
A “How To” Guide to Shared Services and Cooperation

Presented

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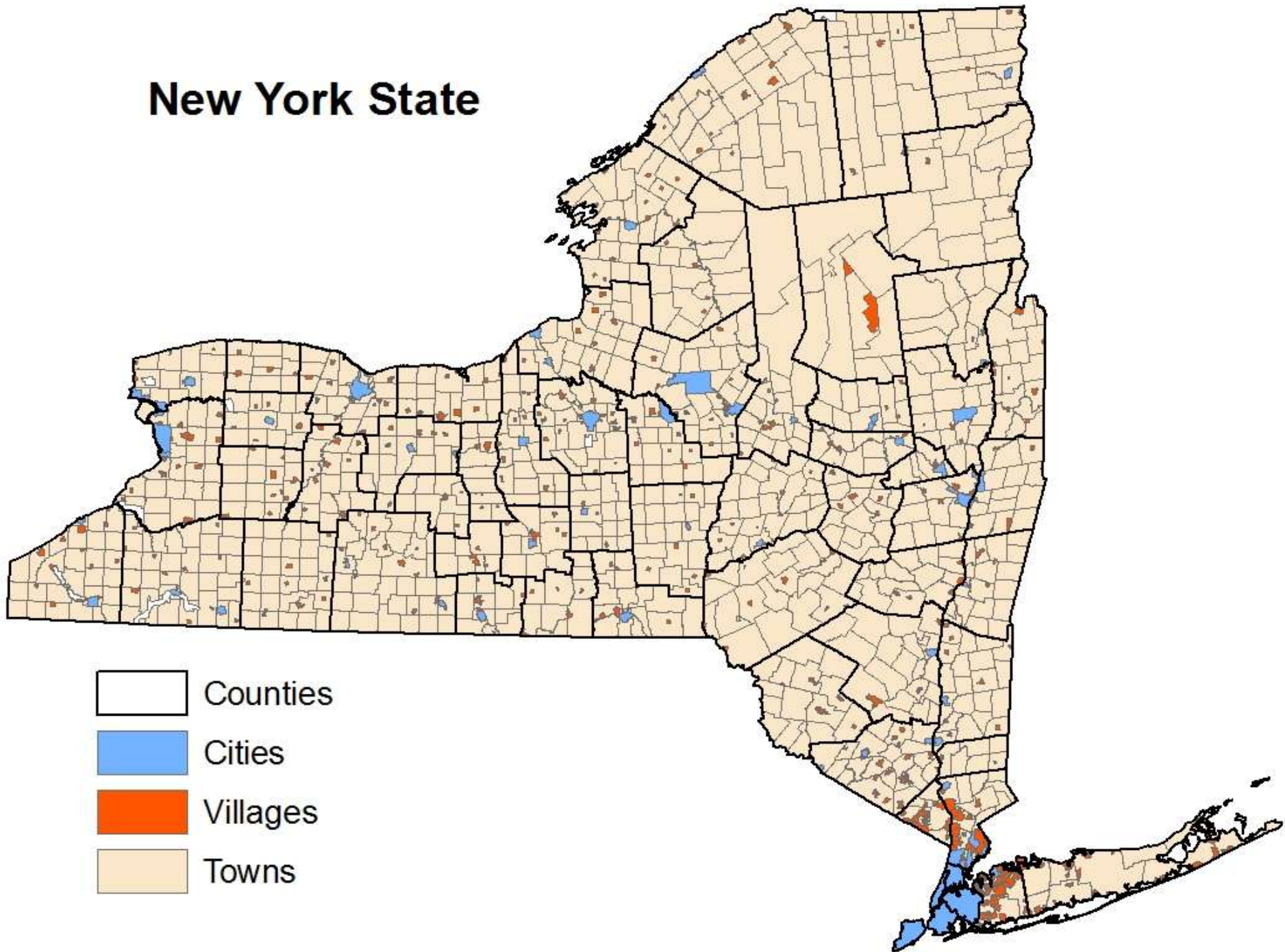
Overview

In this session you will learn:

- ❑ Local Governments in NYS
- ❑ Legal framework
- ❑ Why shared services
- ❑ Opportunities for cooperation
- ❑ The True Cost of Services
- ❑ The “How To” of shared services
- ❑ Best practices
- ❑ Goals and objectives
- ❑ What OSC can do for you



New York State



Local Governments in New York State

General Purpose Governments	
Counties (outside of NYC)	57
Cities	62
Towns	932
Villages	549
	1,600
Special Purpose Governments	
School Districts	695
Fire Districts	885
Public Libraries	406
	1,986

Legal Framework

The “What” and “Why” of Shared Services



What can we share? Who can share?

- Article 5G of GML allows municipalities to perform various activities cooperatively
 - 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.
 - “Municipal Corporations” & “Districts” may enter into cooperative agreements



Why Shared Services – Why Not Consolidation?

- 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

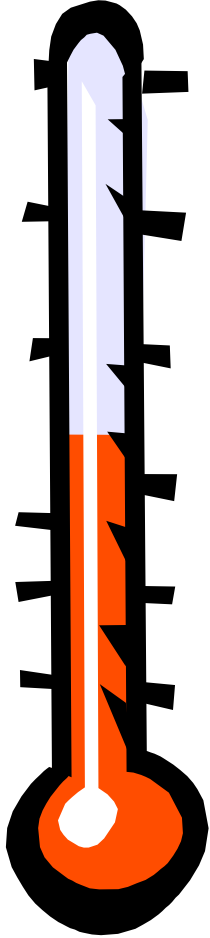


Why Should We Cooperate?

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



Degrees of Cooperation



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

Identifying Opportunities

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



Selecting Areas to Focus On

- Determine which function areas have the highest net cost to the taxpayer
- Make sure data used reflects the “True Cost” of a service

“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.

Calculating TRUE COST

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

EXAMPLE

(Town Highway Dept.)

	<i>Approp (Direct)</i>	<i>Allocated (Indirect)</i>	<i>Total Cost</i>	<i>Attributed Revenue</i>	<i>Net Service Costs</i>
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'ts	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
Shared Services	\$ 12,786
Unallocated, Insurance	\$ 7,603
Debt Service	\$ 0
Total	\$237,452

The “How To” of Shared Services



How Do We Get Started?

- Conduct a Needs Assessment
- Conduct a Shared Services Study
- Reach an Intermunicipal Agreement
- Implementation



Conduct a Needs Assessment

Can an existing public service be provided more cost effectively or efficiently through a shared service agreement? If so:

■ Identify Opportunities:

- ❑ Find a partner or partners
- ❑ Think regionally
- ❑ Community Surveys
- ❑ 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



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
- ❑ Study options thoroughly and weigh all options
- ❑ Deal directly with problems

Identify All Stakeholders

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

- ❑ Key Employees and/or Department Heads
- ❑ Union or Labor Representatives
- ❑ Local Community Members
- ❑ Often an Evolving Process
- ❑ Use OSC Stakeholder Checklist
- ❑ Communicate with Stakeholders throughout the study



Examples of Goals and 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



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



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



Deal Directly With Problems

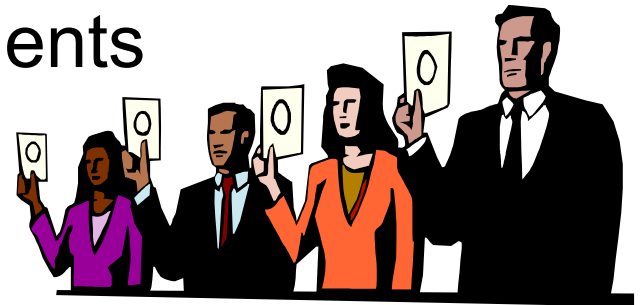
- Learn from failures
- Address “turf” issues
- Anticipate challenges
- Develop strategies



If an idea is so fragile that it might shatter when faced with a problem it is likely not a sound one.

Learn from Others' Failures

- Tips learned from failures:
 - ❑ 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



Reaching an Agreement

- First, come to an agreement on how to make a decision
- Involve **ALL** stakeholders
- Address issues/concerns
- Be flexible
- Communicate agreement to all stakeholders



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.state.ny.us/lgss/sharedservices/IMAs/IMApage.html>



Implementation

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

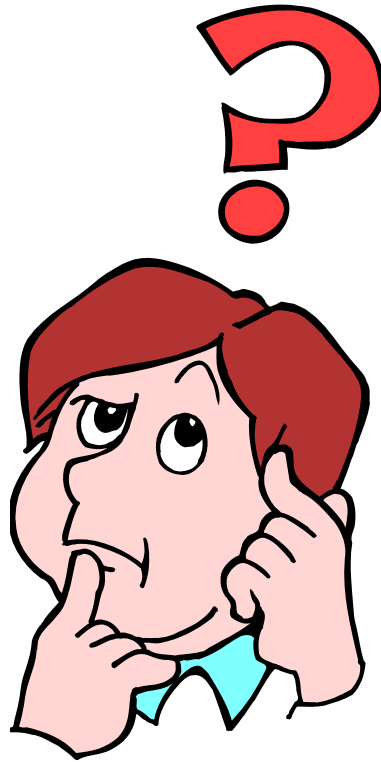
How Can OSC Help?



Shared Services Resources from OSC

- Help identify process and options
- Provide technical assistance
- Data
 - Annual Financial Report
 - By Demographic
 - Cost Savings Audits
- Share “Best Practices” Publications
 - Local Government Management Guides
 - Shared Services in Local Governments
 - Capital Planning
 - Research Reports
 - Shared Services Among New York’s Local Governments
 - Cracks in the Foundation: Local Government Infrastructure and Capital Planning Needs





Questions?

Contact the Syracuse Regional Office

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