IBM Center for
The Business of Government

Collaborating Across
Boundaries Series

A County Manager's Guide to Shared Services in Local Government

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Foreword

On behalf of the IBM Center for The Business of Government, we are pleased to present this report, *A County Manager's Guide to Shared Services in Local Government,* by Eric Zeemering, University of Maryland, Baltimore County; and Daryl Delabbio, Kent County, Michigan.

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The report brings together the knowledge and experience of Professor Zeemering, an academic, and Daryl Delabbio, a practitioner. Together, they present findings—based on both research and experience—on how local governments, specifically county governments, are today implementing a variety of shared services. The authors discuss the growing interest in shared services, which is driven partly by economic concerns (i.e., budget savings and new revenue streams), as well as non-economic concerns such as the need to improve the quality of local services and improve working relationships with neighboring jurisdictions.

Ed Nadworny

Zeemering and Delabbio present a discussion of the three preconditions for successful shared service implementations. These include leadership; trust, reciprocity, and transparency; and clear goals and measurable results. After describing how county governments now use shared services, including three short case studies, the authors set forth five recommendations on planning and implementing a shared service. For example, regarding the need for flexibility, Zeemering and Delabbio write, "When working with other governments, counties must be prepared to revisit the design of existing cooperative relationships to meet changing needs and budgetary constraints."

This report builds on the IBM Center's long interest in the topic of shared services. In 2008, the IBM Center published *Success Factors in Implementing Shared Services in Government,* by Timothy Burns and Kathryn Yeaton. In addition to a series of examples of shared services in government, that report sets forth five key success factors in implementing shared services at any level of government.

We trust that this report will be helpful and informative to all government executives either considering shared services or already implementing such programs.

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Executive Summary

Budget stress in the wake of the recent recession has been an incentive for many U.S. local officials to explore new cooperative relationships with neighboring jurisdictions. County governments are in a strategic position to develop shared service projects and interlocal agreements for service delivery.

Interlocal agreements are agreements or contracts between two or more local units of governments to provide services to their citizens. Interlocal agreements between local government units are growing in popularity, and over half the U.S. county officials surveyed for this report point to increased discussions about shared service in the last year. Counties explore shared service delivery to:

- Stimulate innovation in their local communities
- Improve government decision-making
- Increase levels or quality of service
- Improve working relationships with other local governments

This report provides shared service delivery examples from county governments throughout the United States, and presents recommendations from experienced county officials about how county governments can make shared service projects successful. Based on this research, three key preconditions were found to mark the success of a shared service delivery venture:

- **Leadership:** Support from top administrators and elected officials is necessary to advance dialogue and ensure the success of shared services and interlocal agreements. Teams or task forces of participants from multiple governments may identify opportunities for cooperation and maintain momentum.
- **Trust and reciprocity:** Counties that develop a track record of cooperation with their neighbors develop trust, an asset for building new shared service efforts.
- **Clear goals and measurable results:** Specific goals for shared service projects can ensure success while confirming that the effort is worthwhile. Officials should regularly assess the services delivered through cooperation, as well as the quality of the working relationship.

Based on research and interviews with practitioners in the field, this report gives five recommendations to help county leaders form and maintain successful shared service relationships.

Planning a Shared Service

Recommendation One: Create a shared services assessment team. Bring the right participants together to discuss shared services in a transparent manner. Maintain communication with partners over time, resisting the urge to set relationships on autopilot.

Recommendation Two: Identify strengths in participating governments. Counties should carefully identify their areas of strength in determining where they could provide service to others, while also assessing other governments' areas of strength. Be open to innovative service delivery models, including service swapping or exchange.

Recommendation Three: Consider pilot projects. Small successes through pilot projects can build relationships, trust, and a track record to expand cooperation in the future.

Implementing a Shared Service

Recommendation Four: Discuss and document responsibilities with partners. Almost all of the county officials interviewed for this report stress the importance of guiding cooperation with clear, documented terms written in a way that current and future county leaders will understand. Managers and policy-makers should regularly review and discuss shared service agreements.

Recommendation Five: Make appropriate changes as needed. Public needs and budgets change over time. Relationships that are beneficial now may not be in the future. Therefore, cooperative projects must be crafted with flexibility.

Examples and brief case studies from county governments illustrate how shared service initiatives can help counties improve working relationships with other governments while improving public service delivery. Successful shared service projects require patience and careful maintenance over time, but through cooperation, many county governments are finding innovative ways to make quality services available to the public.

County Government: A Strategic Hub for Shared Services

The recent recession forced local government managers to rethink the scale and organization of public services. Collaborative relationships can be part of the solution to continue meeting public expectations. Collaborative partnerships, shared service projects, and interlocal agreements may create cost savings through realizing economies of scale or by employing more efficient staffing models. More often, interlocal agreements help governments maintain quality or avoid reductions in the level of service delivered (Chen and Thurmaier 2009). Interlocal agreement are agreements or contracts between two or more local units of governments to provide services to their citizens.

Whether the justification is cost savings, efficiency, or quality, cooperative arrangements require good management and thoughtful implementation to be successful. County managers and elected officials must know that shared service initiatives require careful attention from initial discussion through project evaluation.

This report brings together views on shared services from county government officials across the United States. Government managers seeking to improve their working relationships with other government agencies or nongovernmental partners do not lack for advice. Books like Russell Linden's *Working Across Boundaries: Making Collaboration Work in Government and Nonprofit Organizations* (2002) or Stephen Goldsmith and William D. Eggers' *Governing by Network: The New Shape of the Public Sector* (2004) have become mainstays on government office bookshelves. Reports on collaboration from the IBM Center for The Business of Government have advanced discussions about public sector collaboration, providing clear and specific advice to government professionals working on problems ranging from service integration (Roy and Langford 2008) to specific fields like public safety (Fedorowicz and Sawyer 2012), social service delivery (Thoennes and Pearson 2008), and watershed management (Imperial 2004). In light of the heightened interest in local government shared service delivery, this report offers recommendations for officials in county governments. County governments have unique strengths as shared service partners, and more county government officials are developing innovative relationships with their neighboring local governments.

What are Shared Service Projects?

County governments can contract with other local governments to buy or sell services. Counties can also make services available to other governments on a fee-for-service basis, or provide other governments with access to a service at no cost. Counties may also develop agreements to jointly produce or consolidate a service with a neighboring government. Shared services may be formalized in contracts or interlocal agreements, or they may simply involve an informal understanding about ongoing cooperation.

Recent studies suggest county government officials are supportive of shared service projects (Abernathy 2012; Zeemering 2009). In a survey conducted for this report, 31 percent of

Common Shared Services in County Government	
Affordable Housing	Lawn and Grounds Maintenance
Agriculture Support Services	Medical Examiner
Animal Control	Parks and Recreation Services
Appraisal and Equalization	Planning and Zoning Administration
Building Inspections	Police Services
Court Services	Purchasing
Economic Development	Recycling
Emergency Communications and Dispatch	Restaurant Inspections
Facility Sharing Agreements	Senior Services
Fleet Maintenance	Social Services
Geographic Information Systems (GIS)	Solid Waste Management
Grant Writing	Tax Billing and Collection
Human Resources	Transportation
Information / Technology Services	Wastewater Treatment
Infrastructure Maintenance	Water Treatment and Delivery
Jails	Website Design and Maintenance
Landfills	Youth Services

county officials report that sharing or contracting services is very common for their county, and over 50 percent indicate that within the last year, local governments in their area have been discussing shared services more than they have in the past. Additional findings from this survey can be found in Appendix I.

Some counties are already exemplars of shared service delivery, and many others are developing experience with these projects. Managers in these counties can provide their peers with strategies to successfully sell or buy services and maintain productive service delivery relationships with neighboring local governments.

Why Counties are Considering Shared Service Delivery

Counties and other units of local government may be giving more thought to shared service proposals due to budget constraints associated with the recent recession.

Economic reasons for pursuing shared services. Some counties find that working with neighbors can help save money or add new revenue.

- **Budget savings**: Budget savings may come about when partnering with other governments creates economies of scale, or when buying a service from another government is less expensive than producing the service alone. Some counties find that sharing service reduces administrative overhead.
- **New revenue streams.** Counties with extra service capacity find that selling a service to another government results in a revenue stream to help offset the cost of a service or prevent possible reductions in that service area.

Additional reasons for pursuing shared services. Many local governments will weather the current economic stress with limited or no change to service delivery (Ammons, Smith, and Stenberg 2012). While budgets may be a prime reason for counties to consider shared services, county leaders should consider six other rationales that make attractive the possibility of working with other local governments.

- **Stimulating innovation.** Conversations among county governments about service delivery may highlight opportunities for innovation. Discussing shared service delivery requires counties to make explicit how services are currently delivered. By comparing service

delivery approaches with other governments, shared service discussions force county leaders to consider inefficiencies in current delivery methods. Focusing on the public service to be delivered, rather than the existing system for delivering the service, may lead to the identification of more efficient methods for providing the service.

- **Improved decision-making**. Shared service delivery requires participating governments to reach a careful consensus on how service will be delivered and on standards or performance expectations for service delivery. County officials who have crafted these arrangements report time-intensive negotiations to reach agreement. Investing in the process of careful analysis and negotiation may result in better decisions about service delivery. Decisions reached through negotiation among governments may also result in durable models for service delivery because managers have carefully considered the details of working together to make successful service changes.
- **Building on complementary strengths**. Counties may benefit from assessing complementary strengths with other local governments in their region. Sharing staff expertise or specialized equipment may result in better services for those participating in a shared service arrangement. So too, counties may consider swapping or exchanging service by providing a service in which the county has strength or excess capacity in exchange for a different service in which the county has weaknesses or needs.
- **Transferring knowledge and skills**. Sharing services with another local government may allow counties to share staff with specialized knowledge or skills, boosting the capacity of other local governments to serve the public. County managers explain that cross-governmental work groups among department or service-level staff often result in a helpful exchange of ideas about how work can be approached in new ways. Counties may also contract for the specialized expertise of staff from other local governments without hiring new employees of their own.
- **Increased levels or quality of service.** Purchasing service from another government, or producing a service together with another government, may result in a higher level or quality of service than a county might be able to provide alone. Counties seeking improved services rarely report saving money on shared service delivery, but they report satisfaction with partnerships that provide residents with better services.
- **Improved working relationships.** Shared service delivery helps counties form regular patterns of dialogue with other local governments in their region. While a county's elected leaders and top administrators may communicate across government borders on a regular basis, lower level managers and staff may not have working relationships with their counterparts in other organizations. Developing and improving working relationships across government borders can lead to improved informal coordination and new ideas about shared service delivery.

The recent recession may have spurred more counties to begin discussions about shared service delivery, but counties also consider working with other governments for a wide range of non-budgetary reasons. As suggested in the next section, county governments must enter discussions about shared services with a clear sense of goals and with patience for dialogue and relationship-building. Shared service delivery is not the right answer for every county service, but county managers around the country can benefit from thoughtful discussions with their neighboring local governments about the areas in which partnerships might be mutually beneficial.

What Shared Services Are Not

This report is not about consolidating units of government. While the consolidation of city and county governments is occasionally debated in public, government consolidations are rare in

practice, and in many instances the outcomes of consolidation do not match the promises made by proponents (Carr and Feiock 2004; Leland and Thurmaier 2004, 2010). Scholars have hotly debated the public's preferences for services delivered by smaller versus larger units of government (e.g., Ostrom, Tiebout, and Warren 1961; Lyons, Lowery, and DeHoog 1992), but the consolidation debate is set aside here.

While consolidations are rare, contracting among local governments is becoming much more common (Warner and Hefetz 2009). Collaboration and shared services are regularly discussed at professional meetings and conferences for city and county government managers. Local communities around the country are working out practical arrangements to share and contract local services in order to create efficiencies, cost savings, or better services for the public. Public managers and elected officials understand that their governments can identify opportunities to work with neighboring jurisdictions to improve local service delivery. This report emphasizes the lessons that come from the practical problem-solving associated with county government shared services and contracting. These lessons can benefit county governments throughout the United States.

The advice given here is based on recommendations from county government officials. Examples of successful and unsuccessful shared service efforts were collected in telephone interviews; the names and counties of the respondents who provided examples for this research are listed in Appendix II.

The following sections present reasons for county governments to consider shared service delivery. The recent recession might have prompted additional interest in working with neighboring governments on service delivery, but county officials should consider other non-budgetary rationales for shared services. The next section presents preconditions for successful shared service relationships. That section describes specific shared service initiatives that county governments have undertaken as buyers or sellers of services. Throughout the report, short case study examples are used to illustrate how county government officials have established and maintained successful relationships with their partners.

Five recommendations for productive shared service delivery emerge from our interviews with county officials around the country. Based on our interviews with experienced county officials, we believe more counties will find that shared service delivery provides opportunities for innovation in their communities.

Case One: County Sheriffs as Contract Service Managers

County sheriffs are among the most active county officials who develop and manage shared and contract service relationships. At the time of incorporation, some cities seek contract services rather than establishing new police departments. Other city governments are facing fiscal stress and consider contracting out police services to a county sheriff's department. Sheriffs who negotiate new contract relationships provide detailed information about the cost of services, often presenting cities with a menu of ancillary services beyond a standard service level. Police contract relationships can help cities access services that they might not otherwise be able to provide on their own, such as specialized investigation, SWAT services, helicopters, or school and community liaison officers. Sheriffs also benefit from contract relationships because the contract brings higher levels of revenue for department operations, more diverse assignment options and promotion routes for officers, and more integrated law enforcement across the county. For some sheriff's departments, contract relationships are critical to survival, as the expansion of incorporated cities reduces territorial responsibilities for road patrol services.

In California, county sheriff's departments have been major contract providers since the 1954 incorporation of the city of Lakewood in Los Angeles County. Seeking to escape the higher property taxes that come with annexation to an existing city, Lakewood residents decided to receive many municipal services, including police service, through contracting with the county government (Miller 1981). Following Lakewood's lead, newly incorporated jurisdictions followed the "Lakewood Plan" to contract for local policing, rather than establishing new and independent police departments. Many other cities around the country have reconsidered their service delivery model, ending their own local administration of police services and contracting with sheriff's departments in order to save money or expand the scope of policing services available to their residents. While cities may identify cost savings as the main justification for contracting with a county sheriff, benefits for contract cities also include reduced response time and not having to assume responsibility for personnel and liability management.

In 2012, the Los Angeles County Sheriff's Department provided contract services to 42 cities. The Contract Law Enforcement Bureau is an office within the sheriff's department responsible for managing contract relationships. Lt. Rick Mouwen explains, "We consider ourselves a support unit because we are not the actual service provider. We're providing support to all of our sheriff's stations and other bureaus that are providing the service to our contract clientele. There's a lot of cost development, development of the rates, modifications and developments of contracts, and things that go on behind the scenes that we're responsible for to ensure that the contracts are running smoothly."

While most counties will not manage contract relationships on the scale of the Los Angeles County Sheriff's Department, all counties that contract out services should think about how to foster and maintain relationships with their contract customers. For policing, Lt. Mouwen explains, "It has to be beneficial for both parties to enter into the agreement. That involves cost-effective service … in which both parties feel that they are in control of the relationship." Among the practices used by the Contract Law Enforcement Bureau is an annual conference with the city managers of contract cities, in which the contract customers set an agenda for the discussion of common concerns. Lt. Mouwen explains, "We are developing trust in each other so that the relationship feels stable." Stable relationships require communication and attention to the routine details of service delivery. "Contracts have to be nurtured every day. You have to address all the small issues … the deputy personnel are dealing with in a city. Nothing is too small to become a problem down the road."

Since the early 1990s, King County, Washington has also been a major provider of police services through contract. Sue Rahr served as King County sheriff, with responsibility for managing relationships with contract cities. Earlier in her career, she served as police chief to a contract city, with reporting responsibility to both the sheriff and city manager. Rahr emphasizes two conditions for successful contract relationships. "First and foremost, you've got to have a trust relationship. At the end of the day, if the city thinks that the county is trying to take advantage of them financially, or is trying to usurp their power and authority, the relationship falls apart. So, from the beginning of contract negotiations, you can never lose sight of the trust of that relationship." The King County sheriff's office worked with city finance directors in order to be transparent in the process of developing costs for services, and the sheriff provides cities with detailed regular reports on service costs.

Second, Rahr emphasizes local control and identity. King County, like many successful contract counties, allows contract cities to retain identity by controlling paint schemes on police cars and the design of uniforms. "We agreed that the cities get to call the shots on what services they want, how they want the services prioritized, and basically what their cops look like, because the most visible evidence of a local government is their police force." Rahr argues that cities must be genuine participants in decision-making over the delivery of police services. "Give as much control as possible to the cities because at the end of the day, they will ask you for your advice and you can influence their decisions, but, you have to let the cities make those critical decisions."

Police service contracting provides important general lessons for county governments interested in maintaining healthy contract relationships including:

- Contract service recipients must believe they have control over the service they receive, and that the service provider understands the unique and specific needs of each customer community.
- Contracts require active management in which details about cost and service delivery are discussed regularly.
- Regular communication and accommodation will help both contract service providers and recipients develop trust, the foundation for successful shared service relationships.

Pictured above is a police cruiser from the San Mateo County, CA Sheriff's Office. San Mateo County recently contracted to provide police service to the city of San Carlos. Both the city's name and that of the county sheriff's office are represented on the vehicle's paint scheme, a common arrangement for cities obtaining police service through contract.

The Preconditions for Successful Shared Services

County governments should enter into shared service agreements only after careful thought, analysis, and deliberation. Washoe County, Nevada Manager Katy Simon suggests counties carefully explore the business case for sharing services and develop "shared guiding principles." Exploring a shared service project requires county governments to understand:

- How a service is financed
- How it is delivered and managed on a day–to-day basis
- How service delivery would change by contracting, merging, or redesigning the service

All participants need to understand their roles in the new service delivery model. Participants must also agree to standards of good service delivery for their communities. These conversations can be difficult, but the county officials we interviewed for this project suggest the dialogue can be made easier if the participating governments have developed a foundation for cooperation. How can a county develop a strong foundation for cooperation? Three factors deserve special emphasis—leadership; trust, reciprocity, and transparency; and clear goals and measurable results.

Leadership

Shared service delivery requires leadership from the top elected and administrative officials in a county, and from implementation teams working on each individual shared service project. For every successful example of shared service delivery, there is another project that has been considered, but has not yet been the focus of serious action. Shared service projects require time and attention to move from concept to implementation. Busy public managers and elected boards have competing priorities. In many communities, shared service proposals are seen as potentially advantageous, but not as immediate priorities. While the recession has caused some governments to give shared services more attention, cutbacks have also reduced staff time available to explore new initiatives. To move shared service proposals forward, county governments must identify those who can provide the leadership to assess the potential advantages of shared services and move select projects from concept to success.

Leadership from the top: the need for champions. Top leaders must communicate to others in county government the intent to explore shared service opportunities and to make them work when feasible. Russell Linden uses the label champion to describe those who provide leadership for collaborative projects. "Someone with real passion for the issue must articulate the goal and demonstrate its importance," writes Linden (1999). In Linden's description, the champion does not need to be a government employee, or even someone directly involved with the day-to-day workings of the collaborative project. The champion is someone who will raise the salience and importance of achieving cooperation on a specific goal.

In the words of County Mayor Rogers Anderson from Williamson County, Tennessee, "You've got to have buy-in. You've got to be the coach and the athletic director to convince, and show, and demonstrate that there is something better." The county's elected officials can lead by identifying projects and by preparing the public for shared service discussions. In communications with constituents, elected officials can dispel myths about shared service proposals and explain the goals of working with other governments.

Our review of shared service projects in county government suggests that most often the leader of a cooperative project is the county executive, county manager or administrator, or an elected county commissioner. Having a professional appointed manager or chief administrative officer who is responsible for the day-to-day operations of a county government may be an asset when considering a shared service project. Research suggests professional managers may be more likely to advance cooperative projects with neighboring governments, perhaps because they maintain regular communication with their counterparts in other local governments (LeRoux, Brandenburger, and Pandey 2010). These leaders or champions may delegate responsibility to key staff in order to move a shared service initiative forward, but often the most visible administrative and political leaders must lend their endorsement to move shared service projects forward.

Leadership from implementation teams. While a professional manager may be an asset, shared service proposals require leadership on multiple levels. County staff, from department heads to street-level employees, are instrumental for successful shared service. When specific shared service ideas are identified, budget and legal staff ensure the county is crafting a cooperative agreement beneficial to the county's interests. Employees working in the field know how specific services are delivered, and will be instrumental in developing strategies and work rules to engage with other governments. Sometimes, employees are concerned about job loss or restructuring as a result of shared services. If employees and labor groups are engaged early and understand the goals of a shared service project, they can become strong allies and advocates in moving projects through implementation.

County leaders benefit from bringing together focused teams to move shared service initiatives forward. A team may include staff or elected leaders from all of the participating units of government. For example, Kershaw County, South Carolina, established a "synergy committee" with staff from the county government, the Camden city government, the school district, and the local hospital to identify areas in which working together might be logical. The committee's work has already led to joint purchasing of office paper, and the committee is now considering other projects including fleet maintenance. Joint purchasing can be defined as two or more local units of government collaborating or working together to purchase goods and services.

Not all units of local government within a region might be interested in collaboration, but the development of a multi-government team puts positive pressure on the participants to think creatively about shared service delivery. Whether the leadership for shared services comes from a multi-government team, a charismatic politician, street-level staff, a chief administrator, or a mix of the above, leadership must be taken seriously for shared service projects to be successful.

Trust, Reciprocity, and Transparency

Many county officials describe trust as an important precondition for successful shared service delivery. County Manager Katy Simon of Washoe County, Nevada, explains, "Relationships are the currency of how we get everything done in government. You have to build those relationships and have trust relationships in place. If people don't trust each other, shared services

are not going to work." Trust is developed through communication and ongoing cooperation. Catawba County, North Carolina, has worked with municipal governments in the past, and has recently used that foundation of cooperation to develop new efforts in economic development for targeted business park development. They have designed a cost and revenue sharing plan so that jurisdictions can mutually benefit from new industry recruitment. "There's got to be a level of trust and pretty strong working relationships," explains County Manager Tom Lundy.

Trust and communication are critical for cooperation in the typically competitive field of economic development. In counties without a history of shared services, managers and elected officials must identify areas of common ground and help participants understand how shared challenges and experiences provide a foundation for new cooperative efforts. San Miguel County, New Mexico, for example, has been working with other governments in the region on planning for economic development and sustainability. Recent cooperative efforts build on the participating governments' experience working together through the region's metropolitan planning organization. Existing forums like metropolitan planning organizations and councils of governments can be used as forums to start dialogue about interlocal agreements and shared service delivery. Communication established in these organizations, and trust developed through cooperation on existing projects, provide a helpful foundation for new initiatives. As governments move forward on cooperative projects, County Manager Les Montoya encourages transparency. "There has to be open discussion, and everything needs to be placed on the table," Montoya explains. Counties can develop productive and transparent working relationships with their neighbors if they build on the foundation of cooperation and interaction that already exists within the community.

At the same time, the absence of trust and good working relationships should not be used as an excuse for a lack of action. Cooperation can occur without trust, but it is more difficult (Cook, Hardin, and Levi 2005). Governments with a foundation of trust may be more likely to set general frameworks for cooperation and work out problems and details when the need arises. But governments working without an existing foundation of trust may need to spend more time developing formalized contracts and agreements to ensure that all concerns and contingencies are addressed in writing. County government officials who do not have regular dialogue and existing working relationships with neighboring local governments should give careful attention to establishing an assessment team and evaluating the strengths of local governments. Beginning better dialogue and developing small cooperative efforts can establish a base for more extensive shared services in the future.

All county government officials should keep reciprocity in mind. People like to be treated fairly. When working together, people also like to know that everyone is fairly benefiting from collective efforts (Wagner and Muller 2009). County government officials must keep this in mind when crafting cooperative agreements. Shared service partnerships and interlocal agreements will erode if one of the parties feels that the costs and benefits of working together do not align.

In contract relationships, service providers must make the costs of service transparent so that service purchasers know the price is fair. In shared service arrangements, governments should agree on responsibilities, contributions, and intended outcomes. If governments feel comfortable with the process of working with their partners, then cooperative relationships will be strengthened. In this way, trust and reciprocity work in concert (Ostrom and Walker 2003). County officials who want to develop a strong foundation for shared services will give just as much attention to maintaining relationships as they do to the technical details of service delivery.

Clear Goals and Measurable Results

While dialogue is important, so are results. At the end of the day, the public expects to see results from government officials' efforts to cooperate. Before engaging in new shared service initiatives, county officials should take the time to tell the public about the benefits of existing cooperation. Some county governments keep an inventory list of services provided through cooperation or contract with other units of government. Managers should consider incorporating performance information into these lists, including estimates of financial savings or service quality improvements. An inventory and performance estimate for existing intergovernmental programs can help the public understand the value of investing time and effort in new methods of service delivery. Such a document could provide policy-makers with clear justification for exploring new shared service opportunities. These lists can also help government leaders better understand interdependence with other governments, and may be the source of ideas for additional cooperation.

As new cooperative relationships are explored, county officials should outline goals and values to guide the delivery of specific services and the negotiation process with potential partners. Counties must make explicit the values on which they will not compromise during shared service discussions. For example, a county might be unwilling to sacrifice geographic equity in service access to gain efficiency or save money. Another county might hold as a value the protection of jobs for public employees. Counties transparent about the values that will guide their decision-making will find their discussions about shared service to be more satisfying. Making explicit the values that guide decisions can also help officials avoid lengthy discussions about shared services in areas that are clearly not compatible.

County governments should set clear and attainable goals for shared service delivery efforts and interlocal agreements. Whether the goals relate to cost savings or service quality improvements, the participating governments should put a system in place in advance to collect the information necessary to determine if the project has been a success. Too often, governments rely on anecdotal evidence to support the success of a shared service project. If local governments do not already collect service performance data, then performance data and benchmarks should be considered at the start of a shared service project. Participants should also agree on a timeframe for formally reviewing the performance of the project.

Explicit discussion about expectations will help governments give the public a clear understanding about why service delivery models are being changed. Pasquotank County and Elizabeth City, North Carolina, have a track record of cooperation on parks and recreation services. Historically, the county made payments to the city so that county residents could participate in the city's recreation programs. The governments have jointly applied for grants to fund soccer, baseball, and softball complexes.

Recently, Pasquotank County merged its smaller parks and recreation department into the Elizabeth City recreation department in order to achieve operational efficiencies. "The city manager and I both determined that we really wouldn't save money … but we felt it would be a more efficient operation by having everything under one administration rather than having two separate departments," explained Pasquotank County Manager Randy Keaton. "Make sure that you don't oversell the benefits of the merger," advises Mr. Keaton. Project success involves coming to agreement on clear goals for shared services and interlocal agreements and making these goals public.

Case Two: Identifying Operational Efficiencies in Howard County, Maryland Public Schools

Counties and school districts are separate and independent in Maryland, as they are in many states, but scarce resources have made cooperation appealing. Upon his election to office in 2008, Howard County Executive Ken Ulman made it a priority to work with the Howard County Public Schools to identify areas in which the county and schools could achieve operational and financial efficiencies through cooperation and shared service delivery. Mr. Ulman and Superintendent of Schools Dr. Sydney Cousin assembled a high-level task force including top management and budget personnel from the county and the public schools. The governments had worked together in small ways in the past, but the task force represented a focused effort to rethink service overlaps and efficiency. Deputy Chief of Staff Ian Kennedy explains that there were previously few direct lines of communication between county staff and their counterparts in similar departments within the public schools. "By starting with this [task force] of high-level personnel, as they drill down within their respective agencies … just having that conversation and keeping the lines of communication open has helped them … brainstorm ideas."

In some areas, cooperation has resulted in budget savings. The organizations began to jointly bid health, dental, and other employee benefit plans, which resulted in an estimated $4.3 million in yearly savings. The county added the school to its bulk contract for the purchase of gas and diesel, yielding $30,000 in annual savings, and joined the county's trash and recycling contract for another $50,000 in savings.

Also impressive is the governments' efforts to cooperate on capital improvements. Through discussions about future facility needs, the county acquired a vacant auto dealership and repurposed the facility for its fleet maintenance. The school district, facing similar facility needs, co-located its fleet maintenance operations at the new county facility. This move saved the estimated $8 million that a separate facility would have cost. The governments have undertaken similar efforts to share public broadcasting facilities and a data center. In other areas, cooperation yields improvement to existing services. For example, the schools and county coordinate efforts at snow removal, using school dump trucks to help the county remove snow before school parking lots are cleared.

Some ideas for shared services and cooperation do take time to implement. The maintenance of real grass turf at school sports fields limits their use during the year. Following the example of Anne Arundel County, Howard County proposed replacing grass sports fields with synthetic turf at the county's expense, opening the fields to wider use, including for county recreation programs. The proposal prompted some concern, but through conversations and deliberation about the benefits of the proposal, the program was implemented. Overall, the efforts of Howard County and the Howard County Public Schools show the value of focused discussions about potential areas of cooperation for efficiency and service improvement. Leadership from the top and a task force designed to explore shared services can help governments identify unique opportunities for cooperation.

Selling and Buying County Services through Contracts and Cooperative Agreements

County governments are in a strong position to contract services out to other local governments internal to the county, or even to neighboring counties. Counties may also contract with other governments to receive services. Service contracts with municipal governments are common when new cities incorporate. During the 1950s and 1960s, many municipalities in southern California incorporated and contracted with county agencies for services rather than establishing their own city departments. From time to time, cities with extensive contract relationships do terminate contracts and establish services in-house. Still, the evidence from southern California suggests that intergovernmental contract relationships are fairly stable over time (Joassart-Marcelli and Musso 2005).

By developing service relationships with new units of government, counties have the potential to foster long-term customer relationships for county government services. County contracting to new municipalities is not limited to California. For example, Davidson County, North Carolina, currently provides planning, zoning, and building inspection services for newly incorporated municipalities within the county. Obtaining service through the county allowed the new municipalities, lacking staff and administrative capacity, to begin operations and concentrate on the establishment of other services. The arrangements benefited the county, which had extra capacity and staff in those service areas. County Manager Robert Hyatt emphasizes the importance of structuring flexible arrangements, recognizing that as new municipalities grow, they may prefer to change the service relationship.

Budget constraints are causing more counties to identify opportunities to provide services through contracts. Isabella County, Michigan, began a contract relationship to provide building inspection services to a neighboring county and a few other local units of government. The inquiry for service came at a time when Isabella County had extra capacity due to the economic downturn. County Administrator Tim Dolehanty explains that Isabella County's building inspectors have a reputation for good service delivery, making the county an attractive contractor. "I think the best thing we did was run a good, successful program. That, in and of itself, does a lot to give confidence to the others that we contract with to expect that we know what we're doing, and we know how to do it the most efficient way possible."

Some services lend themselves more easily to contract relationships. Mecosta and other Michigan counties provide property tax billing and other tax-related services for local governments. These are ideal to provide through contract relationships because counties can charge on a per-parcel basis or for a direct fee-for-service to residents. Counties that want to sell services through contracts can identify areas in which the county has excess capacity or an existing strong reputation in service delivery. Identifying these services and considering how they could be priced for an external buyer can help counties be prepared when contract opportunities arise.

Gains from efficiency may also occur when governments obtain services through contracts with other governments. For example, Lancaster County, South Carolina's solid waste transfer

station faced a need to make major equipment investments. Instead, the county worked out an intergovernmental agreement with the city of Lancaster. The city expanded its transfer station and added vehicles, and the two governments now operate with one solid waste transfer site. Before making new investments in capital assets or specialized personnel, counties should consider whether the same expertise or equipment could be obtained through cooperation with a neighbor.

Counties also contract with other governments to obtain a higher service level than they can provide on their own. Gilpin County, Colorado (population 5,441), contracts for public health services with Jefferson County, its much larger neighbor (population 534,543). Jefferson County provides a public health coordinator in Gilpin County to manage public health services and facilitate access to other resources in Jefferson County. Shared staffing models like this require professionalism from the service-providing manager and openness from the contracting agency. The manager from the providing agency must become familiar with the personnel, policies, and procedures of a different government. The service provider must also be sensitive to reporting lines that connect them to their home agency and to the contract government.

Governments receiving service must create an open and friendly work environment, treating the manager from the outside agency like a member of the community and incorporating them into the organization. County Manager Roger Baker explains why the model has been successful in Gilpin County. "We recognize that perhaps we're not going to get the level of immediate response that we might like to get; but on the other hand, we get a much greater level of expertise, of professional knowledge and skills and testing facilities, than we would [otherwise] have." Some government officials might shy away from working with a much larger neighbor, but Gilpin County provides an excellent example of the benefits that can come from an interlocal agreement.

Local governments may also merge or consolidate functions or develop new models to produce a service together. Berrien County, Michigan, like many other U.S. counties, has moved toward a centralized emergency dispatch system. In 2005, County Administrator Bill Wolf proposed moving from several separate public safety answering points (PSAPs) under the sheriff's department to a county-centralized emergency dispatch. With support from the county board of commissioners, the county moved dispatch services and invested in a new 911 call center with sufficient capacity to absorb three municipalities' dispatch responsibility. The county did not undertake a merger of existing departments, but took over dispatch responsibility from municipally operated PSAPs. County Administrator Wolfe credits the board of commissioners with being attentive to future emergency dispatch needs in the county, and engaging in a gradual process to invest in facilities and technology that would be appealing to local municipalities. He explains, "We knew that this was the right thing to do for public safety in Berrien County. We knew the financial crunch would come … It was a "build it and they will come" concept, and sure enough, that is what happened." Mr. Wolfe emphasizes that the county was careful not to craft a county takeover, and instead waited for the municipalities to approach the county with inquiries about providing dispatch service.

Counties entering contract relationships with other governments, whether as buyers or sellers, should keep two considerations in mind.

- **First, while counties may sell services through interlocal agreements or contracts, most governments do not undertake aggressive marketing campaigns to sell services.** Managers and elected officials may make their neighboring jurisdictions aware of excess capacity, or the possibility of working together, but we know of very few instances in which aggressive attempts at persuasion were employed. All participating governments must feel comfortable with the service change. This requires dialogue and the exchange of information, but not what some call a hard sell.

- **Second, counties must understand that selling services requires a certain level of flexibility and customer service.** Officials must explore any different preferences the participating governments have in how service is delivered, or what constitutes good service. If governments are unwilling or unable to adjust services the meet the needs of their contracting partners, perhaps an interlocal agreement is not the right mode of service delivery.

Case Three: Demonstrating Public Value in Reverse Auction Services in Kent County, Michigan

Shared services can give multiple governments the opportunity to participate in new and innovative projects. A purchasing initiative in Kent County, Michigan, is an example of a shared service arrangement involving an innovation by one government that is made available to other governments on a flexible basis. Cooperative purchasing activities have always been viewed as a way to reduce costs—the more of a commodity purchased, the lower the per-unit price. This is illustrated by warehouse retailer operations (e.g., Sam's Club and Costco). In the public sector, state procurement programs have existed for decades. Administratively, however, cooperative purchasing has been a burden for local units of government, especially smaller ones that do not have the personnel or technology to make these initiatives work. The concept of joint purchasing existed well before technology made it a more cost-effective proposition.

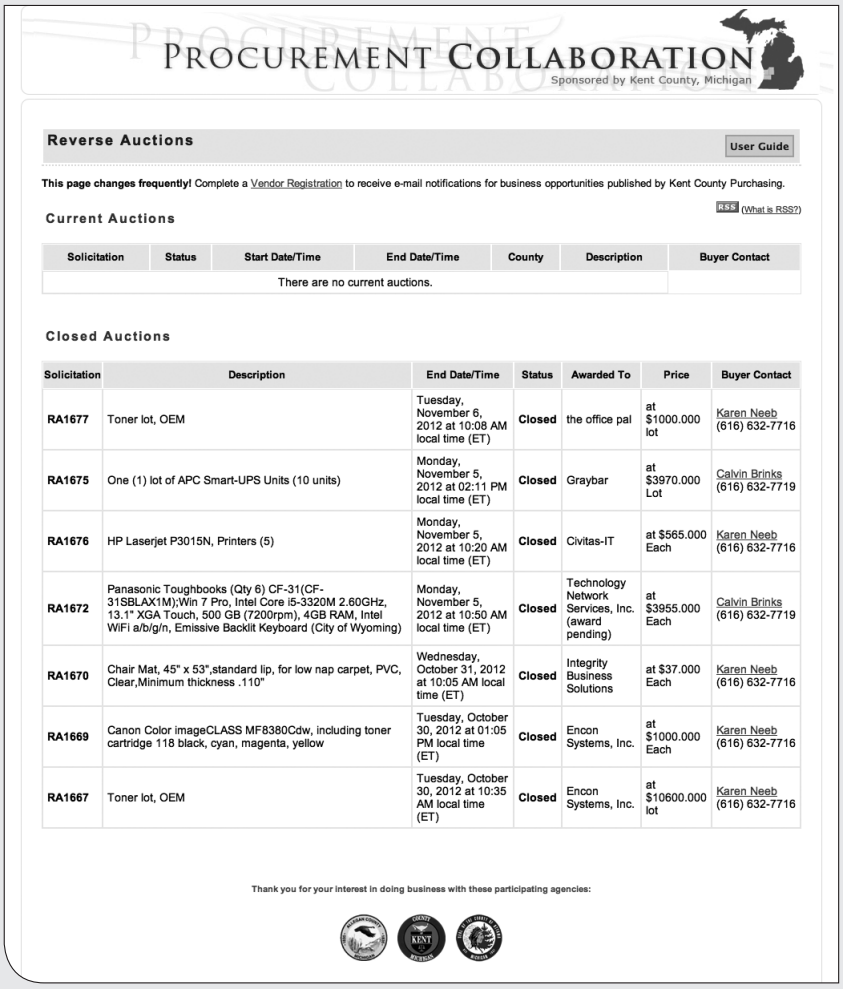
The purchasing division in Kent County, Michigan, developed an online reverse auction for the purchase of commodities and services required by the county. Through a real-time bidding process, a list of prequalified vendors bid to supply a good or service. "Think of it as eBay," states County Administrator/Controller Daryl Delabbio. "But instead of buying something at a contract price, we are buying it at the lowest possible price at that particular time." The application was developed in-house by county staff and is part of the county's standard operating purchasing procedures. Going one step further, the reverse auction has been made available to all cities, villages, and townships within the county and two pilot projects have been developed with neighboring counties. Approximately 20 local units of government currently participate in the program. By making the reverse auction service available to other governments, the county has expanded the pool of purchasers and the amount of goods purchased, which helps lower commodity costs at the time of an auction.

"The process is completely electronic, from the requisition for an item to issuing the purchase order to paying the bill," Delabbio says. When items are needed, the county establishes the maximum price it will pay, using its historical database from previous purchases. Each county department, along with every participating city, village, and township, receives an e-mail notification to determine its interest in participating in the purchase of that particular commodity. Requests are aggregated to the number required, and vendors are notified of the bid date (usually a one-hour time period with at least one week notification), the quantity of each item needed, the maximum price limit (which sets the bar for the bidders to bid against), and its delivery point. Similarly, if a city, village, or township has need for a commodity, it contacts the county's purchasing division to see if it is something that can qualify using the reverse auction process. If so, notification is sent to all participants to determine if they want to add to the requisition. The vendor awards the contract bills to each local government directly, and the commodity is delivered directly to that governmental unit.

Continuing participation is generated by the cities, villages, and townships obtaining a lower cost for each commodity acquired through the system. Enthusiasm and increased participation are built because parties quantify win-win outcomes. During its first full year of implementation, Kent County realized savings of 16 percent on over $1 million in commodities purchased. While savings are no longer in the double digits because the maximum price continues to lower each year, there continue to be considerable savings generated for each local unit participating in the process. Cooperative purchasing increases the quantity of a commodity being purchased, leveraging a more competitive price, which benefits each participant.

Vendors also accept the reverse auction as a potential way to increase sales because of the increased opportunity to sell to multiple units of government. In addition, vendors appreciate the transparency of the process. While they don't know who they are competing against, they see the bids in real time and have an opportunity to reduce their bids. But unlike eBay, if a bid comes in at the last minute, the online bidding is extended for 10 additional minutes. When no activity occurs for 10 minutes after the last bid has been submitted, then the bidding ends.

According to Delabbio, some local units were initially skeptical about the process. To mitigate this, presentations were made to local units (either in a group or individually). A one-page newsletter is distributed to all participants several times during the course of the year, and the county convenes an annual meeting with all local units within the county (regardless of whether they participate in the program) to update everyone on the status of the reverse auction, gather input, answer questions, and tweak the process.



PROCUREMENT COLLABORATION
Sponsored by Kent County, Michigan

Reverse Auctions User Guide

This page changes frequently! Complete a Vendor Registration to receive e-mail notifications for business opportunities published by Kent County Purchasing.

RSS (What is RSS?)

Current Auctions

Solicitation	Status	Start Date/Time	End Date/Time	County	Description	Buyer Contact
There are no current auctions.						

Closed Auctions

Solicitation	Description	End Date/Time	Status	Awarded To	Price	Buyer Contact
RA1677	Toner lot, OEM	Tuesday, November 6, 2012 at 10:08 AM local time (ET)	Closed	the office pal	at $1000.000 lot	Karen Neeb (616) 632-7716
RA1675	One (1) lot of APC Smart-UPS Units (10 units)	Monday, November 5, 2012 at 02:11 PM local time (ET)	Closed	Graybar	at $3970.000 Lot	Calvin Brinks (616) 632-7719
RA1676	HP Laserjet P3015N, Printers (5)	Monday, November 5, 2012 at 10:20 AM local time (ET)	Closed	Civitas-IT	at $565.000 Each	Karen Neeb (616) 632-7716
RA1672	Panasonic Toughbooks (Qty 6) CF-31(CF-31SBLAX1M);Win 7 Pro, Intel Core i5-3320M 2.60GHz, 13.1" XGA Touch, 500 GB (7200rpm), 4GB RAM, Intel WiFi a/b/g/n, Emissive Backlit Keyboard (City of Wyoming)	Monday, November 5, 2012 at 10:50 AM local time (ET)	Closed	Technology Network Services, Inc. (award pending)	at $3955.000 Each	Calvin Brinks (616) 632-7719
RA1670	Chair Mat, 45" x 53",standard lip, for low nap carpet, PVC, Clear,Minimum thickness .110"	Wednesday, October 31, 2012 at 10:05 AM local time (ET)	Closed	Integrity Business Solutions	at $37.000 Each	Karen Neeb (616) 632-7716
RA1669	Canon Color imageCLASS MF8380Cdw, including toner cartridge 118 black, cyan, magenta, yellow	Tuesday, October 30, 2012 at 01:05 PM local time (ET)	Closed	Encon Systems, Inc.	at $1000.000 Each	Karen Neeb (616) 632-7716
RA1667	Toner lot, OEM	Tuesday, October 30, 2012 at 10:35 AM local time (ET)	Closed	Encon Systems, Inc.	at $10600.000 lot	Karen Neeb (616) 632-7716

Thank you for your interest in doing business with these participating agencies:

Pictured above is the Procurement Collaboration webpage for the reverse auction system created by Kent County, Michigan. Additional information can be found online at https://www.reverseauctionbid.org. For more information on reverse auctions, see David Wyld's report at http://www.businessofgovernment.org/report/reverse-auctioning-saving-money-and-increasing-transparency.

Recommendations for Planning and Implementing Shared Service Relationships in County Government

What should county government officials do to establish strong shared service relationships and successful interlocal agreements? The recommendations below synthesize advice from practitioners in the field and were frequently raised in our interviews and in the survey responses of county officials.

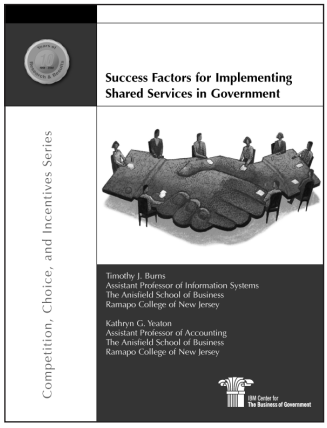
Planning a Shared Service

Recommendation One: Create a shared services assessment team.
Shared service projects and interlocal agreements will not occur unless they are actively pursued by local governments. One approach to starting shared service discussions is the establishment of a team of staff and county government leaders charged with identifying areas for cooperation.

After a period of tension related to annexation, Augusta County, Virginia, began discussions about shared services and collaboration with local municipalities. A governance team was formed, consisting of participants from the county and cities. Members of the community were also involved in the discussion through a special committee. With the help of external facilitators and consultants, the team identified an action plan for 15 different services, which included careful reflection on each jurisdiction's strengths and weaknesses. The cooperative spirit fostered by the work of the governance committee resulted in ongoing dialogue among the jurisdictions. When needs arise in the community, the established patterns of communication allow officials to consider cooperative solutions to problems. County Administrator Patrick Coffield notes 50 different accomplishments related to this process, the most recent being the opening of a regional animal shelter. The county has also moved toward using a regional authority to manage a jail. "Having the governance team made it possible for all

TO LEARN MORE ABOUT SHARED SERVICES

Success Factors for Implementing Shared Services in Government
by Timothy J. Burns and Kathryn G. Yeaton



The report can be obtained:
- In .pdf (Acrobat) format at the Center website, www.businessofgovernment.org/report/success-factors-implementing-shared-services-government
- By e-mailing the Center at businessofgovernment@us.ibm.com
- By calling the Center at (202) 551-9342

of us to come to the table without fear of political whiplash. The governance [team] allowed those conversations to occur." By including representatives of all potential participating governments and even representatives of the public, and by conducting public deliberations, transparency can mitigate fears associated with changing local service delivery.

Dialogue and communication must be sustained after shared service projects and interlocal agreements are initiated. Too often, local governments declare success and set cooperative projects on autopilot. As personnel change over time and documents and records are stored or lost, the informal history and intent associated with a cooperative effort fade. More than one county official interviewed for this report describes a process of reconstructing the history of a long-standing shared service project that required updating and revision. Future managers and policy-makers can be saved difficulty if governments create the habit of regular dialogue over each shared service relationship. Counties that agree to specific goals for shared services and create measures to assess performance can set regular intervals to talk about the performance of the partnership. Lacking data, government managers and elected officials should still talk with partners about the service and about the quality of interaction among the participating governments. Regular communication will keep partnerships on track, mitigate surprises, and contribute to more durable cooperative efforts.

County officials starting a shared service initiative should take the following steps at the beginning:

- If the participating governments are skeptical about shared services, identify a neutral facilitator to help start the discussion.
- Identify goals related to service delivery that potential partners might share, and use this as common ground to talk about models for shared service delivery.
- Build teams to discuss shared service opportunities that involve county leaders and service-level staff from all potential partnering governments.
- Plan to continue discussions about the relationship, even after a shared service project is implemented.
- Remember, concluding that a shared service idea will not work is acceptable, but failure to reach agreement in one area should not inhibit discussions about sharing other services.

Recommendation Two: Seek the strengths in each participating government.
Sharing and contracting services with other local governments requires counties to make honest assessments of their strengths and weaknesses. Not all county services are well suited for selling to other governments through contract. Counties must carefully identify which services they can provide through contract relationships. Mecosta County, Michigan, Controller/Administrator Paul Bullock advises, "Look for commonalities. Look for things that more than one local unit might be doing that you have some expertise in … Look at what you do well and see where that would mesh with something that the component units are doing." Mr. Bullock also advises exploring the same commonalities and strengths with neighboring counties. His county has worked with the City of Big Rapids on information technology projects and with a neighboring county on emergency dispatch services.

When the possibility of cooperation emerges, counties should also consider the possibility that another government may be in a better position to provide the service. "The biggest obstacle that seems to affect everything that comes up is turf and the fear of giving up control and trusting that someone else can do just as good of a job, or a better job, than you were doing," explains Kershaw County Administrator Victor Carpenter. To move past the turf, argues Carpenter, governments must agree to openly consider all of the options for service delivery.

Salvation Through Shared Services—But Only If You Get the Governance Right

By G. Martin Wagner

(From Burns and Yeaton, Success Factors for Implementing Shared Services in Government)

Economies of scale continue to increase for most business processes. Because of the desire for economies of scale, what was previously done internally within an operating unit becomes a service to be provided either by someone else in the larger organization or by a contractor. In a desire to achieve economies of scale, what was under an organization's direct control becomes a service from someone working for someone else. Thus, the management problem of our time is how to capture the benefits of these economies of scale in a way that ensures good customer service.

This is not as simple as it might look. Earlier waves of consolidation captured savings, but sometimes at the price of unhappy customers. They might find it harder to do their job, face increased costs in other areas, or need to create "cuff" accounts for features not available from the central system. Mechanisms for addressing customer satisfaction were often ad hoc, and complaints sometimes got short shrift from the monopoly provider.

It takes sustained executive leadership and an attention to change management to convert to a shared services approach. Shared services is the approach discussed in this report to achieve desired economies of scale. The history of consolidation makes shared services a harder sell than it might otherwise be, but it also explains why shared services is an improvement over earlier rounds aimed at accomplishing economies of scale.

Shared services has the potential to solve the problem of getting an efficient economic solution and also improving customer satisfaction. The key to achieving both economies of scale and customer satisfaction is to get the governance right. The right governance strategy links an efficient provider to a responsible user. An appropriate governance strategy puts in place a framework with metrics and benchmarks in which the provider and user each has accountability and there is a means to resolve problems.

1. **A framework for linking user satisfaction to cost.** The service provider must be accountable for delivering a defined quality of service for a specific cost. There must be a link between that cost and user satisfaction. This can be done through fee-for-service arrangements that emulate the free market or some other mechanism, but the organization must be able to trade off value for cost.
2. **Service level agreements.** This link must be reflected in agreements between providers and users. These agreements must impose requirements on users as well as suppliers. The service provider needs to be accountable, but so does the user. The provider may be accountable for a price and service quality, but the user needs to be accountable for using the service appropriately (for example, conveying a requirement that is defined well enough to be met).
3. **Metrics.** It is important to be able to quantify at least some of what the organization is getting through a shared service. Storytelling is not sufficient. Quantification should involve more than just the direct costs of a service, though this may be the easiest to measure. Quality matters, too. Since not everything can be quantified, there may be a need for qualitative measures as well. Managers also need to be prepared to update metrics as they gain experience with the service.

4. **External benchmarks.** Knowing how one compares to "best in class" solutions is important and will point to where further improvements can be made. Benchmarking against "best in class" providers is better than depending on providers to explain how good they are. It is also important to understand the reasons for differences.
5. **Issue resolution framework.** There needs to be a trusted mechanism for raising and resolving the inevitable issues that will arise. Ideally, an authority above both the provider of the service and the users will oversee this process.
6. **An optimized shared business process.** Despite the many successful examples in the private sector, not every business process lends itself to a shared service. An effective process will have economies of scale that are larger than can be captured by the organizations using the service. It will use a set of business rules that work well for these organizations despite arguments some may make for having unique needs. It will probably blend information technology and specialists in standardized jobs following a standard process for most transactions.

G. Martin Wagner was previously Senior Fellow, IBM Center for The Business of Government, and Associate Partner, IBM Global Business Services.

This may require county governments to give up control of a service to other governments. If another unit of government is leading a shared service initiative, the county government may need to subrogate its role, checking ego and a desire for control for the good of the whole to succeed.

Opportunities for shared services may come about during times of personnel change such as retirements or departures. For example, Archuleta County, Colorado, began providing building inspection services for an interim period to the town of Pagosa Springs when that town's building inspector departed. County Administrator Greg Schulte explains, "In an era of ever-dwindling resources, you have to look for efficiencies. For the average citizen, they do not care if it is a building inspector from the town or from the county. They just want the building inspector to come out, do the inspection, and give them their permits." Public managers should be attentive to personnel change not only in their own government, but also in neighboring jurisdictions. Staff transitions may highlight new opportunities to share services, use existing personnel more efficiently, and prevent the need for hiring and training new staff.

When governments have complementary strengths and needs, opportunities for swapping services should be considered. Racine County, Wisconsin, provided certain county services at a satellite office outside the county seat. With reductions in state aid, providing service at that location was no longer feasible. Through discussions with the city of Burlington, the county developed an arrangement to provide the city with eight hours of human resource administrative services each week. In turn, Burlington city staff are used to provide access to county services including marriage, birth and death certificates, and tax collection. This allows the county to continue making these services accessible to residents at a location outside the county seat while also eliminating the cost of operating the satellite office. "It's really difficult to make the argument against it because it makes sense," explains County Executive James Ladwig. Mr. Ladwig advises that county leaders should not be afraid to give up some control. "I really, truly believe that our constituents do not care whether it is a county employee giving them their birth certificate or a City of Burlington employee. They just want that service, and

they want it at a price they can afford." In sum, counties should be honest about their strengths and weaknesses in service delivery, and be attentive to opportunities for innovation and new models for service delivery.

To identify strengths and potential services to target for shared service projects, county leaders should:

- Identify areas in which the county has extra service capacity or staff time. Using extra capacity to sell service to other governments may help a county generate revenue, enrich employee work, and prevent layoffs or staff reallocations.
- Before hiring new employees to fill niche needs, or investing in specialized equipment that will receive limited use, determine if other local governments in the region have excess capacity that they could sell or share.
- Use personnel turnover as an opportunity to rethink how services are managed in the county. Consider selling or sharing the administrative oversight of services when staff changes occur.
- If local governments have strengths in different areas, counties might swap or exchange services, rather than developing a fee for service contract.

Recommendation Three: Consider pilot projects.

Patrick Coffield, county administrator in Augusta County, Virginia, advises, "Look at the low-hanging fruit. Look at the things that are possible and feasible, no matter how small they are, and build up the trust, the confidence, and the work relationships between people." This advice is echoed by other county officials, and supported by our research. Small successes in cooperation provide a foundation for ongoing relationships. Counties should be willing to engage in cooperative pilot projects, even if long-term collaboration is not guaranteed. Cooperative relationships sometimes begin because a government has a sudden need for administrative capacity, either due to the departure of personnel or the need for specialized equipment. Short-term shared service and pilot projects provide governments with an opportunity to test the waters and assess what a working relationship with a neighbor might provide. If these projects are successful, the gains from cooperation may be reported to policy-makers and the public to gain leeway for an expansion of the project or more extensive shared service delivery. If any particular project results in failure, agreements can be structured so that the costs of failure are low. At the very least, officials from different jurisdictions gain experience working together, improving the general tone for cooperation in the county.

Several of the examples used here, including parks and recreation services in Pasquatank County and economic development planning in San Miguel County, were evolutions of earlier cooperative efforts. County governments that maintain an inventory of cooperative services, and counties that maintain regular dialogue with their partners, are in a strong position to expand existing projects, or obtain resources or service improvements that might not be accessible if they acted alone. County leaders should maintain an open mind about expanding existing shared services and cooperative relationships.

When considering pilot projects, county managers should:

- Conduct an inventory of existing cooperation with other local governments to identify areas in which the county can build new shared service efforts
- Provide service to other governments on a temporary basis, which would allow both governments to test the waters and determine if a long-term shared service model is desirable

- Once a pilot project is underway, regular communication about the service itself and about the cooperative relationship can help build opportunities to expand cooperation

Implementing a Shared Service

Recommendation Four: Discuss and document responsibilities with all partners.
A contract or cooperative agreement can never address all potential issues that might emerge. Recently, relational contracting, in which service recipients and vendors intentionally operate under general frameworks and fill out details through their informal interaction over time, has gained popularity (VanSlyke 2009). Each government must reach its own conclusions about the design and content of contract relationships (Brown, Potoski, and VanSlyke 2006). However, our research indicates that county governments involved in shared service and contracting prefer to carefully document the responsibilities of each participant. Documenting the most important concerns for each participating party provides assurance that the cooperative relationship will perform as expected, and formal agreements can provide avenues for recourse if expectations are not met. Involving the county's legal counsel in shared service discussions can also ensure that cooperative agreements comply with state law. Even if governments have constructive working relationships at one point in time, incomplete contracts can create problems for future public officials.

Counties that do not craft clear agreements at the start of shared service delivery may need to revisit the terms of cooperation in the future. In many parts of the country, library services are provided through cooperative agreements among counties, cities, and other units of local government. In Contra Costa County, California, the county has been the main provider of library services for about the last century, with city governments owning and maintaining library buildings and facilities. Retired Contra Costa County Library Director Anne Cain explains that many of the agreements between city governments and the county library had not been reviewed in decades. Some of the agreements were silent on important operational questions. One agreement originating in the 1940s had never even been signed. The building of several new libraries during the 1990s prompted Ms. Cain and local government leaders to undertake a process of developing a uniform service agreement between the county and cities.

Ms. Cain worked with a subcommittee of the countywide association of local government managers to identify strengths of the county and the cities in the provision of library services. She explains, "We didn't want to get into a situation where we had different language in the agreements for the same thing, or that we cut different deals with the cities. We really wanted to see if we could work out an agreement that all of the cities … as well as the county could agree on." Ms. Cain emphasizes the importance of including both the city managers and city attorneys in the discussion, so that all parties could be comfortable with the details of the new agreement. Counties that need to formalize existing intergovernmental agreements can learn from the experience of the Contra Costa County Library. Through deliberation, the participants struck a new agreement that balanced an appropriate level of detail with the flexibility needed to operate unique facilities across the county.

When agreeing to specific details for shared service projects, county managers should:

- Include specific expectations about how services will be delivered and how performance will be measured in the contract, memorandum of understanding, or interlocal agreements.
- Develop a plan to discuss the shared service relationship on a regular basis. This may involve weekly or daily communication by service-level staff and monthly or yearly check-ins by top administrators and policy-makers.

- Counties with informal shared service agreements should consider developing a set of guiding principles and service expectations for the shared service relationship so that both parties can have predictable expectations for the relationship.

Recommendation Five: Make appropriate changes as needed.
When working with other governments, counties must be prepared to revisit the design of existing cooperative relationships to meet changing service needs and budgetary constraints. Crawford County, Michigan, has worked with Grayling Township on county and township recycling services. The county government invested in capital assets for collecting recycling at transfer sites around the county. The county transports recyclables to the township's recycling center. With changes to the market for recyclables and the recession, the costs of providing the service meant the relationship came under strain. The governments have explored funding the program through various new approaches, but this may also necessitate changes to the nature of the partnership among the governments. Up to this point, the recycling relationship has not been structured by a formal agreement, but formalizing the relationship with a long-term plan for the service may be necessary for the participating governments. County Controller Paul Compo emphasizes the importance of negotiation to work through the impasse. "The temptation is to turn around and walk away, and I think that is what you have to fight against."

Innovation through cooperation can also create new challenges. In northeast Colorado, several rural counties formed the County Express system to provide bus and transportation services to the public. The County Express system is governed by its own board, with representatives from the participating cities and counties. Yuma County Commissioner Trent Bushner emphasizes that the system provides an important service for the community, and the participating governments maintain strong cooperation through the organization's governing board. However, Bushner explains that some residents use the bus system to transport children to different school districts than they would normally attend. He expresses concern that the subsidized cost of transportation makes switching schools more affordable, resulting in problems for area school districts. Bushner suggests raising the fees to deal with the problem, but building a public consensus on this issue has been difficult. This example highlights the importance of considering the side effects that cooperation might have for other governments and other public services.

County officials should also be prepared for the possibility that shared service relationships may no longer serve their interests. Washoe County, Nevada, had a contract relationship for fire service with the City of Reno for 11 years, but the agreement was terminated when the parties disagreed about staffing levels and the cost of service. County Manager Katy Simon advises that governments sharing services devise clear performance metrics and success measures in advance, including expectations for financial performance. When cooperative relationships need to be terminated, it is critical to be transparent about the decision and rationale, and not surprise the contract partner. Both parties might not agree that a separation is the right decision, but transparency might help preserve cooperative relationships in other areas. Other managers advise including specific details in cooperative agreements about how terminations will take place, including how assets will be returned to the participating parties.

County managers can plan for flexibility in their shared service relationships by:

- Recognizing that budget conditions, public expectations, and other conditions change over time and discussing these changes with partners regularly to minimize the extent to which they threaten a cooperative relationship.
- Revisiting the service goals and performance expectations that provided the foundation for a shared service project; if these goals or expectations change, discuss concerns openly and honestly with partners to assess whether common ground still exists

- Talking with other local governments that are not involved with the shared service project to determine if the project impacts them indirectly
- Gauging the interest of other local governments in joining a shared service project that already exists (if participating governments agree)
- Including in the agreement details about how a termination of the shared service would be implemented, including the dispensation of assets

Conclusion

"We need to find innovative ways to provide the service at a lower cost," says Alger County, Michigan, Commissioner Jerry Doucette. Alger County has done this by partnering with its neighboring counties on community corrections and other services. Mr. Doucette argues that counties in Michigan's rural Upper Peninsula have cultivated a cooperative spirit, working to provide public services through collaboration. Other county officials interviewed for this project describe a similar culture of cooperation in their regions. Even places without a strong tradition of interlocal partnerships have been forced by the recent recession and budgetary constraints to rethink service delivery. "I think a key is for people to disregard county lines and look at the region as a whole in trying to provide services, rather than being so focused on your individual county. Sometimes you have to look beyond the borders and see what is the best benefit for my county regardless of whether we are operating it or not," explains Pasquotank County, North Carolina County Manager Randy Keaton.

Counties starting down the path of shared service delivery should prepare for a long and often challenging journey. Opportunities for sharing, merging, or contracting services may be obvious. "It's really a lot about common sense. If you're willing to look at what makes sense instead of who's in charge and who's in control, I really think that we can get some good things accomplished," states Racine County, Wisconsin Executive James Ladwig. Even when opportunities are obvious, county officials should prepare for careful deliberation to make sure all participating parties are happy with the proposed working relationship. "I think you have to be patient at the front end if you want to do it in a cost-effective way and in a well–thought-out way," suggests Berrien County Administrator Bill Wolf.

Shared services and interlocal agreements are not a panacea, and they are not appropriate strategies for all county government services. Only through careful dialogue with potential partners can counties identify when collaborative service delivery is right for them. County governments interested in shared services and interlocal agreements should give careful attention to the preconditions for success, including strong leadership, trust and reciprocity, and clear goals with measurable results. Once the participating governments reach agreement on how cooperation will unfold, county officials should invest in maintaining their relationships over time. With the recommendations and examples in this report, we believe counties will be in a strong position to begin or expand their shared service initiatives, creating better and more efficient services for the public.

Appendix I: Survey of County Government Officials

To better understand the current importance of shared service initiatives and interlocal agreements in county government, we conducted a survey of county managers or elected board/commission chairs across the United States. The survey was sent to a random sample of county government managers or board chairs, and additional surveys were sent to all county managers or board chairs in five states—Colorado, Maryland, Michigan, North Carolina, and Nevada. A total of 69 surveys were returned from the random sample (a 27.6 percent response rate), with a total of 171 surveys (a 33.7 percent response rate) from both groups combined. While this is a small national random sample, the data give us strong insight into shared service projects in the selected states, with response rates of over 50 percent for Maryland and Michigan. The survey allowed us to identify a range of services on which county governments are working with other local governments.

The random sample results provide a useful snapshot of how county government officials view shared services. Of the county officials responding within the random sample, 63 percent report talking with officials from other local governments at least once per week, and 66 percent report attending meetings with officials from other governments at least a few times each month.

County officials responding to the survey were asked about their roles in service-sharing efforts with other governments. The data suggest that county managers and board chairs focus their attention on maintaining communication with neighboring governments and fostering a cooperative atmosphere in which discussions about shared service delivery can take place. Over 73 percent of the respondents agree with the statement, "I maintain communication with officials in other local governments in order to identify opportunities for sharing or cooperating on local government services." Eighty-two percent indicate that they are "improving working relationships and informal cooperation with other local governments in the county." Over 60 percent of the respondents also agree that they have taken steps to "explain to the public how sharing local government services might be advantageous to our community."

This evidence suggests that shared service delivery currently is a popular topic for county governments. The survey also helps us understand common concerns that county officials hold when thinking about sharing or contracting services with other governments. The most salient concerns center on the lack of control that county officials might have over the fair distribution of costs, and control over employment policies.

Appendix II: List of Interviews

The authors extend thanks to the following government officials who took time from their busy schedules to discuss experiences with shared service initiatives and interlocal agreements in their communities.

Charles Abernathy, McDowell County, North Carolina

Rogers Anderson, Williamson County, Tennessee

Roger Baker, Gilpin County, Colorado

Paul Bullock, Mecosta County, Michigan

Trent Bushner, Yuma County, Colorado

Ann Cain (retired), Contra Costa County, California

Victor Carpenter, Kershaw County, South Carolina

Patrick Coffield, Augusta County, Virginia

Paul Compo, Crawford County, Michigan

Timothy Dolehanty, Isabella County, Michigan

Jerry Doucette, Alger County, Michigan

Robert Hyatt, Davidson County, North Carolina

Randy Keaton, Pasquotank County, North Carolina

Ian Kennedy, Howard County, Maryland

James Ladwig, Racine County, Wisconsin

Tom Lundy, Catawba County, North Carolina

Dr. Patricia Mitchell, Ashe County, North Carolina

Les Montoya, San Miguel County, New Mexico

Lt. Rick Mouwen, Los Angeles County, California

Belinda Peters, Livingston County, Michigan

Sue Rahr, King County, Washington

Bjorn Selinder, Churchill County, Nevada

Greg Schulte, Archuleta County, Colorado

Katy Simon, Washoe County, Nevada

Steve Willis, Lancaster County, South Carolina

Bill Wolf, Berrien County, Michigan

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