Considering Shared Government Services in New York State

A Guide for Citizens and Public Officials

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Why Consider Sharing Local Government Services?

In recent years, New York State has created a number of programs designed to encourage and empower local governments to improve their efficiency and lower taxpayer burden by reorganizing and sharing service delivery. In 2018, for example, the New York State Budget provides over $100 million in appropriations to support a variety of Local Government Reorganization and Efficiency Programs. Counties, cities, towns, and villages across the State have initiated cost-saving efforts through these programs, and have won state grants ranging from $7,500 for emergency data and phone installation planning in the Town of North Hempstead; to $37,500 for shared highway operations centers in Washington County; to $603,000 for the implementation of consolidated water supply in the Village of Briarcliff Manor.

Sharing local services can take many forms: consolidating existing duplicative services; sharing responsibility for delivering services; unifying contracts with third parties to provide services; reorganizing the responsibilities among governments to deliver services; creating entirely new entities to provide services common to several governments; and sharing equipment and facilities among governments, as well as standardizing equipment specifications.[1] The specific kinds of services local governments might share also range widely. They include education; street and highway maintenance; water; wastewater; sanitation; fire protection; emergency medical services; law enforcement; criminal and civil justice; corrections; tax assessment; financial administration; code enforcement; clerk services; social services and health; libraries; economic development; purchasing of energy and insurance; and zoning.[2] Running through all of these services are necessary administrative support functions, such as accounting, procurement, and equipment maintenance and storage.

Although many local governments have achieved savings through these kinds of efforts, the State of New York believes that more can and should be done—a greater number of local governments should be involved, a greater variety of services to be shared should be considered, and new ways to share them should be discovered. To that end, the FY 2018 State Budget establishes a County-wide Shared Services Property Tax Plan (Part BBB of Chapter 59 of the Laws of 2017).[3] The law applies to the 57 counties in the State outside the City of New York, and calls for local governments to consider ways of sharing services in order to save taxpayer money, and to improve the de-

1 Yolo County, California, "Yolo Shared Services Program," 2013.

2 See for example Commission on Local Government Modernization, "Final Report of the Commission on Local Government Modernization," 2017.

3 N.Y. Laws § 59-BBB, 2017.

livery of those services. The mechanism for this consideration is a series of meetings and hearings, starting with a panel of public officials from the local governments within a given county, and then among those public officials and citizens.[4] Based on the input from these meetings, the county executive is charged with developing a tax savings plan. If the plan is approved by a majority vote of the panel, the county executive coordinates its finalization and implementation. Real property tax savings realized through shared services by participating governments are eligible for one-time, dollar-for-dollar matching funds from the State.

The purpose of this guide is to help public officials and citizens more usefully consider the possibility of sharing services within their counties. In particular, the guide aims to help those officials and citizens who are participating in the meetings and hearings to better identify and frame the issues and questions that we believe are most important in considering different possibilities for shared services. Counties differ widely within the State of New York, on a number of important geographic, demographic, and economic dimensions. Some of the issues and questions identified here will be more relevant to some counties than to others. Our expectation is that individual users of this guide will pick and choose what is most useful in their particular context and for their particular set of discussions.

One issue needs to be clear at the outset: It is important to distinguish this effort to expand and enhance shared services from more ambitious and complicated efforts to undertake major consolidations of government structures, and change forms of political representation and leadership.[5] Sharing certain services and following the best practices for sharing services may ultimately lead local governments to consider consolidating some governmental structures, and may also establish the experiences and trust necessary for such changes, but the focus here is explicitly limited to the sharing of services by different existing governments within a given county. Consolidations of existing governments have occurred in various places across the country, but they are far more complicated logistically and politically, and even when conditions seem ideal for consolidation, efforts to establish new governments can easily fail.[6] What we are discussing here is something much more achievable in the short-term.

There are several potential benefits for citizens in having their local governments share more services. The first—and the one that often garners the most attention—is the possibility of cost savings in the form of reduced property taxes. New Yorkers are painfully aware that they live in a high-tax state, and would welcome any tax savings. Cost savings from service sharing come through a variety of interrelated mechanisms, including larger purchasing entities that can lower per-unit prices and increase bargaining power; the elimination of duplicative services; enhanced specialization within a service area through larger scale operations; standardization of procedures, records, and equipment; and more effective and efficient resource allocation.[7]

In addition, New York State has a complicated system of layered governments and agencies providing services and collecting revenues at the state, county, city, town, and village levels—a system that evolved over three centuries. With the slow population growth Upstate in recent decades, that layered system has become financially strained.

Equally important is the quality of the services provided by government, and once again, the sharing of services has the potential to yield benefits. These benefits can result from better cooperation and integrated planning; enhanced efficiencies; centralized and improved personnel training; and the advantages of larger scale

4 For more details on the process, see New York Department of State, “County-wide Shared Services Initiative: Guidance Document,” 2017.

5 See for example Commission on Local Government Modernization, “Final Report of the Commission on Local Government Modernization,” 2017.

6 See for example Annette Steinacker, “Prospects for Regional Governance: Lessons from the Miami Abolition Vote,” *Urban Affairs Review*, September 2001.

7 Yolo County, California, “Yolo Shared Services Program,” 2013.

operations. Enhanced scale through sharing services can also provide the "critical mass" that enables a smaller government to supply a service that it otherwise could not. Many small towns and villages, for example, do not have or cannot afford the specialized legal expertise to challenge lawsuits or property tax grievances, or to make sure that their planning and zoning codes are consistent with state environmental and other laws.

The combination of reducing property taxes and increasing the quality of public services leads to another possible benefit—making communities more attractive to businesses, which in turn adds to the population and the tax base. The cycle that might result could help local governments reduce property taxes even further, by spreading them across a broader base.

A less obvious but significant additional attraction of sharing services is the potential to enhance democracy and civic health. This could happen through several avenues: providing citizens with a clearer understanding of responsibility and accountability in a particular service area; creating a perception and experience of consistency in service delivery and responsiveness; and instilling greater confidence in government more generally. Citizens in New York State are often confused by the overlapping layers of their local governments, and by the sheer number of local government entities involved in providing services used on a daily basis where they live and work. In Onondaga County, for example, there are 36 separate street and highway service providers.[8] Many citizens are unsure about whom to call and where to go when they experience a problem, which in turn intensifies already-high frustrations with government. In addition, sharing services nudges government structures a little closer to the reality that local communities are already profoundly interconnected. Again in Onondaga County, 69 percent of employed residents work in a different municipality from where they live.[9]

In this guide, we are not taking a stand on shared services. Whether they will help local governments is up to local public officials and citizens to decide, based on their own situations and the services being reviewed. But we do believe that it is worth the time of counties, cities, towns, and villages to take a new and serious look at the potential options, and to engage in good-faith deliberations on the possibilities for shared services, and how they might best work.

8 Commission on Local Government Modernization, "Final Report of the Commission on Local Government Modernization," 2017, p. 39.

9 Commission on Local Government Modernization, "Final Report of the Commission on Local Government Modernization," 2017, p. 6.

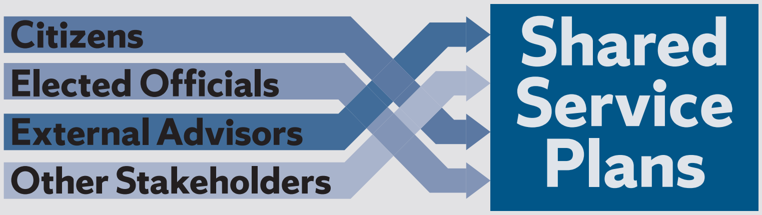
Sharing Services in New York State: History, Examples, and Lessons

Like other Northeastern states, New York has a complex local government structure; most towns and villages were established prior to 1920, many in the late 18th or early 19th century. The ratio of local governments to population is high, and this complex set of overlapping municipal structures is certainly not what would be designed today. New York municipalities have been able to address some of the inefficiencies produced by this situation through Article 5-G of the General Municipal Law, which provides broad authority for undertaking cooperative efforts. Municipalities of all types are authorized to enter into inter-municipal cooperation agreements, where one municipality provides a service to another, or there are agreements among municipalities to jointly provide services.

For many years, New York State has been encouraging greater efficiency through consolidation and shared services. A 2008 report ("21st Century Local Government: Report of the NYS Commission on Local Government Efficiency and Competitiveness") recommended that more services be provided on a countywide or regional basis; that school districts be consolidated where appropriate; that delivery of local fire and emergency services should be scrutinized for possible restructuring; and that municipalities should move away from elective offices for professional functions (for example, highway superintendents).

The State has also provided financial incentives over the years to encourage local governments to investigate potential opportunities for shared services and ultimately assess whether sharing services would lead to tax savings and quality-of-life improvements more generally. Some of these incentives include grants that funded shared services feasibility studies in counties across the state. The Local Government Efficiency (LGe) program (formerly the Shared Municipal Services Incentive [SMSI] program) is an example, which has funded nearly 300 studies or actual implementations of shared service and cooperative agreements.[10] Since 2011, the State has issued 230 contracts and awarded over $51 million through the Division of Local Government Services at the Department of State to advance shared services and local government efficiency.

Several municipalities have taken advantage of these incentives, with some choosing to move forward with service sharing and others deciding against it. Regardless of the final outcome, the process of investigating the possibility of sharing services appears to be beneficial in and of itself. Prior to embarking on the investigation, some localities may not have taken an extensive inventory of their own services, and their relations to neighboring municipalities, in years or even decades. Going through this exercise can help to identify areas for improvement in service delivery and public management whether shared services plans are adopted or the status quo is maintained.



The Division of Local Government Services of the New York State Department of State maintains a website with a range of useful materials for public officials and citizens interested in shared services. These include documents laying out the legal frameworks for undertaking shared provision of services as well as examples of inter-municipal agreements in areas including public safety, utilities, records management, assessment, recreational facilities, purchasing, and building inspection. Additional resources include reports on shared services and consolidation projects from around the state.

The State's grants and incentive programs often allow for the hiring of external consultants, who provide "fresh eyes" and technical expertise in improving the administration of public services. However, while external expertise has proven helpful in facilitating the exploratory process in many cases, the inclusion of local perspectives of citizens and other non-governmental

10 Department of State, Division of Local Government Services, "Local Government Efficiency Projects," September 2014.

stakeholders is crucial. Citizens provide perspectives about deeply felt but often intangible issues that may be at stake when considering changes in public processes. Pride of place, and a sense of ownership over or closeness to public entities, are real factors that governments must account for alongside tax and cost savings.

Case Studies

Cost Avoidance, Quality of Life Improvements, and Public Engagement: Canandaigua Lake Watershed Management Plan, Ontario and Yates Counties. In 1999, 14 municipalities within the Canandaigua Lake Watershed adopted an inter-municipal watershed management plan, and have reaffirmed it periodically since.[11] With assistance from a Local Government Efficiency (LGe) grant, the localities agreed to form and fund an inter-municipal council tasked with implementing a plan to protect their shared natural resource more efficiently and effectively than each town or village could do on its own. In this case, the return on investment is the revenue generated by tourism, recreation, fishing, etc., which helps reduce local, school, and county taxes. In addition, by better maintaining the high water quality of the lake and reducing pollution, the plan results in cost avoidance by keeping filtration and treatment costs low for the municipalities that draw their drinking water from the lake.

Due to the coordination made possible by the inter-municipal agreement, the council has secured over $1 million in grants for various environmental projects and other initiatives. The lake is an economic engine, and maintaining the quality of the water and surrounding area allows the municipalities and their residents to benefit from lake-related employment and entrepreneurial opportunities and preserves the natural beauty of the area. The Watershed Association, a citizen advocacy organization, was also created to give non-governmental actors and citizens in the region a voice in implementing the plan. There are over 800 citizens in the Association, indicating substantial local buy-in for the plan and its priorities. This represents a successful case of many municipalities achieving efficiencies by working together to preserve a vital natural and economic resource. The use of State funds to facilitate the planning process as well as the mechanisms developed to sustain engagement of local communities makes this a good model for similar regions to emulate.

A Study of Shared Services Leads to Dissolution: The Village of Pike. In rural Wyoming County, residents of the Village of Pike voted in 2008 to dissolve the Village in order to lower costs of public services and improve the quality and efficiency of service delivery.[12] The Village received a Shared Municipal Services Incentive grant to fund a feasibility study, which evaluated the prospects for dissolution and produced an extensive services inventory report.[13] The services inventory report allowed the residents and leaders of the Village to understand the implications of combining various services with the Town of Pike in terms of potential cost savings, tax savings, and general logistics. Importantly, the services inventory report included guidance on how the Village could improve services and achieve tax and cost savings even if the residents decided against dissolution. This ensured that the exploratory process would be worthwhile for the community, regardless of the final outcome. While this example did result in the dissolution of a layer of government, it can serve as a good model for other small rural towns considering service sharing in the absence of governmental changes.

Lack of Planning and Transparency Derail Highway Department Consolidation: The Town of North Elba and the Village of Lake Placid. The Village of Lake Placid is located within the Town of North Elba in Essex County. The Town and Village have shared responsibility for various public services for many years, but they each operate their own highway department. In 2006, the mayor of the Village drafted a memorandum of understanding (MOU) to propose sharing some additional services, including consolidating the highway departments, in order to increase efficiency and reduce costs to taxpayers.[14] Just prior to the MOU, the Village highway department head position had been vacant, so

11 Canandaigua Lake Watershed Council, “Comprehensive Update of the Canandaigua Lake Watershed Management Plan 2014,” 2014.
12 Village of Pike, “Village of Pike Dissolution Study,” March 2008.
13 Genesee-Fingerlakes Regional Planning Council, “Village of Pike Services Inventory Report,” January 2008.
14 SUNY Plattsburgh, “North Elba-Lake Placid Highway Department Consolidation,” 2015.

the Village Board appointed the Town's highway superintendent to fill the position temporarily, since there had already been discussions about possible consolidation of the departments in the near future. This temporary appointment raised legal concerns regarding conflicts of interest, because the Town's highway superintendent is an elected position, while the Village's superintendent is appointed. Thus a public referendum was necessary to decide if the Town highway superintendent position could be changed to an appointed position. The public rejected this, despite the fact that consolidation of the highway departments would be impossible without the change. A review of this case by SUNY Plattsburgh suggests that public debate regarding the referendum was not about implications for highway department consolidation. Instead, the public debate centered on the "perceived increase in power of town officials."

This represents a case in which a lack of planning and transparency during the process likely derailed a possibility to improve public services. Decisions were made by public officials without the input of external technical advisors, legal counsel, or the public. This lack of public debate or careful technical and legal planning undermined an otherwise viable opportunity to share services among two localities who already engaged in cooperative agreements in other service areas. This case drives home the importance of including relevant stakeholders throughout the process, in order to understand perceptions and misperceptions that may affect the outcome.

An Early-stage Failure in the Attempt to Share Services: The Village of Solvay. In Onondaga County, the Village Board of Solvay rejected in 2009 a proposed merger of police departments with the neighboring Town of Geddes. Such a merger had been discussed for at least 30 years, and a report by the State Division of Criminal Justice Services had recommended "folding the village force into the town's department" and combining them in an expanded Village police station. The Geddes Town Supervisor and Solvay Mayor had discussed public meetings and a referendum on the merger. Supervisor Robert Czaplicki was a particularly strong proponent of the merger, but when a new Solvay Mayor and several new Village Board members were elected in March 2009, they quickly and definitively rejected the idea of the merger. These officials, who reported getting calls from taxpayers opposed to the change, "didn't think residents would benefit" and said that Village residents were largely satisfied with their police department. It is not clear whether the campaign focused on the merger issue, but a controversy that has characterized other police mergers also helped scuttle this one: Full-time Village police officers would have jobs in the newly merged department, but not part-time officers.[15] The take-away from this case seems to be that a successful merger requires deep community support, and cannot succeed if it is simply a pet project of particular public officials.

Contrasting Views of Shared Police Services: The Town of Clay. In 2008 the Town of Clay in Onondaga County voted by a large majority to eliminate its police department in favor of an Enhanced Service Agreement (ESA) with the Onondaga County Sheriff's Department. The agreement included two round-the-clock sheriff's patrol cars, equal to what had been done by the Clay police, in return for a $1.4 million annual payment for these special services, as well as a guarantee that full-time Clay officers would be allowed to transfer to the sheriff's office. The Town of Clay thus saved about $900,000 a year, and the tax rate declined 20 percent.[16] But in 2012, the Town ended its contract for enhanced services, resulting in additional savings of almost $1.5 million per year. Despite some residents' worries about lack of police coverage, both past and present Clay Supervisors view the elimination of the Town's police department and the subsequent decision to withdraw from the ESA as an overall success. But from the County Sheriff's perspective at the time—given budget cuts, rising costs, and the loss of continuing income from the focused patrols—it looked more like a failed shared services project.[17]

Successful Police Service Sharing: The Town and the Village of Lancaster. In Erie County, the Town of

15 John Stith, "Solvay Decides Against Merging Police Department with Town of Geddes," *The Syracuse Post-Standard*, July 12, 2009.

16 Tim Knauss, "Show the Money: Leader of Clay Police Merger Questions Syracuse-Onondaga County Combo," *The Syracuse Post-Standard*, February 26, 2016.

17 Eva Birk, "Who Picks up the Bill? Problems with One-Sided Service Mergers," Cornell University Shared Service Case Study, 2013.

Lancaster and the Village of Lancaster police forces had informally cooperated for years, but in the 1990s the Village began to have trouble maintaining its police force due to increasing costs, and a declining population and tax base. An initial attempt at consolidation of police forces in 1992 failed due to community and employee concerns. A consolidation was accomplished in 2003 under a new Town Police Chief; discussions with police and community members; and with the addition of $700,000 provided by Erie County to help compensate the Village for the costs associated with the transfer of its police functions to the Town. Early estimates were that the consolidation of the two forces would save taxpayers between $730,000 and $750,000 annually.[18]

Shared Town Halls Lead to Savings and Revitalization of Public Space: The Towns of Marbletown and Rosendale. In Ulster County, the Town of Marbletown was struggling with a deteriorating town hall. Joining forces in 2013 with the neighboring Town of Rosendale, it pursued State legislation and a State grant to move its town hall and share a single facility with Rosendale. The joint project resulted in the Rondout Municipal Center. The single facility has reduced administrative costs for the two towns, saved an estimated $4 million for Marbletown in avoided construction expenses, and provided for the civic re-use of the previously closed Rosendale Elementary School. In addition to the town halls, the Center houses two non-profit organizations: the Rondout Valley Growers Association, a farmer-led non-profit that processes and makes food available to local food pantries and schools; and The Arc of Ulster-Greene, a non-profit supporting those with disabilities, which has opened a bistro at the location. This case illustrates how cooperating towns can save substantial sums and facilitate new ventures by sharing facilities.

Consolidation of Functions Saves Money and Improves Capacity: The Town of Smithtown. In Suffolk County, the Town of Smithtown secured State funding in 2014 to begin the consolidation of fueling operations across several local governments contained within its borders. The new, enhanced system will improve disaster resiliency through fuel reserves and back-up generators. In 2015, the Town received assistance from the State to expand the program in order to consolidate municipal and emergency response fueling operations across the entire Town. The Town currently has plans to further expand the program to involve more governments and more fuel-related functions. This case shows how an entrepreneurial town can employ shared services to both reduce costs and expand capacity.

A City and County Work Together to Respond to Local Needs Through Shared Services: The City of Elmira and Chemung County. In the Southern Tier, Chemung County and the City of Elmira have been moving to share services of consolidated departments in a number of areas, including purchasing, information technology, emergency dispatch, buildings and grounds, highways, and health insurance plans. In past years, the County received State funding to develop a plan for shared highway services and to evaluate new models for fire protection, leading to the County Commissioner of Public Works also serving as the City's DPW head. In 2016, the City consolidated its finance department with the County. The City and the County have also agreed to transfer the City's buildings and grounds department to the County. In 2015, the City agreed to share a Director of Code Enforcement with the Town of Horseheads. In addition, the City and the County have been meeting to consider the "consolidation of administrative services, including clerks' offices, law and personnel departments, and possibly the city manager's duties."[19]

Lessons and Best Practices for Governments Considering Shared Services

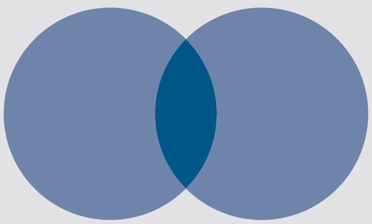
Many municipalities already work closely with neighboring villages and towns, sometimes with inter-municipal agreements, often informally (for example, when a snowplow breaks down, a neighboring department of public works crew lends one of theirs). Others share the services of assessors, dog control officers, code enforcement officers, and others. These routine habits and contacts help lay the foundations of trust and cooperation that can make more extensive collaboration possible. A committee or group thinking about shared services

18 Office of the New York State Comptroller, "Research Brief: Shared Services Among New York's Local Governments," 2009, p.6.

19 Amanda Renko, "Elmira, Chemung County May Share More Services," *The Star-Gazette*, August 18, 2016.

more broadly might want to categorize services and functions in terms of both the expected utility of sharing *and* the projected ease of managing the joint provision of services. For example, storing records in one place might not produce much savings but may be easily accomplished. Highway maintenance is typically looked at as a possible way to save substantial costs due to duplicative equipment purchases, but if two highway departments have different salary and benefit levels and different allocation of responsibilities, sharing services may be challenging.

Such a group should identify major challenges or obstacles in each case, as well as the data needed to understand those challenges. This might involve understanding citizen priorities and preferences. How do residents view current police response times? Would parents make use of a summer youth recreation program? This process also includes obtaining detailed budget and tax data from each local government, and considering the staffing, work space, and work-flow in the departments being targeted for shared services.



Dealing with Doubts. In addition, local governments considering shared services agreements need to communicate broadly and be inclusive; involve all potential stakeholders; and proactively deal with possible questions and doubts. Some typical concerns that may need to be addressed (and should be thought about from the beginning) include:

- Shared services create "another level of government."
- A cooperative program implies domination by the largest municipality.
- Loss of identity—my village is being subsumed into the larger town.
- Services provided over a larger area will be less responsive (particularly important with police, fire, and emergency medical services).
- Town or village employees (our neighbors) will lose their jobs.

Understanding Possible Benefits.[20] As we've highlighted at the outset and suggested through some of the cases presented above, there are many benefits local governments might derive from sharing services. Here are some ways that governments might best consider and envision those benefits:

- Focus on shared benefits. Cooperative agreements should produce benefits for all parties, rather than one municipality gaining (in terms of services provided or taxes saved) at the expense of another. If each municipality accepts and recognizes this principle, an equitable allocation of all costs can be achieved more readily. Work toward a reasonable compromise.
- Consider project cost avoidance. Not all cooperative ventures will produce immediate cost savings, but they may involve opportunities for cost avoidance. For example, under a shared service agreement two municipalities might have to purchase a larger and more expensive piece of highway equipment, replacing two smaller items deployed by each municipality. But in the long run this might result in less costly maintenance contracts.
- Anticipate and share total costs. When a shared service is established, it is important to identify and share all associated costs. Hidden costs that emerge at a later date (for example, fringe benefit costs not calculated in the original agreement) can cause problems.
- Think about effectiveness. While financial savings are most often the initial justification for sharing services, do not overlook the possibility that consolidation may allow more effective and higher-quality service delivery.

20 Adapted loosely from Office of the New York State Comptroller, "Shared Services in Local Government," 2009, p. 7.

Cases and Lessons from Outside New York State

Given the peculiarities of New York State constitutional law, the most helpful cases for considering shared services come from the experiences gathered within the State. New York is an outlier among the 50 states in the degree of discretion it affords its local governments. This anomaly makes it easier for towns and villages to undertake shared service arrangements. Article IX of the New York State Constitution authorizes each municipality to undertake, by local law, any action not otherwise reserved to or preempted by the State. Article IX also permits counties to form alternative forms of government to reallocate the responsibility for the provision of municipal services—such changes must be approved by a referendum of the local electorate. Cities, towns, villages, and counties are thus pre-authorized to share services as they may choose.

Furthermore, the General Municipal Law authorizes cities, towns, villages, and counties to undertake together any activity that each of them could do separately. There are no restrictions on how such shared services could be organized, conducted, or paid for. The law calls for the execution of an inter-municipal agreement authorized by the legislative body of each municipal participant and approved by the participating mayors, supervisors, or chief executive officers of a county.

There are, however, some useful insights to draw from notable examples of shared services in other states. But there is one important caveat in considering this material: Writing on shared services found elsewhere often focuses on the consolidation and merger of governments, rather than the sharing of services among governments; the discussion of shared services emerges by way of a broader examination of regional governance and governmental structures. Once again, our principal concern in this guide is the sharing of services.

Shared Services in California

California may provide the most useful examples of shared services from outside New York. Like New York, California is a large and diverse state serving diverse communities. County types vary dramatically on a number of important dimensions. Furthermore, counties in California have experimented with sharing services rather than full-blown government mergers. After a series of state budget crises, local governments faced pressure to reduce spending. Sharing services provided a potential source of significant savings. Some of the shared service arrangements pursued in California are typical, but others less so, like regional climate protection agencies and energy independence programs.[21]

California has created regional service planning agencies (called Local Agency Formation Commissions, or LAFCOs) in each county with regulatory and planning powers to help shape service provision. The most effective LAFCOs bring together a variety of stakeholders to plan and coordinate sharing centrally. Service providers often look *internally* (within their own agencies) when they start searching for savings. LAFCOs help overcome internal barriers and help cities and counties work toward sharing services.

Case Studies from California

Overcoming Barriers by Centralizing and Facilitating Planning: Orange County. Orange County is one of the most densely populated areas in the country, home to the cities of Anaheim, Santa Ana, Irvine, and Huntington Beach. According to the California Institute for Local Government, Orange County's shared services efforts have provided a model for other regions in the State. The Orange County Local Agency Formation Commission (LAFCO) has served as a clearinghouse for shared services efforts. Two initiatives by LAFCO are emblematic of the potential to overcome internal barriers. First, in 2011, LAFCO surveyed the heads of many of Orange County's agencies about shared services. This survey asked providers about whether they had considered or were willing to share services, about what services already overlapped, and about their capacity in various areas. Such surveys can be used to identify areas for improvement and expansion. Second, LAFCO established a database for service providers. This database serves as a matching system for agencies and gov-

21 Orange County Local Agency Formation Commission, "Shared Services Report, 2011," 2011.

ernments looking to partner. The system works something like an online dating forum for service provisions: Those with matching needs or capacities are matched and encouraged to explore sharing arrangements. Successful sharing arrangements include maintenance and purchasing arrangements, clerks and other back office arrangements, and stronger water partnerships. The Orange County LAFCO has served as a model for other regions in California.

Regional Governments Use Concept Plans to Generate Interest: Sacramento County and Surrounding Areas. Sacramento County and the surrounding region has established the Sacramento Area Council of Governments (SACOG), which includes the counties of El Dorado, Placer, Sacramento, Sutter, Yolo, Yuba, and 22 municipalities contained therein. Among other functions, SACOG serves as a central body for discussions of sharing services. SACOG recently developed proposals or concepts for a variety of shared services, ranging from information technology and purchasing to economic development and regional advocacy. These plans serve as short frameworks for local agencies and governments to consider as they discuss sharing services.

Joining Forces to Develop a Joint Use Building and Other Infrastructure: Solano County. Solano County is in the northeastern San Francisco Bay area and has a mixture of suburban and rural environments. In the early 2000s, Solano County, the Solano Irrigation District, and the Solano County Water Agency came together to develop new buildings and infrastructures. The process and the resulting County Administration Building received numerous accolades, including awards from the National Association of Counties, the League of California Cities, and the Environmental Protection Agency. These processes yielded multiple new facilities, including a new county administration building, new agency buildings, and a new public plaza. Solano County officials argued that one of the key elements for their success was not only identifying needs and resources, but also building political courage.

Diverse Needs and Communities Leads to Many Sharing Opportunities and Innovations: Sonoma County. Sonoma County is in the northeastern San Francisco Bay area. It is a diverse county, mixing suburban spaces with recreational and rural environments. It is also a highly affluent county, home to one of the world's most notable wine regions. The county and its municipalities have undertaken significant sharing of services. There are diverse initiatives representing the variety of tasks local governments must manage, ranging from urban planning and tourism, to environmental stewardship and land use. These sharing arrangements include many of the typical examples, like emergency dispatching, law enforcement sharing, and water partnerships. Other arrangements include a regional climate protection agency and a regional energy independence program—initiatives demonstrating that creative approaches can be used not only to pursue savings and efficiencies but also to pursue desired political outcomes defined by the community.

Six key lessons emerge from the California experience:

- Centralized agencies or commissions can play vital roles, including: identifying potential barriers to, or opportunities for, sharing; brokering sharing arrangements by identifying areas of interest and overlap; and serving as clearinghouses for providers looking for partnerships.
- Emphasize building trust and relationships. The ultimate goal is to strengthen the community. To do this, it is necessary to overcome divisions and work to build trust. Trust fosters relationships and information sharing.
- Allow partner agencies or service providers to take the lead whenever possible. Knowledge closest to the delivery of the service may be the most useful. Service providers will be able to identify areas where sharing activity is high (and can be expanded) and where it is low (and where new opportunities exist).
- Supplement local knowledge with outside analysis and expertise. Especially when considering significant sharing arrangements, studies and external analysis may be useful to supplement internal discussions.
- Think beyond proximity and geography. Proximity often serves as a limit because of the cost and intensity of physical services. Some services can be streamlined without worrying about proximity, such as planning, human resources, or in-

formation technology. Even seemingly distant communities can share some services if there is interest or overlap. What borders can technology erase? Is the most obvious or natural partner actually the *best* partner?

- Be attentive to new opportunities along the way. The process of streamlining and sharing services may itself help identify new opportunities or collateral benefits. New opportunities and knowledge can present themselves at any time.

Large Government Mergers: Indianapolis and Louisville

Two local government mergers that have generated a lot of attention are the mergers of the City of Indianapolis with Marion County, and the City of Louisville with Jefferson County. Both of these mergers created large metropolitan governments that became the single biggest sub-state political units in their respective states. Although the direct overlap with the shared service arrangements contemplated in this guide is limited, there are nonetheless some good insights for sharing services that come from these two cases.

Government Merger But Few Shared Services: Indianapolis. Indianapolis is a case study in the merging of county-city government, with significant exceptions made for incorporated cities or towns with at least 5,000 people (which left four cities or towns independent), and with many services remaining localized through municipal corporations, taxing districts, or townships. Moving to streamline these services has been difficult; the most significant consolidation efforts occurred in 2005 when the Indianapolis Police and Marion County Sheriff merged, and in 2007 when the majority of fire departments in the Indianapolis-Marion County region began to merge. Ultimately, the Indianapolis-Marion County "Unigov" produced more political streamlining than increased efficiency in provision of services. Creating Unigov helped Indianapolis to grow economically in the 1970s and 1980s, to partially streamline government services, and to boost the city's national reputation. But it also resulted in single-party dominance in local government. In addition, the long-term progress on reducing costs and increasing governmental efficiencies is questionable. The focus on political rather than practical consolidation has contributed to the resurfacing of some of the problems Unigov was intended to address.[22]

Unigov was intended to help improve the Indianapolis metro area's image, to spur economic growth and development, and to centralize political authority and decision-making. Progress on these goals is mixed. First, Indianapolis has undoubtedly experienced a significant rehabilitation of its image. From the "Indiana-no-place" image of the 1960s, the city has become an attractive conference destination and a competitor in economic site selection. Unigov has contributed to this by allowing centralized planning and development, including a significant investment in redeveloping the city's downtown area.[23] Second, the metro area has seen economic growth. Unlike some other Midwestern metro areas, Indianapolis and Marion County have also seen population growth since merging, indicating that the metro area has become a more attractive place to live.[24] There was also economic development after consolidation, but the benefits may have been short-lived. Job growth has been a trend, but most notably in the 1970s and 1980s. Compared with peer cities between 1970 and 2012, Indianapolis has experienced higher rates of job growth and new businesses.[25] Changes in political authority, however, have come with some cost to the area's political life. While the Unigov consolidation did create a strong, centralized mayor, this came with significant costs. By emphasizing political consolidation, the emergent government disenfranchised city residents and shifted significant power to suburban and county residents. The process was legislative and involved little democratic accountability or input. For many residents, the resulting Unigov lacks legitimacy. In sum, Unigov consolidation improved the area's image and produced economic benefits, but at the

22 Frank Gamrat and Jake Haulk, "Merging Governments: Lessons from Louisville, Indianapolis, and Philadelphia," Allegheny Institute for Public Policy, Report #05-04, June 2005.

23 Jeff Wachter, "40 Years After Unigov: Indianapolis and Marion County's Experience with Consolidated Government," May 2014, p. 25.

24 Jeff Wachter, "40 Years After Unigov: Indianapolis and Marion County's Experience with Consolidated Government," May 2014, p. 11.

25 Jeff Wachter, "40 Years After Unigov: Indianapolis and Marion County's Experience with Consolidated Government," May 2014, pp. 18-22.

cost of losing some democratic legitimacy and potentially reducing political representation for city residents.

Government Merger But Little Savings: Louisville. Louisville merged with Jefferson County in 2003. There were two previous failed attempts at a merger, in 1956 and 1983. The Louisville-Jefferson County merger, creating “Louisville Metro,” was not undertaken in an effort to reduce the costs of government; instead, the primary focus was to promote the city and improve its economic fortunes. Supporters of the merger wanted to spur economic development and enhance the city’s image. Opponents of the merger were concerned that taxes would increase, the size of government would increase, and the quality of services would decline.

It was good for the merger’s proponents that reducing costs was not a primary goal, as some analyses suggest that money was not saved when the governments merged. For example, the FY2002 total expenditures for Louisville Metro were $552.4 million, and the FY2003 total expenditures were $560.2 million. The FY2004 total expenditures were $549.8 million, a decrease of less than one-half of one percent from the pre-merger level in FY2002.[26] Another report, however, suggests that total government expenditures declined sharply in FY2004, the first full year of Louisville Metro, but that FY2005 spending returned to the FY2002 level.[27] Yet what is at least clear from both reports, and contrary to merger opponents, is that the cost of government has not increased due to the merger. Merged government has stabilized expenditures and stopped a trend of steadily increasing government spending during the 1990s.

Although the city and county had combined many services and departments prior to the merger, there was some additional consolidation after the merger. The public works, information technology, human resources, and finance departments combined after the merger vote took place, for instance.[28] The most notable consolidation was between the City of Louisville Police Department and the Jefferson County Police Department. That consolidation did not provide immediate savings for the new government. The Louisville Metro FY2005 budget shows that the Metro Police Department required $121.7 million in FY2003, $123.6 million for FY2004, and $126.8 million for FY2005.[29]

One impediment to cost savings is the merging of pay scales, which is especially problematic when there are two different unions and bargaining agreements involved. In the case of Louisville, the statute authorizing the merger stated that the new government shall recognize and continue to bargain with any public employees’ union that had been previously recognized by the city or county government.[30]

Property tax receipts in the covered area have been steady since the merger, and tax rates have declined slightly. Taxpayers in the urban district still pay higher property taxes than the rest of Louisville Metro, but their rates have decreased slightly since the merger, from $3.76 per $1,000 of assessed property value in 2003 to $3.67 in 2012. Similarly, former county residents also saw their property tax rates decrease over time, from $1.28 per $1000 of assessed property value in 2003 to $1.26 in 2012.[31] From FY1996 to FY2011, overall property tax receipts remained relatively stable.

Louisville Metro has maintained consistent levels of service for the city and county since the merger, but the size of the overall workforce has decreased. From FY1996 through FY2002, Louisville and Jefferson County employed approximately 9,000 people. After

26 Frank Gamrat and Jake Haulk, “Merging Governments: Lessons from Louisville, Indianapolis, and Philadelphia,” Allegheny Institute for Public Policy, Report #05-04, June 2005, p. 11.

27 Jeff Wachter, “A 10-Year Perspective of the Merger of Louisville and Jefferson County, KY: Louisville Metro Vaults from 65th to 18th Largest City in the Nation,” 2013, p. 13.

28 Frank Gamrat and Jake Haulk, “Merging Governments: Lessons from Louisville, Indianapolis, and Philadelphia,” Allegheny Institute for Public Policy, Report #05-04, June 2005, p. 11.

29 Frank Gamrat and Jake Haulk, “Merging Governments: Lessons from Louisville, Indianapolis, and Philadelphia,” Allegheny Institute for Public Policy, Report #05-04, June 2005, p. 10.

30 Frank Gamrat and Jake Haulk, “Merging Governments: Lessons from Louisville, Indianapolis, and Philadelphia,” Allegheny Institute for Public Policy, Report #05-04, June 2005, p. 11.

31 Sheldon Shafer, “Metro Property Tax Held Steady,” *The Louisville Courier-Journal*, September 5, 2003.

the merger, Louisville Metro employed 8,459. This figure ranged from 8,300 to 8,500 through 2008, when additional cuts were made due to the economic challenges in the late 2000s. Although the number of people employed has declined, total personnel costs have not. The higher costs per employee is due to the equalizing of employee pay to the higher of the two levels.[32]

Lessons suggested by the Indianapolis and Louisville experiences include:

- Place practical concerns before politics. Some mergers of city governments and services have been pursued for reasons other than efficiency and savings. The cases of Indianapolis and Louisville both suggest that placing politics before practical concerns creates new inefficiencies and prevents cost savings. It took nearly 40 years after merging government for Indianapolis-Marion County's Unigov to consolidate key services such as fire protection and law enforcement. These mergers only came in the wake of strong financial pressures.

- Be clear about the specific goals that the sharing of services is attempting to achieve, and be wary of overstating expectations. Saving money was not the primary goal of either the Louisville or the Indianapolis merger. In Louisville, the only promise made to citizens was that taxes would not increase, and services would not decline as a result of the merger. This "low key" tenor of the debate may have improved its initial chance of success as well as various assessments of its long-term success.[33]

- Identify the specific departments and functions that will generate the most controversy or the greatest impediment to the goals of shared services. In Louisville, fire services were explicitly excluded from the merger agreement through action by the city council, but consultants have recommended that fire services be merged into the city's primary department in the future. Similarly, some of the greatest hurdles to cost savings concern the merging of pay scales. If sharing services will require equalizing pay scales, cost savings will be much more difficult to attain.

- Focus on integration or streamlining of services. Changing government structures alone does not guarantee efficiency; indeed, it might be the enemy of it. Sharing services and sharing government do not always go hand in hand.

In light of the various hurdles to government consolidation, lessons from previous mergers suggest that the sharing of services is a smaller step toward cost savings goals that is likely to generate significantly less controversy and significantly more support.

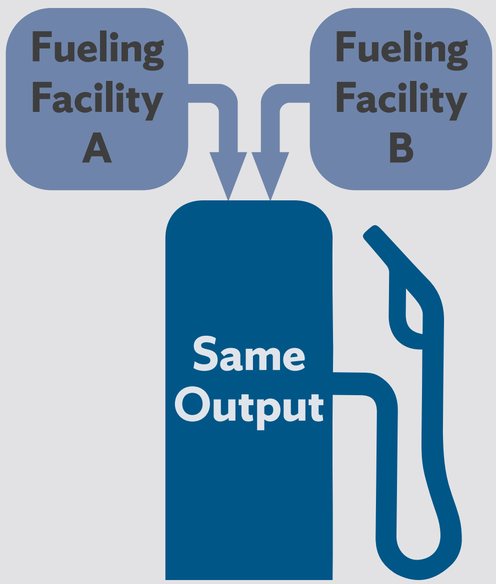
32 Jeff Wachter, "A 10-Year Perspective of the Merger of Louisville and Jefferson County, KY: Louisville Metro Vaults from 65th to 18th Largest City in the Nation," 2013, p. 14.

33 Rick McDonagh, "Merger Plan May Advance: Task force Has Not Met Since," *The Louisville Courier-Journal*, December 10, 1999.

Achieving the Highest Rates of Return on an Investment in Shared Services

Use of a shared approach to delivering public services and performing government's important operational support functions (such as human resources, procurement, and payroll) has the potential to generate property tax savings for citizens, as well as opportunities to improve service quality, performance, and citizen satisfaction. These benefits can be thought of as a "return on investment" from shared services, but in pursuing this approach, it is important to understand the sources and conditions under which strong returns will most likely result.

The fundamental source of savings and related benefits from shared services results from economies of scale—for purposes of this guide, efficiency gains stemming from centralizing, consolidating, or otherwise streamlining operations in a manner that allows for producing the same level of output with fewer inputs (thereby reducing costs). For example, if two governments operate their own facilities for fueling vehicles, but neither uses its facility at full capacity, they could elect to share a single station instead of maintaining two separate ones. The shift to a single facility could reduce excess capacity and costs while still meeting both governments' fueling needs and requirements for motor vehicle operations. Such arrangements are common in practice. A number of counties and school districts, for instance, share fuel depots, vehicle garages, and the like.



As this example illustrates, harnessing economies of scale and realizing the attendant benefits that stem from shared service arrangements depend on at least four conditions: presence of excess capacity; similarity in functions and services; similarity in the needs of end users or recipients of services; and relatively low implementation costs of a shared services solution.

Excess capacity. Streamlining provision of services and operational functions requires some degree of existing "slack"—excess infrastructure, assets, and other resources not being fully utilized—or the likelihood of slack underpinning a new service or function were it performed on a non-shared basis. Accordingly, a first step in considering use of shared services is to identify those services and functions for which excess capacity already exists or could result absent a sharing arrangement.

Similarity in functions and services. The shared services approach tends to work best in circumstances where the underlying function or service does not vary considerably across governments or operational contexts. In other words, it is most workable where each unit already delivers a similar service. Such similarity provides for relatively smooth transition to a shared approach, since centralization or consolidation does not entail combining fundamentally different infrastructures and other resources that support service delivery and operations.

Similarity in needs of service recipients, clientele, or customers. Related to similarity in services and functions, shared services can be best harnessed given underlying similarity in the needs of service recipients, clientele, or customers. To the extent two or more groups of service recipients have similar needs, they can more readily be served on a shared basis, whereas if their needs are considerably different, sharing could risk failing to provide a sufficiently tailored service or solution to each group.

Minimization of implementation costs. Even in circumstances with considerable slack capacity and high similarity in functions, services, and needs, shifting from the status quo to a shared services approach does not come without costs. Accordingly, in addition to the above criteria, maximizing the benefits from shared services requires careful attention to—and conscious efforts to minimize—costs of implementing shared-service models. Potential sources of implementation costs include:

- Information technology. Setting up shared services may require new hardware, software, and other types of information technology necessary to facilitate information sharing, coordinate actions, and measure performance in service delivery or operational processes.
- Human resources. Setting up shared services may require additional human resources, or investments in training and education of existing personnel to acclimate them with the goals, substance, and mechanics of using a shared-services model. In addition, both new personnel and those already on board may need time for learning, meaning the shift to shared services will not likely be as simple as "doing X one day and Y the next."
- Processes and procedures. Similar to human resources, setting up shared services may entail creating new processes and procedures, or adapting existing ones, for purposes of implementation and execution.
- Other new expenses. A number of additional, unanticipated costs could arise during the process of setting up shared services and scaling up operations. As such, in addition to focusing on the above, successfully executing a sharing arrangement requires close monitoring of other cost drivers that could undermine efficiency gains and limit improvements in quality, performance, and satisfaction.

Taking It Public: Considerations and Recommendations for the Shared Service Plan Panels and Public Hearings

Public participation in the process of decision-making is both a necessary component of the process of sharing services and an opportunity for public officials to be responsive to the varied views of constituents. Under the law, three or more public meetings have to take place before the shared services panel votes on proposed changes. The public has the ability to shape the panel's proposals and affect the outcome of the panel's vote through its participation in these public forums. These meetings must take place within the county no later than September 15, 2017, and public notice of the meetings must be provided at least one week prior.

When citizens are able to interact with elected officials face to face in public forums and have an opportunity to listen to others, the experience can increase their sense that government is responsive to their needs as well as increase their own feelings of political efficacy—that they are able to participate competently in government.[34] Citizens with more resources (those with higher education, income, and who are already a part of civic organizations) already tend to participate more in political discussions and meetings.[35] But shared services panels have the opportunity to recruit community members to attend public meetings who may not usually participate, and can positively impact the public's view of the process, as well as increase trust in the committee itself. One of the ways to include more community members in the discussion is to think broadly about the types of ways to give notice about the public meetings. Section 104 of the Public Officers Law mandates that public meetings have to be transmitted to the news media and have information posted publicly 72 hours before a meeting. To effectively recruit broad participation, panels should consider advertising these public forums on multiple communication channels that are utilized by different constituencies. These include but are not limited to: town and county websites, newspapers, radio, direct messages to local civic organizations, and social media.

34 Michael E. Morrell, "Deliberation, Democratic Decision-making and Internal Political Efficacy," *Political Behavior*, 2005.

35 Sidney Verba, Kay Lehman Schlozman, and Henry E. Brady, *Voice and Equality: Civic Voluntarism in American Politics*, Harvard University Press, 1995.

Public forums can take many forms: small meetings with neighborhood groups; formal deliberation groups that could include presentations from committee members; and formal town-hall meetings with testimony and public comments. In early public meetings, instead of having panel members sitting at a table in front of the room, committees should consider having smaller tables for discussion and having committee member circulate among participants. This will allow for more sharing of ideas between community members and representatives. Formal meetings with parliamentary rules may prove the most useful toward the end of the process, when people are more familiar with the issues underlying shared services, while small meetings with more discussion among citizens and committee members can be most useful in the middle of the process. Panels may consider having more than three of these forums if time allows.

Panels may also consider holding these forums in small spaces to facilitate conversation, particularly if the services being merged are likely to be controversial or linked closely to people's identities. For example, the merger of school districts is likely to be more contentious than the merger of highway departments, since education is linked to people's identities as parents and homeowners in ways that plowing is not. To allow for broad participation, panels can schedule these in neighborhood spaces that are easily accessible to multiple constituencies (for example, they are handicap-accessible, and located near public transportation if possible) and scheduled at varying times that do not require most people to take off from work.

Citizens come from a variety of backgrounds and may not know how changes in service provision could affect their lives or their communities. One way panels can facilitate the best quality participation is to include a short education component through a presentation at the beginning of each meeting, including, perhaps, providing a copy of this guide. This education component can be a short, written guide that focuses on costs and benefits of the changes, or a short presentation by stakeholders affected by the proposed changes. For example, if a panel is discussing sharing highway services between two communities—one that has a unionized highway department and one that does not—a meeting could feature a series of short (5-15 minute) presentations. A member of the shared-services panel could give an overview of the proposed options or plan, followed by presentations from the highway union and from the non-union highway department.

Panels should be aware of inequalities in who attends and speaks at public meetings. Some voices—especially women and people of color—tend to be interrupted more in public meetings, so meeting facilitators should be sensitive that particular citizens and groups do not dominate conversations and that most constituents can be assured of speaking with few or no interruptions.[36]

Facilitating a Public Forum

Here we provide more specific guidelines for facilitating the public forums. These procedures draw substantially on the Kettering Foundation's National Issues Forums, which are typically focused on pressing national level public problems.[37] We lay out the potential structure for the forums, with the understanding that communities will adjust them as necessary to fit their particular needs, and the time that they have allotted for discussion. Given the short timeline that shared services panels will face in holding public hearings, more deliberative public forums may not be feasible. However, if communities are considering sharing services that are likely to be controversial, panels may find that deliberative forums increase public support for the process and the eventual shared service agreement.

Welcome. The moderator introduces the program. In some cases, facilitators should consider using pre-forum questionnaires, either online or at the start of the event, to understand citizens' beliefs, knowledge, and concerns about service sharing.

Ground rules. Here the moderator reviews the guidelines for the discussion, as well as the desired outcomes for the forum. This discussion gives conveners an

36 Christopher F. Karpowitz and Tali Mendelberg, *The Silent Sex: Gender, Deliberation, and Institutions*, Princeton University Press, 2014.

37 David J. Mathews, Noelle McAfee, and Arthur Charity, "Making Choices Together: The Power of Public Deliberation," Kettering Foundation, 2002.

opportunity to establish key aspects of the forums and a positive environment for the process. Typical ground rules include no interruptions, keeping comments short and to the point, and no personal attacks or profanity.

Introducing the framework. Here the facilitator will present the issue at hand—in this case the shared services program. In order to set the stage, moderators should provide information about the services that will be shared, the logistics of that sharing, and the costs and benefits to different communities.

Personal stake. To start the process, facilitators can encourage participants to share personal experiences related to the services being discussed. Moderators should not assume that citizens will know how service sharing may affect them or their community, so they should be ready to answer questions and have stakeholder groups available to respond.

Deliberation. It is here during the forums that citizens will move toward a public decision or choice on this public issue. They will look at the pros and cons of the program, its benefits, drawbacks, and possible tradeoffs. They will also weigh the views of others and look at what others in the forum consider important. The moderators will work to insure that the participants have ample time to express their views of the shared services under consideration. In concluding the forums, organizers will give participants time to look back over the notes that have been taken during the forum. Facilitators could use surveys or votes to identify the key points that participants support and the key points they object to.

Questionnaire and records of the meetings. Forum facilitators might also consider gathering additional information after the forum in the form of a questionnaire or survey about their experiences at the forum and their views on the proposed plan. Panel facilitators should consider having a recorder at all of the public forums. The recorder would:

- Help inform the community about the outcomes of the forum.
- Document the key concerns of forum participants, as well as the areas of greatest disagreements, and the benefits that can help citizens find common ground on the proposed plan.
- Provide a written review of the session to help the facilitators and moderators prepare for the next forum.

This guide includes a resource that citizens and public officials can use during their deliberations about shared services, which is found in the appendix. It provides a list of 26 of the most commonly performed functions at the local government level, organized by whether they are a general administrative or support function, a public service, or a utility. The goal of the list is to serve as a starting point for identifying potential candidates for service sharing (with the understanding that the list is not exhaustive—deliberation could focus on other functions and services of concern in particular places). Each function includes a short definition to help provide a common understanding of what the function is, and what activities are usually performed as part of it.

Immediate Action	• **Creation of Plan**
No Later than 8-1-17	• **Development of Initial Plan** • **Submission to County Legislative Body**
No Later than 9-15-17	• **County CEO May Modify the Plan** • **County CEO to Arrange Three or More Public Hearings** • **Panel to Vote**
No Later than 10-15-17	• **Public Presentation of Plan**

Central Issues and Questions Regarding Sharing Services

In this final section, we supply what we believe are the most central issues and questions that public officials and citizens should discuss in shared service plan meetings and public hearings. These issues and questions are based on our research and our discussions as we worked. It is our intent to provide a menu of issues and questions, organized by topic, from which panels, meeting organizers, and citizens can select. Some of these will be more relevant to some local governments and to some public officials and citizens than others. The purpose here is to stimulate constructive thought.

General Issues

What is the shared services panel's process for *evaluating input* from different community stakeholder groups? How will the panel reconcile differing opinions about the shared services plan?

Stakeholders may voice different perspectives on shared services priorities during the public hearings. Citizens will want to know how the panel will weigh and evaluate their opinions.

What are the central *goals* of sharing services?

Shared service agreements can vary in terms of their purported goals. The primary goal of most is to reduce the cost of services and the property tax burden on individuals and families. Another common goal is to raise the quality of service. Less common but also worth considering are aiding economic development, and raising the visibility of local governments. Being clear about the goals helps establish a specific set of expectations and standards by which success can be measured.

What are the services or departments in the community that are *not being considered* for sharing services?

Some potentially shared services are not covered by the legislation, like fire districts and business improvement districts. More information on these limits is provided by the Department of State's Guidance Document, found on its website. And in previous efforts to share services, some communities decided upfront to exclude certain departments or services from the agreements. Local governments need to be clear about the limits in the discussions of shared services.

What government functions are performed in similar ways and with similar resources across *different governments* within a county?

One key consideration in the use of shared services is whether and to what extent there is excess capacity or fragmentation in service delivery or the performance of governmental functions. Similarity in how services and functions are performed is one indicator of these conditions. In considering whether there is potential to perform a service or function on a shared basis, public officials and citizens will want to examine the ways in which different cities, towns, and villages do—or do not—approach service delivery and operations in similar ways. It might be useful to combine this discussion with an accounting of the departments and government entities that have already demonstrated a predisposition toward exploring or engaging in shared services.

If excess capacity is found in personnel, equipment, facilities, or services, why haven't sharing agreements been worked out *in the past*? How would the current proposals differ in approach?

To the extent there is excess capacity or duplication in services and functions, public officials and citizens should consider whether sharing arrangements have or have not been tried in the past. If not, what factors were important in deciding against prior proposals to share services? If so, why did past efforts fail? The point of the panel discussions and public hearings is to consider possibilities, but it is also important to understand why previous efforts encountered difficulties in order to overcome them.

***What communities* within the county are experiencing the most economic growth, and what are the population trends within the county?**

Public officials and citizens will want to consider how shared service arrangements will match with these important features of the county, in order to best accommodate growth and future service needs. A service needs assessment will help address these questions.

What *financial impediments* exist now in the local governments considering sharing services, which might be preventing the implementation of shared service arrangements?

The financial health of the different local governments involved in sharing services can affect the expectations and perceptions of the benefits and risks. These should be aired and addressed.

Will the newly shared service be sensitive to the *differences between the municipalities*, and what sorts of services have been traditionally offered?

Villages may have routinely offered fall leaf pick-ups from residents' curbs—would that continue if the town was responsible for highway maintenance? Will the new waste collection employees or contractors remain sensitive to residents' preferences and habits? Will there be enough police patrols in particular areas? How will the new levels of service compare with the previous levels of service?

With shared services, which unit of government will have *financial responsibility* for the shared service? How might the costs or benefits of financial administration change?

Financial administration is one type of government service that might be centralized or consolidated under shared service arrangements, but if not, it may prove to be the "threshold issue" for the sharing of other services, due to procurement, payment, and other aspects of service delivery. Public officials and citizens will want to know that the financial administration aspects of shared service arrangements have been thought through. Smaller governments may want to consider whether their information technology systems limit them in important ways, and need to change. Shared financial administration may strengthen their financial management capability.

Will the shared service arrangements allow for the flexibility that may be required in a large-scale *emergency or disaster* situation?

It is easy to imagine how the response to a disaster might be improved by shared services through the benefits of larger scale, but in dire situations, how will priorities be assigned? For example, in a large blizzard, will major business districts and hospital areas be prioritized over residential areas? In disaster situations, citizens' desires to have the full attention of their own local governments—especially if they live in a relatively wealthy area—may be heightened. How will the "willingness to share" fare under those conditions?

How will the proposed shared service arrangements affect services that are currently provided by *private entities* that contract with local governments?

Sharing services might allow for a bulk-bidding process that could lower costs. But public officials and citizens will want to consider who will do the negotiating for contracted services, and how that negotiating and service provision will be evaluated. With bulk-bidding, there may be fewer overall providers of a service to local governments, and there may be fewer points of local market comparison.

How will citizens know *when* services are shared and *whom* to call if there are problems with their services?

Citizens will want to get updated information as soon as possible about the names and contact information for any new entities created by sharing services, or changes in who they will need to contact when there are problems. Panels should plan to disseminate that information widely in the form of mail, email, news media, and social media. They may also want to consult with some local marketing experts about new ideas for publicizing the changes. Citizens should tell panels what types of information are most useful to them—such as refrigerator magnets with phone numbers, leaflets, or software applications.

Taxes, Costs, Benefits

What are the *tax implications*, if any, of proposed shared services agreements?

Municipalities agreeing to share services need to be clear not only on the costs and savings, but on what implications the new situation has on the amount of tax revenue that must be raised, and thus the tax rate. If a new piece of highway equipment is to be shared by two municipalities, which one issues the bond? Who pays the interest?

Who budgets for the maintenance of the equipment? And going forward, how will that (and other shared service agreements) impact the municipalities' respective tax rates?

What is the *timeline* by which tax savings will be measured?

In some actual government mergers, property taxes do not appear to have changed much over the long term. Elected officials may want to consider, and differentiate between, prospects for long-term and short-term savings. They may also want to consider how long the cost savings are likely to last. The benefits of cost avoidance (see above in the section describing cases from New York State) are relevant to this discussion, as these will likely not materialize immediately.

What costs must be borne to move from a *current service delivery mechanism* to shared services? What are the sources of these costs? What steps can be taken to minimize these costs?

Shifting to a shared services approach will likely entail adjustment costs. Public officials and citizens should consider these possible costs, including any costs associated with setting up information technology necessary to enable sharing services, such as training staff on the use of shared services infrastructure, and designing new processes and procedures. Although long-term savings may result, including the benefits of cost avoidance, the discussion should also include an open consideration of the short-term costs.

For the various *cost savings* that are estimated, do the estimates match the sense of those officials and administrators who actually deliver the services?

Public officials and citizens will want to know whether managers who oversee the public services agree with the cost estimates put forth at the hearings. What are the estimates based on? What are the time-frames being used to generate the estimates—looking both backward at past costs and forward at potential savings?

In considerations of more *standardization*—whether physical equipment, processes, or record-keeping—how do short-term disruptions measure against long-term benefits of streamlining and efficiency?

Making changes that provide greater standardization and more compatibility among different governments, such as digitized records, will likely entail some disruption. How does that intentionally-caused disruption compare with the possible gains? This is especially relevant to small governments in rural areas, which may be working with older systems of record-keeping and older equipment. Local governments may wish to standardize going forward, with new claims, complaints, etc., in order to mitigate some of those disruptions.

How will service-sharing agreements affect local governments' abilities to compete for other sources of New York State *assistance and grants*, as well as federal assistance?

New York State has a wide range of aid and grant programs to local governments in order to promote various activities, such as the Citizens Empowerment Tax Credit. Will sharing services help local governments become more competitive for other sources of State funding? This question also applies to some sources of federal aid, such as direct aid to cities.

Will *differing pay scales* across participating local governments be adjusted?

Public employees in two or more local jurisdictions considering a shared service arrangement may have different pay scales, different benefit packages, or different working conditions. It is common for employees to expect the same pay, benefits, and working conditions in a shared service arrangement. While collective bargaining and union approval are not required prior to entrance into an inter-municipal agreement, public officials should anticipate potential labor issues, particularly when entering into agreements that will share, consolidate, or shift public employees. Public officials should consider consulting with counsel prior to and during the process of entering into any inter-municipal agreement that may involve these issues. Additionally, moving all employees to the higher wage benefit levels may reduce the savings from sharing services.

What complications might arise when employees in different entities sharing services belong to *different unions*?

If sharing services would involve employees belonging to different unions, public officials and citizens will want to understand whether and how the shared services arrangement can be structured given different union contracts, as well as any associated differences in employees' pay scales, work practices, and other conditions.

Governance

How will *inter-municipal service committees* that oversee and allocate service delivery be constituted?

Public officials and citizens will want to know who will have authority over the newly created shared service arrangements, and if they establish new service committees, how those committees will be formed. They will also want to give some thought to the relative roles of appointed versus elected officials in that process.

How will a shared service agreement address the fact that agencies sharing services may have *different types of management*—for example, an elected town highway superintendent and an appointed village department of public works head?

Public officials and citizens will want to consider how accountability and coordination of services may be affected by a transition to a different kind of management structure. At the same time, those discussions should also include an honest accounting of how much citizens pay attention to this level of government management, and can make informed decisions regarding the control of these services.

How will the *siting of future* shared service facilities, such as maintenance facilities or town halls, be done?

Public officials and citizens will want to discuss how site selection will work, and how that decision-making process will fit with the day-to-day decisions involved in resource allocation under shared service arrangements.

Are there provisions for *exit* from the shared service plans that are acceptable to all parties?

Any partnership needs to have clearly understood provisions for leaving the partnership if things do not work out as planned, or if situations change. Spending too much time discussing exit plans can undermine the commitment to working together, but it deserves some attention so that the parties are comfortable going forward.

Evaluation

In the discussion of benefits, costs, and concerns, is there a shared understanding of the *time-horizons*?

The true benefits of shared service arrangements sometimes take several years to materialize. Early savings can also dissipate over time. Participants will want to be clear with each other what time-horizons they have in mind when advancing arguments or making predictions, either for or against particular arrangements.

How can shared service committees *judge* whether service consolidations have been successful or need improvements?

One of the primary goals of sharing services is to make services more efficient and more affordable to municipalities, with an eye toward lowering property taxes. Shared service committees should consider collecting additional, non-property tax outcomes that allow them to judge the quality of services. These vary by the type of service, but could include measures such as response times for fire departments/EMS, sewer overflows, and number of library users.

Will there be a local process developed to *periodically evaluate* the results and effectiveness of a shared services property tax savings plan?

Citizens will want to know how local officials will evaluate shared services plans. The plans will likely forecast tax savings as well as increased efficiencies and improved service delivery. Both citizens and public officials should know whether shared service agreements are achieving these goals.

Politics

Do significant stakeholders in the county have an especially strong attachment to, or sense of ownership of, a particular service area, and regard it as their turf?

Tip O'Neill famously remarked that all politics is local. A corollary might be that all politics is also personal. Many local stakeholders, both elected and non-elected, may regard a particular service area as connected to their professional identity or their political future. Public officials will want to be sensitive to those connections, and thoroughly discuss how a restructuring or sharing of a service could be done in a way that least threatens deeply held attachments. There is no magic bullet here, but failing to discuss the issue could short-circuit some stakeholders' apprehension of the potential benefits of sharing services.

How will shared services in areas where there are one or two especially *large employers* play out?

Public officials in areas where there are a very small number of very large employers will want, in the initial planning meetings, to think carefully about how shared service arrangements will be perceived and reacted to by those employers.

Social Values

For any given service area, what significant *social values*—beyond cost, capacity, and quality of service delivery—might be affected by a restructuring or a sharing of service delivery?

Many government services speak to important values other than the cost, efficiency, and quality of service delivery, narrowly considered. The court system, for example, taps concerns for social justice and government responsiveness that go far beyond the efficient processing of criminal and civil cases. Public officials will want to anticipate how those concerns—which invoke values that are hard to measure—will arise in public discussions. In many instances, perceptions of the effects on these kinds of values will drive initial reactions.

Will shared service arrangements *distribute costs and benefits equitably*?

Citizens may want to ensure that the benefits of shared services are distributed in the fairest way possible. For example, larger communities may have larger demand for services and thus lower costs per capita but comparatively fewer resources, while smaller communities may have lower demand and higher costs but comparatively greater resources. How do values surrounding fairness play out in various settings?

How will sharing services affect *minority representation* and attention to minority needs?

Concerns about minority representation have hampered efforts to consolidate governments, but this issue also needs to be considered in sharing services. Will service sharing change service coverage and allocations in ways that could harm minority communities? What safeguards, either in the process of establishing shared services or in their subsequent management, are necessary to prevent such outcomes?

Appendix: Typical Local Government Functions and Responsibilities

The following is a list of functions and responsibilities typically performed at the local government level, organized by whether they are a general administrative or support service, a public service, or a utility. This list is meant to provide a starting point for identifying potential candidates for service sharing, with the understanding that deliberations could focus on a variety of other functions and services of concern in particular places.

General Administrative

Executive Division - Houses the chief executive of the government and performs central administrative functions, including personnel and labor, planning, and budget oversight.

Accounting - Tracks all financial transactions, including payroll, pensions, and retirement systems.

Audit - Conducts general audits of accounts and special projects on organizational improvements.

Budget and Finance - Prepares annual and capital budgets, and provides oversight of staffing.

Clerk - Prepares agendas for legislative governing bodies, presides over public auctions, and issues licenses for marriage, pet ownership, hunting, fishing, and other activities.

Information Technology - Carries out responsibilities for core network service for all departments.

Law - Provides legal advice, codifies local laws, approves contracts, and settles legal cases on behalf of the government.

Personnel and Labor - Performs responsibilities pertaining to employee welfare, counseling, worker safety, and administration of employees' insurance programs.

Purchasing - Contracts for employee and other insurance coverages, and manages the competitive bidding process for purchasing.

Real Property Assessment - Produces tax maps and assessment rolls, manages exemptions, and performs other related functions.

Treasury - Collects and manages revenues, manages debt, and sells bonds and notes.

Support Services

Board of Assessment Review - Meets annually to deliberate on complaints from property owners about their assessments.

Business and Economic Development - Works with businesses, developers, and investors to retain and expand employment.

Buildings and Facilities - Maintains publicly-owned buildings, oversees special projects, and provides code enforcement for privately-owned properties.

Engineering - Produces plans and specifications for all infrastructure improvements, including public buildings, roads, bridges, and sewers.

Fleet Maintenance - Maintains and repairs all motor equipment assigned to governmental units, and operates and maintains fuel facilities.

Public Works Administration - Administers public works programs and projects.

Public Services

Corrections - Performs functions pertaining to inmate security, staffing of corrections, inmate social and medical services, and inmate clothing, food, and discipline.

Fire and EMS - Provides fire suppression, emergency medical, and hazardous materials response services.

Law Enforcement and Police - Protects persons and property.

Libraries - Maintains libraries and performs responsibilities pertaining to delivery of services through library facilities, such as educational programming.

Parks and Recreation - Maintains parks and administers parks-related programs for youth and other populations.

Social Services and Health - Administers mental health services, long-term care for the elderly, the Supplemental Nutrition Assistance Program (SNAP), public health, and special programs pertaining to issues like forensic science, prescription drug abuse, children with special needs, and medical compliance.

Streets and Roadways - Maintains and repairs streets, curbs, and sidewalks.

Utilities

Sewer - Operates and maintains sewer system; collects and transports sanitary and industrial wastes as well as surface water drainage.

Water - Performs billing functions, plans and manages water works, and conducts water filtration and purification.

About the Guide, and the Campbell Institute

This guide was created by the Campbell Public Affairs Institute of the Maxwell School of Citizenship and Public Affairs at Syracuse University, through a contract with the New York State Department of State (Contract #T1001014). Grant Reeher, Director of the Campbell Public Affairs Institute, was the principal investigator for the project. Contributing authors from the Maxwell School are listed below.

Founded in 1996, the Campbell Institute's mission is centered on citizenship, public leadership, and governance. The Institute explores the relationships among leaders, citizens, private organizations, and governments in an effort to understand the development and implementation of effective management and policy. The Institute's projects and initiatives have included the Pew-funded Government Performance Project, dedicated to finding practical solutions to the problems of government; CNYSpeaks, an effort to broaden and deepen public deliberation and community participation in local affairs; published monographs on federalism, information sharing and homeland security, and government transparency; the Campbell Conversations, an award-winning weekly regional public affairs radio program; a public Oxford-style debate series on issues related to public policy issues in New York State and the local community (including a debate on establishing a metropolitan form of government for Onondaga County); and numerous lecture series of interest to the regional community.

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