IMPLEMENTING SHARED SERVICES

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MUNICIPAL IMPLEMENTATION TOOL #25

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ABOUT THIS BROCHURE

This brochure is one in a series of Municipal Implementation Tools available to local governments and planning partners to assist in implementing the region's long-range plan, *Connections: The Regional Plan for a Sustainable Future*. Prepared and adopted by the Delaware Valley Regional Planning Commission (DVRPC), the Long-Range Plan provides a sustainable land use and transportation vision for the region's growth and development through the year 2040. *Connections* establishes four key strategies that are essential to realizing a sustainable future:

- Managing growth and protecting natural resources;
- Developing livable communities;
- Building an energy-efficient economy; and
- Establishing a modern multi-modal transportation system.

Municipal governments have the primary authority and responsibility to implement these policies. The Municipal Implementation Tool (MIT) series is designed to introduce local officials and citizens to planning techniques that may be useful in their communities. Each Municipal Implementation Tool covers a different topic and provides an overview of the use of the tool, the benefits, and best practices from within the Greater Philadelphia region.

For additional information about DVRPC and the *Connections* planning process, please visit www.dvrpc.org/Connections.

To learn about and download additional Municipal Implementation Tool brochures, visit www.dvrpc.org/municipaloutreach.

What Are Shared Services?

What do police patrols, trash collection, and public schools have in common? They are services provided by municipalities to residents and are paid for by public money, much of it from local taxes. Other services local governments typically provide include firefighting, road maintenance and snow removal, recycling, public health services, court administration, building maintenance, and animal control, among others. At times, it is advantageous for governments to join together to provide these types of services; the benefits of doing so may include a reduction in the overall cost to provide the service as redundancies are eliminated, an increase in the quality of the service provided, or both. The term "shared services" refers to services such as the ones mentioned when jointly delivered by more than one governmental entity.

Shared services can be provided at different levels of government through a variety of legal arrangements. Shared services are typically provided via an agreement between two or more municipalities, through the county to its municipalities, or through the provision of regional services to provide local government services.

In 2009, the Pennsylvania Economy League (through its local branch, the Economy League of Greater Philadelphia) studied shared services in the region and found that the delivery of shared services at the municipal level usually focuses on police, fire, emergency medical services (EMS), streets and roads, code enforcement, refuse collection, and sometimes water and sewer services. Municipalities have joined together to either contract for these services or to create a regional entity to provide the service.

Despite being provided by many municipalities directly, planning and land use activities, public works, libraries, and parks and recreation programs and facilities are ideal services to be shared at the county level due to efficiencies of scale.

A multi-municipal entity operating separately from participating local governments usually delivers regional services (the most common being regional police forces).

Legally, governments can provide shared services in a variety of ways:

- Annexation (which occurs when one municipality takes the incorporated territory of another municipality)
- Merger (which combines two or more municipalities and results in the termination of all but one of the municipalities)
- Consolidation (which combines and terminates two or more municipalities and results in the creation of a new municipality)
- Shared services agreement

The focus of this brochure is on the latter, shared services agreements, and the issues important to the creation of such agreements.

Benefits of Shared Services

Sharing services provides critical benefits to citizens, decreasing both the cost and the complexity of government-provided services. Governments that share services through both cooperation and privatization have lower per capita expenses than those that do not; this effect is most pronounced in suburban communities, of which there are many in the DVRPC region (Holzer and Fry, *Shared Services*, 53). According to the Pennsylvania Economy League's 2009 analysis (*The Economic Impact of Shared Services in Pennsylvania and an Examination of Shared Service Delivery in Selected Counties*), properly planned and implemented shared services provide benefits in at least one of six distinct areas:

- Provision of new service where none previously existed
- Direct cost savings for existing services
- Avoidance of future costs through planning and efficiencies
- Elimination of service duplication
- Provision of additional services within a given budget
- Increased aggressiveness and competition for outside funding

While governments may be partisan, the concept of sharing services is not and has been embraced by members of both political parties. The cost saving and service enhancement benefits are realized by all citizens regardless of political affiliation, and the types of services provided are generally believed to be necessary. When there is political resistance to sharing services, it is usually because of a reluctance to upset the status quo, rather than an objection to reducing costs or providing a higher level of service.

When Should Services Be Shared?

Economy of scale seems to be the driver of many efforts to share services rather than the consideration of excess capacity. The disproportionate focus on economy of scale may explain why communities of all sizes pursue sharing of labor-intensive services (such as police services) rather than focusing on capital-intensive services (such as road maintenance), despite literature indicating that smaller municipalities provide the most efficient labor-intensive services and larger municipalities provide the most efficient capital-intensive services (Holzer and Fry, *Shared Services*, 47). A focus on excess capacity may be a more helpful determinant of the appropriateness of service sharing than economy of scale.

While almost any service type can be shared, researchers have identified the services that are the most advantageous to share (most are capital-intensive): courts, health insurance, parks and recreation programs, highways, fire, police services, public works, solid waste, libraries, human resources, property management, legal services, finance, and information technology (Holzer and Fry, *Shared Services*, 49). Municipalities providing these services should consider sharing if they do not already. Furthermore, municipalities should strive to provide a higher level of service delivery through sharing rather than focusing primarily on cost savings since the literature is unclear about whether projected cost savings are actually achieved. Municipalities should share services when it is clear that doing so will increase the level of service delivery provided.

There are some services, however, primarily those that are labor-intensive, that are best delivered directly by the municipality. For example, while management of a parks and recreation system (planning, programming, web-based park information, etc.) can be efficiently provided as a shared service, the maintenance of the park system is best delivered directly by the municipality because it requires human labor and very little expensive equipment.

Types of Shared Services Agreements

There are at least seven types of shared services agreements described in *The Service Provider Continuum*.

- At the most basic level, there exist informal working relationships between neighboring municipalities in which services are provided

or equipment is shared on an as-needed basis; these types of arrangements are very common, particularly in the DVRPC region.

- A standard shared service agreement between municipalities allows for one municipality to provide a service for a fee to another municipality.

- There are two types of enhanced shared service agreements.
    - In the first, a municipality provides a service to one or more other municipalities, but the recipients of the service have a formal and ongoing say in the provision of the service.
    - In the second type, each participating municipality provides one or more of the services required by the others in order to create mutual dependencies among the municipalities involved.

- Another type of agreement establishes a formal third party entity that is managed and owned by the involved municipalities to provide the shared service.

- A similar agreement establishes a regional agency to provide the needed (usually very specialized) service but gives the regional agency quite a bit of autonomy.

- Finally, a group of municipalities can elect to transfer provision of the needed service to a higher governmental authority such as the county or state.

The specific types of shared services fit into a set of broader categories that describe the range of service delivery methods (Holzer and Fry, *Shared Services,* 167–170).

- "Cooperation" includes enhanced shared services and also includes joint services, in which at least two entities govern how the service is delivered. Compensation may or may not be part of a cooperative arrangement to provide services.

- "Contracting" includes standard shared services, competitive contracting, privatization, nonprofit contracts, and franchising. When contracting, municipalities arrange for another party to deliver services for a fee.

- "Service transfers" cede local control of service delivery to a centralized body and reallocate all of the responsibility for providing a service to a special district, regional district, or regional policy group.

- "Centralized service administration" is similar to service transfer, but the local municipality retains some control over the nature and level of service delivery.

Having a variety of service delivery methods is critical because there is not a single "best way" for municipalities to do this; each set of circumstances is unique.

Aligning Service Delivery with Service Type

In Chapter 9 of their book, *Shared Services and Municipal Consolidation: A Critical Analysis*, authors Holzer and Fry provide a template for selecting the best type of service delivery method based on the service type. The following table summarizes their findings.

Service Type	Best Delivery Method	Other Method(s) to Consider
Public Works		
Solid Waste/Recycling	Contracting: Franchising	
Road Maintenance	Contracting: Shared Services	Centralized Service Administration
Snow/Leaf Removal	Contracting: Competitive	Contracting: Shared Services
Maintenance of Buildings/Grounds/ Parks/Playgrounds	Direct Delivery by Municipality	Contracting: Shared Services (School District and Municipality)
Waste Water/Storm Water/Water Supply	Contracting: Shared Services or Cooperation: Joint Services	
Forestry	Contracting: Shared Services or Cooperation: Joint Services	
Engineering	Direct Delivery by Municipality (larger municipality)	Contracting: Competitive or Shared Services (smaller municipalities)
Infrastructure Replacement/Development	Contracting: Competitive	Centralized Service Administration (particularly for larger projects)

Public Safety		
Police Patrol/Call Response	Centralized Service Administration (mainly for smaller municipalities)	Contracting: Shared Services or Joint Services
Police Investigation/Fire Investigation/Lab Services	Centralized Service Administration	Contracting: Shared Services or Joint Services
Police Administration/ Record Keeping	Direct Delivery by Municipality	
Dispatch (police, fire, EMS)	Centralized Service Administration	
Fire Prevention/Fire Fighting/Emergency Medical Services*	Contracting: Shared Services or Cooperation: Joint Services	Centralized Service Administration
*ideally combine these services		
Public Health		
Immunizations/Clinics	Contracting: Competitive or Nonprofit	Centralized Service Administration
Inspections (Commercial, Residential, Environmental, Sanitation)	Centralized Service Administration	Contracting: Shared Services
Animal Control/Sheltering	Contracting: Competitive or Nonprofit	Centralized Service Administration
Recreation and Cultural Programs		
Sports/General Youth Activities	Direct Delivery by Municipality (primarily for administration)	Contracting: Shared Services (primarily for facilities)
Social Events/Celebrations	Direct Delivery by Municipality	
Music/Arts/Cultural/Tourism	Service Transfer: Regional Policy Group	
Administration		
Land Use Planning/Economic Development	Contracting: Competitive	Centralized Service Administration
Courts/Legal Work	Contracting: Shared Services or Cooperation: Joint Services	
Information Requests/Forms (Municipal Records, Property Taxes, Election Laws, Licensing, Permitting)	Centralized Service Administration	

Tax Assessment	Contracting: Competitive or Shared Services	Centralized Service Administration
Finance/Purchasing/General Management	Contracting: Shared Services or Cooperation: Joint Services	
Technology/Bulk Purchasing	Centralized Service Administration	

Sources: DVRPC 2013; Holzer and Fry 2011

Shared Services Feasibility Studies

Prior to entering into a shared services agreement, a municipality must create performance data and conduct a feasibility study to determine the success and cost efficacy of its current method of service delivery and the current and future needs, costs, and restraints related to the delivery of this service. Municipalities must then share this information when brokering shared services agreements. The New Jersey Department of Community Affairs released an extremely useful publication, *A Guide to Joint Service Feasibility Studies & Shared Services Agreements*. Part I provides step-by-step instructions on how to conduct a feasibility study prior to implementing a shared services agreement and is applicable to both New Jersey and Pennsylvania municipalities. Feasibility studies should do the following:

- Establish a clear goal or goals for the joint service.
    - What service will be provided?
    - What are the community expectations about the service?
    - Does the study include all potential participants?
- If this service currently exists, describe the level of service being provided by each local unit that will be participating in the joint service.
    - How is the service currently provided?
    - Does the level of service being provided meet current needs?
    - What are the future service needs?
- Determine each participant's cost in providing the service.
- Describe how the service is to be provided on a joint basis.
    - What service level is required?
    - Who will be responsible for providing the service?

- o   What are potential problem areas?
- Determine the total cost of the joint service and each participant's portion of the total cost.
- Evaluate whether the proposed shared service meets the established goal(s).
- Assess the feasibility of performing the service jointly.
  - o   Is it economically feasible?
  - o   Is it operationally feasible?
  - o   Is it administratively feasible?

Measures of Municipal Performance in Service Delivery

Measuring how well municipalities deliver services is critical because it affords a way to identify areas of inefficiency and provides benchmarks from which to move forward. It can be complicated to do so, however, because methods of service delivery vary greatly based on the type and location of the service. That there is no consistent standard by which all municipalities are measured further complicates the task; many municipalities provide a per capita figure for what it costs them to provide a service, but that number does not take into account variations in the service provided. For example, one town may provide twice weekly trash collection, but another might collect trash every two weeks. The town collecting trash every other week will most likely have a much lower per capita cost that, without further investigation, will not indicate the lower level of service being provided. As such, transparency is one of the most important parts of successful measurement of municipal performance in service delivery.

Any municipality can successfully create a performance measurement system (Holzer and Fry, *Shared Services*, 85–105). For each service provided to constituents, a municipality should create a simple performance measurement system and draft performance measures. It should then collect data on the performance measures identified. The data collection should include:

- The workload (the number of households from which trash must be collected, the total volume of trash collected, the number of employee hours needed to accomplish trash collection, etc.)
- The municipalities' input (money budgeted or spent for the service provided)

- The output of the service provided (total volume of trash picked up, number of households served, etc.)
- Other variables that impact the service (three weeks of blizzard conditions that impacted trash collection, a strike by municipal workers, etc.)
- The results of the service provided

An analysis of the data collected and an interpretation of that data, including comparisons with neighboring and/or similar municipalities, should follow in order to uncover areas for improvement in municipal service delivery. The goal of measuring performance is to allow municipalities to deliver the highest level of service at the lowest cost to their constituents.

Shared Services in the DVRPC Region

Support for shared services varies greatly across the DVRPC region. While the New Jersey counties (Burlington, Camden, Gloucester, and Mercer) have had a state mandate with allocated funding to promote shared services for more than five years, the Pennsylvania counties (Bucks, Chester, Delaware, Montgomery, and Philadelphia) do not, and, as such, the formalized sharing of services in these counties is not as prevalent. Much of this disparity is due to the lack of funding available to study and implement shared services in Pennsylvania as compared with New Jersey, but also to the way the role of county government is defined regarding shared services in Pennsylvania. Pennsylvania counties are neither sole administrative agents of the state nor commonly accepted municipal entities as in New Jersey.

Shared Services in Pennsylvania

Lack of Legislative Basis

Historically, the legal basis for shared services in Pennsylvania is discouraging, and the Commonwealth provides few fiscal incentives for shared services among local governments. The Municipal Consolidation or Merger Act, passed in 1994, establishes the process through which municipalities can consolidate or merge but does not address annexation or shared services agreements. (The Public School Code establishes the process through which school districts can merge, a process that is separate and different from the municipal one.) Very few municipalities have successfully consolidated or merged since the passage of this legislation. Because an affirmative vote by all the participating municipalities involved is required for a consolidation/merger to occur, it can be difficult to reach an agreement.

Lack of Fiscal Incentives and Political Will

In addition, while shared service agreements between local government entities are relatively easy to enact, the lack of funding to support planning and implementation of shared services is a major barrier. Another, perhaps the most critical, barrier to be overcome if more municipalities are to eventually share services is the perception of citizens regarding local government: overall, they are pleased with their municipalities and see no reason to change how things operate; they simply do not understand the financial realities their leaders must face (Pennsylvania Economy League, Central PA Division, *Municipal Merger/Consolidation and Sharing of Services*, 2–9). So despite the potential cost savings or increases in the level of service provided through sharing, many local leaders still lack the political will to change the way their governments do business.

Promotion of Multi-Municipal Planning

However, the climate for shared services in Pennsylvania is improving. In 2000, Acts 67 and 68 were passed to amend the Municipalities Planning Code to promote multi-municipal planning and to remove existing barriers to implementation of multi-municipal plans. Previously, many municipalities had conducted joint planning work, but implementation of those plans was stymied due to a requirement for joint zoning; in 2000, there were 46 multi-municipal planning efforts involving 129 municipalities (10,000 Friends,

Plan Regionally, Implement Locally, 2), but only four joint zoning ordinances in effect. Acts 67 and 68 allowed municipalities that engaged in multi-municipal planning to develop their own zoning ordinances as long as they are consistent with the multi-municipal plan. The Acts also provide legal protection for municipalities that distribute the range of permissible land uses over the entire plan area rather than accommodate all within each municipality. Although they do not have to, state agencies are now allowed to prioritize funding for municipalities that participate in multi-municipal planning. Finally, the Acts allow municipalities engaged in multi-municipal planning to develop and implement multi-municipal transfer of development rights (TDR) programs and to share tax revenues and fees. Each of the suburban counties in DVRPC's Pennsylvania region (Bucks, Chester, Delaware, and Montgomery) have municipalities engaged in multi-municipal planning.

Limited Funding

In June 2012, the Pennsylvania Department of Community and Economic Development approved $506,619 in funding for 20 projects through their Municipal Assistance Program (MAP) that promoted either shared services, community planning, or floodplain management. In the DVRPC region, Upper Providence Township in Montgomery County received $10,619 to pay for the start-up costs of consolidating two volunteer fire companies. While this project will realize actual cost savings in Upper Providence Township and a higher level of service delivery, it may not have occurred without dedicated funding from the state.

Role of Counties

Even given the challenges, there is service sharing occurring in Pennsylvania. The suburban counties in the DVRPC region (Bucks, Chester, Delaware, and Montgomery) have skilled professionals on staff available to assist with multi-municipal planning, and multiple programs serving municipalities (recycling, corrections, water/sewer, health services, etc.) are run at the county level. However, there is no centralized database of shared services agreements, and frequently, county staff is not made aware when municipalities enter into agreements with each other.

Role of Councils of Government and Consortiums

Instead of pursuing sharing through their counties, many municipalities belong to the Pennsylvania Association of Councils of Governments (PACOG), which has several member chapters in the region: the Bucks County Consortium, the Delaware County Consortium of Governments, the Eastern Delaware County Council of Governments, and the Pottstown Area Council of Governments. There are also three other independent councils of governments in the region that are not part of PACOG: the Montgomery County Consortium of Communities (Montgomery County COG), the West Chester Area Council of Governments, and the Western Chester County Council of Governments. These councils of governments, voluntary to join, bring municipalities together to coordinate planning and legislation, engage in joint bidding and purchasing, share human resources and municipal management information, etc., in order to provide a collaborative, regional approach to common municipal issues. Much of this sharing is conducted on a relatively informal basis; public works directors typically have good relationships with directors in neighboring municipalities and have created a "norm of reciprocity" that promotes service sharing (Holzer and Fry, 2011).

The following table summarizes the service sharing by municipalities within a Pennsylvania county or COG in the DVRPC region. It is not expected to be comprehensive and does not necessarily mean that all municipalities in the county or COG participate, but it should provide some insight into what is occurring in the region. The Western Chester County Council of Governments is not shown on the table because it is newly formed. (Note: Shared services in Philadelphia were not studied; the City of Philadelphia is the only municipality in Philadelphia County.)

Service Type	Shared Services by County and/or COG									
	Bucks	Bucks COG	Chester	Delaware	Delaware COG	E. Del. COG	Mont.	Mont. COG	Potts. COG	W. Ches. Area COG
911 Dispatch	x		x	x			x			
Business Development			x	x			x			
Child Care							x			
Code Enforcement										
Community Planning	x		x				x			
Corrections	x		x	x			x			
Courts	x		x	x			x			
Cultural Programming			x		x					
Drug Testing		x								
Economic Development	x		x			x				
Elections/Voting	x		x	x			x			
Emergency Services	x		x	x			x			
GIS			x							
Govt-Mandated Reporting		x								x
Hazardous Waste Recycling	x		x							
Health	x		x	x			x			
Housing Assistance			x	x			x			
Human Resources Data		x								
Ideas Exchange		x			x	x		x	x	x
Insurance				x			x			
Joint Bidding	x	x						x		x
Library	x		x	x						
Mental Health Services			x				x			
Municipal Management						x				
Planning	x		x	x			x			
Police and/or Fire	x		x				x			
Public Works Equipment	x						x			
Purchasing	x		x	x			x			x
Recreation Facilities/Trails	x		x	x			x			
Redevelopment	x		x				x			
Regional Counterterrorism	x		x	x			x			
Senior Citizen Services	x		x	x			x			
Social & Family Services	x		x	x			x			
Solid Waste/Recycling	x		x	x			x			
Stormwater/Water/Sewer	x		x	x			x			
Sustainability			x							
Tax Assessments							x			
Transportation Services	x		x	x			x			

Source: DVRPC 2013

Multi-Municipal Comprehensive Planning in Pennsylvania

This section summarizes the known multi-municipal comprehensive planning efforts occurring in each of the counties in the DVRPC region. Multi-municipal planning allows municipalities to pursue regional solutions to many issues, including land and natural resource conservation, transportation infrastructure needs, zoning, and the delivery of certain regional services (EMS, water/sewer), among others. In addition, state agencies are required to consider multi-municipal plans in their decision-making.

Bucks County

Two multi-municipal planning efforts were recently completed: *Newtown Area Joint Comprehensive Plan Update 2009* (which includes Newtown Township, Upper Makefield Township, and Wrightstown Township) and *Quakertown Area Comprehensive Plan Update 2007* (which includes Haycock Township, Milford Township, Quakertown Borough, Richland Township, Richlandtown Borough, Trumbauersville Borough, and the Quakertown Community School District).

Chester County

One multi-municipal comprehensive plan exists solely in Chester County: *The Phoenixville Regional Comprehensive Plan 2008* (which includes Phoenixville Borough and Charlestown, East Pikeland, East Vincent, West Vincent, and Schuylkill townships). The municipalities in the Phoenixville region are members of the Inter-Regional Planning Cooperative (IRPC), an advisory organization representing five contiguous regional planning organizations located in western Montgomery County and northwestern Chester County.

While the Phoenixville region is the only one located entirely in Chester County, two other municipalities, East Coventry and North Coventry, are part of the Pottstown metropolitan region, another member of the IRPC, that includes Montgomery County municipalities. East Coventry and North Coventry are included in the multi-municipal *Pottstown Metropolitan Area Regional Comprehensive Plan* (currently being updated).

Delaware County

Delaware County has advocated for multi-municipal planning for the past decade, successfully combining funding from the PA Department of Community and Economic Development's (DCED) Land Use Planning and Technical Assistance Program (LUPTAP) with funds from the Delaware County Planning Department. Together, these funds provide 90 percent of the cost for multi-municipal plans, leaving only 10 percent of the cost to be covered by the local municipalities. Since 2002, eight multi-municipal planning efforts have been completed for the following groups of municipalities:

- Aldan, Collingdale, Colwyn, and Sharon Hill boroughs
- Aston, Lower Chichester, and Upper Chichester townships
- Brookhaven, Parkside, and Upland boroughs
- Glenolden and Prospect Park boroughs
- Lansdowne and East Lansdowne boroughs
- Nether Providence Township and Rose Valley, Rutledge, and Swarthmore boroughs
- Ridley Township and Eddystone Borough
- Springfield Township and Clifton Heights Borough

Montgomery County

While the Montgomery County Planning Commission has produced several county-wide plans (*Montgomery County Open Space Covenant Plan Update 1997*, *Swamp-Scioto Integrated Resource Plan 2007*, *Montgomery County Hazard Mitigation Plan 2007*) and runs a data portal where all of its municipalities can access information, much of the multi-municipal planning efforts in the county have been led by the Inter-Regional Planning Cooperative (IRPC). Four of the five contiguous regional planning areas that make up the IRPC (Central Perkiomen Region, Indian Valley Region, Pottstown Metropolitan Region, and Upper Perkiomen Valley Region) are located in Montgomery County and represent 26 individual municipalities. The following multi-municipal plans have been produced:

- *Central Perkiomon Valley Regional Comprehensive Plan 2005*; *Central Perkiomen Valley Regional Transportation and Community Character Study 2009* (includes Collegeville, Schwenksville, Trappe, Lower Frederick, Perkiomen, and Upper Frederick)

- *Indian Valley Regional Comprehensive Plan 2005*; *Indian Valley Industrial Marketing Plan 2009*; *Indian Valley Parks, Recreation, and Culture Map 2011*; *Indian Valley Region Model Outdoor Lighting Ordinance 2009* (includes Franconia, Lower Salford, Salford, Souderton, Telford, and Upper Salford)

- *Pottstown Metropolitan Regional Comprehensive Plan*, underway (includes Douglass, East Coventry, Lower Pottsgrove, New Hanover, North Coventry, Pottstown, Upper Pottsgrove, and West Pottsgrove; note that East Coventry and North Coventry are in Chester County)

- *Upper Perkiomen Valley Regional Comprehensive Plan 2011* (includes East Greenville, Pennsburg, Marlborough, Green Lane, Red Hill, and Upper Hanover)

Resources and Additional Information about Shared Services in Pennsylvania

Municipalities interested in learning more about shared services across Pennsylvania can consult the following studies from the Pennsylvania Economy League:

- *Review of Shared Service Delivery in Selected Counties and an Examination of the Potential and the Obstacles to Delivery of Shared Services Through Regional Departments 2009*

  www.10000friends.org/review-shared-service-delivery-selected-counties-and-examination-potential-

- *The Economic Impact of Shared Services in Pennsylvania and an Examination of Shared Service Delivery in Selected Counties 2009*

  www.greaterohio.org/files/policy-research/pennsylvania-report.pdf

- *Municipal Merger/Consolidation and Sharing of Services 2009*

  http://teampa.com/wp-content/uploads/2010/07/Final-Report-TeamPA-Merger-Consoldation.pdf

- *Structuring Healthy Communities: Municipal Case Studies 2009*

  www.dev.pelcentral.org/wp-content/uploads/2013/02/PEL-Five-City-Studies-FINAL-04_09.pdf

- *Structuring Healthy Communities, Part I: Revenue Generation and Fiscal Health 2009*

  www.pamunicipalleague.org/vertical/sites/%7B816DF97F-59D7-4E12-B207-1434C6304092%7D/uploads/%7BC93FB5DD-86A8-46B4-8CB5-9FA82B691F33%7D.PDF

- *Putting the Pieces Together: Five Case Studies in Regional Cooperation in Pennsylvania 2007* (with 10,000 Friends of Pennsylvania)

  www.teampa.com/wp-content/uploads/2010/07/Team-PA-Local-Govt-Reform-Case-Studies.pdf

For assistance with shared services planning and implementation, municipalities should contact their local county planning department or one of the following organizations.

- Association for Pennsylvania Municipal Management (APMM): (717) 236-9469 or www.apmm.net/

- Pennsylvania Department of Community and Economic Development Governor's Center for Local Government Services, Municipal Assistance Program: (866) 466-3972 or www.newpa.com/find-and-apply-for-funding/funding-and-program-finder/municipal-assistance-program-map

- Pennsylvania Local Government Commission: (717) 787-7680 or www.lgc.state.pa.us/

- Pennsylvania Department of Transportation Agility Program: (717) 705-1333 or www.dot.state.pa.us/Internet/Bureaus/pdAgility.nsf

- Bucks County Association of Township Officials: Pete Stainthorpe, 215-369-8244 or pstainthorpe@comcast.net

- Bucks County Consortium: Andrea L. Coaxum, (215) 257-5065 or assistantmanager@perkasieborough.org

- Chester County Association of Township Officials: Pat Morrison, (717) 633-9755 or secretary@ccato.org

- Delaware County Council of Governments and Eastern Delaware County Council of Governments: Craig Totaro, (610) 623-7300 or totaroc@borough.lansdowne.pa.us

- Pottstown Area Council of Governments: Pottstown Borough Manager, (610) 970-6511 or contactus@pottstown.org

- Montgomery County Consortium of Communities: Donald D. Delamater, (610) 275-2800 or info@eastnorritontwp.org

- West Chester Area Council of Governments: West Chester Borough Manager, (610) 692-7574 or info@west-chester.com

- Western Chester County Council of Governments: (610) 384-9550 or WCCCOG@comcast.net

Shared Services in New Jersey

Supportive Legislation

New Jersey has a long history of promoting shared services, and in 2007, the legislature passed the Uniform Shared Services and Consolidation Act. Lawmakers recognized that the problem of high property taxes is exacerbated by the reluctance of elected officials to enter into shared services agreements and that the traditional approach of providing incentives for cooperation are not enough. This legislation attempts to remove existing legal and political barriers to sharing services, to provide better accountability of elected officials to their constituents and to put the responsibility for looking for ways to share services on local leadership.

Another act in 2007 from the legislature's Special Session for Property Tax Reform established the Local Unit Alignment, Reorganization, and Consolidation Commission (LUARCC), which is a "bipartisan commission [established] to fairly examine the allocation of responsibilities among local units of government in order to determine: (1) which level of government is best suited to deliver a given local government service, and (2) when consolidation will reduce the property tax burden for pairs or groups of local units, and to make those recommendations to the Legislature..." LUARCC is housed within the Department of Community Affairs (DCA) and is expected to work in conjunction with the Local Finances Board and the Division of Local Government Services (DLGS) to recommend cost-saving municipal actions. DLGS, also housed within the NJ DCA, is responsible for ensuring financial integrity in local governments and has a Shared Services Program through which they track current shared service agreements and provide technical assistance to municipalities.

In November 2012, the State Senate passed a bill that, if passed by the Assembly as well, will expand the duties and powers of LUARCC. It tasks LUARCC with studying municipalities (beginning with those that do not currently share services) to determine if there is opportunity for sharing services or consolidating municipalities. If LUARCC determines that there is opportunity for municipal cost savings through shared services or consolidation, voters in those municipalities must approve the actions LUARCC recommends or risk having their state aid reduced accordingly. This bill has met with resistance from the New Jersey League of Municipalities because they do not want to see their constituents penalized for not agreeing with the determinations of LUARCC. Voters have shown that they may not fully understand the fiscal realities of their local governments as

they have not voluntarily embraced the kinds of changes that will lead to financial savings and eventually property tax relief. Even if this bill does not pass the Assembly, it is clear that state leaders expect local governments to increase their cooperation and sharing and are prepared to enact penalties on municipalities that elect to do otherwise.

Technical Assistance

The New Jersey State League of Municipalities (NJSLOM) sponsors the Interlocal Advisory Center that provides information for municipal officials to promote shared services. Their website has links to legislation, research, sample shared service agreements, and case studies. Member municipalities are eligible for technical assistance in working with neighboring municipalities from the Interlocal Consultation and Advisory Service. A Shared Services Board on the website provides a place for local governments to post about equipment and/or services they would like to share, but there is only one active posting from March 2011.

The New Jersey Shared Services Association (NJSSA)—a nonprofit organization—was formed in 2008 in order to promote shared services across the state. Their long-term goal is to facilitate agreements among counties and municipalities. Funding from the NJ Department of Community Affairs, Division of Local Government Services Share Grant Program then paid to start county Offices of Shared Services in 17 of the 21 NJ counties (all NJ counties in the DVRPC region are included). Also included was funding for a three-year start-up position of Shared Service Coordinator in each county Office of Shared Services. Funding expired for the Shared Service Coordinators in 2010; however, the ongoing benefits of the program are obvious.

The NJ counties in the DVRPC region (Burlington, Camden, Gloucester, and Mercer) have a solid understanding of the shared services activities of their municipalities and the savings those activities provide taxpayers, and they have actively worked to communicate the importance of service sharing to county residents.

Shared Services in Gloucester County

Gloucester County has been at the forefront of the service sharing movement in New Jersey and currently serves as a provider of shared services to its municipalities and to other counties, and is a participant in intra-county shared services. Both the state of the economy and effective political leadership bolstered county staff as they worked to forge agreements with their municipalities. Their success grew incrementally, and even though service sharing is not mandatory for municipalities, all of the Gloucester County municipalities now participate in service sharing.

The county began by responding to the needs of municipalities that were struggling to provide certain services on their own (usually the smaller ones), and then the demonstrated cost savings and consistently high levels of service delivery persuaded other municipalities to join. County staff has taken specific steps to make the process easy for municipalities; they publish a shared services newsletter twice weekly, they conduct nearly all of the required feasibility studies in-house, and they draft the shared service agreement with in-house legal counsel.

Following is a list of the services provided by Gloucester County that are shared by municipalities. The number following the service is the amount of total savings realized in 2012 by the municipalities.

- County Assessor ($3,851,172)
- EMS ($2,870,334)
- 911 Dispatch ($6,265,412)
- Stormwater Management and De-Icer Storage ($6,338,158)
- Trash Disposal ($1,223,873)
- Sheriff Department Prisoner Transports, Health Department Inspections, Shuttle Bus Purchase, Redevelopment Professional Services, Deer Removal, Animal Control Services ($3,839,985)

Gloucester County provides services to several other counties and municipalities that brought in total revenue for Gloucester County of $1,363,150 in 2012:

- Medical Examiner Services: Camden and Salem Counties
- Mental Health Administrator: Salem County
- Dispatch Services: Buena Borough, Buena Vista Township, Estell Manor, Folsom, Weymouth (all in Atlantic County)

The Library System, Utilities Authority, Improvement Authority, Institute of Technology/Special Services, Gloucester County College, and Gloucester County are saving $1,853,529 annually through their participation in intra-county service sharing in the following areas:

- Public Safety
- Buildings and Grounds/Food
- Information Technology
- Human Resources
- Purchasing/Finance
- Public Relations

Gloucester County's success has yielded millions of dollars in savings at both the municipal and county level. Recently, the county has been conducting a pilot program providing county-wide tax assessments that is progressing smoothly and will allow the tax burden to slowly shift from residential to commercial properties. They also recently voted to outsource their male prison population to nearby Cumberland and Salem counties for a projected savings of $10,000,000 per year.

As with any change, there has been some resistance to Gloucester County's efforts to increase service sharing, primarily because of jobs lost, including EMS volunteer positions. However, the county has worked closely with municipalities to find other positions for people, including volunteers who are now treated as interns. The county's proactive, but not coercive, efforts to work with their municipalities, other counties, and intra-county agencies have been highly successful, both in saving money and raising the level of services provided.

The table below summarizes the services shared by municipalities within New Jersey counties in the DVRPC region. It is not expected to be comprehensive and does not necessarily mean that all municipalities in the county participate, but it should provide some insight into what is occurring in the region.

Service Type	Municipal Shared Services			
	Burlington	Camden	Gloucester	Mercer
911 Dispatch	x	x	x	x
Administration		x		
Animal Control and/or Shelter	x	x	x	
Business Development	x	x	x	
Code Enforcement	x		x	
Communications	x	x		
Community Planning	x	x		
Construction Office and/or Inspections			x	x
Corrections	x	x	x	
Courts	x	x		
Cultural Programming		x	x	
Disability Services	x	x	x	
Economic Development	x	x	x	
eGovernment Services		x		
Elections/Voting	x	x		
Emergency Management	x	x	x	x
Emergency Services	x	x	x	x
Energy Purchasing	x	x		
Environmental Health	x	x	x	
Feasibility Studies	x	x	x	
Financing	x	x		
Fire		x		
GIS	x	x	x	x
Grant Writing	x			
Hazardous Waste Recycling	x	x		
Health	x	x	x	x
Housing Assistance	x	x	x	
Inspections		x		
Insurance	x			

Service Type	Municipal Shared Services			
	Burlington	Camden	Gloucester	Mercer
Job Training/Assistance	x	x		x
Landfill	x	x	x	
Library	x	x	x	
Litter Clean-Up		x		
Mental Health Services	x	x	x	
Mosquito Control	x	x	x	x
Open Space Preservation	x	x	x	x
Parks	x	x	x	x
Planning	x	x	x	x
Police	x	x		x
Property Valuation	x		x	
Public Works Equipment	x	x	x	x
Purchasing		x	x	x
Record Storage/Management		x		x
Recreation Facilities	x	x	x	
Recycling	x	x	x	x
Redevelopment	x	x		
Road and/or Bridge Maintenance	x	x	x	
Senior Citizen Services	x	x	x	
Snow Removal	x	x	x	
Social and Family Services	x	x	x	
Solid Waste		x	x	
Stormwater Management	x	x	x	
Substance Abuse Services	x	x	x	
Sustainability		x		
Tax Assessments	x	x	x	
Transportation Services	x	x	x	x
Vehicle Washing	x		x	
Veterans' Services	x	x	x	
Water/Sewer		x	x	
Weights and Measures	x		x	x

Source: DVRPC 2013

Resources and Additional Information about Shared Services in New Jersey

Municipalities interested in learning more about shared services across New Jersey can consult the following studies:

- *2011 Municipal Management Survey Preliminary Findings* (NJSLOM in partnership with the Rutgers Center for Executive Leadership in Government)

  www.njlmef.org/2011_MunicipalMgmtSurvey.pdf

- *Statutory Obstacles to Shared Service Implementation by Local Government 2011* (LUARCC)

  www.njslom.org/documents/sharedservobstaclesfinal.pdf

- *Shared Service Themes 2010* (LUARCC)

  www.nj.gov/dca/affiliates/luarcc/pdf/SHAREDSERVICETHEMES%20final.pdf

- *Shared Services – Working Together: A Guide to Joint Service Feasibility Studies & Shared Service Agreements 2010* (NJ DCA DLGS)

  www.state.nj.us/dca/divisions/dlgs/programs/shared_docs/guide_to_joint_service_feasibility_studies.pdf

- *Literature Review and Analysis Related to Costs and Benefits of Service Delivery Consolidation Among Municipalities 2009* (LUARCC)

  www.nj.gov/dca/affiliates/luarcc/pdf/final_service_delivery_consolidation.pdf

- *Literature Review and Analysis Related to Optimal Service Delivery Arrangements and Local Government Efficiency 2009* (LUARCC)

  www.nj.gov/dca/affiliates/luarcc/pdf/final_service_delivery_arrangements.pdf

- *Overview of the Literature Review and Analysis on Five Subjects Related to the Cost-Efficiency of Municipal Government 2009* (LUARCC)

  www.nj.gov/dca/affiliates/luarcc/pdf/final_overview_report.pdf

- *The Service Provider Continuum: Alternate Methods of Providing Municipal Services 2009* (New Jersey Municipal Management Association, LUARCC, Interlocal Cooperation and Management Advisory Service, and Jersey Professional Management)

www.nj.gov/dca/affiliates/luarcc/pdf/service-provider-continuum.pdf

- *Police Department Regionalization, Consolidation, Merger & Shared Services Important Considerations for Policy Makers 2007* (New Jersey State Association of Chiefs of Police)

  www.njsacop.org/rc_files/178/NJSACOP%20WhitePaper-Consolidation%20Regionalization%20Merger%20of%20Police%20Agencies.pdf

- *Shared Services and Municipal Consolidation: Pursuing Careful Assumptions and Grounded Studies* (New Jersey League of Municipalities Educational Foundation)

  www.njlmef.org/FoLG%20v2_1.pdf

- *Law Enforcement Shared Services Feasibility Study Prepared for Township of Cinnaminson, Borough of Palmyra, and Borough of Riverton 2010* (Patriot Consulting Group)

  www.nj.gov/dca/affiliates/luarcc/pdf/final_report-feb_25_2010.pdf

- Feasibility Studies and Agreements Library (NJ DCA)

  www.nj.gov/dca/affiliates/luarcc/resources/feasibility.html

For assistance with shared services planning and implementation, municipalities in New Jersey may contact their county shared services coordinators or any one of the other following offices.

- Burlington County Shared Service Coordinator – Gary LaVenia (glavenia@bcbridges.org or 856-829-1900)

- Camden County Shared Service Coordinator – Louis DiAngelo (ldiangelo@camdencounty.com)

- Gloucester County Shared Service Coordinator – Michelle Pandolfo (mpandolfo@co.goucester.nj.us or 856-853-3261)

- Mercer County Shared Service Coordinator – Nancy Coffee (ncoffee@mercercounty.org or 609-989-6722)

- New Jersey Department of Community Affairs Division of Local Government Services Shared Services Program (Director Nancy Malool; nancy.malool@dca.state.nj.us or 609-984-7764)

- New Jersey State League of Municipalities Interlocal Consultation and Advisory Service (Taran Samhammer; tsamhammer@njslom.org or 609-695-3481 ext. 124)

- Local Unit Alignment, Reorganization and Consolidation Commission (luarcc@dca.state.nj.us)

Conclusion

There are several important lessons learned about service sharing between municipalities. First, most municipalities in the region already share services even if they do not have formal service sharing agreements in place. In places where the sharing is unofficial, it may be dependent on one individual to perpetuate the arrangement. Therefore, in order to avoid disruptions in service or unexpected cost increases when personnel change, municipal leaders should consider formalizing their shared service agreements.

Next, municipalities should approach the idea of sharing services with the goal of solving an existing problem or raising the level of service provided rather than focusing solely on cost savings. There are often significant costs to implement shared services, and the literature is unclear about whether projected cost savings are actually realized. When saving does occur, it may not be for many years.

Some municipalities are reluctant to share sensitive municipal data, and others simply do not collect much data on the services provided. However, data collection is mandatory if the municipality wants to pursue service sharing. Acquiring accurate data on how services are provided not only allows municipalities to measure their own performance, it gives them a basis for a feasibility study, which is necessary prior to entering into a shared service agreement with another municipality. Increased transparency on how services are provided and at what cost benefits municipalities in many ways.

Finally, it is imperative that those involved in planning for shared services (whether establishing performance measures, conducting feasibility studies, or negotiating the terms of a shared service agreement) be well-versed in the delivery of that particular service. There is specialized knowledge required to deliver most municipal services, and the people with that knowledge need to be brought to the table to share their expertise. Even when selecting shared service consultants, those who understand the daily operations need to be consulted and their experience and expertise trusted by the municipality.

10,000 Friends of Pennsylvania, *Plan Regionally, Implement Locally: An Evaluation of Multi-Municipal Planning and Implementation in Pennsylvania* (Harrisburg, PA: 2008).

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New Jersey Department of Community Affairs, *Shared Services – Working Together: A Guide to Joint Service Feasibility Studies & Shared Services Agreements* (Trenton, NJ: November 2010).

New Jersey State Legislature, *Local Unit Alignment, Reorganization and Consolidation Commission*, P.L. 2007, c. 54. Codified as N.J.S.A. 52:27D-502, March 15, 2007.

New Jersey State Legislature, *Municipalities and Counties*, Section 40A:9, 40A:9-22.2 – Findings, declarations, Updated, P.L. 2012, ch. 67 and JR 5 of 2012, 1991.

New Jersey State Legislature, *Uniform Shared Services and Consolidation Act,* P.L. 2007, c. 63, Amended, P.L. 2011 by c. 55, January 10, 2011.

Pennsylvania Department of Economic and Community Development. *Municipal Assistance Program: Program Guidelines* (Harrisburg, PA: January 2012).

Pennsylvania Economy League, Inc. *A Review of Shared Service Delivery in Selected Counties and an Examination of the Potential and the Obstacles to Delivery of Shared Services Through Regional Departments* (Philadelphia, PA: 2009).

Pennsylvania Economy League, Central PA Division, *Municipal Merger/Consolidation and Sharing of Services* (Wilkes-Barre, PA: April 2009).

Pennsylvania Economy League, Inc. *Structuring Healthy Communities, Part 1: Revenue Generation and Fiscal Health* (Philadelphia, PA: 2011).

Pennsylvania Economy League, Central PA Division, *The Economic Impact of Shared Services in Pennsylvania and an Examination of Shared Service Delivery in Selected Counties* (Wilkes-Barre, PA: August 2009).

Pennsylvania State Legislature, *Municipalities Planning Code*, Act of 1968, P.L. 805, No. 247, Amended by Acts 67 and 68, 2000.

Pennsylvania State Legislature, *Municipal Consolidation or Merger Act*, P.L. 596, No. 90, §1, October 13, 1994.

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The Delaware Valley Regional Planning Commission is dedicated to uniting the region's elected officials, planning professionals and the public with a common vision of making a great region even greater. Shaping the way we live, work and play, DVRPC builds consensus on improving transportation, promoting smart growth, protecting the environment and enhancing the economy. We serve a diverse region of nine counties: Bucks, Chester, Delaware, Montgomery, and Philadelphia in Pennsylvania; and Burlington, Camden, Gloucester, and Mercer in New Jersey. DVRPC is the federally designated Metropolitan Planning Organization for the Greater Philadelphia Region – leading the way to a better future.

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