



LOCAL GOVERNMENT MANAGEMENT GUIDE

Shared Services in Local Government



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Shared Services in Local Governments

Introduction

Shared services can help municipalities increase effectiveness and efficiency in their operation. As municipal responsibilities become increasingly complex and demanding, municipalities should explore shared services and other cooperative opportunities as a way to reduce or avoid costs, improve service delivery, or maintain services.

Overview

This module is intended to provide information on the following:

- A brief overview of the legal authority for cooperative ventures
- How to get started on the “right foot”
- How to conduct a cooperative study
- How to develop a mission statement
- How to keep the momentum going
- How to identify the stakeholders
- How to effectively communicate with the participants
- What to include in project reports
- How our Office can help
- Website references
- Agencies that can provide assistance.

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Legal Authority

Article 5-G of the General Municipal Law (Sections 119-m through 119-oo) provides broad authority for “municipal corporations” and “districts” to cooperate with each other in carrying out their respective responsibilities. The term “municipal corporation” is defined in Article 5-G to include any county outside the City of New York, a city, town, village, board of cooperative educational services (BOCES), fire district, or school district. A “district” refers to a county or town improvement district for which the county or town in which the district is located is required to pledge its faith and credit for indebtedness contracted for purposes of the district. Subject to the statutory requirements of Article 5-G, any combination of these entities is authorized to enter into shared services agreements. In addition, other sections of law may provide authority for cooperative projects in specific areas (e.g., General Municipal Law, Article 5-B, relating to the provision of common water supplies). We recommend that you contact the Division of Legal Services of the Office of the State Comptroller (OSC) at 518-474-5586 early in the process if you have questions as to the source of authority for any shared service.

What can we cooperatively perform?

Fundamentally, a municipal corporation or district may participate in a cooperation agreement only for the performance of those functions that it is empowered to perform individually. Each participant in the agreement must have statutory authority, independent of Article 5-G, to perform the function that is the subject of the agreement.

How do we get started?

Local governments should perform a “needs assessment” in order to determine if an existing function can be provided more cost effectively or more efficiently through a cooperation agreement. Finding a partner with which to share services can be accomplished by contacting neighboring local governments that already provide the function or that do not provide the function but wish to do so. After finding a partner, the next step is to study jointly whether the cooperative arrangement is feasible.

I. Recommended Practices

There are many practices that could lead to successful shared services. The following practices were developed by the Governor’s Center for Local Government Services of the Commonwealth of Pennsylvania.¹

Start off on the “right foot”

Many shared services efforts have been initiated, and promptly failed, because well-intended local officials did not lay a solid foundation for their cooperative efforts. If a program starts off on the “wrong foot,” make sure efforts are promptly made to get it back on track. Focusing on a good start will form the solid foundation necessary for success.

Be inclusive

Frequently, shared service efforts start with a small core group. Since a new idea may be developed carefully, it is often the tendency of such a core group to keep the effort to themselves until the plans are fully designed. This closed approach may have the appearance of excluding municipalities and other officials who are outside of the core group, even though such exclusion may not be intended. It could create animosity and resistance toward the cooperative program that may otherwise have considerable merit.

Therefore, it is better to be inclusive right from the start. Let all potential participating municipalities and municipal officials have an opportunity to contribute to the development of the idea, or at least to the selection of the working group. A program developed with the presumption that certain municipalities will participate, and others might be included later, may be perceived as excluding the latter group. By including all potential participants right from the start, a shared services program often has a better chance for success. (See Part IV, “Stakeholder Identification,” for additional information.)

Involve elected officials

Often the impetus for a shared service program comes from a planning commission, recreation board, community group, municipal staff or local official. It is very important that the involvement and support of the appropriate elected officials be obtained early in the process, even if they do not ultimately get involved with the initial work. Otherwise, a great amount of effort can be wasted on developing a program that may not get the required approvals, including funding, from key decision makers and the elected governing board.

Often the impetus for a shared service program comes from a planning commission, recreation board, community group, municipal staff or local official.

¹ These practices are included in the Center’s publication entitled *Intergovernmental Cooperation Handbook*. The entire publication can be obtained from Pennsylvania’s Department of Community and Economic Development electronically via the Internet (www.newPA.com).

A less complex project can more quickly develop consensus among the participating municipalities, usually involves limited financial risk and may have a greater potential for success.

Involve municipal staff

Shared services can be perceived as a threat by municipal employees who are concerned about loss of responsibilities or even the loss of jobs. In some cases these impacts are real; jobs may be abolished and/or responsibilities altered as a result of a shared services agreement. However, these concerns can often be allayed by careful planning and effective communication. For example, positions can be abolished as vacancies or retirements occur. Collective bargaining agreements should also be reviewed to determine whether they contain provisions pertinent to the proposal.

Start with an easy project

It is best to start with a basic shared service project. A less complex project can more quickly develop consensus among the participating municipalities, usually involves limited financial risk and may have a greater potential for success. If such an opportunity exists, it is an excellent way to start off. Municipal officials can see firsthand the benefits of a successful effort; this helps build support for future cooperative efforts.

Communicate effectively

It is best to use more than one method of communication so the messages are reinforced. Good ideas for shared services can fail because of poor communication. If all participating municipalities and officials are not kept fully informed, decisions about participating in a cooperative program may be made on the basis of assumptions and perceptions rather than facts. Regular reports from municipal representatives are very important but should not be relied upon as the sole means of communication. Newsletters, well-documented budgets, minutes of meetings and newspaper articles are also good ways to communicate. (See Part V, “Communication,” for additional information.)

Maintain a cooperative spirit

A positive, supportive attitude toward cooperation is often a key to success. It can make officials much more willing to try a program and give it a chance to work. In this section, we will illustrate some elements characteristic of that cooperative spirit.

- **Be proactive.** Shared services don't usually happen in communities that are not proactive. A cooperative spirit leads municipal officials to seek out opportunities for shared services. When potential programs are identified, the proactive community pursues the opportunities with its neighbors and works energetically to develop them into success stories.
- **Be flexible.** There is seldom one right way to organize a given program for shared services. If municipalities are inflexible in this regard, a program might not get started or may be less effective. Cooperation relies on give-and-take. Municipal officials should be open to alternative solutions and may need to compromise along the way. Since the municipalities will be sharing services for many, many years to come, there may be numerous opportunities to gain mutual benefits if a little flexibility is shown now.
- **Be patient.** Despite various pressures for prompt action, cooperative efforts usually take time and require patience. As we noted earlier, it is often best to start off with a basic activity rather than plunging directly into a major sewer plant or departmental consolidation program. Shared services often take longer to organize than an individual municipal program simply because there are more people involved and more approvals required. A patient, step-by-step approach, with plenty of time for each step, can lead to more long-term success.
- **Think regionally.** Municipal officials frequently face decisions about new, expanding or changing municipal services. If you ask yourself, "Is there a regional solution to this problem?" for every issue raised in municipal government, you may be surprised at the number of times the answer is "Yes." Remember to think regionally about the problems your municipality faces.
- **Brief newly elected officials.** The spirit of cooperation should be handed down to successor governing boards. Officials who initiate shared services are often enthusiastic supporters and have a strong cooperative spirit. As those officials leave office, however, their replacements may have little familiarity with the cooperative programs or with the efforts needed for continuing support and participation. These newly elected officials should be briefed about all shared service programs and the spirit of cooperation on which they are based. These officials may bring new perspectives and questions that will need to be answered.

Shared services often take longer to organize than an individual municipal program simply because there are more people involved and more approvals required.

A thorough analysis and presentation of options can provide officials of the prospective participating municipalities the information needed to support the program.

Proceed Methodically

As a municipality proceeds to develop and support shared services, it should do so methodically. A headlong plunge into uncharted waters may be risky and ultimately unsuccessful. In this section we will offer some suggestions on how to chart a prudent course.

- **Study options thoroughly.** There are numerous ways of organizing and funding intergovernmental programs. A thorough analysis and presentation of options can provide officials of the prospective participating municipalities with the information needed to support the program. Remember, incomplete information may elicit a negative response.
- **Select realistic programs.** Have realistic expectations. A shared services idea that sounds great in theory but has little chance of success may not be worth pursuing. Those considering cooperative programs should have a sense of what is feasible from both practical and financial perspectives. As an example, an attempt at joint purchasing that focuses on bulk purchasing but does not include the critical quantity thresholds necessary to produce savings through economies of scale may end up not achieving all expected goals. A realistic assessment of options and outcomes is needed to build a successful program.
- **Pay attention to the little things.** Often, a terrific idea is presented and is quickly agreed to in principle by all participants. However, this is only part of the process and should be followed up by a specific written document outlining the details —“dotting the Is and crossing the Ts” — to minimize the potential for misunderstandings. Insistence on working out these details in advance should be taken as a commitment to the long-term success of the program.
- **Watch out for informality.** When participants agree to an idea for a cooperative program, there is a tendency to accept the agreement informally. This may seem like an easy way to start a program: no documents, no formal actions, no lengthy debates about details. Agreement in principle is all that is needed. However, Article 5-G requires the governing body of each participant to approve the agreement by resolution (GML Section 119-o [1]). Unless the statutory requirements are followed, there is no legal agreement. Again, insistence on proper procedures should be encouraged as a commitment to the long-term success of shared services.

Consider all costs and allocate them fairly

Ideally, the cost of providing a shared service is less than the cost of each municipality providing the same service independently now or in the future. In this section we will suggest how to sort out the possibilities and help make your choices save money.

- **Focus on shared benefits.** Shared services should be a win/win situation for all participating municipalities. Each municipality should achieve some benefit through the cooperative agreement. If each municipality accepts and recognizes this principle, an equitable allocation of all costs can be achieved more readily. A formula (or a combination of several methods) is often the best compromise (e.g., population, use of service, ratio of full valuation of real property, etc.). All municipalities should benefit from the cooperative approach rather than one municipality gaining at the expense of others. In other words, accept a reasonable compromise that gives your municipality a fair share of the total costs and benefits. If all participants compromise, then financial inequity should not be a problem.
- **Cost avoidance.** Cost avoidance is another benefit that should be considered. Not all cooperative ventures may produce immediate cost savings. However, there may be opportunities for future savings or cost avoidance. For example, it may be costly to purchase equipment with another municipality in the short run but avoiding escalating maintenance or lease agreements may prove to be lucrative in the long run.
- **Don't forget about secondary impacts.** When calculating overall savings, it is critical that local officials remember to take into account both sides of the equation. That is, shared services in one area can impact revenues or expenditures in other areas. For example, local officials should be mindful of how any changes to staffing might also impact service levels or other operations performed by that staff – both in the long- and short-term.
- **Share total costs.** When a shared service is established, it is important to identify and share all associated costs. If there are hidden costs that arise at a later date, participants may be soured by the experience and back out of the program. For example, the failure to recognize and share fringe benefit costs could cause future costs to increase drastically. Sharing total costs from the start is a good way to ensure fairness and avoid problems later on.

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State and federal grants are sometimes available to help offset the cost of shared service programs.

- **Set up a positive cash flow.** Before beginning a shared service, establish a system that assures timely payment of municipal shares and that does not impede the efficient operation of the program. The need for prompt payments should be addressed in the cooperation agreement. Ideally, the participants will establish and stick to a payment schedule that ensures a positive cash flow for the shared service.
- **Avoid over-dependence on grants.** State and federal grants are sometimes available to help offset the cost of shared service programs. While these grants can be instrumental in helping start a cooperative program, it may be a mistake to create a service simply because start-up funding is there. A shared service should be started only after analysis determines it is financially feasible once the “seed” funding is terminated.
- **Don’t forget about your fiscal officer.** It is important to involve your fiscal officer and other appropriate department heads in the discussion, planning and execution of cooperation agreements. They can provide valuable information on how services can be coordinated so that the greatest efficiencies can be achieved.
- **Support your decision-making process with data.** In 2008, OSC launched Open Book New York (www.openbooknewyork.com), which provides detailed fiscal information on local governments and State agencies. Open Book provides individuals and governments with important fiscal data which can be used as part of a cost-benefit analysis on a proposed consolidation or shared service project. One of the important features of this tool is that it allows a local government to compare its financials to those of surrounding communities and other peer groups.

Deal directly with problems

Since shared services are voluntary, municipal officials believe the programs are fragile and unable to survive challenges. As a result, a considerable effort is often expended in attempting to avoid every conceivable problem. A program that is so fragile that it shatters when faced with challenges is probably not a very sound one. Rather, the process of addressing and resolving problems should be used positively to strengthen programs. In this section, we will discuss some of the problems frequently faced in shared service initiatives

- **Learn from failures.** If an attempt at a cooperative program fails, municipal officials may become discouraged. This reaction may shut off opportunities for future cooperation. Municipal officials should use the failed attempt as a learning opportunity and try to make the next effort more successful by identifying and mitigating the problems that led to the earlier failure.
- **Address “turf” issues.** Municipal officials or employees who perceive a threat to their turf from a cooperative program may become resistant to sharing services. Potential turf issues should be identified as part of the process of developing the shared service. Once these issues are identified, a strategy for addressing such concerns can be implemented.
- **Respond directly to challenges.** There are several challenges frequently asserted as arguments against intergovernmental cooperation. These challenges should be directly responded to as suggested:

Challenge: Shared services create another level of government.

Response: Another level of government is not created by sharing services. Shared services pool the resources of the participating municipalities to provide those particular cooperative services in the most effective way possible.

Challenge: Shared services may lead to a tax increase.

Response: It depends on the goals of the shared service agreement. Not all agreements are entered into to produce cost savings. Some are to deliver better, quality services and/or to provide a more efficient service.

Challenge: A cooperative program means we’ll be: (1) dominated by the largest municipality or (2) dragged down by the smallest.

Response: Since shared services are voluntary, local governments should participate only if the governing board of each municipality determines the arrangement is beneficial. Taking advantage of economies of scale can produce savings or help avoid new costs for individual local governments.

Since shared services are voluntary, local governments should participate only if the governing board of each municipality determines the arrangement is beneficial.

While the scope of each cooperative effort will vary from study to study, there are certain basic steps that generally are necessary to the success of shared service agreements.

II. Conducting a Cooperative Study

Intermunicipal cooperation can be as simple as two towns sharing a piece of highway equipment. But often, the issues are more complex. It may be desirable for the governing boards to conduct a feasibility study to determine if shared services are mutually beneficial. While the scope of each cooperative effort will vary from study to study, there are certain basic steps that generally are necessary to the success of shared service agreements. We recommend that the following steps, or similar measures, be taken as appropriate:

Develop a mission statement and goals

Local officials frequently focus their early efforts on certain organizational options for providing services (e.g., consolidated water operation, joint operation of a resource recovery facility), rather than focusing on what they may ultimately be hoping to accomplish (e.g., more efficient and cost-effective services). If the goal for the study remains merely an organizational option, the study may be very narrowly focused. More than likely, what you hope to achieve has a broader purpose. Therefore, it is paramount that a clear, specific and attainable mission statement and set of goals be established.

The governing board(s) or CEO(s), as appropriate, should designate a group to develop the preliminary mission statement and goals. (See Appendix D for help in developing a mission statement.) Once the group has developed the mission statement and goals, they should be presented to the governing board(s) or CEO(s) for consideration. If more than one municipality is involved in the study, this could be done at a joint meeting. Throughout the study, the mission statement and goals should be used as a guidepost for recommendations or specific courses of action.

The “3 Es” test can often be used to determine if a proposed idea or arrangement meets the established goals or objectives:

1. **Economy** – Will the proposed cooperative arrangement reduce the current program’s costs now or in the future?
2. **Efficiency** – Will the proposed cooperative arrangement improve the current delivery of program services?
3. **Effectiveness** – Will the proposed cooperative arrangement allow local governments to deliver needed services that are qualitatively improved or that each would find difficult to provide individually?

Any one of these questions may provide an answer adequate enough for the committee to progress. Just remember that if the proposed idea is not designed to produce cost savings, that message should be clearly stated and documented prior to moving forward.

If desirable, the group can be formed as an intergovernmental relations council pursuant to General Municipal Law Section 239-n. Among other things, an intergovernmental relations council is empowered to develop surveys, administer studies and conduct research programs to aid in the solution of local government problems and provide a forum for local governments to explore and develop areas for municipal cooperative activities.

Decide upon viable options that exist for accomplishing the mission and goals

After developing the mission and goals, a list of viable options to achieve these goals should be developed. For example, if one of the goals is to make service delivery more efficient and cost-effective, some viable options might be to: (1) consolidate the services with other municipalities and perform them on a joint basis, (2) have one municipality perform the services for the other municipalities, or (3) designate a “lead participating municipality” to perform coordinating and administrative functions for the cooperative activity. The identified options should be viewed as means of accomplishing the mission statement and goals and not as ends unto themselves. The list should be reviewed by the governing board(s) before proceeding. As the study proceeds, one or more of these options may be determined to be no longer feasible and other viable options may be identified and added to the list.

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In addition to drawing upon the knowledge and skills of various local officials and community members, it may be useful to employ the assistance of an outside consultant.

Agree on a process

After you have decided upon a list of viable options, you should design a study process to evaluate them. Some issues that should be considered include: the makeup of the steering committee, whether subgroups should be used to study individual services, how the progress of the study will be communicated, time lines for completing the study's various stages, and whether to use outside consultants to assist with the study and potential funding sources. These issues are discussed more fully below:

- **Identify stakeholders.** To help gain acceptance of recommendations resulting from the study, it is imperative that all major stakeholders (any individuals or groups that are impacted by, and can directly or indirectly influence the implementation of the recommendations of, the study) are identified and that they or their representatives have an opportunity to participate in the study process. (See Part IV, "Stakeholder Identification," for further assistance.)
- **Identify a steering committee.** An important component for a study is often the establishment of a steering committee that will receive, review and evaluate relevant information, and make recommendations to the governing board(s) or CEO(s), as appropriate. The steering committee should not be too large, but it should include key people with the necessary authority to direct the study. Steering committee members should plan to attend all meetings to help accomplish the study's mission and goals.
- **Identify whether subgroups are needed.** Requiring the steering committee to study several diverse issues and/or services simultaneously may be time-consuming. Depending upon the scope of the study, it may be necessary for the steering committee to create smaller subgroups for the purpose of studying separate service areas or issues. Subgroups may also include subject matter experts (SMEs) that are not part of the steering committee.
- **Decide whether outside consultants are needed.** In addition to drawing upon the knowledge and skills of various local officials and community members, it may be useful to employ the assistance of an outside consultant. This is necessary when technical knowledge or expertise in a service area is needed to study operations effectively. If local officials decide to employ an outside consultant, compliance with each participant's procurement policy and procedures and an agreement to share costs must be considered. To minimize costs, some State agencies will provide technical consulting assistance free of charge to local officials. (See Appendix B for a listing of some of these agencies.) Leveraging buy-in can be very important. Sometimes, having an outside expert set the foundation can prove helpful.

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- **The governing boards, working together with the steering committee, should create a proposed budget for the study.** Some of the items that should be included in this budget are funds needed for consultants, surveys, or mailings. Potential funding sources for the study should also be detailed in the budget. To minimize the impact of the study's budgeted costs on taxpayers, the steering committee should identify potential outside funding sources to supplement any municipal appropriations. Potential outside funding sources for the study include gifts from non-profit foundations and federal or State grants. For instance, "Efficiency Study Grants" may be available to school districts through the State Education Department and to other local governments through the Department of State.
 - **Develop an organizational chart.** In a complex study, developing and using an organizational chart can help the members of the various study groups understand the study process and utilize agreed to channels of communication. The organizational chart should be developed early in the process and made available to all members of the study and to the community's identified stakeholders. (See Appendix C for a sample organizational chart.)
 - **Establishing a project time line.** Time lines are often essential in order to fulfill management's desire to complete the project in a timely fashion. Is there a "drop-dead" date by which the local officials need to get this project finished? The time line should be realistic enough to allow for a quality study, while considering these realities. Failing to set a project time line may make the study unnecessarily time-consuming and may cause participants to lose focus.

In a complex study, developing and using an organizational chart can help the members of the various study groups understand the study process and utilize agreed to channels of communication.

The steering committee should receive periodic reports on the study's progress from any subgroups, monitor time lines and evaluate results and recommendations.

Watch for "striking moments"

Sometimes there are opportunities, called striking moments, that can assist in making a shared service idea or area more feasible. Once identified, these striking moments can make the difference between acceptance and rejection for an idea or recommendation. It is important to remember that these striking moments can often be small windows of opportunity, which can quickly close if a study group does not capitalize on them. Striking moments can be present before a study begins, at the beginning of a study (they may be the reason for the study), during a study or in the near future. Examples of striking moments include:

- A town's five-year lease on its municipal building is due to expire next year. Village officials have recently approached them about sharing office space at the new village complex.
- A police or fire chief is set to retire and a neighboring village has inquired about shared services.
- A school district fuel contract is up for bid and neighboring municipalities have inquired about cooperative fuel purchases.

Complete the study

Using the established process, the steering committee will be able to oversee the completion of the study's work. The steering committee should receive periodic reports on the study's progress from any subgroups, monitor time lines and evaluate results and recommendations. If subgroups are used, the steering committee should standardize the progress and final reports submitted by the subgroups to ensure that the information needed is uniformly developed. The steering committee will be responsible for issuing an oral and/or written report to the governing board(s) and CEO(s), as appropriate, when the work is completed. Developing this overall report can be time-consuming, especially when the various results and recommendations of subgroups are considered, but a quality final report is critical to the project's success. (See Part VII, "Project Reporting," for additional assistance.)

III. Keeping the Momentum

In order to maintain enthusiasm throughout the entire process, it is important to keep the initial momentum going. The following are some ways that you can help preserve the momentum:

- **Schedule regular meetings.** The members of the steering committee should meet at least monthly and maintain regular contact with each other and any subcommittees.
- **Circulate agendas prior to meetings.** Whenever possible, a tentative agenda should be circulated prior to scheduled meeting dates to allow the group to come prepared to discuss relevant issues. Always allow enough time for input to be received back from the group and changes to be made if necessary (e.g., additional agenda items).
- **Keep meetings short and within specified time frames.** Whenever possible, project meetings should be short (two hours maximum) and productive. Consider using a facilitator at the meetings to help ensure that they stay short and to the point.
- **Set a date for the next meeting.** An excellent method of maintaining momentum is to schedule the next meeting as the last agenda item. The group should be encouraged to come to meetings equipped with personal calendars and/or schedule books so that dates may be set for future meetings.
- **Keep records and minutes, and circulate them.** Designate a record keeper or minute taker at each meeting. Copies of the minutes should be circulated to the group (and any stakeholders deemed necessary) as soon as possible after a meeting to allow for comment and to remind the group of action items and assignments.
- **Communicate with stakeholders.** Communication is vital to maintain momentum. Stakeholders must be brought in at the beginning of the process and kept informed of the project's progress throughout the study, even if they do not actively participate. Failing to keep the stakeholders informed and not providing them a forum for input may increase the risk of stakeholders developing a negative opinion of the steering committee recommendations. Once the stakeholders have formed a negative outlook about the project, it is less likely that the study's recommendations will receive a fair hearing. (See Part V, "Communication," for further assistance.)
- **Encourage patience and flexibility.** While this may sound simplistic, you should encourage everyone to be patient and flexible throughout the study. The sponsors of a study (e.g., governing boards) will have already decided that the topic in question is a "good idea." Without patience and flexibility, the sponsors may become frustrated with a process that they see as unduly time-consuming and going off in "unnecessary" directions. The support of the project sponsors is vital to ensure success.

Failing to keep the stakeholders informed and not providing them a forum for input may increase the risk of stakeholders developing a negative opinion of the steering committee recommendations.

Stakeholders can be defined as any individuals or groups that are impacted by, and can directly or indirectly influence, the implementation of the shared service.

IV. Stakeholder Identification

Stakeholders can be defined as any individuals or groups that are impacted by, and can directly or indirectly influence, the implementation of the shared service. It is important to note that the identification of stakeholders is often an evolving process. As a study group considers additional options for achieving its goals, it may also identify additional stakeholders. The following is intended to assist study groups and local officials in identifying stakeholders:

- **Members of governing boards of municipalities.** The members of a governing board sponsor a study and appoint a study group or steering committee to make recommendations. While these sponsoring boards are certainly stakeholders, other governing boards that are not sponsors may also be stakeholders. For example, if two village boards resolve to study ways to deliver services more efficiently to their taxpayers, the results could be a recommendation to discontinue the village's provision of one or more services, and to let the town (or towns) provide the services. In this example, the town would be greatly impacted and thus its governing board becomes a stakeholder. By not involving all necessary governing boards early on, you risk spending a great deal of time developing recommendations that may not get approval from key decision makers.
- **Key employees and/or department heads.** As the study group begins to review various functional areas of local government operations, the need for input from key personnel and department heads becomes crucial. A very important component of any study is identifying potential pitfalls or barriers associated with various options. The people involved in the daily operations of each particular functional area are best suited to identify these problems and pose potential solutions. In addition, these same people are often the ones who will be asked to implement any changes that come about as a result of the study. For these reasons, their involvement from the very beginning can be vital to the project's overall success.

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- **Municipal attorneys.** It is important for governing boards to keep their local attorney(s) informed throughout the study to insure that the group's recommendations are in compliance with all applicable laws. In addition, studies can result in the need for an intermunicipal agreement, and an attorney should be involved in the preparation of any such agreement.
 - **Local organizations.** Local organizations, such as a chamber of commerce, comprise business people who may be supportive of the recommendations. In addition, these organizations are made up of people with valuable business and management skills and other resources that could be beneficial for implementation.
 - **Local community members.** Since some of the study committee's recommendations may result in actions that are subject to either mandatory or permissive referendum, it is important that the community be involved and kept informed throughout the study.
 - **Municipal employee union or labor representatives.** Since shared service proposals can affect public employees, some mechanism must be fashioned early on to fully analyze the effects that any recommendation may have on collective bargaining and Civil Service requirements. This analysis should be shared with employee representatives on the general study committee or made available by setting up a separate labor-management discussion.

While it is important to be mindful of not forming too large a study group, experience has shown that all study group members and stakeholders need to be kept apprised of decisions as they occur. (See Appendix E for a form designed to assist study groups in identifying stakeholders.)

Since some of the study committee's recommendations may result in actions that are subject to either mandatory or permissive referendum, it is important that the community be involved and kept informed throughout the study.

Communication can come in many forms including departmental memos, newsletters, meeting minutes, newspaper articles and public information forums.

V. Communication

Effective communication is crucial to the success of any shared service effort. If all stakeholders are not kept fully informed, it can result in misunderstanding based upon assumptions and perceptions rather than facts. Communication can come in many forms including departmental memos, newsletters, meeting minutes, newspaper articles and public information forums.

The following is an example of a chronological approach to employing effective communication tools throughout a shared service study:

1. Governing boards should identify potential shared service studies and partners and document this information in their board minutes.
2. Potential partners should set up a joint meeting to discuss the potential study and prepare public notices for their respective local newspapers announcing the time, date and purpose of this public meeting (all future meetings should be announced in a similar way).
3. After the first joint meeting, distribute copies of the minutes to key personnel and union representatives in both municipalities (minutes of all future meetings should be distributed in the same fashion). If a study is agreed upon at the meeting, attach a copy of the minutes to an introductory letter and send to other neighboring municipalities that might be impacted by recommendations coming out of the study (e.g., town, school district, county). The letter should identify the study's sponsor (both governing boards), and the members of the steering committee appointed thus far, and ask the other municipalities for a show of interest in participating.
4. If a decision is made to divide the steering committee into smaller groups or teams to study specific functional areas (police, fire, highway, etc.), appoint a member of the steering committee to serve as a liaison to each team. Each liaison should serve as a conduit for communicating between the team and the steering committee.
5. Give deadlines to the functional area teams for reporting back to the steering committee. Everyone should employ a similar format for their reports. Once these reports have been received, the steering committee should announce a time (or times) for this information to be presented to the public. These public forums can serve as opportunities to educate and inform the public on what the steering committee has learned so far, and give members of the public an opportunity to voice their opinions and concerns. These public information forums are often crucial to the success of any recommendation that requires a public referendum (mandatory or permissive) prior to implementation.

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6. After receiving all necessary reports from each functional area team and input from the public, the steering committee should make its final recommendation(s) to the governing boards in a written report. A copy of this report (or detailed summary) should also be made available to the public, allowing for sufficient time for public input prior to any final decisions being made by the study's sponsors.

Open communication throughout any shared service effort can help ensure the recommendations will be accepted by the community.

VI. Transitional Meeting

At the point when the study has been completed, the implementation process may begin. A transitional meeting should occur after the steering committee has presented its report to the participating governing boards and has gained approval on one or more items. All members of the steering committee, subgroups and any individuals who will be involved in the implementation phase should attend the transitional meeting.

The following should occur at the transitional meeting:

- Introductions.
- Presentation of the history of the study, accomplishments, pitfalls, and results.
- Discussion of the implementation phase. It may be beneficial to put together an implementation team in order to help ensure success. To give the team a starting point, an overall objective and three to five short-term goals to work on throughout the year as they relate to implementation should be established. The discussion should establish:
 - Is a team needed?
 - If so, who will participate?
 - What positions will be necessary?
 - Who will be the team leader?
 - What are the ground rules?
- Implementation team meetings. Schedule meetings of the implementation team and establish an implementation schedule.
- Plan to communicate the discussions and decisions from this meeting.

A transitional meeting should occur after the steering committee has presented its report to the participating governing boards and has gained approval on one or more items.

When a study results in recommendations that each governing board agrees to pursue, an implementation team may be appointed.

VII. Implementation

The decision as to how to implement any of the recommendations resulting from a cooperative study rests with governing board members. When a study results in recommendations that each governing board agrees to pursue, an implementation team may be appointed. Some key issues for this group to consider include:

- How will the costs and revenues be allocated among the participants?
- Which chief fiscal officer will have custody of funds for the cooperative service?
- What will the scope of the cooperative service be?
- How will potential liabilities be handled?
- Who will own property and employ staff?
- Who will be responsible for financial reporting requirements and what will they be (internal and/or external)?
- Will implementation of the idea require a referendum or can you simply seek citizen input?
- What is the best time to begin implementation?

With the assistance of an attorney, the above issues and all the terms and conditions of the agreement should be formulated into an intermunicipal cooperation agreement. In addition to the issues discussed above, the agreement should also address the contract term, procedures for proposing amendments and terms and conditions relating to termination of the agreement.

VIII. Project Reporting

Reports are a means of capturing important information. For example, if a study is done on a particular type of shared service and the study clearly shows that an activity would or would not be a good idea, it is important to document this information for future reference. There are other advantages of preparing a report as well, including, but not limited to:

- Communicating results of the study, report recommendations, implementation issues, and/or other outcomes of the study
- Making the results less susceptible to misunderstanding
- Making the results available for public inspection
- Facilitating follow-up to determine whether report recommendations have been implemented.

The report should be complete, accurate, objective, timely and as clear and concise as the subject matter permits. The information contained in the report should be made available for timely use by management of the participating local governments.

IX. Conclusion

As your municipal responsibilities become increasingly complex and demanding, you should constantly seek out the best ways to provide the services needed by your communities. Part of the solution to this challenge can be intergovernmental cooperation. Cooperation is in the future of many successful local governments. The question only you can answer is whether it is in the future of your local government.

As your municipal responsibilities become increasingly complex and demanding, you should constantly seek out the best ways to provide the services needed by your communities.

OSC staff members are available to offer technical and legal guidance as local governments begin to explore specific opportunities in their communities.

X. How Can the Office of the State Comptroller Help?

OSC staff members are available to offer technical and legal guidance as local governments begin to explore specific opportunities in their communities. In addition, the Agency will continue to maintain the Open Book New York website (www.openbooknewyork.com), which contains up-to-date financial data on local governments across the State. This information will make it easier for individuals to examine how taxpayer dollars are being spent at the local level and to better understand how different classes of local governments compare to one another

What else can the Office of the State Comptroller do to help? OSC staff can assist the shared service study group in a number of other ways including:

- Share “best practices” compiled by our office from experiences with other studies conducted by other municipalities throughout New York State and other states.
- Identify other agencies or resources that may be able to offer some expert assistance to the group.
- Provide Shared Service Training. The Local Official Training Unit at OSC has created three Shared Services training modules (targeting board members, local government leaders and department heads, as well as attorneys). Depending on the need the following sessions are available upon request:
 - Overview
 - Overview with data analysis
 - Overview, data analysis and case studies

To request this training please contact the Local Official Training Unit at: localtraining@osc.state.ny.us

- Comptroller’s Local Government Leadership Institute – These regional forums bring local official leaders from all jurisdictions to engage in dialogue over common concerns and issues. Visit the OSC website: www.osc.state.ny.us/lgli/index.htm for more information.
- Local Government Training Clearinghouse – The Clearinghouse is a searchable training database with detailed information about various training events throughout New York State. Please visit our website, www.osc.state.ny.us/localgov/index.htm, and click on the Local Government Training Clearinghouse icon.

Appendix A – Shared Services Websites

These addresses are provided for informational purposes only. Each local government must ensure that its agreement is in compliance with all applicable laws, rules and regulations.

www.osc.state.ny.us/localgov/costsavings/index.htm

The Office of the State Comptroller website includes information to assist various classes of local governments with shared services projects.

www.osc.state.ny.us/localgov/lgli/index.htm

The State Comptroller's Local Government Leadership Institute provides opportunities for local government officials to share issues of mutual concern and also contains links to government websites. The Shared Services Library includes consolidation and dissolution studies.

www.dos.state.ny.us/lgss/sharedservices/index.html

The New York State Department of State's Division of Local Government Services provides examples of previously awarded shared service grant projects, links to legal issues involved with creating a shared service program, and other resources for communities considering developing projects.

www.pace.edu/page.cfm?doc_id=23937

The Pace University Law School website includes information related to intermunicipal cooperation, including links to funding sources for shared service projects, articles and publications, laws and cases related to shared services.

www.nyslocalgov.org

The New York State Commission on Local Government Efficiency and Competitiveness issued its final report in April 2008. The report, which discusses consolidation and shared service issues, also highlights previously implemented projects.

www.orps.state.ny.us/cptap/index.cfm

The New York State Office of Real Property Services provides information on consolidating assessment operations and sharing tax assessment and collecting operations. Grant information for municipalities researching these options is also available.

Appendix B – Available Resources

AGENCIES, ORGANIZATIONS, AND CONSULTANTS

Offering Assistance to Local Governments on Issues of Consolidation and Cooperation

New York State Division of Criminal Justice Services Phone: (518) 457-6101
Office of Public Safety (518) 457-1595
4 Tower Place
Albany, NY 12203
criminaljustice.state.ny.us/ops/index.htm

Provides assistance to municipal law enforcement agencies in setting up shared police services.

New York State Department of State Phone: (518) 473-3355
One Commerce Plaza
99 Washington Ave. 10th Floor
Albany, NY 12231-0001
www.dos.state.ny.us/lgss

Offers assistance on planning and zoning, provides technical assistance and grants to local governments who are looking to achieve savings through shared services.

New York State Legislative Commission on Rural Resources Phone: (518) 455-2544
Legislative Office Bldg.
Albany, NY 12247

Addresses issues of importance to rural areas of New York State.

New York State Tug Hill Commission Phone: (315) 785-2570
317 Washington Street
Watertown, NY 13601
www.tughill.org

Provides a variety of technical assistance to local governments within the Tug Hill Region (between Lake Ontario and the Adirondacks).

Association of Towns of New York State Phone: (518) 465-7933
150 State Street
Albany, NY 12207
www.nytowns.org

Assists towns with research and information on cost sharing and cooperation.

Appendix B – Available Resources

AGENCIES, ORGANIZATIONS, & CONSULTANTS

Offering Assistance to Local Governments on Issues of Consolidation and Cooperation

**New York State Department of
State Office of Fire Prevention and Control**

Phone: (518) 474-6746

99 Washington Avenue, Suite 500
Albany, NY 12231-0001

www.dos.state.ny.us/fire/firewww.html

Offers assistance to municipal fire protection providers in looking at shared services and consolidation.

Cornell Local Roads Program

Phone: (607) 255-8033

416 Riley-Robb Hall
Cornell University
Ithaca, NY 14853-5701

www.clrp.cornell.edu

Provides assistance to local governments on consolidation/cooperation issues related to highways.

New York State Conference of Mayors

Phone: (518) 463-1185

119 Washington Ave., 2nd Floor
Albany, NY 12210

www.nycom.org

Provides general information to member villages on cooperation and consolidation efforts around the State.

**University of Buffalo Institute for
Local Government and Regional Growth**

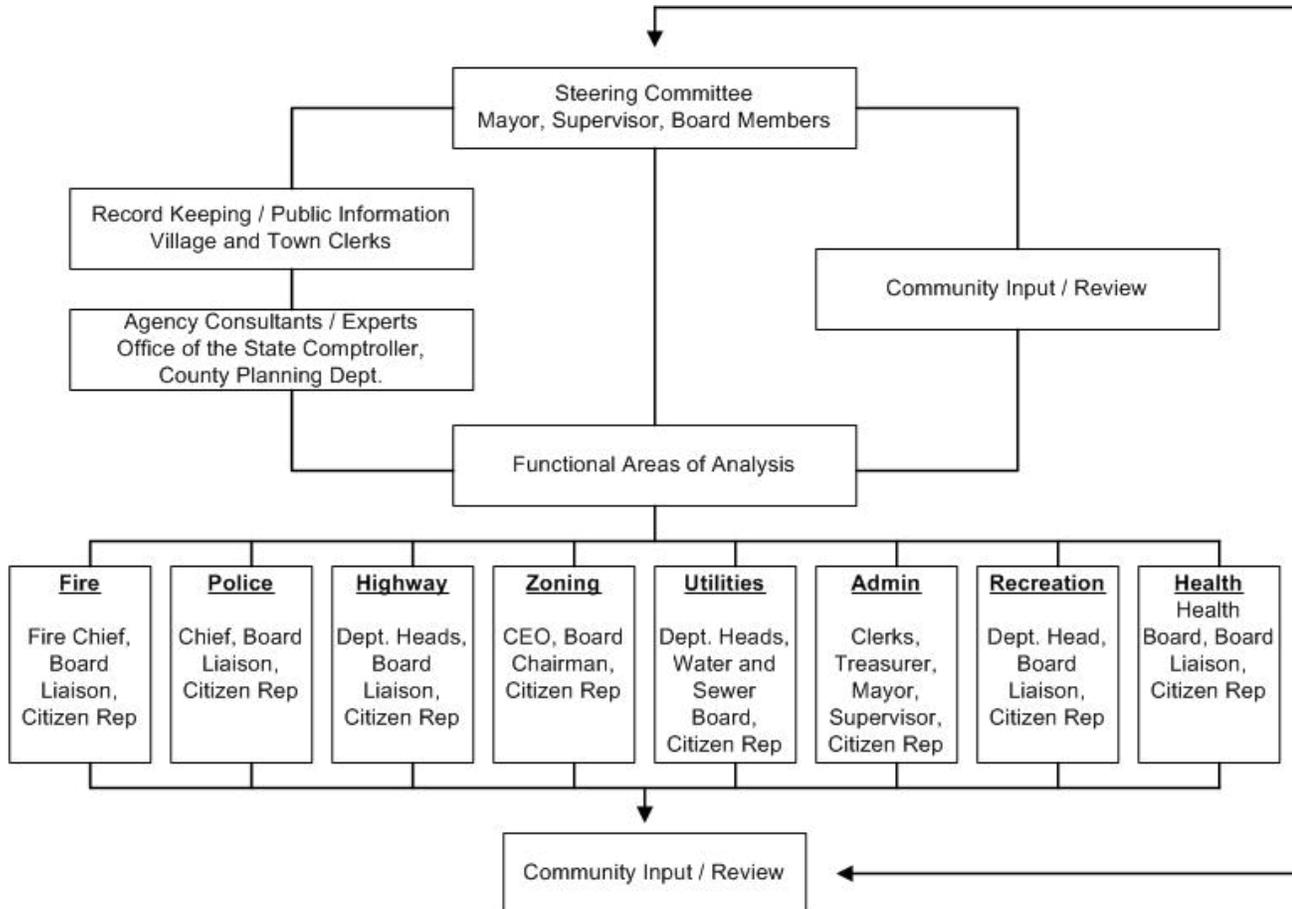
Phone: (716) 829-3777

Beck Hall, Building 9
University of Buffalo
3435 Main Street
Buffalo, NY 14214-8010

www.regional-institute.buffalo.edu

Created in 1996 with the support of the NYS Senate Committee on Local Government, the Institute works on demonstration projects that show the benefits of local governments sharing or consolidating functional services and operations.

Appendix C – Sample Organizational Chart



Appendix D – Mission Statement

What Should Be in a Mission Statement?

The statement should clearly state what your organization seeks to accomplish. This section of the mission statement usually includes two phrases:

- A statement that indicates a change, such as to increase effectiveness, to decrease waste.
- A statement that identifies a problem or condition to be changed.

An example would be “to increase efficiency in the provision of solid waste management services in the village and town.” In defining your purpose, focus on an outcome rather than the means to accomplish the goal.

Activities

This section sets forth the activities the municipalities may undertake in order to pursue their mission. For example:

- To cooperatively provide for refuse collection services.
- To educate the public concerning the provision of this service on a cooperative basis.

You may wish to elaborate on this statement by adding the words “by” or “through.” For example: “To cooperatively provide for refuse collection services by jointly contracting with a service provider.”

Values

Values are beliefs that the participants share and endeavor to put into practice. For example:

- A commitment to efficient services to taxpayers.
- A commitment to the prudent use of municipality resources.

How To Prepare a Mission Statement

There is no one way to state the collective goals of the participants. It is important, however, that a consensus be reached.

A free and open discussion can give the group confidence that the mission statement will include a consensus of common ideas.

After having a group discussion concerning global concepts, it may be beneficial to designate one or two individual group members to draft an initial statement to be disseminated to the group for comment.

Appendix E – Stakeholder Form

The following chart is intended to be used as a guide in helping local officials identify stakeholders who may be impacted or who can directly or indirectly influence the implementation of the prospective recommendations of the study.

After having identified stakeholders, local officials can use this chart to decide which stakeholder should be included in a study group or steering committee.

GOVERNMENT OR COMMUNITY ORGANIZATION	Stakeholder?		MEMBERS OF STUDY GROUP/STEERING COMMITTEE	
	YES	NO	Name	Title
CHIEF EXECUTIVE OFFICERS (MAYORS, SUPERVISORS, ETC.)	<input type="checkbox"/>	<input type="checkbox"/>		
GOVERNING BOARD MEMBERS (VILLAGE TRUSTEES, TOWN BOARD MEMBERS, SCHOOL BOARD MEMBERS, ETC.)	<input type="checkbox"/>	<input type="checkbox"/>		
PLANNING or ZONING BOARD MEMBERS	<input type="checkbox"/>	<input type="checkbox"/>		
MUNICIPAL OFFICERS OR DEPARTMENT HEADS (DPW Supt., Highway Supt., Village Treasurer, etc.)	<input type="checkbox"/>	<input type="checkbox"/>		

Appendix E – Stakeholder Form

GOVERNMENT OR COMMUNITY ORGANIZATION	Stakeholder?		MEMBERS OF STUDY GROUP/STEERING COMMITTEE	
	YES	NO	Name	Title
NEIGHBORING GOVERNMENT OFFICIALS (County, City, Village Town, etc.)	<input type="checkbox"/>	<input type="checkbox"/>		
FIRE DEPARTMENT REPRESENTATIVES	<input type="checkbox"/>	<input type="checkbox"/>		
POLICE DEPARTMENT REPRESENTATIVES	<input type="checkbox"/>	<input type="checkbox"/>		
LABOR UNION OR OTHER EMPLOYEE REPRESENTATIVES	<input type="checkbox"/>	<input type="checkbox"/>		
YOUTH REPRESENTATIVES	<input type="checkbox"/>	<input type="checkbox"/>		
COMMUNITY MEMBERS (Taxpayers or Taxpayer Groups, Business People, Service Group Reps, etc.)	<input type="checkbox"/>	<input type="checkbox"/>		
MUNICIPAL ATTORNEYS	<input type="checkbox"/>	<input type="checkbox"/>		
OTHERS (Economic Development Reps, IDA Reps, Chamber of Commerce Reps, etc.)	<input type="checkbox"/>	<input type="checkbox"/>		

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(Area code for the following is 518 unless otherwise specified)

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Steven J. Hancox, Deputy Comptroller
John C. Traylor, Assistant Comptroller

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Questions Regarding Electronic Filing of Annual Financial Reports 474-4014
Questions Regarding Electronic Filing of Justice Court Reports 486-3166

Division of Legal Services

Municipal Law Section 474-5586

**Mailing Address
for all of the above:**

**Office of the State Comptroller,
110 State St., Albany, New York 12236**
email: localgov@osc.state.ny.us

Division of Local Government and School Accountability

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