



CASE STUDY COMPONENT

**Appendix F of the County Financial Health and
Governance Alternatives 2007 Legislative Study
(Final Report)**

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Part of the County Financial Health and Governance Alternatives 2007 Legislative Study

CASE STUDY ANALYSIS OF ALTERNATIVE GOVERNANCE STRUCTURES AND INTERLOCAL AGREEMENTS

EXECUTIVE SUMMARY

REPORT PURPOSE AND OVERVIEW

This Case Study Component is intended to shed light on the linkages between alternative county governance structures and potentials for cost savings and/or customer service improvements. The following analysis is organized into two modules:

Module One: Alternative County Governance Structures

Module One consists of four comparative studies within the areas of General Government and Criminal Justice in which select organizational models are examined to determine the potential financial, operational, and service impacts if other Washington counties adopted such structures. In each case, a Model County, with a full or partial version of the alternative organizational structure already in place, is evaluated against a Comparable County, which employs a more traditional organizational composition relative to other Washington counties. Information obtained from analyzing these selected counties are then applied to make financial and customer service impact projections for counties in general. The findings presented in this study are not intended to target or identify particular counties to adopt such models, but rather serve to provide guidance to counties wanting to explore different avenues for potential cost savings.

Eight counties were selected for study: Adams, Clark, Douglas, Pierce, Klickitat, Skamania, Spokane, and Whatcom. Information was obtained through conducting in-person and phone interviews with 38 county staff as well as a review of relevant documents.

General Government. Focuses on the financial and customer service impacts of: 1) sharing the County Assessor, County Auditor, and County Treasurer's customer service functions and; 2) the merging of all County Assessor, County Auditor, and County Treasurer functions and positions into one office.

Criminal Justice. Focuses on the financial and customer service impacts of: 1) consolidating Superior Court functions across two or more counties; and 2) merging of the Superior Court Administrator and County Clerk functions and positions within a county.

Module Two: Interlocal Agreement (ILA) Analysis

Module Two consists of seven interlocal agreement case studies in the areas of: growth management; economic development; information technology; public health; sheriff services; and jails. The purpose of this module is to identify best practices in interlocal agreement formation and implementation by local agencies and the State. Such information may help counties adopt similar agreements, which could potentially lead to greater efficiencies, cost savings, and enhanced service delivery.

Information was obtained through 15 interviews, with county, city, and ILA staff, as well as a review of relevant documents. It is important to note that Module Two provides a sample of case studies from which to learn, not a comprehensive review of the service areas or of all interlocal agreements in existence.

Module 1: Summary Overview of Findings

County size plays an important factor in whether savings are likely to be attained in adopting any of the alternative models. Larger counties (population greater than 60,000), were much more likely than smaller counties (population less than 60,000) to realize positive financial gains.

Such a discrepancy in projected savings is likely due to the fact that larger counties generally have more staff, higher salaries, and greater division of labor, allowing for a greater ability to consolidate functions, achieve economies of scale, and maintain the quality of customer service after FTE reductions. Smaller counties, whose small staff perform a wide variety of roles and functions, are not only more likely to incur net costs, but are also more likely to realize negative impacts on customer service and general work processes after FTE reductions.

Exhibit E-1 provides an overview of the financial and customer service impacts on counties adopting one of the four studied models. The range of savings presented reflects the lowest and highest projected net savings (or costs) found in our analysis. Such figures are derived from conservative and aggressive scenarios that explored different options related to FTE reductions, employee compensation data, and one-time costs. The higher estimates should be treated with a great degree of caution as these figures are based on the most optimistic assumptions. It is also important to note that projections, particularly within the General Government models, are founded on the assumptions that select IT systems have been successfully integrated and targeted cross-training has occurred. Lastly, in some cases, capital costs are not included in our projections, which may offset any of the potential cost savings presented.

In addition to the financial impacts, important operational, customer service, and political considerations should also be addressed, as detailed in **Exhibit E-1**.

Smaller Counties

Based on the financial projections presented, smaller counties have a greater probability of incurring net costs likely to outweigh potential savings in adopting the General Government models than in adopting the Criminal Justice models.

General Government: In the Joint Customer Service Provision model, smaller counties could realize an approximate financial loss of \$1.0 million to a gain of \$400,000 over 15 year. In the Merged Assessor, Auditor, and Treasurer model, smaller counties could realize an approximate financial loss of \$490,000 to a gain of \$660,000 over 15 years.

Criminal Justice: In the Joint Judicial District model, smaller counties could realize net savings of approximately \$400,000 to \$1.7 million over 15 years. In the Merged Superior Court Administrator and County Clerk model, smaller counties could realize approximate financial gain of \$405,000 to \$1.7 million over 15 year.

Larger Counties

Based on the financial projections presented, larger counties could realize significant gains in adopting both the General Government and Criminal Justice models studied.

General Government: In the Joint Customer Service Provision model, larger counties could realize an approximate financial gain of \$1.4 million to \$3.1 million over 15 years. In the Merged Assessor, Auditor, and Treasurer model, larger counties could realize an approximate financial gain of \$1.5 million to \$6.1 million over 15 years.

Criminal Justice: In the merged Superior Court Administrator and County Clerk model, larger counties could realize an approximate financial gain of \$970,000 to \$1.9 million over 15 years. The Joint Judicial District model was not explored for larger counties as sharing judicial functions with another county may not be viable, due to high caseload volumes and workload.

Exhibit ES-1
Summary Overview: Projected Cost Savings
and Potential Challenges and Benefits

Estimated Net Savings/ Costs in 15 Yrs (YOE \$)		Potential Challenges (both Smaller & Larger Counties)	Potential Benefits (both Smaller & Larger Counties)		
Joint Customer Service Provision					
Smaller County	15 Years	<ul style="list-style-type: none"> • IT system integration • Cross-training staff to achieve staffing efficiencies • Securing appropriate facility space 	<ul style="list-style-type: none"> • External customer service improvements • Improving internal communication and workflow 		
Lowest Estimate	(\$1,000,000)				
Highest Estimate	\$396,000				
Larger County					
Lowest Estimate	\$1,401,000				
Highest Estimate	\$3,113,000				
Merger of Assessor, Auditor, and Treasurer					
Smaller County	15 Years	<ul style="list-style-type: none"> • Consolidation of staff in specialized services • Cross-training staff to achieve staffing efficiencies • Vested political interest to maintain separate offices 	<ul style="list-style-type: none"> • Potential savings through staffing efficiencies • Improving internal workflow and communication 		
Lowest Estimate	(\$490,000)				
Highest Estimate	\$660,000				
Larger County					
Lowest Estimate	\$1,520,000				
Highest Estimate	\$6,140,000				
Joint Judicial Districts (Across Counties)					
Smaller County	15 Years	<ul style="list-style-type: none"> • Potential backlog of civil cases • Potential travel challenges for shared staff • Potential negative impacts on customer service 	<ul style="list-style-type: none"> • Potential savings through staffing efficiencies 		
Lowest Estimate	\$680,000				
Highest Estimate	\$1,670,000				
Merger of Superior Court Administrator and County Clerk					
Smaller County	15 Years			<ul style="list-style-type: none"> • Concerns about legality/constitutionality • Potential loss of support personnel for Superior Court Judge(s) • Cross-training staff to achieve staffing efficiencies 	<ul style="list-style-type: none"> • Improved workflow and communication • Potential savings through staffing efficiencies
Lowest Estimate	\$406,000				
Highest Estimate	\$1,279,600				
Larger County					
Lowest Estimate	\$968,000				
Highest Estimate	\$1,935,600				

Source: Berk & Associates, 2007

MODULE TWO: SUMMARY OF FINDINGS

General Lessons Learned: Ingredients for Successful Interlocal Agreements (ILAs)

What follows are general prescriptions regarding the form and functioning of ILAs, derived from the particular experiences of stakeholders interviewed in the seven case studies evaluated.

Agreement Formation

- Use existing interlocal agreements as a guide. The Municipal Research and Services Center and the Planning Association of Washington are good sources for original documents.
- Identify and consider the perspective of all stakeholders: elected officials, department staff, and members of the public potentially affected by the agreement.
- Establish trust and develop relationships among key stakeholders by taking the time to promote collaboration and communication across institutional and jurisdictional boundaries.
- Articulate a common understanding of the needs of each party involved.
- Ensure that a common vision is held of the joint project or services, remembering that the end goal is serving the interests of constituents and the public at large.
- Advance preparation by all parties on the agreement's important elements will build a common understanding of the task at hand and keep negotiations on track.
- Perform thorough research to fully know what the contentious issues will be. During negotiations, address the issues of agreement to help build trust and momentum.
- Be clear on what is and is not negotiable during agreement discussions.

The Written Agreement

- Make sure all parties understand the terms and conditions of the agreement through education and communication.
- Establish clear expectations of deliverables or service provision.
- Create regular and ongoing avenues of communication and coordination between parties to address issues proactively as they arise.
- Create a governance structure that empowers decision-makers to make timely decisions.
- Build in flexibility for expansion opportunities or unforeseen changes.
- Plan adequate time for contract re-negotiation prior to agreement expiration.

Interlocal Implementation

- Follow through with ongoing communication and coordination between institutions and jurisdictions.
- Work towards achieving results. If the agreement leads to a high level of service provided in a cost-effective way, partners and their constituents are more likely to support the agreement.
- Inform constituencies of results. Communicating and sharing results to relevant publics will help maintain support for the agreement.

Enabling Conditions

The geography, population size, and economic markets of the jurisdictions affect local entities ability to work together. Large differences in population size exacerbated by geographic distance can lead to real or perceived differing levels of service that create tension, and as has been the case in some joint public health districts, can lead to the eventual dissolution of the agreement. Additionally, leadership from elected and appointed officials can make or break an agreement. Some agreement benefits may be indirect or realized only in the mid- to long-term, and thus require extended support.

The State's Role

The State is not a primary actor in interlocal agreements. Local considerations and the examination of costs and benefits should still be the primary determinants of ILAs. However, by creating policy parameters and priorities conducive to cooperation, the State could make interlocal agreements a more viable and appealing option by facilitating greater interlocal cooperation through changes in legislative, legal, and financial incentives.

Eliminate disincentives for interlocal agreements within existing policy structures. Laws or funding structures may unintentionally inhibit interlocal cooperation by reducing funding received (as partnering agencies sometimes lose funds when such monies are distributed on a per-agency basis) or adding layers of complexity and inconvenience to procedures.

Create special incentives for interlocal agreements. In addition to a “do no harm” approach, the State can actively promote ILAs through financial and legal incentives. For example, the State can provide targeted funding to small cities that otherwise could not afford to contract law enforcement services to counties. Or the State could streamline the annexation process for cities and counties with agreements in place to make the process less complex and cumbersome.

Define policy priorities. The State can encourage more interlocal cooperation through its own actions and support. Making the State “user-friendly” for local governments through executive support and clear avenues of communication would make partnerships and policy alignment easier.

Provide stable and adequate levels of funding for local government services. Most of the areas of service studied were affected by Motor Vehicle Excise Tax (MVET) reductions and thus, several interviewees voiced concerns regarding existing and future funding levels. Identifying dedicated revenue streams for service areas such as law enforcement and public health would reduce the uncertainty in which local government officials make decisions about service provision and interlocal cooperation.

Case Study Analysis of Alternative Governance Structures and Interlocal Agreements

Table of Contents

CHAPTER I: BACKGROUND INFORMATION.....	1
1. Purpose of this Case Study Component.....	1
CHAPTER II: CASE STUDY ANALYSIS OF ALTERNATIVE COUNTY GOVERNANCE STRUCTURES	3
1. Methodology and Format of Presentation	3
2. General Government: Assessor, Auditor, and Treasurer	4
2.1. General Government Joint Customer Service Provision	7
2.1.1. Research Findings from Model County: Clark.....	7
2.1.2. Research Findings from Model County: Douglas	9
2.1.3. Introduction and Approach to Financial Analysis	10
2.1.4. Summary of Findings: Assessor, Auditor, and Treasurer Joint Customer Service Provision.....	15
2.2. Merger of Assessor, Auditor, and Treasurer	16
2.2.1. Research Findings from Model County: Pierce.....	16
2.2.2. Introduction and Approach to Financial Analysis	17
3. Criminal Justice: Superior Court and County Clerk.....	26
3.1. Sharing Superior Court Functions Across Counties.....	29
3.1.1. Research Findings from Model Counties: Klickitat and Skamania	29
3.1.2. Introduction and Approach to Financial Analysis	30
3.2. Consolidation of County Clerk and Superior Court Administrator	35
3.2.1. Research Findings from Model County: Whatcom	35
3.2.2. Introduction and Approach to Financial Analysis	38
4. Summary Overview	45
CHAPTER III: CASE STUDY ANALYSIS OF INTERLOCAL AGREEMENTS.....	48
1. Introduction, Purpose, and Methodology	48
2. Context for Interlocal Agreements.....	50
3. Case Studies.....	51
3.1. Growth Management: Douglas County and City of East Wenatchee	51
3.1.1. ILA Formation and Scope	52
3.1.2. Implementation: Key Issues, Challenges, and Opportunities	52
3.1.3. Summary of Financial, Operational, and Service Impacts.....	53
3.2. Economic Development: Benton and Franklin Counties	53
3.2.1. ILA Formation, Structure, and Scope.....	53
3.2.2. Implementation: Key Issues, Challenges, and Opportunities	55
3.2.3. Summary of Fiscal, Operational, and Service Impacts.....	55

3.3.	IT: eCityGov Alliance and the Center for Information Services.....	56
3.3.1.	ILA Formation, Structure, and Scope.....	56
3.3.2.	Implementation: Key Issues, Challenges, and Opportunities	57
3.3.3.	Summary of Fiscal, Operational, and Service Impacts.....	57
3.4.	Public Health: Benton and Franklin Counties	58
3.4.1.	ILA Formation, Structure, and Scope.....	58
3.4.2.	Implementation: Key Issues, Challenges, and Opportunities	58
3.4.3.	Summary of Fiscal, Operational, and Service Impacts.....	59
3.5.	Sheriff: County and City of Chelan.....	59
3.5.1.	ILA Formation and Scope	59
3.5.2.	Implementation: Key Issues, Challenges, and Opportunities	60
3.5.3.	Summary of Fiscal, Operational, and Service Impacts.....	60
3.6.	Regional Jail: Chelan County, Douglas County, and the City of Wenatchee.....	60
3.6.1.	ILA Formation, Structure, and Scope.....	60
3.6.2.	Implementation: Key Issues, Challenges, and Opportunities	61
3.6.3.	Summary of Fiscal, Operational, and Service Impacts.....	61
4.	General Lessons Learned.....	61
4.1.	Ingredients for Successful Interlocal Agreements.....	61
4.1.1.	Agreement Formation.....	62
4.1.2.	The Written Agreement.....	62
4.1.3.	Interlocal Implementation.....	63
4.1.4.	Enabling Conditions	63
4.1.5.	The State’s Role	64
4.2.	Conclusion.....	64

Case Study Analysis of Alternative Governance Structures and Interlocal Agreements

Chapter I: Background Information

1. Purpose of this Case Study Component

This Case Study Component is intended to shed light on the linkages between alternative county governance structures and potentials for cost savings and/or customer service improvements. The following analysis is organized into two modules:

- **Module One: Alternative County Governance Structures.** Consists of two comparative studies in which particular organizational models are examined to determine the potential financial, operational, and service impacts if Washington counties implement such structures in the future.
 - **Case One** examines two alternative general government structures within a county: a) joint customer service provision within the Assessor, Auditor, and Treasurer's offices; and b) consolidation of County Assessor, Auditor, and Treasurer's functions into one elected official.
 - **Case Two** examines two alternative criminal justice structures across and within county boundaries: a) joint County Clerk, Superior Court Judges, and Superior Administrations across counties; and b) consolidation of County Clerk and Superior Court Administration within counties.

In each case, a Model County—with a full or partial version of the alternative organizational structure already in place—will be compared to a Comparable County—similar in population, but employing a more traditional organizational composition relative to other counties in Washington.

The analysis of each alternative structure will provide an order-of-magnitude understanding of potential cost-savings should Washington counties (represented generically in the analysis and modeling) implement the structural options studied, as well as an assessment of likely impacts (both positive and negative) to customer service and internal operations. The report also describes the challenges experienced and implementation strategies employed during and after the Model Counties' organizational shift.

The Washington State Constitution currently allows very limited structural options for non-charter counties, requiring that all counties, regardless of size and financial health, employ the same prescribed structure. Some of the options explored in this study would require relaxation of these constitutional requirements. Therefore, a principal purpose of this study is to provide policy makers with information about the desirability of allowing greater legal flexibility, including the order-of-magnitude cost savings that counties might achieve through the consolidation of specific county government functions and positions.

- **Module Two: Interlocal Agreement Analysis.** Consists of six interlocal agreement case studies in the areas of: growth management; economic development; information technology; public health; sheriff services; and jails. The purpose of the study is to identify best practices in interlocal agreement formation and implementation by local agencies and the State. Such information may help counties adopting similar agreements, which in turn could lead to greater efficiencies and cost savings.

The scope of Module One is limited to the specific alternative structures mentioned above: other suggestions for county cost savings and customer service improvements that emerge from this study will be identified for further exploration in future studies. Similarly, Module Two provides a sample of case studies from which to learn, but not a comprehensive review of the service areas or interlocal agreements in existence.

Together these two modules explore specific forms of organizational flexibility that a county government could consider when determining how to maximize efficiency and achieve cost savings while concurrently maintaining, or improving upon, customer service.

This report was produced in a relatively short time-frame, from mid-August to early October, 2007, which placed certain limitations on the ability to produce a far-reaching and fully complete analysis of all issues presented in the Case Study and Interlocal components. That said, the evaluations and assessments that were conducted for this report offer substantial and constructive information that should be useful for future decision-making regarding counties.

Case Study Analysis of Alternative Governance Structures and Interlocal Agreements

Chapter II: Case Study Analysis of Alternative County Governance Structures

This Module examines two cases in which alternative county government structures have been adopted within the areas of General Government, specifically related to the County Assessor, County Auditor, and County Treasurer functions, and two cases within the realm of Criminal Justice, specifically related to the Office of the Superior Court and County Clerk.

The findings that emerged from studying these alternative structures are not intended to target or identify particular counties to adopt such models, but rather serve to provide guidance and information to those wanting to explore different avenues for potential cost savings. While fiscally distressed counties may particularly be interested in pursuing ways to further improve efficiencies and save money, all counties within Washington are likely to benefit from such exploration.

1. Methodology and Format of Presentation

In selecting a limited number of counties for consideration in this case study analysis, attention was paid to population, general fiscal status, and geographic location, with an effort made to select counties that would reflect the demographic, economic, and geographic diversity of Washington's 39 counties. Information about specific counties was obtained in two ways:

Interviews. Interviews were conducted with 38 staff from Adams, Clark, Douglas, Pierce, Klickitat, Skamania, and Whatcom Counties (see Attachment A for a complete list of stakeholders interviewed). Separate interview protocols were developed for each group (i.e. General Government and Criminal Justice) and interviews were conducted in-person or by telephone. Information obtained from the interviews included: detailed descriptions of office structure and staff roles; overview of the challenges and opportunities in the current working environment; and perspectives on the projected impacts of the alternative structure.

Document Review. In addition to the interviews, related government reports and county fiscal studies were examined. Internal county-level office documents also were reviewed, such as organizational charts, budgets, and process charts. Such documentation provided valuable insight into the financial, political, and structural dynamics of each of the studied government offices, as well as an overview of the complex relationships between these offices.

For each topic area, the following approach will be used to present background, analysis, and a summary of findings:

- General background and an explanation of roles
- Research findings from Model County(ies), including key challenges and benefits

- A quantitative assessment of potential cost savings to 1) large counties and 2) small counties that adopt this model
- Summary of potential cost savings and other qualitative factors counties should consider when evaluating the General Government and Criminal Justice models

2. General Government: Assessor, Auditor, and Treasurer

The two alternative organizational structures examined within general county government focus on the financial and customer service impacts of: 1) the sharing of the County Assessor, County Auditor, and County Treasurer's customer service functions and; 2) and the merging of all County Assessor, County Auditor, and County Treasurer functions into one office.

Joint Customer Service Provision within the Assessor, Auditor, and Treasurer's Office. Two counties – Clark and Douglas – currently employ “one stop customer service centers” among the Assessor, Auditor, and Treasurer offices. To determine cost savings and impacts on customer service of this alternative structure, these two Model Counties were evaluated against two Comparative Counties – Spokane and Adams Counties – which have these functions separately located within each of these three offices. The larger counties – Clark and Spokane – were directly compared with each other, with a similar assessment applied to the smaller counties – Douglas and Adams.

A Complete Merger of Assessor, Auditor, and Treasurer functions. While there are no current examples within the State of Washington of counties that have consolidated all three offices, Pierce County has undergone a partial merger by consolidating the Assessor and Treasurer functions into a single Assessor/Treasurer office. The analysis builds upon this partial model to extrapolate the potential cost savings and customer service impacts of combining a merged Assessor, Auditor, and Treasurer structure with the joint customer service provision of Clark and Douglas Counties.

Exhibit 1 shows an overview of the basic characteristics of each of the studied counties. As shown in the Exhibit, the two Model Counties studied for their joint customer service provision – Douglas and Spokane – differ significantly in population, county budget, and county staff size. Such differences provided a basis for projecting the different impacts on large and small counties in adopting the selected alternative organizational structures. As the intent was not to target specific counties, the purpose of comparing Adams and Spokane against the two Model Counties was to provide a base platform from which general assumptions and conclusions could be made for counties in general.

Exhibit 1 Population, Budget, and Staff Size of Studied Counties

Joint Customer Service Provision Model				
County	Pop.	Budget		FTE
		Revenues	Expenditures	
Clark	415,000	\$366,890,701	\$337,775,868	1,592
Douglas	36,300	\$35,271,538	\$35,520,493	210

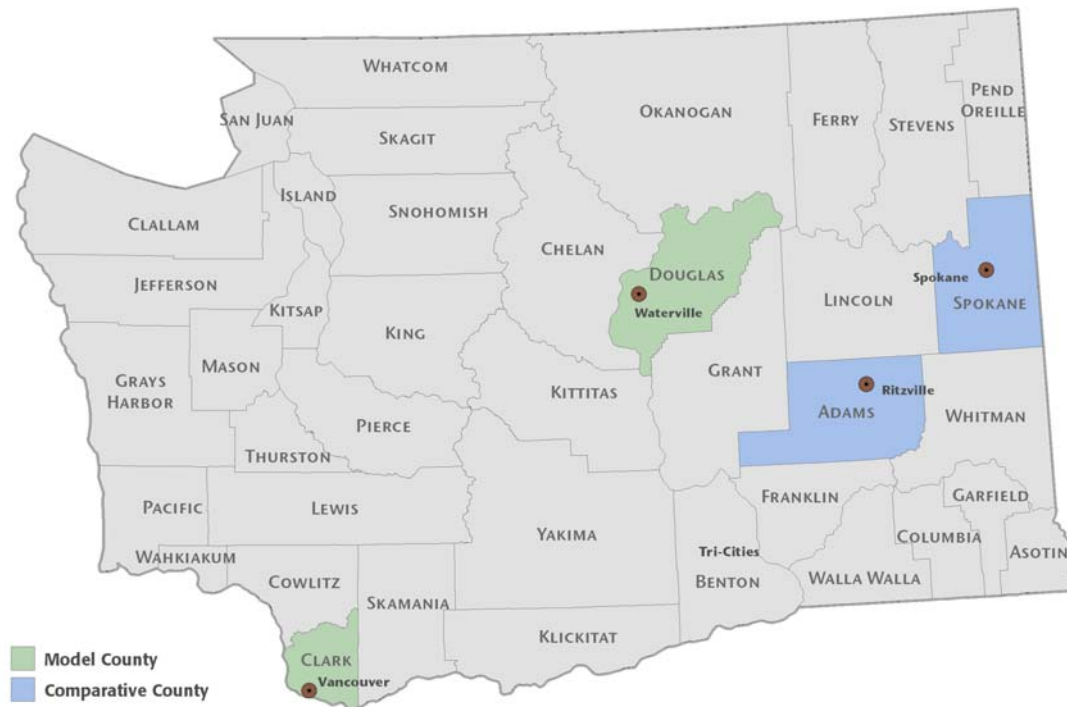
Comparison				
County	Pop.	Budget		FTE
		Revenues	Expenditures	
→ Spokane	451,200	\$296,808,431	\$290,394,379	1,971
→ Adams	17,600	\$18,983,649	\$18,065,992	165

Merged Assessor, Treasury, Auditor Model				
County	Pop.	Budget		FTE
		Revenues	Expenditures	
Pierce	790,500	\$550,559,171	\$542,573,418	3,023

Source: Office of Financial Management, Berk & Associates, 2007

Exhibit 2 shows the location of each county studied, as well as their respective county seats.

Exhibit 2 Map of General Government Study Counties



Source: Berk & Associates, 2007

While functions and responsibilities can vary across counties, the Assessor, Auditor, and Treasurer are typically found in separate offices overseen by elected officials serving four-year terms. **Exhibit 3** below provides a general overview of the duties and responsibilities of each office.

Exhibit 3
Role and Responsibilities of Assessor, Auditor, and Treasurer

Position	Responsibilities
Assessor	<ul style="list-style-type: none"> • Determines the value of all taxable personal and real property within specified jurisdictions • Maintains real estate appraisal records as well as maps pertaining to all properties within the county • Records transactions for sold or sub-divided property
Auditor	<ul style="list-style-type: none"> • Records documents such as deeds, real estate contracts, liens, and other required county documents • Audits all bills approved for payment by the county legislative authority before warrants are issued • Licenses vehicles, title transfers, registration, and marriages as well as collects sales tax on transferring the ownership of a vehicle • Supervises all elections and serves as chief registrar of voters with the county
Treasurer	<ul style="list-style-type: none"> • Manages/invests all county and governmental subdivision funds, as well as receipts and disperses these funds • Receives general property tax collection for cities, schools, and other local government entities as well as handles special assessment funds, justice court fines, and the various fees collected by other county offices • Enforces State law on tax collection, which includes handling delinquencies • Deposits funds in local banks and separates money for distribution

Source: Washington Association of County Officials, Berk & Associates, 2007

2.1. General Government Joint Customer Service Provision

At present, Clark and Douglas, are the only two counties in the State that share a customer service center between the Assessor, Auditor, and the Treasurer. Traditionally, these county offices are situated in different locations (perhaps on different floors or in different buildings), with each having its own separate customer service areas to assist internal customers (other county offices) and the general public.

While all three offices provide different services to the public, there are some areas, particularly relating to real-estate, where strong connections exist. For example, if a location address is stated incorrectly on a property tax bill, the Assessor's Office is generally responsible for handling this issue. For the sale or transfer of real or personal property, a Real Estate Excise Tax form must be completed and filled out with the County Treasurer, and the document must then be recorded by the Recordings and/or Licensing Division within the Auditor's Office. As such, customers sometimes need the services of all the offices concerning a related issue.

The following information provides an overview of Clark County and Douglas County's customer service structure as well as the benefits and challenges realized from employing this model.

2.1.1. Research Findings from Model County: Clark

In 2003, the full Assessor's Office, the full Treasurer's Office, and the Marriage License and Recording component of the Auditor's Office, moved to the second floor of the Clark County Public Service Building. Previously, the three offices had been located on different levels of the old county courthouse. As the offices grew, the need to find larger space, coupled with the intent to improve services to the public and communication flow between the various staff fueled the decision to consolidate each of the three offices' customer service centers into one space, now called the Joint Lobby.

Within this space, the public has the ability to meet with customer service staff from all three offices. Services provided at the Joint Lobby include real estate related assistance, such as recording deeds, processing excise taxes, paying property taxes, obtaining appraisal information, and applying for real estate exemptions, as well as applying for marriage licenses and obtaining moving permits for mobile homes. The Geographic Information Systems (GIS) Department, which is part of the Assessor's Office, is also located near the Lobby and provides maps for customers on a fee-for-service basis. Customers are able to select the service that he/she needs assistance with at a computer terminal, which in turn prints out a numbered ticket directing the customer to one of the three office counters which are each separated by a small partition.

The majority of staff is located away from public view behind the customer services counters. The counters are typically staffed by one primary customer service staff from the Assessor's Office and one primary customer service staff from the Treasurer's Office, who are both cross-trained to perform each other's duties. The Auditor's Office has two primary customer service employees that can interchangeably perform each other's duties, although at this point there is no cross-training between the Auditor's customer service staff and the Assessor and Treasurer's customer service staff. Backup staff, one for each primary customer service position, is available for substitution (if necessary). All of

these positions are rotated on a weekly basis from a pool of office administrative staff within each of the three offices.

It is important to note that the Joint Lobby primarily services the needs of the County's external customers (i.e. the general public). Servicing internal customers, such as other County offices and departments, as well as specialized customers, such as political parties or news media, is also a significant responsibility, and all three offices have additional administrative staff (which include staff working at the Joint Lobby) to support these other vital customer service functions.

Impact of Shared Customer Service Center

From interviews conducted with staff from each of the three offices, as well as a review of relevant documentation pertaining to the Joint Lobby, no staff, infrastructure, or related resources have been reduced since the move, nor have staff responsibilities and roles significantly changed. At present, the Lobby is more of a co-location of customer service centers, as employees in each department are not fully trained to perform the functions and duties of the customer service staff within the other offices. The County is currently looking at various mechanisms that would improve cross-training across offices, which may achieve greater cost efficiencies over the long run by being able to appropriately staff the Joint Lobby during peak and non-peak times, as well as servicing clients more efficiently.

Challenges.

- While cross-training has occurred between the Assessor and Treasurer's customer service staff, the ability to interchangeably exchange customer service staff across all three offices has been limited by the inability to integrate the Auditor's computer cashiering system for recording functions with the other two offices. The Treasurer and Assessor currently utilize a joint system called the County Assessor and Treasurer System (CATS), which allows customer-service staff to assess, collect, and distribute property taxes. For recording, the Auditor's staff use a computer system by Tyler Technologies called the Eagle System for recording and archiving documents, as well handling the associated transaction costs for these services. One of the major initiatives being pursued by the County is the purchase of new Point of Sales (POS) software that would allow all three offices to use one cashiering system which could service all customers. The County hopes to employ this new system by the end of the year and begin further cross-training of customer service staff. The estimated costs for purchasing and installing the new software system, as well as staff training, is roughly estimated at one million dollars.
- In addition to the technology hurdles, training customer service staff on the intricacies of each of the three office's policies, rules, and regulations were also mentioned in the interviews as a lengthy and time consuming process.

Benefits.

- At present, the major benefit realized from the consolidation is the overall improvement of customer service delivery. Customers no longer have to travel to different locales to be serviced by the three separate offices, thereby significantly reducing travel time, increasing accessibility

and availability of staff, and providing customers with an overall more positive experience interacting with the County.

- Internally, communication between the three offices has improved, which in turn has created greater trust and better working environments among the various staff. Questions pertaining to other offices can be answered in real-time, as staff can directly ask another staff person working at the nearby counter.

2.1.2. Research Findings from Model County: Douglas

Similar to Clark County, the impetus behind Douglas County's Joint Customer Service Center was driven by the Assessor, Auditor, and Treasurer's need for new office space and a desire to internally increase efficiencies. In 2001, a new one-story building was attached to the County Court House--where the three offices had been previously housed. Funding for the project came from a six million dollar bond designated to upgrade all of Douglas County's offices, with approximately two million dollars dedicated to building the Joint Customer Center.

Within the building, all three offices share a common lobby where each has its own customer service desk separated from the others by partitions, with the remaining staff located in the back. Customers are able to directly walk to each of the service desks to speak with staff. Like Clark County, the Customer Service Center mainly serves the external public and provides services for processing excise taxes, obtaining real-estate exemptions, obtaining vehicle licensing, and applying for voter registration. In addition to serving the general public's needs, employees working at the Joint Customer Service Center also provide services to internal customers, such as the Finance Department, Transportation and Land Services Department, and the County Commissioners.

While cross-training across offices is limited, there is strong internal cross-training within the offices. Within the Joint Customer Service Center there is usually one person from each office managing separate counters. Although there is generally one person designated as primarily responsible for this function, other staff is often seen managing the counters. As a smaller county with fewer staff, employees have multiple roles and perform a wide variety of duties and functions. As such, a large percentage of the employees within each of the offices are trained to manage the front desk: it is not uncommon for even the department heads to take turns answering customer inquiries.

Impact of Shared Customer Service Center

Since the Joint Customer Service Center was created, cost savings have not been realized as there have been no reductions in staff, facility space, equipment, or other related resources. The Joint Customer Service Center in Douglas County is even more of an unintegrated co-location of facilities than Clark County, as none of the staff are cross-trained to perform the customer service duties of any of the other offices. While the Treasurer and Assessor share the same computer system, TerraScan, that offers a variety of tax receipting and assessment options, staff are not trained to handle requests and inquiries from customers pertaining to the other office. The Auditor also uses a different system (Eagle System) in dealing with recording functions, as well as a separate system for licensing (a State-operated system), elections, and financial services.

Challenges.

- There appears to be less momentum in Douglas County (as compared to Clark County) to move towards cross-training staff between offices. The inability to have interchangeable customer service staff has been cited by some as problematic because efficiencies in staffing have not been fully maximized. The Auditor's use of different computer systems was cited as a significant barrier to teaching staff customer service skill-sets that would enable staff to work across the offices.
- Another issue cited as a challenge to cross-training is the fact that employees are already performing multiple functions and roles within their respective offices and having them learn and perform additional duties would be time-consuming and difficult.

Benefits.

- All Douglas County staff interviewed noted that the Joint Customer Service Center has provided significant benefits to the public, as customers no longer have to travel to multiple locations to pay taxes, obtain information on land values, and record documents.
- Between offices, working relationships and workflow has improved significantly, as issues or questions (concerning external customers or pertaining to internal issues) are solved through face-to-face interaction between staff and often are resolved right on the spot.

2.1.3. Introduction and Approach to Financial Analysis

Taking findings and lessons learned from the Model and Comparative Counties, projected financial impacts were estimated for *Washington counties in general* (not Comparative Counties in particular) that might wish to adopt the Joint Customer Service Center model. Due to the significant variation in county staff sizes and salaries across the State, cost-saving projections were developed separately for larger and smaller counties based on different salaries and the possible range of consolidation given staff roles and the division of labor found in counties of varying size. Larger counties are defined as counties with more than 60,000 inhabitants, with smaller counties having fewer than 60,000.

Two scenarios were explored under the Joint Customer Service Model: one based on conservative assumptions and one based on more aggressive staffing reduction assumptions (labeled as Scenario A and Scenario B, respectively). It is important to note that the more aggressive scenarios should be assessed with greater reserve, as cost saving were determined under more optimistic projections. Under each scenario, lower and higher average compensation salary estimates were used to help determine the projected fiscal impacts for counties adopting a similar model.

The following points should be considered when reviewing the Joint Customer Service analysis:

- As Clark and Douglas Counties' Joint Customer Service Centers were primarily created to assist the general public and not other county departments, districts, or special groups, this analysis focuses on potential cost savings achieved for larger and smaller counties through FTE reductions within the areas of external customer service only within the Assessor, Auditor, and Treasurer's Office.

- Any projected cost savings demonstrated were generated primarily from reducing full time equivalents (FTEs), specifically within the position identified as Clerical-Journey, which is classified as a comparable customer service position in most counties. Such a position typically has three to four years of administrative experience and performs a wide variety of office support functions. Decreases in Clerical-Journey staff translate into reductions in total annual employee costs, which factor in salaries, benefits (valued at approximately 30% of total salary), IT infrastructure, telephones, utilities, and facility needs.
- Any projected savings by reducing facility space incurred through FTE reductions are likely only to be realized in the short-term for counties in leased space (a variable cost) when creating a Joint Customer Service Center. Counties that are in owned space (a fixed cost) are not likely to see such savings in the short-term. Over the long-term, counties that own their Joint Customer Service Center space may achieve savings: a reduction in the FTEs in the Assessor, Auditor, and Treasurer offices, will allow equivalent expansion in other county offices without the addition of new office space.
- The financial figures provided in the exhibits below are based on assumptions of average annual county costs per FTE, which were provided by compensation data from the Association of Washington Cities (AWC City and County Compensation Report, 2007).
- Calculated future savings are in Year of Expenditure (YOE) dollars, which present compound annualized savings adjusted for inflation.
- All exhibits show the one-time costs of purchasing an integrated IT system for all three offices as well as the costs of training staff to use this system. What is *not* shown, are the potential one-time costs of purchasing, leasing, or building new facilities to create a Joint Customer Service Model/Customer Service Center. Counties that will need to purchase, build, or lease facilities to accommodate such a merge could incur significant costs that might outweigh any realized savings.

Projected Savings for Larger Counties

Based on Model and Comparative County findings and relevant document review, the Clerical-Journey was identified as the position directly impacted from adopting the Joint Customer Service Center Model. **Exhibit 4** shows the average salary range (with low and high estimates) of this position within counties with a population greater than 60,000.

Exhibit 4
Clerical – Journey Level (Counties > 60,000)

	Clerical-Journey	
	Low	High
Salary	\$28,842	\$36,923
Benefits	\$8,653	\$11,077
Total	\$37,495	\$48,000

Source: Association of Washington Cities, Berk & Associates, 2007

Employing two projected scenarios, identified as Scenario A and Scenario B, cost savings for a larger county creating a Joint Customer Service Center Model were evaluated. Both models work under the assumption that larger counties would improve upon Clark County's current Joint Customer Service Center staffing structure of four primary and four backup customer service staff by employing an integrated computer system and a fully cross-trained staff by the time of the consolidation.

Scenario A, detailed in **Exhibit 5** shows the projected financial impacts of reducing two clerical staff positions when adopting a Joint Customer Service Center Model. In this scenario, economies of scale are achieved through IT integration and staff-cross training, thereby reducing the need for two Clerical-Journey staff positions (leaving a total of three primary and three backup positions available to staff the Joint Customer Service Center).

Under this assumption, the two Clerical-Journey positions eliminated would be one primary and backup staff from any of the three offices, thereby approximately saving a total of \$1.4 million (low costs assumptions) to \$1.1 million (high costs) over a fifteen year span. The breakeven year, in which a county would begin to realize savings, differs significantly in the low and high salary estimates, with breakeven occurring in the third year with low costs and in the ninth year assuming high costs.

Exhibit 5

Scenario A: 2 FTE Reductions in Administration (Counties > 60,000)

	FTEs	First Year		Break Even Point		15 Years in YOE \$	
		Low	High	Year 3 Low	Year 9 High	Low	High
Savings: Per FTE Reduction (2)							
Clerical Staff-Journey	2	\$75,000	\$96,000	\$230,000	\$1,000,000	\$1,450,000	\$1,850,000
IT Systems (\$500-\$1,000)		\$1,000	\$2,000	\$3,000	\$6,000	\$19,000	\$39,000
Utilities (\$100-\$200)		\$200	\$400	\$600	\$1,000	\$4,000	\$8,000
Telephones (\$200-\$400)		\$400	\$800	\$1,000	\$2,000	\$8,000	\$15,000
Space (\$12-\$15 sf at 250 sf)		\$6,000	\$7,500	\$19,000	\$23,000	\$120,000	\$140,000
One Time Costs							
Integrating IT System/Training Staff		\$200,000	\$1,000,000	\$200,000	\$1,000,000	\$200,000	\$1,000,000
Total Net Savings		(\$117,400)	(\$893,300)	\$53,600	\$32,000	\$1,401,000	\$1,052,000

Source: Association of Washington Cities, Berk & Associates, 2007

Scenario B, detailed in **Exhibit 6**, assumes that after creating the Joint Customer Service Center Model and investing in the appropriate IT systems and staff training, larger counties could realize reductions in four Clerical-Journey staff. Such a scenario is based on the assumption that two primary customer service staff and two backup customer service staff from any of the three offices could be reduced by achieving efficiencies through thorough IT integration and cross-training (which would leave two primary and two backup customer service staff managing the Customer Service Center).

Under the lower cost estimate, the breakeven point would be realized on the second year, with higher cost assumptions leading to a breakeven point at year five. Over the span of fifteen years, approximately \$2.9 million (low salary/cost assumptions) to \$3.1 million (high) could be saved by counties adopting this model.

Exhibit 6
Scenario B: 4 FTE Reductions in Clerical Staff (Counties > 60,000)

FTEs	First Year		Break Even Point		15 Years in YOE \$		
	Low	High	Year 2 Low	Year 5 High	Low	High	
Savings: Per FTE Reduction (4)							
Clerical Staff-Journey	4	\$150,000	\$192,000	\$310,000	\$1,030,000	\$2,890,000	\$3,700,000
IT Sytems (\$500-\$1,000)		\$2,000	\$4,000	\$4,000	\$21,000	\$39,000	\$77,000
Utilities (\$100-\$200)		\$400	\$800	\$800	\$4,000	\$8,000	\$15,000
Telephones (\$200-\$400)		\$800	\$1,600	\$2,000	\$9,000	\$15,000	\$31,000
Space (\$12-\$15 sf at 250 sf)		\$12,000	\$15,000	\$24,000	\$80,000	\$230,000	\$290,000
One Time Costs							
Integrating IT System/Training Staff		\$200,000	\$1,000,000	\$200,000	\$1,000,000	\$200,000	\$1,000,000
Total Net Savings		(\$34,800)	(\$786,600)	\$140,800	\$144,000	\$2,982,000	\$3,113,000

Source: Association of Washington Cities, Berk & Associates, 2007

Projected Savings for Smaller Counties

Based on Model and Comparative County findings and relevant document review, the Clerical-Journey was identified as the position directly impacted from adopting the Customer Service Center Model. **Exhibit 7** shows the average salary range (with low and high estimates) of this position in counties with a population less than 60,000.

Exhibit 7
Clerical – Journey Level (Counties < 60,000)

	Clerical-Journey	
	Low	High
Salary	\$27,298	\$34,612
Benefits	\$8,189	\$10,383
Total	\$35,487	\$44,995

Source: Association of Washington Cities, Berk & Associates, 2007

Scenario A, depicted in **Exhibit 8** operates under the more conservative assumption that no staffing efficiencies are achieved, with no FTE reductions in the Clerical-Journey position. Such a result could be attributed to the fact that smaller counties, whose employees have multiple roles and responsibilities, might be significantly impacted in non-administrative areas by any staffing reductions. Furthermore, under this scenario, smaller counties are likely to achieve adverse financial impacts from adopting a Joint Customer Service Center as the costs for IT adoption and cross-training would incur significant one-time expenses that could range anywhere from \$200,000 to \$1,000,000.

Exhibit 8

Scenario A: 0 FTE Reductions in Clerical Staff (Counties < 60,000)

FTEs	First Year		15 Years in YOE \$		
	Low	High	Low	High	
Savings: Per FTE Reduction (0)					
Clerical Staff-Journey	0	\$0	\$0	\$0	\$0
IT Sytems (\$500-\$1,000)		\$0	\$0	\$0	\$0
Utilities (\$100-\$200)		\$0	\$0	\$0	\$0
Telephones (\$200-\$400)		\$0	\$0	\$0	\$0
Space (\$12-\$15 sf at 250 sf)		\$0	\$0	\$0	\$0
One Time Costs					
Integrating IT System/Training Staff		\$200,000	\$1,000,000	\$200,000	\$1,000,000
Total Net Savings		(\$200,000)	(\$1,000,000)	(\$200,000)	(\$1,000,000)

Source: Association of Washington Cities, Berk & Associates, 2007

Scenario B shown in **Exhibit 9** depicts smaller counties reducing one Clerical-Journey staff position in any of the three offices (which would leave two Clerical-Journey staff to manage the Customer Service Center Counter).

With low salary cost assumptions, this scenario begins saving smaller counties money in six years. Under the high estimate, the breakeven point is identified at year nineteen. Significant financial gains are only achieved in the low estimate, with approximately \$400,000 saved by year fifteen.

Exhibit 9

Scenario B: 1 FTE Reductions in Clerical Staff (Counties < 60,000)

FTEs	First Year		Breakeven Point		15 Years in YOE \$		
	Low	High	6 Years Low	19 Years High	Low	High	
Savings: Per FTE Reduction (1)							
Clerical Staff-Journey	1	\$27,000	\$35,000	\$180,000	\$920,000	\$520,000	\$680,000
IT Sytems (\$500-\$1,000)		\$500	\$1,000	\$3,000	\$26,000	\$10,000	\$19,000
Utilities (\$100-\$200)		\$100	\$200	\$700	\$5,000	\$2,000	\$4,000
Telephones (\$200-\$400)		\$200	\$400	\$1,000	\$11,000	\$4,000	\$8,000
Space (\$12-\$15 sf at 250 sf)		\$3,000	\$3,800	\$20,000	\$100,000	\$60,000	\$70,000
One Time Costs							
Integrating IT System/Training Staff		\$200,000	\$1,000,000	\$200,000	\$1,000,000	\$200,000	\$1,000,000
Total Net Savings		(\$169,200)	(\$959,600)	\$4,700	\$62,000	\$396,000	(\$219,000)

Source: Association of Washington Cities, Berk & Associates, 2007

2.1.4. Summary of Findings: Assessor, Auditor, and Treasurer Joint Customer Service Provision

Overall, larger counties are more likely to achieve financial savings by adopting a merged customer service model while smaller counties, under several scenarios, could realize a negative impact. Such a discrepancy in savings is likely due to the fact that employees in smaller counties perform a wider variety of duties than their counterparts in larger counties. For example, in Adams County, the staff person managing the customer service desk in the Assessor's Office also functions as the Levy Clerk and the Executive Assistant. Accordingly, reductions in FTE would not only have an impact on external customer service duties, but also on other non-administrative duties within the office. In larger counties, where staff have more specialized roles and functions, reductions in clerical staff would likely have not have such a direct impact on other office functions.

Estimated savings for larger and smaller counties may be summarized as below:

- **Larger counties**, with populations greater than 60,000, could save anywhere from \$1.4 million (low salary/cost assumptions, Scenario A) to \$3.1 million (high, Scenario B) within a fifteen year span (based on year of expenditure (YOE) dollars). Under low and high estimates, larger counties would likely see a positive benefit over the long run if they appropriately address the hurdles of effectively cross-training staff, adopting a fully-integrated computer system, and ensuring that facility costs do not outweigh potential operational savings.
- **Smaller counties**, with populations less than 60,000, could incur negative costs of \$1.0 million (high cost assumptions, Scenario A) to positive savings of \$396,000 (low, Scenario B) over a fifteen year span (based in YOE dollars). Conclusively, smaller counties in general should be more wary of adopting a Customer Service Center Model as a way of achieving significant cost savings.

As described in the Model County sub-sections above, additional challenges and benefits beyond potential costs and savings should also be evaluated when considering this model:

Challenges.

- One of the major challenges, for both large and small counties, is finding and investing in the appropriate IT infrastructure that would enable customer service staff in the Assessor, Auditor, and Treasurer's Offices to effectively assist the public for all three areas. Additionally, fully cross-training customer service staff will be time consuming and is likely to incur costs, especially for smaller counties where staff are already juggling multiple roles and responsibilities. Lastly, finding appropriate space to create a Joint Customer Service Model/Customer Service Center may be costly, especially if a new facility needs to be leased, purchased, or built.

Benefits.

- A potential benefit in adopting such a model is the overall improvement in customer service delivery. Centralizing the Assessor, Auditor, and Treasurer's external customer service functions allows the general public to be assisted in a variety of ways in just one location, ideally by just one staff person. Additionally, moving offices spatially closer together appears to improve overall workflow, as questions and issues that arise between the offices can be handled more quickly and efficiently.

2.2. Merger of Assessor, Auditor, and Treasurer

Within Washington, most County Assessors, County Auditors, and County Treasurers are elected positions with four-year terms: the only exception is King County, where these positions are appointed by the County Council. While there are no counties that have merged all three functions into one office, Pierce County, which will be described below, has undergone a partial merger by consolidating its Treasurer and Assessor positions and functions into one office.

Similar to the rationale behind merging the Assessor, Auditor, and Treasurer's customer service centers, there are potential reasons to consider the full consolidation of all three offices. While each of these offices performs different functions and duties, strong interaction exists, particularly with issues relating to real estate. For example, the Assessor and Treasurer's Office frequently exchange important information relating to property tax information. The following information looks at Pierce County, which has merged its Assessor and Treasurer functions, and then evaluates the potential impacts of merging all three offices for counties in general.

2.2.1. Research Findings from Model County: Pierce

Pierce County's separate Treasurer and Assessor's Offices were merged into the Assessor-Treasurer's Office by the county's Home Rule Charter in 1981. The Assessor-Treasurer's Office is an administrative department located within the County Government's Executive Branch, with the Assessor-Treasurer position elected by the voters of the county for a four-year term. The Assessor-Treasurer's Office performs all the duties commonly associated with a traditional assessor's office while many of the treasurer functions were shifted to the Finance Department (also located within the Executive Branch). The Finance Department now assumes responsibility of all investment related activity, accounting functions, and the handling of property tax refunds. While the Assessor-Treasurer's Office calculates the tax amount and sends out the tax billings, the Finance Department handles the tax collection.

The full Assessor functions and the remaining Treasurer functions are overseen by separate Administrative Officers that report directly to the Assessor-Treasurer. These Administrative Officers have separate fields of expertise in each of the Assessor and Treasurer functions and are appointed by the Assessor-Treasurer.

While Pierce County's merged Assessor-Treasurer function provides insight into the impacts of merging specific offices, the County's unique governance structure and demographics may make it a challenging model for other counties to follow. As a home-rule county with a large population and strong economic base, Pierce County is significantly different from smaller and more fiscally distressed counties.

Impact of Merging Assessor and Treasurer Functions

There is currently no staff in Pierce County that was present at the time of the Assessor-Treasurer merger. Additionally, very little historical documentation or data on the merger has been kept. As such, information concerning issues such as staffing efficiencies, cost savings, and organizational improvements/challenges were not readily available for this report. However, interviews with county

staff provided substantial information on how the system currently works, as well perceptions on the associated benefits and challenges of having an Assessor-Treasurer model.

Benefits.

- Staff interviewed noted that communication between the Assessor and Treasurer Departments is strong, which was attributed to the fact that the departments are within the same office. Such close physical proximity, as well as the fact that the departments regularly meet, helped foster understanding and trust among the various staff.
- Also noted in the interviews was that the close proximity of the two departments generates operational efficiency as distributing and receiving information was generally a streamlined process.

Challenges.

- The Assessor and Treasurer functions still remain distinctly separate and there is not a lot of cross-over between staff from either department.

2.2.2. Introduction and Approach to Financial Analysis

Taking findings and lessons learned from the Model and Comparative Counties, projected financial impacts were then applied to Washington counties in general that might wish to adopt the merged Assessor, Auditor, and Treasurer model. Due to the significant variation in county staff sizes and salaries across the State, cost-saving projections were developed separately for larger and smaller counties. Larger counties are defined as counties with more than 60,000 inhabitants, with smaller counties having fewer than 60,000.

Two scenarios were explored under the merged Assessor, Auditor, and Treasurer model: one based on conservative assumptions and one based on more aggressive staffing reduction assumptions (labeled as Scenario A and Scenario B, respectively). It is important to note that the more aggressive scenarios should be assessed with greater reserve, as cost saving were determined under more optimistic projections. Under each scenario, lower and higher average compensation salary estimates were used to help determine the projected fiscal impacts for counties adopting a similar model.

In both the larger and smaller county evaluations, the merging of the Assessor, Auditor, and Treasurer functions would likely result in the elimination of two of the three elected Assessor, Auditor, and Treasurer's positions. Due to the distinct roles and responsibilities of the majority of staff within the Assessor, Auditor, and Treasurer's Offices, the merger would likely result in maintaining separate divisions that would continue to carry out these different functions. Consequently, the hiring of three Deputy Directors, each with strong expertise in the Assessor, Auditor, and Treasurer's functions, would likely be necessary to oversee each of the divisions.

The following points should be considered when reviewing the merged Assessor, Auditor, and Treasurer analysis:

- Any projected cost savings demonstrated in merging the Assessor, Auditor, and Treasurer's functions were generated primarily from reducing full time equivalents (FTEs). Decreases in staffing translate into reductions in total employee costs per year, which factors in salaries, benefits (valued at approximately 30% of total salary), IT infrastructure, telephones, utilities, and facility space.
- Any projected savings by reducing facility space, incurred through FTE reductions, are likely only to be realized in the short-term for counties in leased facilities (a variable cost) when merging offices, as opposed to counties that own their facilities (a fixed cost). Over the long-term, counties that own their Joint Customer Service Center space may achieve savings: a reduction in the FTEs in the Assessor, Auditor, and Treasurer offices, will allow equivalent expansion in other county offices without the addition of new office space.
- The financial figures provided in the exhibits below are based on assumptions of average annual county costs per FTE, which were provided by compensation data from the Association of Washington Cities (AWC City and County Compensation Report, 2007).
- Calculated future savings are in Year of Expenditure (YOE) dollars, which present compound annualized savings adjusted for inflation.
- The potential one-time costs of purchasing, leasing, or building new facilities due to merging the three offices is *not* included in the financial projections below. Counties needing to purchase, build, or lease facilities to accommodate such a merger could incur significant costs that might outweigh any realized savings.
- Savings in election costs from two of the three Assessor, Auditor, and Treasurer positions are not included in the following financial projections as such savings would be minimal: the costs of preparing and executing an election are not significantly affected by the number of positions on the ballot. Furthermore, as noted by a study previously undertaken by CTED, "Any savings realized to the county will be in the form of decreasing the county share of total election costs and proportionally increasing the share paid by other jurisdictions by the same amount." (CTED, Election Cost Report).

Projected Savings for Larger Counties

Exhibit 10 shows the low and high salary estimates of staff in positions likely to be impacted by a merging of the Assessor, Auditor, and Treasurer positions in counties with a population more than 60,000.

Exhibit 10
Salary and Benefits (Counties > 60,000)

Management Staff					
	Assessor Flat Rate	Auditor Flat Rate	Treasurer Flat Rate	Deputy Director	
				Low	High
Salary	\$81,273	\$80,391	\$79,384	\$77,888	\$91,299
Benefit	\$24,382	\$24,117	\$23,815	\$23,366	\$27,390
Total	\$105,655	\$104,509	\$103,199	\$101,254	\$118,689

Support Staff								
	Executive Secretary		Clerical - Journey		Clerical - Entry		Computer Support	
	Low	High	Low	High	Low	High	Low	High
Salary	\$35,607	\$45,620	\$28,842	\$36,923	\$25,946	\$32,347	\$42,103	\$53,683
Benefit	\$10,682	\$13,686	\$8,653	\$11,077	\$7,784	\$9,704	\$12,631	\$16,105
Total	\$46,289	\$59,306	\$37,495	\$48,000	\$33,730	\$42,051	\$54,734	\$69,788

Source: Association of Washington Cities, Berk & Associates, 2007

Scenario A, depicted in **Exhibit 11**, shows that in merging the three offices, two of the three elected positions would be eliminated, as well as three support positions (Executive Secretary, Computer Support, and Clerical-Entry). This scenario operates under the assumptions that specific staffing efficiencies could be realized as in larger counties each of these offices generally has at least one technical support staff and an administrative assistant for the head of the office¹, as well as several general administrative support positions. These reductions, which total six FTEs, are compared against the increases in three Deputy Director's positions, which would each be in charge of overseeing the separate Assessor, Auditor, and Treasurer functions.

Under this scenario, positive gains are achieved in the first year, with \$1.7 million (low salary/cost assumptions) to \$1.5 million (high) realized by the fifteenth year.

¹ Spokane, which is the comparative county in this analysis only employs an Executive Assistant for the Treasurer's and Auditor's Offices.

Exhibit 11

Scenario A: Total of 3 FTE Reductions (Counties > 60,000)

	FTEs	First Year/Breakeven		15 Years in YOE \$	
		Low	High	Low	High
Savings: Associated FTE Reductions (6)					
Salary + Benefits					
Assessor, Auditor, and Treasurer (Average)	2	\$210,000	\$210,000	\$4,050,000	\$4,050,000
Executive Secretary	1	\$46,000	\$59,000	\$890,000	\$1,140,000
Computer Support	1	\$55,000	\$70,000	\$1,060,000	\$1,350,000
Clerical-Entry Level	2	\$67,000	\$84,000	\$1,290,000	\$1,620,000
Space, Utilities, and Infrastructure (6 FTE)					
IT Sytems (\$500-\$1,000 per FTE)		\$3,000	\$6,000	\$60,000	\$120,000
Utilities (\$100-\$200)		\$600	\$1,200	\$10,000	\$20,000
Telephones (\$200-\$400 per FTE)		\$1,200	\$2,400	\$20,000	\$50,000
Space (\$12-\$15 sf at 250 sf per FTE)		\$18,000	\$22,500	\$350,000	\$430,000
Costs: Associated FTE Increases (3)					
Salary + Benefits					
Deputy Directors	3	\$300,000	\$360,000	\$5,790,000	\$6,950,000
Space, Utilities, and Infrastructure (3 FTE)					
IT Sytems (\$500-\$1,000 per FTE)		\$1,500	\$3,000	\$30,000	\$60,000
Utilities (\$100-\$200)		\$300	\$1,500	\$10,000	\$30,000
Telephones (\$200-\$400 per FTE)		\$600	\$600	\$10,000	\$10,000
Space (\$12-\$15 sf at 250 sf per FTE)		\$9,000	\$11,000	\$170,000	\$210,000
Total Net Savings		\$89,400	\$79,000	\$1,720,000	\$1,520,000

Source: Association of Washington Cities, Berk & Associates, 2007

In **Scenario B**, shown in **Exhibit 12**, a total of nine FTE would be reduced in the merger. This scenario is more aggressive in its staffing efficiency assumptions than Scenario A, as eliminations would be achieved in two of the three Assessor, Auditor, and Treasurer's positions, one Executive Secretary position, and two Computer Support, Clerical-Journey, and Clerical-Entry positions. The reduction of nine personnel is somewhat offset by the hiring of three Deputy Directors.

Under this scenario, significant savings could be achieved in the first year, \$277,200 (low salary/cost assumptions) to \$318,600 (high). In the fifteenth year, savings range from \$5.3 million (low) to \$6.1 million (high).

Exhibit 12
Scenario B: Total of 6 FTE Reductions (Counties > 60,000)

	FTEs	First Year/Breakeven		15 Years in YOE \$	
		Low	High	Low	High
Savings: Associated FTE Reductions (9)					
Salary + Benefits					
Assessor, Auditor, and Treasurer (Average)	2	\$210,000	\$210,000	\$4,050,000	\$4,050,000
Executive Secretary	1	\$93,000	\$120,000	\$1,790,000	\$2,320,000
Computer Support	2	\$110,000	\$140,000	\$2,120,000	\$2,700,000
Clerical-Journey Level	2	\$75,000	\$96,000	\$1,450,000	\$1,850,000
Clerical-Entry Level	2	\$67,000	\$84,000	\$1,290,000	\$1,620,000
Space, Utilities, and Infrastructure (9 FTE)					
IT Sysms (\$500-\$1,000 per FTE)		\$4,500	\$9,000	\$87,000	\$170,000
Utilities (\$100-\$200)		\$900	\$4,500	\$17,000	\$87,000
Telephones (\$200-\$400 per FTE)		\$1,800	\$1,800	\$35,000	\$35,000
Space (\$12-\$15 sf at 250 sf per FTE)		\$27,000	\$30,000	\$520,000	\$580,000
Costs: Associated FTE Increases (3)					
Salary + Benefits					
Deputy Directors	3	\$300,000	\$360,000	\$5,790,000	\$6,950,000
Space, Utilities, and Infrastructure (3 FTE)					
IT Sysms (\$500-\$1,000 per FTE)		\$1,500	\$3,000	\$29,000	\$58,000
Utilities (\$300-\$500)		\$900	\$1,500	\$17,000	\$29,000
Telephones (\$200-\$400 per FTE)		\$600	\$1,200	\$12,000	\$23,000
Space (\$12-\$15 sf at 250 sf per FTE)		\$9,000	\$11,000	\$170,000	\$212,000
Total Net Savings		\$277,200	\$318,600	\$5,341,000	\$6,140,000

Source: Association of Washington Cities, Berk & Associates, 2007

Projected Savings for Smaller Counties

Exhibit 13 shows the low and high salary estimates of staff in positions likely to be impacted by a merging of the Assessor, Auditor, and Treasurer positions in counties with a population less than 60,000.

Exhibit 13
Average Salary and Benefits (Counties < 60,000)

Management Staff

	Assessor Flat Rate	Auditor Flat Rate	Treasurer Flat Rate	Deputy Director	
				Low	High
Salary	\$53,876	\$53,876	\$53,876	\$46,298	\$52,621
Benefit	\$16,163	\$16,163	\$16,163	\$13,889	\$15,786
Total	\$70,039	\$70,039	\$70,039	\$60,187	\$68,407

Support Staff

	Clerical - Journey		Clerical - Entry	
	Low	High	Low	High
Salary	\$27,298	\$34,612	\$23,831	\$30,399
Benefit	\$8,189	\$10,384	\$7,149	\$9,120
Total	\$35,488	\$44,996	\$30,981	\$39,519

Source: Association of Washington Cities, Berk & Associates, 2007

Scenario A, displayed in **Exhibit 14**, shows that in merging the three offices, two of the three Assessor, Auditor, and Treasurer’s positions would be eliminated, as well as one Clerical-Entry position. These reductions, which total three FTE reductions, are offset by the increases in three Deputy Directors, for a net total of zero FTE reductions.

Under this scenario, smaller counties are not likely to achieve any positive financial impacts, as the total costs for hiring three Deputy Director, under both low and high salary assumptions, outweigh the cost savings for the three FTE reductions.

Exhibit 14
Scenario A: Total of 0 FTE Reductions (Counties < 60,000)

	FTEs	First Year		15 Years in YOE \$	
		Low	High	Low	High
Savings: Associated FTE Reductions (3 FTE)					
Salary + Benefits					
Assessor, Auditor, and Treasurer (Average)	2	\$140,000	\$140,000	\$2,700,000	\$2,700,000
Clerical-Entry Level	1	\$31,000	\$40,000	\$600,000	\$770,000
Space, Utilities, and Infrastructure (7 FTE)					
IT Sytems (\$500-\$1,000 per FTE)		\$1,500	\$3,000	\$29,000	\$58,000
Utilities (\$100-\$200)		\$300	\$600	\$6,000	\$12,000
Telephones (\$200-\$400 per FTE)		\$600	\$1,200	\$12,000	\$23,000
Space (\$12-\$15 sf at 250 sf per FTE)		\$9,000	\$11,000	\$170,000	\$212,000
Costs: Associated FTE Increases (3 FTE)					
Salary + Benefits					
Deputy Directors	3	\$181,000	\$205,000	\$3,490,000	\$3,960,000
Space, Utilities, and Infrastructure (3 FTE)					
IT Sytems (\$500-\$1,000 per FTE)		\$1,500	\$3,000	\$29,000	\$58,000
Utilities (\$100-\$200)		\$300	\$600	\$6,000	\$12,000
Telephones (\$200-\$400 per FTE)		\$600	\$1,200	\$12,000	\$23,000
Space (\$12-\$15 sf at 250 sf per FTE)		\$9,000	\$11,000	\$170,000	\$210,000
Total Net Savings		(\$10,000)	(\$25,000)	(\$190,000)	(\$488,000)

Source: Association of Washington Cities, Berk & Associates, 2007

Under the more aggressive assumptions in **Scenario B (Exhibit 15)**, a net total of one FTE reduction is achieved as four positions would be eliminated (two of the three Assessor, Auditor, and Treasurer positions, one Clerical-Journey, and two Clerical-Entry positions) and three Deputy Directors would be hired.

One of the major assumptions of this scenario is that greater cross-training would occur at the mid-administrative level than is assumed under Scenario A. This cross-training which support greater consolidation of functions, however, given the relatively limited size of smaller county staff, such reductions would likely be limited to no more than two administrative positions

Under this scenario, positive financials gains could be achieved in the first year from anywhere from approximately \$34,000 (low salary/cost assumptions) to \$26,000 and from \$660,000 (low) to \$515,000 (high) in the fifteenth year.

Exhibit 15

Scenario B: Total of 2 FTE Reductions (Counties < 60,000)

	FTEs	First Year/Breakeven		15 Years in YOE \$	
		Low	High	Low	High
Savings: Associated FTE Reductions (5)					
Salary + Benefits					
Assessor, Auditor, and Treasurer (Average)	2	\$140,000	\$140,000	\$2,700,000	\$2,700,000
Clerical-Journey Level	1	\$35,000	\$45,000	\$680,000	\$870,000
Clerical-Entry Level	1	\$31,000	\$40,000	\$600,000	\$770,000
Space, Utilities, and Infrastructure					
IT Sysems (\$500-\$1,000 per FTE)	5	\$2,500	\$5,000	\$48,000	\$100,000
Utilities (\$100-\$200)	5	\$500	\$1,000	\$10,000	\$19,000
Telephones (\$200-\$400 per FTE)	5	\$1,000	\$2,000	\$19,000	\$39,000
Space (\$12-\$15 sf at 250 sf per FTE)	5	\$15,000	\$19,000	\$290,000	\$370,000
Costs: Associated FTE Increases (3)					
Salary + Benefits					
Deputy Director	3	\$180,000	\$210,000	\$3,470,000	\$4,050,000
Space, Utilities, and Infrastructure (3 FTE)					
IT Sysems (\$500-\$1,000 per FTE)	3	\$1,500	\$3,000	\$29,000	\$58,000
Utilities (\$100-\$200)	3	\$300	\$600	\$6,000	\$12,000
Telephones (\$200-\$400 per FTE)	3	\$600	\$1,200	\$12,000	\$23,000
Space (\$12-\$15 sf at 250 sf per FTE)	3	\$9,000	\$11,000	\$170,000	\$210,000
Total Net Savings		\$33,600	\$26,200	\$660,000	\$515,000

Source: Association of Washington Cities, Berk & Associates, 2007

Summary of Findings: Consolidation of Assessor, Auditor, and Treasurer Positions

Overall, larger counties are more likely to achieve positive financial savings than smaller counties in merging the Assessor, Auditor, and Treasurer functions. This is due to the fact that larger counties, which in turn have significantly more staff and greater division of labor in terms of staff roles and duties, are able to achieve greater staffing efficiencies and economies of scale by reducing duplication of personnel functions, particularly in the areas of entry and mid-level administrative support.

Additionally, in larger counties, the Assessor, Auditor, and Treasurer positions operate in more of a supervisory or oversight role (referred to as “non-working” positions) than in smaller counties, where individuals in these positions are generally more hands-on in terms of their duties (described as “working” positions). Accordingly, in larger counties, reductions in the two of the three positions within the larger counties are less likely to impact other duties within the three offices, while in smaller counties, the consolidation of two of the three Assessor, Auditor, and Treasurer’s positions is likely to have ramifications in other office functions. This in turn increases the need to increase or at least maintain the existing number of office personnel.

Estimated savings for larger and smaller counties may be summarized as below:

Larger counties, with populations greater than 60,000, could save anywhere from \$1.5 million (high salary/cost assumptions, Scenario A) to \$6.1 million (high, Scenario B) within a fifteen year span (in Year of Expenditure (YOE) dollars). Under both low and high salary assumptions, larger counties would likely see a positive benefit over both the short and long run if they appropriately address the hurdles of cross-training support staff in order to maximize efficiencies gained by the consolidation of specified positions and functions.

Smaller counties, with populations less than 60,000, could incur costs of approximately \$490,000 (high salary/cost assumptions, Scenario A) to savings of \$660,000 (low, Scenario B) over a fifteen year span (in YOE dollars). Conclusively, smaller counties in general should be cautious of merging the Assessor, Auditor, and Treasurer’s functions for the purpose of realizing significant cost savings.

As described in Model County sub-sections above, additional challenges and benefits beyond potential costs and savings should also be evaluated when considering this model:

Challenges.

- As the roles and functions of the Assessor, Auditor, and Treasurer’s offices are significantly different, achieving greater economies in scale, particularly with staff with specialized training, may be difficult to realize. For example, in the Assessor’s Office, staff in computer support roles has in-depth knowledge of Geographic Information Systems (GIS) while computer technicians in the Auditor’s Office are specialized in election, financial, and licensing systems. As there is little duplication of expertise, eliminating more than one or two of these computer support positions is unlikely (and only viable in the case of the larger counties). The same rationale applies to the variety of other positions in the three offices, such as real estate appraisers, tax collection specialists, elections managers, and investment managers.

- To maximize upon staffing efficiencies where personnel consolidation may be relevant cross-training is likely needed, which in turn could create additional costs and be significantly time consuming.
- In merging the three offices, there is a strong concern noted by several stakeholders interviewed for maintaining appropriate internal controls. Without safeguards in place, merging the three independently elected Assessor, Auditor, and Treasurer positions into one elected (or appointed) position could potentially contribute to the actual or alleged mismanagement of county funds or other kinds of impropriety.

Benefits.

- A significant potential benefit in merging the Assessor, Auditor, and Treasurer's offices is the consolidation of any redundant or duplicated functions. If such personnel reductions can be made with minimal cross-training costs, which primarily applies to larger counties, significant financial cost savings through FTE reductions can be achieved.
- Merging offices also might improve workflow and communication between the Assessor, Auditor, and Treasurer's staff, which in turn can translate into financial efficiencies as potential errors and issues could be reduced, thereby saving counties money in the long-run.

3. Criminal Justice: Superior Court and County Clerk

The two alternative organizational structures examined within this section focus on the Superior Court and County Clerk functions considering the financial and customer service impacts of: 1) consolidating Superior Court functions across two or more counties; and 2) merging Superior Court Administrator and County Clerk functions.

Offices and positions supporting the Criminal Justice system are routinely cited as areas to further achieve cost efficiencies, as a high percentage of counties' overall budgets are frequently devoted to these functions. While the two alternative structures evaluated within this report only comprise a small component of the entire Criminal Justice system, these assessments may provide better insight into whether specific areas are viable for merger and/or sharing functions within and across counties.

Consolidation of Superior Court office functions across counties. While there are several counties that currently share Superior Court functions, Klickitat and Skamania, which share a Superior Court Judge, were selected as the Model Counties to evaluate in this report due to time and travel constraints. The Klickitat-Skamania model are compared to Adams County's more typical single-county district to evaluate potential cost savings and other implications of this model for counties in general.

Merging of Superior Court Administrator and County Clerk functions within a county. Whatcom County, which has merged its Superior Court Administrator and County Clerk functions, was evaluated as the Model County. Adams County was selected as the Comparative County, as it maintains the traditional county model with a separate Court Administrator and County Clerk. The Whatcom model will be compared to Adams County to determine potential costs savings and other implications of this model for counties in general.

Exhibit 16 shows an overview of basic characteristics of each the studied counties. As shown in the Exhibit, the Model Counties are Klickitat and Skamania, which presently share one Superior Court Judge, and Whatcom County, which has merged its Court Clerk and Superior Court Administrator functions and positions. Adams County was selected for comparison against both of the alternative structures. Similar to the General Government section, such comparisons are not intended to highlight this particular county, but rather to apply lessons learned to counties in general.

Exhibit 16 – Characteristics of Studied Counties

Joint Judicial District Model				
County	Pop.	Budget		FTE
		Revenues	Expenditures	
Skamania	10,300	\$19,853,509	\$19,058,658	170
Klickitat	19,500	\$26,594,982	\$23,231,607	235

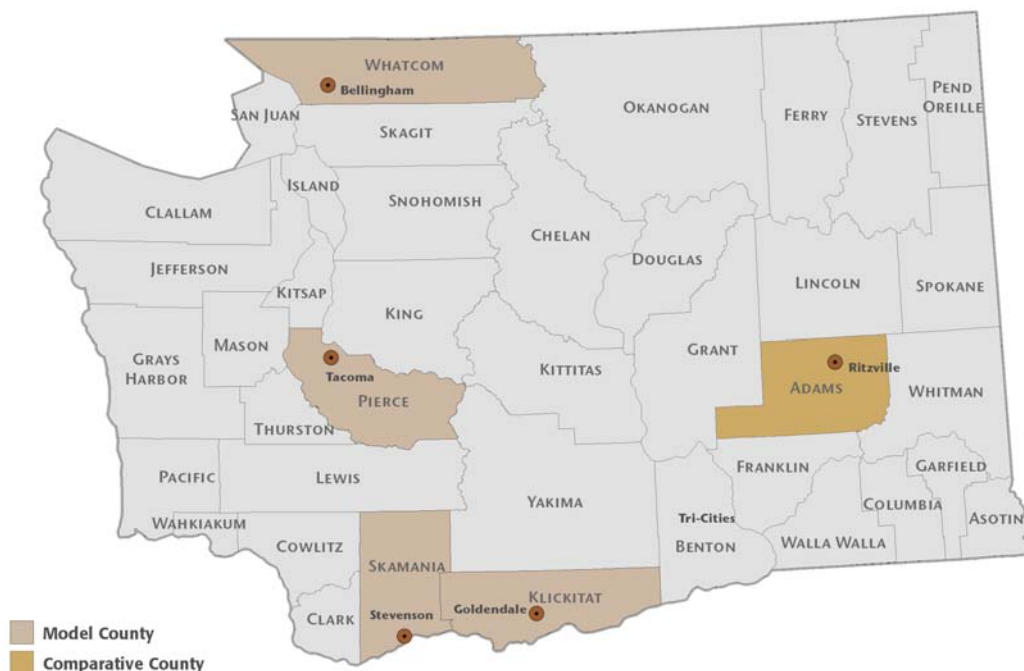
Comparison				
County	Pop.	Budget		FTE
→ Spokane	451,200	\$296,808,431	\$290,394,379	1,971
→ Adams	17,600	\$18,983,649	\$18,065,992	165

Merged County Clerk & Superior Court Administrator Model				
County	Pop.	Budget		FTE
		Revenues	Expenditures	
Whatcom	180,500	\$117,634,794	\$112,021,023	852

Source: Office of Financial Management, Berk & Associates, 2007

Exhibit 17 shows a map of the geographic location of the Model and Comparative Counties, as well as their county seats.

Exhibit 17 – Map of Criminal Justice Study Counties



Source: Berk & Associates, 2007

Exhibit 18 provides a summary of the general roles and responsibilities of the various government positions that support a given jurisdiction’s criminal justice system.

Exhibit 18
Roles and Responsibilities of Criminal Justice Support System

Position	Elected/Appointed	Responsibilities
Clerk	Elected by county voters for a four-year term	<ul style="list-style-type: none"> • Maintains official records of the Superior Court through the receiving, processing, and recording of all documents presented in court • Collects statutory fees, finds trust and support funds, and disperses monies as determined by the courts • Reviews court documents for errors and issues letters testamentary, warrants of arrest, orders of sales, etc.
Court Commissioners	Appointed by the Superior Court Judge	<ul style="list-style-type: none"> • Assumes powers and duties of Superior Court to ease judge caseloads • Handles matters including probate, uncontested marriage dissolutions, the signing of court orders for uncontested matters, and other judicial duties.
Court Administrator	Appointed by Superior Court Judge	<ul style="list-style-type: none"> • Assists the presiding judge in budget planning for the court, assigning cases, and implementation of general court policies • Notifies jurors and supervises court staff
Court Reporter	Appointed by Superior Court Judge	<ul style="list-style-type: none"> • Takes stenographic notes in court as the record of the proceeding. • Sometimes assumes additional duties as secretary to one or more judges
Juvenile Court Administrator -	Appointed by Superior Court Judge (sometimes appointment has been delegated to county legislative authority)	<ul style="list-style-type: none"> • Directs the local juvenile court probation program and provides general administrative support to the juvenile division of superior court
Prosecuting Attorney	Elected by county voters for a four-year term	<ul style="list-style-type: none"> • Represents the State, county, and school districts on all criminal and civil proceedings • Prosecutes violators of State law and county ordinances • Serve as legal advisor to legislative authority, county departments, and other county officials • Sometimes acts as ex-officio coroner
Superior Court Judge	Elected to a four-year term by the electorate of the county or counties served	<ul style="list-style-type: none"> • Presides—within a given jurisdiction—over all civil matters; title or possession of real property; cases involving legality of any tax, impost, assessment or toll; and probate and domestic matters. • Has original jurisdiction over all criminal cases amounting to felony and other criminal cases not otherwise provided by law; exclusive original jurisdiction over juvenile matters; and orders for protection from domestic violence.

Source: Washington Courts, Washington Association of County Officials, Berk & Associates 2007

3.1. Sharing Superior Court Functions Across Counties

There are currently 29 superior court judicial districts in the 39 counties within Washington. These courts have jurisdiction over felony matters, real property rights, domestic relations, estate, mental illness, juvenile, and civil cases over \$50,000. There are currently five² examples where judiciaries are shared across counties:

- Benton and Franklin Counties
- Asotin, Columbia, and Garfield Counties
- Klickitat and Skamania Counties
- Ferry, Pend Oreille, and Stevens Counties
- Pacific and Wahkiakum Counties

Benton and Franklin share six superior court judges,³ while Ferry, Pend Oreille, and Stevens share two. The remaining counties listed above share one superior court judge. The number of superior court judges within each judicial district is determined by formula at the State level, based on statistical data drawn from the Judicial Information System, which is a statewide system that records core court caseloads on a monthly and annual basis. These figures include superior court administrative, non-case, and off-bench activities.

While this study component focuses on the Klickitat-Skamania joint judicial structure, which only shares a Superior Court Judge, it should be noted that some of the counties also share additional superior court staff. For example, Asotin, Columbia, and Garfield County share one court reporter (responsible for taking stenographic notes of each court proceeding), who travels with the Superior Court Judge between the three counties.

3.1.1. Research Findings from Model Counties: Klickitat and Skamania

Klickitat and Skamania's joint judiciary was created through statute over 35 year ago. The two counties share one full-time Superior Court Judge who works on a weekly rotation between each county. During the week when the Superior Court is not in session (when the Judge is working in the other county), the District Court conducts its hearings, with cases concerning misdemeanor, gross misdemeanor violations, civil cases under \$50,000, small claims, and infractions are handled by a part-time Court Commissioner and a part-time District Court Judge. The Court Commissioner (only in Klickitat) and the District Court Judge also occasionally handle some civil cases pertaining to the Superior Court when the Superior Court Judge is unable to be present. In Klickitat, there are separate

² Island and San Juan Counties shared superior court functions until recently. Now each county has its own superior court judge.

³ The Benton-Franklin example is unusual due to the fact that this county has a high volume of caseloads and multiple Superior Court Judges and is still sharing its Superior Court functions with another county. However, because the Benton and Franklin courthouses are only approximately forty-five minutes apart, Superior Court Judges can easily travel back and forth across county lines.

courtrooms for the District and Superior Court, while Skamania only has one courtroom that accommodates both courts.

In Klickitat, the Superior Court Administrative Office has a full-time appointed Court Administrator with a full-time assistant, while in Skamania, the full-time Superior Court Administrator performs all the functions and duties of the office. Each county has a separate Court Administrator for the Juvenile Court, which is a department within the Superior Court. Each county also has additional personnel that provide support to the Superior Court, although they do not work directly under the Office of the Superior Court. These positions include the County Clerk, the Prosecuting Attorney, the Bailiff, and the Court Commissioner. Neither Skamania nor Klickitat County has a court reporter, as both counties use a digital court recording system for this function.

Impact of Shared Superior Court Judge

From interviews conducted with Skamania and Klickitat County, the following benefits and challenges to the current structure were identified:

Challenges.

- Some of the challenges associated with sharing a judge is that staff workflow is often disrupted due to the Superior Court Judge's weekly rotations. Some interviewees noted that sharing one judge has not posed significant difficulties with regard to scheduling criminal cases. However, having access to a Superior Court Judge only every other week is sometimes problematic on scheduling civil cases, because trial calendars are generally filled criminal cases, which take precedence over civil cases. This in turn creates challenges in obtaining trial dates for civil cases. Only a Superior Court Judge is qualified to preside over a criminal case, while the Part-Time District Attorney can take civil cases where the parties are in agreement to have a District Court Judge preside over the case rather than a Superior Court Judge. Skamania, which does not have a full-time Court Commissioner who is a licensed attorney, is experiencing a backlog in civil cases.

Benefits.

- A significant benefit noted by Klickitat and Skamania County staff is the financial savings incurred by sharing a Superior Court Judge. While the State determines judges' salaries, counties are responsible for paying half of these wages. Counties must also pay the full salaries of court personnel, as well as the costs for maintaining court facilities.
- Another benefit mentioned by some staff, is that when the Superior Court Judge is not present, support staff has the ability to accomplish other important tasks that might not be directly related to Superior Court duties. For example, the Superior Court Administrator in many smaller counties also performs a wide variety of clerical duties for the general public, such as answering phones, and helping customers fill out and receive appropriate forms and documents.

3.1.2. Introduction and Approach to Financial Analysis

Taking findings and lessons learned from the Model and Comparative Counties, projected financial impacts were then applied to Washington counties in general that might wish to adopt the joint judicial

model. Due to the significant variation in county staff sizes and salaries across the State, cost-saving projections were developed separately for larger and smaller counties based on different salaries and the possible range of consolidation given staff roles and the division of labor found in counties of varying size. Larger counties are defined as counties with more than 60,000 inhabitants, with smaller counties having fewer than 60,000

Two scenarios were explored under the joint judicial model: one based on conservative assumptions and one based on more aggressive staff consolidation assumptions (labeled as Scenario A and Scenario B, respectively). It is important to note that the more aggressive scenarios should be assessed with greater reserve, as cost saving were determined under more optimistic projections. Under each scenario, lower and higher average compensation salary estimates were used to help determine the projected fiscal impacts for counties adopting a similar model.

Sharing Superior Court functions with other counties is only viable within smaller counties, with populations less than 60,000. As larger counties have significantly higher court caseload volumes, sharing a Superior Court Judge and Superior Court Administrator with another county would not be a feasible option. It follows that within this assessment section, only smaller counties will be evaluated.

Additionally, it is important to understand the current cost sharing structure for Superior Court Judges in Washington when reviewing the following analysis. At present, the State splits the cost associated with a Superior Court Judge (salary plus benefits) with the county(ies) that fall within each judicial district. All of the proposed scenarios discussed below operate under the assumption that each county in a joint judicial district will equally share the Superior Court Judge’s costs. For example, County 1 will pay 25% of the Judge’s salary and benefits, County 2 will pay 25%, and the State will pay the remaining 50% (see **Exhibit 19**).

Exhibit 19
Cost Sharing Structure for Superior Court Judge

Superior Court Judge - Average Salary	
Average Salary + Benefits	\$140,000
Current Cost Sharing Structure	
Portion of State Costs (50%)	\$70,000
Portion of County Costs (50%)	\$70,000
Sharing Superior Court Judge	
Portion of State Costs (50%)	\$70,000
Portion of County 1 Costs (25%)	\$35,000
Portion of County 2 Costs (25%)	\$35,000

Source: Washington State Courts, Berk & Associates, 2007

The following points should be considered when reviewing the Joint Judicial Model analysis:

- Any projected cost savings demonstrated were generated primarily from reducing full time equivalents (FTEs) through the sharing of Superior Court employees, specifically the Superior

Court Judge and Superior Court Administrator, and the reduction of Superior Court support staff from full-time to part-time.

- While projected FTE reductions through shared staffing will yield decreases in overall salaries paid by each county, decreases in FTEs will likely translate into reductions in total employee costs per year, which factors into salaries and benefits. However, as positions are shared or reduced from full-time to part-time under the joint judiciary model (not eliminated), savings from IT infrastructure, telephones, utilities, and facility space will be minimal since these costs will still be partly incurred.
- The financial figures provided in the exhibits below are based on assumptions of average annual county costs per FTE, which were provided by compensation data from the Association of Washington Cities and Washington State Courts, as well as previous studies conducted on local government staffing reductions.
- Calculated future savings are in Year of Expenditure (YOE) dollars, which present compound annualized savings adjusted for inflation.

Projected Savings for Smaller Counties

Based on model and comparative county findings and relevant document review, the Joint Judiciary Model could directly impact the following positions for smaller counties: Superior Court Judge, County Clerk, Superior Court Administrator and Clerical-Entry. **Exhibit 20** shows the average salary range of each of these positions for counties with a population less than 60,000. Low and high compensation estimates of the Superior Court Judge and County Clerk could not be obtained, as AWC and Washington State Court data only provided flat rate compensation information.

Exhibit 20
Average Salary and Benefits (Counties > 60,000)

	Superior Ct. Judge Flat Rate	County Clerk Flat Rate	Superior Ct. Admin.		Clerical-Entry	
			Low	High	Low	High
Salary	\$121,972	\$53,862	\$38,241	\$48,211	\$23,831	\$30,399
Benefits	\$17,572	\$16,159	\$11,472	\$14,463	\$7,149	\$9,120
Total	\$139,544	\$70,021	\$49,714	\$62,675	\$30,981	\$39,519

Source: Association of Washington Cities, Washington State Courts, Berk & Associates, 2007

Scenario A, shown in **Exhibit 21**, assumes that only the Superior Court Judge position would be shared between two counties. Under this scenario, approximately \$35,000 could be saved by each county in the first year, with approximately \$680,000 saved per county over fifteen years.

Exhibit 21

Scenario A: Total of 0.5 FTE Reductions (Counties < 60,000)

	Model A: Total of .5 FTE Reductions	
	FTEs	15 Years in YOE \$
Savings: Associated FTE Reductions		
Salary + Benefits		
Sharing Superior Court Judge	0.5	\$680,000
Total Net Savings		\$35,000

Source: Association of Washington Cities, Washington State Courts, Berk & Associates, 2007

Under the more aggressive assumptions of **Scenario B (Exhibit 22)**, counties would share two positions within the Office of the Superior Court, the Superior Court Judge and Superior Court Administrator, as well as each reduce one Clerical-Entry position within the Superior Court Administrator’s Office from full-time to part time. This scenario operates under the assumption that the Superior Court Administrator would travel with the Superior Court Clerk between counties, with one-part time support staff in each county.

Under this scenario, approximately \$75,000 (low salary/cost assumption) to \$86,000 (high) could be saved per county in the first year, with \$1.5 (low) to \$1.7 million (high) saved per county by year fifteen.

Exhibit 22

Scenario B: Total of 1.5 FTE Reductions (Counties < 60,000)

	FTEs	Model B: Total of 1.5 FTE Reductions			
		First Year		15 Years in YOE \$	
		Low	High	Low	High
Savings: Associated FTE Reductions					
Salary + Benefits					
Sharing Superior Court Judge (25% of cost)	0.5	\$35,000	\$35,000	\$680,000	\$680,000
Sharing Superior Court Administrator (50% of cost)	0.5	\$25,000	\$31,000	\$480,000	\$600,000
Part-Time Clerical-Entry (per County)	0.5	\$15,000	\$20,000	\$290,000	\$390,000
Total Net Savings		\$75,000	\$86,000	\$1,450,000	\$1,670,000

Source: Association of Washington Cities, Washington State Courts, Berk & Associates, 2007

Summary of Findings: Joint Judiciary Districts

In adopting the proposed consolidated Superior Court Administrator and County Clerk model, smaller counties could realize positive financial gains in both the short- and long-term. Under all scenarios presented, the consolidation of either one or two positions is likely to produce significant savings. It is important to note that the sharing of these functions, particularly the sharing of the Superior Court Judge position, should only be considered between counties that have relatively low criminal caseload levels and that are located in near proximity to one another.

Estimated savings for smaller counties may be summarized as below:

Smaller counties, with populations less than 60,000, could realize savings of approximately \$680,000 (low salary assumptions, Scenario A) to \$1.7 million (high, Scenario B) over a fifteen year span (in year of expenditure dollars). Under low and high salary assumptions and assuming the consolidation of one or two staff positions, smaller counties could potentially realize significant financial savings over the short- and long-term in adopting such a model.

As described in Model County sub-sections above, additional challenges and benefits beyond these potential cost savings should also be evaluated when considering this model:

Challenges.

- Sharing a Superior Court Judge can create scheduling difficulties for each county, as determining dates for cases (particularly criminal cases and certain civil cases) will be limited to the times that the Judge is present. Without careful planning, case backlogs could occur, which would be disruptive on workflow and negatively impact service to the public.
- Additionally, unless the County Courthouses in each county are in near proximity to one another, traveling back and forth between counties for the Superior Court Judge and Superior Court Administrator could be time consuming, tedious, and costly (when factoring the potential need for these individuals to stay in hotels as well as transportation costs).
- As the Superior Court Administrator also performs other non-Superior Court duties such as answering general questions from the public there could be a potential negative impact on customer service delivery for each county if this position is reduced by half.

Benefits.

- No additional benefits are seen beyond the potential cost savings described above.

3.2. Consolidation of County Clerk and Superior Court Administrator

Another potential area for county cost savings that this report examines is the consolidation of the Superior Court Administrator and County Clerk positions. The division of labor between the Clerk's Office and Administrator's Office varies across Washington State, and some counties such as Walla Walla, Asotin, Garfield, and Columbia function without a Superior Court Administrator.

Typically, the Superior Court Administrator is responsible for notification of jurors, supervision of court staff, assisting the presiding judge in budget planning for the court, assignment of cases, and implementation of general court policies.

The County Clerk is an elected position in the vast majority of Washington counties. Typically, the Clerk maintains the Superior Court's official records and oversees all record-keeping matters pertaining to the operation of the courts. Among other things, a County Clerk may be responsible for notification of jurors and the maintenance of all papers and exhibits filed in cases before the Court.

3.2.1. Research Findings from Model County: Whatcom

Since 1988, the positions and functions of the Whatcom County Superior Court Administrator and County Clerk have been merged. N.F. Jackson has filled this joint position since its creation. The Whatcom County Home Rule Charter, established in 1978, determines that the County Clerk is an appointed position, while traditionally this position is elected. Following the creation of the merged position in 1988, this position is appointed by the County Executive and confirmed by a majority of the County Council from a list of three or more candidates submitted by the Superior Court Judges.

The merging of the two positions originally occurred more by unique circumstances and necessity than by deliberate analysis and strategy, though it has been upheld over the years as a cost-effective arrangement. The original Memorandum of Understanding between the County Executive and Superior Court Presiding Judge, as well as two subsequent renewals of the MOU (November, 1988 and December, 1989) stating the position contributes to "efficient management."

Whatcom County's Administrator/Clerk stated clearly that he does not "have two bosses," as he fulfills his office's court administration and clerk duties at the direction of the Court. As has been clearly stated in the most recent MOU between the Court and County Executive, he is responsible to the Executive for personnel and budget matters only.

Divisions of the Administrator/Clerk Office designate staff as principally dedicated to either administrative or clerk functions. As these staff work in the same office, however, under direction from a single manager, they are cross-trained and capable of fulfilling other roles than their principal area of responsibility when office workload or deadlines demand.

As a condition of the initial MOU, an independent assessment of the merged position was conducted by the Office of the Administrator of the Courts in 1988, the first year of the arrangement. This review,

consisting of observation, interviews, workload analysis, and a review of documents, recommended that the combined position be continued. The following advantages were cited⁴:

- Removes lines of authority between Superior Court and County Clerk's office which eliminates any conflicts in responsibilities between offices
- Improves communication with the Superior Court
- Promotes prompt resolution of problems associated with court operations
- Establishes budget priorities in a combined budget

The study described enhanced office morale, a "spirit of camaraderie and teamwork," and "an anticipated net savings of approximately \$19,043" that "enabled the employment of [an] entry level clerk." The study also recommended some procedural changes to improve the functioning and management of the joint office.

In 2005 and early 2006, the Court and County executive branch came into sharp conflict related to personnel matters in the Administrator/Clerk office. The County Executive revoked the Memorandum of Understanding allowing the merging of the two offices in January, 2006. Motivation for this was described as a mixture of personality conflict, perceived performance issues, and real and potential lawsuits against the County because the Administrator/Clerk office did not adhere to County personnel policy.

After considerable evaluation and negotiation, the MOU merging the two positions was renewed in December 2006, with an effort to clarify some aspects of the relationship that had led to the conflict. These clarifications served primarily to emphasize that the Administrator/Clerk "shall be subject to supervision of the executive for purchasing, property control, performance evaluations, salary and benefits, and records management as pertains to the operation of the clerk's office only⁵." A consideration in the decision to maintain the combined position was the savings of achieved by the joint office, estimated by the County to be \$150,000 annually.

Benefits.

A number of benefits may be attributed to the merging of the Superior Court Administrator and County Clerk position in Whatcom County. Even detractors of the model note that it leads to greater operational efficiency, with less duplication of effort and less passing back and forth of material between two offices. One individual stated that work that might otherwise take three or four days can be done in one day. With cross-training, the merged office allows for greater flexibility in staffing, allowing management to shift staff from scheduling functions to filing functions or vice versa, dependent on workload and deadlines. In addition to providing flexibility and efficiency, this was described as contributing to enhanced job satisfaction and performance among staff as well.

⁴ Whatcom County Superior Court: Evaluation of Combined Offices of County Clerk and Court Administrator, Office of the Administrator for the Courts, October 1988

⁵ Memorandum of Agreement RE: County Clerk/Court Administrator, December 8, 2006

Related to this operating efficiency is an overall increase in coordination and communication among the different entities connected with the Court. This was contrasted by interviewees with the tension or even outright conflict that may occur between the separate administrators and clerks in other counties. The merging also provides a customer service benefit in that users of the Court have a single point of contact and source of information for all matters related to the Court.

There is clearly a cost-savings associated with the combined position, resulting from the need for fewer staff and support infrastructure such as bookkeeping functions and separate offices. Due to other staffing changes that were being made during the period in 2006 when the County considered separating the two positions, it is difficult to precisely calculate what additional costs would have resulted. The County estimated these costs to be approximately \$150,000 annually.

Challenges.

Two primary challenges are noted in examining Whatcom County's merged Administrator/Clerk position. The crisis that occurred in 2006 reflects the potential for conflict with the executive branch when the Clerk's Office – normally an executive function – becomes a predominantly judicial function as is the case with this model. As noted above, the conflict in Whatcom County was related primarily to adherence to personnel issues, with the particular personalities involved playing contributing roles. While the joint position reports to and follows the direction of the Court, responsibility to the executive branch for personnel and budget issues creates responsibilities to multiple parties. Saying that the Administrator/Clerk has “two bosses” likely overstates the case; a realistic view is that while the merged position reduces barriers and so achieves certain efficiencies, it also reduces buffers that might otherwise protect against conflict with the executive branch.

An additional challenge or concern is that the merging of the clerk and administrator function, which effectively puts the Clerk's Office under the authority of the judiciary, reduces the separation of the judicial and executive branches. Some interviewees stated that there is a constitutional reason to keep the clerk's record-keeping functions separate from the judicial branch. While this philosophical concern was raised in Whatcom County, no actual incidences or specific concerns were noted to have arisen in the nearly 20 years since the positions were merged.

Potential Limitations to Portability to Other Counties.

While King County has adopted a somewhat similar model, with the Superior Court Administrative Officer overseeing Court Clerk functions, there are specific factors that may limit the application of this model in other counties. Most significant is the fact that only an appointed Clerk could be combined with the Court Administrator position. An elected Clerk, which is the case in most Washington counties, could not take direction from the Court, as a merged position. In the majority of Washington counties, it would be necessary to convert this position to an appointed position – a difficult thing to do – before merging the two positions, which may pose its own challenges.

The constitutional issue or concern noted above is an additional factor that may deter counties from adopting this model. To our understanding, there has been no definitive legal test of the constitutionality of this merger.

3.2.2. Introduction and Approach to Financial Analysis

Taking findings and lessons learned from the Model and Comparative Counties, projected financial impacts were then estimated for Washington counties in general that might wish to adopt the consolidated Superior Court Administrator and County Clerk model. Due to the significant variation in county staff sizes and salaries across the State, cost-saving projections were developed separately for larger and smaller counties based on different salaries and the possible range of consolidation given staff roles and the division of labor found in counties of varying size. Larger counties are defined as counties with more than 60,000 inhabitants, with smaller counties having fewer than 60,000.

Two scenarios were explored under the Consolidated Superior Court Administrator and County Clerk Model: one based on conservative assumptions and one based on more aggressive staffing reduction assumptions (labeled as Scenario A and Scenario B, respectively). It is important to note that the more aggressive scenarios should be assessed with greater reserve, as cost saving were determined under more optimistic projections. Under each scenario, lower and higher average compensation salary estimates were used to help determine the projected fiscal impacts for counties adopting a similar model.

The following points should be considered when reviewing the Superior Court Administrator and County Clerk Consolidation analysis:

- Any projected cost savings under the Consolidated Superior Court Administrator and County Clerk Model were generated primarily from reducing full time equivalents (FTEs), specifically personnel within the Office of the Superior Court Administrator. Decreases in staffing translate into reductions in total employee costs per year, which factors in salaries, benefits (valued at approximately 30% of total salary), IT infrastructure, telephones, utilities, and facility space.
- Any projected savings by reducing facility space, incurred through FTE reductions are likely only to be realized in the short-term for counties in leased facilities (a variable cost) when merging offices. Counties that are in owned space (a fixed cost) are not likely to see such savings in the short term. Over the long-term, counties that own their facilities may achieve savings: a reduction in the FTEs in the Assessor, Auditor, and Treasurer offices, will allow equivalent expansion in other county offices without the addition of new office space. .
- The financial figures provided in the exhibits below are based on assumptions of average annual county costs per FTE, which were provided by compensation data from the Association of Washington Cities (AWC City and County Compensation Report, 2007).
- Calculated future savings are in Year of Expenditure (YOE) dollars, which present compound annualized savings adjusted for inflation.
- The potential one-time costs of purchasing, leasing, or building new space when merging the Superior Court Administrator and County Clerk functions is *not* included in the financial projections below due to the significant variance of such costs (which can range from the thousands to millions). Counties that will need to purchase, build, or lease facilities to accommodate such a merge could incur significant costs that might outweigh any realized savings.

Projections Savings for Larger Counties

Exhibit 23 shows the average salary and benefits estimates of staff in positions likely to be impacted by a merging of the Superior Court Administrator and County Clerk positions in counties with a population more than 60,000.

Exhibit 23
Average Salary and Benefits (Counties > 60,000)

	County Clerk Flat Rate	Superior Ct. Admin.		Clerical-Journey	
		Low	High	Low	High
Salary	\$79,612	\$61,057	\$79,126	\$28,842	\$36,923
Benefits	\$23,901	\$18,317	\$23,738	\$8,653	\$11,077
Total	\$103,573	\$79,374	\$102,863	\$37,495	\$48,000

Source: Association of Washington Cities, Berk & Associates, 2007

In **Scenario A**, displayed in **Exhibit 24**, the Court Administrator and County Clerk positions are merged into a single position. The scenario also assumes that one additional support staff (now under the County Clerk) would be needed, meaning that there is no net reduction in total FTEs. However, as the average salary for a Superior Court Administrator or County Clerk is significantly higher than for the Clerical-Journey position, a county adopting such a model could see significant financial gains in the first year ranging from approximately \$50,000 (low salary assumptions) to \$52,000 (high). By year fifteen, counties could realize anywhere from approximately \$968,000 (low) to \$1.0 million (high) in savings.

Exhibit 24
Scenario A: Total of 0 FTE Reductions (Counties > 60,000)

	FTEs	First Year		15 Years in YOE \$	
		Low	High	Low	High
Savings: Associated FTE Reductions (1)					
Salary + Benefits					
Average S.C. Admin & County Clerk	1	\$90,000	\$100,000	\$1,740,000	\$1,930,000
Space, Utilities, and Infrastructure					
IT Sytems (\$500-\$1,000 per FTE)		\$500	\$1,000	\$500	\$1,000
Utilities (\$100-\$200)		\$100	\$200	\$100	\$200
Telephones (\$200-\$400 per FTE)		\$200	\$400	\$200	\$400
Space (\$12-\$15 sf at 250 sf per FTE)		\$3,000	\$3,750	\$3,000	\$3,750
FTE Increases (1)					
Salary + Benefits					
Clerical-Journey Level	1	\$40,000	\$48,000	\$772,000	\$926,000
Space, Utilities, and Infrastructure					
IT Sytems (\$500-\$1,000 per FTE)		\$500	\$1,000	\$500	\$1,000
Utilities (\$100-\$200)		\$100	\$200	\$100	\$200
Telephones (\$200-\$400 per FTE)		\$200	\$400	\$200	\$400
Space (\$12-\$15 sf at 250 sf per FTE)		\$3,000	\$3,750	\$3,000	\$3,750
Total Net Savings		\$50,000	\$52,000	\$968,000	\$1,004,000

Source: Association of Washington Cities, Berk & Associates, 2007

In **Scenario B**, shown in **Exhibit 25**, more aggressive staffing efficiencies are achieved than in Scenario A, with no additional Clerical-Journey position needed to compensate for the consolidation of the Superior Court Administrator and County Clerk positions.

Under this scenario, a total net savings of one FTE reduction results in approximately \$93,000 (low salary assumptions) to \$106,000 (high) in savings in year one, with approximately \$1.7 million (low) to \$1.9 million (high) realized by year fifteen.

Exhibit 25
Scenario B: Total of 1 FTE Reductions (Counties > 60,000)

	FTEs	First Year		15 Years in YOE \$	
		Low	High	Low	High
Savings: Associated FTE Reductions (1)					
Salary + Benefits					
Average S.C. Admin & County Clerk	1	\$90,000	\$100,000	\$1,740,000	\$1,930,000
Space, Utilities, and Infrastructure					
IT Systems (\$500-\$1,000 per FTE)		\$500	\$1,000	\$500	\$1,000
Utilities (\$100-\$200)		\$100	\$200	\$100	\$200
Telephones (\$200-\$400 per FTE)		\$200	\$400	\$200	\$400
Space (\$12-\$15 sf at 250 sf per FTE)		\$3,000	\$4,000	\$3,000	\$4,000
Total Net Savings		\$93,800	\$105,600	\$1,743,800	\$1,935,600

Source: Association of Washington Cities, Berk & Associates, 2007

Projected Savings for Smaller Counties

Exhibit 26 shows the low and high salary estimates of staff in positions likely to be impacted by a merging of the Superior Court Administrator and County Clerk positions in counties with a population less than 60,000.

Exhibit 26
Average Salary and Benefits (Counties < 60,000)

	County Clerk Flat Rate	Superior Ct. Admin. Low	High	Clerical-Journey Low	High
Salary	\$53,862	\$38,241	\$48,211	\$27,298	\$34,612
Benefits	\$16,159	\$11,472	\$14,463	\$8,189	\$10,384
Total	\$70,021	\$49,714	\$62,675	\$35,488	\$44,996

Source: Association of Washington Cities, Berk & Associates, 2007

Under **Scenario A (Exhibit 27)**, the Superior Court Administrator and County Clerk positions would be merged and a Clerical-Journey position would be created. In smaller counties, this additional position might be necessary if there is no support staff that could be used to help balance workload. However, due to differences in salary, with Superior Court Administrators and County Clerks paid a

significantly higher salary than Clerical-Journey positions, cost saving would be achieved starting in year one, ranging from approximately \$21,000 (high salary assumptions) to \$25,000 (low). In year fifteen, smaller counties could realize anywhere from \$406,000 (high) to nearly \$483,000 (low).

Exhibit 27
Scenario A: Total of 0 FTE Reductions (Counties < 60,000)

	FTEs	First Year		15 Years in YOE \$	
		Low	High	Low	High
Savings: Associated FTE Reductions (1)					
Salary + Benefits					
Average S.C. Admin and County Clerk	1	\$60,000	\$66,000	\$1,158,000	\$1,274,000
Space, Utilities, and Infrastructure					
IT Systems (\$500-\$1,000 per FTE)		\$500	\$1,000	\$500	\$1,000
Utilities (\$100-\$200)		\$100	\$200	\$100	\$200
Telephones (\$200-\$400 per FTE)		\$200	\$400	\$200	\$400
Space (\$12-\$15 sf at 250 sf per FTE)		\$3,000	\$3,750	\$3,000	\$3,750
Costs: Associated FTE Increases (1)					
Salary + Benefits					
Clerical-Journey Level	1	\$35,000	\$45,000	\$675,000	\$868,000
Space, Utilities, and Infrastructure					
IT Systems (\$500-\$1,000 per FTE)		\$500	\$1,000	\$500	\$1,000
Utilities (\$100-\$200)		\$100	\$200	\$100	\$200
Telephones (\$200-\$400 per FTE)		\$200	\$400	\$200	\$400
Space (\$12-\$15 sf at 250 sf per FTE)		\$3,000	\$3,750	\$3,000	\$3,750
Total Net Savings		\$25,000	\$21,000	\$483,000	\$406,000

Source: Association of Washington Cities, Berk & Associates, 2007

Scenario B, depicted in **Exhibit 28**, operates under the assumption that smaller counties adopting the Consolidated Superior Court Administrator and County Clerk model have at least one support staff within the Office of the Superior Court who could be used to absorb any additional workload, eliminating the need for additional staff.

Under this scenario, significant positive savings could be realized through the consolidation of the Superior Court Administrator and County Clerk positions. In the first year, a county might realize savings ranging from approximately \$64,000 (low) to \$72,000 (high), with approximately \$1.1 million to \$1.3 million saved by year fifteen.

Exhibit 28

Scenario B: Total of 1 FTE Reductions (Counties < 60,000)

	FTEs	First Year		15 Years in YOY \$	
		Low	High	Low	High
Savings: Associated FTE Reductions (1)					
Salary + Benefits					
Average S.C. Admin and County Clerk	1	\$60,000	\$66,000	\$1,158,000	\$1,274,000
Space, Utilities, and Infrastructure					
IT Sytems (\$500-\$1,000 per FTE)		\$500	\$1,000	\$500	\$1,000
Utilities (\$100-\$200)		\$100	\$200	\$100	\$200
Telephones (\$200-\$400 per FTE)		\$200	\$400	\$200	\$400
Space (\$12-\$15 sf at 250 sf per FTE)		\$3,000	\$4,000	\$3,000	\$4,000
Total Net Savings		\$63,800	\$71,600	\$1,161,800	\$1,279,600

Source: Association of Washington Cities, Berk & Associates, 2007

**Summary of Findings:
Consolidation of Superior Court Administrator and County Clerk Positions**

In adopting the proposed consolidated Superior Court Administrator and County Clerk model, both larger and smaller counties could realize positive financial gains in the short and long-term. Even in scenarios where there are no FTE reductions—where the elimination of the Superior Court Administrator position is balanced by the hiring of a Clerical-Journey position—counties are likely to achieve savings due to the salary differential between higher level staff and clerical personnel. Estimated savings for larger and smaller counties may be summarized as below:

- **Larger counties**, with populations greater than 60,000, could save between approximately anywhere \$968,000 (low salary/cost assumptions, Scenario A) to \$1.9 million (high, Scenario B) within a fifteen year span (in year of expenditure (YOE) dollars). Under low and high estimates in both scenarios, larger counties could potentially realize significant financial savings over the short and long-term in adopting such a model.
- **Smaller counties**, with populations less than 60,000, could save between approximately \$406,000 (low salary/cost assumptions, Scenario A) to \$1.3 million (high, Scenario B) within fifteen years (in YOE dollars). Under both scenarios explored, smaller counties could potentially realize significant financial savings over the short and long-term in adopting this model.

As described in Model County sub-sections above, additional challenges and benefits beyond potential cost savings should also be evaluated when considering this model:

Challenges.

- In interviews conducted, there were notable concerns over the legality and appropriateness of consolidating the Superior Court Administrator's functions and County Clerk functions, particularly if the County Clerk's Office is moved under judicial branch (as is the case for Whatcom, the Model County studied). It was stated that the County Clerk, which is traditionally independent from the judicial branch, serves as a safeguard to protect the integrity of all Superior Court documentation. Consequently, moving the County Clerk function under the judicial branch could potentially lead to impropriety (or at least the perception of impropriety) in maintaining such records.
- In many counties, the Superior Court Administrator also functions as the Executive Secretary for the Superior Court Judge. In folding the Superior Court Administrator functions into the County Clerk's Office, the Superior Judge might be left without a personal support staff. The additional hiring of an Executive Secretary replacement, if counties wished to do this, could result in additional cost that could outweigh any potential cost savings.
- Any support staff affected by the merger will likely need to be trained to perform various other duties and functions (this is particularly true for the smaller counties). Such training could potentially take time and be disruptive over the short-term for general workflow.

Benefits.

- In consolidating the calendaring functions of the Superior Court Administrator and the filing functions of the County Clerk's Office, only one office is now responsible for Superior Court calendaring and scheduling. Centralizing these responsibilities could result in enhanced customer service, greater efficiencies, and smoother workflow.

4. Summary Overview of Findings

County size plays an important factor in whether financial savings are likely to be attained in adopting any of the evaluated alternative models. Larger counties (with populations greater than 60,000), under conservative and aggressive scenarios, were much more likely than smaller counties (with populations less than 60,000) to realize positive financial gains.

Such a discrepancy in projected savings is likely due to the fact that larger counties generally have more staff, higher salaries, and greater division of labor, allowing for a greater ability to consolidate functions, achieve economies of scale, and maintain the quality of customer service after FTE reductions. Smaller counties, whose small staff perform a wide variety of roles and functions, are not only more likely to incur net costs, but are also more likely to realize negative impacts on customer service and general work processes after FTE reductions.

Exhibit 29 provides an overview of the financial and customer service impacts on counties adopting one of the four studied models. The range of savings presented reflects the lowest and highest projected net savings (or costs) found in our analysis. Such figures are derived from conservative and aggressive scenarios that explored different options related to FTE reductions, employee compensation data, and one-time costs. The higher estimates should be treated with a great degree of caution as these figures are based on the most optimistic assumptions. It is important to note that projections, particularly within the General Government models, are founded on the assumptions that select IT systems have been successfully integrated and targeted cross-training has occurred. Lastly, in some cases, capital costs are not included in the projections, which may offset the potential cost savings.

In addition to the financial impacts, important operational, customer service, and political considerations should also be addressed, as detailed in **Exhibit 29**.

Smaller Counties. Based on the financial projections presented, smaller counties have a greater probability of incurring net costs likely to outweigh potential savings in adopting the General Government models than in adopting the Criminal Justice models. The ability for smaller counties to realize savings (as opposed to incurring costs) in the General Government models is highly dependent on the ability to achieve staffing efficiencies through cross-training while not incurring significant costs in IT system infrastructure and facility space.

General Government:

- In the Joint Customer Service Provision model, smaller counties could realize an approximate financial loss of \$1.0 million to a gain of \$400,000 over 15 years.
- In the Merged Assessor, Auditor, and Treasurer model, smaller counties could realize an approximate financial loss of \$490,000 to a gain of \$660,000 over 15 years.

Criminal Justice:

- In the Joint Judicial District model, smaller counties could realize net savings of approximately \$400,000 to \$1.7 million over 15 years.
- In the Merged Superior Court Administrator and County Clerk model, smaller counties could realize approximate financial gain of \$405,000 to \$1.7 million over 15 year.

Larger Counties. Based on the financial projections presented, larger counties could realize significant gains in adopting both the General Government and Criminal Justice models studied. The Joint Judicial District model was not explored for larger counties since they generally have less need to share judicial functions with another county, due to high caseload volumes and workload needs.

General Government:

- In the Joint Customer Service Provision model, larger counties could realize an approximate financial gain of \$1.4 million to \$3.1 million over 15 years.
- In the Merged Assessor, Auditor, and Treasurer model, larger counties could realize an approximate financial gain of \$1.5 million to \$6.1 million over 15 years.

Criminal Justice:

- In the merged Superior Court Administrator and County Clerk model, larger counties could realize an approximate financial gain of \$970,000 to \$1.9 million over 15 years.

Exhibit 29
Summary Overview: Projected Cost Savings
and Potential Challenges and Benefits

Estimated Net Savings (Costs) in 15 Years (YOE \$)		Potential Challenges (both Smaller & Larger Counties)	Potential Benefits (both Smaller & Larger Counties)
Joint Customer Service Provision			
Smaller County			
Lowest Estimate	(\$1,000,000)	<ul style="list-style-type: none"> • IT system integration • Cross-training staff to achieve staffing efficiencies 	<ul style="list-style-type: none"> • External customer service improvements • Improving internal communication and workflow
Highest Estimate	\$396,000		
Larger County			
Lowest Estimate	\$1,401,000	<ul style="list-style-type: none"> • Securing appropriate facility space 	
Highest Estimate	\$3,113,000		
Merger of Assessor, Auditor, and Treasurer			
Smaller County			
Lowest Estimate	(\$490,000)	<ul style="list-style-type: none"> • Consolidation of staff in specialized services • Cross-training administrative and clerical staff 	<ul style="list-style-type: none"> • Potential savings through staffing efficiencies • Improving internal workflow and communication
Highest Estimate	\$660,000		
Larger County			
Lowest Estimate	\$1,520,000	<ul style="list-style-type: none"> • Political resistance to the loss of elected positions 	
Highest Estimate	\$6,140,000		
Joint Judicial Districts (Across Counties)			
Smaller County			
Lowest Estimate	\$680,000	<ul style="list-style-type: none"> • Potential backlog of civil cases • Potential travel implications for shared staff • Potential negative impacts on customer service 	<ul style="list-style-type: none"> • Potential savings through staffing efficiencies
Highest Estimate	\$1,670,000		
Merger of Superior Court Administrator and County Clerk			
Smaller County			
Lowest Estimate	\$406,000	<ul style="list-style-type: none"> • Concerns about legality/constitutionality • Potential loss of support personnel for Superior Court Judge(s) 	<ul style="list-style-type: none"> • Improved workflow and communication • Potential savings through staffing efficiencies
Highest Estimate	\$1,279,600		
Larger County			
Lowest Estimate	\$968,000	<ul style="list-style-type: none"> • Cross-training staff to achieve staffing efficiencies 	
Highest Estimate	\$1,935,600		

Source: Berk & Associates, 2007

Case Study Analysis of Alternative Governance Structures and Interlocal Agreements

Chapter III: Case Study Analysis of Interlocal Agreements

1. Introduction, Purpose, and Methodology

An interlocal agreement (ILA) permits two or more local entities to voluntarily transfer, join, or consolidate functions. According to RCW 39.34, government entities possessing individual authority in a given area have the legal right to enter into an agreement with another entity that has that same authority. Thus, ILAs are a tool that enables flexibility in the way local governments provide services.

The purpose of this module is to:

- Determine factors that facilitate and hinder the formation and implementation of ILAs through an examination of seven case studies in six areas of service; and
- Suggest ways that the State can encourage ILAs in particular areas of service.

What follows is a brief background on interlocal agreements, an examination of the formation, implementation, and impacts of seven interlocal agreements, and the identification of best practices for local entities and the State to consider.

Seven ILAs in six areas of service were studied, as detailed in **Exhibit 30**. These case studies were selected in areas where the State has a financial and legislative interest, with a preference for agreements that hold a unique or model status in the State and in which one contract entity is a financially distressed non-charter county. The Washington State Department of Community, Trade, and Economic Development (CTED), Municipal Research and Services Center of Washington (MRSC), and the Washington Association of Counties provided input in the selection process.

This study is not a comprehensive review of existing interlocal agreements or the six service areas. Rather it provides a summary-level assessment of interesting and illuminating examples of where counties and other jurisdictions have entered into interlocal agreements with the hope of achieving cost savings, operational efficiencies, customer service improvements, or other benefits. Areas of interlocal cooperation are not limited to the six areas studied. Other areas of cooperation, identified by MRSC research include: fleet management, recreational programs, animal control shelters and programs, building inspections, school facility usage, emergency dispatch, solid waste management, flood control, and other non-specified projects. Information about specific ILAs was obtained from the following sources:

- **Interviews.** Fifteen interviews were conducted using an interview protocol developed for this analysis. Interviewees included commissioners, an administrator, a sheriff, officials, staff, and executive directors/directors from five counties, two cities, one port, and six interlocal

organizations. All interviews were conducted by telephone. A full list of interviewees is contained in **Attachment A**.

- **Document Review.** Eleven interlocal contracts from the case studies and areas of service were examined to identify the scope of the ILA and clarify partner responsibilities. Background documents on the service provision area and, where relevant, on the structure and processes of the interlocal organization, were reviewed to provide additional context and identify key issues.

Exhibit 30
Interlocal Agreement Case Studies

Area of Service	Interlocal Organization	ILA Members
Growth Management	Not applicable	Douglas County, City of East Wenatchee
Economic Development	Tri-City Industrial Development Council (TRIDEC)	Counties of Benton and Franklin; Cities of Richland, Kennewick, Pasco, and West Richland; Ports of Benton, Kennewick, and Pasco; Public Utility Districts of Benton and Franklin
Information Technology	eCityGovAlliance	Voting Partner Members: Cities of Bellevue, Bothell, Issaquah, Kenmore, Kirkland, Mercer Island, Sammamish, Snoqualmie, and Woodinville
	Center for Information Services (CIS)	34 Washington State Community and Technical Colleges
Public Health	Benton-Franklin County Health District	Counties of Benton and Franklin; Cities of Richland, Kennewick, Pasco, Prosser, West Richland, Benton City, Connell, Kahlotus, and Mesa
Sheriff Services	Not applicable	County and City of Chelan
Jail Facilities	Chelan County Regional Justice Center	Counties of Chelan and Douglas; City of Wenatchee

Source: Berk & Associates, 2007

Exhibit 31 shows the location of each county studied, as well as their respective county seats.

Exhibit 31 Map of Counties Studied



Source: Berk & Associates. 2007

2. Context for Interlocal Agreements

The 1967 Interlocal Cooperation Act made participating in an ILA in Washington easier by eliminating State authorization of individual agreements as had been previously required. Entities that can enter into an ILA include any state or federal agency, any subdivision of local government, special purpose districts, government divisions from another state, and recognized Indian tribes. No additional powers are conferred through an ILA. Thus, both entities must already have the power individually to do what they propose to do jointly.

Local governments may consider developing interlocal agreements for a variety of reasons:

- Joint action can reduce duplication of services and effort. and achieve economies of scale.
- Coordination between neighboring jurisdictions can lead to greater standardization of regulations and service delivery.
- Specialized services provided by one jurisdiction to another can lead to efficiency improvements and better level of services.

- Smaller jurisdictions in particular may be able to provide new services by pooling their resources.

All agreements, regardless of content, are required by RCW 39.34.080 to address “the powers, rights, objectives, and responsibilities of the contracting parties.” When parties engage in joint or cooperative action, the ILA must specify the following: “duration; organization...of the separate legal or administrative entity; purpose or purposes; the manner by which the undertaking will be financed and how the budget is created and maintained; and the method of agreement termination and property disposal” (RCW 39.04.030).

There are important considerations to be made before parties enter into an ILA. Areas of examination include:

- Cost-effectiveness of joint service delivery
- Additional costs—administrative, contract, distance-based—resulting from the ILA, how these costs will be calculated, and how those costs may change over time
- Quantity and level of services to be delivered
- Quality of services to be delivered
- Political considerations and public perception
- Losses of autonomy and authority
- Legal responsibilities
- Positive externalities of increased cooperation.

The case studies that follow aim to illustrate best practices and inform considerations of associated costs and benefits for county governments in the State of Washington.

3. Case Studies

The following interlocal agreements vary significantly in their scope, number of players, complexity, and duration. Information regarding the ILAs’ formation, scope, key issues, and impacts are based on interviews from select stakeholders and may not reflect the opinions of all involved. More general best practice techniques will be extrapolated from these specific examples in Section 4 General Lessons Learned.

3.1. Growth Management: Douglas County and City of East Wenatchee

Growth management is an area that requires significant city and county cooperation. Annexations in particular—with their significant impact on city and county revenues—can be a contention issue.

3.1.1. ILA Formation and Scope

The interlocal agreement for annexation delivery of services and revenue sharing between the City of East Wenatchee and Douglas County went into effect in May 2001. The County's interest stemmed from its concern regarding revenue losses that could result due to future annexations. The City, at that time, was looking to annex a large park area, which it felt could enhance the City's overall image. Both the County and City wanted to avoid the acrimony that sometimes results between cities and counties during annexation negotiations. As such, there was a desire on both sides to provide a more predictable and smooth annexation process.

The ILA was drafted by a specially-formed committee, consisting of County and City officials and staff, who worked closely together to understand the key issues and their impacts on both jurisdictions. The Committee used existing annexation ILAs—particularly from Clark County and the City of Vancouver—as a model and guide for the agreement's language, structure, and content.

The final agreement addressed the County and City's responsibilities with regard to: the term of agreement and extensions; geographic service area and applicability; land use plans and development regulations; annexation procedures; building and land use permits sharing, transfer, enforcement, and renewal/extension procedures; capital facility projects; storm water management systems; police services; transfer of County staff; revenue sharing; Boundary Review Board's role; agreement administration; and dispute resolution.

3.1.2. Implementation: Key Issues, Challenges, and Opportunities

Key issues that emerge during growth management ILA negotiations depend on the particular characteristics of a given city and county, and can include development permit transfers, roads and transportations, park facilities, police services, fire marshall services, records, staff transfers, and standardization procedures.

In this case, payment for County road improvements after annexation was a significant and ongoing negotiation topic. The ILA states that "The City shall reimburse the County for capital expenditures on roads and transportation systems (excluding routine maintenance) completed prior to the effective date of annexations. Payment of reimbursements under this subsection shall be made no later than 60 days after the City receives road taxes from the newly annexed area. The reimbursement shall include only actual expenditures (excluding grant funds)"⁶. After running several fiscal scenarios, the reimbursement formula was agreed to by both sides. Capital reimbursement was revisited in 2006 because of the financial burden placed on the City from upfront repayment to the County. An amendment was added to extend the City's payment period to better coincide with the timing of its receipt of revenue.

Public support and perception is a critical component of an annexation's success or failure. Common residents' concerns often include higher taxes, more development, and the loss of the "rural lifestyle." Such public concern in turn can generate strong political impacts, often causing elected officials not to support such endeavors. These concerns, however, did not appear to surface in this case.

⁶ Interlocal Agreement Between the City of East Wenatchee and Douglas County Regarding Annexation Delivery of Services and Revenue Sharing, Section 9.2, May 31, 2001.

The existing ILA provides significant flexibility for further cooperation between the County and the City. In the case of future large annexations that would create a net loss of County and net gain of City jobs, a process for staffing transfers is currently being explored. Discussions are also underway to develop a better permit tracking system between the two jurisdictions following annexations.

3.1.3. Summary of Financial, Operational, and Service Impacts

Finances. A revenue ramp down included in the ILA serves to soften the negative fiscal impact to the County when land is annexed to the City. In Section 14 of the ILA, the City recognizes the County's reliance upon revenue from taxes generated within unincorporated areas and the County's ongoing role as a regional service provider. The City and County agreed to a formula that would share a percentage of the City's sales and use tax within annexed areas for a five-year period following annexation. This revenue sharing requirement has limited the City's ability to annex. Prior to implementation of the ILA, the City evaluated the fiscal desirability of annexations by comparing projected costs of providing services and projected increases to tax revenues. Revenue sharing with the County now adds an extra burden that must be supported by the enlargement of the City's tax base through annexation.

Operations. Because the ILA did not create an additional administrative body, operational impacts have not been significant for either party. It was noted that the revenue-sharing requirements added work for the City's Treasury Department. As a result of these additional requirements, the State Department of Revenue has assisted the City in identifying the businesses, which would affect revenue-sharing. Future annexations could cause a decrease in County personnel and subsequent increase in the City personnel, the implications of which are currently being discussed.

Service. With a payback system from the City in place, the County can make necessary capital investments to roads that benefit County and City's road users. One service process that is more cumbersome after annexation is permit requests. According to State law, the issuing government entities must hold permit documentation, even after annexation. When the City annexes land from the County, the City must ask for the permit documents from that land from the County on a per-request basis.

3.2. Economic Development: Benton and Franklin Counties

Successful recruitment and retention of business activities often requires a regional approach that bridges jurisdictional boundaries. At the state level, the Community, Trade, and Economic Development Department promotes economic development and coordinates with local organizations. Individual counties often have a lead economic development agency called an associate development organization (ADO) or an economic development council (EDC), which is designated by the board of county commissioners or county council and defined by law as "a local economic development nonprofit organization that is broadly representative of community interests" (RCW 43.330.010). CTED has identified 40 economic development councils active in the State of Washington.

3.2.1. ILA Formation, Structure, and Scope

The Tri-City Industrial Development Council (TRIDEC) is a 501(c)6 nonprofit organization founded in the late 1960s, making it one of the oldest economic development organizations in the Northwest.

The organization's formation was related to the strong federal presence in the Tri-Cities area. First, there was a recognition that the Department of Energy's presence in the area might not last nor be sufficient by itself to fuel the local economy, so there was a desire to create a more diverse economic base. Second, there was a desire to leverage the Tri-Cities area's interests through organized lobbying while the federal government was still a major economic player.

Today, TRIDEC is the designated ADO for Benton and Franklin Counties. A joint ADO makes sense and mimics the scope of the local economy, with trade and the market operating regionally, oblivious to county boundaries. TRIDEC's primary mission is industrial job creation, and it partners with local jurisdictions in an effort "to expand business activity, increase capital investment, and broaden employment opportunities in the bi-county area" (TRIDEC Industrial Recruitment Partnership Agreement).

TRIDEC currently holds contracts with the Counties of Benton and Franklin; the Cities of Richland, Kennewick, Pasco, and West Richland; the Port Districts of Benton, Kennewick, and Pasco; and the Public Utility Districts of Benton and Franklin. Staff of the Port of Benton was interviewed for this study stated that the primary motivations for contracting with TRIDEC include the desire to avoid duplication of economic development activities.

The contracts with each entity are similar in nature and define:

- TRIDEC's responsibilities related to the recruitment of industrial employees; training to partner agency staff and community volunteers who meet prospective business prospects; marketing and business recruitment; site and facility inventory; client tracking; and the measurement, communication, and annual reporting of its activities
- The process of handing economic development prospects
- The financial contributions of contracting entities.

Contract length between TRIDEC and each jurisdiction varies. For example, the Port of Benton specifically requested yearly renewal to ensure sufficient levels of communication between itself and TRIDEC.

The Cities each pay TRIDEC \$40,000 annually, with the exception of West Richland, which pays only \$5,000 given its significantly smaller size. The Ports pay \$30,000 each, while the Counties' payment structures differ. Based on separately negotiated contracts, Benton County pays \$17,500 annually and Franklin County pays \$6,000. TRIDEC's private-sector contributions are substantial: the agency receives almost twice as much total financial support from the private sector than it receives from public entities.

The efforts of TRIDEC's nine full-time staff are governed by a Board of Directors and an Executive Committee. The Board, which meets monthly, is made up of 43 individuals from the counties, ports, cities, and the private sector. The Board is a policy body that guides the overall economic development program in addition to the functions of adopting the organization's budget and reviewing financial statements. The Executive Committee—consisting of 16 rotating positions—screens issues and

recommends actions to Board. It also has the authority to act on behalf of the Board in case of emergency or time-sensitive matters.

3.2.2. Implementation: Key Issues, Challenges, and Opportunities

Economic development activities need to be congruent with the realities of the local economy to be relevant and successful. Businesses tend to see themselves as a part of a region, not a particular jurisdiction of local government. In cases where neighboring jurisdictions have a single economic market or strongly interdependent economic markets, cooperation between them can enhance economic development opportunities. Smaller communities especially can benefit from pooling their resources to provide businesses with the workforce and support that they need to prosper.

In a 2007 report, the Association of Washington City identified key challenges facing city officials in the area of economic development⁷. These included inadequate infrastructure, lack of revenue options and taxing flexibility, difficulty recruiting major employers, limited technical expertise and lack of skilled city staff, and a shortage of housing supply. TRIDEC and other ADOs are positioned to take on the tasks of recruiting employers and providing the technical expertise needed for cities.

TRIDEC and the Port of Benton both cited the challenge of keeping their individual stakeholders satisfied. Given the multi-jurisdictional nature of the economic market, an ongoing challenge for TRIDEC is ensuring that local jurisdictions and their stakeholders understand that economic development efforts benefiting one community also benefit neighboring communities. The distribution of new businesses may create perceptions of unequal service, and so, ongoing communication and education is needed to avoid misperceptions. Given the length of time it takes to cultivate business relationships, staff in all jurisdictions faces the challenge of keeping elected officials and the public engaged and supportive of the economic recruitment process. Again, communication and education is needed to keep stakeholders united and on track.

3.2.3. Summary of Fiscal, Operational, and Service Impacts

Finances. Economic development specialists emphasized the difficulty in measuring the results of their activities, given the lag times and multiple variables at play. TRIDEC cited examples in which their lobbying efforts directly resulted in direct budget allocations from the U.S. Congress. More generally, attracting and retaining businesses has created income and jobs for local jurisdictions.

Operations. Contracts between TRIDEC and its partners—such as the Port of Benton—allow TRIDEC’s partners to delegate some tasks and focus on others. TRIDEC conducts national and state outreach for business recruitment, thus allowing local entities to focus on making their local facilities and communities ready for interested businesses. The local government entities that partner with TRIDEC also benefit from TRIDEC’s public-private structure by providing a forum in which the public sector can be informed of the private sector’s local needs and concerns.

Service. Businesses benefit from the greater interlocal cooperation that results from creating an organization that is congruent with the shape of the economic market. Transparent and consistent local government regulations and communications foster a more conducive business environment.

⁷ *Strong Cities, Strong State: State of the Cities*, Association of Washington Cities, 2007.

3.3. IT: eCityGov Alliance and the Center for Information Services

Providing technology support and convenient online services to citizens and other government agencies can be a strain on limited local government resources and capacity. Interlocal agreements and cooperation around IT may enable jurisdictions to achieve cost efficiencies, standardization, and improved levels of service.

3.3.1. ILA Formation, Structure, and Scope

Two organizations formed by interlocal agreements are examined here: 1) the eCity Gov Alliance that provides cross-boundary web service portals for businesses and citizens; and 2) the Center for Information Services (CIS) that provides administrative support to Washington's 34 community and technical colleges.

The eCity Gov Alliance. Formed as an interlocal agency in 2001, the origins of the eCityGov Alliance officially dates back to informal collaborative efforts between King County City managers in the 1990s. In 2000 and 2001, 23 cities participated in a joint strategic planning exercise on the topic of online transactional government services. From this, nine cities—Bellevue, Bothell, Issaquah, Kenmore, Kirkland, Mercer Island, Sammamish, Snoqualmie, and Woodville—decided to join together to develop and implement MyBuildingPermit.com (for permitting services) and MyParksandRecreation.com (for recreation program reservations). This was the first case of web-based transactional city services in the State of Washington.

Reasons for the joint action stemmed from an increase in demand and a simultaneous limit in supply. These partner cities recognized that their constituents increasingly expected convenient online services, but also realized that municipalities individually did not have the capacity and expertise to provide the services demanded.

Since its initiation, 38 other local government entities have subscribed to the services, which now also include NWProperty.net (a commercial locating service) and NWMaps.net (a general purpose GIS browser).

Today, eCityGov Alliance is governed by an Executive Board, comprised of City managers and administrators from the nine partner cities, and an Operations Board made up of relevant city department heads and staff involved in day-to-day operations. Voting is proportional to city population.

The Center for Information Services. CIS was created by a 1978 ILA between the Washington State Board for Community and Technical Colleges and existing community and technical colleges in response to the State's request to receive uniform recording of financial and student matters. The ILA was last updated in March of 1998.

CIS currently employs 75 staff and acts as a software and data-processing service for Washington State's community and technical college system. Its offerings include administration software for financial, human resources, student, and financial aid. It is governed by an Executive Board, consisting

of college presidents, the Executive Director of CIS, and a representative from the Washington State Department of Information Services.

3.3.2. Implementation: Key Issues, Challenges, and Opportunities

Obstacles for both IT interlocal organizations have been mostly technical in nature. Interfacing backend systems and licensing models from different vendors and breaking down information barriers between institutions were cited as most troublesome and time consuming.

For the eCityGov Alliance, a history of sustained interaction between the city managers and staff involved in building permits eased the transition into providing the joint online services. Park and recreation staff across the cities, however, had not worked as closely in the past, and so the consolidation and roll out of these services required more time and effort.

Expansion opportunities have and continue to present themselves to eCityGov Alliance and CIS. eCityGov Alliance has already added mapping and commercial real estate services. CIS is also looking to expand its services to include more teaching support for its colleges. CIS is currently in the process of migrating its system to a new, more compatible platform.

3.3.3. Summary of Fiscal, Operational, and Service Impacts

Finances. Staff of both eCityGov Alliance and CIS point to the importance of interlocal cooperation to achieve economies of scale in the provision of IT service. eCityGov estimates that for its larger partner Cities—such as Bellevue—the joint provision of services costs approximately 50-60% less than providing the services alone. For example, the City of Bellevue and Snohomish County had independently decided to provide online building permit provisions; in the first four years of the joint provision, they are estimated to have saved a total of \$400,000. In addition, the partnership provides smaller cities the opportunity to offer a level of service that they could not afford alone. For example, the City of Snoqualmie pays \$10,000 a year for all of the eCityGov services. CIS does not measure its cost-savings per college, but staff noted that administrative software currently on the market would be very expensive—in the millions of dollars—to install and operate separately in each institution.

Operations. The multi-jurisdictional nature of eCityGov makes it a more central contact point for the State, businesses, and citizens in the Puget Sound region. eCityGov staff also highlighted anecdotal evidence of the increased collaborative nature and cross-jurisdictional experience for city staff. In particular, collaboration between eCityGov Alliance Cities in areas not related to IT—such as a regional dispatch center—suggest a positive spillover effect. CIS is the central administrative IT entity for all 34 community and technical colleges. It thus streamlines operations and can provide the State with standard and consolidated reporting.

Services. eCityGov's websites provide consolidated and more convenient access for business, developers, and citizens. CIS noted that its service is limited by existing technology and capacity constraints. Individual colleges within the system may not be able to use new kinds of software that are incompatible with the existing platform or that require unique specialized support under CIS's purview.

3.4. Public Health: Benton and Franklin Counties

In the State of Washington, public health is the responsibility of the State Board of Health, the State Department of Health, and 34 local government health jurisdictions. These local districts functions of and operate at the level of individual counties, with the exception of three joint county districts—Benton-Franklin, Chelan-Douglas, and Stevens-Pend Oreille-Ferry—and two joint city and county districts—Seattle-King and Tacoma Pierce. The Health Reform Act, passed in 1993 and implemented in 1995, transferred full responsibility of local health to the counties, thus eliminating cities’ statutory role in public health provision.

3.4.1. ILA Formation, Structure, and Scope

In 1948, the Benton-Franklin Health District was formed by the Counties of Benton and Franklin and the Cities of Pascal, Kennewick, and Richland. Motivating factors for the interlocal cooperation included achieving economies of scale and cost-savings.

The objectives of the District as stated in its charter are: “(1) to promote the arts and sciences of preventive medicine and the betterment of public health; (2) to unite the cities and said counties in a cooperative effort according to RCW 70.46; (3) to promote uniform health policy within said area; and (4) to make possible and invite all agencies interested in public health including members of the medical, dental and nursing professions and other interested parties.”

The District is governed by a local Health Board, which consists of two representatives from each county, two representatives from each member city, and one representative for all small cities in each county, for a total of eight city and four county members. Public health budgets must be ratified by each County Commissioner on the Board. Each county has equal weight and veto power. Because the cities do not fund public health activities, City Council Members may provide input, but may not vote on Board activities.

Benton and Franklin Counties each pay about one-third of the District’s funding—based on a formula—with service fees accounting for the remainder of the Board’s revenue. County contributions have remained constant for a significant period of time, with fees contributing a larger overall share in recent years.

3.4.2. Implementation: Key Issues, Challenges, and Opportunities

A central challenge in public health provision over the past decade has been maintaining levels of service given uncertain and changing levels of funding. After the Health Reform Act went into effect in 1995, counties received public health funding from a portion of the Motor Vehicle Excise Tax (MVET). The impact of MVET reductions through Initiative 695 in 1999 significantly limited local public health’s dedicated revenue stream. Since then, the State Legislature has funded local public health at a flat level equal to 90% of prior MVET levels.

Perception of service level differences between jurisdictions and local politics can derail interlocal cooperation. In the past, there were more joint health districts in Washington, some of which have

dissolved. Perceptions of unequal service levels can translate into reduced support from the public and elected officials, which can be aggravated by electoral politics and campaign cycles.

There is considerable debate in the public health arena about the desirability of providing services to larger population bases. In undertaking certain public health activities, economies of scale may be reached by serving a larger population base, thus encouraging the creation of joint districts for smaller counties in particular. Also, it was noted that given the nature of public health, a critical mass of the population must be reached in order to make significant impacts. A larger population base may also increase the affordability of the provision of certain expensive, specialized public health functions or resources. On the other hand, for some public health functions, there may be diseconomies of scale due to having to provide services to a population dispersed over a larger geographic area. It is perhaps safest to say that the potential for economies of scale vary by public health function, geography, and the specific cultural/economic/demographic makeup of the affected population.

3.4.3. Summary of Fiscal, Operational, and Service Impacts

Finances and Operations. Given its smaller size, it would be difficult for Franklin County to afford an independent Health District with its own administration. Due to the District's long history, it is difficult to determine or estimate the cost savings for each county. There is ongoing discussion of revising the payment formula that determines each county's share.

Services. A higher level of services was cited by interviewees as a key benefit of the joint health district. Benton-Franklin has a full-time, medical doctor as its health officer, which not all state health districts can afford. Pooled resources enable the District to hire more nurses, food inspectors, and other health practitioners.

3.5. *Sheriff: County and City of Chelan*

State laws allow flexibility in the provision of law enforcement services. Cities and towns may establish a municipal police force or enter into a contract agreement with other cities, towns, or a county. According to staff of the Washington Association of Sheriffs and Police Chiefs, as of 2001, more than 25 sheriff departments contracted services to cities in the State.

3.5.1. ILA Formation and Scope

The County of Chelan Sheriff Department has several ILAs with cities, some dating back over 20 years. The City of Chelan contracted all law enforcement functions to the County of Chelan through an ILA established in December 2003. The City initiated the agreement because of concerns regarding rising costs, level of service standards, and the recruitment and retention of top quality law enforcement officers.

The ILA requires consistent reporting from the Sheriff's Office to the City. A Public Safety Committee, made up of three City Council Members and the City Administrator, meets monthly to discuss the status and relevant issues of the contracted service. Other provisions included in the ILA address a description of the level of service provided, City payments to the County, City-to-County staff transfers, and the start date for renegotiating a new agreement.

The transition of services was implemented over a period of four months. A sheriff's sergeant was named City of Chelan Police Chief in December of 2003 before the full transfer of responsibility occurred in March 2004.

3.5.2. Implementation: Key Issues, Challenges, and Opportunities

From the City's perspective, contracting services from the County was a way to improve service and reduce costs. Yet, an obstacle identified during negotiation and transition was the perception—of public officials and citizens—of losing the City's Police Department, which led to concerns regarding future levels of services. Overcoming this perception required City and County communication to staff and citizens to assure them that this was an enhancement, not diminishment, of services.

The City and County have already expanded the agreement's length and scope. Originally set to end in 2008, it was lengthened to 2012. Services under the ILA have increased to match the City of Chelan's growing population and needs. Full-time deputies now equal six instead of five, and funding for marine patrol and drug enforcement has increased.

3.5.3. Summary of Fiscal, Operational, and Service Impacts

Finances. Chelan's City Administrator estimates that it would cost the City in the range of \$100,000 and \$150,000 more per year to provide the current level of law enforcement services independently. Contract payments cover County's costs of service provision.

Operations. Contracting services has streamlined the City's operations. Eight of the City Police Department employees—a majority of total staff—were transferred to the County Sheriff's Office.

Service. Both the City and County agreed that the County has more resources and more qualified individuals to provide higher levels of law enforcement services to their citizens.

3.6. *Regional Jail: Chelan County, Douglas County, and the City of Wenatchee*

The Chelan County Regional Justice Center is the only regional jail in the State, serving a population of 94,000 over 5,000 square miles. The expansion of such regional jails is one option the State has to address the need for specialized services for certain offenders—namely those who are mentally ill, chemically dependent, dually diagnosed with both a drug or alcohol addiction and a psychiatric disorder, chronically ill, or convalescent.

3.6.1. ILA Formation, Structure, and Scope

The Chelan County Regional Justice Center opened in 1983, as a result of a partnership between Chelan County, Douglas County, and the City of Wenatchee. Each partner had its own facilities prior to the ILA, but facility conditions, the need for extra capacity, and the projected cost-savings associated with one joint administration were reasons for the agreement. Initial funding for the jail facility came from the State.

Chelan County is responsible for the jail's operations and administration, but funding is shared according to a formula based on a three-year use average. A jurisdiction's bed-day use for the prior

three years determines its percentage of all costs relative to the other two partners. In the 2007 budget, costs were shared as follows: Chelan County paid 52.42%, Douglas County paid 22.95%, and the City of East Wenatchee paid 22.95%. The Regional Justice Center also has separate ILAs to provide service to the Cities of Cashmere, Leavenworth, and East Wenatchee, as well as smaller cities along the coast, on an as-needed basis.

3.6.2. Implementation: Key Issues, Challenges, and Opportunities

The division of funding responsibilities required negotiations, with ultimate agreement attributed by interviewees to sustained dialogue.

During one interview, it was questioned whether the current management arrangement—with Chelan County as the owner and administrator of the facility—was the best solution. Such a structure creates a situation in which employees have two bosses—Chelan County and the partnership between Chelan County, Douglas County, and East Wenatchee—which could possibly result in confusion or tension. An alternative model would entail that each partner had a stake in the jail's ownership and management through a shared entity, as is the case in the region's 911 dispatch center.

The Regional Justice Center is increasing its capacity from 385 to 600 beds in the upcoming year, but no additional partners are expected to join the agreement.

3.6.3. Summary of Fiscal, Operational, and Service Impacts

Finances. Cost savings to each partner has not been calculated, but the consolidation of three administrations into one suggests some degree of savings. For example, in 2006, the overall cost calculated per inmate-day equaled \$53.50, while the cost for each partner jurisdiction based on their percentage averaged only \$40.76. The payment formula ensures that each jurisdiction pays for the facility space and services that it has, in fact, used.

Operations and Service. The Chelan County Regional Justice Center is one of the only jails in the State not run by a County Sheriff. This gives City Council Members and County Commissioners more input into how the jail is run. It also allows the jail's administration to seek out and employ professionals that specialize in jail services, rather than sheriff office employees with a more general law enforcement background. This specialized hiring can create a more stable employee base.

4. General Lessons Learned

4.1. Ingredients for Successful Interlocal Agreements

Despite their disparate areas of services and actors involved, the agreements summarized above share elements that have made them particularly successful and effective. What follows are general prescriptions regarding the form and functioning of ILAs, derived from the particular experiences of stakeholders interviewed in the seven case studies studied here.

4.1.1. Agreement Formation

- Don't reinvent the wheel. Use existing interlocal agreements as a guide. The Municipal Research and Services Center and the Planning Association of Washington are good sources for original documents.
- Identify and consider the perspective of all stakeholders: elected officials, department staff, and members of the public potentially affected by the agreement.
- Establish trust and develop relationships among key stakeholders by taking the time to promote collaboration and communication across institutional and jurisdictional boundaries.
 - Example: The strategic planning exercises with City Managers prior to eCityGov's formation laid the groundwork for the interlocal formation and the launch of services.
- Articulate a common understanding of the needs of each party involved.
- Ensure that a common vision is held of the joint project or services, remembering that the end goal is serving the interests of constituents and the public at large.
- Advance preparation by all parties on the agreement's important elements will build a common understanding of the task at hand and keep negotiations on track.
 - Example: Douglas County and City of Wenatchee staff worked together on models to understand the agreement's financial impacts on both jurisdictions during negotiations.
- Coordination and cooperation is especially important at the staff level for the sharing of information.
- Perform thorough research to fully know what the contentious issues will be. During negotiations, address the issues of agreement to help build trust and momentum before moving to contentious topics.
- Be clear on what is and is not negotiable during agreement discussions.

4.1.2. The Written Agreement

- Make sure all parties understand the terms and conditions of the agreement through education and communication.
- Establish clear expectations of deliverables or service provision.
- Create regular and ongoing avenues of communication and coordination between parties in order to address issues proactively as they come up and to minimize the negative effects of small incidences or disagreements.

- Example: Monthly public safety meetings between the Chelan County Sheriff’s Office and the City of Chelan are a scheduled forum to receive updates and address new issues.
- Create a governance structure that empowers decision-makers to make decisions in a time-effective manner.
- Build in flexibility for expansion opportunities or unforeseen changes.
- Plan adequate time for contract re-negotiation prior to agreement expiration.

4.1.3. Interlocal Implementation

- Follow through with ongoing communication and coordination between institutions and jurisdictions.
- Work towards achieving results. If the agreement leads to a high level of service provided in a cost-effective way, partners and their constituents are more likely to maintain support for the agreement.
- Inform constituencies of results. Communicating and sharing results to relevant publics will help maintain support for the agreement.
 - Example: Some economic development agencies across the State demonstrate what they are doing to promote economic development through economic impact studies and public outreach sessions.

4.1.4. Enabling Conditions

In addition to particular elements that should be included or actions that should be taken, some additional contextual factors should also be considered in the decision of whether or not to form on an interlocal agreement.

The geography, population size, and economic markets of the jurisdictions—especially counties—affect their ability to work together. For example, the economic interdependence between Benton and Franklin Counties necessitated cooperation in the area of economic development. The centralized population of Chelan and Douglas Counties makes the transport of offenders to the jail and day-to-day logistics easier. Large differences in population size exacerbated by geographic distance can lead to real or perceived differing levels of service that create tension, and as has been the case in some joint public health districts, can lead to agreement dissolution.

Leadership from elected and appointed officials can make or break an agreement. Some agreement benefits may be indirect or realized only in the mid- to long-term, and thus require extended support.

4.1.5. The State's Role

The State is not a primary actor in interlocal agreements. Local considerations and the examination of costs and benefits should still be the primary determinants of ILAs, but by creating policy parameters and priorities conducive to cooperation, the State could make interlocal agreements a more viable and appealing option. The State can facilitate greater interlocal cooperation through changes in legislative, legal, and financial incentives. The following recommendations came out of case study interviews with city and county staff.

Eliminate disincentives for interlocal agreements within existing policy structures. Laws or funding structures may unintentionally inhibit interlocal cooperation by reducing funding received or adding layers of complexity and inconvenience to procedures. For example, start-up public health funding from the State was distributed on a per-county or per-health district basis, which resulted in Benton-Franklin Health District receiving less money jointly than it would have had it been two separate entities.

Create special incentives for interlocal agreements. In addition to a “do no harm” approach, the State can actively promote ILAs through financial and legal incentives. For example, the State can provide targeted funding to small cities that otherwise could not afford to contract law enforcement services to counties. Or the State could streamline the annexation process for cities and counties with comprehensive agreements in place to make the process less complex and cumbersome.

Define policy priorities. The State can encourage more interlocal cooperation through its own actions and support. For example, one proponent of growth management ILAs expressed frustration that many cities fail to see the value of standing annexation agreements, noting that State recognition could raise their profile. In the case of IT, the State was not always seen as a helpful potential partner. Attempts to link eCityGov services with similar State-wide initiatives failed on more than one occasion. The difficulty of interacting with a larger, complex entity was cited as a primary obstacle. Making the State “user-friendly” for local governments through executive support and clear avenues of communication would make partnership and policy alignment easier.

Provide stable and adequate levels of funding for local government services. Most of the areas of service studied were affected by the impact of MVET reductions and thus, several interviewees voiced concerns regarding existing and future funding levels. Identifying dedicated revenue streams for service areas such as law enforcement and public health would reduce the uncertainty in which local government officials make decisions about service provision and interlocal cooperation.

4.2. Conclusion

Interlocal agreements are one mechanism that counties in general—and fiscally distressed counties in particular—can use when pursuing cost-savings and high-quality levels of service. ILA success depends on numerous factors both within and outside of one entity's control, and a commitment between partners to ongoing communication and dialogue to overcome differences, achieve understanding, maximize value, and seize new opportunities is a critical ingredient. The State can facilitate the formation and longevity of ILAs by creating a policy environment conducive to cooperation through clear priorities, strategic incentives, and sufficient funding.

Attachment A: Interview Contact List

MODULE ONE: COMPARATIVE STUDY

GENERAL GOVERNMENT

Adams County

Anderson, David - Assessor
Danekas, Laura - Treasurer
McBroom, Nancy – Auditor
Plager, Rudy – County Commissioner

Clark County

Barron, Bill – County Administrator
Capell, Peter – Public Works Director
Franklin, Linda – Assessor
Kimsey, Greg – Auditor
Lasher, Doug - Treasurer

Douglas County

Barker, James R. – Public Works Director
Dodge, Mary E. - Treasurer
Duvall, Thad - Auditor
Ruud, Jim - Assessor
Stanton, Ken – County Commissioner

Pierce County

Clack, Sloan – Assistant to Assessor/Treasurer
Kenney, Patrick – Director of Budget &
Finance
Ladenburg, John – County Executive
McCarthy, Pat - Auditor

Spokane County

Chilberg, D.E. “Skip” - Treasurer
Dalton, Vicky - Auditor
Farnell, Marshall – Acting CEO
Gemmil, Gerry – Public Works Director

CRIMINAL JUSTICE

Adams County

Bauer, Sandra – Superior Court Administrator
Flyckt, Randy J. – Prosecuting Attorney
Kirkendall, Susan - Clerk
Miller, Richard W. – Superior Court Presiding
Judge

Klickitat County

Jaekel, Christine – Superior Court
Administrator
Olsen, Saundra - Clerk
O’Neill, Timothy S. – Prosecuting Attorney
Reynolds, Thompson - Superior Court
Presiding Judge
Thayer, Ray – County Chair Commissioner

Skamania County

Hermansen, LizBeth – Superior Court
Administrator
Pearce, Paul J. – County Chair Commissioner
Vance, Sharon – Clerk
Peter Banks – Prosecuting Attorney

Whatcom County

Desler, Dewey – County Exec: Deputy
Administrator
Jackson, N.F. – Superior Court Administrator
Kremen, Pete – County Executive
McEachran, David S. – Prosecuting Attorney
Snyder, Charles S. – Superior Court Presiding
Judge

MODULE TWO: INTERLOCAL STUDY

Adrian, Carl – President and CEO, TRIDEC
Backman, John – Executive Director, eCityGov Alliance
Barnett, Lori – Community Dev. Director, City of East Wenatchee
Corkrum, Nina – Commissioner, Franklin County
Craig, Richard – Senior Planner, Snohomish County Planning and Development Services
Fonfara, Dave – City Administrator, City of Chelan
Harum, Mike – Sheriff, Chelan County
Howard, Diahann – Director of Economic Development, Port of Benton
Jecha, Larry – Health Officer, Benton-Franklin District Health Department
Knutsen, Cory – Director, Center for Information Services
Kulaas, Mark – Land Services Director, Douglas County
Luper, Gwen – Executive Director, Benton-Franklin Council of Governments
McFadden, David – President, Yakima County Development Association
Walter, Ron – Commissioner, Chelan County
Wick, Gale – Director, Chelan County Regional Justice Center