

**HORIZONTAL INTERGOVERNMENTAL RELATIONS IN THE  
PORTLAND METROPOLITAN REGION: CHALLENGES AND  
SUCCESSSES**

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#### I. INTRODUCTION: REGIONALISM AND INTER LOCAL RELATIONSHIPS

Public policy issues that fall under the jurisdiction of local governments are often strongly influenced by the policies, actions, and conditions within nearby jurisdictions. For example, land use policy that sets minimum lot sizes may affect the cost of housing in one community, and therefore influence location choices available to people throughout a commute shed. Economic development policy that aims to maximize revenue and jobs within a single jurisdiction may ignore the benefits that “spill over” to nearby municipalities when a new traded sector business opens or expands. Infrastructure and amenity investment in a specific neighborhood may lead to long-term impacts on other neighborhoods as gentrification shifts the spatial distribution of the population. And changes in traffic patterns caused by road construction can cause congestion in neighboring jurisdictions.

In fact, for many local government functions, metropolitan regions, not state or local governments, are the most appropriate units for setting policy and funding programs. Because commuting patterns, and therefore labor and housing markets, are regional, many functions of local government, such as planning and zoning, transportation, and economic and workforce development are best tackled not by a single jurisdiction but by a group of metropolitan municipalities working to achieve common goals.

Recognizing the realities of interdependence and shared costs and benefits, regional governance has periodically enjoyed an audience over the last several decades. Thought leaders such as Bruce Katz, Myron Orfield, Neal Pierce, Curtis Johnson, and Farley Peters have argued for the realignment of many local efforts around metropolitan regions.<sup>1</sup> These scholars suggest that metropolitan regions “represent a logical scale to draw together the most concerned players, from economic strategists to utilities to universities and trade schools, in forging strategies that fit both the economy and the geography.”<sup>2</sup> Building upon the principles of agglomeration economies—that the concentration of activity in metropolitan regions makes companies more productive and profitable—these scholars argue that metropolitan regions provide opportunities at relatively low cost to create connections and trusting relationships required to jointly address the challenges facing our leaders and constituents.<sup>3</sup>

Today, regionalism and inter local cooperation is once again a subject widely discussed and promoted as a formula for cultivating economic success and effective government. In a recent book by Katz and Bradley, *The Metropolitan Revolution*, the authors argue that the federal government is dysfunctional, states are largely irrelevant to economic issues (because most states are very heterogeneous across space in their characteristics, assets, and needs), and therefore metropolitan regions are the geographic entity that must make policy to improve outcomes for the growing percentage of the world living in metropolitan areas.<sup>4</sup>

Furthermore, the Great Recession (2008–2010) forced public officials to scour their operations to identify inefficiencies as public sector budgets crashed.<sup>5</sup> As local governments cut back public services, fiscal and policy inefficiencies potentially caused by

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1. See BRUCE KATZ, REFLECTIONS ON REGIONALISM (Brookings Inst. Press 2000); BRUCE KATZ & JENNIFER BRADLEY, THE METROPOLITAN REVOLUTION: HOW CITIES AND METROS ARE FIXING OUR BROKEN POLITICS AND FRAGILE ECONOMY (Brookings Focus Book) (Brookings Inst. Press 2013); MYRON ORFIELD, METROPOLITICS: A REGIONAL AGENDA FOR COMMUNITY AND STABILITY (rev. ed., Brookings Inst. Press 1997); Neal Pierce, Curtis Johnson & Farley Peters, *America’s Metro Regions Take Center Stage: 8 Reasons Why*, CITISTATES GROUP (2012), available at <http://citistates.com/>.

2. Pierce, *supra* note 1, at 25.

3. See sources cited *supra* note 1.

4. See KATZ & BRADLEY, *supra* note 1.

5. Tracy Gordon, *State and Local Budgets and the Great Recession*, BROOKINGS INSTITUTION (Dec. 2011), <http://www.brookings.edu/research/articles/2012/12/state-local-budgets-gordon>.

fragmented government were difficult to justify. For example, some constituents might question why a local government maintained a tourism office or economic development council when library hours were cut and funding for public safety slashed.

Despite this acceptance of regions as the appropriate geographic scale for many kinds of policy action, few regions have formal forms of governance, and some regional observers argue that strong formal regional governance is, in many cases, politically infeasible.<sup>6</sup> Thus, rather than advocate formal regional consolidation as they might have in the past, today's regionalists discuss the benefits of alternative forms of regional governance.<sup>7</sup> State and local governments have developed a variety of structures for cooperation and these governments routinely work together in many areas of public policy.<sup>8</sup> But these governance arrangements vary a great deal with respect to the structure of the partnerships, the number of governments participating, and the issue areas that they address.<sup>9</sup>

Relationships among local governments become even more complicated when the metropolitan region—even though it may be the most logical unit of policymaking—is divided by a state border. State budgets, policies, and norms may differ, making collaboration among local governments even more challenging.

In this paper we examine the conditions under which local governments engage in cooperation, particularly across state lines. We hypothesize that leaders weigh the costs of giving up authority for themselves and choices for their constituents against the potential for providing better services or greater efficiency. Each potential agreement requires a separate calculus because the importance of choice, the potential for efficiency, and the degree of authority sacrificed to gain efficiency, which varies depending on the issue area, differences in constituents' preferences, their history working across jurisdictions, and the nature of the proposed agreement.

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6. Alan D. Wallis, *Regions in action: Crafting regional governance under the challenge of global competitiveness*, 85 NAT'L CIVIC REV. 15 (1996).

7. *Id.*; see also David K. Hamilton, *Regimes and Regional Governance: The Case of Chicago*, 24 J. URB. AFF. 403 (2002).

8. Cooperation between states ranges from formal institutional arrangements such as interstate compacts to information agreements such as voluntary associations and advisory committees. One example of a recent high-profile multi-state collaboration is the drug purchasing coalition formed by Maine, New Hampshire, and Vermont. Ann O'M Bowman, *Horizontal Federalism: Exploring Interstate Interactions*, 14 J. PUB. ADMIN. RESOL. & THEORY 535 (2004).

9. *Id.*

Cooperation occurs when perceived benefits to constituents outweigh the perceived costs. The tipping point—the point at which the perceived benefits outweigh the perceived costs—may change over time with advances in technology, changing demographics, fluctuations in public opinion, and positive collaborative experiences.

We illustrate these concepts using qualitative data from a series of interviews with government and business leaders in the Portland-Vancouver metropolitan region, which crosses the state boundary between Oregon and Washington. We explore the dynamics of cooperation between the states within the metropolitan region and examine how the tipping point has changed over time, comparing the findings from our initial set of interviews in 2007 with a second set of interviews conducted in 2014.

## II. THEORIES OF HORIZONTAL INTERGOVERNMENTAL RELATIONS

The notion of competitive federalism arose from its potential as a remedy for the perceived wastefulness and unaccountability of “big government.”<sup>10</sup> Competitive federalism is viewed as a force for holding state and local governments accountable to voters in much the same way that competition is viewed a remedy for monopoly power in the free market.<sup>11</sup> Without any form of competition or market discipline, the theory goes, governments will not efficiently provide the goods and services demanded by their constituents.<sup>12</sup>

Tiebout’s 1956 paper comparing local governments to price taking producers in a competitive market began decades of debate about the relative merits of competitive versus cooperative federalism.<sup>13</sup> Tiebout showed that, just as a competitive private market for goods and services can maximize both allocative and productive efficiency, competition between local governments could improve allocative efficiency as many local governments form to offer a variety of combinations of public services and taxes.<sup>14</sup> This allows consumers to “vote with their feet” and choose the combination of public services and taxes most in line with their tastes

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10. James Buchanan, *Federalism and Individual Sovereignty*, 15 *Cato J.* 259, 260–61 (1995).

11. *See id.*

12. *See id.*

13. *See* Charles Mills Tiebout, *A Pure Theory of Local Expenditures*, 64 *J. POL. ECON.* 416 (1956).

14. *See id.*

and budgets.<sup>15</sup> Tiebout notes that this competition also forces productive efficiency as constituents move to the local jurisdiction that provides their preferred combination of public goods and services for the lowest cost in terms of taxes.<sup>16</sup>

Other writers have argued that the principles of market competition do not apply to the provision of local government services. External costs and benefits and increasing returns to scale in the provision of many services render inter-jurisdictional competition wasteful.<sup>17</sup> Furthermore, political fragmentation may lead to regulatory inconsistency and increasing costs for businesses and consumers. Some argue that political fragmentation also encourages leaders to make policy decisions without considering their potential impact on social equity<sup>18</sup> or environmental quality.<sup>19</sup> More generally, many argue that services should be provided at the level at which those who pay also capture the greatest benefit.<sup>20</sup> Thus, external costs and benefits of public policies must be considered when determining the ideal level at which to provide and pay for public services.

Given the range of perspectives regarding the benefits and costs of interstate and inter local cooperation, how do states and local governments decide when and under what circumstances to work together? The theories of fiscal federalism and collective action suggest that local government leaders (called “policy entrepreneurs” by Bickers and Stein) have an incentive to promote collective action when they feel that their constituencies will receive a disproportionate benefit from the product of collective action.<sup>21</sup> Federalism allows centralization of services that are provided most efficiently at federal or state scale while preserving for local governments services that are more efficient if decentralized.<sup>22</sup> For example, Andrew Skalaban showed, using the example of interstate banking reform, that local

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15. See *id.* at 422–24.

16. *Id.*

17. See generally Drew A. Dolan, *Local Government Fragmentation: Does it Drive up the Cost of Government?*, 26 URB. AFF. REV. 28 (1990).

18. PETER DREIER, JOHN H. MOLLENKOPF & TODD SWANSTROM, PLACE MATTERS: METROPOLITICS FOR THE TWENTY-FIRST CENTURY (Univ. Press of Kan. 2001).

19. See Jae Hong Kim & Nathan Jurey, *Local and Regional Governance Structures, Fiscal, Economic, Equity and Environmental Outcomes*, 28 J. PLAN. LIT. 111 (2013).

20. DAPHNE A. KENYON & JOHN KINCAID, COMPETITION AMONG STATES AND LOCAL GOVERNMENTS: EFFICIENCY AND EQUITY IN AMERICAN FEDERALISM 1, 11 (Urb. Inst. 1991).

21. Kenneth N. Bickers & Robert M. Stein, *Interlocal Cooperation and the Distribution of Federal Grant Awards*, 66 J. POL. 800, 805 (2004).

22. See KENYON & KINCAID, *supra* note 20, at 4–5.

jurisdictions examine the structure of the risks and benefits (payoffs) in each circumstance and that a history of cooperation may reduce the perceived risks and increase the perceived benefits.<sup>23</sup>

Our hypothesis is consistent with Skalaban's approach. Under this perspective, the forces of allocative efficiency pull state and local government, particularly elected leaders, to "go it alone" to provide a combination of public services that best fits the set of constituents they serve or wish to serve. This force will be stronger for policy areas in which constituents from different jurisdictions do not share tastes or a point of view regarding either the objectives of public policy or the means to achieve it. Constituents from different jurisdictions may disagree regarding whether, and to what extent, a service or policy should be provided; the appropriate level of service; or how best to provide it. This lack of alignment of tastes and attitudes between the constituents of two or more jurisdictions will encourage leaders to find ways to offer the service or set policy without interference from, or cooperation with, the other jurisdictions, because they judge the cost of losing autonomy greater than the benefits of collaboration.

The forces of productive efficiency pull state and local governments toward cooperation when barriers to entry, economies of scale, and external costs and benefits overwhelm the forces that pull them toward offering choices more consistent with their constituents' specific tastes. However, for some public goods and services, ignoring the economies of scale of a large expensive project is simply not feasible. In many areas of public policy, it may be unacceptable to deny the external benefits or costs of one jurisdiction's investment (or lack thereof) in public safety, human services, or workforce training. At the same time, the loss of autonomy may be a non-issue. During a public emergency, constituents rarely care whether the firefighter saving their home is from a different city or state.

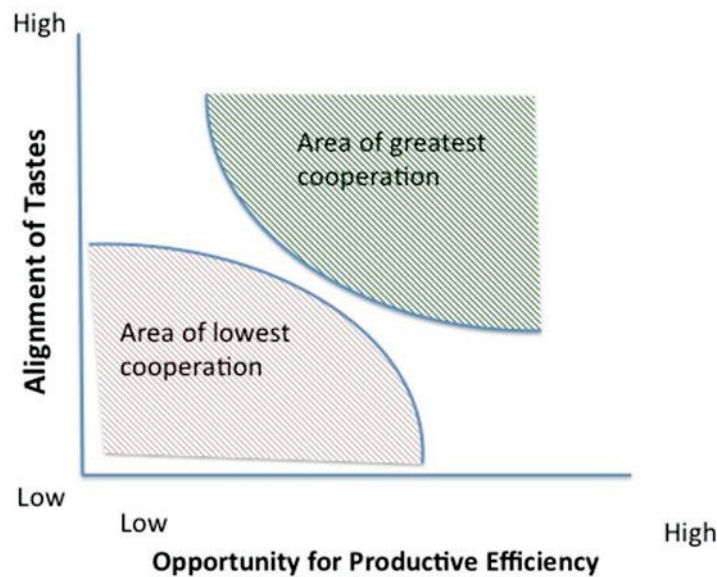
Figure 1 is a graphic that illustrates the forces influencing cooperation and competition. The horizontal axis measures the degree to which a service or policy can be administered at a lower cost or higher quality through collaboration with other jurisdictions. The vertical axis measures the degree to which constituents' tastes are aligned with those of its potential partners in service. Thus, moving either up or toward the right increases the likelihood of cooperation.

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23. Andrew Skalaban, *Policy Cooperation among the States: The Case of Interstate Banking Reform*, 37 AM. J. POL. SCI. 415-28 (1993).

Cooperation between two jurisdictions, then, is most likely to occur when their constituents agree about the preferred set of policies and services and when the forces of productive efficiency are highest. Cooperation is least likely to occur when tastes do not align between constituents of different jurisdictions and when the cost savings from increasing the scale or scope of a project are also low. In these cases, leaders view the preservation of choice offered by competing local or state governments as more important than the cost savings that can be gained by joining forces with another government, which may force compromises regarding the design of a policy or public service.

Figure 1



This also implies that state and local governments might change the way they cooperate over time. Tastes may converge or diverge as economic forces drive migration patterns that change the prevailing tastes for public services. Technology or changes in the costs of inputs may affect the returns to scale or external costs and benefits of providing public services. State and local government may search for methods of providing public services with greater productive efficiency without sacrificing choice. Alternatively, experience with collaboration may change perceptions of the degree to which collaboration might sacrifice a jurisdiction's ability to serve its



constituents.

### III. THE PORTLAND METROPOLITAN REGION'S INTER LOCAL RELATIONSHIPS

Given our assumption that local jurisdictions are more likely to collaborate if their constituencies have aligned tastes, then a more homogeneous region is more likely to produce collaborative behavior among local governments. In this section we examine demographics in the Portland region that might drive differences in tastes. We examine how these factors have changed over time in an attempt to predict whether local leaders might change their orientation toward inter local collaboration. The factors we examine include population growth, racial diversity and ethnic diversity.

#### *A. Demographic Differentiators*

Table 1 shows some of the key demographic differentiators in the Portland region's largest four counties. Population growth for the metropolitan area overall averaged about 19.5 % from the year 2000 to 2013, but Washington and Clark counties experienced faster growth while Clackamas and Multnomah counties experienced slower growth. Forecasts to 2040 indicate continued strong growth in the region, particularly in Washington and Clackamas counties. The pace and impact of population growth in suburban counties can put pressure on local governments to collaborate with other communities with respect to transportation infrastructure and housing development. However, high population growth rates, and disagreements about how to accommodate growth, can also result in barriers to collaboration.

As the Portland Metropolitan region has grown, it has experienced increased diversity in certain parts of the region. Although the percentage of people who are white and not Hispanic has increased in all areas, the counties with the greatest diversity are Multnomah and Washington Counties. Multnomah County has fewer family households, smaller households, fewer households with children, and a lower income than the suburban counties. Multnomah County residents are much less likely to drive alone to work than are workers in the other counties. Washington and Multnomah counties also have significantly higher rates of educational attainment than the other two counties.

Table 1<sup>24</sup>

Demographic Characteristic	County			
	Clackamas	Multnomah	Washington	Clark
Population growth, 2000 to 2013	14.1%	14.5%	23.7%	26.1%
Family households	66.8%	54.6%	67.7%	68.8%
White, nonhispanic	83.8%	71.7%	68.5%	80.9%
households with one or more people under 18	31.7%	27.2%	35.2%	35.3%
Households with one or more people 65 years and over	27.5%	20.3%	21.3%	14.8%
Average household size	2.6	2.4	2.7	2.7
High school graduate or higher	94.0%	90.8%	90.7%	92.2%
Bachelor's degree or higher	31.8%	40.8%	40.1%	26.8%
Individuals in Poverty	8.8%	18.3%	12.3%	11.6%
Median Household Income	\$64,410	\$51,799	\$63,530	\$55,719
Commuters driving alone	78.0%	61.1%	73.8%	78.1%

24. See U.S. CENSUS BUREAU, AMERICAN COMMUNITY SURVEY, 2012 ACS 1-YEAR ESTIMATES, <http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refres h=t>. Data are based on a sample and are subject to sampling variability. Although we have not shown the margin of error here, they are available from the Census Bureau's web site.

*B. Differences in Governance and Public Finance*

The Metro regional government has jurisdiction over the urbanized areas within Clackamas, Multnomah, and Washington counties in the state of Oregon. Formed by voter initiative in 1978, Metro went into operation on January 1, 1979. Metro is an expanded version of the original Metropolitan Service District that area voters approved in May 1970. Some of Metro's responsibilities have been passed down from the old Metropolitan Planning Commission, organized by Portland and the three urbanized counties in 1957.<sup>25</sup> Metro is a directly elected regional government that combines the planning functions of a Metropolitan Planning Organization with regional service provision. Although Vancouver, Washington—Clark County, Washington's largest city—directly neighbors the Portland metropolitan area, Clark county's citizens do not have direct representation on Metro. However, Clark County does have representatives on various Metro advisory boards that offer advice and recommendations to the Metro Council.

Portland, Oregon's principle city in the Portland Metropolitan region, has a commission form of government with a weak mayor and four other commissioners. Each commissioner controls a portion of city government agencies.<sup>26</sup> Vancouver, Clark County's principle city, has a council and manager form of government with a strong mayor.<sup>27</sup>

The population centers of Oregon and Washington and their relative importance to their respective state government also affects cooperation within the metropolitan area. The 2013 population of the state of Oregon was about 3.9 million,<sup>28</sup> while Washington's population about 6.9 million.<sup>29</sup> The majority of Washington's population is in the Puget Sound area, while over 50% of Oregon's

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25. Carl Abbott & Margery Post Abbott, *A History of Metro*, METRO (May 1991), [http://library.oregonmetro.gov/files/abbott-a\\_history\\_of\\_metro\\_may\\_1991.pdf](http://library.oregonmetro.gov/files/abbott-a_history_of_metro_may_1991.pdf).

26. OFFICE OF THE SEC'Y OF STATE, OREGON BLUE BOOK (2012).

27. City of Vancouver, Washington, Welcome to City Council, <http://www.cityofvancouver.us/citycouncil> (last visited May 30, 2014).

28. PORTLAND STATE UNIV., COLLEGE OF URB. & PUB. AFFAIRS: POPULATION RESEARCH CENTER, TABLE 1. POPULATION AND COMPONENTS OF POPULATION CHANGE FOR OREGON: 1960 TO 2013 (2013), [http://www.pdx.edu/prc/sites/www.pdx.edu/prc/files/Population%20Report%202013\\_Web3.xls](http://www.pdx.edu/prc/sites/www.pdx.edu/prc/files/Population%20Report%202013_Web3.xls).

29. WASHINGTON STATE OFFICE OF FINANCIAL MANAGEMENT, APRIL 1, 2014 POPULATION OF CITIES, TOWNS AND COUNTIES USED FOR ALLOCATION OF SELECTED STATE REVENUES STATE OF WASHINGTON 8 (2014), [http://www.ofm.wa.gov/pop/april1/ofm\\_april1\\_population\\_final.pdf](http://www.ofm.wa.gov/pop/april1/ofm_april1_population_final.pdf).

population is in the Portland Metropolitan area. Thus, while issues of the Portland Metropolitan area are important to the Oregon's government leaders in the capital, Salem, these issues must compete for attention among Washington's leaders in its capital, Olympia.

The states also have very different tax structures. While Washington obtains a substantial share of state revenue from a state sales tax, it has no income tax. Oregon, on the other hand, has no state sales tax, and is dependent on personal and corporate income tax. The differences between Oregon and Washington tax structures have a long history and attempts to decrease the dependence on the sales tax in Washington by introducing an income tax have been met with court challenges,<sup>30</sup> and attempts to institute a sales tax in Oregon have been strongly rejected.<sup>31</sup> However, while the states collect revenue with different mechanisms, Oregon and Washington both face challenges to their respective property tax collection systems: citizens of both states passed property tax limitations by voter initiative. Other funding and revenue mechanisms also differ between the two states. Most notably, transportation funding in Washington is prioritized by the legislature, which approves project lists funded through the state's transportation budget.<sup>32</sup> In Oregon, the State Legislature sets priorities and policies but provide flexibility to local MPOs, cities, and counties in identifying the key projects.<sup>33</sup>

#### IV. KEY COLLABORATIVE REGIONAL ISSUES

##### A. Growth/Growth Management

As described earlier, population growth throughout the metropolitan area has been brisk, and both states have passed laws to manage growth. Oregon's land use system incorporates urban growth boundaries and strong resource land protection.<sup>34</sup> In contrast,

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30. Hugh D. Spitzer, *A Washington State Income Tax—Again?*, 16 SEATTLE U. L. REV. 515, 525 (1993).

31. Oregon citizens have voted down a proposed sales tax a record nine times, and Washingtonians don't appear eager to add an income tax; since 1935 seven personal or corporate income tax proposals have been rejected. This is a clear example of the differences in citizen and leadership tastes and attitudes in the two states.

32. See *Statewide Transportation Improvement Program (STIP)*, WASH. ST. DEP'T TRANSP. (2014), <http://www.wsdot.wa.gov/LocalPrograms/ProgramMGMT/STIP.htm>.

33. See *Statewide Transportation Improvement Program (STIP)*, OR. DEP'T TRANSP., <http://www.oregon.gov/ODOT/TD/STIP/pages/default.aspx> (last visited July 5, 2014).

34. For a comprehensive definition of Oregon's land use system, see S.B. 100, 57th Leg. Sess. (Or. 1973).

Washington's approach is more locally driven, with weaker protections for resource land.<sup>35</sup> The differences in the states' land use laws present challenges to transportation and land use planners who must consider the impact of two different legal systems when predicting and planning for growth. Cooperation is also difficult because many of the regulatory and legal issues faced by businesses and local governments on the Oregon side of the metro region do not apply in Washington.

### *B. Transportation*

Strong population growth and limited revenue for roads and transit have led to a substantial increase in traffic congestion in the metropolitan area over the past twenty years. In 1982, the average commuter spent an average of thirteen hours per year in traffic congestion, compared to forty-four hours in 2011.<sup>36</sup> While total vehicle miles traveled only doubled over this same period, the traffic on many roadways approaches capacity more frequently and the "tipping point" at which congestion occurs begins earlier and lasts longer during the morning and evening commute times.<sup>37</sup> Despite the fact that Portland's drivers still experience lower average annual hours of delay than other metropolitan drivers, the problem has become of paramount importance to private and public sector leaders in the region, who view congestion as a threat to economic prosperity.<sup>38</sup> Yet, a policy solution to this problem has been elusive, and the challenges that surround this policy problem aptly illustrate the tension between regional collaboration and local autonomy.

### *C. Economic Development*

Economic leaders recognize that a regional perspective is required to develop economic strategy. Several organizations have been formed to develop, monitor, and implement regional economic

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35. Washington's *Growth Management Act* is more locally driven, with weaker protections for resource lands. See WAS. REV. CODE 36.70A.010–904 (2013).

36. David Schrank, Bill Eisele & Tim Lomax, *Urban Mobility Report*, TEXAS A&M TRANSP. INST., Dec. 2012, at 55, available at <http://d2dtl5nnlpf0r.cloudfrontet/tti.tamu.edu/documents/mobility-report-2012.pdf>.

37. Jennifer Dill, *Getting from Here to There in the Region*, in 2007 METROPOLITAN BRIEFING BOOK (Inst. for Portland Metro. Studies, Portland State Univ. 2007).

38. See ECONOMIC DEVELOPMENT RESEARCH GROUP, THE COST OF CONGESTION TO THE ECONOMY OF THE PORTLAND REGION 49–54 (2005), available at [http://www.edrgroup.com/pdf/trade\\_trans\\_studies\\_cocreport1128final.pdf](http://www.edrgroup.com/pdf/trade_trans_studies_cocreport1128final.pdf).

development strategy and to coordinate economic development functions among local governments in the region. Most recently, Greater Portland, Inc. has been established with funding from the private and public sectors to market the region.<sup>39</sup> However, economic development is one of the areas in which regional cooperation can be particularly difficult, in part due to the public accountability of economic development officials and the political pressure to create (or prevent loss of) local jobs.<sup>40</sup>

#### *D. Workforce Training*

Commuting patterns point to a single labor market within the Portland Metro, with thousands workers crossing state and county lines every day to move between home and work.<sup>41</sup> This shared labor market suggests that attempts to improve the skills of the workforce and the match between needed and available skills should be approached regionally. However, there are a number of challenges to collaboration among workforce development actors, particularly among actors in different states.

#### *E. Methodology*

The purpose of this study is to examine inter local relationships within the Portland metropolitan area. To assess horizontal intergovernmental relations in Oregon and Washington, we conducted in-depth semi-structured interviews in 2007 and 2014 with primary stakeholders involved in bi-state issues. The population of interviewees was selected with the assistance of an advisory group made up of several members of the Oregon and Washington Bi-State Coordination Committee.<sup>42</sup> Interviewees from this population met the

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39. Erik Siemers, *Greenlight Greater Portland now Greater Portland Inc.*, PORTLAND BUS. J. (June 29, 2011), <http://www.bizjournals.com/portland/news/2011/06/29/greenlight-greater-portland-now.html>.

40. Nonna A. Noto, *Trying to Understand the Economic Development Official's Dilemma*, in COMPETITION AMONG STATES AND LOCAL GOVERNMENTS: EFFICIENCY AND EQUITY IN AMERICAN FEDERALISM 251–58 (Daphne Kenyon & John Kincaid eds., Urb. Inst. 1991).

41. Sheila A. Martin & Jeremy Young, *Periodic Atlas of the Metroscope: Regional Connections*. METROSCOPE, Winter 2014, at 13–19, available at [http://www.pdx.edu/ims/sites/www.pdx.edu.ims/files/Reg-Connections\\_Atlas.pdf](http://www.pdx.edu/ims/sites/www.pdx.edu.ims/files/Reg-Connections_Atlas.pdf).

42. The Bi-state Coordinating Committee is an advisory committee of the Metro Council that promotes coordination of land-use and transportation issues of bi-state significance. The committee is co-chaired by the Metro Council president and a City Councilor from Vancouver. Members include representatives from Multnomah and Clark

following criteria: (1) had an understanding of institutional and policy issues in bi-state cooperation; (2) were directly affected by how bi-state issues are resolved; (3) had hands-on experience working on bi-state issues or was the assistant to the primary decision maker. An effort was made to select individuals with relevant expertise in key policy issues.

The initial set of interviews conducted in 2007 involved thirty-five individuals; nineteen from Washington and sixteen from Oregon. In 2014 we updated the study with interviews of twelve individuals; six from Oregon and six from Washington; the majority of whom were in our 2007 pool of interviewees.<sup>43</sup> The purpose of the second series of interviews was to determine if there was any significant change in the past seven years. In both pools of interview, key organizations represented in the group included city, county, regional and state government; transportation, workforce development, economic development; higher education and private business organizations. Although the study sample was not representative of all public and private organizations that might be considered involved in bi-state issues, generalizability was not the intended goal of the study. Rather, the intention was to purposely seek out key informants with experience in horizontal intergovernmental relations as our primary data source. For purposes of accuracy, interviews were taped and later transcribed.<sup>44</sup> Several interviewees requested that their interviews not be recorded. In those instances, extensive notes were taken and later transcribed. Analysis of the interviews involved identifying the dominant themes that appeared throughout the interviews which was then used as data to address our research questions.

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counties, the two regional transit agencies, the two departments of transportation, both ports and both Metropolitan Planning Organizations (Metro and the Regional Transportation Council). *Bi-State Coordination Committee*, METRO, <http://www.oregonmetro.gov/regional-leadership/metro-advisory-committees/bi-state-coordination-committee> (last visited Oct. 8, 2014).

43. One of the new interviewees was an elected official that replaced an outgoing official; two others were individuals that replaced the head of their organization.

44. In 2007 and 2014 the authors' study was approved for human subject participation by the Washington State University Institutional Review Board ("IRB") and participants signed a written consent form. Given the sensitivity of the topics covered and the individuals' high profile in the community, they were assured that only the authors would have access to the recordings and transcriptions and the original recordings were destroyed in compliance with the IRB protocol that was approved for the study.

To ensure that individual biases did not affect the identification of themes, two researchers reviewed both sets of interviews and checked each other's work.

### *F. Findings*

Below we generally discuss the respondents' thoughts regarding barriers to bi-state cooperation, the benefits and challenges to cooperative efforts, and reflections on why past bi-state cooperative efforts were successful (or not). If several respondents provided the same or similar response, it was identified as a theme and was captured in the summary below.

#### 1. Barriers to Cooperation

The respondents were asked to identify barriers – both formal and subtle, that respondents believed hindered bi-state cooperation. The following barriers, listed in the order of frequency of response, illustrate the challenges to bi-state cooperation between Oregon and Washington.

#### 2. Structural/Institutional Differences between Oregon and Washington

The challenge to bi-state cooperation most frequently identified by respondents from both sides of the river was the differences in the political and bureaucratic structure of the two states.<sup>45</sup> These structural barriers limit the states' opportunity to capture economies of scale, which lessens the opportunity to increase productive efficiency. Moreover, many of these structural differences reflect differences in citizen and leadership tastes and attitudes, thereby making elected officials more wary of giving up autonomy. In particular, Washingtonians expressed concern that their interests would not be adequately represented in a bi-state forum because of the smaller size of their community compared to the larger urban Portland region.<sup>46</sup> On a more pragmatic level, the differences between the structures of the states' bureaucracies, which engage in different decision-making processes, was identified as a significant

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45. Sheila A. Martin & Carolyn N. Long, *Washington/Oregon Interstate Cooperation Project, Draft Final Report*, at 3-1 (Oct., 2007) (unpublished report), available at [https://www.pdx.edu/sites/www.pdx.edu/ims/files/ims\\_bistatecoopdraftrept.pdf](https://www.pdx.edu/sites/www.pdx.edu/ims/files/ims_bistatecoopdraftrept.pdf).

46. *Id.* at 3-2.



barrier, as was the different level of influence each state legislature has with a particular bureaucratic agency.<sup>47</sup>

A minority of respondents explained that the lack of a formal institution for bi-state cooperation made them less likely to initiate cooperative efforts and therefore less likely to realize that productive efficiencies could be achieved through a regional effort. Several respondents also articulated concern about Washington's representation on Metro as merely advisory, rather than formal given its history/mandate/experience as a creature of Oregon state law. In addition, several respondents commented about the lack of incentive to embrace a regional approach to problem solving, especially when one has been elected to serve their constituency within the state.<sup>48</sup>

### *G. Taxes and Funding*

A second major challenge identified by the majority of respondents was the different tax structures in Oregon and Washington. Oregon doesn't have a state sales tax, and Washington doesn't have an income tax. Nor does it appear that either state will be changing its tax structure soon.<sup>49</sup>

Many of these respondents identified difficulties associated with different tax policies, including the fact that 67,000 Clark County residents working in Oregon must pay the Oregon income tax, and are, according to many interviewed, therefore less likely to support local tax initiatives.<sup>50</sup> The different tax codes also present challenges for regional economic development as both states compete, especially in Southwest Washington and the Portland metropolitan area, to attract business and industry. However, there were an equal number of respondents who saw the differences in the states' tax structure as

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47. *Id.*

48. *Id.* at 3-2-3.

49. *Id.* at 3-3-4; see Josh Goodman, *How Two State Tax Systems Have (and Haven't) Shaped Metro Portland*, PEW CHARITABLE TRUSTS (April 18, 2012), <http://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2012/04/18/how-two-state-tax-systems-have-and-havent-shaped-metro-portland> (quoting Randy Miller regarding a recent discussion of the two tax systems, Josh Goodman quotes Randy Miller regarding the likelihood of changes in either Oregon or Washington's tax systems: ("Enlightened people here all feel the same: We need a sales tax, . . . Enlightened people in Washington feel the same: They need an income tax. The general public? Forget it.")).

50. In 2011, 67,090 workers lived in the Southwest Washington counties of Clark, Skamania, Wahkaikum, and Cowlitz counties and worked in Oregon. U.S Census Bureau, Center for Economic Studies, LEHD OnTheMap (June 6, 2013), <http://onthemap.ces.census.gov/>.

an opportunity for greater cooperation for regional economic development.<sup>51</sup> This diversity of opinion among our respondents on this particular issue indicates that this is an area where differences in citizen tastes and attitudes, which may presently make cooperation less likely, could be overcome if the benefits through cooperation (e.g. efficiencies, economies of scale, and increased choices of lifestyle) become apparent.

Respondents also identified two other policy areas, higher education and workforce development, which are affected by how revenue is appropriated in each state, which presents some unique challenges to cooperation. In regard to workforce development, in Washington the money and the policy primarily flow through the state Employment Security Department.<sup>52</sup> Whereas in Oregon the money flows through the Community Colleges and Workforce Development Departments, which impacts how resources are managed and delivered at the local level. For those respondents who discussed cooperation and workforce development, they recognized that the potential for greater efficiency exists – there was an understanding that economies of scale could be achieved, and greater choices would be provided by cooperative efforts because both states had the same goal, attracting jobs for the region – but the practicality of doing so was compromised because of differences in the way funding for workforce development is managed by the two states. This perception changed a great deal between the 2007 and 2014 interviews, because, as explained below, successful collaboration on federal grants encouraged the development of longer lasting collaborative relationships.

### 1. Parochialism

A large majority of respondents identified a more subtle barrier to bi-state cooperation: parochial interests and attitudes, which is a direct reflection of how each state's citizens and leaders have unique tastes and attitudes, and makes them less likely to cooperate.<sup>53</sup> Also referred to as a “cultural divide,” this third challenge to bi-state cooperation was more readily identified by Washingtonian respondents interviewed.<sup>54</sup> For Washingtonians, this barrier to

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51. Martin & Long, *supra* note 45, at 3-4.

52. *Id.* at 3-5.

53. *Id.* at 3-5-6.

54. *Id.*

cooperation reflected the fact that Washingtonians tended to believe, or their constituents believed, that autonomy would be lost if states worked across jurisdictional boundaries. It also illustrated that citizens are more likely to be focused on local and state, rather than regional issues. As a result, parochialism reflects the understanding that the cost of cooperation – the loss of autonomy – is significant enough to make achieving efficiencies difficult.

## 2. Cultural (How Decisions are Made)

Despite many similarities between the two states; for example, both are western states rich in natural resources with an urban-rural divide, each states' different political culture, and its effect on decision making, was identified as a fourth challenge to cooperation.<sup>55</sup> Several respondents noted that the Portland area was more liberal than Southwest Washington and that Oregonians were more process-oriented while Washingtonians were more result-oriented.<sup>56</sup> These differences in political attitudes and decision making approaches affect how each region deals with major policy issues, which makes achieving allocative efficiency difficult.

## V. BENEFITS OF COOPERATIVE EFFORTS

The potential advantages of cooperation between the states for regional purposes are easily enumerated and came out clearly during the interviews. The findings are consistent with the literature on how cooperative efforts between states leads to productive efficiency.<sup>57</sup> Overall, the majority of respondents were able to readily identify, in the abstract, the benefits of cooperation across state lines. These benefits are listed in order of the frequency with which they appeared in the interviews.

### A. Efficiency

The most common theme emerging from the interviews concerned efficiencies of scale produced by cooperative efforts.<sup>58</sup> Indeed, a majority of respondents agreed that where the provision of public services is subject to economies of scale, the states were

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55. *Id.* at 3-6.

56. *Id.*

57. *See generally*, Bickers & Stein, *supra* note 21. (concluding governments choose to cooperate when the potential benefits outweigh their costs).

58. *Id.* at 3-7.

obligated to cooperate to conserve public resources to achieve productive efficiency.<sup>59</sup> Moreover, several respondents explained how cooperative efforts would lead to better public policies that would benefit citizens in both states.<sup>60</sup>

### *B. Regional and Global Influence*

Illustrating the benefits of cooperation to an external audience was the second most identified advantage cited by respondents.<sup>61</sup> A majority discussed how the interdependence between the two states created a fertile climate for cooperation because the region as a whole could work together to offer better services and have regional and even global influence.<sup>62</sup> These respondents agreed, given this interdependence, productive efficiency could be achieved through cooperation between the two states on a single project or program.<sup>63</sup> Moreover, because many public policy issues involve costs and benefits that are external to a single state, respondents explained that public policy issues could only be effectively addressed at the regional scale. Several respondents added that these cooperative efforts would also illustrate to external constituencies the positive benefits of collective efforts and would thus have a “multiplier effect.”<sup>64</sup>

### *C. Funding*

The third most commonly cited theme that emerged was how a regional approach was more likely to draw support from the federal government. Respondents explained that working cooperatively allows the states to draw influence from both congressional delegations to provide political and financial support from Washington, DC.<sup>65</sup> Pooling the resources of the two states makes projects possible that might be challenging in the absence of cooperation, especially at a time when federal money to state and local governments is declining.<sup>66</sup> The concern for state autonomy is

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59. *Id.*

60. *Id.*

61. *Id.*

62. *Id.*

63. *Id.*

64. *Id.* at 3-7-8.

65. *Id.* at 3-8.

66. *Id.*

thereby lessened in light of the significant benefits that can be realized by cooperation at the regional level. Productive efficiency flows from this regional cooperation.

#### *D. Information*

Lastly, a significant minority of respondents noted that stakeholders could learn from one another if they work cooperatively. According to these individuals, sharing information and learning from each other's experiences can speed the learning curve for public officials, thereby leading to productive efficiency.<sup>67</sup> Interacting regularly in a productive manner also increases the likelihood for allocative efficiency as citizens and leaders learn more about one another and inevitably learn that their tastes and attitudes are more similar than they previously believed.<sup>68</sup>

### VI. CHALLENGES TO COOPERATIVE EFFORTS

Despite the many benefits of cooperation, some interviewees acknowledged that extensive regional cooperation also involves costs, which makes it more difficult to realize efficiencies. These challenges to cooperative efforts are listed below in order of the frequency with which they appeared in the interviews.

#### *A. Time*

The most common challenge identified by respondents was the time required to develop relationships and make decisions with a larger and more diverse body of decision makers.<sup>69</sup> Respondents acknowledged that cooperation doesn't happen "overnight" and spoke about that necessity of building relationships over time.<sup>70</sup> Of course, it is difficult to do so when each organization has its own culture, let alone rules and procedures that must be followed. Personnel changes, competing organizational priorities and limited flexibility add other layers of complexity. If the time investment is significant, therefore, than the costs of coordination may outweigh the benefits.

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67. *Id.*

68. *Id.*

69. *Id.*

70. *Id.*

### *B. Loss of Autonomy*

The second challenge identified by a majority of respondents was the risk that citizens and leaders would lose autonomy and have less control over decisions that affect their jurisdiction.<sup>71</sup> This, they fear, could lead to sacrificing the uniqueness of each individual jurisdiction and an inability to address citizens' needs.<sup>72</sup> Achieving allocative efficiency is thus difficult if this concern for autonomy is so great that citizen tastes and attitudes don't align. Despite benefits to cooperation, giving up authority and autonomy is difficult, especially if each local official is uncertain about the other jurisdiction's commitment to cooperation.

### *C. Frustration*

Finally, there are times when the frustration encountered when working cooperatively offsets any potential future advantages, thereby making it difficult to accurately capture productive efficiencies.<sup>73</sup> As mentioned above, the majority of respondents noted that the time it takes to forge cooperative relationships is a major impediment to collaboration. Given that, it is unsurprising that many respondents also noted that the frustration they feel when they encounter challenges makes them less likely to engage in cooperative relationships. Respondents noted that this is a disadvantage to cooperation because they simply don't have the energy or enthusiasm to overcome the pitfalls.<sup>74</sup>

In the end, however, despite the acknowledgement of these potential challenges to cooperation, the overwhelming number of our respondents concluded that the advantages far outweighed the challenges, and they were hopeful that stakeholders would continue to work cooperatively to solve regional policy problems.<sup>75</sup>

## VII. SUCCESSES IN REGIONAL COLLABORATION

Discussing the barriers to collaboration and the benefits of, and challenges to, bi-state cooperation in the abstract, with respondents, produced beneficial data that is consistent with the literature on

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71. *Id.* at 3-9.

72. *Id.*

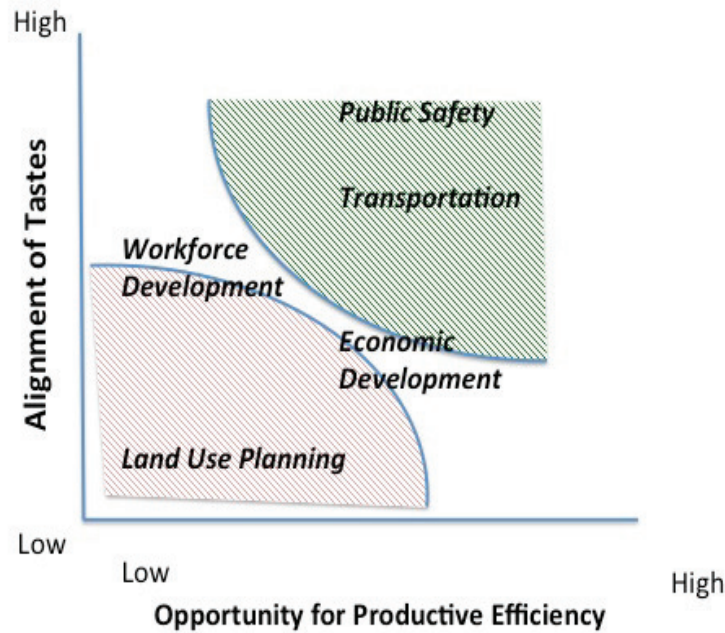
73. *Id.*

74. *Id.*

75. *Id.*

horizontal intergovernmental relations. During the interviews, respondents spoke generally about cooperation but frequently referred to specific instances of successful or unsuccessful cooperation to illustrate their points. During our interviews, we asked respondents to reflect on these past bi-state efforts to determine circumstances that must be present for cooperation to occur – when the benefits realized through cooperation outweighed the costs (productive efficiency), and when citizen and leadership tastes and attitudes align, thereby making cooperation more likely (allocative efficiency). We then arranged these policy areas on a figure based on these responses. (see Figure 2).

Figure 2



The Portland Vancouver region has experienced a number of important collaborative successes over the past eight years as well as some failures. The most visible of the region's failures is the collapse of a bi-state agreement on funding for a new bridge across the

Columbia River.<sup>76</sup> But as explained below, this very public failure has perhaps overshadowed a number of other areas where the region has benefited from successful collaboration. We analyze four policy areas, workforce training, economic development, parks planning and transportation based on our typology of the benefits of collaboration (external benefits, increasing efficiency) versus the costs (losing the autonomy to deliver services aligned with the constituencies tastes.

#### *A. Workforce Training*

The region has forged substantial bi-state collaboration around workforce training. This is a substantial accomplishment given the state of collaboration in workforce training issues in 2007. At the time, there was little collaboration and the people we interviewed did not view this as a fertile area for collaboration. However, as shown in Figure 3, workforce training has become a very productive area for collaboration. We believe that two main factors are responsible for this. First, the U.S. Department of Labor offered a number of competitive opportunities for federal funding for workforce training programs.<sup>77</sup> Regional workforce leaders, especially those in Clark County, felt that their opportunities for successfully competing for these funds were greater if they collaborated across state lines on a federal grant.<sup>78</sup> The approach was novel and successful. Interestingly, the first instance of cooperation occurred after the initial grant was won; Clark County was not able to join the initial proposal because of the objection of members of Congress who prioritized applications coming from Washington State alone.<sup>79</sup>

Second, the public workforce training organizations felt that they were not successfully serving their constituents in the business community.<sup>80</sup> Businesses were not employing public workforce training clients, opting instead to use private placement firms. This lack of performance was a threat to their support in the community, and public workforce training organizations knew that better methods to serve their constituency needed to be found.

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76. See, Jeff Manning, Columbia River Crossing: ODOT to pull plug, bridge project is dead, OREGONIAN (Mar. 7, 2014), [http://www.oregonlive.com/business/index.ssf/2014/03/columbia\\_river\\_crossing\\_odot\\_t.html](http://www.oregonlive.com/business/index.ssf/2014/03/columbia_river_crossing_odot_t.html).

77. Confidential Interviews by Sheila A. Martin & Carolyn N. Long about Intergovernmental Cooperation in the Portland Metropolitan Region, in Portland, Or. (2014).

78. *Id.*

79. *Id.*

80. *Id.*



Third, the public workforce training organizations' constituencies spanned jurisdictional boundaries. The workforce organizations served industries that had companies throughout the region; some companies had facilities on both sides of the border. Duplication of some services across different jurisdictions while providing an incomplete set of workforce training services did not make sense. Since their constituents were regional they needed to collaborate.

### *B. Economic Development*

In 2007 the region had just begun to collaborate in economic development, and there were hopes for continued collaboration. The region seems to have made progress in collaboration in economic development. Respondents had a decidedly more optimistic view about regional economic development in 2014 compared to 2007. One reason for this development can be connected to Greater Portland Inc., which represents the Portland metropolitan region and is leading recruiting efforts and developing a regional strategy to be broadly representative of the region.<sup>81</sup> Despite this, the desire for some degree of local autonomy remains prevalent. There are still a multitude of different organizations with economic development missions, and each city and county continues to maintain some of its own economic development efforts. This is due, in part, to a need for local organizations to illustrate success to their constituencies.

#### 1. Land Use Planning: Parks

While challenges in land use planning continue, some success has been made in the area of planning for parks. The Intertwine Alliance, a coalition of public, private, and nonprofit organizations, boasts accomplishments such as an Urban Forestry Plan that requires collaboration among the Oregon Department of Forestry, the Washington Department of Natural Resources, and Metro.<sup>82</sup> Intertwine has also formed a coalition of local parks directors that work together on sharing best practices and identifying emerging issues affecting parks across the region.<sup>83</sup>

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81. *Id.*

82. *Id.*

83. *Id.*

## 2. Transportation

By far, the most visible failure of bi-state and inter local collaboration is the failure to agree on the design and funding of a bridge that crosses the Columbia River. Several respondents interviewed in 2014 suggested that this failure and the animosity that it caused led to broader distrust and therefore negatively affected other efforts at collaboration.<sup>84</sup> However, others argued that strong collaborative ties still exist among the key economic development organizations in the region, particularly among staff in state and local agencies.<sup>85</sup> This difference of opinion made it difficult to determine how to best place transportation in Figure 3. After gathering feedback from a number of policy makers and implementers, we decided that while the rhetoric related to the bridge highlighted the region's disagreements regarding the right combination of services to provide (alignment of tastes), there was still a great deal of opportunity for improved efficiency. Moreover, several respondents explained that the failure of the bridge project regrettably overshadowed successes on a smaller scale—which led us to conclude that this remains a ripe area for cooperation in the future.

## 3. Finding The Tipping Point: Working toward inter local collaboration

How do community leaders find the point at which they can comfortably collaborate with other jurisdictions? Clearly, the “tipping point” will differ for each community and issue. Our interviews with officials in the Portland-Vancouver area revealed some general guidelines that can help leaders get to a place where collaboration is both beneficial for constituents and comfortable for leaders.

### a. Know your constituency

Leaders might assume that their constituency is unwilling to compromise on issues in order to gain the benefits of collaboration. But the key constituencies might be less inflexible than public rhetoric might indicate. Leaders interested in improving collaboration need to identify a base of shared values across jurisdictions. For example, in the case of workforce training, collaboration began with

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84. *Id.*

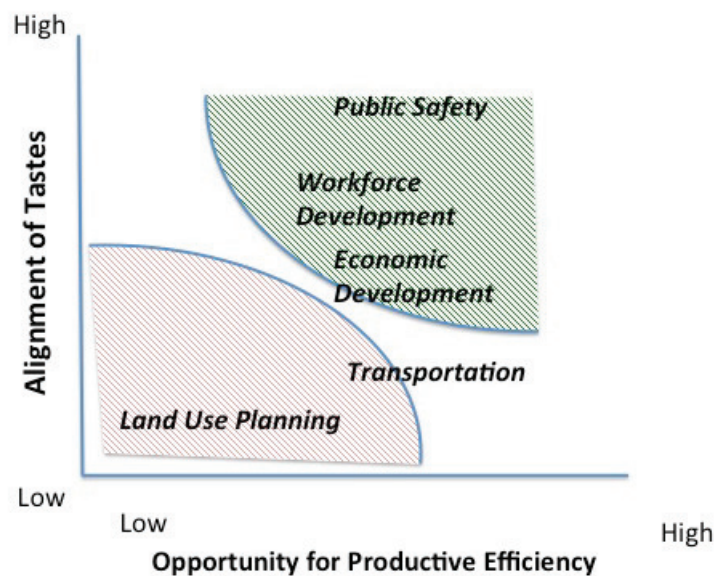
85. *Id.*

recognition of a shared value (employing more people) and a problem (the constituency was not being served).

b. Check the numbers

While it is not always easy to calculate the potential benefits and costs of collaboration, leaders might make assumptions about how much can be gained and lost. Those working toward collaboration might need to think creatively about how collaborative arrangements can take advantage of economies of scale and scope in service provision. They also need to communicate those benefits with the proposed partners and their constituents to identify missed opportunities and to gain a broad recognition of the issues, the risks, and the potential benefits. This shared recognition can persuade public officials that cooperation can be beneficial.

Figure 3



c. Start small, and begin with low hanging fruit

Many respondents felt that it was best to begin a collaborative effort that addressed a noncontroversial policy issue and yielded clear benefits to constituencies in both states. Such an approach would

avoid parochialism that might derail the effort. An example is public safety. Few citizens would refuse assistance by a first responder from a different jurisdiction. Respondents indicated that past failures and lost opportunities involved emotional topics and public rhetoric like “freedom,” “lifestyle,” and “property rights.” A foundation for collaboration is built by achieving small successes before an attempt at more emotional issues. This will later increase the likelihood of better communication around difficult issues.

d. Develop written agreements

Starting a collaborative arrangement is difficult for people who are concerned about giving up autonomy. One of our respondents discussed an example in which collaboration was easier once the terms of the partnership were in writing. Taking time to discuss the main points of concern and commit the agreement to paper allows staff to work within the agreement to develop relationships and work out details.

e. Practice collaboration with patience

Collaboration does not come naturally to elected leaders and does not always make life easier for staff. Time, additional meetings, agreements, and changing standards of practice are a necessary part of genuine efforts at collaboration. Overworked local government staff may be reluctant to take on new partnerships when the risks are high. But leaders who see potential in collaboration must clearly articulate their desire and explain to their staff that the benefits outweigh the costs. It is also important to give elected leaders time to work with their constituency to ensure the collaboration is acceptable. Some elected and appointed leaders may conclude that collaboration is beneficial far sooner than the public. It is therefore imperative that they communicate the need to citizens who might fear the loss of autonomy, particularly if they are unaware of the benefits of a regional approach.

f. Making adjustments

A failure to collaborate might mean that the benefits aren't worth the costs, or it might mean that perceptions of leaders, constituents, or staff aren't in line with reality. Understand why the effort failed. Consider first working together in a different, less contentious policy area where tastes are more aligned and the potential efficiency

benefits more apparent. Or work on lowering bureaucratic barriers before a second attempt. As we have seen, success in collaboration begets greater success, while a failure can poison the environment for collaboration in other areas.

#### VIII. CONCLUSION

For many community leaders, inter local collaboration is a long term goal that takes time, effort, and constant monitoring. It may not be the best approach for all policy areas, and at times, the challenges may outweigh the benefits. But our study of horizontal intergovernmental relations in the Portland metropolitan region over a seven year period reveals that it is possible if the conditions are right. Barriers to regional cooperation will always exist, but determined leaders can overcome them, and their constituencies will benefit from efficiencies that are both strongly desired and necessary in times of fiscal stress and better public policies in the end.