

Service Sharing: **An Approach to Managing Change**

This is one of four approaches in the AMM Reference Series, which is the second step in the AMM's *Tools for Change* Program. For information on the first step, AMM's Municipal Health Checklist, or about the other approaches in the Reference Series, see www.amm.mb.ca

Municipalities can manage change by delivering services jointly with one or more other municipalities.

Service sharing in its broadest sense can take a variety of forms: municipalities can buy from or sell services to each other. Or a municipality can make arrangements with one or more other municipalities to jointly deliver a service directly, or through a municipal participation corporation. The following sets out some information about joint service delivery.

By service sharing, municipalities can reduce costs through economies of scale. By maximizing the efficiency of your service delivery through joint service delivery, your municipality can limit the impact of cost escalations, or perhaps even save money and use those savings to improve existing services, provide new services, or reduce taxes.

Service sharing between municipalities can sometimes make it easier to jointly attract and retain qualified staff, and save money through shared costs of training, education and benefits. Service sharing can mean better or newer equipment can be purchased, and maintenance costs lowered.

Other municipalities are prime candidates with whom to share services, because of the many similarities in the services provided, and the interests and demands their residents may have in common. However, your municipality can also share services with Federal or Provincial Government agencies and First Nations communities, who may also have similar services and common interests.

Service sharing with other municipalities can present a good opportunity to successfully manage change.

Economies of scale are a clear benefit of service sharing, and can translate into savings.

Similar interests and common demands can mean other municipalities are good partners for sharing arrangements.

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While neighbouring municipalities are often the most obvious choices when considering service sharing, some services could be shared with municipalities located some distance away. Who your municipality might share with may depend more on shared perspectives, common service needs, and the ability to develop a positive working relationship, than location.

Service sharing is a very flexible option, and can be used for a one-time occurrence, over a short term, or for the longer term.

Service sharing does not mean identical services have to be provided to each municipality, or that the services have to be provided at the same level in each municipality. One municipality may only want limited or less frequent service than the other municipality/municipalities involved in the agreement. Municipalities can structure their service sharing agreements to set the service levels they choose.

Service sharing does not mean only one municipality can deliver the service. Again, flexibility is the key; for example, both municipalities could continue to deliver a service at the current levels, and share only in the increases in service.

Because *The Municipal Act* provisions enabling municipalities to share services with each other are so broad, the possibilities are limited only by the services your municipality provides. A wide variety of services can be shared, including the assets used and the personnel who deliver the services. Examples include:

- Garbage collection
- Snow clearing/road maintenance
- Water/sewage services
- Water treatment/sewage treatment
- Waste disposal (landfill)
- Administrative services
- Economic development
- By-law enforcement
- Building Inspection
- Engineering
- Human resources (recruitment, evaluation and training)
- Office equipment/information technology
- Public works equipment
- Municipal offices and/or public works yards

Given new technology, distance is no longer a barrier to sharing some services.

Flexibility is the key when considering options.

You can decide the:

- ***Service***
- ***The service level***
- ***The term of the agreement***

Service sharing does not have to mean a loss of control or that identical services are delivered.

The possibilities are unlimited.

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What can indicate service sharing is an appropriate option?

Service sharing can be a good idea in most situations, but especially when your responses to AMM's *Municipal Health Checklist* indicate:

- Your municipality's population is in decline. (Consider your municipality's scores on Checklist Indicator A "Population Stability".)

Population change is a key indicator in identifying the overall well-being of your municipality. Changes in population impact local economy, financial strength, and the ability to deliver services at a reasonable cost.

- Your municipality's assessment (tax) base is in decline. (Consider your municipality's scores on Checklist Indicator B: Tax base stability.)

A decline in the assessment (tax) base can result in declining revenue or the need to increase tax rates (or both), impacting the ability to continue to deliver services at current levels or at a cost ratepayers are willing to pay.

Service sharing is also especially deserving of consideration when:

Your municipality has "excess capacity":

- Your municipality has the ability to provide "more" of a service than it requires; or it can increase its ability to provide a service with only marginal increases to its costs.

Your municipality lacks capacity (either financial or production capacity) to improve or continue to deliver a service:

- If your municipality is not able to provide a service at the desired level, sharing service may be a better option than looking to increase or improve delivery on your own.
- Service sharing might also be considered in circumstances where costs of providing the service have risen over the past several years and are expected to continue to rise.

Use AMM's Municipal Health Checklist to evaluate when to use service sharing:

- ***How stable is your municipality's population?***
- ***How frequently, and how much, have municipal property taxes increased?***

Your municipality has excess capacity, or lacks the capacity to deliver a service.

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How to begin:

Look at the whole range of municipal activities:

- Is there any one service that stands out as being a good candidate to share with another municipality?

This could be a service that is being delivered at a higher cost than in other municipalities, is not being delivered at the level you would like, or one that you are considering improving service levels for. It may also be a service that your municipality duplicates substantially with others.

It could be a service that requires new equipment to be purchased; or perhaps it could be a service delivered by an employee who is retiring.

Consider potential partners:

- Which municipalities do you currently work with?
- Are there any ones you work especially well with?
- Have any other municipalities indicated interest in sharing services with you?
- What benefits might there be for *each* municipality, and their ratepayers?

Don't feel constrained by geography. Urban municipalities may want to give consideration to sharing services with other urban municipalities.

Initiate discussions with other municipalities:

- There is no one "magic formula" to follow. Discussions with other municipalities about service sharing can be as casual or formal as you would like.

Preliminary discussions may include an exchange of views on what each municipality thinks could be done to improve the service, a comparison of preliminary service cost information and/or an agreement to pursue further joint analysis.

Determining the best service sharing opportunities can involve a number of factors.

Good partners share similar goals, but not necessarily similar locations.

No one "magic formula" for all agreements.

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A Preliminary Checklist:

- ✓ **Some of the things you may want to consider in an agreement to share services:**
 - ◆ *A clear description of the service(s) to be shared*
 - ◆ *A clear description of how the service is to be delivered:*
 - *who is to do what,*
 - *where, and*
 - *when (how frequently)*
 - ◆ *How will the parties account to each other to confirm that the service has been delivered*
 - ◆ *What happens if the service is disrupted*
 - ◆ *How will costs be allocated and payments made*
 - ◆ *Any documents to be produced to indicate the costs of the service*
 - ◆ *What happens if payment is late*
 - ◆ *Will interest be payable on late payments*
 - ◆ *How long will the agreement be for and*
 - *Any options to renew, or to terminate early*
 - *Any opportunity for changes to the agreement before it expires*

- ◆ *What about a method to resolve disputes*

Clarity about roles and responsibilities avoids future disagreements.

For more information on service sharing and other *Municipal Approaches to Managing Change* see the Association of Manitoba Municipalities' website, at www.amm.mb.ca.