

Intermunicipal Cooperation: Research Paper and Survey Results

Background

Municipalities in proximity to each other almost inevitably have to share assets. They may have to rely on drinking water from the same source, deposit waste in the same landfill site, move traffic over roads that connect with each other or deal with any number of other such linkages. Unfortunately, while cooperation is effective in many cases, many municipalities are not able to resolve the issues which emerge in sharing or proposing to share resources.

Earlier this year, AUMA conducted research and a survey of membership on intermunicipal cooperation. This brief paper outlines the research and survey results.

AUMA's position on intermunicipal cooperation

While AUMA supports intermunicipal cooperation, it believes that it is most meaningful, progressive and sustainable when it is truly "voluntary". There are challenges when municipalities are forced to cooperate. For instance, one municipality may feel like they are being taken advantage of. While compulsory cooperation is necessary as part of any solution "toolkit" to cover situations when all else fails, it should be a process which is used sparingly.

The best hope for effectively "growing a region" and a Province lies in progressive leadership and informed citizens. Informed citizens can fairly weigh regional needs and the needs of their own municipality in order to arrive at a plan of action. This plan can address many of their critical needs and important concerns.

Intermunicipal cooperation is needed to build successful communities, successful regions and a successful Province. Through the provision of tools and incentives to facilitate more intermunicipal cooperation, and through education and increasing numbers of "success stories", this process will continue to evolve and expand.¹

AAMDC's position on intermunicipal cooperation

Municipal growth has resulted in an expanded need for infrastructure and services. Many building projects and services can be provided more cost-effectively when done in cooperation. However, AAMDC insists that this cooperation must be equitable, fair and voluntary. Before municipalities enter into any cooperative relationship, a thorough impact analysis must also take place².

¹ When it comes to local government, AUMA has a long history of leading change. *The Future of Local Governance* was AUMA's framework for the review and discussion of municipal governance in Alberta which is especially important now as municipal governments are at a crossroads. The Task Force on the Future of Local Governance (FOLG) was struck in 2009 to assist AUMA in developing a Policy Paper on the topic of the future of local governance in Alberta. AUMA's Standing Committee on Municipal Governance and the AUMA Board of Directors provided the final direction on the Initiative. To read our work for this Initiative, please visit: http://www.auma.ca/live/AUMA/Toolkits+%26+Initiatives/Future_of_Local_Governance.

² Source: Source: AAMDC, Higher Ground: Municipal Land Use Planning Discussion Paper: May 2007, <http://www.aamdc.com:8081/library/Advocacy/Publications/Public%20Reports/2007%20-%20Higher%20Ground%20-%20Municipal%20Land%20Use%20Planning%20Paper.pdf> (Retrieved August 1, 2010)

AUMA and AAMDC's joint position on intermunicipal cooperation

AUMA and AAMDC set up the Rural/Urban Cost-Sharing Task Force in October 2002 with the following mandate:

- Identify issues and concerns relating to the funding of urban services, which are or may be beneficial to rural residents.
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- Identify principles and guidelines for evaluating the conditions under which cost-sharing of these services is appropriate and for determining an appropriate local cost-share formula based upon these conditions.
- Identify examples of the best methods of bringing parties together and negotiating the joint municipal agreements.
- Identify tools and examples that would assist municipalities with formation of agreements.
- Prepare a communication plan for the Associations to use to market the tools and examples.
- Prepare appropriate survey tools for communication with municipalities and establishing a base of information and issues.

The Task Force delivered their report, *Cost-sharing for Success: A Pro-active Approach* in March 2004³. An implementation committee was created to further develop the Task Force recommendations, for presentation to the membership of the AAMDC and AUMA at their respective fall Conventions.

The report emphasized that cost-sharing agreements represent important tools for municipalities in fulfilling their responsibility to provide services to ratepayers in the most efficient and cost-effective manner possible. Cost-sharing agreements can provide very important benefits to communities, particularly in expanding the scope of services available to local residents. The use of cost-sharing agreements can help promote a sense of “community” without undue emphasis on jurisdictional boundaries, promote economic growth within regions, and allow municipal representatives to demonstrate effective leadership on cooperative initiatives.

Municipal Sustainability Strategy Working Group

In 2010, Municipal Affairs worked with representatives from AUMA, AAMDC and other municipal associations to develop a proposed strategy to improve the long-term sustainability of municipalities across the province. This group was called the Municipal Sustainability Strategy Working Group. To read the strategy the group developed, please visit: <http://municipalaffairs.alberta.ca/1330.cfm>.

The Strategy emphasizes that achieving municipal sustainability is best done through partnerships – with governments, and between governments and citizens. AUMA is committed to working with the Government of Alberta to establish a system that works for the betterment of all Albertans and their communities.

³ You can read this document at: <http://www.auma.ca/live/AUMA/Toolkits+%26+Initiatives/Rural-Urban+Cost+Sharing+Toolkit/Project+History>

Recent legislative history of dispute resolution in Alberta

In 1994, changes to the Municipal Government Act (MGA) gave municipal councils natural person powers and the authority “to govern municipalities in whatever way the Councils consider appropriate” (sec. 9). The MGA was subsequently amended in 1995 and 1999 to include dispute resolution processes, requiring municipalities to attempt mediation before allowing them to appeal to the Municipal Government Board for a binding decision.

To ensure Alberta municipalities had the resources to adapt to these changes, Alberta Municipal Affairs requested the assistance of AUMA and AAMDC to develop guidelines for an initiative to promote the use of alternative dispute resolution methods, and mediation in particular, at the local government level. In 1998, the input of these stakeholders and the support of the Alberta Arbitration and Mediation Society led to the creation of the Intermunicipal Dispute Resolution Initiative.

As a result, the *Let's Resolve* program was developed by the Alberta government. It is the first of its kind in Canada and an innovative municipal dispute resolution service model in North America. It has been recognized with three Premier's Awards of Excellence, including bronze awards in 2000 and 2002, and a silver award in 2008 for the creation of the Public Input Toolkit. In 2008, the program received a Canada Award of Excellence (silver) from the National Quality Institute. The Manager of the Municipal Dispute Resolution Services was also awarded the national Lionel J. McGowan Award of Excellence in Dispute Resolution from the ADR Institute of Canada.

Let's Resolve continues to grow in importance as municipalities across Alberta are encouraged by the provincial government to change their business to accommodate more collaborative processes and service delivery synergies with their municipal neighbours.

Thus, while this paper takes the position that the best solutions always come from the voluntary actions of the Parties themselves, it is helpful to have in place a process such as that in the current legislation which can be utilized when the Parties do require outside assistance in order to move their outstanding issues forward.

Current status of intermunicipal cooperation in Alberta

Prior to 1995, Alberta was divided into regional planning commissions that were responsible for the planning and development in their respective regions. However, in 1995, the Municipal Government Act (MGA) was amended to remove the planning commissions. Municipalities were given more autonomy to control their own future. Many municipalities welcomed this change as they had lost confidence in the regional planning process or viewed it as being detrimental to their prosperity. However, municipalities still understood the importance of intermunicipal cooperation, and thus some developed their own agreements.

Unfortunately, over the past few years, there was some lagging in some areas of the Province with respect to intermunicipal cooperation, especially as competition for revenue sources increased, resources (water, landfill sites, emergency services,

recreational facilities etc.) were strained and the problems occurring regionally became more complex.

Today, there is again a shift towards increased municipal cooperation. Municipalities recognize that many benefits associated with intermunicipal collaboration provide a higher level of programs and services to their residents and, with the increased emphasis provincially and federally on “cumulative effects” and on regional measurements of many factors (water usage, water quality, air quality etc.), regional engagement is inevitable. While the type and scale of arrangements being formed vary greatly, overall trends show that many municipalities are being proactive in trying to find solutions to regional issues.

In addition, a larger component of grant funding from other orders of government is being allocated towards intermunicipal collaboration. Programs such as the Municipal Sponsorship Program (MSP) and Municipal Sustainability Initiative (MSI) provide incentives when municipalities collaborate with their neighbours. Cooperation, especially in Alberta’s economic climate, is becoming an essential component to local governance⁴.

MGA authority for intermunicipal sharing

Section 54 of the Alberta Municipal Government Act provides that a municipality may provide any service or thing which it offers in its municipality within another Alberta municipality, or, in any adjoining province “with the agreement of the authority from that province or territory whose jurisdiction includes the provision of the service or thing”.

Legal considerations of intermunicipal cooperation

A municipality may agree with one or more municipalities, the GOA or a department or agency of either of them to provide or administer municipal services. Depending on how the service agreement is structured, the agreement may also involve one or more private sector parties or community groups. The concept of intermunicipal partnerships involving organizations other than municipalities can be considered by decision makers when reviewing the possibilities of delivering or receiving services through cooperative agreements. Most often, agreements evolve from a desire to maximize resources in order to meet complementary or compatible objectives.

Use of the term “partnership” presupposes the existence of a formal or contractual agreement. It is important to be aware that in a legal partnership the partners jointly assume certain legal responsibilities. As a general rule, if one of the partners cannot meet its commitments (including financial commitments) the other partners may be required to make up the shortfall. If one of the partners incurs debts related to the undertaking, the other partners are jointly accountable. If legal action is taken against the partners, each is “jointly and severally” liable (which means full payment of any ensuing judgement can be sought from any partner, regardless of the actual percentage of fault attributed to each by a court). The term partnership, then, needs to be well-defined when establishing cooperative arrangements.

⁴ Source: AAMDC, Ensuring Alberta’s Future: A Framework for Municipal Viability through Community Sustainability: Position Paper: August 2009, <http://www.aamdc.com:8081/library/Advocacy/Publications/Public%20Reports/2009%20-%20Municipal%20Viability%20Position%20Paper.pdf> (Retrieved August 1, 2010)

As with all partnerships, great care must be taken in the drafting of the relevant agreement. Especially in the case of two or more political entities entering into a sharing relationship (where “neighbours” can be seen as competitors and often have decades of historical rivalry between them), clauses covering such topics as who controls what, how costs and revenues are calculated and shared, how liability is apportioned and how disputes about money and/or service can be quickly resolved must be carefully crafted.

Consider, for example, a municipality which agrees to provide water or emergency services to its neighbour. Already a risky enterprise in its own municipality, the risk increases when the service is “exported” to another municipality which has no stake in the political underpinnings of the providing municipality. In the event that the limited resources are suddenly required in the providing municipality, or in the event that the commodity (like water) suffers a quality issue, immediate serious (and public) problems can occur which cannot await a long resolution process.

Benefits of intermunicipal cooperation to municipalities

The Federation of Canadian Municipalities has published the following thoughts on the benefits of intermunicipal cooperation⁵:

- It strengthens the professional skills of municipal employees and enhances their self-confidence and job-satisfaction;
- It enables a municipal government to work with its citizens through community organizations, businesses and networks of interested individuals;
- The recognition of expertise enhances the status of municipalities at the provincial, national and international levels;
- It allows some municipalities to focus on economic development and identify the types of support needed by local businesses to expand to the international stage;
- The majority of the participating municipalities see partnerships as a means to develop long term relationships that may lead to mutual economic benefits.

Benefits of intermunicipal cooperation to citizens

Enhance service delivery

Per-unit costs of delivering services decreases when a larger group is using the service. Intermunicipal cooperation can help to lower these costs for citizens by achieving economies of scale and allowing for the delivery of more efficient or enhanced utilities, municipal services, and professional services by using existing resources more effectively.

Strong region

Economic and social challenges are increasingly becoming regional, rather than local, issues. Instead of trying only to attract jobs and people on a municipal level, municipalities can focus on a regional approach that secures regional investment, growth and prosperity by building on the opportunities, services and assets of their municipality as well as their neighbouring areas. Joint initiatives, servicing and infrastructure allows municipalities to reduce certain costs, provide better leverage of grant approvals and security to engage in numerous initiatives for their citizens that they

⁵Source: Jobin, Jacques , Secretary General, International Union of Local Authorities, **Municipal International Co-operation: Common Problems and Common Solutions**
<http://www.urbanicity.org/Site/Articles/Jobin.aspx>, date retrieved August 10, 2010

might not be able to undertake alone. For example, shared health facilities, tourist attractions, schools, recreational services etc.

Increase the quality of life

Intermunicipal cooperation pools solutions and resources to resolve local issues, solve area wide problems and collectively meet the needs of citizens in the region. It can increase morale and enable communities to better understand the problems that they and their neighbours are facing to develop collective solutions. Citizens will also have access to expanded service choice.

Downsides to inter-municipal cooperation

Despite the benefits, intermunicipal cooperation also continues to face a number of barriers. Weak legal and financial incentives are often a constraint. Limited human and financial resources can stand in the way of even the development of a feasibility study to explore possibilities for cooperation. Lack of trust among municipalities or political tensions sometimes stand in the way of cooperative efforts. Inexperience and the fear of bad publicity and of losing political control also threaten prospects for cooperation⁶.

Some guidelines for intermunicipal cooperation

When investigating the potential of intermunicipal partnerships for service delivery, there are a number of steps that should be undertaken during the preliminary and planning stages for municipalities⁷.

Step 1 - Prepare a list of current or previous intermunicipal cooperative arrangements in which your municipality has been involved. Review each item in detail and note the positive and negative aspects of each situation in order to determine how that arrangement could have been improved.

Step 2 - Develop an inventory of resources that your municipality might share with another municipality. Such a list might include human resources, technology, facilities, equipment or programs. Are there services which your municipality currently provides that are working exceptionally well in your community that you may be in a position to offer to share with a neighbour?

Step 3 - Determine which of your neighbouring municipalities might be potential partners in a cooperative or partnership arrangement. If there are more than one, list the pros and cons and possible issues involved in establishing a cooperative arrangement with each, and then determine the preferable arrangement based on the individual circumstances.

Step 4 - Be prepared before you approach a potential partner by doing extensive research prior to making any offer or commitment. Find out what similar arrangements may have been made in other areas: locally, nationally, and internationally, and take

⁶ Source: Kapitanova, Guinka, Inter-municipal cooperation and decentralization in the Former Yugoslav Republic of Macedonia: Issue Number: 12/2009, Reform of the State, <http://www.developmentandtransition.net/index.cfm?module=ActiveWeb&page=WebPage&DocumentID=713>, date retrieved August 10, 2010

⁷ Source: Handbook on Inter-Municipal Partnership and Co-operation for Municipal Government, www.gov.ns.ca/.../MunicipalCooperation.../Intermunicipal_report.pdf, date retrieved August 10, 2010

advantage of the experience gained by others who have undertaken similar agreements. Arrange a meeting (quietly) with your potential partners to discuss the opportunities for cooperative arrangements. Provide your potential partner with your proposal in advance of the meeting in order to give them the opportunity to consider their options, and the pros and cons as you have outlined them. In particular, have very good information on any likely financial costs, projected revenues and proposed service levels. To expect any interest at all, even at the preliminary stage, based on vague financial promises and fuzzy service delivery options is a misguided hope. Think about what YOU would expect from anyone approaching your municipality with some notion about becoming your service provider.

Step 5 - After potential partners have been selected and have agreed to enter into a cooperative arrangement, subject to the preparation of a suitable contract, there are a number of things that can be done to ensure a good working arrangement.

- a. Clearly define the problem, need or opportunity in writing. When working out the details of the agreement, articulate what the expectations are. Identify all the stakeholders and ensure you have thought about all who will be affected by the agreement. Outline what is expected of each participant so that there is no confusion or lack of clarity later. For example, if the subject is a jointly run ice rink, have you sought feedback from the community leagues, those adults who regularly rent ice time, those who run hockey and figure skating schools etc.?
- b. Ensure that the decision makers in each municipality are aware of both the positive AND potentially negative implications of entering into the agreement, and are clear on the costs and obligations for each partner in terms of financial, material, equipment, infrastructure, or human resources. Decide how the agreement is going to be presented to the media, and who will be the contact person(s).
- c. Cover all foreseeable situations in the written agreement. Do not rely on assumptions to determine how things will be handled in a crisis. Have a contingency plan outlined for situations that might arise. For example, if the shared service is garbage collection, is there an express contingency plan in the event of a labour dispute to either dispose of or at least collect and stockpile the garbage until the dispute is resolved?
- d. Perhaps most importantly, negotiate honestly, openly and fairly. Know your own position well, and be aware of what you can and cannot bring to the arrangement.

Step 6 - There are many administrative matters that will require attention when considering, or entering into, an intermunicipal agreement. A chain of authority needs to be established. Determine and agree upon a management arrangement and “who talks to whom” on a regular basis. Outline what needs to be done in order to achieve the listed objectives. This involves identifying and recording all of the tasks, sub-tasks and other activities that must be carried out in order to fulfill the terms of the anticipated partnership, and who will be responsible for each.

Response when intermunicipal cooperation fails

If an attempt at a cooperative program fails, municipal officials may become discouraged. This reaction may shut off many opportunities for future cooperation.

Municipal officials should use the failed attempt as a learning opportunity and try to make the next effort more successful by planning to deal with the problems that led to the earlier failure.

Intermunicipal Cooperation Survey Results

AUMA ran a short survey on intermunicipal cooperation for the membership during the month of June, 2010. Nineteen member surveys were completed.

Here are the questions and a summary of the responses given.

1a) *Does your municipality provide services, under contract or by agreement, to other municipalities?*

19 people answered this question with 17 responding yes, and 2 responding no.

1b) *If yes, do you find these shared service agreements satisfactory?*

18 people answered this question with 15 responding yes and 3 responding no.

1c) *If no, why not?*

Only 7 people responded to this question. Some of them cited that the cost sharing was insufficient. Other responses talked about dissatisfaction with sharing employees and the need for regularly updating agreements.

1d) *Please provide examples and let us know about your experiences.*

14 people responded with various examples. Some were positive and some were negative. Commonly used intermunicipal cooperation agreements include Fire Service Agreements, Revenue Sharing arrangements, Inter-Municipal Development Agreements, Roads Maintenance Agreements, Shared Recreational Centres and joint Regional Water Initiatives.

2a) *Does your municipality receive services, under contract or by agreement, from other municipalities?*

19 people answered the question with 14 people responding yes and 5 responding no.

2b) *If yes, please provide examples and let us know about your experiences.*

14 people responded to the question. Most of the examples were the same as the ones in question 1d (Fire Services, Recreational Services, etc.) and for the most part, they have been positive experiences.

2c) *If no, why not?*

2 people responded to this question, but only one left a reply. They stated that although there is an agreement to receive by-law enforcement services, the

providing municipality has not put sufficient staff in place to provide adequate service, and the service that is provided is not invoiced promptly.

3a) *Does your municipality share or make available its equipment or facilities for use in the delivery of services to another municipality?*

17 people responded with 13 saying yes and 4 saying no.

3b) *If yes, please provide examples and let us know about your experiences.*

13 people answered the question. Examples include Fire, mutual aid, 911, emergency dispatch, peace officers, animal control, animal shelter, road maintenance.

3c) *If no, why not?*

Only 3 people answered this question. They have no need to share equipment or only do so in emergencies. Another one said their equipment is too old and worn out to share with other municipalities, which have newer and better equipment.

4a) *Do you believe that the GOA provides an appropriate level of support for Inter-Municipal Cooperation?*

18 people answered this question with 12 saying no, and 6 saying yes.

4b) *If yes, what works well?*

8 people responded with a variety of examples that included MSP grants, MSI grants, regional grants and the inter-municipal dispute resolution process through Municipal Affairs.

4c) *If no, why not?*

11 people responded with a variety of reasons, but the recurring one was that rural and urban municipalities are not equal under grants and regulations. Also, some wanted more clarification of requirements, while others wanted higher funding.

5) *What factors must be in place for you to consider intermunicipal cooperation?*

17 people responded with common themes around mutual benefits, common interests, and the need for cooperation to be cost effective for both partners.

6a) *Will you be working towards any more intermunicipal cooperation in the coming months and years?*

All 18 people who responded to this question said yes.

6b) *If yes, in what areas?*

Among the 17 responses, the answers were varied and included everything from high speed broadband to emergency services to recruiting physicians to recreational centres.

6c) *If no, why not?*

Only one person responded with a “not applicable”.

7) *What support could AUMA provide to you for inter-municipal cooperation?*

15 people responded with some saying the AUMA should keep doing the same. Meanwhile, others suggested creating a list of tools for dealing with unwilling participants. Suggested tools included basic guidelines and examples of structures that are currently working so that each region does not have to reinvent the wheel.