

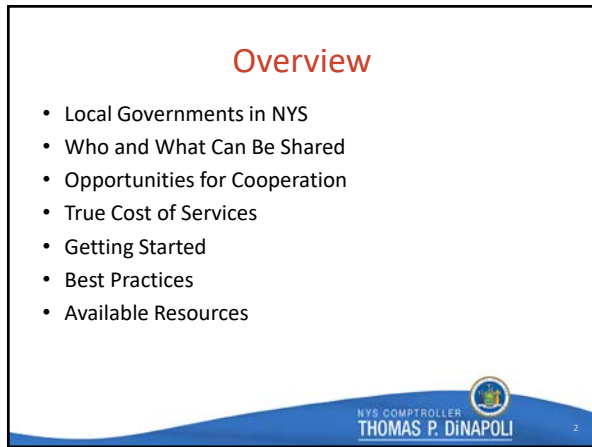
Shared Services in Local Government

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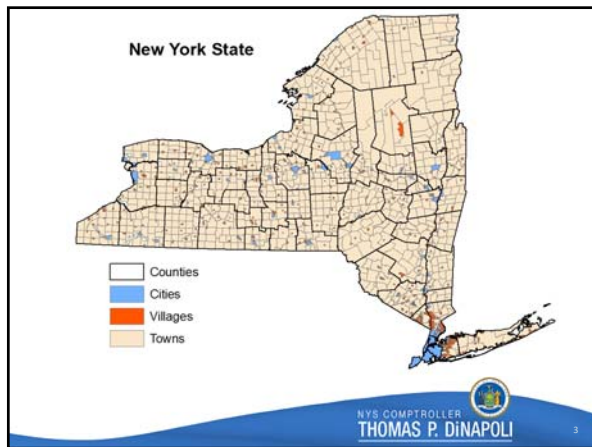


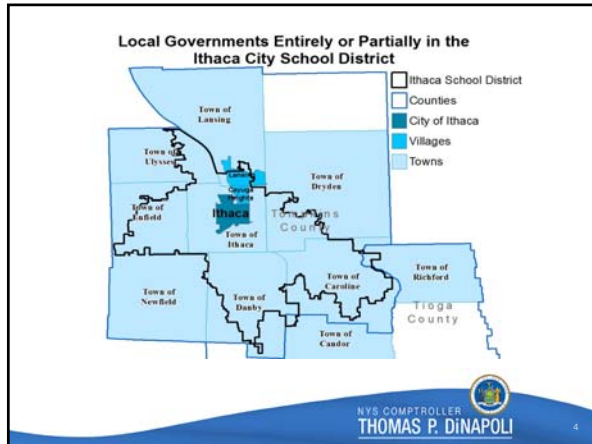
Overview

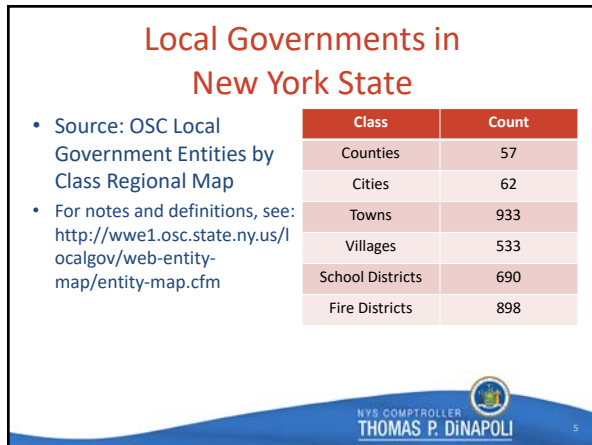
- Local Governments in NYS
- Who and What Can Be Shared
- Opportunities for Cooperation
- True Cost of Services
- Getting Started
- Best Practices
- Available Resources

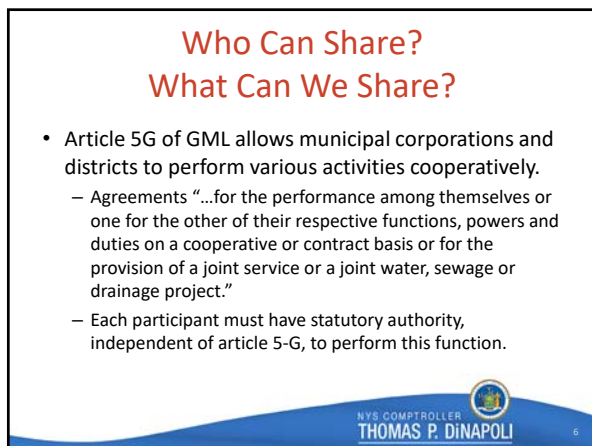


New York State









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
- The agreement should be put in writing.

Potential Benefits of Entering Into Cooperative Agreements

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

Potential Benefits of Entering Into Cooperative Agreements

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

Types of Cooperative Agreements

Formal actions or agreements:

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

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 and Recreation
 - Community Services
 - Utilities and 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

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

Example – Village (DPW)

	Appropriation (Direct)	Allocated (Indirect)	Total Cost	Attributed Revenue	Net Service Cost
Administration & Garage	154,334	22,081	176,415	0	176,415
Repairs & Improvements	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 Governments	73,450	17,794	91,244	60,000	31,244
Brush & Weeds	62,096	7,235	69,331	2,659	66,672
Total	\$1,233,519	\$237,452	\$1,470,971	\$135,009	\$1,335,962

Allocated Indirect Costs	
Employee Benefits	\$ 217,063.00
Shared Services	\$ 12,786.00
Unallocated, Insurance	\$ 7,603.00
Debt Service	\$ -
Total	\$ 237,452.00

Conduct a Shared Services Study

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

Identify Potential Stakeholders

- Any individuals or groups who will be impacted, and can directly or indirectly influence, the implementation of the project:
 - Members of the Governing Board
 - Key employees and/or department heads
 - Union or labor representatives
 - Local community members
- Often an evolving process.
- Use OSC Stakeholder Checklist.

Goals and 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; identify liability responsibilities
 - Terms of Agreement; how to amend and renew

Best Practices

- Start off on the right foot.
- Look for early successes.
- 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.
- Communicate as often as possible.
- 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.

Resources Available

- Municipal budgets and financial reports
- Municipal Attorney
- State Agencies
 - Office of the New York State Comptroller
 - NYS Department of State
 - NYS Division of Criminal Justice
 - NYS Office of Fire Prevention and Control
- Financial Restructuring Board for Local Governments
- Other municipalities' experiences

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?

OSC Resources

- Share “Best Practices” Publications
 - Local Government Management Guides
 - Shared Services
 - Capital Planning
 - Multiyear Financial Planning
 - Strategic Planning
- Provide Technical Assistance
 - 1-866-321-8503
- Data
 - Annual Financial Report
 - By Demographic
 - Cost-Saving Audits
- Research Reports
 - Shared Services Among New York’s Local Governments Best Practices and Tips for Success
 - Cost-Saving Ideas

www.OpenBookNewYork.com

- Open Book New York allows users to examine:
 - One municipality or class-wide aggregate data.
 - Side by side comparisons with other local governments.
 - Data dating back to 1995.
 - Revenues and expenditures
 - Multiyear comparisons
 - Functional areas

Thank You

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