



Models of Shared Service Arrangements

IN STORMWATER GOVERNANCE

OVERVIEW

The practice of sharing services by various levels of government is commonplace, especially at the municipal level. In Illinois, for example, a survey of 117 municipalities across Northeastern Illinois by the Metropolitan Mayors Caucus found that 95% of those surveyed shared services, and 99% found the practice beneficial.

Motivations for the adoption of shared services include:

- Cost savings
- Maintaining service quality
- Effective use of labor/available resources
- Service coordination across municipalities
- Experience with sharing agreements
- Existence of local leadership and trust
- Gaining purchasing and bargaining power by pooling resources/influence
- Inability to provide important services without sharing
- Regional equity in service delivery, etc.

Shared service arrangements are of varying degrees of formality and structure. They can be classified as ranging from levels of high autonomy/simple agreements to low autonomy/complex agreements:

HIGH AUTONOMY/SIMPLE AGREEMENTS



Informal Agreements



Service Contracts



Interlocal Agreements



Consolidation



Regionalization

LOW AUTONOMY/COMPLEX AGREEMENTS

As the shared service arrangements move through the complexity spectrum, there is greater efficiency and return on investment in delivering services. However, a major trade-off is the increasing loss of control over how the service is delivered, increased interdependency and loss of autonomy.

TYPES OF SHARED SERVICE ARRANGEMENTS TO BE EXAMINED INCLUDE:

1

INFORMAL
AGREEMENT

2

SHARED SERVICES
CONTRACT

3

INTERLOCAL
AGREEMENTS

Special District

Council of Government

Joint Powers Agreement
and Authority

Joint Benefits Authority

Informal Agreement



HOW IT OPERATES

An informal agreement is a simple verbal or “handshake” agreement. It can take various forms including information sharing, shared equipment/facilities, joint coordination, and joint procurement of supplies. It is usually an undocumented arrangement based on mutual understanding.

SUITABILITY

Usually suitable for simple arrangements

ADVANTAGES

- Highly flexible and easily modified to suit changing needs
- Usually opt-in/opt-out scenarios which are easy to set up and exit

DISADVANTAGES

- Ease in entry and exit of arrangement negatively impacts predictability and planning
- Not suited for addressing large/complex issues

CASE STUDY

Municipal Partnering Initiative (MPI) in Lake & Cook Counties, Illinois

This is an informal and voluntary program (opt-in/opt-out) which started in 2010 and involves over 30 municipalities in the two counties. Instead of separately procuring contractors for commonly outsourced commodities and services (especially public works and construction services), municipal administrations work together to pool these contracted services to take advantage of the resulting economies of scale. Municipalities can opt in or opt out of joint bids and negotiations for procurement of such services based upon their needs. Any participating community can take the lead on a project. By 2016, estimated savings from this arrangement was about \$2.6 million.

Shared Services Contract

HOW IT OPERATES

A shared services contract often entails service provision by one municipality/form of government to another, service provision between several municipalities/forms of government, or even service provision by or to a non-governmental entity. It may take the form of joint contracting by multiple municipalities with a third-party service provider, a mutual aid agreement between public agencies in cases of emergencies, a memorandum of understanding, etc.

SUITABILITY

Useful where there is an overlap of functions between multiple agencies on a common issue

ADVANTAGES

Cost savings and efficient use of resources in alignment with the expertise of each party

DISADVANTAGES

Non-governmental service providers may not share the same sensitivity to public demand nor provide a long-term commitment to the project or service provision as a governmental agency would

CASE STUDY

Philadelphia Water Department + Philadelphia Streets Department

The Philadelphia Water Department (PWD) administers the Green City, Clean Waters program and leads on all Green Streets and green stormwater infrastructure work in the city. PWD carries out the preliminary inspections, hires contractors, and oversees maintenance of the Green Streets infrastructure in the city by these contractors (third party service providers). The Philadelphia Streets Department issues permits and engineers road projects while implementing and enforcing the Complete Streets Policy. Projects are implemented pursuant to the terms of a Memorandum of Understanding for Green Streets Infrastructure Management between PWD and the Streets Department.

Special District



HOW IT OPERATES

Also called a Special Assessment District, Special Services District, or Special Improvement District, several variations exist. They are districts established to raise operating funds through taxes, fees, charges, or by issuing new debt for the management of specific resources within a well-defined geographical area. Special districts may involve the establishment of a new governmental entity that may have taxing or rate-setting authority, often with voter approval, to deliver a specific service or services.

When used as a financing or revenue-generating tool, a special district usually involves the assessment of an additional tax in addition to existing property or sales taxes levied on property owners or businesses within the limits of the district's geographical area. The additional tax revenue generated is used to finance the specific improvement(s) or defray the costs of managing specific resources within the district. When used in the management of stormwater, separate stormwater utility districts can be formed within a town or by bringing several towns together to form a district. Most special districts are subject to periodic renewal based on a vote by their members. Some have a sunset clause stating the conditions or date when they will end.

SUITABILITY

Useful where there is a need for focused services (especially when this requires revenue generation)

ADVANTAGES

Allows the special services to be paid for by the direct recipients

DISADVANTAGES

Imposes additional financial obligations on residents of the district

CASE STUDIES

Fairfax County, Virginia

The county established a Stormwater Service District in 2010 due to the need for a funding mechanism independent of the general fund for investment in aging stormwater infrastructure.

Ventura County, California

The Ventura County Watershed Protection District funds the implementation of the County's Integrated Watershed Protection Plans through a combination of property taxes (the district receives 1% of assessed property value), benefit assessments (fees based on the proportion of stormwater a parcel of land contributes to the overall stormwater runoff), and land development fees.

Council of Government (CoG)

HOW IT OPERATES

A CoG is a voluntary association that represents a number of member local governments, mainly cities and counties. It serves as a regional planning or coordination organization, providing services on a shared or regional basis that cross jurisdictional lines to achieve common goals.

SUITABILITY

Most suitable for addressing common issues impacting a region/large geographical area

ADVANTAGES

- Provides the benefits of a regional or county government system without the added administrative layer for costs that an actual county will require
- Unifies jurisdictions and agencies on matters of mutual concern, while leaving them free of the responsibilities traditionally exercised by the individual members within their own communities

DISADVANTAGES

- Rapid policy decision-making and implementation is not always possible due to need for collective decision-making
- The decisions of the CoG may not always reflect the priorities of all members nor address the needs of all members

CASE STUDY

Southeast Michigan Council of Governments (SEMCOG)

SEMCOG is an association of 170 units of local governments in 7 counties. It was established in 1968 to develop regional solutions that go beyond the boundaries of individual local governments. SEMCOG acts as a regional planning partner with local member governments. Its primary areas of focus are transportation, environmental quality, and economic development. SEMCOG serves as the metropolitan planning organization for both water and air quality in its area of jurisdiction to ensure compliance with the Clean Water Act.

SEMCOG operates the Green Infrastructure Implementation Program in accordance with the Green Infrastructure Vision for Southeast Michigan, which serves as an integrated framework to guide preservation and future implementation of green infrastructure in Southeast Michigan. SEMCOG's activities include planning coordination, funding support, data sharing, and transportation planning focused on various areas of economic activities including Transportation, Infrastructure (Water, Sewer, Stormwater), Environment (Water, Air, Solid Waste), Economic Development, Bicycle and Pedestrian Planning, Parks and Recreation, and Regional Demographic Forecasting.

Joint Powers Agreement and Authority



HOW IT OPERATES

If permitted by law, two or more public agencies may, by agreement, jointly exercise any powers common to those public agencies. These powers may be exercised in the form of:

- A cooperative arrangement among participating agencies pursuant to the terms of an agreement called a Joint Powers Agreement; or
- Creation of a new, separate, and legally independent institution called a Joint Powers Agency or Authority (JPA), which can exercise any of the powers inherent in the participating agencies as outlined in the Joint Powers Agreement. A JPA is distinct from the member authorities with a separate board of directors and staff. Typically, a JPA will have officials from the member agencies on its governing board. California is a state that utilizes this model and there, JPAs are typically funded through the creation of an internal revenue stream or the issuance of revenue bonds.

SUITABILITY

Requires the existence or the passage of enabling legislation

ADVANTAGES

- Allows for united action on common goals by multiple agencies with different interests and priorities
- Allows for the exercise of broad and expansive power which does not require voter approval, unless stipulated by its enabling law
- Can allow for the formation of a JPA with public agencies in a different state

DISADVANTAGES

- Requires passage of enabling legislation where there is none
- Can be restrictive – the power exercised by the JPA must be common to the participating agencies

CASE STUDIES

Interlocal Cooperative Agreement between Douglas County/Chelan County/City of Wenatchee/City of East Wenatchee (Washington State)

This agreement was established pursuant to the Joint Municipal Utility Services Act of 2011 for the joint development and implementation of regional stormwater management and planning projects. It is primarily funded by grants received by Wenatchee from the Washington State Department of Ecology (“Ecology”) on behalf of all parties. Each party bears its own costs, staff time is billed to the grants, and equipment purchased is shared in accordance with the agreement. The agreement terminates upon the withdrawal of 3 parties or if Ecology fails to provide funding.

Transbay Joint Powers Authority (San Francisco)

Although unrelated to stormwater governance, the Transbay Joint Powers Authority (TJPA) in San Francisco, California is an example of a joint exercise of powers over transportation. It was created by the City and County of San Francisco, the Alameda-Contra Costa Transit District, the Peninsula Corridor Joint Powers Board, the California High Speed Rail Authority, and Caltrans (ex officio). It has a separate 8-member Board of Directors and its own staff. TJPA has primary jurisdiction on all matters concerning the financing, design, development, construction, and operation of the Transbay Program.

Joint Benefits Authority

HOW IT OPERATES

A Joint Benefits Authority (JBA) operates as a multi-stakeholder partnership. It allows for joint planning, implementation, and funding of stormwater projects that produce a range of co-benefits for each agency's mandates and priorities. This shared service model is relatively new, and its pilot program is described in the case study below.

Unlike a JPA, a JBA is a more targeted approach to identify environmentally and economically burdened communities for prioritization, and it is aimed specifically at financing green infrastructure projects at the municipal level.

SUITABILITY

Unsure as of now as the pilot is still ongoing. However, based on the design goals, it is expected to suit situations where there is a need for community-based participation and a plan to advance social equity.

ADVANTAGES

- Breaks down existing silos for integrated service delivery
- Allows for the pooling of funds/cost sharing by various agencies and city departments alongside private financing
- Ensures the alignment of the project benefits with cross-departmental and municipal priorities

DISADVANTAGES

- Difficulty in securing participation and funding from relevant city departments
- The municipality remains largely responsible for administrative responsibilities

CASE STUDY

Joint Benefits Authority, Pilot Program, San Francisco

The pilot JBA program in San Francisco, California, is a partnership between the World Resources Institute, Encourage Capital, and the San Francisco Public Utility Commission. The pilot is funded by the Kresge Foundation.

San Francisco's adoption of this model was motivated by the unwillingness of the city's agencies to focus on the public health and environmental considerations/benefits resulting from green infrastructure due to their narrow focus on the benefits relevant to their areas of jurisdiction alone. The vision of the JBA is to capture co-benefits (including Street Safety, Air Quality, Biodiversity, and Job Creation), establish integrated service delivery, pioneer innovative municipal financing, and advance social equity as it ensures community-based participation in design and implementation.

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