



Prince Edward Island Municipal Government

Cooperation and Partnership

Discussion Document

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Acknowledgement of Source Material

The material contained in this document has been prepared by Don Smeltzer for the Federation of Prince Edward Island Municipalities (FPEIM). Content draws upon an earlier work by the author - a Handbook on Inter-Municipal Partnership and Co-operation for Municipal Government prepared in 2003 for Service Nova Scotia and Municipal Relations. Introductory material is drawn from the Intergovernmental Cooperation Handbook prepared by the Governor's Centre for Local Government Services, Department of Community and Economic Development, State of Pennsylvania.

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The goal of this handbook is to encourage and facilitate greater voluntary cooperation among the municipal public sector in Prince Edward Island. Its development is premised in the belief that intergovernmental cooperation is an important municipal success component and that cooperation is a pathway to a better future.

1: Why Cooperate?

1.1 The benefits of not “going it alone” are significant and answers to why PEI municipalities should look to greater cooperation in the future will become more obvious as a review of this document is undertaken.

- **First**, there is the shared interest or interdependence of the citizens who make up our municipalities.
- **Second** is economy - the economies of scale that can be accomplished by increasing the size or extent of governmental activities.
- **Third** is effectiveness which can be achieved when governmental activities and programs are sufficiently well developed.

1.2 **Interdependence + economy + effectiveness**, when considered as a whole, suggest that municipal government can clearly benefit through well thought out programs of cooperation and partnership.

2: Interdependence

2.1 Municipal boundaries are not made up of walls or barricades. Most of the activities affecting our citizens follow “natural” boundaries. Any coincidence of municipal boundaries and these natural boundaries occurs infrequently and randomly, not by design. Our citizens cross municipal boundaries and are affected by activities that cross these boundaries. As a result we are interdependent; what we do affects others and what they do affects us. The scope of our interdependence is formed by economic, physical, social and governmental factors. An examination will show how each of these create and shape the interrelationships among our Islanders.

3: Economic Factors

3.1 It is not uncommon for a citizen in Prince Edward Island to reside in one municipality, have employment in a second and shop, bank, dine out or visit the doctor in a third. The economic system which serves Prince Edward Island is based on market areas, not on municipal boundaries. The market area is defined by economic rather than political criteria. Newspapers, television and radio stations serve the economic market area. Even those that

target an urban area serve the surrounding rural submarket areas and are not restricted by municipal boundaries.

- 3.2 Help wanted ads and grocery store coupons do not recognize boundary lines between our cities, towns and communities. As a result, the economic life of a resident is lived as part of the economic or market area, not just the municipal jurisdiction where he or she happens to live. The economic health of Islanders, the value of their homes, their wages, the existence of their employment, the prices and availability of goods and services - all are dependent upon this economic system. They are economically dependent upon one another and upon the economic system as a whole.
- 3.3 Decisions made by a municipal government affect not only its own residents but the residents of other jurisdictions. Likewise, the residents of a municipality are affected by economic decisions in other jurisdictions as well as their own. This economic interdependence points to the need for intergovernmental cooperation.

4: Physical Features

- 4.1 Hills, fields, rivers, highways and air currents are not respecters of municipal boundaries. Although a river may serve as a boundary line between two municipalities, the physical feature continues even when the municipal border comes to an end.
- 4.2 Highways and country roads link work, home, schools, churches and shopping to farms and neighbourhoods in nearby municipalities.
- 4.3 Bridges cross a river or stream on a boundary line, tying together the citizens of two municipalities. Pollutants seeping into a stream “disappear” only by flowing into the next municipality and the one beyond.
- 4.4 Hills and valleys establish dividing points for storm water runoff. That water runs downhill is such a commonplace understanding we forget how this physical fact ties our municipalities together and requires intergovernmental approaches to flood control and collection of waste water.
- 4.5 Even air currents tie us together. Odours from a farm, potato chip factory or outdated sewer treatment plant may affect neighbours in nearby

municipalities. Pollutants from industrial sources may spread across the municipal boundary to a residential neighbourhood.

5: Social Groupings

5.1 Churches, service clubs, fraternities, cultural and arts associations, hospital auxiliaries and quilting groups follow the patterns of economic and physical interdependence. Membership and participation in these and the many other social activities enjoyed by Island residents is seldom limited by municipal boundaries. Instead, the extent of participation in social activities is reinforced and influenced by the economic and physical linkages between people, and this social interdependence reinforces the economic connectedness.

6: Organizational Interdependence

6.1 There are numerous governmental agencies, activities and institutions which cut across municipal boundaries and that tie Islanders together into larger communities.

6.2 The Federation of PEI Municipalities is one such organization. Its membership covers the length and breadth of PEI.

6.3 The provincial Legislative Assembly representing 27 electoral districts collectively encompasses every Island community.

6.4 School districts; farm, labour, tourist and cultural organizations; church denominations, Canada Post; Canada Revenue Agency – all are examples of organizational interdependence.

6.5 Combined with the social, economic and physical features, the activities of these organizations serving Island needs establish and reinforce an interdependence which links Islanders together far more strongly than municipal boundaries which separate.

7: Efficiency

7.1 The efficiencies resulting from cooperation and partnership should seem obvious. Business operators and economists call this principle “economies of scale”. Whether stated in common sense or economic terminology, the

principle is a sound one that can be achieved through intergovernmental cooperation and partnering.

8: Cooperation and Partnership Possibilities

8.1 The preceding discussion has outlined some of the reasons why municipal governments should work together - our interdependence, greater efficiency and more effectiveness.

8.2 As communities grow, so does the need for new and expanded services. As time passes, we come to expect more from our municipal government institutions. It is strongly suggested that the “more” which is desired can be achieved far easier and at less dollar cost if municipal decision makers look to cooperation and partnership as a model for service delivery.

8.3 The possibilities for cooperation and partnership are as broad as one’s imagination. Here are a few services that can be delivered through regional or joint initiatives.

- of two or more municipalities through the sharing of one administrator;
- management and/or maintenance of water supply and waste water collection;
- installation of electricity generation through wind power;
- cost sharing and management of public transit;
- delivery of recreation and leisure services;
- municipal accounting and pay roll services;
- secretarial and research;
- purchasing and tendering;
- planning, property inspection and bylaw enforcement;
- police and fire protection;
- equipment sharing; web site development/ maintenance and technology communication systems;
- road maintenance and public works;
- engineering services; and...

8.4 The list of services that may involve municipal cooperation and partnering is as broad as the list of services that are mandated by provincial statute to

municipalities. Is cooperation and partnership in your municipality's future?

9: Definition and Legal Considerations of Partnership

9.1 The term “cooperative agreement” or “inter-municipal partnership”, is broadly defined as a relationship based on mutual understanding and trust that is entered into between municipalities. Depending on how it is structured, it may also involve one or more government, private sector or community groups. The concept of inter-municipal partnerships involving organizations other than municipalities should be considered by decision makers when reviewing the possibilities of delivering or receiving services through cooperative agreements.

9.2 Agreements may be formal or informal. Most often they evolve from a desire to maximize resources in order to meet complementary or compatible objectives. The result, whatever the nature of the service being provided or secured, can be a win-win arrangement for each of the contracting participants.

9.3 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 one or all of the partners, each is jointly liable. The term partnership, then, needs to be used with caution in verbal and written communications when establishing cooperative arrangements. In some situations it may be better for municipalities to use terms such as cooperation, collaboration or networking.

9.4 Whatever the form of cooperative arrangement or partnership that exists, normally the undertaking will involve the following four main components:

- a sharing of roles and responsibilities;
- contributions from each participant of human, financial, technological, or material and structural resources;

- a sharing of risk, control and benefits;
- added value in products and/or services.

9.5 Most often cooperative arrangements result in actual dollar savings, improved or sustained delivery of services or programs, and an enhanced ability to share costs and skills. The process of partnership encourages compromise, consultation, evaluation, strategic planning, and goal setting. It optimizes the use of knowledge and know-how of partnering municipalities, helps to eliminate duplication of effort, and promotes a culture of organizational co-operation.

9.6 Cooperative arrangements are a natural offshoot of the bench marking and best practices process. When investigating the potential of inter-municipal agreements for service delivery, there are a number of steps that should be undertaken during the preliminary and planning stages.

10: Steps in the Cooperation/Partnership Process

10.1 Prepare a list of current or previous inter-municipal cooperative arrangements that your municipality has been involved in.

10.2 Review each item in detail and note positive and negative aspects of each situation in order to determine how that arrangement could have been improved.

10.3 Determine if establishing a partnership for service delivery is the most efficient and cost-effective way for your municipality to solve the problem, to address the need, or to take advantage of the opportunity.

10.4 Develop an inventory of resources that your municipality might share with another municipality. Such a list might include human resources, facilities, equipment or programs. Are there services that 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?

10.5 Determine which of your neighbouring municipalities might be potential partners in a cooperative or partnership arrangement. For example, you have a need for new snow clearing equipment; however, one of your

neighbouring communities has already acquired new equipment and has the capacity to provide this service to your municipality. An arrangement could be made between the two municipalities to share the equipment and the human resources that are required to operate it - resulting in significant savings for both municipalities.

- 10.6** The downside of such an arrangement might be the increased time involved for having the streets cleaned, but the priority for which streets to be done in what order could be negotiated in advance so that such issues are addressed to the satisfaction of all parties involved before they might arise.
- 10.7** List the pros, cons and possible issues involved in establishing a cooperative arrangement with each if more than one of your neighbouring municipalities is in a position to be a potential partner.
- 10.8** Determine the most preferable arrangement based on the individual circumstances.
- 10.9** Determine if potential partners have the political authority, motivation, and resources to become involved in a cooperative arrangement.
- 10.10** Be prepared before you approach a potential partner by doing extensive research prior to making any commitment.
- 10.11** Find out what similar arrangements may have been made in other areas - locally, nationally, and internationally, and take advantage of their experiences.
- 10.12** Consider the statutory authority for agreements for municipal services. Part VIII, Section 30 of the Municipalities Act can be used as a checklist when considering inter-municipal or inter-governmental agreements. Likewise, authority granted under Sections 31, 32 and 33 can also be considered.
- 10.13** Prepare a proposal outlining the anticipated benefits for each potential participant.
- 10.14** Approach your potential partners to arrange for a meeting to discuss the opportunities for cooperative arrangements.

- 10.15** Provide the 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. The background research has been completed. Potential partners have been selected and have agreed to enter into a cooperative arrangement. Now there are a number of things that can be done to ensure a good working arrangement:
- 10.16** Clearly articulate the expectations when working out details of the agreement.
- 10.17** Include a definition of the problem, need or opportunity to be addressed using clear, plain language.
- 10.18** Identify all the stakeholders who might be affected by such an agreement, and indicate what is expected of each participant to avoid later confusion or lack of clarity.
- 10.19** Ensure that decision makers in each municipality are aware of the implications of entering into the agreement, both positive and negative. This includes the costs and obligations for each partner in terms of financial, material, equipment, infrastructure, or human resource commitments.
- 10.20** Ensure all potential partners share the same view of the situation and that the partnership under discussion will meet the needs of all concerned.
- 10.21** Identify who will be affected by the agreement? Outline clearly what is expected of each participant so that there is no confusion or lack of clarity later.
- 10.22** Ensure all potential partners share the same view of the situation and that the partnership under discussion will meet the needs of all concerned.
- 10.23** Avoid making decisions in isolation.
- 10.24** Approach potential partners with options, not decisions, and be prepared to listen to the other's perspective.
- 10.25** Be flexible and open to suggestions from those who might have a slightly different take on the situation and who may have innovative suggestions.

- 10.26** Cover all foreseeable situations. Do not rely on assumptions to determine how things will be handled in a crisis. Rather, have a contingency plan for situations that might arise and be prepared to deal with unexpected events. Contingency plans should clearly indicate who “has ownership”, who will have the ultimate decision making authority in order to deal with a crisis quickly and efficiently.
- 10.27** Most important - negotiate honestly, openly and fairly. Know your own position well.
- 10.28** Be aware of what you can and cannot bring to the arrangement. Be sure the partnering organization is aware of these things as well.
- 10.29** Be flexible - a little give and take on both sides will result in a more satisfactory arrangement for all involved.
- 10.30** There are many administrative matters that will require attention when considering, or entering into, an inter-municipal agreement.
- 10.31** Establish a chain of authority.
- 10.32** Determine and agree upon a management arrangement.
- 10.33** Outline what needs to be done in order to achieve the listed objectives.
- 10.34** These actions involve 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. It is important that each partner understands its decision-making authority and that roles and responsibilities are assigned on the basis of knowledge and know-how (not according to financial capacity or power). The roles and responsibilities should be assigned equitably among the partners so that no one partner is or appears to be able to exercise control over any of the others.
- 10.35** Specify the areas of autonomy and interdependence for each. This will include defining the limits of what each partner can do without the approval or knowledge of the other partners. A conscious effort will be required to consult each other on issues that require all partner agreement, such as budget, timetable, and replacement of key personnel.

- 10.36** Determine the procedures for decision making. In the area of multi-partner partnerships, it is even more important to decide in advance the way in which decisions are to be made - by consensus, majority vote, open or secret balloting, or other manner. Sometimes there are different decision making processes for different kinds of questions. For example: Do financial decisions have to go back to each partner for approval? In the case of disagreement or conflict between the individual partners it is beneficial to provide for a conciliation or conflict resolution process.
- 10.37** Communications are essential in any working relationship. Identify the different means that will be used for exchanging and disseminating information. A process should be established that ensures all of the partners have prompt, efficient means of communicating among themselves. A schedule of meetings should be drawn up accommodating the availability of each partner.
- 10.38** Include such mechanisms as: e-mail; discussion lists; newsletters; formal or informal meetings; and telephone conferencing in the communication plan. Additionally, each of the partners should have mechanisms established within their own organizations to keep decision makers internally informed of issues or developments that can have an impact on the partnership.
- 10.39** Determine the rights of ownership, use, distribution and visibility, of any technology or services that may be delivered by means of the partnership. Depending on the type of product or service that will result from the partnership, some consideration will need to be given to who will retain ownership of each particular asset. These ownership issues should be clearly defined in the formal agreement.
- 10.40** Seek expert or legal opinion when necessary. Specify the conditions governing the admission or withdrawal of a partner. The procedure that is to be followed when a potential new partner is admitted to the arrangement, or the appropriate compensation that is to be paid if one of the partners withdraws, should be defined in the agreement so that all stakeholders are aware of the arrangements. Ensure that the municipality's finance experts and legal advisors, review draft agreements and are satisfied that the arrangements meet the needs of the municipality prior to formalizing agreements.

- 10.41** Make sure your advisors know what the municipality's goals and concerns are. The timetable for the project should be compatible with the needs of each partner. Financial obligations concerning any commitments should be in line with the strategic and financial plans for the municipality. Cost benefit and risk analysis should be carried out and reviewed to ensure the project is in line with projected costs and benefits, and that each partner has sufficient resources to meet their obligations.
- 10.42** Circulate copies of the draft agreement to each participating municipal council to ensure that all expectations have been addressed and that council members are fully versed on the project and its ramifications. Obtain each council's endorsement of the agreement by way of a formally adopted motion when the arrangements are finalized.
- 10.43** In order to maximize the return on investment, it is essential that resources are managed carefully. In an inter-municipal cooperative project it becomes even more essential to do the appropriate preliminary work and to maintain careful oversight on the project as it progresses. Evaluation is a critical phase of any project or partnership. There are a number of ways to approach this part of the process and the actual evaluation process may differ depending upon the circumstances.

11: Post Project Evaluation

- 11.1** There are three main areas to consider in any post project evaluation – conceptual, financial and administrative.
- 11.2** The conceptual area involves reviewing the overall project to assess the way that the partnership has worked. Were the objectives realistic, relevant, and have they been met to each participants satisfaction? Are there areas that did not meet each partner's expectations? What could have been done differently to improve the overall effectiveness of the initiative? What might be done at this point to improve efficiency and effectiveness? What might be some lessons learned for the next time? Did the partnership enhance the activities, programs, services or products of each partner in addition to the actual result accomplished by the partnership?
- 11.3** The financial area involves reviewing the cost benefit and risk analysis. Were there surprises that could have been more effectively and efficiently dealt with? Did the project meet financial expectations? Did the partnership

provide the projected benefits within the budget? Will each partner realize the expected return on their investment? If there were budget overruns, identify why this occurred and how they could have been avoided.

- 11.4** The administrative area involves reviewing the project administration to ensure that the project has been effectively managed. Was the work plan accurate in view of the estimated timetable, budget, and implementation? Did each partner meet their obligations? Were the control measures appropriate and sufficient? Was the communication plan effective and were all participants satisfied with the information provided? Have steps been taken to communicate and convey the know-how and practices that proved successful?
- 11.5** Recognize accomplishment! Report on best practices, successes and expertise gained! Despite the most careful planning, unexpected events occur in any undertaking. With good communications, cooperation and flexibility, most issues can be addressed with a minimum of disruption to the schedule and a minor impact on the projected budget. Conscientious attention to detail in the planning and negotiation phases of a project, dedication and enthusiasm can contribute immensely to the successful outcome of inter-municipal cooperative projects.

12: Conclusion

12.1 It is hoped that the contents of this guide on inter-municipal cooperation and partnership will prove helpful to municipalities that are planning on considering cooperative undertaking in the delivery of services. The material is complementary to the Municipal Government Sustainability Toolkit currently being developed by the Federation of Prince Edward Island Municipalities.

Examples of cooperation and partnership contracts; and additional information useful for decision making in municipal government are now or will be made available, in the Resources section of the FPEIM's web site: www.fpeim.ca