



# *Sharing Municipal Services* *Does it Make “Sense” or “Cents”*

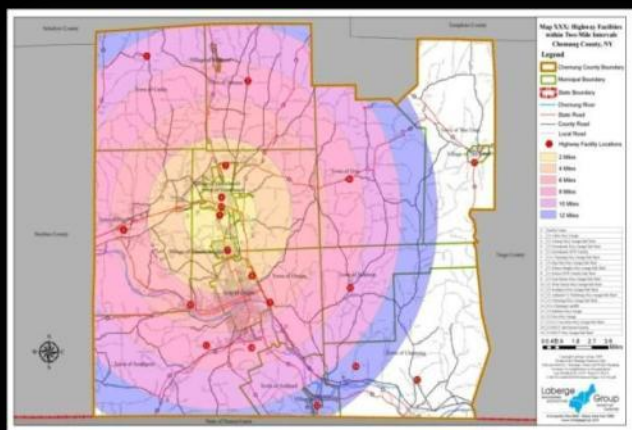






# Introductions

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## The Definition of Insanity

*The definition of insanity is doing  
the same thing over and over again  
and expecting a different result*

*- Albert Einstein -*







## Key Forces for Change

*What changes would you make on a government “do-over” day?*

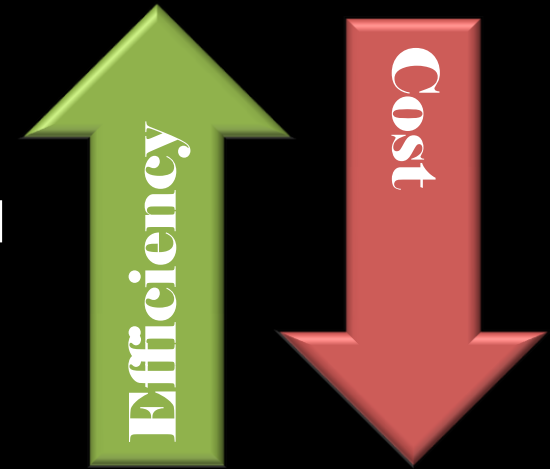
- In the current economic climate, spending of any kind is under the microscope and the pressure to cut back is intense
- Government organizations must strive to meet the implications of massive debt and loss of revenue sources
- Current service delivery is often redundant, inefficient and non-standardized
- Regionalized service delivery is sometimes considered unresponsive, detached and inflexible
- Municipal responsibilities are becoming increasingly complex and demanding





# The Primary Objectives of Shared Services

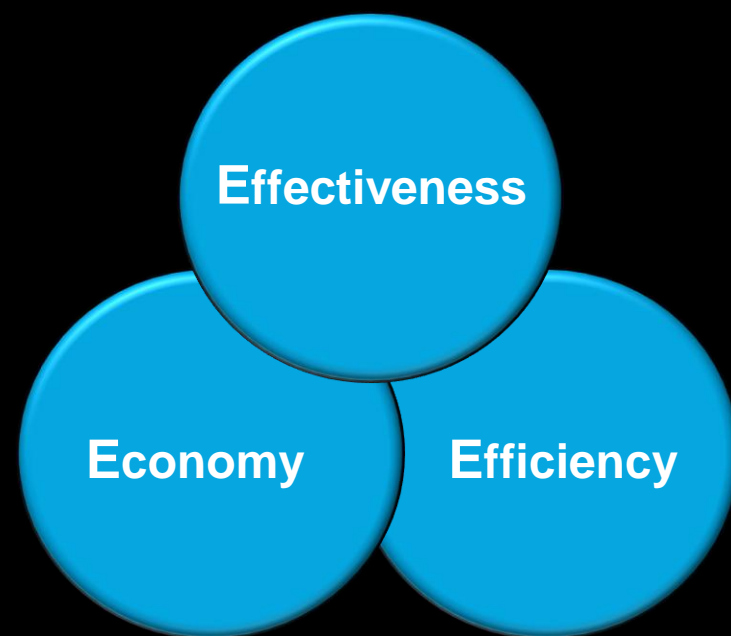
- To contribute to the efficiency and effectiveness of local governments
- To achieve cost reductions based on economies of scale and better leverage
- To eliminate or minimize duplication of services
- To share resources and specialized skills
- To improve service through timeliness, quality and cost management of common services
- To develop a model that results in a cost effective platform that is based on best practices, yet remains consistent and accountable to the people
- To focus on services that can be better provided through sharing or consolidating than they could by individual agencies





## Preliminary Test: Does it make “sense” or “cents”

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



*Source: NYS Office of the State Comptroller, Local Government Management Guide, 2009*







# The Business Case for Change

- Why do we need a business case?
- The business case plays a number of important roles during any change project.
  - Provides background and context to the shared service proposals
  - Articulates the reason for change, to ensure the support and approval of key decision-makers
  - Communicates business needs and options for meeting those needs
  - Estimates costs, benefits and related financial metrics of the proposed solution
  - Sets out a baseline for project management and future benefits tracking
  - Establishes what success will look like and criteria by which it should be measured

*Evaluate if it makes “sense” or “cents”*





# Internal and External Drivers for Change

## External

- **Do More with Less - Declining state aid and funding**
- **Government policies and mandates**
- **Resident expectations and demands to lower cost and reduce duplication**
- **Resident demand for self-service, (i.e. interactive on-line tools and services)**
- **Financial incentives to cooperate to save and/or realize economies of scale**

## Internal

- **Fiscal constraints**
- **Desire to improve service quality**
- **Growth and demographic shifts placing pressure on infrastructure**
- **Need to attract and retain skilled staff**
- **Need to keep up with rapid technology changes**
- **Need to standardize policies and technologies for greater accountability**







# Appraising Your Shared Service Options

## *Share the Gain*

*Explore shared services as a way to reduce costs and improve service delivery*

### Key Questions:

- What are the driving forces for collaboration?
- Who will the partners be now, and in the future?
- What services and processes are within your scope?
- What are the ambitions of the partnership?
- What collaboration model is preferred? (i.e., shared services agreements, functional consolidation, full consolidation,)
- What organizational changes will need to take place?
- Where will the shared service be housed?





## ... Appraising Your Shared Service Options

### Key Actions:

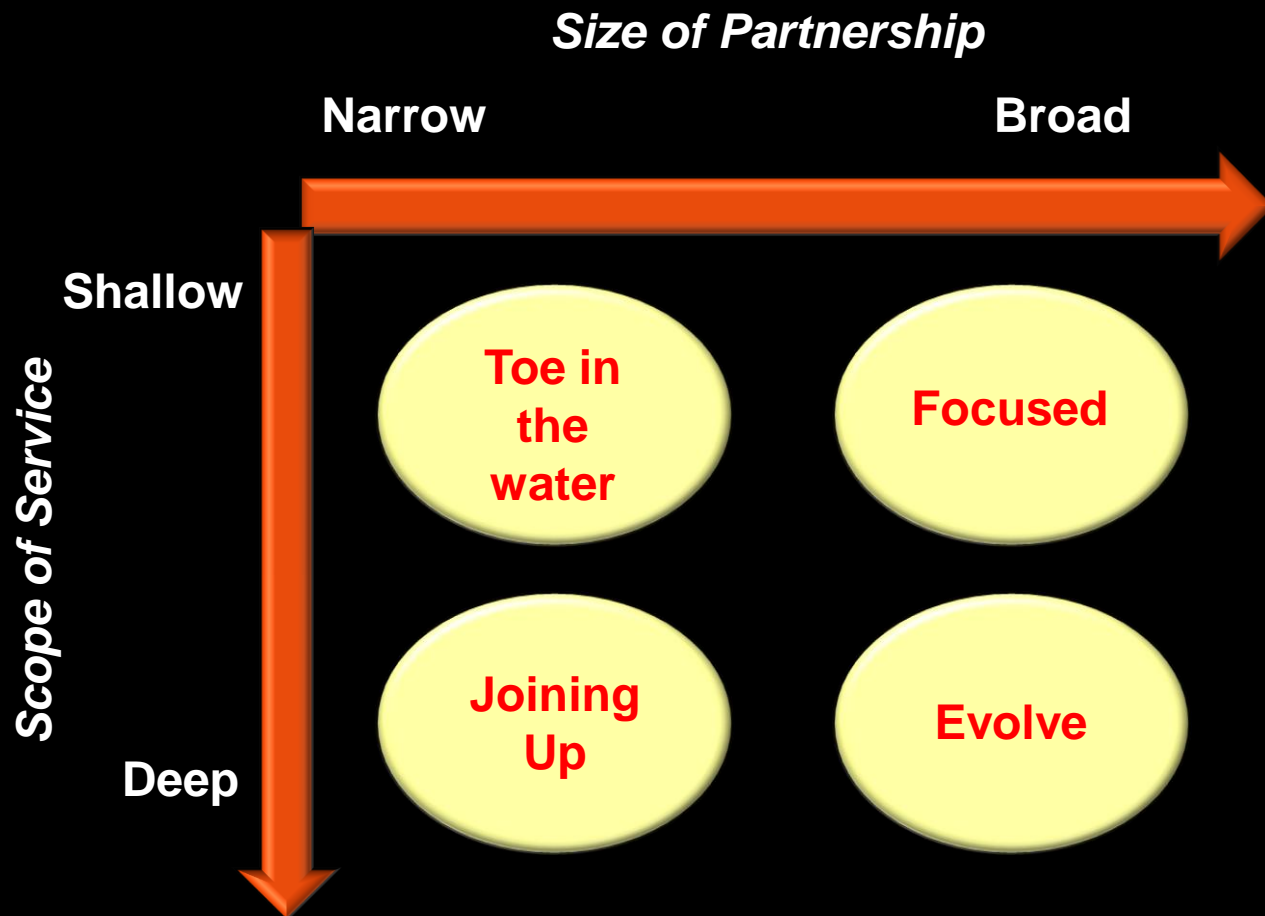
- **Appraise and assess the feasibility of shared service options and their attractiveness over other alternatives**
- **Identify potential barriers and roadblocks**
- **Benchmark baseline performance. Understand where you are now and where, individually and collectively a service could be if a shared service agreement were introduced**
  - **Where are policies and processes unclear or poorly designed?**
  - **Where is quality assurance absent?**
  - **Where are lines of communication and responsibility unclear?**
  - **Do the partners diligently track labor hours by function in a standard format?**







# Consider the Size and Scope of the Approach



- **Toe in the water:** Begin with two partners sharing a service manager
- **Focused:** Enlarge the number of partners sharing a service manager and one or two services
- **Joining Up:** Two or three bodies consolidate one or two services
- **Evolve:** Two or three bodies expand the range of shared services and include other partners





# Fiscal Implications of Shared Services Options

**The municipal partnership must consider:**

- **The potential to achieve cost savings and/or efficiencies and the tax impacts of the alternatives**
- **The potential for savings from sharing costs and avoiding costs**
- **Each entity's assets, including but not limited to real and personal property, and the fair value**
- **Each entity's liabilities and indebtedness, bonded and otherwise**
- **The hidden costs or secondary impacts of sharing/consolidating services, i.e., union contracts, impact on revenues, future costs of personnel (benefits, advancement within new organizational structure)**







# Balancing Community Values vs. Cost Savings



▪ Cost



▪ Services



▪ Cost



▪ Services



▪ Cost



▪ Services



▪ Cost



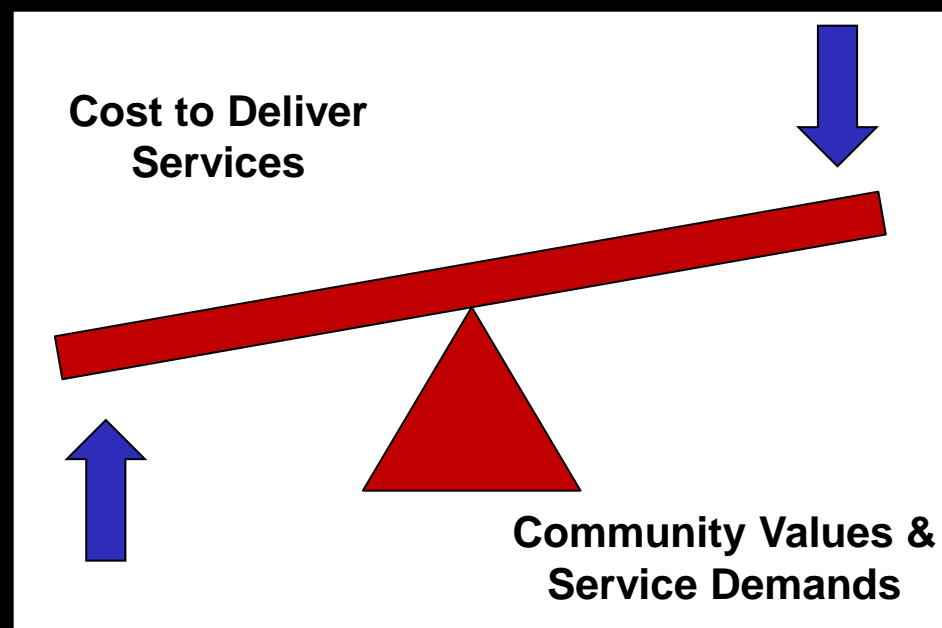
▪ Services





## ...Balancing Community Values vs. Cost Savings

- **Sharing/consolidating municipal services does not always amount to significant cost savings**
- **Decisions are based on balancing:**
  - Results of the Fiscal Analysis
  - Political and Community Will
- **Success is dependent on managing the public perception that small governments are more accountable**
- **The perceived negative impact on service quality may outweigh the cost savings**
- **There is no one-size fits all approach**







## Understand the Perceived Barriers/Obstacles

- Fear of loss of control or community identity by one or more of the involved municipalities
- Fear of job loss, pay scale change, responsibility, change in organizational structure, policies and/or place of employment
- Fear of degradation of service provision
- Fear of the unknown
- Compatibility of capital assets
- Cost tradeoffs – one party may realize savings while another may see costs increase

*“If you do what you’ve always done, you’ll get what you’ve always gotten”  
- Anthony Robbins*





# Building Consensus: Managing Uncertainty & Fears

## Stakeholder Involvement:

### Key Actions:

- Engage staff early in the process to identify shared values and interests
- Identify areas of common ground and benefit
- Build consensus on partnership working and shared services
- Emphasize the contribution sharing can make to community goals
- Explain the various mechanisms that can be used (i.e. contracts, governance arrangements, service level agreements)

*Stakeholder Interviews • Roundtable Discussions • Department Head & Staff Surveys*





## ...Building Consensus

### Vision and Communication

#### Key Actions:

- Work with partners to develop a clear vision and plan
- Communicate the vision to all relevant stakeholders
- Allow all relevant stakeholders to be involved in ‘fleshing out’ the vision
- Ensure that the goals and values of the partnership are clearly articulated
- Deal with concerns and misconceptions
- Ensure the rationale shows the contribution of each partner
- Explain to individuals and groups the benefits they can expect







## ...Building Consensus

### Managing Change

- Many issues identified are symptomatic of the prevailing culture
- Shared service arrangements demand skills and resources in moving from one way of working to another

#### Key Issues to be Dealt with:

- Identify and correct shortcomings in current systems and processes
- Introduce new systems and procedures that will ensure continuity of service
- Develop systems needed to ensure that costs are managed and benefits realized (i.e., cost tracking and standardization )
- Anticipate risks created by the transition and develop policies, procedures and mitigation plans to deal with them





## Keys to Success

- **Successful shared services are built upon committed and cooperative leadership.**
- **Leadership must understand and promote the 4 “C’s” of Shared Services:**
  - Communication
  - Coordination
  - Collaboration
  - Cooperation





## ...Keys to Success: Leadership

*Effective collaborative working is first and foremost a human resources and political challenge.*

### Key Actions:

- Be aware of the effects change will have on employees and public opinion
- Job losses may be inevitable - carefully examine redeployment opportunities
- Initiate early dialogue with union officials
- Build commitment among staff to a new way of working
- Put the interests of customers above narrower political concerns
- Recognize that political support and resource availability will be key constraints on any progress







## ...Keys to Success: Leadership

*Leadership has a major bearing on the success of any initiative, particularly where staff engagement and reassignment is concerned.*

### Key Actions:

- Understand areas of weakness
- Build a strong case for redesigning process and organizational structure
- Identify the new skills needed for managing and operating a shared service
- Maximize the potential contribution that existing staff can make through re-deployment and training





## Common Challenges among all Case Studies

- Hand shake agreements – why change the way we are working together?
- Unions - consolidation of staffing often entails pay scale increase
- Lack of detailed/standardized inventory of assets (equipment, facilities, personnel)
- Lack of labor force utilization tracking, making it difficult to identify the labor hours necessary to perform a specific function
- Lack of tracking equipment utilization by service or employee use of equipment
- Lack of comparable record keeping and detailed cost accounting practices





## **Case Studies:** Town & Village of Chester Shared Services Feasibility Study

- **Purpose:** To study the feasibility of various levels of shared services among the Town and Village of Chester and identify areas of potential cost savings and improved efficiency
- **Process:** Explored many potential alternatives (i.e., consolidation of police services, shared personnel, equipment, and facilities)
- **Outcome:** Many alternatives are still on the table. Town/Village now completing a *Police Consolidation Study*

### **Challenges:**

- **Hand-shake agreements between Highway/DPW supervisors**
- **“Boys with their toys”**
- **Differences in pay scale making consolidation appear more costly**
- **Need for detailed facility analysis to determine cost of joint facility**
- **Inconsistent and inaccurate financial data**







## **Case Studies:** Town and Village of Deposit and Town of Sanford Highway Study

*Consolidation of local services does not always make common sense*

- **Purpose:** Explore the potential for full consolidation of highway departments
- **Process:** Identified scenarios of full consolidation among different partners
- **Outcome:** Wholesale changes to the existing local approach were not financially feasible

### **Challenges:**

- **Cost to invest in new combined facilities**
- **Different unions, pay scale and benefits**

### **Alternative recommendations:**

- **Shared garage, sand/salt storage, and fueling**
- **Shared specialized underutilized equipment**
- **Shared skilled laborers**





## **Case Studies:** Chemung County Highway Services Study

- **Purpose:** Explore alternatives for expansion of highway services and/or full consolidation of highway departments
- **Process:** Explored a wide range of options and alternative service delivery scenarios among different partners
- **Outcome:** Developed a hybrid model, combining aspects of functional consolidation, centralization, and decentralization

### **Challenges:**

- **Urban versus rural needs**
- **Skepticism:** “If it isn’t broke, why fix it?”

### **Results**

- **Start with baby steps and remain flexible**
- **Develop a phased approach. First share specialized services and staff among a smaller partnership – grow partnership as trust evolves**





## **Case Studies:** Tri-Agency Recreation Shared Services Feasibility Study

- **Purpose:** Identify ways the Village of Tarrytown, Village of Sleepy Hollow and the School District can share recreational personnel, equipment and facilities
- **Process:** Developed a range of preliminary models for consolidation of recreational programs and maintenance under various leadership
- **Outcome:** The draft model resulted in consolidation under the leadership of the School District

### **Challenges:**

- 2 villages and a School District
- Different unions, pay-scales, policies, benefits
- Perception of School Districts' inability to control the budget
- Loss of direct local control of programs and spending







# Questions and Answers...

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