

A "How To" Guide to Shared Services and Cooperation

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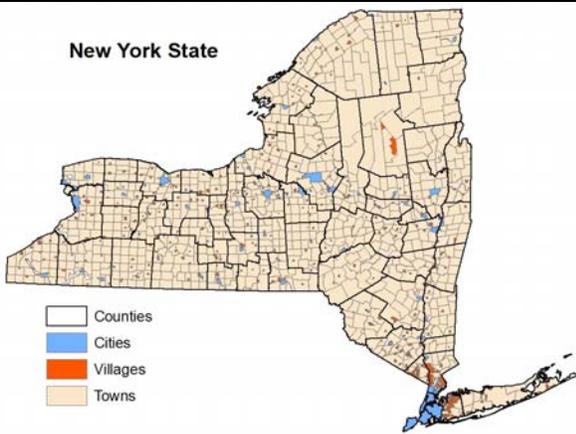
Overview

In this "How To", we will discuss:

- Local Governments in NYS
- Legal framework
- Why shared services
- Opportunities for cooperation
- True cost of services
- The "How To" of shared services
- Best practices
- Available Resources



New York State

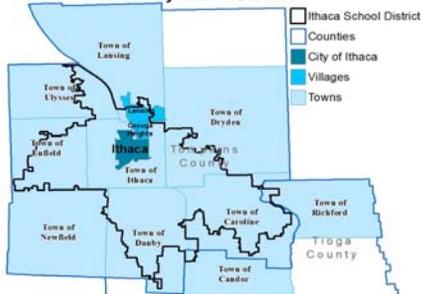


Local Governments in New York State

General Purpose Governments	
Counties (outside of NYC)	57
Cities	62
Towns	932
Villages	535
Total	1,586
Special Purpose Governments	
School Districts	692
Fire Districts	894
Total	1,586

Source: Office of the New York State Comptroller (OSC); count as of January 2018.
For notes and definitions, see www.osc.state.ny.us/localgov/data/stat/entitytable.htm

Local Governments Entirely or Partially in the Ithaca City School District



Legal Framework: The “Who” and “What” of Shared Services



Who Can Share? What Can We Share?

- Article 5G of GML allows municipalities to perform various activities cooperatively
 - “Municipal Corporations” & “Districts” may enter into cooperative agreements
 - Any function that a municipal corporation or district can perform individually
 - Each participant must have statutory authority, aside from article 5-G, to perform this function

How Are Cooperation Agreements Entered Into?

- Must comply with requirements relating to “a public hearing, a mandatory or permissive referendum, consents of governmental agencies, or other requirements...”
- General Municipal Law
 - Section 119-o (2)
- **The agreement should be put in writing.**

Why Shared Services?

- Tax cap
- Often easier to achieve and frequently less costly to implement
- Can accomplish many of the same objectives
- Maintains local control and autonomy
- Makes future organizational changes easier

Why Should We Cooperate?

- Maintain fiscal health
- Improve service delivery
- Enhance efficiency
 - Avoid duplication of services
 - Save money
 - Provide economies of scale
- Cost avoidance

Cost Avoidance

- Volume purchasing
- Infrastructure needs
- New employee contracts
- Building lease renewal
- New building
 - Save on utilities
- Implement energy savings

Degrees of Cooperation

- Complete consolidation/dissolution
- Departmental consolidation
- Joint shared services
- Joint facilities
- Joint purchasing
- Equipment sharing
- ~~Handshake agreements~~



The “How To” of Shared Services



Laying the Groundwork

- Best if you do some homework first:
 - Strategic Planning
 - Capital Planning
 - Asset Management Planning
 - Inventory of equipment
 - Inventory of other assets
 - Identify replacement needs over time
 - Regional Planning
 - Establish forums
 - Visioning (Shared Goals)

How To Get Started

- Conduct a Needs Assessment
- Conduct a Shared Services Study
- Establish an Intermunicipal Agreement
- Implement

Conduct Needs Assessment

- Identify opportunities
- Can an existing public service be provided more cost effectively or efficiently through a shared service agreement? If so:
 - Find a partner or partners
 - Think regionally
 - Are there municipalities in the area already sharing services in this area?
 - What is the “true cost” of the service being considered?
- Research what others have done



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Identify Opportunities

- Local Government Function Areas
 - General Government
 - Public Safety
 - Health
 - Transportation
 - Economic Assistance
 - Culture & Recreation
 - Community Services
 - Utilities & Sanitation

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“TRUE COST” of Services

- Financial records should reflect the true cost of services provided
 - Expenditures charged to service being performed
 - Attributable revenues linked to service area
- Often requires a change in accounting and budgeting practices
 - Detailed time records of **actual work performed**
 - Allocation of indirect costs such as employee benefits, insurance, debt service, etc.

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Calculating TRUE COST

$$\begin{aligned}
 &\text{Direct Costs} \\
 &+ \text{Indirect Costs} \\
 &\hline
 &\text{Total Cost} \\
 &- \text{Attributed Revenue} \\
 &\hline
 &= \text{Net Total Cost}
 \end{aligned}$$

EXAMPLE

Town Highway Department					
	Approp (Direct)	Allocated (Indirect)	Total Cost	Attributed Revenue	Net Service Costs
Admin & Garage	\$154,334	\$22,081	\$176,415	\$0	\$176,415
Repairs & Improv	486,460	110,511	596,971	72,350	524,621
Machinery	62,438	9,106	71,544	0	71,544
Snow Removal	394,741	70,725	465,466	0	465,466
Snow Removal, Other Gov't's	73,450	17,794	91,244	60,000	31,244
Brush & Weeds	62,096	7,235	69,331	2,659	66,672
Totals	\$1,233,519	\$237,452	\$1,470,971	\$135,009	\$1,335,962

Allocated Indirect Costs:	
Employee Benefits	\$217,063
Joint Shared Services	12,786
Unallocated, Insurance	7,603
Debt Service	0
Total	\$237,452

Conduct a Shared Services Study

Steps to follow:

- Stakeholder identification
- Develop mission statement and goals
- Identify viable options for accomplishing goals
 - Watch for "Striking Moments"
- Design a process to accomplish goals
- Select realistic programs
- Study options thoroughly and weigh all options
- Deal directly with problems

Identify All Stakeholders

Any individuals or groups who will be impacted, and can directly or indirectly influence, the implementation of the project:

- Members of the Governing Boards
- Key Employees and/or Department Heads
- Union or Labor Representatives
- Local Community Members

- Often an Evolving Process
- Use OSC Stakeholder Checklist

Appendix 4 - Stakeholder Form

The following information should be provided for each stakeholder identified in the project plan. This information should be provided to the OSC for review and approval.

Stakeholder Name	Role	Impact	Communication

Goals & Objectives

- Develop a mission statement
- Develop long and short-term goals
- Serve as a guidepost throughout the study
- Sustain successes

Examples of Objectives

- To avoid duplication of services
- To share efficiencies
- Cost and property tax reduction
- Economic development
- Ability to offer new services or enhance revenues
- Cost avoidance
- Environmental concerns

Implementation

- Appoint a committee or team to implement agreement.
- Some key issues the committee needs to address:
 - How will the costs and revenues be allocated among the participants?
 - What will the scope of the shared service be?
 - How will potential liabilities be handled?
 - Who will own property and employ staff?
 - Will implementation of the idea require a referendum or can you simply seek citizen input?
 - What is the best time to begin implementation?

Develop a Written Agreement

- Authorized by Governing Boards
 - Revenue and cost allocation
 - Fiscal officer designee
 - Frequency and method of reporting
 - Care, custody and control of equipment and/or facilities; liability
 - Term of Agreement; How to amend and renew
- Sample intermunicipal agreements online:
<http://www.dos.ny.gov/lg/lge/ima.html>

Best Practices

- Start off on the “right foot”
- Look for early successes
 - Pick the low hanging fruit
- Look for “Striking Moments”
 - Department head retiring
 - Building lease expires
- Communicate!
- Deal directly with problems
 - Address “turf” issues
 - Anticipate challenges

Learn from Others' Experiences

- Be prepared for all meetings
- Don't proceed without agreement from all stakeholders
- Agree on how decisions will be made
- Don't under communicate
- Don't rely on informal agreements

Communication

- Keep stakeholders informed
 - Avoid appearance of secrecy
 - Publicize meetings and circulate agendas
 - Keep minutes and distribute
 - Agree on reporting requirements
 - Consider public information forums
 - Leverage web technology

Defining Success

- Did you accomplish your objective?
 - Not always cost savings
- Compare current situation with end product?
 - Document existing situation
 - Criteria used to measure effectiveness of shared service
 - Evaluate results of shared service (did it meet expectations?)

Resources Available

- Municipal budgets and financial reports
- Outside consultants and experience
- Municipal associations
- State Agencies
 - Office of the New York State Comptroller
 - Department of State
 - County-Wide Shared Services Plans
 - Division of Criminal Justice Services
 - Fire Prevention and Control
- Financial Restructuring Board for Local Governments

Resources Available

- New York State Archives offer Local Government Records Management Improvement Fund Grants (LGMIF)
 - Program provides funds to help local governments establish records management programs or develop new program components
 - Competitive awards of up to \$75,000 for individual local governments and \$150,000 for shared service grants.
 - Shared service projects are a priority for funding.
 - http://www.archives.nysed.gov/grants/grants_lgrmif.shtml

How Can OSC Help?



Open Book New York

- Open Book New York allows users to examine:
 - One municipality or class-wide aggregate data
 - Side by side comparisons with other local governments
 - Retrieve up to 6 years of data at once dating back to 2004
 - Revenues and Expenditures
 - Functional Areas

Visit Open Book New York at:
<http://www.openbooknewyork.com/>

Great for quick-reference data checks...




Shared Services Resources from OSC

- Provide technical assistance
 - Phone
 - Field visits
- Data
 - Annual Financial Report
 - By Demographic
 - Cost Savings Audits
- Share "Best Practices" Publications
 - Local Government Management Guides
 - Shared Services in Local Governments
 - Multiyear Capital Planning
- Research Reports
 - Shared Services Among New York's Local Governments
 - Cost-Saving and Cost-Containment Strategies
 - Cracks in the Foundation: Local Government Infrastructure and Capital Planning Needs




Contact Us

- Email: localgov@osc.ny.gov
- Phone Number: 866-321-8503
 - Option 5 for Local Official Training Unit



Questions and Answers

- **Break** – Thank you for your patience while we quickly review the questions received so far.
- Please continue to send any questions via the question box



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Thank You



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