-county for the support of general administration and for services made available to the entire city-county.

7.03. SPECIAL SERVICE AREAS. Special service areas may be established to receive services not made available to the entire city-county or to receive a higher level of services than that provided to the general service area. These additional services shall be financed by taxes levied on the area receiving them and by such other sources as may be approved by the council.

7.04. SPECIAL IMPROVEMENT DISTRICTS. Special improvement districts may be established to provide capital improvements. The improvements shall be financed by the district receiving them and by such other sources as may be approved by the council.

ARTICLE 8. GENERAL PROVISIONS.

8.01. CHARTER AMENDMENT. This charter may be amended as provided by Montana law.

8.02. SEVERABILITY. All provisions of this charter are severable; and if any provision is declared invalid or unconstitutional, that declaration shall not affect any other provision.

ARTICLE 9. TRANSITION PROVISIONS.

9.01. EFFECTIVE DATE. (1) This charter shall become law when approved by a majority of those electors voting on the question of its adoption as provided by the Constitution and laws of the state of Montana.

(2) The charter government shall assume all powers and duties provided by this charter on May 2, 1977, the effective date of this charter.

9.02. GENERAL PROVISIONS. (1) Transition to this charter government shall be as provided by this charter and by Montana law. The council may adopt temporary ordinances and resolutions necessary to assure effective and efficient operation of the charter government until adoption of the administrative and personnel codes.

(2) This article shall be published as a part of this charter until its provisions have been implemented.

9.03. MILL LEVY LIMITATION. During the first two years of the charter government, the council may not increase the annual budget higher than one which would establish a general service area mill levy at more than seven percent above the Certified Mill Levy certified by the Montana Department of Revenue, unless such an increase is approved by a majority of those electors voting on the question at a city-county election.

9.04. INITIAL PROCEDURES. (1) As required by Montana law, the county commissioner elected in November, 1972, shall continue in office as an at-large council member until his term expires in 1979.

(2) The primary election for the eight other council members, *the executive*, and the attorney shall be on February 8, 1977, and the

general election on April 5, 1977, as provided by Montana law.

(3) Newly elected officers shall assume their duties on May 2, 1977. The council shall meet on that date to elect a president, establish regular meeting dates, begin proceedings to appoint an administrator, appoint an acting administrator who may not be a council member, and set the agenda for the next meeting. At this meeting, newly elected council members shall draw lots to establish initial terms of office for each position. One at-large member and three district members shall serve for four-year terms, and one at-large member and three district members shall serve for two-year terms.

(4) Initial annual salaries shall be \$3,600 for council members, \$20,000 for the executive, and \$25,000 for the attorney.

9.05. CONTINUATION OF GOVERNMENTAL OPERATION. (1) Any bond, debt, contract, obligation, or cause of action already accrued or established by the city of Missoula and Missoula County shall be unaffected by this charter.

(2) All property and other rights, claims, assets, and franchises of the city of Missoula and Missoula County shall be transferred to Missoula City-County on May 2, 1977.

(3) City and county organization, structure, ordinances, resolutions, and regulations in effect on May 2, 1977, shall continue in effect until reaffirmed, amended, or repealed.

9.06. CONTINUATION OF EMPLOYMENT. (1) When the Missoula City-County Council, *city-county executive*, and city-county attorney take office on May 2, 1977, the positions of the Mayor of Missoula, Missoula City

Council, Missoula City Attorney, Missoula County Attorney, and Board of County Commissioners of Missoula County shall be abolished.

(2) All other Missoula city and county employees holding elective or appointive offices or positions on May 2, 1977, may continue in the performance of their duties until other provisions are made.

(3) Employees whose positions are later terminated by provisions of the administrative code shall be given first consideration for other city-county employment.

(4) Pension and retirement rights and the right of public employees to collectively bargain shall be unaffected by this charter.

9.07. PREPARATION AND ADOPTION OF ADMINISTRATIVE AND PERSONNEL CODES.

(1) Within nine months of the appointment of the administrator, *May 2, 1977*, the administrator/*executive* in consultation with the council, city-county personnel, and the public, shall prepare and present the administrative and personnel codes to the council for review, amendment, and adoption.

(2) Portions of the administrative and personnel codes may be adopted on an interim basis before the adoption of the complete codes.

(3) The council shall adopt the complete administrative and personnel codes within six months of the date of presentation. If not adopted in this time, the codes as originally presented shall become effective and shall remain in effect until amended by the council.

(4) The method and schedule for implementation of the administrative and personnel codes shall be provided in the ordinances adopting them.

9.08. EFFECTIVE DATE OF SUPERSESSION. (1) City and county organization, structure, ordinances, resolutions, and regulations in effect on May 2, 1977, shall be reaffirmed, amended, or repealed by May 2, 1979.

(2) City and county obligations for public improvements by special assessments in effect on May 2, 1977, may not be repealed.

(3) By May 2, 1979, the administrator/*executive* shall present a codification of ordinances and resolutions to the council for review, amendment, and adoption.

9.09. INTERIM SERVICE AREAS. (1) The entire county shall become an interim general service area on May 2, 1977, and residents thereof shall continue to receive the same services previously received.

(2) The city of Missoula shall become an interim special service area on May 2, 1977, and residents thereof shall continue to receive the same services previously received.

(3) These interim service areas shall remain in effect until altered by the council.

APPENDIX II

SAMPLE QUESTIONNAIRE

GOVERNMENT INPUT STUDY

A study of governmental inputs as they relate to service levels in Missoula governments.

By: Alan Davis, graduate student in economics

I will be contacting you later in this week or early next week for an interview which will deal with the following questions:

1. List the number of employees in your department in each job classification. Include part-time employees as a fraction of full-time.
2. With the current staff and equipment in your department, could the department expand its services to a larger segment of greater Missoula, i.e. partially or wholly taking over the county road department's functions, and provide the county residents with the same quality of service they currently receive?
3. If the expansion discussed in question 2 were possible, what would this expansion be as a percentage of your current operations?
4. Consider expansion of service outside of the city's present limit with your existing staff, assuming you had sufficient equipment to take on the added work. How much could this expansion be as a percentage of your current operations?
5. Consider expansion of service outside of the city's present limits with your existing stock of equipment, assuming you had sufficient manpower to take on the added work. How much could this expansion be as a percentage of your current operation?
6. Assume the city street department were to expand and take over the county road department's functions. Is there any specialized manpower, e.g. mechanics, for which the amount currently on your staff would be sufficient to cover this expansion wholly or partly? What are these positions? State if they could cover the whole expansion or only part of the expansion. If only part of the expansion could be covered, state what part.

7. Is there any specialized equipment, e.g. front-end loaders, for which the amount your department currently has on hand would be sufficient to cover, either partly or wholly, the expansion discussed in question 6? What are these pieces of equipment? State if they could cover the whole expansion or only a part of the expansion. If only a part of the expansion could be covered, state what part.
8. Assume you were the head of the road department for the proposed city-county and you were under the same budgetary constraints as you were for budgeting in 1975-76. What additional staff and equipment would you envision as necessary to give the city residents the same quality of service as they currently receive as well as providing the county residents with the same quality of service as they now receive?
9. Approximate cost, to the best of your knowledge, of the additional staff and equipment discussed in question 8.
10. What of the staff and equipment listed in question 8 does the county have?
11. If your department were to expand to take over county functions, are there any facilities that the city and county both have that could be eliminated? What are they?
12. Does your department provide any of the same services to the same people as the county road department? What percentage of your total department's time is spent on this service?
13. What is the approximate dollar value of your parts inventory? If you were to expand to take over county functions, what dollar value of parts inventory would you envision as necessary?
14. If the city and county were to purchase supplies, materials and equipment jointly would there be any bulk rate discounts? Could you place a dollar value on these savings?
15. Does your department spend any time traveling outside the city limits getting to certain city streets? What percentage of your department's total time does this process use up? Could you do anything productive while traveling through if you had the responsibility of maintaining county roads?
16. How would you rate the quality of service your department gives the city residents as compared to the quality of service the county road department gives county residents?

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