
REGIONAL SERVICE DELIVERY SUBCOMMITTEE REPORT - TOWNS TASK FORCE

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1. REGIONAL COST SHARING TEMPLATE

Task:

Develop regional service cost-sharing template to assist municipalities in establishing cost sharing formula for regional services. Template should provide a means for determining who is using the service and the actual cost of providing it to those from outside the municipality. It should also recognize the economic spin-offs to the host municipality in housing a regional facility including increased business through shopping, dining, etc.

Result:

The subcommittee has produced a ‘Regional Service Delivery – Cost Sharing Resource Guide’ to guide municipal administrators through the process of entering into a shared service agreement and compliment the cost sharing template. This interactive electronic resource provides step-by-step guidance through the stages of entering into a shared service agreement. We intend for this guide to be available to download via the UNSM and SNSMR websites.

The general format of this guide is to provide a brief summary for each section and provide links to additional resources that go into greater detail. There is a great deal of information available on the topic of shared services in local government, and this guide directs users to resources and examples related to each step of the process.

Embedded in this document is a full version of the resource guide. If you are viewing this electronically, simply double click on the icon below to open the guide.

Figure 1: Shared Services Resource Guide



The guide is divided into six sequential phases (see Figure 2 below). The guide begins by discussing the advantages of sharing municipal services and discusses the services that are most amenable to sharing, as well as some background information on the current state of shared municipal services in Nova Scotia.

As part of this process, the types of services that are most commonly shared were examined. This information was incorporated into the resource guide, and is included in the Appendix.

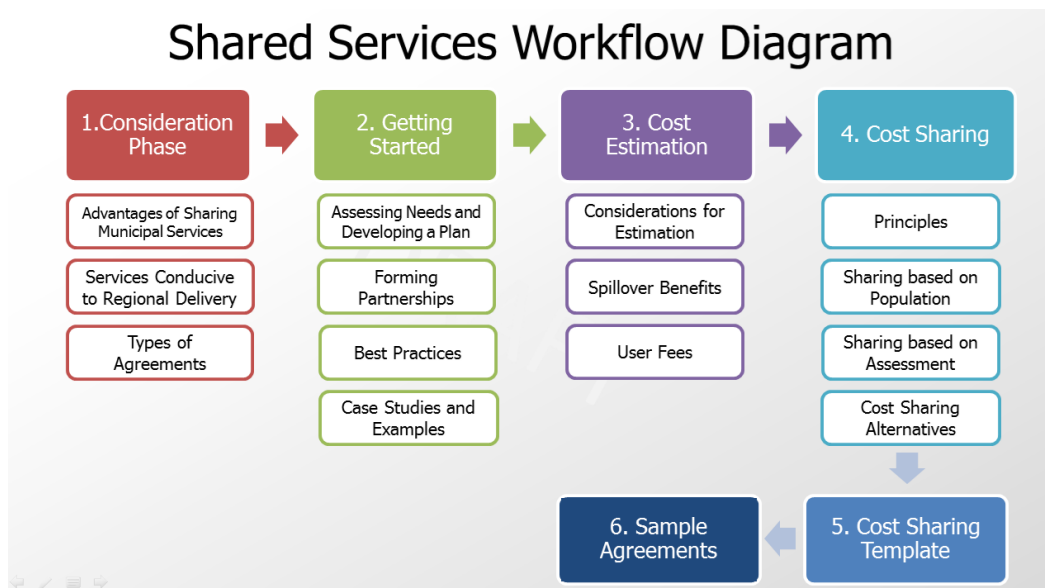
The second phase focuses on the partnership aspects of shared services, best practices and identifying opportunities with nearby municipal units. While this tool is primarily

designed to assist with the financial aspects of shared services, we stress the importance of building partnerships in determining the success of these projects.

The third phase introduces the financial aspects of shared service delivery. The guidelines for cost estimation address the budgeting issues of sharing resources, including possible sources of revenue. This phase compliments the template, which allows users to enter in costs under various categories. This is not intended to replace a full budgeting procedure, but to encourage users to consider a full account of all costs and benefits to delivering the shared service.

In the fourth phase, the estimated net costs are divided between all participating municipal units. There are several different methods that can be used to determine how these costs are shared, and this section provides details and advice on the decision of which method is appropriate. This phase also compliments the template, which allows users to input data that will form the basis of the cost-sharing method.

Figure 2: Shared Services Workflow



The fifth phase provides instructions on using the cost-sharing template. This spreadsheet prompts users to enter information related to a shared service, automatically completes all calculations, and provides totals for the cost estimation phase and the total amount that each participating unit would pay under different scenarios.

Embedded in this document is a full version of the cost sharing template. If you are viewing this electronically, double click on the icon below to open the template.

Figure 3: Cost Sharing Template



Full use of the template requires a PC or Mac computer with Microsoft Excel. Some features may not be available on mobile devices. When you open the document you will be prompted with a warning. Select “enable macros” to access all of template’s features. This tool is designed to assist municipal administrators in completing the financial aspects of shared service delivery. Sample data is included as an example, and step-by-step instructions will guide users through the process.

Recommendation:

The Regional Service Delivery Subcommittee recommends that these shared services resources be made available for all municipalities in Nova Scotia to use.

2. CONSIDERATION OF SHARED SERVICES FOR CAPITAL FUNDING

Task:

Develop capital project criteria to be included as part of a municipal application for provincial funding. Criteria should include analysis of the value or opportunity option for regional service delivery where appropriate.

Result:

The RSD subcommittee investigated the application process for capital projects administered by the Province of Nova Scotia. Currently, grant applications for the following programs have an internal policy that a shared service approach be considered:

- Provincial Capital Assistance Program
- Flood Risk Infrastructure Investment Program
- Local Government Studies
- Municipal Capacity Building

Additionally, the current Building Canada Fund (BCF) application also gives credit for a shared service project. For the new BCF program, the Province will work with the Federal Government to have a similar approach as in the current BCF. In 2014/15, BCF applications will include evaluation criteria for a shared service approach. Applicants that do not take this approach will be required to provide justification.

Recommendation:

The Regional Service Delivery Subcommittee recommends that SNSMR develop a formal policy that 'consideration of shared services' is included as a criterion for municipal infrastructure grant applications where appropriate.

3. ENHANCE REGIONAL SERVICE PROGRAMS

Task:

Develop regional service programs or enhance existing programs that offer greater provincial funding for capital projects where two or more municipalities demonstrate cooperation.

Result:

The subcommittee identified the following provincial programs as potentially benefiting from a regional service approach:

Table 1: Provincial Programs with Potential for Regional Delivery

Provincial Department	Funding Program	Possible Shared Service
Economic and Rural Development and Tourism	Community Economic Development Investment Funds	Regional strategic planning
	Regional Enterprise Networks	Must be in a REN to get project funding
	First Impressions	Projects where communities share municipal boundary I.e. Bear River
	Competitive Edge	
Health & Wellness	Municipal Physical Activity Leadership	Active Living Coordinator
	Recreation Facility Development Program (RFD)	Recreational Infrastructure
	Planning Assistance	
	Community Recreation Capital Grant	
Trail Development		
Energy	Efficiency Nova Scotia	Joint energy saving projects
Seniors	Senior Safety	Senior Safety Programs
Communities Culture & Heritage	Strategic Development Initiative	The initiative encourages "partners-in-heritage" to develop projects that build on a community's assets and strengths. Partners could include archives, community organizations, museums, heritage associations, municipal governments, regional development authorities and not-for-profit groups that are exploring common heritage objectives.

Staff from these departments were contacted to determine if shared services criteria are included in the programs that were identified. Responses are listed below with:

Economic and Rural Development and Tourism

- ☑ Regional Enterprise Networks (RENS) are currently under development, and will emphasize *business development*. The model is designed to operate with 6 RENS across the province to assist in better partnership and of coordination resources and efforts. The goal of regional networks is to improve co-ordination and bring planning in line with the Provincial economic development agenda.
- ☑ Tourism Development Investment (TDI): Both the [First Impressions Program](#) and the [Competitive Edge Program](#) allow individual municipalities to apply for funding. Non-profit organizations, funded by multiple municipalities are also eligible applicants. The objective of these programs is to improve visitor experiences, regardless of municipal boundaries. Municipalities sharing a common visitor experience are encouraged to collaborate in application of the TDI programs.
- ☒ [Community Economic Development Funds](#) are targeted only to small business. They are not a means of carrying out municipal infrastructure. CEDIFs are profit-oriented organizations that promote income and economic growth within the community, as well as increase the tax base. A community is a specific area, without limiting the size. In most cases community is defined by geographical area (i.e. municipal unit, county, etc.). However, other criteria such as cultural may also apply to certain communities. A "spirit of commonality" must prevail. The key is for the CEDIF to define, from the outset, what the community will be.

Nova Scotia Department of Seniors – Senior Safety Programs

- ☑ [Age-Friendly Communities](#) strategic plans are often completed regionally by multiple municipalities (e.g. Lunenburg County has 5 municipalities working together to create an AFC plan)

Their guidelines provide “strong and clearly outlined partnerships with local police agencies – RCMP; town, municipal, or city police departments....AND....significant support, both in-cash and in-kind, from local governments, police agencies, organizations, and businesses that matches or exceeds the amount requested from the Senior Safety grant”

Efficiency NS

- ☑ [On-site Energy Manager](#): currently adjusting the program to accommodate a number of municipalities/townships that are willing to collaborate for this program, providing potentially significant energy savings.

- ☒ The [Business Energy Solutions](#) program provides up to 60% of the cost for installing energy efficient items.
- ☒ The [Custom Program](#) is for large projects (over 20,000 kWh in savings). This usually applies to STPs and civic centres within municipalities.
- ☒ The [New Construction](#) program is for new construction over 10,000 sq ft.
- ☒ The [Business Energy Rebates](#) Program provides instant and mail-in rebates on hundreds of energy efficient products.

Department of Health and Wellness

- ☒ [Municipal Physical Activity Leadership \(MPAL\)](#) has a built-in incentive that encourages municipalities to work collaboratively on the development and implementation of a municipal physical activity strategy. The basic approach is that municipalities may apply for entry into a cost sharing program that enables them to employ the services of a physical activity specialist. The basic formula is Provincial Government contributes \$25,000 and the municipality contributes \$20,000 and there is \$5,000 contributed by the Province (not matched by the municipality) for each additional municipality that enters that agreement.
- ☒ [Community Trails Leadership Fund](#) - Given our propensity for using this program to support provincial and regional initiatives, one could say we value a shared approach but we also consider applications that do not have shared services associated with them.
- ☒ Recreation Facility Development Program (RFD) has no shared service-related criteria built into this funding program. However, on an informal basis we have used strong encouragement with municipalities to cooperate on the development of major recreation and sport facilities, where there was no justification for building more than one major facility in a geographic area.
- ☒ Planning Assistance has no shared service-related criteria built into this funding program.
- ☒ Recreation Development Grant (RDG) has no shared service related criteria built into the funding program.
- ☒ Trail Maintenance Program - Municipalities are not currently eligible to apply.
- ☒ Engineering Assistance Program - No criteria related to shared services.

Recommendation:

The subcommittee recommends that the programs that encourage and reward a regional approach be included in the final report for information purposes.

4. MUNICIPAL FINANCE CORPORATION FUNDING POSSIBILITIES

Task:

Meet with Municipal Finance Corporation (MFC) staff to explore regional projects under MFC mandate.

Result:

The subcommittee met with MFC staff to discuss their mandate and the process that is used to consider long-term borrowing requests.

The mission of the Corporation is to provide financing to its clients for *approved capital projects* at competitive rates, within acceptable risk parameters to through a centralized borrowing authority and to provide advice and assistance to its clients regarding financial management.

MFC, along with SNSMR evaluates long term borrowing requests using the following criteria:

- Is the funding for a capital project?
- What is the impact on the municipality's debt service ratio?
- Is a Temporary Borrowing Resolution in place?
- Is the project completed?

MFC does not consider aspects of the project, such as a regional approach, because applicants are municipalities with approved capital projects that have been completed.

Recommendation:

The subcommittee agrees that the promotion of shared services is not applicable to the MFC model, as funding is awarded after projects are completed.

5. MECHANISM FOR DEVELOPER TO PAY COSTS IN AN ADJACENT MUNICIPALITY

Task:

Develop infrastructure charges agreement template. Establish a mechanism whereby a developer can pay for costs in an adjacent municipality for extension of services through infrastructure charges with the agreement of the municipalities.

Result:

This recommendation suggests amending the MGA to “permit an existing development requiring infrastructure, such as sewer services, from an adjacent municipality to recover costs through an area rate levied by the adjacent municipality on the development”. It also states that “this process should be subject to the agreement by both councils and the citizens requiring the service”.

Legal opinion for this task was provided by UNSM Solicitor Kevin Latimer, in his review of the Towns Task Force Recommendations and the Municipal Government Act:

Subsection 75(2) of the MGA gives municipal councils authority to impose area rates, while subsection 274(1) gives municipalities authority to impose infrastructure charges through subdivision by-laws. While neither of these provisions give municipalities clear authority to take action outside their individual jurisdictions, subsection 60(1) gives municipalities authority to “agree with one or more municipalities ... to provide or administer municipal services.” Subsection 60(2)(b) provides that such an agreement may “include the provision of services within or outside the municipality”, and subsection 60(3)(d) provides that it may include “how the cost of the services, both capital and current, is to be paid”, as well as “the proportions of the cost to be paid by each party to the agreement or a method of determining those proportions”.

The example of sewer services given in Recommendation 19 of the Task Force Report could fall under the category of “municipal services”. As such, neighboring municipalities could invoke Section 60 and enter into a municipal service agreement for the provision of such services, and determine how much one municipality should pay the other in exchange for the use of its existing sewage infrastructure. The paying municipality could then impose an area rate upon the area receiving the benefit of the sewer services to recover the sum(s) owed to the other municipality. Thus, this process could allow two municipalities to enter into an agreement to allow one to access the infrastructure of the other for fair consideration, without raising concerns regarding extra-territorial jurisdiction.

Recommendation

It is the view of the Regional Service Delivery Sub-Committee that this recommendation is already permissible in the MGA and requires no further amendments.

6. APPENDIX

Shared Services: Green – Yellow –Red

Purpose: The purpose of this document is to address the benefits of shared services generally, and to list municipal services that have the greatest probability for success, and those that are more complex to achieve.

Shared services – why consider shared services?

Municipal units are experiencing drastic change. As is the case with our Federal and Provincial counterparts, we are being asked to maintain or improve services, with limited funding. Our demographics are changing, and in some instances, population is declining. However, there is a continuing need to invest in our communities and provide services. With limited funds, we must prioritize, and think differently to maintain sustainable government.

Benefits of sharing:

- Ultimately we desire great service at the lowest cost. Sharing and pooling of resources is intended to reduce costs to the taxpayer while providing equal or better service.
- Our communities, in many areas, are more integrated and less segregated, allowing for a broader acceptance of a unit providing services to another.
- The technological advances allow for shared services now that were not possible or plausible in recent past.
- Instances of sharing may allow for economies of scale, which will result in a more efficient and effective service.
- Pooling of resources instead of competing for resources could result in improved economic and community development for both areas.
- In some cases, sharing is the only option for a sustainable service.

Not every share is equal

It is no secret that there have been unsuccessful attempts to share services amongst municipal units. The reasons vary. Our focus is not to determine the cause of failure, but measure those services that have the greatest likelihood of success. Success factors, in our assessment, include:

- Easy or hard? – Less complex arrangements are more likely to succeed.
- Win-win probability! – In other words, easy to measure the level of service and benefits provided to the units.
- Been there, done that! – shared services that have proven to work in other units, with documented agreements, easy to understand, and developed best practices.

We have therefore organized municipal services in three groups, namely, Green, Yellow and Red. Green offers the higher probabilities of success, while Red represents the lower probability of success.

Green:

Green represents services that are already shared and have best practices pre-established. In many of these areas, there are existing agreements between municipal units. The management of these shared services are considered to be less complex, and due to our current technological arena, some of these services can be provided offsite. The life cycle of these services is generally shorter term, and easier to amend if changes are required. In some instances, providing these services (ie Landfill) is prohibitive for one municipal unit to offer. Finally, these services can be provided within a reasonable geographic area. Shared services under green require a moderate level of trust between municipal units, and are more operational than political.

Examples of Green shared services

- Municipal Recreation Services – Day camps, programs, MPAL
- Landfill/transfer station agreement
- Waste Management
- Animal Control
- By-law Enforcement
- Winter weather maintenance
- Landscaping, parks and greenspace, mowing
- Sidewalk, snow and ice removal
- Planning and development
- Engineering
- Building and Fire Inspection
- REMO
- IT sharing services
- Regional library

Yellow:

Yellow includes potential shared services that are already shared and have some best practices pre-established, but found less frequently amongst units. There are existing agreements between municipal units to support these shared services. The management of these services is typically more complex, and often the governance structure includes multiple units and may require specific expertise to govern properly. The life cycle of the yellow shared services are generally longer term, and require multiple year's commitment and more effort to devolve. The risk of relationship degradation is higher in these services in instances where a municipal unit is not satisfied with a long-term contractual arrangement. Finally, these services are more difficult to share in areas of geographic disparity (ie wastewater), and is more difficult to measure the benefits to each municipal unit, making cost sharing arrangements more complex and more important to get right. The level of trust between units required to enter into 'yellow' agreements is high.

Examples of Yellow shared services

- Wastewater
- Arenas, Curling, Recreational infrastructure
- Public transit
- Economic Development
- Community Economic Development staff
- Regional Land use and MPS planning
- Strategic planning and ICSP
- Revenue sharing services
- Corporate Services (HR, Payroll, benefits administration)
- Communications

Red:

Red includes potential shared instances that are not typically shared, and have fewer best practices that are documented. These areas of shared services are very complex to offer collectively, and require a considerable release of control on the part of existing parties, which for boundary or other reasons presents major obstacles. These shared services are long term, and the cost to reverse these decisions are extremely high, and perhaps untenable. These agreements require a great deal of independent advice and consultation to ensure all parties' interests are met for the long term. The level of trust between units required to enter in "red" shared service agreements is extremely high, and should be considered only after seeing success in less complex shared service agreements,

Examples of Red shared services

Corporate Services (Tax collection, A/P, budgeting, financial reporting)
Regional Fire Services
Supervisory functions (sharing CAO and upper management)
Regional utilities
Regional governance

Summary:

In short, we note that municipal units will not necessarily try easy first. Out of necessity, more complex arrangements may be required. It was noted by the municipal CAO's engaged in this process that as arrangements become more complex, so does the need for outside expertise to be engaged in the process; to ensure that both parties are satisfied, and that the interests of the taxpayers overall is respected. Consideration for independent legal and consulting assistance would be recommended in some of the more complex arrangements, along with Provincial assistance.