SHARE

SHaring Available Resources Efficiently

Best Practices Handbook

Shared Services
Shared services are ways local governments can:

- *Achieve Cost Savings*
- *Maximize fiscal efficiency*
- *Increase operational efficiency*
- *Optimize facility resources*
- *Increase accountability*

SHARE Programs
Provides grants to local governments for:

- *Feasibility studies*
- *Implementation*
- *Regional coordination*
- *County coordination*

NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS
people. places. progress.

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How to Use This Handbook

The SHARE Best Practices Handbook includes a compilation of the successful programs and activities related to DCA's Shared Services grant program.

The Handbook can:

(1) guide development of a local government's Shared Services program;

(2) identify possibilities for shared services within the community and with neighbors;

(3) coordinate regional and county-based networks of shared services programs;

(4) act as a resource guide for shared services; and

(5) provide a step by step guidance for the SHARE application process.

TABLE OF CONTENTS

Introduction	1
Others Can Do It - You Can Too	2
Kinds of Sharing	3
Getting Started	4
Examples of Sharing	8
Helpful Hints	9
The Next Step	9
Feasibility Study Grants	10
It's Feasible - Now What?	11
Helpful Hints	13
The Bigger Picture	13
Still Need Help?	14
Application and Filing Requirements	16
Conclusion	17
Other Interlocal Resources	18
Case Studies	20

Introduction

New Jersey's SHARE (**SH**aring **A**vailable **R**esources **E**fficiently) Grant Program provides financial assistance to help local officials take advantage of the benefits of sharing services. Administered by the New Jersey Department of Community Affairs, SHARE offers several grants to assist with the identification, development and establishment of new shared (interlocal) service programs.

This handbook offers a step-by-step guide through the shared service process. It provides local officials basic information on sharing public services with other municipalities, counties, fire or other special districts. Shared or joint programs with local and regional school districts are also eligible for SHARE assistance, as long as the municipal partner is the applicant. The SHARE Program also contains the COUNT initiative, which is targeted toward county governments and county wide organizations that are able to identify potential shared service projects.

The SHARE Program has additional materials that discuss the interlocal process in greater detail, as well as copies of relevant laws which can be found at www.nj.gov/dca/lgs/share. Program staff is also available to answer any questions about sharing services. We can be reached via the website or by e-mail at dlgs@dca.state.nj.us. Grant application forms and copies of all publications can be downloaded from this site.

This Best Practices Handbook also includes case studies of successful shared services programs.

Others Can Do It - You Can Too

Sharing services with another local unit is a proven way to lower costs and increase fiscal and operational efficiency. Cooperating with a neighboring municipality, with the local school district or the county government can produce direct savings in the costs of providing services. High service levels, optimization of facilities and increased accountability are additional advantages.

By streamlining government operations, savings can be returned to your residents as lower local property taxes. The theory of sharing services is simple: there are cost savings through economies of scale.

New Jersey has many examples of towns cooperating in the win-win relationship of sharing:

- **Police Services**
  - Audubon Borough provides municipal court and police services to Audubon Park Borough.
  - Spring Lake Borough provides public safety and police dispatching to Spring Lake Heights Borough.

- **Animal Shelter Services**
  - Cape May County provides animal control and shelter services for 15 of its 16 municipalities.

- **Information Technology Services**
  - Atlantic County's Town Net, the county's network providing internet connection service and website maintenance for municipalities and other local units.
  - Millville City and the Millville School District share information and technology services (internet access, email and database systems), which provides a single point of access to all municipal and school information for the City's residents.

- **Summer Programming**
  - Holmdel Township and the Holmdel Township School District cooperate on the Holmdel Township Summer Enrichment Program, which offers shared summer recreation and educational programs.

- **Community Library and Technology Center**
  - Woodbine Township, the Woodbine School District and the Cape May County Library Commission are cooperating on building a combined community library and technology lab facility. It will include a new 15,000 volume branch of the Cape May County library available to the public during regular hours and the Woodbine Elementary School students during the school day.

Kinds of Sharing

Shared Services takes many forms. There are informal handshakes or courtesy agreements between local units that allow borrowing equipment or supplies on an as needed or project basis. Some are formalized through a memorandum of agreement that serves as the basis for periodic sharing for recurring needs. Other efforts, such as cooperative purchasing and joint insurance funds, operate by creating special purpose systems or units that provide the shared services.

Generally, the legal basis for shared services is the Interlocal Services Act (N.J.S.A. 40:48A-1 et. seq.). This law provides broad enabling authority for voluntary cooperation between any two or more local units: any municipality, county, school or fire district and board of education. Local authorities may also be partners under certain circumstances. The law allows any combination of two or more local units to contract with one another to share or jointly provide any service which they can provide for themselves.

Under the Act, local units establish service contracts, known as Interlocal Service Agreements, where the participants agree to share service responsibility or contract with one of the local units to provide the service to the other parties.

Getting Started

- Identify services and operations within your own community
- Identify where opportunities exist
- Identify intralocal shared service opportunities or intermunicipal shared services possibilities
- Identify partners

Identify Services

Local officials need to evaluate the services and operations within their own community as the starting point to a more efficient and cost effective way to deliver services. The review may include a fixed asset inventory, an employee "inventory" and a multi-year budget expense review. This evaluation will also help identify service needs better met through joint action.

Identify Opportunities

There are many ways to identify a service or program that can be successfully shared. In some cases, the process starts itself. For some communities, sharing a particular service is a necessity. Whether through cost considerations, staff attrition or other issues, it may no longer be possible to provide the service from purely local resources. Neighboring towns may have similar problems and could approach your community to consider a possible joint effort.

In other communities, the decision to explore sharing a service comes after a review and recommendations by an advisory body. Many localities have a Mayor's advisory committee or other groups that can be charged with reviewing municipal operations and identifying likely programs where joint efforts could be productive. There could be special purpose committees, such as recreation or library advisory bodies, which could review those functions and raise the option of sharing services, facilities or operations with neighbors.

Identify Partners

Having decided to explore a shared service, the next step is to identify the likely partner or partners. Again, this could be an obvious choice, but there may be potential partners beyond the obvious. A neighboring town or towns would be the first choice, but if the service is not strictly a municipal function do not overlook including the school district and/or regional school district if there is the potential for their participation.

Intralocal Shared Services

Periodic meetings with elected and administrative officials of other government agencies serving the municipality, such as school districts or local authorities are another way to identify common needs and potential joint efforts. These meetings provide the opportunity to discuss current programs or developing issues that involve taxpayers within the municipality. They are an ideal forum to raise potential shared programs. These discussions also help build relationships and trust among the officials and between the agencies units. Solid, trusting relationships between partners is an essential element of successful service sharing.

Beyond these methods, every budget season brings the opportunity to evaluate programs and services; the costs and benefits of local operations. The municipal budget team should use this opportunity to take a fresh look at the programs residents need and want and how they are being provided.

"Thinking outside the box" is appropriate for this process. Budgeting and program considerations need to go beyond what numbers fit into the Salaries and Wages, and Other Expense boxes on the budget form. The process needs to incorporate imagination, flexibility, and maybe a dose of inspiration, along with the more traditional concerns.

Sharing Interlocally:
Municipalities

Sharing with neighboring communities is the most common and productive form of Interlocal cooperation. The logistics of sharing with an adjoining municipality make your neighbors the first choice for a partner, but remember to be as inclusive as possible.

Sharing With Your County

Remember to consider the county as a possible partner, either as a service provider or as a partner for you to service. You should also make use of the county's resources to aid municipal—municipal sharing. County staff may be able to help identify and develop new shared efforts with your municipal partners.

There are many productive partnerships with county government, including:

- **GIS Programs and Activities**
  (Somerset County)
- **Police and Emergency Dispatching Services**
  (Monmouth County)
- **Cooperative Efforts For DEP Stormwater Compliance**
  (Gloucester County)
- **Health Services**
  (Sussex County provides municipal health services)
- **Cooperative Road Maintenance And Street Sweeping**
  (Middlesex County)
- **Gasoline & Vehicle Fueling Services**
  (Cumberland County sharing with municipalities and school districts)
- **Other Programs to Consider:**
  - Electronic archiving/records management
  - Training and safety programs
  - Website development and maintenance
  - Grant opportunities and administration
  - Records management

Sharing With Local Authorities and Districts

Local authorities are another possible partner in shared services. These authorities have service or supply needs that can be readily shared with municipalities.

Even in areas where your community may not have a direct role in sharing the service or activity, local officials should encourage other local units funded by the local property tax, such as fire districts, to take advantage of available opportunities to reduce costs through sharing.

Sharing With Your School District

There are many possible services to share with school districts:

- **Shared Public Works Maintenance**
  - Fanwood Borough is sharing maintenance facilities with Scotch Plains Township.
- **Information Technology Services & Support**
  - Millville City and the Millville Board of Education are sharing information technology and network facilities.
- **Vehicle Maintenance**
  - Red Bank Borough is sharing with Red Bank Board of Education on cooperative maintenance.
- **Recreational Fields and Facilities**
  - Holmdel Township and Holmdel School District are sharing recreation services.
- **Computer and Technology Laboratories**
  - Woodbine Borough and the Woodbine School District are sharing school technology laboratory and a community library.
- **Library and Reference Collections**
  - Fanwood Borough and Scotch Plains Township are sharing library collections, data bases and reference services.
- **Gasoline and Vehicle Fueling Services**
  - Township of Manalapan is sharing with the Borough of Englishtown and the Manalapan/Englishtown School District on joint fuel facilities.
- **Other Programs to Consider:**
  - Trash, solid waste and recycling services
  - Joint insurance opportunities
  - Financial administration

Examples of Sharing

Animal Control Services

- Shelter Services
- Animal Control Officer Services
- Dog Census

Information Technology and Records Management

- Internet Access
- Network Sharing
- Network Maintenance and Support
- Community Technology Lab
- Shared Records Storage

Municipal Court

- Joint Municipal Court
- Shared Facilities
- Shared Personnel
- Video Arraignment
- Regional Municipal Court

Other Shared Service Examples

- Personnel Sharing
- Facility Sharing
- Public Works Coverage
- Inspections

Helpful Hints

- Obtain the support of elected officials
- Set the ground rules for your discussions
- Be patient, flexible and realistic about what you are trying to accomplish

It is important to obtain the support of your elected officials before you contact other local units about possible sharing opportunities to ensure complete "buy in" to the shared effort. Ground rules for your discussion should be set. These talks are preliminary and exploratory, merely to see if there is any interest in sharing the service or other programs with your community.

No commitments should be made. You want to raise and develop possibilities. No scripts, no speeches. It's really about thinking out loud and brainstorming.

Remember this is only the first step of what may be a challenging process. Be patient, flexible and realistic about what you are trying to accomplish.

The Next Step

- Feasibility Study Grant
- Implementation Assistance Grant
- Regional Coordination Grants
- COUNT

SHARE, is the State's assistance program for local government shared services. Through its grants it provides seed money to help local officials study, develop and implement new shared services. The Program offers four types of grants: Feasibility Study Grants, Implementation Grants, Regional Coordination Grants and COUNT (for county governments).

Feasibility Study Grants

The basic question to be answered in any review of a potential shared service is whether or not the service can be provided more economically or more effectively on a shared basis. Developing the answer to this question may involve a feasibility study. This study looks at the individual service programs, considers how they presently operate and whether or not economies and improvements are possible through cooperation. If so, the study would include developing a plan or suggesting alternatives for sharing the service, including which community would provide and which would contract for the service. Estimates of cost savings and quality improvements are also part of the study's findings. There is generally a recommendation about whether to pursue a shared service or a finding that the program would not be suitable for sharing.

SHARE offers grants of up to $20,000 to help fund feasibility studies, with a required cash match of 50 percent of the requested grant amount. SHARE will consider requests for assistance above that limit in cases where the nature and complexity of the project or the number of participants require additional resources. Priority is given to public safety projects. In addition, some shared service programs may not be eligible for SHARE assistance.

SHARE has prepared a detailed guide to conducting feasibility studies that can guide your staff through the process or serve as the basis for a request for proposal from a third party consultant. This booklet and the feasibility study grant application can be downloaded from SHARE's website at *www.nj.gov/dca/lgs/share*.

A feasibility study does not have to be an exhaustive, lengthy review. It is a summary of current operations in the towns, an analysis of how well the individual programs are operating and a projection of how things could be done on a shared or contract basis. When compared to current efforts, the findings indicate whether sharing is advisable. The study's purpose is to provide information needed to make a reasoned decision on the merits of sharing the service. Feasibility studies often make sense for larger projects or those with complicated personnel, legal or logistic issues.

The completed feasibility study is reviewed by the governing body and administrative officials of the participating towns. Typically, the officials and employees of any affected agency also review and comment on the study's findings and conclusions.

If sharing would not provide efficiencies or service improvements, or the savings would not justify the expense and disruption of trying to share, these conclusions are also presented to the governing bodies for their review. If the decision is to not implement the shared service there may still have been benefit to the study process. The service and its present operation have been carefully reviewed. This study may have identified possible improvements in the town's current practices that could reduce costs or improve efficiencies. Also, there is now a greater awareness of the potential for sharing and an established relationship with the officials in the prospective partner town(s). These factors could smooth the path for future cooperative efforts.

It's Feasible – Now What?

Implementation grants assist local units with the start-up, transition, and implementation costs associated with new or expanded shared services or the consolidation of local units. Assistance is based on the total transition or implementation cost of a project. Grants up to $100,000 can be awarded with a required cash match of 25 percent of the requested grant amount.

Grants for capital equipment purchases or facility improvements necessary to establish the shared service are limited to the lesser of $40,000, or the five percent capital cash down payment required under the Local Bond Law. Any capital use must be as part of a shared service program and not limited to the purchase of equipment or use for a capital improvement.

Interlocal Services Agreement

The next step to implement the shared service is negotiation of the interlocal services agreement. This is a service contract, similar to other third party vendor contracts except the vendor is another local unit. As with any other vendor agreement, you want the contract to protect your interests and provide you with the services you want at the agreed upon price. You don't want surprises or unexpected conditions that increase costs or limit the services to be provided.

An interlocal service agreement is a contract for services that should reflect all of the usual terms, conditions and protections that your community would want from any other supplier of goods or services. Under the Interlocal Services Act certain provisions are mandatory. These are:

- A **description** of the type and extent of the services to be provided. If a feasibility study was done, the findings and recommendations of the study can be referenced in the agreement to provide a full description of the service and other criteria.
- **Measurable**, objective performance standards (scope of services, their level and quality) along with assigning responsibility for providing the service and meeting quality standards.
- A **statement of the cost** of providing the service and allocating the costs over the contract term, either by a unit cost, formula, usage or some other standard, and payment provisions (annual, periodic).
- Inclusion of a **cost escalator** or other means for price adjustment over the life of the contract.
- Duration of the **contract**, which is 7 years unless the participants establish a different contract term.
- If there are **revenue aspects** of the joint service (court or inspections), the contract needs to address the collection and disposition of the monies.

For contracts involving police or law enforcement services, the Interlocal Act requires the contract to include provisions recognizing seniority and other employee rights and protections.

Not mandatory under the Interlocal Act, but strongly recommended in the contract, is a provision for the periodic evaluation of the shared service to ensure that the effort continues to meet the expectations and needs of the partners. Also recommended is an escape clause for early termination of the contract. In this way, if a participant is not satisfied with the shared service, there is an option for early dissolution of the agreement.

Helpful Hints

- Holding a hearing is recommended
- Present idea to public and employees
- Communicate

Before establishing a joint program or entering into an interlocal service agreement, holding a public hearing is often advisable and for certain services, particularly police and fire service programs, a hearing is strongly recommended. Both the public and employees need to understand what is being considered and why, since they too have a stake in the recommended joint program. Communicating with them early in the process and during the decision phase can help with their understanding and acceptance of the process.

Employees would have been involved during the study phase but their reaction to the recommendations and plan of implementation is a critical element to success and often to community acceptance of sharing services.

The Bigger Picture

Regional Coordination Grants

SHARE also offers Regional Coordination Grants to support regional efforts to identify and develop shared service opportunities between government entities in areas that are smaller (or larger) than counties. These grants can be used to coordinate efforts between municipalities, school districts, fire and special districts and local authorities in a specifically defined region. In addition to applications from government agencies, non-profit organizations devoted to improving local government are also eligible to apply financial assistance.

Grants are available for a maximum of one-half the cost of the proposed project. Funding decisions will consider local needs and circumstances, the services to be provided, planned contributions by the coordinating agency, and the history of the organization in providing such services. Applicants should contact program staff to discuss a proposal and project needs prior to filing an application.

COUNT

SHARE also offers assistance to county governments and county wide organizations to identify the most promising services to share between all government agencies in a county, municipalities, school districts, local authorities, and fire and special districts. Grants are tailored to each county's needs and opportunities and are available to counties ready to serve as a model for the expansion of sharing services. For more information, contact the Division of Local Government Services at 609-984-7764 or at *dlgs@dca.state.nj.us*.

Still Need Help?

Several factors affect whether developing or implementing a plan to share a service is a relatively simple, in-house project, or is more complex, requiring outside assistance. The nature of the service, the number of participants, the availability of trained staff to work on the study and the competing demands of their normal duties, the timeframe for the study's completion, and available budget resources all contribute to the decision about how the towns will consider sharing.

Staff at the Department of Community Affairs' Division of Local Government Services can guide you through the process of developing and implementing creative partnerships in your communities.

Local officials often ask whether consultants are needed to establish shared service programs. The short answer is no, they are not essential nor always desirable. If local staff have the skills and available time to study whether or not a service can be shared, their findings and recommendations can be the basis for a successful interlocal program. Programs involving sharing public works equipment and services, police patrol and dispatching services, animal control programs, joint municipal courts, health services and any number of other successful shared services programs have been established by community led efforts without outside consultants.

Consultants can be helpful and are sometimes necessary where there are technical aspects to the service, such as radio communications or computer/ technological efforts, or where specialized training or experience is critical to fully understanding the services, as with police or fire services.

Third party consultants also bring the advantage of objectivity and neutrality to shared service considerations. If a municipal official or employee is conducting the study, there may be concerns that the review and findings could favor one of the communities at the other's expense. This is not always an issue but matters of perception can be as important as the actual facts of an issue, so it is something that needs to be addressed.

Application & Filing Requirements

SHARE application forms are available at the SHARE website, *www.nj.gov/dca/lgs/share*. They can be downloaded and completed and printed for mailing.

There is no deadline for filing any SHARE application. Applications are received, processed and approved on an ongoing basis. Preliminary funding decisions are given within 10 business days of the receipt of a complete application. Applicants will be notified of additional information or documentation required to complete their filings within the same period.

Conclusion

SHARE = SAVINGS

As the cost of providing services increases, it becomes more critical to work cooperatively with other local government units. Sharing services is a win-win approach for the participating communities. It reduces costs, delivers municipal services in a more efficient manner, and can provide property tax relief by lowering service costs.

SHARE can help you explore the potential of shared services and turn that potential into tax dollar savings. SHARE is dedicated to improving the quality of life in the state's 566 municipalities and 21 counties. For questions about the SHARE Program, the applications, or the grant process, contact us at (609) 292-7842 or by e-mail at *dlgs@dca.state.nj.us* or visit the website at *www.nj.gov/dca/lgs/share*.

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Other Interlocal Resources

Cooperative Purchasing

Cooperative Purchasing is the common name used to describe local units combining their individual purchasing needs to obtain better prices by combining total purchase volume. There are many different types of cooperative purchasing programs, as shown below. Many communities participate in several programs, depending on the type of supplies needed or the availability of partners. The combined effort equals both unit price savings and reduced administrative costs for bidding and contracting.

For more information on these efforts or obtaining State approval to participate, please contact the Division of Local Government Services at 609-292-7842 or by e-mail at *lpcl@dca.state.nj.us.*

Cooperative Pricing

A Lead Agency (any municipality, board of education, county, or local authority, advertises for bids; awards a master contract to the lowest responsible bidder for its own needs and for the prices to be extended to registered members. The registered members then contract directly with the vendor for their own needs, subject to the specifications in the master contract.

Joint Purchasing

Two or more local contracting units agree that one of them will serve as the Lead Agency/Purchasing Agent. The Lead Agency, as purchasing agent, does the purchasing for the members of the system. It prepares the formal bid specifications, advertises for and receives bids; and executes a contract with the lowest responsible bidder for the full amount of the commodities or services needed by all participants. The participants pay the Lead Agency for what it buys.

Commodity Resale

A local contracting unit purchases either gasoline, diesel fuel, snow removal chemicals, public works materials and supplies, including road and roadway construction materials, for its own consumption and then sells all or a portion of it to another local contracting unit.

County Cooperative Contract Purchasing

Thes programs are only available to county governments. Here, the county advertises for bids and awards a contract to the successful bidder. With the approval of both the county and the successful vendor, local contracting units located within the geographic boundary of the county may purchase under the contract subject to is specifications, terms and conditions.

Energy Cooperative Pricing

Two or more contracting units may join together or form a cooperative system for the sole purpose of purchasing energy, or an existing registered cooperative system may add energy as a commodity to be purchased.

State of New Jersey Cooperative Purchasing Program

A local contracting unit may purchase goods and services from State contracts where the vendor has agreed to extend the bid prices to local contracting units. Participation in the State cooperative purchasing program does not require a formal agreement with the Division of Purchase and Property, nor is approval by the Director of the Division of Local Government Services required. Any contract awarded under a State cooperative purchasing contract that is in excess of the contracting unit's bid threshold shall be made by resolution of the governing body.

Case Studies

This page is currently under construction and will be updated periodically as case studies progress and new SHARE programs are implemented.

Collingswood—Woodlynne

Effective July 1, 2006, Collingswood Borough and Woodlynne Borough have implemented joint police services. With SHARE implementation grant assistance Collingswood Borough incorporated Woodlynne Borough into its coverage area. Collingswood will provide Woodlynne residents with all of the same services it provides to its own residents. Woodlynne's residents will receive a higher level of services at a substantial savings over the Borough's previous in-house costs.

Spring Lake Borough—Spring Lake Heights Borough

Spring Lake Borough and Spring Lake Heights Borough received a SHARE Implementation grant for joint dispatching. Under the combined dispatching service, the towns continue to receive 24/7 dispatching services while realizing significant cost savings.

Cape May County—The First Count Grant

Cape May County has just been awarded the first grant under DCA's new COUNT initiative. Targeted to county governments, COUNT grants offer aid to establish new shared services, either with the county as a direct provider of the service or as a facilitator of new interlocal programs among municipalities, school districts and other local units. Cape May is using its grant to establish a shared services coordinator position. The coordinator will initially focus on identifying and analyzing opportunities for new county shared services.

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