Best Practices Review
Cooperative Efforts in Public Service Delivery

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Preface

While the traditional role of auditors includes identifying problems, as State Auditor I have attempted to not solely draw attention to financial problems, but also to highlight examples of good fiscal stewardship. Thanks to legislative action during the 2003 session, my office now has a new and exciting opportunity to highlight more examples of ways in which local officials are using financial management practices that have proven to be effective and economical.

The 2003 Legislature directed the State Auditor’s Office to conduct “best practices reviews” of local government service delivery. Pursuant to that change, the Office of the State Auditor will, beginning with this report, issue annual best practices reviews of different topics in local government service delivery.

Overall, a best practices review’s purpose is greater than just drawing attention to noteworthy programs; it will also provide useful information that all local governments can use to adapt successful programs to their community.

For our first review we chose to examine “Cooperative Efforts in Public Service Delivery.”

While the number of local governments participating in cooperative ventures is increasing in Minnesota, I believe that more opportunities exist to lower costs and increase efficiency through cooperative efforts. That is why we have written this best practices review as a “how to” manual for cooperative efforts.

I would like to thank all of the participants who took part in the interviews and field visits for this review. I would also like to thank the local officials who submitted cooperative examples. The number and variety of the cooperative efforts in Minnesota is a testament to the hard work and dedication of local government officials striving to deliver the services Minnesotans need and have come to expect.

I would also like to thank the Topic Selection Advisory Committee for their efforts as well in recommending such a timely topic. In addition, I would like to give special thanks to the League of Minnesota Cities for their help and assistance with this review.

We hope that this will be the first of many best practices reviews that help local government officials identify new and innovative ways to deliver government services more efficiently and effectively.

Pat Anderson
State Auditor
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Executive Summary

Starting in 2004, the Legislature gave the Office of the State Auditor responsibility to conduct “best practices reviews” of local government services in Minnesota. Previously, the Office of the Legislative Auditor carried out this responsibility. The first topic recommended by an advisory committee and chosen by State Auditor Anderson was: Cooperative Efforts in Public Service Delivery.

The overall goal in writing the review was to produce a guidebook for local officials highlighting the best practices for fostering, crafting, and implementing cooperative agreements among local governments.

The first section of the report describes ways in which local governments cooperate to provide services, the potential benefits and drawbacks of cooperation, and why it is important in Minnesota. It then identifies nine key elements that are crucial to starting and maintaining successful cooperative arrangements. While they are not specifically listed as a best practice, it is essential that local officials keep these key elements in mind when considering any type of cooperative effort. Paying attention to these elements can only enhance the best practices outlined in the report.

Recommended Best Practices

The second section of the report lays out steps to provide guidance when considering and implementing cooperative agreements. These steps can be adapted to create a plan that suits each local government’s unique needs. The steps are presented as three phases, which the State Auditor believes are the best practices for effective cooperation.

The first phase involves exploring possible avenues for cooperation. This would include:

- Completing an inventory of existing agreements
- Completing an inventory of resources

The second phase involves determining the viability of cooperative efforts. This would include:

- Identifying potential partners
- Conducting background research
- Conducting a feasibility study
- Presenting the proposal

The third and final phase is the negotiation of the agreement. There are several key elements to successfully completing this step including:
• Open, honest, and fair discussions
• Clearly defined terms
• Flexibility and patience among partners
• Consultation of legal and financial experts.

Other Considerations

The remainder of the report addresses specific issues relating to cooperative efforts, such as evaluation methods, legal issues, historical efforts at assisting local governments with cooperation, and possible obstacles local governments face when trying to cooperate with other entities. In addition, the report provides case studies and sample agreements in the appendices of the report.

Recommendations for Cooperation

Three opportunities stood out as ways to encourage and foster further successful cooperative efforts. They included:

• SCALE Organization — The State Auditor recommends the creation of organizations similar to Scott County’s SCALE organization in every county in Minnesota. This recommendation requires no legislative action or expenditure of dollars. All it requires is a desire by local officials to create a formalized process to foster cooperation.

• Cooperation Grant and Waiver Program — The State Auditor also recommends re-establishing the cooperation incentive grant program and waiver function of the former Board of Innovation and Cooperation. Doing so would help encourage local governments to engage in more innovative and cooperative efforts in public service delivery.

• State Auditor’s “Roundtable on Cooperation” - To continue the encouragement of cooperative efforts across Minnesota, the State Auditor will sponsor an annual “Roundtable on Cooperation.” The purpose of the roundtable would be to bring local officials together to share their experiences on local government cooperation as well as hear from experts on cooperation from Minnesota and around the country.

Clearinghouse of Cooperative Examples

To help facilitate cooperation, the State Auditor will be establishing an online clearinghouse of examples of local government cooperation. Users will be able to review examples of cooperative efforts from around the state along with contact information if they wish to learn more. Entities will also be able to add agreements to the clearinghouse through an online form.
Best Practices Review
Cooperative Efforts in Public Service Delivery
Background on Best Practices Reviews

Starting in 2004, the Legislature gave the Office of the State Auditor responsibility to conduct “best practices reviews” of local government services in Minnesota. Previously, the Office of the Legislative Auditor carried out this responsibility. The concept of conducting best practices reviews is inspired by the British Audit Commission, which conducts national studies in England and Wales to find “state of the art” techniques for the delivery of local government services.

An advisory committee made up of representatives of various local government associations recommended possible topics for best practices reviews. Minnesota law prescribed that the State Auditor would consult with these local government associations before choosing a topic for review.

The process for topic selection was completed on June 14, 2004 when State Auditor Anderson chose a topic recommended to her by the advisory committee: *Cooperative Efforts in Public Service Delivery*.¹

Methodology and Approach

The State Auditor’s Office conducted a literature review to obtain background information on this topic and then looked for examples of cooperative efforts in public service delivery from around Minnesota.

Members of the advisory committee provided some initial examples, and additional examples from around the state were obtained by surveying selected local government officials. The State Auditor’s “E-Update” was also used to solicit examples. The League of Minnesota Cities was especially helpful and submitted more than 1,600 examples from a recent survey of cities, with about 200 being earmarked as innovative.

After reviewing the examples, staff from the State Auditor’s Office set up interviews with key stakeholders involved in these cooperative efforts and made site visits. Response by local officials was very positive and all of the local officials contacted readily agreed to participate in the process. The interviews provided insight into what made collaboration successful, as well as the key steps, processes, and obstacles involved in the effort. In addition, staff examined studies from a number of other states concerning their cooperative efforts.

The overall goal in writing this review was to produce a guidebook highlighting the best practices for fostering, crafting, and implementing cooperative agreements among local governments.

¹ For more information concerning the background of Best Practices Reviews, see Appendix J on page 90.
Cooperative Efforts in Public Service Delivery

Background

“Cooperative efforts in public service delivery” refers to arrangements by which two or more jurisdictions agree to work together to address and resolve issues of mutual interest. A cooperative effort can be as basic as officials from neighboring local governments agreeing to meet regularly to discuss cross-jurisdictional issues, or it can be as complex as the creation of a special single-purpose district with buildings, equipment, and employees.

Local governments in Minnesota have cooperated successfully with one another on a wide range of services for many years. A recent League of Minnesota Cities survey completed by more than 280 cities showed 1,682 collaborative arrangements in place. Of the agreements submitted, 550 were over ten years old. Some agreements occur between like governments such as school district-to-school district or city-to-city, while others include more than one type of government. Some cooperative efforts also include participants from the private and non-profit sectors.

Cooperative efforts in Minnesota are generally formalized by joint powers agreements as outlined under the joint powers law. Other types of intergovernmental cooperation and governance are the result of legislative action, and/or informal arrangements and agreements.

The joint powers law allows political subdivisions to cooperate in a wide variety of ways. There are three basic structural models: a consolidated service approach; a service contract approach; or a mutual aid approach.

• Consolidated service. Under the consolidated service approach, two or more local governments agree under the joint powers law to create a joint board consisting of one or more representatives from each of the participating local governments. Each entity provides financial support to the joint board. In turn, the board employs the necessary staff, owns or leases the equipment, and manages the operations.

• Service contract. Under the service contract approach, one entity maintains and manages the operation and the other entity simply purchases services from the first entity. Typically, the agreement will specify the level and type of service to be provided, performance standards, and so on.

• Mutual aid. Under the mutual aid approach, two or more governments agree to assist each other in specified circumstances; e.g., when an emergency in one local

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2 See Minn. Stat. § 471.59
3 These concepts are presented in a League of Minnesota Cities memo, “Combining Governmental Services - Issues to Consider”.

government requires additional personnel, or when one entity is short-staffed because of vacancies, vacations, injuries, sickness, etc. Generally, no money changes hands; the assumption is that, in the long run, things will even out and each entity will receive roughly as much assistance as it provides.

Examples of legislative-directed regional cooperation and governance include the Metropolitan Council, regional library boards, service cooperatives, watershed districts, sanitation districts, and others. These types of regional cooperation may establish unique taxing authorities, independently elected boards, appointed boards, or boards made up of local government officials. Some types of regional cooperation target a specific function (i.e. solid waste) while others may handle a variety of functions such as transportation, housing, and water.

In addition, informal agreements among governments exist where the entities agree to non-contractual arrangements to share or provide resources to one another.

**Why do local governments cooperate?**

For a number of years, local governments have faced increasing political and fiscal pressure to reduce spending, lower taxes, and maintain or increase services. Cooperating to provide services is one element that can address all these issues at once.

Because of these political and fiscal pressures, local governments have had to ask, and need to continually ask, questions such as:

- Should my local government modify its service delivery systems?
- Should my local government discontinue selected services?
- Can my local government be more responsive to our citizens?
- Should my local government be restructured to reduce the cost of government?
- Should my local government consider cooperative or joint powers agreements to improve efficiency?

A 2001 study by the University of Wisconsin Extension Service found,

“Intergovernmental cooperation between and among cities, counties, towns and villages often produces less expensive and more efficient local government services. Mergers of similar service activities can provide substantial cost savings when administrative and equipment duplication is reduced. Also, there
are significant savings to be had when smaller governmental entities combine their purchasing, planning, and contracted service delivery processes."  

Why cooperative efforts are important for Minnesota

Minnesota has over 3,400 units of government within its boundaries. This ranks seventh nationwide in the total number of governmental units and ninth nationwide in governmental units per capita. While having so many local governments enhances local representation, it also increases the likelihood of a redundancy in services. Some governments are so small that without cooperation with other entities, the costs of providing certain services would be greater than the community could bear.

Cooperative efforts can enhance the delivery of services by fostering communication between local officials to discuss community needs. Recognition of common issues may lead to arrangements that cost less and work better. Moreover, working together may allow local governments to identify and resolve potential issues or problems at an early stage, before issues have become conflicts or crises.

Benefits of Cooperation in Public Service Delivery

- Cost savings – Cooperation can save money by increasing efficiency and avoiding unnecessary duplication. Cooperation can enable some communities to provide their residents with services that would otherwise be too costly.

- Address regional issues – By communicating and coordinating their actions, local governments can address and resolve issues that are regional in nature.

- Early identification of issues and problems – Cooperation enables jurisdictions to identify and resolve potential issues or problems at an early stage, before affected parties have established rigid positions, before the political stakes have been raised, and before issues have become conflicts or crises.

- Reduced litigation – Communities that cooperate are able to resolve issues before they become mired in litigation. Reducing the possibility of

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costly litigation can save communities’ money, as well as the disappointment and frustration from unwanted outcomes.

- **Consistency** – Cooperation can lead to consistency of the goals, objectives, plans, policies, and actions of neighboring communities and other jurisdictions.

- **Predictability** – Local governments that cooperate provide greater predictability to residents, developers, businesses, and others. Lack of predictability can result in lost time, money, and opportunities.

- **Understanding** – As local governments communicate and collaborate on issues of mutual interest, they become more aware of one another’s needs and priorities. They can better anticipate problems and work to avoid them.

- **Greater trust** – Cooperation can lead to positive experiences and results that increase trust between local units of government.

- **Improves chances for future cooperative efforts** – When local governments cooperate successfully in one area, the success creates positive feelings and an expectation that other intergovernmental issues can be resolved as well.

- **Better service delivery to citizens** – The biggest beneficiaries of intergovernmental cooperation are citizens for whom government was created in the first place. They may not understand, or even care about, the intricacies of a particular intergovernmental issue, but all Minnesota residents can appreciate their benefits, such as cost savings, provision of needed services, a healthy environment and a strong economy.
Ways in Which Local Governments Cooperate on Public Service Delivery

There are three basic ways a local government can deliver a public service:

- Provide the service itself using the local government’s own resources (staff, equipment, etc.).
- Cooperate with other governmental units to provide the service.
- Contract with the non-profit or private sector to provide the service.

Local governments can agree to work together and cooperate on public service delivery in a variety of ways. If the delivery mechanism is complex, a new legal and organizational entity, separate from the government structure of the parties to the agreement, may be necessary. Below are some of the ways in which local governments cooperate:

**Service Cooperatives.** Local governments can look to service cooperatives to take advantage of a variety of cooperative arrangements. Service cooperatives were established by the Minnesota legislature approximately thirty years ago with the geographical boundaries matching the thirteen economic development regions created by Regional Development Act of 1969. Some of the service cooperatives were consolidated (e.g., regions six east and six west) leaving ten service cooperatives in the state.

The primary purpose of the cooperatives is to assist with regional planning and meeting the specific needs of its members that are better provided by the cooperative rather than individual entities. Members direct the priority needs that are provided by the cooperative. Many cooperatives offer things such as health insurance pooling, access to training, and group purchasing.

Full membership is limited to public school districts, cities, counties and other governmental units as defined by statute. Non-voting membership is available to non-public school administrative units and other partnership agencies. Participating members fund the cooperatives, with additional financial assistance from private entities and state and federal governments.

**Mutual Aid Agreements.** Local governments may choose to voluntarily agree to provide a service to a neighbor because doing so makes economic sense and improves the level of service. For example, many police and fire departments in Minnesota have mutual aid agreements with the departments of neighboring

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7 “Intergovernmental Cooperation: A Guide to Preparing the Intergovernmental Cooperation Element of a Local Comprehensive Plan,” Wisconsin Department of Administration, Division of Housing & Intergovernmental relations, Office of Land Information Services. June 2002

8 Service Cooperatives are governed by Minn. Stat. § 123A.21.
communities. These agreements provide that in the event of a large or serious emergency, the departments will assist one another to the extent necessary.

**Trading services.** Local government units may agree to exchange services. Some entities exchange the use of different pieces of equipment, or equipment for labor, or labor for labor.

**Renting equipment.** Local governments may rent equipment to, or from, neighboring communities and other governmental units. Renting equipment can make sense for both communities - the community renting gets the use of the equipment without having to buy it, and the community renting out earns income from the equipment rather than having it sit idle.

**Contracting.** A local government could contract with another local government to provide a service. There are many examples of local governments contracting with another to provide services such as police or fire protection, snow plowing, and even information technology services.

**Sharing staff.** Local governments can share staff — both employees and independently contracted professionals. Entities could share a building inspector, assessor, planner, engineer, zoning administrator, surveyor, accountant, drivers, mechanics, grounds crew, etc.

**Consolidating services.** A local government may agree with one or more governmental units to provide a service together. Consolidating services is frequently done to provide fire protection and ambulance services. Consolidation can make a particular service feasible when it otherwise might have been cost-prohibitive or inefficient.

**Joint use of a facility.** Some communities use a public facility along with another jurisdiction(s). The facility could be jointly owned or one jurisdiction could rent space from another. Examples of facilities that can be shared are municipal buildings, school buildings and grounds, garages, jails, parks, campgrounds, education/job training centers, marinas, landfills, theatres, stadiums, swimming pools, golf courses, and neighborhood centers.

**Special single-purpose districts.** Special purpose districts are created to provide a particular service. Like other local governments, special purpose districts are separate and legally independent entities. They are created and defined pursuant to Minnesota Statutes.

**Joint purchase and ownership of equipment.** Communities may agree with other jurisdictions to jointly purchase and own equipment such as pothole patching machines, mowers, rollers, shoulder shaping machines, snowplows, street sweepers, and crack-sealers.
Cooperative purchasing. Cooperative purchasing, or procurement, is where jurisdictions purchase supplies and equipment together to gain more favorable prices. Cooperative purchasing can also include buying used or surplus equipment from other jurisdictions.

Pooling Agreements. Pooling agreements can give smaller jurisdictions a range of financial and management options they would otherwise not be able to undertake. Examples include liability insurance pools through state government or local government associations, pools for employee pension programs and investment and debt instrument pools.

Zoning. If a community is a city or town, it is important to coordinate the zoning activities with those of neighboring jurisdictions and the county to ensure compatible uses, especially at municipal boundaries. Lack of coordination can lead to unwanted impacts to residential areas such as truck traffic, noise, bright lights, odors, etc.

Ordinances. Communities may develop consistent ordinances such as simultaneous curfews so as to provide uniformity among neighboring communities.
Key elements to successful cooperative efforts

Fostering Communication

The cornerstone of success in intergovernmental cooperation is communication. Internally, the workplace culture of local governments should encourage and reward employees for identifying and communicating ideas that may lead to greater intergovernmental cooperation. The elected officials and senior managers must make it known to employees that cooperation is a priority of the local government.

Externally, it is vital for employees and elected officials of local governments to open lines of communication with other local governments. An awareness of issues affecting other governmental entities including their long range plans for development can help flesh out ways in which local governments may collaborate. These lines of communication may be informal such as a lunch between city managers, or formal such as the SCALE (Scott County Association for Leadership and Efficiency) group that has been set up by local government officials in Scott County.

The SCALE effort is an excellent example of ways to promote and institute cooperation among local governments. While the group originally included just the county and cities, its success has led to an even more diverse group of local governments. The current group of 27 members includes the county, city mayors, township officials, the tribal community, and school superintendents.

The single most important key to SCALE’s success thus far is its ability to foster greater communication between, and among, local government officials. Ideas “bubble” up through the line staff as well as down from the elected officials. The goal is to have staff think about ways to improve efficiency and quality of service delivery and to communicate those ideas to other local governments. With fewer resources available, there is an ever present need to be creative and do more with less.9

Establishing Trust

All other challenges aside, there is no way collaborative efforts will be successful unless each unit trusts a) the people they are cooperating with and b) that the process will be beneficial for all involved. Participants in all of the interviews for this study mentioned this key element. This is especially important where it involves new service delivery or changing previous methods of service delivery to something with which the local government and the public are unfamiliar. Trust

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9 See more detail about the SCALE example in Appendix A on page 50, as well as Appendices E on page 76 and F on page 79.
may not happen overnight. Personal and professional relationships are important for building trust. Trust allows local officials to establish effective partnerships with other local governments.

Trust is important at a number of different levels. Line staff needs to feel that their jobs are not at risk because of a collaborative arrangement. Policy makers need to trust that any cooperative agreements or arrangements will result in better service and/or lower cost. Citizens need to trust that their property taxes will not be adversely affected, their local identity will not be diminished, and that services will be better at the same or lower cost. Some of the participants in interviews for this project noted cooperative agreements that were benchmarked against the prior service level or cost were a good way to build trust.

During our discussion with members of the SCALE group, they pointed to their success in building trust among entities of greatly different sizes. They articulated the importance of making everyone feel that they are equal participants. Smaller entities need to feel that they can trust the motives of the larger entities. If you lose trust, the partnership will fail.

An example of how trust affects collaborative arrangements is present among the St. James, Butterfield, and Madelia school districts in Watonwan County in south-central Minnesota. The St. James school district provides a wide range of financial and compliance services for the Butterfield and Madelia school districts. St. James and Butterfield have an established relationship because the superintendent in Butterfield previously worked in the St. James district.

This relationship has created trust between the two districts so that each feels that the other is acting in their best interest. Because of this established relationship, Butterfield trusts St. James to perform the accounting functions from the St. James district offices. Madelia is a newer partner in the arrangement and does not have the previous relationship foundation. As such, when St. James provides financial services for Madelia, personnel from St. James must physically go to Madelia to do the work. This may change as the relationship grows and greater trust is established.

Building Leadership

Another key to successful cooperation is leadership. In some of the examples we have highlighted in this report, one or two people emerged as key leaders in fostering the successful partnership. While one leader may not be the glue that holds cooperation together over the long term, they are usually the catalyst in starting the project, or creating an atmosphere where cooperation can thrive.

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10 See more detail on the St. James example in Appendix A, page 62.
A strong leader sells the package to its future participants. In turn, they are able to show the public, and the employees why cooperation is a good idea for not only the current project, but also future projects. Strong initial leadership will ensure continued cooperation, even if the leader no longer is attached to the project at a later date.

Good leaders are often created due to the stability of their position, such as an elected official or senior administrator who has been around for a long period of time. They often have relationships with other entities through various types of contact or can foster good relationships leading to informal and then formal cooperation. Good leaders are able to work through difficult topics for cooperation and are instrumental in drawing in other assistance. A good leader creates an atmosphere of open communication and listens to other opinions. Finally, a good leader has the courage to try something new in order to deliver either a better service or a more cost effective service.

**Taking Advantage of Previous Relationships**

Taking advantage of previous relationships (including personal relationships) seems to be another key element in the process of developing successful cooperative efforts. Many arrangements spawn from previous, smaller, informal collaborative efforts. Once entities have worked together, often more innovative arrangements will occur due to these prior relationships. Trust is also more easily established when leaders or staff know each other.

In the case of the Apple Valley, Lakeville, Farmington (ALF) ambulance service, the current city administrators indicated that the cities of Lakeville and Apple Valley had worked together in an information consortium called LOGIS since the 1970s. This allowed officials in both cities to build up a level of trust and familiarity. Lakeville was also the dispatcher for fire calls for Apple Valley. These previous collaborations, in addition to a personal relationship between the city administrators, made discussions about the formation of ALF possible.\(^{11}\)

Another example of this key element is highlighted by the case of Lake City. The City of Lake City is involved in a number of collaborative arrangements with other local governments and nonprofits. One of these is called the Hiawatha Valley Highway 61 Coalition. The coalition is made up of two counties, four cities, and four townships along Highway 61 in southeastern Minnesota. The Mayor of Lake City indicated that without his personal relationships with many township officials, the opportunity to create the Hiawatha Valley Highway 61 Coalition would not have existed.

\(^{11}\) For more detail about ALF, see Appendix A, page 67.
The Mayor believed that there was a level of distrust by the towns towards the cities and counties in the agreement. The towns felt that they were not likely to have their voices heard because of their smaller population. However, it was important for these townships to be involved in the coalition because of their land size. Through his previous personal relationships with these town officials, he was able to persuade them that they would have their interests represented equally at the meetings.\textsuperscript{12}

**Looking at Fiscal Challenges as an Opportunity to Cooperate**

Budget concerns have forced local governments to look for new ways to provide services. Many entities, when faced with fiscal challenges, will look to other entities for opportunities to help defray the costs of providing a particular service.

For example, the Wayzata School District was faced with the problem of having to add a third middle school in its growing district. The two existing middle schools had pools for their swim teams, as did the high school. The district was faced with the challenge of either building a pool in the new middle school so it had the same facilities as the existing middle schools, or having to send the students elsewhere to swim.

This is a fiscal challenge considering that building and maintaining pools are expensive. The City of Plymouth also needed public pool facilities and was concerned about costs. Their fiscal challenges led to an innovative relationship with Lifetime Fitness that resulted in both the city and the school district being able to cost-effectively provide a desired service.\textsuperscript{13}

The City of Battle Lake was concerned about the rising cost of providing health care, training opportunities, and many other items that concern small cities. Municipal organizations the city belonged to were expensive and not providing the services they felt they needed. The city ended up joining a service cooperative for less money than the organizations they belonged to and they received more services, including group purchasing of health insurance.\textsuperscript{14}

Sometimes the fiscal challenges of one entity can be solved by another. When the Bloomington school district found out the Richfield school district had lost their community education staff person, they approached Richfield with the offer of collaboration. Bloomington and Richfield now share community education services and a staff person, and provide even better service to the residents of the districts than they were able to provide separately.

\textsuperscript{12} For more detail about the Hiawatha Valley Highway 61 Coalition, see Appendix A, page 66.
\textsuperscript{13} For more detail about these examples see Appendix A, page 58.
\textsuperscript{14} For more detail about Battle Lake see Appendix A, page 54.
Making Cooperative Arrangements Formal

In most situations, it would be considered a best practice to make any cooperative arrangements formal. This process is very helpful in establishing trust and opening the lines of communication. A formal arrangement will define the duties, responsibilities and fiscal contributions necessary to complete the project. This process should also help identify specific laws and address possible legal stumbling blocks regarding the arrangement. These steps can make the cooperative arrangement more predictable, which as stated earlier, is one of the benefits of a successful cooperative agreement. Most importantly, because the arrangement will clearly spell out what is expected of the participants, the implementation of the cooperative effort should go more smoothly and ensure that mutual goals are met.

Allowing for Autonomy

In successful collaborations, individuals involved are able to make decisions and bring them back to their local governments rather than consult with them continuously before the decisions are made. Therefore, in situations where government power is being exercised cooperatively, the joint powers agreement should allow for some degree of autonomy for the positions overseeing the cooperative effort (i.e. joint powers board and program director) to make decisions concerning basic operations without having to repeatedly consult with the parent local government units.

Of course, for autonomy to work there must be trust and communication. Not all entities are of the same scale. Communication and trust need to be present in order for the mutual goals aspect of the cooperative effort to work. In addition, autonomy works best with a formal arrangement where the duties and responsibilities are spelled out clearly.

For example, on an individual basis, the recreation directors at Bloomington/Richfield and at Plymouth have a large degree of autonomy in making the day-to-day decisions of how things are run as a part of their cooperative effort. These local governments give the director efforts a great deal of autonomy to make decisions without having to constantly consult with them.

Taking Advantage of Proximity – Look to Your Next Door Neighbors

Many collaborations occur because entities are situated close by and it makes sense to provide services together. In many cases, by acting together neighboring entities are able to provide services to citizens that they would have been unable to provide individually.

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15 Executed pursuant to Minn. Stat. § 471.59
For example, Prairie Visions is made up of four very small cities that are a few miles apart from each other on a scenic by-way in southern Minnesota. While no one city was able to maintain this scenic by-way, working together they were able to provide this desired public service in a cost-effective way.\textsuperscript{16}

The cities of Watertown and Mayer and the school district of Watertown-Mayer formed a long-range planning collaborative to examine how future growth in their cities would affect the school district. The monthly meetings evolved into general discussions about ways the three entities might cooperate on providing services.

Some of the collaborations that have grown out of these monthly meetings have included the hiring of a joint planner and a park & recreation director for the two cities, the sharing of preliminary plat information for the developments they are considering, sharing information on practices, policies and models that can be used by the other entities, and discussions about building a joint recreational facility and/or library. The school district has the ability to examine plans for developments and indicate whether or not they will generate too many students for current facilities. The cities also work with developers to secure land at little or no cost for the school district.\textsuperscript{17}

\section*{Networking with Your Peers}

Some excellent examples of local government cooperation came when a local official was at a conference or other networking opportunity and heard about a new or innovative effort and then decided to try it in their area.

For example, the Columbia Heights school district had trouble finding an adequate number of substitute teachers to fill daily open positions. They were using administrative staff to coordinate the calling of substitute teachers, and this took away from their ability to perform their regular duties. The business manager at Columbia Heights school district heard from an official at the Spring Lake Park school district about a private sector service they were using to manage substitute teacher staffing.

The business manager contacted the service (Kelly Educational Staffing), listened to how it worked, and invited them to make a presentation to the school board. The school board agreed to sign a one-year contract with Kelly. The results have been very satisfactory to the school district. Some of the benefits that the district has seen are: a substitute fill rate that has gone from about 80 percent to 99 percent, an expanded pool of reserve teachers, and the district is no longer responsible for the benefits or other employment costs related to hiring substitute teachers.\textsuperscript{18}

\textsuperscript{16} For more detail on Prairie Visions see Appendix A, page 61.
\textsuperscript{17} For more detail about Watertown/Mayer see Appendix A, page 63.
\textsuperscript{18} For more detail about Columbia Heights see Appendix A, page 55.
Best Practices: Steps to Cooperation

There is no one path for local governments to follow when considering ways to work cooperatively with other entities. However, there are steps that can be taken to make the process work more smoothly. The following steps should serve to provide guidance when considering and implementing cooperative agreements. These steps can be adapted to create a plan that suits each local government’s unique needs.

In addition to these steps, the creation of the State Auditor’s clearinghouse of cooperative examples, and information in the appendices of this report identifying additional resources on existing cooperative arrangements, will allow local governments to use the experience of others to guide the creation of their own cooperative arrangements.\(^{19}\)

Phase I – Exploring Possible Cooperative Efforts

Before a local government considers cooperating with another entity to provide services, it is important to determine the needs and resources of the community. There are two primary steps involved.

1. Inventory of Existing Agreements

Almost every local government in Minnesota is involved in at least one formal or informal arrangement with another local government. An important first step to foster greater intergovernmental cooperation is to examine these existing intergovernmental cooperative arrangements and identify the positive and negative aspects of each arrangement.\(^{20}\) If existing arrangements are working well (good delivery of service, lower costs, providing a service that might otherwise not be provided), adapting these arrangements to other services may have potential. If a current cooperative effort is not viewed as successful, identify what factors have caused the venture to stumble.\(^{21}\)

This inventory process serves several purposes. First, it identifies those local governments that may be interested in future cooperative efforts. Second, it highlights the elements of successful collaborations that may be adapted for other types of arrangements. Third, by identifying factors that have hindered efforts in the past, local governments can try to minimize or eliminate those in the future.

\(^{19}\) The examples are provided as a convenience. The State Auditor’s Office does not warrant the suitability of these samples for any particular application. Before entering into an agreement, the participants should seek legal advice.

\(^{20}\) Several of the concepts in this section are based on information outlined in a publication entitled, “Handbook on Inter-Municipal Partnership and Cooperation for Municipal Government,” Service Nova Scotia and Municipal Relations.

\(^{21}\) See page 33 of this report for Questions to Consider When Evaluating an Existing Cooperative Effort.
Finally, it underscores the importance of creating a method to evaluate the success of joint ventures (or any service provided by local governments for that matter).

2. Conduct an Inventory of Resources

Develop an inventory of resources that your local government might share with other local governments. Such a list might include human resources, facilities, equipment or programs. Are there services that your entity currently provides that are working exceptionally well in your community that you may be in a position to offer to share with a neighbor?

While this discussion focuses on the actions of individual local governments, the collective inventory of resources for several local governments is where the strength of this step is highlighted. An example of how an inventory can lead to greater intergovernmental cooperation can be found in SCALE.

As discussed earlier, SCALE’s goal is to encourage greater efficiencies in public service delivery. They do this through communication, and by encouraging collaboration of services and sharing of resources. One of the first projects they undertook was to create a database of equipment that can be shared among the local governments in Scott County. To facilitate the sharing of equipment, SCALE developed an “Equipment Sharing Agreement” that details procedures for sharing equipment in non-emergency situations. It covers all aspects of equipment sharing including insurance, workers compensation, indemnification, and equipment rates. We have included an example of the equipment sharing agreement in Appendix F of this report.22

Phase II – Determining Viability

After examining existing cooperative arrangements and taking inventory of those resources that a local government can bring to the table, it is time to evaluate whether or not any proposed cooperative effort would be viable. There are four primary parts to this phase.

1. Identify Potential Partners

If more than one of your neighboring local government units is in a position to be a potential partner, list the pros and cons and possible issues involved in establishing a cooperative arrangement with each, then determine the most preferable arrangement based on the individual circumstances. Determine if potential partners have the political authority, motivation, and resources to become involved in a cooperative arrangement.

22 This example is provided to show one way of crafting an agreement to share equipment. Local governments may be able to adapt it for their own arrangements. As stated previously, local governments should always have agreements reviewed by legal counsel.
Be sure to consider more than just city-to-city or school district-to-school district cooperation. Consider cooperation between different levels of government (town-to-city, city-to-school district, etc.).

Questions that one might consider when identifying potential partners are:

Are there pieces of equipment that your local government is considering purchasing that might be borrowed from a neighboring entity?

Are there services that your local government is providing that are also being provided by neighboring governments? Can these services be cooperatively provided?

Are there private or non-profit providers of a service that the local government currently provides?

Are there services that citizens would like to receive but because of costs you are not able to currently provide?

2. Conduct Background Research on Potential Cooperative Arrangements

Once you’ve identified possible services, resources, or facilities that might be shared, and with whom you might partner, it is important to do extensive research prior to making any commitment. Find out what similar arrangements may have been made in other areas – locally and nationally, and take advantage of the experience gained by others who have undertaken similar agreements. The League of Minnesota Cities currently collects copies of joint powers agreements in effect throughout the state. It makes sense to use the experience of other local governments, and local government associations, rather than trying to “reinvent the wheel.”

One outgrowth of this best practices review will be the establishment by the State Auditor’s Office of a clearinghouse of cooperative arrangements by local governments around the state. This will allow local governments to access a database on the State Auditor’s website and search for examples of various types of shared services and agreements.

3. Feasibility Evaluation

Entities need to evaluate the public need for the service or facility, the cost involved in whether or not to provide the service on their own or to cooperate with others, and the impact cooperation might have on other services currently provided.

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23 Legal counsel should be consulted to make sure any agreement is consistent with Minnesota law.
24 See page 47 of this review for more details.
A feasibility evaluation is undertaken to ascertain whether or not providing a function or service jointly with another unit of local government is the most economical or desirable course of action. Look at the potential cost savings of each option. This should be done from a per resident, or per unit of service provided perspective. For example, will the cost of fire protection per person decrease if the cities cooperate? Or, can the city lower the per resident cost of providing snow removal if it plows another city’s streets?  

Consider the costs associated with each form of cooperation. What type of administrative or liability insurance costs might be necessary with each option? Is the entity able to bear the risk involved?

Also consider other important non-cost related issues.

How would residents respond to the change in the level of services they receive?

How would taxpayers respond to additional government expenses that may be incurred? Would they reject it?

Could the agreement affect staffing? If so, how would the employees and, if applicable, their union, respond to the agreement?

Are the local government’s residents willing to give up some control over a particular service? For example, it may be all right to share snow removal and street repair equipment, but residents might not be willing to give up their own police department and the security they feel it provides. As most local government officials know, perceptions matter.

Would an informal arrangement suffice, or is a contract or joint powers agreement needed? If only consultation is anticipated, a contract or joint powers agreement may not be needed. If a service will be provided in another jurisdiction, or if governmental power will be cooperatively exercised, a contract or joint powers agreement should be considered after consulting with legal counsel.

4. Present the proposal

As a part of advance planning, prepare a proposal outlining the anticipated benefits for each potential participant. Approach your potential partners to arrange for a meeting to discuss the opportunities for cooperative arrangements, and

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26 Two or more governmental units may jointly or cooperatively exercise common or similar powers through a joint powers agreement entered into by their governing bodies. See Minn. Stat. § 471.59 (2004).
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.

### Dakota County’s Approach: Determining how, and on what, to cooperate.

In July of 2004, Dakota County issued a report on “High Performance Partnerships” between the county and cities within its boundaries. The report evaluated opportunities for possible partnerships between local entities and applied evaluation criteria to each opportunity to determine the likelihood of a successful collaboration. They also conducted an extensive public survey and focus groups to determine the public’s perception of collaborations, because while a cost benefit analysis can determine the financial aspect of projects, it will not provide a useful evaluation of non-tangible elements involved in public projects. The project was undertaken more to ascertain the political feasibility of cooperating with other local units rather than just the cost-benefit.

The groups identified 20 opportunities for collaboration that would enhance service delivery and/or reduce costs. Of the 20 opportunities available, the project applied its evaluation criteria, identified 6 opportunities, and recommended them for implementation.

### Phase III – Negotiating and Implementing the Agreement

If the feasibility study indicates that a cooperative arrangement makes sense, and the parties involved agree on a general proposal, negotiations should be opened to identify terms and conditions of the agreement and which party is to prepare the contract instrument.

1. **Negotiate honestly, openly and fairly.** Know your own position well, and be aware of what you can and cannot bring to the arrangement. Be sure other potential participants are aware of these things as well. Be flexible, a little give and take on both sides will result in a more satisfactory arrangement for all involved.

2. **Define the problem, need or opportunity.** When working out the details of the agreement, articulate clearly what the expectations are. Include a definition of the problem, need or opportunity to be addressed using clear, plain language. Identify all the stakeholders who might be affected by such an agreement, and indicate what is expected of each participant so that there is no confusion or lack of clarity later.

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27 The entire report is available in the administration section of the County’s website at [www.co.dakota.mn.us](http://www.co.dakota.mn.us).

28 For more details on the make up of the Dakota County group and on the evaluation criteria, see Appendix D on page 75.
Ensure that the decision makers of each local government involved are aware of the implications, both positive and negative, of entering into the agreement, and are clear on the costs and obligations for each participant in terms of financial, material, equipment, infrastructure, or human resource commitments. Ensure all potential participants share the same view of the situation and that the agreement under discussion will meet the needs of all concerned.

3. Establish a chain of authority. Determine and agree upon a management arrangement. 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 agreement, and who will be responsible for each. It is important that each participant 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 government size).

The roles and responsibilities should be assigned equitably among the participants so that no one participant is, or appears to be, able to exercise control over the others. Specify the areas of autonomy and interdependence for each. This will include defining the limits of what each participant can do without the approval or knowledge of the other participants. A conscious effort will be required to consult each other on issues that require the agreement of all partners, such as the budget, timetable, and replacement of key personnel.

4. Identify all the stakeholders and participants. What stakeholders will be affected by the agreement? Outline clearly what is expected of each actual participant in the agreement so that there is no confusion or lack of clarity later.

5. Be flexible. Approach the actual negotiations with a flexible attitude. However, be sure the negotiator knows when entering into the negotiations what the particular local unit of government can or cannot accept. This information must be based on thorough analysis.

6. Determine the procedures for decision-making. In the area of multi-participant agreements, it is even more important to decide in advance the way in which decisions are to be made. Legal counsel should be consulted to make sure all decisions are made in a legal manner. Sometimes there are different decision-making processes for different kinds of questions. For example, do financial decisions have to go back to each participant for approval? In the case of disagreement or conflict between the individual participants it is beneficial to provide for a conciliation or conflict resolution process.

7. Establish method of communication. Communication is 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 participants have prompt, efficient means of communicating among themselves.

A schedule of meetings should be drawn up accommodating the availability of each participant. Include e-mail, discussion lists, newsletters, formal or informal meetings, telephone conferencing etc. in the communication plan. Additionally, each of the participants 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 agreement.

8. **Determine ownership.** Determine the rights of ownership, use, distribution and visibility, of any technology or services that may be developed. Depending on the type of product or service that will result, special consideration will need to be given to who will retain ownership of each particular asset, and these ownership issues should be clearly defined in the formal agreement. Seek expert or legal opinions when necessary.

9. **Allow for withdrawal.** Specify the conditions governing the admission or withdrawal of a participant. The procedures to be followed when a new participant is admitted to the arrangement, or when a participant withdraws, should be defined in the agreement so that all participants are aware of the arrangements.

10. **Bring in the experts.** Ensure that the local governments’ finance experts and legal advisors review draft agreements and are satisfied that the arrangements meet the needs of the local government prior to formalizing agreements. 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 participant.

Financial commitments should be legal, and in line with the strategic and financial plans for the local units of government involved. 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 participant has sufficient resources to meet their obligations.

11. **Sign the agreement.** If a formal contract or agreement will be used, it should be approved and signed as required by law. Consult legal counsel to ensure that all legal requirements are met.

**Some General Points to Keep in Mind When Planning and Implementing Cooperative Agreements**

**Communicate. Communicate. Communicate.** Communication is critical to building trust and, ultimately, to success. Keep the public and local officials informed throughout the entire process. Present the options and invite public
comment. If residents and officials feel they have played a role in the effort, or have at least been given the opportunity to provide their input, they will be more likely to support the initiative. Plus, some creative ideas may be generated.

Copies of the draft agreement should be circulated to each participating local unit of government to ensure that all expectations have been addressed and that governing board members are fully versed on the project and its ramifications. When finalized, obtain each governing body’s endorsement of the agreement via a formally adopted motion.

**Exercise patience.** Patience is important. The more local governments involved in the negotiations, the longer it will take to develop an agreement and reach a consensus. In addition, negotiators may have to go back to their respective governmental bodies several times for direction or approval.

**Contingency planning.** Try to 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.

**Be prepared for, and embrace, change.** Despite the most careful planning, unexpected events occur in any undertaking. With good communication, cooperation and flexibility most issues can be addressed with a minimum of disruption to the schedule and a minor impact on the projected budget. Change is inevitable and if prepared for, can more often than not be positive for the effort. Conscientious attention to details in the planning and negotiation phases of a project, dedication and enthusiasm can contribute immensely to successful outcomes for cooperative projects.

**Adapt, not necessarily adopt.** It is good to look at examples from around Minnesota (and around the country) of how local governments are cooperating. However, it is important to keep in mind that each locality and situation is different. What works in one area might not work exactly the same way in another. That is why it is important when evaluating an example of cooperation to be looking at how to “adapt” it to the local situation, rather than just “adopting” it.

**Plan for evaluation.** Evaluation is an important 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. In order to maximize the return on investment, it is essential that resources be managed carefully. In an intergovernmental cooperative project, it becomes even more essential to do the appropriate preliminary work, and to maintain careful oversight on the project as it progresses.
Evaluating a Cooperative Effort

It is important when developing a cooperative effort to set up a means to evaluate its success. Generally speaking, a cooperative effort would be deemed successful if it results in the desired service being delivered cost effectively at the same or greater level than it was provided before the cooperative effort was undertaken.

However, there are many factors to consider when evaluating an existing cooperative effort. The following list of questions will help a local government create a framework for evaluating its existing cooperative arrangements.\(^{29}\)

Questions to Consider for Evaluation

**Conceptually:** Review the overall cooperative effort to assess the way it worked.

*Were the objectives realistic, relevant, and did they meet each participant’s satisfaction?*

- Before the cooperative effort starts, establish a checklist of goals and objectives. Rate the effort on these objectives.

*Are there areas that met each partner’s expectations?*

- Based on the objectives listed above, what seemed to work well and what could use improvement?

*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 cooperative effort enhance the activities, programs, services or products of each participant in addition to the actual result accomplished by the cooperative effort?*

- Survey the stakeholders providing and using the service. Create a baseline satisfaction measurement.

\(^{29}\) Many of the accompanying questions are from the “Handbook on Inter-Municipal Partnership and Cooperation for Municipal Government,” Service Nova Scotia and Municipal Relations.
• If the service had previously been provided via another arrangement, was that service benchmarked? If so, what does a comparison of those results to those of the new arrangement indicate?

Financially: Review and analyze the cost benefit.

Were there surprises that could have been more effectively and efficiently dealt with?

• What costs were higher than expected? What were lower? Why?

• Did the work plan or agreement allow for contingencies?

Did the project meet financial expectations?

• Based on the goals and objectives for the cooperative arrangement, were expectations met?

If there were budget overruns identify why this occurred, and how they could have been avoided.

Will participants realize the expected return on their investment?

• Based on the costs incurred during the evaluation period, will projections for cost savings be realized?

Administratively: Review the project administration to ensure that the project has been effectively managed.

Was the work plan accurate in view of the estimated timetable, budget, implementation etc?

• How closely were the participants able to follow the work plan? How would you amend the work plan for other cooperative efforts?

Did partners meet their obligations?

• Did the work plan identify specific obligations for each participant? If so, revisit the plan and evaluate each participant’s success in meeting its objectives.

Were the control measures appropriate and sufficient?

• Did the agreement include language to deter theft and malfeasance?
Was the communication plan effective and were all participants satisfied with the information provided?

- Have the participants in the cooperative arrangement informed the stakeholders of survey results?
- Would it make sense to publicize the venture?

Have steps been taken to communicate and convey the know-how and practices that proved successful?

- By answering the questions in this section, participants in the cooperative arrangement should have the information to write a “how-to” document related to their cooperative effort.
Legal Considerations for Cooperation

Once entities decide to create a formal agreement for a cooperative effort there are several legal aspects that need to be considered. Many entities formalize their arrangement with either a service contract or joint powers agreement.

Local governments can enter into service agreements under which one entity simply provides a service to another. They can also enter into joint powers agreements in which they jointly exercise common or similar governmental powers, sometimes through a joint powers board.\(^{30}\)

The purpose of this section is to illustrate a basic outline of service contracts and joint powers agreements as well as examine the importance of liability and indemnification as it pertains to different types of joint powers agreements. It also addresses some issues regarding equipment sharing and shared use facilities.

Service Contract Agreements

Service contract agreements are an arrangement whereby one entity contracts with another to purchase a service at a stated price.

Basic Outline of Service Agreements

Among its provisions, service agreements should contain the following items:

1. **Nature of Agreement** - This section identifies the parties involved in the agreement, what service will be provided, reasons for entering into the agreement, and the statutory authority for entering into the agreement. Definitions may be included for clarification of the contract language.

   **Parties**

   Example: *An Agreement between the County of _________ and the Cities of _________ and __________ located therein for the establishment of a cooperative means of conducting __________ activities.*

   **Rationale**

   Example: *The intent of this agreement is to make equipment, personnel and other resources available to political subdivisions from other political subdivisions.*

   **Statute**

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\(^{30}\) Joint powers agreements are authorized by Minn. Stat § 471.59. For a list of statutes that impact how local government entities cooperate to perform certain functions, see Appendix H.
Example: *Minnesota Statutes sections 436.05 and 471.59 authorize this agreement for the provisional law enforcement services.*

2. **Scope of Service** – A clear statement of standards for performance and limitations on the service is necessary in this section. This would include dates and times for service provision if it were not continuously ongoing. Any limitations on service at certain times of the year would also be included in this section.

Example: *The City agrees to remove the snow from, apply sand and salt, or other material on, and where the (Governing Official) deems it necessary, erect snow fences within the right-of-way county roads during the period of September 1 to April 20 of each year that this contract is in effect.*

3. **Service Charges** – Amount, frequency, and manner of payment should be clearly spelled out in this section. If the contract is for a long period of time, a renegotiation of service charges should be included to occur at certain points of the contract.

Example: *The City of ________ will annually pay the sum of $_______ to the county of ________.*

4. **Liability** – The extent to which each party is liable for damages to persons or property should be spelled out in this section.

Example: 1. *For the purposes of the Minnesota Municipal Tort Liability Act (Minn. Stat. 466), the employees and officers of the Responding Party are deemed to be employees (as defined in Minn. Stat. 466.01, subdivision 6) of the Requesting Party.*

2. *The Requesting Party agrees to defend and indemnify the Responding Party against any claims brought or actions filed against the Responding Party or any officer, employee, or volunteer of the Responding Party for injury to, death of, or damage to the property of any third person or persons, arising from the performance and provision of assistance in responding to a request for assistance by the Requesting Party pursuant to this agreement.*

*Under no circumstances, however, shall a party be required to pay on behalf of itself and other parties, any amounts in excess of the limits on liability established in Minnesota Statutes Chapter 466 applicable to any one party. The limits of liability for some or all of the parties may not be added together to determine the maximum amount of liability for any party.*
The intent of this subdivision is to impose on each Requesting Party a limited duty to defend and indemnify a Responding Party for claims arising within the Requesting Party’s jurisdiction subject to the limits of liability under Minnesota Statutes Chapter 466. The purpose of creating this duty to defend and indemnify is to simplify the defense of claims by eliminating conflicts among defendants, and to permit liability claims against multiple defendants from a single occurrence to be defended by a single attorney.

3. No party to this agreement nor any officer of any Party shall be liable to any other Party or to any other person for failure of any party to furnish assistance to any party, or for recalling assistance, both as described in this agreement.

5. **Length of Contract** – The duration of the agreement should be clearly spelled out in this section. Any procedures for amendment and termination of the contract should also be included.

### Joint Powers Agreements

Two or more governmental units may, by agreement entered into through action of their governing bodies, jointly or cooperatively exercise any power common to the contracting parties or any similar powers.\(^{31}\) This type of agreement is referred to as a joint powers agreement.

Joint powers agreements must state the purpose of the agreement and the power to be exercised. They must also provide the method by which the purpose sought will be accomplished or the manner in which the power will be exercised.\(^{32}\) They often provide for the creation of a governing body, staffing, cost allocation, and the acquisition and disposition of property.

**Governing Body** – When a joint powers agreement provides for the use of a joint powers board, the board must be representative of the parties to the joint powers agreement.\(^{33}\) The joint powers board must comply with statutory or charter provisions that any one of the parties must follow to exercise the power that is the subject of the agreement.\(^{34}\) The agreement should state the composition of the new board and how members are selected. It should also state how officers are selected and set out their duties. The responsibilities of the board should be described. The agreement should also state how often the board will meet and

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33 Id.
34 Id.
state the procedures necessary to call a special meeting. Requirements of the Minnesota Open Meeting Law must be followed.\textsuperscript{35}

**Personnel** – Joint powers agreements may provide for staffing in a variety of ways. The two most common ways are for each participant to provide employees for a specific portion of the work, or for the designation of one participant to be the employer of all joint staff. The first option does not disturb the personnel structure of either participant but could result in problems if there is a difference in wages among employees. The second option allows for a more uniform system in regards to wages and performance but may be complicated to construct.\textsuperscript{36} Regardless of the method chosen, the Agreement should account for costs to all agencies for their portion of employee salaries and any increase in administrative costs.

**Cost allocation** – This is often the most difficult aspect of creating a joint powers agreement. As such, cost allocation should be specifically laid out in the agreement. Statutes may provide options for apportioning costs, such as basing charge-backs upon services received, full value of property, benefits received, or any combination thereof. The agreement should detail methods of computing contributions, and also detail how contributions will be determined, when they will be paid and to whom they will be paid. The agreement should also account for a fiscal agent. A clear, agreed-upon enforcement mechanism for not meeting financial contribution requirements should be included. The process required for creating and maintaining a budget should also be included in this section. If any debt will be incurred, the applicable laws must be followed.\textsuperscript{37} The law provides that strict accountability of all funds and reporting of all receipts and disbursements must be provided for.\textsuperscript{38}

**Property Considerations** – The agreement should clearly address who owns all property used pursuant to the agreement. If one of the parties acquires property and leases it to the joint agency, it should reflect the terms of the leasing arrangement. If the joint entity will own real property, the entity might benefit from incorporating as a non-profit corporation pursuant to Minn. Stat. § 465.717, subdivision 2. Legal advice should be obtained on these issues.

**Termination** – The agreement should allow for termination of the joint powers agreement and it must provide for the disposition of any property acquired pursuant to the agreement.\textsuperscript{39} Any surplus money must be returned “in proportion to contribution of the several contracting parties.”\textsuperscript{40}

\textsuperscript{35} See Minn. Stat., ch. 13D.
\textsuperscript{36} For additional employment considerations, see “Ten things to Watch for When Entering Into Joint Powers Agreements,” League of Minnesota Cities Insurance Trust (ALMCIT Risk Management Memo), www.lmcc.org.
\textsuperscript{37} See e.g. Minn. Stat. § 471.59, subd. 11 and Minn. Stat. ch. 475.
\textsuperscript{38} Minn. Stat. § 471.59, subd. 3 (2004).
\textsuperscript{39} Minn. Stat. § 471.59, subd. 5 (2004).
\textsuperscript{40} Id.
Liability and Indemnification – A Closer Look

According to the League of Minnesota Cities, many individual liability policies do not cover joint ventures. This means that if a city participates in a joint powers agreement and is sued as a result of the actions of that joint powers group, the city’s insurance company would not respond to the suit.

For example, the League has an insurance trust available for its member cities. There are two key issues regarding its liability coverage unless coverage is modified. First, unless special arrangements have been made, a joint powers entity is not a covered party under the city’s liability coverage. Second, liability arising out of the activities of a joint powers entity is specifically excluded from coverage unless coverage is modified. These problems only arise if the joint powers agreement creates a separate joint powers entity.⁴¹

In the case of a mutual aid agreement, usually the party that requests the service will defend and indemnify the party providing the service against any liability.

If cooperation between local governments results in an increase in lawsuits or an increase in risk, it may have an adverse affect on an entity’s willingness to enter into cooperative arrangements, especially where they cannot afford to cover a large judgment. It is essential that liability issues be covered up front and that the local unit makes sure that the type of agreement they are entering into is the correct type of agreement for their venture, especially if it involves the creation of a separate entity.

Important Development

As of May of 2004, the insurance trust of the Minnesota School Boards Association will no longer cover any liability incurred in any new or renewed joint powers agreement between a school district and a city until further notice.⁴² The Association is concerned about the status of joint power agreements between school districts and cities and wants to ensure that there is a mutual approach to liability with cities and their insurers before they will agree to further cover any liability between the two entities.

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⁴¹ More information can be found at the League’s website www.lmnc.org. The LMCIT provides information for both joint powers agreements and model contracts for mutual aid agreements.

⁴² More information can be found at the Association’s website www.mnmsba.org. The MSBAIT will still recognize joint powers agreements between districts and other entities.
Legal Considerations for Other Types of Formal Agreements

Equipment Sharing

Equipment sharing can benefit an entity that could not afford more expensive equipment on its own. An example of this would be snow removal. Often school districts will have their snow removed by a city or county so they do not have to purchase their own equipment. Cities have often shared equipment.

It is important that an agreement for equipment sharing explicitly spell out items such as when the equipment is used, who is responsible for maintenance, and any liability issues. Appendix F, example 2 shows an equipment sharing agreement for SCALE that explicitly spells out the indemnification of the parties.\(^{43}\)

Shared Use Facilities

A shared use facility is a facility used or shared by more than one entity. This type of cooperative arrangement, for example, is common with school districts. When parties share facilities as Lifetime Fitness, the city of Plymouth, and the Wayzata School District do, it is often useful to have guidelines for the legal and practical issues that arise from shared use.

In 2001, the law firm of Rider, Bennett, Egan & Arundel, LLP, published an article on *Cooperative Agreements for Shared Use Facilities*. The article lists topics that may be contentious in developing shared use facilities agreements and require extensive discussion between parties. This list of topics can be used as a guideline when entering into a formal agreement on shared use of facilities. They are:

- Term of Relationship
  - Do all participants clearly understand the terms?
- Ownership of the Facility
  - Who owns (or will own) the facility to be shared? Who is liable?
- Site Selection and Purchasing Issues
- Treatment of Environmental Hazards
- Public Bidding Compliance
- Responsibility for Staffing Facility
- Labor/Collective Bargaining Issues
- Allocation of Maintenance Responsibilities
- Allocation of Operating Costs
- Security Issues
- Conflicts Between Internal Rules/ Policies of local governments involved (i.e. special school district policies, etc.)

\(^{43}\) These liability provisions are substantially the same as those used in the LMCIT Model Mutual Aid Agreement, available at www.lmcit.lmnc.org.
• Political Conflicts/Disagreements
• Business Conflicts/Disagreements
• Changes in Board Members or Other Personnel
• Conflict Resolution Alternatives
• Exit Strategies
  o Termination Options
  o Normal Expiration
  o Exit Consequences
    ▪ Buyout Options
    ▪ Damages for early exit

**Always Consult with Legal Counsel**

Regardless of the type of arrangement entered into by local governments, it is essential that each party be aware of the benefits and the risks associated with cooperative efforts. Careful research and consultation with legal representatives will ensure that local governments are prepared for all the ramifications of cooperation. Associations relating to specific types of local government entities have legal divisions that will review agreements for their members or entities can hire a private firm to review agreements. Many of the participants interviewed for this study said that spending time on the agreement was essential to its success.
State Attempt to Promote Cooperation

Created by the Legislature in 1993\textsuperscript{44}, the Minnesota Board of Government Innovation and Cooperation was a state agency charged with assisting local governments to improve the quality and efficiency of their services by providing incentive grants for innovation and cooperation in service delivery. More importantly, the Board also was able to grant waivers from state administrative rules and temporary exemptions from enforcement of procedural laws governing the delivery of services by local governments.\textsuperscript{45} The Board had no authority over federal laws and regulations, and the waiver/exemption process did not cover substantive state law.\textsuperscript{46} The Board was eliminated in 2002 due to budget cuts.\textsuperscript{47}

Examples of Actions Taken by the Board

The following is an example of a waiver granted by the board.

- In 1998, the board waived the open meeting law requirement for the Minnesota Environmental Science and Economic Review Board (MESERB). As a joint powers board, MESERB was required to conduct meetings at a single location and allow the public to attend. The member cities were scattered over a large geographic region, making mandatory attendance at the meetings expensive for some members. MESERB was seeking a waiver to allow them to have some members, and the public if they so desired, to participate by conference call that would be available at the offices of the ten member cities.

Examples of cooperative grants awarded by the board include:

- In 1993, the board granted $50,000 to five northwestern metropolitan suburbs to implement cooperative housing programs.

- The board provided $50,000 to seven northeastern counties to develop a joint solid waste management program.

Problems with the Board and the Waiver Process

One major problem the board had was that few local governments applied to it for waivers. The Office of the Legislative Auditor found in a 2001 report on Mandate Relief that only 68 applications had been made for waiver relief since 1993 and only 45 of those fell within the jurisdiction of the Board.\textsuperscript{48} As a part of his report,\textsuperscript{48}

\begin{itemize}
\item \textsuperscript{44} 1993 Minn. Laws, ch. 375, art. 15.
\item \textsuperscript{45} Minn. Stat. § 465.797 (Supp. 1993).
\item \textsuperscript{46} This means that the Board could provide exemptions and waivers in instances where a law told a local unit how or when to do something. They had no authority if a law stated that an entity had to provide a specific service.
\item \textsuperscript{47} 2002 Minn. Laws, ch. 220, art. 10, § 40.
\item \textsuperscript{48} Office of the Legislative Auditor: "State Mandates on Local Governments (00-01)", January 26, 2000.
\end{itemize}
the Legislative Auditor surveyed local government officials as to why they had not applied. Many said it was because they were not familiar with the process. Those that were familiar with the process cited problems with the application process, the limited authority of the Board, and the temporary nature of the waivers.

Due to limited funding for the grant process, the Board chose to focus its funding priorities on projects that demonstrated new ideas “not previously tried in Minnesota.” If entities were submitting applications for a project that was similar to another project in the state, they were to outline how their project was unique, that is, how it differed from existing models. The Board’s focus on only funding “unique” projects was more limiting than the actual legislation authorizing the grants.

The grants the Board would award to local governments were for three purposes: cooperation planning, service sharing, and service budget management model grants. The Cooperation Planning grants assisted in the planning stage for the joint delivery of a service.49 Service Sharing grants assisted in the implementation of a shared service by using the grant funds to offset the start-up costs.50

Service budget management model grants were for local units interested in developing models for the innovative use of an existing service budget.51 The model would identify a means of utilizing existing financial resources and the grant would provide funds to create an innovative service delivery system to improve the quality or efficiency of a service.

The End of the Board

In 1999, the board identified that there were fewer applications for waivers and exemptions being filed. While the problems listed above were factors in the decline, another cause was many state agencies became more flexible in their administration of rules and laws based on the existence of the board. Rather than have a local government apply to a separate board, the agencies were granting exceptions to their own rules.

The board also had limited waiver power with regards to school districts and the then Department of Children, Families, and Learning (now the Minnesota Department of Education) because there was already a public board available for districts to apply for waivers and exemptions.

Potential Obstacles to Cooperation

Often, local governments wish to cooperate or wish that their cooperative efforts could go more smoothly. However, there are sometimes obstacles and concerns that hamper these goals. While not an exhaustive list, below are some concerns identified by this review.

Lack of Funds to Cover Start-up Costs

Some local governments may, even though they would save money in the long-term, find that cooperating with other local governments may involve costs that, in the short-term are just too great for a smaller, or cash strapped entity to afford. The Minnesota Board of Cooperation and Innovation grant program attempted to deal with this problem prior to being eliminated.

During the last legislative session a bill was introduced that would have provided funding in the form of grants for school innovation and cooperative planning by increasing funds for instructional-related expenditures, an approach conceptually similar to that of the Board of Cooperation and Innovation. The bill was referred to the Education Finance Committee where it was “laid over”. This type of grant program would be especially helpful to cooperating school districts such as St. James, Butterfield and Madelia, as well as the combined community education program of Bloomington and Richfield.

Sharing Information

A barrier to cooperation sometimes exists where data classified as not public needs to be shared among cooperating entities. Data practices issues are often extremely complicated. Specific legislative proposals will be needed to address the individual concerns of local government entities. Such proposals must balance the interests of individuals for privacy and the need for cooperation between local units of government. Where such problems arise, we would encourage local units of government to work with legislators to propose appropriate legislation.

Access to Technology

The demand for electronic service and electronic access is growing faster than many local units can accommodate. Many units expressed a desire for a grant system to help them increase (or provide) their service delivery in an electronic medium rather than relying on property taxes or school levy referendums. Some School districts raised the question of trying to continuously fund technology when it becomes obsolete so quickly. Currently there are grant programs for software. However, it is difficult (and sometimes impossible) to run new software on old hardware.

Concern Over Ability to Perform Service

One concern expressed is that when a local government outsources a function that had been previously provided “in-house”, the local government may lose the capacity to perform the service. For example, if a city contracts street sweeping to an adjacent city and then sells off its own equipment, it may be unable to provide the service should the contract be terminated.

This concern can be addressed by making sure cooperative agreements clearly spell out the terms of the contract, especially the terms for termination, allowing enough time for the contracting unit to adjust to any changes made in the service delivery by the provider.

Concern About Loss of Accountability

As a local government moves a step “away” from the implementation of a particular service, there may be concerns that accountability could be substantially reduced. To address these concerns it is important to make sure the cooperative agreement clearly outlines an aggressive evaluation program so that no loss of accountability takes place.
Clearinghouse of Cooperative Examples

One of the best ways to determine what might work in the area of local cooperation is to look what others are doing. To help facilitate that process, the State Auditor will be establishing an online clearinghouse of examples of local government cooperation.

By going to the State Auditor’s website (www.auditor.state.mn.us) and clicking on the Best Practices Clearinghouse Icon, users will be able to review examples of cooperative efforts from around the state along with contact information if they wish to learn more.

In addition, local governments are encouraged to add examples to the site. They will be able to do so via a simple online form.53

This will be an ongoing project that will be available for local government officials to review for years to come.

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53 The examples are provided for information purposes. The appearance of an example on this web site does not imply approval of that example by the State Auditor’s Office.
Recommendations

Generally, the purpose of a best practice review is to encourage the use, or adaptation, of particular techniques, methods or processes. However, based on the information and feedback obtained through the review process, the State Auditor is making three specific recommendations.

1. The State Auditor encourages the creation of organizations similar to Scott County’s “SCALE” organization in every county in Minnesota.

SCALE is a voluntary association of local governments in Scott County whose express purpose is to foster cooperative agreements between local governments within the county.

Cooperative efforts often work best when they come from the bottom up, rather then from the top down. The SCALE model takes this sort of commonsense approach to promoting and encouraging local cooperation. This approach has little cost for local governments and is an excellent example of how local governments can work cooperatively to develop new ways to deliver public services more efficiently and effectively.

This recommendation requires no legislation. It does require a desire by local officials to create a more formalized process for studying and implementing local cooperation in their area. To help encourage the implementation of the SCALE across Minnesota, this document includes in Appendix E a copy of SCALE’s bylaws. In addition, Appendix F includes examples of some of SCALE’s materials.

SCALE’s main strength is that it fosters communication and builds trust among local governments, two of the most important elements in successful cooperation. It brings together all the stakeholders and makes them equal partners. Because of this innovative approach, local government officials in Scott County are constantly thinking of new ways to cooperate.

Of course, SCALE’s example should only serve as a guideline, and should be adapted by local officials to fit the needs of their area. However, this sort of voluntary cooperative effort should be easy to adapt to any given locality. Please read more about the SCALE example in Appendix A.

2. Re-establish Grants and Waivers to Encourage Local Cooperation.

It is important that the State become more involved in promoting cooperation in local government service delivery. Therefore, the State Auditor recommends re-establishing the cooperation incentive grant program and waiver process of the
former Board of Innovation and Cooperation. Doing so would help encourage local governments to engage in more innovative and cooperative efforts in public service delivery.

For the new effort to be successful, it would be important to learn from the experiences of the past as outlined in the Legislative Auditor’s report cited in this review. This new effort would need to do a much better job promoting the waiver process by showing local governments the benefits of applying for, and receiving, waiver relief. In addition, the new enabling legislation would have to streamline the waiver process and broaden the authority to grant waivers.

Given the current lean budget times it may be impractical to reinstate the grant programs immediately. However, the new effort should be constituted to be able to provide cooperation incentive grants once funding becomes available.

The State Auditor will work with legislative leaders to determine what form this waiver and grant process should take.

3. The State Auditor will hold an annual “Roundtable on Cooperation”.

To continue the encouragement of cooperative efforts across Minnesota, the State Auditor will sponsor an annual “Roundtable on Cooperation.” The purpose of the roundtable would be to bring local officials together to share their experiences on local government cooperation as well as hear from experts on cooperation from Minnesota and around the country.

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54 Office of Legislative Auditor: "State Mandates on Local Governments (00-01)", January 26, 2000.
Appendix A

Examples of Cooperative Arrangements in Minnesota

The following examples of cooperation in Minnesota highlight different aspects of the cooperative process we have discussed in this document. Some are representative of agreements found throughout the state, while others are truly unique.

Scott County Association for Leadership and Efficiency (SCALE)

**Participants:** Scott County; all cities, townships, school districts and the Shakopee Mdewakanton Sioux Community (27 local governments)

**Type of Agreement:** Voluntary association of local governments (not a formal, legal, entity)

**Description**

The Scott County Association for Leadership and Efficiency (SCALE) was formed in the spring of 2003 to “encourage greater efficiencies and leadership in public service through enhanced communication, collaboration of services and sharing of resources.” The original membership included just the mayors and administrators from cities within the county. As of October 2004, the group also includes board members and superintendents from all the townships and school districts within Scott County as well representatives from the Shakopee Mdewakanton Sioux Community.

SCALE members meet monthly to discuss ways in which they may collaboratively provide services, share resources, and coordinate planning. The group also works to promote existing cooperative efforts in public service delivery. Current projects originating from the SCALE meetings include a joint public safety training facility, a clearinghouse and policies for capital equipment sharing, joint purchasing agreements, and county-wide employee training.

**Process**

Scott County took the lead in forming the SCALE group. The State’s deficit and reduction in aid to local governments were important factors in the creation of the association, but they were not the sole reasons. SCALE was created after a series of informal meetings between county and city officials. These meetings indicated a need to create a formal structure to discuss and promote intergovernmental...
cooperation on a wide range of issues. The group was established through the creation and signing of bylaws (see Appendix F). While the association originally included just the county and cities, its success led to an even more diverse group of local governments. The bylaws were amended in October of 2004 to include school districts, townships, and the Shakopee Mdewakanton Sioux Community.

**Structure**

Each local government that is a member of SCALE designates two elected officials to represent them at the regular meetings. Staff members from the local governments are welcome to attend and participate in the meetings. Most business is conducted by general consensus and informal direction. When formal action is needed, a vote may be taken with each local governmental unit having one vote. A quorum is required for formal action (at least half the members plus one), and the meetings are open to the public.

An executive committee comprised of the chair, vice chair and secretary oversees the business and affairs of the association. The primary purpose of the executive committee is to promote the association, develop meeting agendas; and recommend goals, objectives, activities and projects to the members. The members of the executive committee are chosen in April each year. Each type of local government receives a position on the executive committee. Every year the positions held by each type of local government rotate. The chair of the executive committee also chairs the full meetings.

The group meets at the same site monthly. The members pay no membership fee. There are no funding arrangements for the meetings, but they share in the general administrative expenses. Funding issues mainly focus on the actual projects such as the joint public safety training facility. The group is guided by its bylaws.

While SCALE can suggest projects, each council or board must approve such projects. The participants are discussing whether a joint powers agreement that would allow for the joint or cooperative exercise of governmental power should be entered into.

**Elements of Success**

*Communication* - Ideas flow both from the bottom up and the top down. A goal is to have participants’ staff think about ways to improve efficiency and quality of service delivery.

*Leadership* - Elected officials are very involved in the group. Elected officials can ensure that the efforts are a priority.

*Networking with Peers* - Bring in the heads of departments and union officials when planning a collaborative effort that will require cooperation between
departments of separate entities. This step allows those involved in delivering the service to provide valuable input in how the arrangement might operate. It also shows line staff that the effort is a priority of the elected officials and encourages ownership of the cooperative effort. Having the line staff take ownership of the cooperative efforts improves the chances of success.

Building Trust- SCALE makes all the participants feel that they are equal partners. Smaller entities need to feel that they can trust the motives of the larger entities. If you lose trust, the partnership will fail.

Willing to Take Risks - When sharing equipment, participants take the risk that something may go wrong and criticism will result.

Evaluate Agreements - Agreements are revisited yearly to make sure that the stakeholders are satisfied with the results.

Obstacles

- Turf issues, especially among participants’ staff.

- Liability issues concerning the sharing of equipment among participants.

- Because participants have not executed a formal joint powers agreement, the participating governing boards must ratify SCALE’s agreements individually.

Current Projects

- Clearinghouse of Capital Equipment. The group created a database of equipment that can be shared among the local governments in Scott County. To facilitate the sharing of equipment, SCALE developed an “Equipment Sharing Agreement” that details procedures for sharing equipment in non-emergency situations. It covers all aspects of equipment sharing including insurance, workers compensation, indemnification, and equipment rates. It is believed to be the first in the state.

- Joint Training Facility. The group hired a firm to study the feasibility of establishing a public safety training facility that could be used by the county and all municipal fire and police departments within the county. The first draft of the report is due in January of 2005.
Bloomington/Richfield Combined Community Education

Participants: Bloomington (ISD 271) and Richfield (ISD 280) School Districts

Type of Agreement: Joint Powers Agreement

Process

In May of 2003, the school districts of Bloomington and Richfield signed a formal agreement to begin providing a joint community education program. The districts had a good prior relationship of informal cooperation on other projects and share a geographic proximity with each other. Bloomington is the larger of the two districts and had a larger program. In early 2002, the person responsible for community education left the Richfield school district. Bloomington seized on the opportunity to collaborate and contacted Richfield. From January to June of that year, the districts worked out an agreement to collaborate on community education. This is an innovative collaboration in that it spans two metropolitan districts.

The program offers classes to Bloomington and Richfield residents. Collaborating offers more courses to the public and saves administrative costs to both districts. The collaboration has allowed for the creation of online registration, something that would not have happened if the districts were providing the service on their own. After one year of collaborating, enrollment is up by 12 percent, revenue has increased 10 percent, there are over 270 classes available for residents to choose from, there are few class cancellations, course fees are kept lower due to a decrease in costs and finally, less tax support is needed to run the programs.

Elements of Success

Creating a combined advisory council that advises the school boards expanded the formal agreement. The council meets nine or ten times a year, and also has sub-committees. The executive committee of the council meets once a month. The Council has been very involved in the collaborative process. They also advise the recreation director and his staff. Goals for the project are set every year. Second, the agreement spelled out exactly who was responsible for each element of the agreement. This avoids any confusion and tension between the two parties. Financial measures and program satisfaction measures are also required by the agreement.

Another key component of their success is the creation of one recreation director position. The director works for both districts but maintains one office. He looks out for both parties while providing a better service to the public for less money.
Obstacles

Because Bloomington is a larger district, there was concern on behalf of local officials that Richfield may be swallowed up by Bloomington and lose its identity in the services it provides. The community education office created a logo this year that incorporated elements of both districts logos. The star from Bloomington’s logo is combined with the R from Richfield. A year into the project, the fears of the smaller district appear to have been erased.

City of Battle Lake/Lakes Country Service Cooperative

Participants: City of Battle Lake, Lakes Country Service Cooperative

Type of Agreement: Service Contract (membership), Joint Powers (Insurance)

Process

Battle Lake found that their health insurance premiums were increasing by 35 percent. At that point, the city clerk, the manager of the insurance department, and their Blue Cross representative started investigating how a small city could afford to maintain the same level of benefits for its employees without it costing more than the city could afford. This led them to the Lakes Country Service Cooperative. The Lakes Country Service Cooperative is one of ten service cooperatives created by state statute over 30 years ago. Service cooperatives perform planning functions on a regional basis, and create programs for local governments to provide services that they otherwise could not provide. Local government units receive full membership benefits in the cooperative, while non-public schools and other partnership agencies have non-voting rights.

Battle Lake had belonged to another organization that provided some guidance, but the annual membership fee of $1,500 was steep for a small city and they did not provide the same benefits. On March 1, 2000, Battle Lake joined the service cooperative to have access to affordable health insurance. Their annual membership fee dropped from $1,500 in the other organization to $129 in the cooperative. They then added dental insurance. Cooperative purchasing came next. The city also has access to training programs and workshops that are offered near the city (usually in Fergus Falls). This is essential for a small city that usually cannot afford to send its staff on extended trips for training. The cooperative strives to keep the fees low for its members. The cooperative is constantly changing and adding to its services because it is member driven. It is a grassroots effort, where ideas for services come from both the staff at the

55 For the current law, see Minn. Stat. §123A.21 (2004).
cooperative and its members. Many of its services are provided with the membership fee, i.e. access to cooperative purchasing, and pooled rates for health insurance.

**Elements of Success**

Being part of the cooperative is beneficial to the city in a number of ways. First, it saves money for the city by having access to pooled items such as purchasing and insurance. The city has saved several thousands in health care costs alone. Ongoing training that is nearby ensures a better-equipped staff and a smoother running city. Administrative tasks for insurance and purchasing decreased for the clerk, allowing more time to be spent on other city tasks. There is an annual meeting of all insurance members, and the Insurance Advisory Council made up of 20 members who meet three to four times a year.

**Obstacles**

This city did not face large obstacles in joining this cooperative, however, when deciding to join the cooperative, the city clerk was mindful that the city council might be uneasy about the change and worked hard to ease those fears.

**Columbia Heights School District/Kelly Educational Staffing - Outsourcing of Substitute Teacher Hiring**

**Participants:** Columbia Heights School District (ISD 13), Kelly Educational Staffing

**Type of Agreement:** Contract for Service – Public/Private Collaboration

**Process**

The Columbia Heights school district is a small district that was dealing with declining resources and multiple staff cuts and was looking for a more effective and efficient way of recruiting, hiring, and placing substitute teachers. The pool of teachers that the district maintained to fill substitute teacher positions was not large or diverse enough to satisfy their needs. The district’s fill rate for substitute teachers was around 80 percent and the substitutes were often not licensed to teach in the subject for which they were hired.

In addition, the district did not have a good process for contacting potential substitutes. Columbia Heights administrative staff was pulled from regular duties to call substitute teachers. The district kept a list of retired teachers and other available candidates. When a request for a substitute teacher was received, a “sub
caller” from the district office would look at their pool of candidates and start making calls. This process was not productive for district employees or for teachers.

**Elements of Success**

The business manager at the Columbia Heights school district started exploring options to change the way they managed teacher absences and substitute teacher placements. After exploring various options and contacting other school districts about how their programs worked, the business manager at the Spring Lake Park school district recommended contacting Kelly Educational Staffing. Spring Lake Park had been using the service and was pleased with the results. The business manager at Columbia Heights invited Kelly Educational Staffing to provide a presentation of their services to the school board. The Board was won over and a one-year contract was signed.

The agreement has provided many benefits to the Columbia Heights school district. The most visible benefit for the district has been the improvement in its fill rate for substitute teachers. It now fills more than 99 percent of its available slots with qualified teachers compared to 80 percent previously. Second, the district does not have to worry about recruiting, hiring, or placing substitute teachers. Kelly Educational Staffing performs all the reference checks, educational verification, and criminal background checks. Third, the substitute teachers are employees of the firm, which relieves the district from the responsibilities of administering pay, taxes, unemployment, and workers’ compensation for these teachers. When a Kelly substitute teacher is placed in a district, the employee is paid at the district wage scale.

Other benefits of this collaboration have been one-year contracts that allow for yearly performance reviews of the program. The automated system that Kelly uses allows the district to monitor teacher absenteeism within the district. This has enabled the district to identify and document personnel issues earlier than they had in the past. Finally, the administrative responsibility of scheduling substitute teachers is removed from principals and administrative staff. This allows them the time to concentrate on their regular duties.

**Obstacles**

Initially, there was some opposition by the teacher’s union because of concerns about the outsourcing of the work and the pay scale. These concerns were addressed when the union was provided the details of the arrangement that showed the pay scale that was the same as the district’s and that all existing substitute teachers could join Kelly Educational Services.

It should be noted that this example might not work for all districts. Some questions districts should ask are:
What is the estimated cost of using an in-house system versus using an outside service?

If the district is pulling staff from other areas to place substitute teachers, are there other tasks that are being neglected?

What are the fill rates for substitute teacher positions? Nationally, Kelly is generating fill rates in excess of 99 percent.

Further, if the district has already invested in an automated system, it might not make sense to use a different system.

City of Comfrey and Comfrey School District Joint Library Facility

Participants: City of Comfrey, Comfrey School District (ISD 81)

Type of Agreement: Joint Powers Agreement Consolidated Service

Process

In 1998, the city of Comfrey was nearly destroyed by an F4 tornado. As the community considered how to rebuild the public infrastructure, the school librarian led a push to consolidate the school and city library, and place the combined library in the school. As she researched how this could be done, she discovered that there was only one similar example in Minnesota, which was in the City of Pipestone. However, in that example, it was a co-located library that had two librarians, two checkout counters, two entrances, etc. They had completely separate operations in the same building.

After exploring the options available to them, the city and school district decided to use a joint powers agreement to create a library board that would oversee the development of the joint library housed at the school. The library board is made up of three members appointed by the city council, three members appointed by the school board, and these six members choose an at-large member. The city contributed 40% of the costs of construction; the school district contributed 60%.

Some of the senior citizens in the community had concerns about sharing the library with kids, some of the businesses were concerned about moving the library out of downtown, and the state was concerned about making it handicapped accessible. These concerns were addressed in the discussion and design phase and have not been an issue since the library has opened.
Elements of Success

The disaster that devastated the community of Comfrey provided an opportunity to rebuild it in a way that best served the interest of everyone. The librarian, who was both the librarian for the school and city library, was a clear leader in the consolidation effort. She did the legwork of searching for other examples of this type of arrangement, reviewed the legal obstacles, and rallied the community behind the idea. The benefits of the arrangement are clear to the citizens of Comfrey.

The consolidated library has provided numerous advantages over the previous arrangement. There are more resources available under a single roof. The hours are much better for the public library. Previously, the public library was only opened 23 hours a week. By combining the school hours and city hours, the library is open for many more hours for the general public during the school year. The operating costs are less because there is only one facility to maintain. In addition, there are a greater variety of materials in the library because there is no duplication of materials. For example, instead of each library having a set of encyclopedias, they only need to have one set, and are able to instead obtain additional materials.

Even though the new library is the same square footage as the old school and city libraries, there is a greater efficiency of space because there is only one checkout area instead of two. This holds true for computer labs and other resources as well.

City of Plymouth, Wayzata School District, and Lifetime Fitness

**Participants:** City of Plymouth, Wayzata School District (ISD 284), Corporate Lifetime Fitness

**Type of Arrangement:** Formal service contract (40 years in duration)

**Process**

In the 1980s, Plymouth was interested in building a community center that included a recreation facility but the plan created a lot of political controversy and the project was put on hold. The Wayzata school district (which includes Plymouth) was growing and faced a fiscal challenge of building a third middle school. The district had to decide whether to build a pool in the new middle school so it would provide comparable facilities as the other middle schools. The city and school district held discussions on working cooperatively together to build a new facility, but could not formulate an agreement and decided to look at other options.
Early on, private facilities were looked at but these firms were not interested in rental based on a daily fee. Some time later, Lifetime Fitness contacted the recreation director for Plymouth and indicated that they were interested in creating a partnership. After re-contacting other clubs to see if there was potential interest, a partnership was formed between the three units. The city gave Lifetime Fitness the land and $1.6 million to build their facility to be located with the city owned ice rinks and also paid about $500,000 for site improvements. The school district contributed $1.5 million towards the competition pool. The city took the issue to a referendum and it passed with 76 percent approval from the taxpayers. The facility opened in June of 1997.

The city and school district have a formal contract with Lifetime Fitness for a period of 40 years. The contract is structured to protect the interests of the city and contains covenants including a buyout option for the city if Lifetime violates a major covenant. The school district uses the pools for training and competition. Residents of Plymouth and the school district may use the facility at a discounted “drop-in” rate, or receive a discount on their membership. All Lifetime members skate for free at the rinks. The agreement fully breaks down the responsibilities of each party, including services, costs, liabilities and termination. Even the required temperature in the pool is in the contract. The contract also provides for mediation in the event of problems between the partners. Lifetime pays property taxes on the land. The city and school district pay no operational costs and have no responsibilities for the club.

**Elements of Success**

Thanks to a willingness of the partners to try something new, this agreement was the first of its kind in the nation and is being used as a model by other states as well as other entities in Minnesota. Beyond the initial investment by the city and school district, the public partners have no financial obligations beyond outside maintenance.

Since most public recreation facilities lose money, this recreation facility is not continuously funded from public funds and does not have to rely on transfers from other government funds. Taxpayers who do not wish to use the facility are not funding it through their taxes. Taxpayers who wish to use the facility may do so at a lower price than belonging to a private club, but still enjoy the amenities of a private club. The school district has better pool facilities for its students than it could have afforded on its own without the burdensome maintenance costs. Lifetime Fitness employs people in the community and offers a service aimed directly at community residents. The partnership has been very successful for all parties and the residents are enjoying the facility.

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56 Residents receive 15 percent off the initiation fees for membership. Seniors also receive 10 percent off their monthly dues.

57 Champlin and Jordan have also implemented this type of agreement with Lifetime Fitness.
The Plymouth recreation director meets quarterly with officials from Lifetime to discuss any issues. He has the authority to act on behalf of the city provided that all business is conducted according to the contract. The meetings are private. Any citizen concern goes to the Plymouth recreation director who brings it to Lifetime management. There have not been any major concerns about this partnership since the facility opened. Most of the citizen concerns are very small, (i.e., pool temperature) or have been brought up and resolved with facility management.

**Obstacles**

There was no mistrust in the process but there was some tension. When public entities and private entities work together the differences between the two often become glaringly apparent. The city referendum and approval for the project went quickly by public standards but was very frustrating for Lifetime as it took longer for the facility to be built than if they had gone ahead on their own. The bidding process was also different. The city had to use public bidding and prevailing wages, whereas a private company may negotiate bids.

The facility itself created some tension. The public partners wanted a facility that was not elaborate; to show that public dollars were being spent wisely. Lifetime Fitness is a business and wanted it to look as attractive as possible. There was also an issue with special rates for residents, especially seniors. In order to make sure that the facility was accessible to residents of all income levels, the city negotiated a rate that is cheaper than Lifetime’s regular drop-in rate. The negotiations on the rate for “drop-in” visitors had to balance the needs of the community with the bottom line of a private business.

There were also tradeoffs in the control of the facility. Once the city negotiated the accessibility of the facility, it ceded control of the facility to Lifetime Fitness. This means that the city must abide by the policies established by Lifetime, whether or not they would be the same as a city-run facility. Lastly, city involvement in the project meant that it would be treated like other city projects and subject to the same code enforcement and assessment policies. There was some tension with Lifetime over this practice as they did not agree with all the policies and thought that the city should apply a different standard to this type of partnership.

When the city and school district negotiated the contract, they did not ask for any of the profits from the venture, as it was providing a facility without any operating costs to the public parties. However, as the facility has been successful and membership is at capacity, the city wonders if possibly that should have been part of the process. While they do not share the profits, Lifetime has donated funds to community projects.
Prairie Visions

Participants: City of Leroy, City of Adams, City of Rose Creek, City of Taopi

Type of Agreement: Joint Powers Agreement

Process

These four cities are located along Highway 56 in the southeast part of Minnesota. Highway 56 was the first scenic by-way in the state. Prior to 1989 the cities did not cooperate on any projects. After attending a conference hosted by the League of Minnesota Cities that promoted cooperation among local units, some of the city clerks started meeting to look for ways to cooperate. In 1989, the group Prairie Visions was formed through a joint powers agreement. It was made up of representatives from the four cities. They decided to cooperate on items such as environmental education, tourism, area preservation, agricultural education and to a lesser extent, economic development. The bulk of the scenic by-way is made up of a trail (which will be 30 miles long at completion) that is used for biking and hiking. The group adds land that the county helps them secure, or through private donations. As a farming community, their goal is to not take any agricultural land out of production.

Since the trail is state mandated, it is funded primarily through federal and state grants. In addition, the group received a grant from the McKnight Foundation. The group also received a 3-year grant from National Scenic By-ways to develop the by-way. The federal and state funding goes strictly to the development of the trail. At the local level, Prairie Visions receives $1 per capita from each city. This gives them about $2000 a year to fund non-trail items. An initiative fund from a leadership grant allowed for the creation of a committee for the bike trail. Everyone who works for Prairie Visions is a volunteer. They have occasional fundraisers and they hold the events in each city so everyone is able to take part. The group also utilizes students in the school districts and incorporates the cooperative items into learning opportunities. This also includes activities for the Boy Scouts, Future Farmers of America and school science projects.

Elements of Success

Prairie Visions meets on a monthly basis, and their meetings are open to the public. Each city has one council member as a member, who then reports back to their city council. The group has strong support from the community. Every year there is a “Pat on the Back” night, an appreciation dinner to thank people for volunteering, which includes awards for its volunteers. Since the formation of this group, the relationship between the cities has grown such that they now lobby together at the legislature. Their philosophy is that no one comes first, and they all work together. Because of their proximity and small size, most of the people know each other, which has led to a lot of trust amongst the group.
Obstacles

Prairie Visions is faced with funding issues. Grants will only last for a specific period of time, and new grants are not readily available where resources are limited. There are more scenic by-ways in the state and nationally, so competition for grant funding makes it harder for Prairie Visions to maintain its level of service.

The School Districts of St. James, Butterfield, and Madelia

Participants: St. James (ISD 840), Butterfield (ISD 836), and Madelia (ISD 837) School Districts

Type of Agreement: Joint Powers Agreement

Process

It is very common for school districts in rural Minnesota to cooperate to save money, or pool resources to provide additional services. These three districts have taken it a step further. In the beginning, St. James approached Butterfield and asked if they could discuss commonalities between the two districts. Since the superintendent of Butterfield used to work in St. James, a prior relationship already existed. A joint school board meeting was called to discuss areas of interest for cooperation for better programs in the schools and to save money.

The original cooperative effort was for community education programs. They have since added shared field trips, open enrollment in each other’s courses, workshops, training, and sports teams. Butterfield and St. James have cooperated for three years and Madelia joined a year ago. Students may be moved from one district to another without a change in curriculum. The students are bused back and forth between the districts. There are also combined field trips and the buses pick up kids in each district. St. James also provides a wide range of financial and compliance services for Butterfield and Madelia.

Elements of Success

The cooperative efforts have enriched students’ education experiences because they have access to more courses and are exposed to new students and teachers in the other districts. The districts save money by not having to hire in order to teach a subject with a limited number of students. Cooperation helps offset declining enrollment in the districts.
The districts communicate with their respective communities when new cooperative efforts arise. There is a community meeting where the districts explain what they want to do and how important these arrangements are to the community as a whole. Leadership is very important in this respect. The larger district, St. James, took the lead in promoting a cooperative spirit with the other districts.

St. James and Butterfield had an established relationship, which creates trust between the two districts that each is acting with the other’s best interest in mind. Because of this relationship, Butterfield trusts St. James to perform the accounting functions from the St. James district offices. The relationship between the districts has grown to the point where the districts hope to add other elements of cooperation, such as transportation, food services, purchasing, and equipment sharing.

Obstacles

Because Madelia is a newer partner in the collaborative arrangement and does not have the previous relationship foundation, when St. James provides financial services for Madelia, personnel from St. James must physically go to Madelia to do the work two days a week. With three boards, three administrators and three sets of staff, it is normal that there will be a period of adjustment for everyone to feel comfortable with the relationship.

The districts were hoping that House File 1999 would pass during the 2004 Legislative Session allowing for grants to school districts that cooperate. Because small school districts have high fixed costs it is difficult to fund other programs and services after their allotted money is spent.

Long Range Collaborative Planning

Participants: City of Watertown, City of Mayer, Watertown-Mayer School District (ISD 111)

Type of Arrangement: Informal Long Range Planning

Process

Each month, representatives from the school district and the two cities meet to discuss issues related to long-range planning for the cities and school district. The meetings were initiated by the mayor of Mayer who was concerned about the rapid growth of the two cities and the effects of the growth on the enrollment at the schools. In addition, officials from the three entities were interested in avoiding duplication of services and keeping taxes low. After initial informal
meetings, they began to post agendas and meeting notices on the school district website. This has formalized the process and led to further collaboration.

**Elements of success**

The mere act of meeting once a month and communicating with officials from other jurisdictions has fostered a culture of cooperation. By providing transparency in their plans for development, the local governments have built trust and diminished competition among one another. The proximity of these communities to one another also has made it easier to cooperate on the hiring of staff and the planning for facilities.

The meetings have had tangible results. For example, the entities recently hired a joint park and recreation coordinator to manage these activities and facilities in both cities and the school district. The cities also recently hired a joint planner to address growth-related issues in both cities.

The cities share preliminary plat information on the developments they are considering with the school district. This has allowed the school district to indicate if particular developments will generate too many students for current facilities. Both cities are willing to work with developers to secure land at little or no cost for the school district.

Based on the success, the group is looking to include representatives from the county, townships, Metropolitan Council, parochial schools, and youth athletic associations.

**Watonwan County Coordinating Council**

**Participants:** Watonwan County Judge, St. James Chief of Police, Watonwan County Sheriff, City attorney, County attorney, Public Defenders, Social Workers, Guardian Ad Litem, Victims Rights Advocates, Nurses, School Representatives

**Type of Agreement:** None (Informal Group)

**Process**

Started a year ago by a judge in Watonwan County, this is a group of individuals that meet quarterly to discuss how they can help each other. The judge recognized that when it came to sentencing adults and juveniles in her courtroom, it did not always make sense to use standard sentencing because the defendants in question were primarily on social assistance. Thus, the County in essence paid the fines she imposed.
The group discusses programs and resources available in their particular areas that the judge can use in sentencing rather than issuing punitive fines. For example, for alcohol related cases, the judge was unaware of a program offered by the jail for alcoholics anonymous meetings. Now she can introduce mandatory attendance at the meetings as part of the sentence requirements.

Participants also discuss amongst themselves problems that occur in doing their jobs. For example, there is often conflict between the role of law enforcement and the role of social workers when a crime is committed and children are to be removed from the home. By discussing the constraints in place for each group and possible remedies to the situation, it removes tension among the participants and allows for cooperation. The quarterly meetings also keep each group up to date on what is happening in the area, any trends that are seen by the police, or in the schools. Other participants offer advice and suggestions on how to remedy the situation.

This arrangement is informal. There is no written agreement between parties. Sometimes information sharing is difficult due to legal constraints and personalities. For example, public defenders and county/city attorneys may have competing goals. The participants in the council decide on what things they will cooperate and then take those recommendations back to their respective agencies for approval.

**Elements of success**

This arrangement is innovative for a number of reasons. This is a large group of people working together in an informal setting. There is a level of trust created that concerns can be brought forward in a timely manner and dealt with during the meeting, or soon thereafter. The alternative sentencing is saving the court, and therefore the county, money as well as providing a better resolution to the problems that are coming before the courts.

**Obstacles**

As mentioned, information sharing can be difficult for some of the parties involved with the council. The council believes it would be more effective if there were fewer constraints legally on how information is shared between parties. Also, the council believes that current statutes do not recognize proper time lines for rectifying problems. When cooperation occurs for social policy reasons, it is not always feasible to fix the problem before the time limitation runs out. For example, in a case where drugs are involved and children are put under the protection of the County, parental rights are terminated after 6 months for children under the age of 8, and 12 months for children over 8. According to the participants, it takes longer than that time frame for a parent (or parents) to complete a treatment program and retain their parental rights. In their opinion, it
Hiawatha Valley Highway 61 Coalition

Participants: Wabasha County, Goodhue County, City of Lake City, City of Red Wing, City of Wabasha, Township of Florence, Township of Pepin, Township of Wacouta, Township of Lake

Type of Agreement: Joint Powers Agreement

Process

The Hiawatha Valley Highway 61 Coalition is made up of two counties, four cities, and four townships along Highway 61 in southeastern Minnesota. The coalition was formed to ensure that the area was represented in the Minnesota Department of Transportation 2020 plan, which is a 20-year highway improvement plan for the region.

The group, consisting of only the counties and three cities at the time, informally met on several occasions and then decided to formally organize. The Mayor of Lake City felt that it was important for the townships along the corridor to be represented in the planning process. A letter was sent to the township boards inviting them to participate. In addition, calls were made to township officials encouraging them to participate. At the first meeting, the mayor was elected Chairman of the Coalition. A resolution was sent to the Minnesota Department of Transportation (MnDOT) requesting a study of Highway 61 from Red Wing to Wabasha. MnDOT agreed to participate in the study but required substantial local participation.

In order to administer the local participation funds, the group formed the Hiawatha Valley Highway 61 Coalition through a joint powers agreement. The group sent out a Request for Proposals (RFP) for a firm to conduct the study. In 2001, the Howard Green Company was chosen to prepare the study. The first draft of the report was finished in November of 2002. A public meeting was held and over 230 people attended the meeting. After several more public and private meetings, the report was completed in early 2004. The report now is the central planning tool for MnDOT and local governments in the region.

Elements of Success

One of the primary elements of success in this particular collaboration was the leadership of the group. The Mayor of Lake City indicated that without his personal relationships with many township officials, the opportunity to create the Hiawatha Valley Highway 61 Coalition would not have existed. The mayor felt
that there was a level of distrust by the towns toward the cities and counties in the agreement. The towns felt that they were not likely to have their voices heard because of their smaller population. However, it was important for these townships to be involved in the coalition because of their geographic size. Through his personal relationships with these town officials, he was able to persuade them that they would have their interests represented equally at the meetings.

A key element cited by the mayor was that legal issues should be explored and vetted before local governments embark on cooperative efforts. This decreases the chances of litigation later.

**ALF – Joint Powers Ambulance Service**

**Participants:** Cities of Apple Valley, Lakeville, and Farmington

**Type of Agreement:** Joint Powers Agreement

**Process**

Previously ambulance service in Dakota County was provided by Divine Redeemer (DR) Hospital in South St. Paul. They served a total of 13 cities. In 1984, the City of Burnsville decided to begin providing its own ambulance service utilizing its own full-time fire department personnel. Burnsville's decision prompted DR to review the ambulance subsidy amounts being paid by the remaining 12 Dakota County cities. They established a northern group of nine cities and southern group of three cities (Apple Valley, Lakeville and Farmington).

In 1985, DR initially proposed a subsidy rate of $1.25 per capita for the north, and a $2.35 per capita rate for the south. Negotiations with Divine Redeemer were difficult and, in the end, the agreement with DR for 1985 called for a per capita subsidy of $3.32. Discussions with the City of Burnsville were also pursued because Burnsville's decision meant that DR's ambulance previously located in Burnsville would no longer be present resulting in longer response times.

In March 1985 a joint meeting was held between the city councils of Apple Valley, Lakeville and Farmington to discuss options for providing ambulance service. In May 1985 the three cities entered into a formal Joint Powers Agreement establishing ALF. In September 1985 the Ambulance Director was hired. In December 1985 six full-time paramedics were hired, and on January 1, 1986 ALF Ambulance was operational.
Elements of Success

The cities were brought together by financial and service concerns. City leaders who had worked together on previous collaborations and trusted one another spearheaded the arrangement. The leaders of the ALF agreement were the former city administrators for Lakeville and Apple Valley. These two had worked together in other arrangements such as LOGIS (a computer consortium) in the past and trusted each other.

Communication between member cities is crucial to the joint power agreement. The ALF Board meets quarterly, or on an as needed basis. Per the joint powers agreement, the board is made up of one elected official from each city. All meetings of the ALF Board are public. An ALF Executive Management Committee meets monthly, or on an as needed basis. This committee is made up of the three City Administrators and the Police Chief of Apple Valley, the Finance Director of Lakeville, and the Human Resource Director from Farmington.

Each member city contributes a particular specialty (payroll and financial record-keeping through Lakeville, human resources through Farmington, ALF headquarters in Apple Valley) to the joint powers agreement. Since inception, the three cities have gotten along very well.

Benefits of cooperation

- The tax subsidy declined from $3.25 per capita in 1986 to $.50 in 2003.
- The response time declined from 20 minutes to 6 minutes.
- ALF has been instrumental in implementing a public automatic external defibrillator project.
- Led to sharing a Medical Director with the city of Burnsville.
- ALF now has two full-time ambulance crews (one each in Apple Valley and Lakeville), and a power truck in Farmington.
Appendix B

Examples of the types of cooperative services

Below is a partial list of some of the ways in which local governments can cooperate with each other. For more information about the types of cooperative agreements that exist in Minnesota go to the Cooperative Agreements Clearinghouse on the State Auditor’s website at www.auditor.state.mn.us.

- Airports
- Ambulance
- Animal control
- Buildings for meeting space, storage
- By-law enforcement
- Cemeteries
- Community events and festivals
- Cooperative purchasing
- Court and parole supervision
- Detention facilities
- Development and/or sharing of infrastructure
- Economic development
- Elections
- Emergency dispatch
- Employee pension pools
- Employee services
- Financial systems
- Governance structures
- Grounds and building maintenance
- Hazardous materials
- Health insurance pooling
- Historical resources
- Housing
- Human resource management and benefit packages
- Industrial parks
- Information technology
- Inspection service
- Liability insurance pools
- Libraries
- Lobbying and advocacy
- Marketing/promotion/sales/ and revenue sharing
- On-line scheduling of courses, registration and revenue collection
- Ordinance enforcement
- Overall management functions - i.e. CAO or joint directors
- Planning
- Personnel training
- Procurement practices and policies
- Protection and Enforcement
- Property tax collection
- Public health
- Public safety (police and fire)
- Purchase and or sale of services
- RDA’s/chambers of commerce/boards of trade
- Recreation, culture, and tourism
- Records management
- Recycling, solid waste and landfill
- Road and street construction
- Road and street maintenance
- School facilities for municipal recreation purposes
- Snow removal
- Staff training
- Storm water management
- Systems and software review, development and maintenance
- Technical expertise
- Trails development
- Transit
- Vehicle maintenance
- Watershed protection plans
- Web site development and maintenance
Appendix C

Examples of Cooperative Best Practices in Other States

FROM WISCONSIN: The Keys to Successful Cooperation

In 2001 the Wisconsin Blue-Ribbon Commission on State-Local Partnerships for the 21st Century published an excellent report on intergovernmental cooperation. Below are the major steps they identified for successful cooperative efforts.

1. **Identify the need for cooperation.** What service problem or need can the community not face alone, or could be more effectively met by cooperating with nearby communities?

2. **Organize for cooperation.** Bring the issue to the public’s attention. Gather the facts and share them with others. Lead or find a good leader on the issue. Provide examples of other communities who have developed successful cooperation projects. Establish a personal relationship with leaders in surrounding communities. Participate in intergovernmental efforts now underway, such as regional planning commissions, economic development and tourism organizations, and local government associations. Publicly suggest cooperative projects that may benefit your community. Convince other leaders to support proposed projects.

3. **Check out legal authority.** Know what is possible under the state constitution, state statutes, and local ordinances. Identify barriers, if any, and lead efforts to remove them.

4. **Ensure the feasibility of the proposed project.** Test the political waters. Conduct a feasibility study if needed, and make sure the project makes sense financially. Make sure there is a means for administering the project.

5. **Negotiate an agreement with participating local governments.** Use persuasive skills to encourage cooperation among local government leaders. Suggest a list of points that must be agreed upon. Propose workable compromises where needed. Involve all participants in preparing a plan for the project.

6. **Prepare the formal agreement.** Draft the contract or letter of agreement, with an initial budget, to be signed by all participants. Get legal assistance. Fully explain the provisions.

7. **Begin the project.** Publicize the agreement, giving full credit to all cooperating parties. Establish a work team and assign leadership responsibilities. Begin thoughtfully using test or pilot operations and phase-ins as necessary. Plan...
the first year’s operation and refine the initial budget. Assign operating responsibilities.

8. **Operate the project.** Work hard for a smooth start. Announce the implementation of the project. Work out any operational problems quickly and keep good records. Document improvements to services and cost savings, and report regularly to all participants.

9. **Evaluate and seek continuing change and improvement.** Evaluate operations regularly and report progress and problems to all participants. Revise agreements and procedures as needed. Prepare new budgets based on operating experience. Seek new participants if appropriate. Keep citizens informed of the project’s status and accomplishment.

**FROM WISCONSIN: Checklist of players’ and stakeholders’ concerns**

In 1998, authors Wayne Faust and Christine Dunning of the University of Wisconsin Extension Service created a document titled, *Sharing Government Services: A Practical Guide*. The publication contains examples, checklists, and other useful tools for local governments considering cooperative efforts in public service delivery. The checklist below outlines possible concerns by various stakeholders.

**STAKEHOLDER: Governmental body**

**Legislative**

Will the agreement:

- Affect the legislature’s role as a public policy maker? Have an impact on public policy workload?
- Highlight strengths or weaknesses of current system?
- Strengthen or undermine relationships between legislative and executive bodies? Increase or decrease the level of control?
- Affect ability to forecast future needs or conditions?
- Change thinking about jurisdictional boundaries, or turf?
- Create disparity of authority between different levels of government?
- Affect political visibility or identity?
- Increase or reduce the level and cost of services?
- Involve start-up costs?
- Entail planning and analysis costs?
- Provide enough detail?
- Offer a realistic solution to the problem?
- Shift, remove or redefine other issues?
Executive

Will the agreement:
- Increase or decrease workload?
- Highlight strengths and weaknesses of present administration?
- Strengthen or weaken leadership or control?
- Change visibility and identity?
- Eliminate positions?
- Affect Civil Service requirements?
- Affect labor contract requirements or reconciliation of differences?
- Affect cost documentation?
- Have an impact on administrative effectiveness?

STAKEHOLDER: Citizens (Taxpayers and Consumers)

Will the agreement:
- Increase or decrease real costs?
- Increase or decrease taxes?
- Affect input, control and accountability?
- Affect local identity?
- Consider ethics, fairness, liability and fraud?
- Expand or limit options?
- Foster independence or dependence?
- Change costs or user fees?
- Change entitlements or accessibility to service?
- Change the quality or level of service?
- Affect service availability and eligibility requirements?
- Affect equity, fairness or parity?
- Affect the quality of life?
- Affect the stability of a particular service?

STAKEHOLDER: Vendors

Will the agreement:
- Create competition for business from public entities?
- Cause a shift in who has an advantage?
- Bring competition from well-financed competitors?
- Create potential for new markets?

STAKEHOLDER: Staff

Management

Will the agreement:
- Change job titles or the number and level of positions?
- Expand or reduce level of control?
Increase, freeze or cut salaries?
Increase or decrease workloads?
Increase or reduce promotional opportunities?
Increase or decrease responsibilities?
Promote more or less flexibility?

Labor

Will the agreement:
Increase or decrease salaries?
Increase or decrease workloads?
Increase or decrease costs related to employment (for example, uniforms, commuting expenses)?
Change benefits?
Change promotional opportunities?
Require training or skill upgrades for employees?
Cover civil service protections and considerations?
Change performance standards?
Affect seniority considerations?
Call for adjustments in the work environment?

FROM COLORADO: Best Practices in Intergovernmental Agreements

In 1999, the Colorado Department of Local Affairs in cooperation with Colorado Counties Inc. and the Colorado Municipal League issued a report called, Best Practices in Intergovernmental Agreements. The report summarizes intergovernmental agreements related to planning in the state of Colorado. Many of their recommendations concur with those presented in this document.

- After defining the problem, determine the subject area(s) where the potential for mutual agreement exists. Some intergovernmental agreements (IGA’s) obligate the parties simply to jointly fund the hiring of a planning consultant; others exact binding waivers of the right to challenge annexations.

- Determine the relevant governmental units and seek broad participation. Elected officials must be included because their cooperation is needed to adopt and enforce the IGA.

- Design and implement a process for public participation, including the media. Lack of public support can undermine an agreement at the implementation stage.

- Seek preliminary consensus first. A basic “agreement to agree,” or an
interim policy IGA, can serve as a building block for a more comprehensive IGA.

- To avoid concerns associated with attempts to bind successive governing bodies, consider including an expiration or termination date, or the option to make exemptions or create variances.

- Keep it moving. Once the parties come to the table, select and agree to some baseline matters. If negotiations are allowed to drag on, interim on-the-ground changes may defeat any consensus previously gained.

- IGA’s must be voluntary and consensual to be effective. Regional powerhouses should be wary of exercising political muscle to force an agreement.

- Key components of an IGA should include (1) the defined function of the IGA and the policy rationale supporting it; (2) the implementation and fiscal obligations, and administrative responsibilities, assumed by each jurisdiction; (3) a method of review, evaluation, update, and arbitration or mediation for resolving contract interpretation disputes. The agreement must “set forth fully the purposes, powers, rights, obligations, and the responsibilities, financial and otherwise, of the contracting parties.”
Appendix D

Make-up and Evaluation Criteria for Dakota County’s High Performance Partnerships

Dakota County’s High Performance Partnerships initiative has a steering committee made up of members of cities and the county. It includes mayors, commissioners, and executive staff such as city managers and administrators.

The evaluation criteria assigned a letter grade of A through F on a four-point scale with A equaling 4 points and F equaling zero points. The projects were applied to ten weighted criteria. The criteria were split into subcategories as follows:

A. What is the magnitude of potential success? (50%)
   1. Quality of Service: How substantial is the anticipated improvement? (17.5%)
   2. Cost Savings: How significant are the expected cost savings? (17.5%)
   3. Is there any other way to deliver the service? (5%)
   4. Transferability: How many communities can benefit? (5%)
   5. Qualitative Advantages: Are future spin-off benefits anticipated? (5%)

B. What is the likelihood of achieving success? (50%)
   6. Short term manageability: How complex, how costly is the initial effort? (17.5%)
   7. Long term manageability: How complex is the ongoing management? (5%)
   8. Political feasibility and support: What are citizen’s preferences? Is the opportunity consistent with citizen’s values? (12.5%)
   9. Political feasibility and support: Is the opportunity consistent with the values of elected officials, government employees, and civic leaders? (12.5%)
  10. Measurement: Can the outcomes be accurately measured? (2.5%)
Appendix E

Sample Bylaws for SCALE Scott County Association for Leadership and Efficiency

Revised June 11, 2004, Amended October 15, 2004

I. Offices

The official office of the Association shall be the Scott County Government Center. The Association may assign the offices to other locations upon approval of the membership.

II. Purpose of Organization

The primary purpose of the Association is to form a coalition of governing agencies in Scott County for the purpose of encouraging greater efficiencies and leadership in public service through enhanced communication, collaboration of services and sharing of resources. The Association will also be an advocate for influence and resources from the regional agencies and other levels of government that will benefit citizens and taxpayers and all governing agencies within Scott County.

III. Membership

The Association consists of the following members: Scott County; the cities of Belle Plaine, Elko, Jordan, New Market, New Prague, Prior Lake, Savage and Shakopee; the Shakopee Mdewakanton Sioux Community; School Districts serving Scott County; and Scott County Townships represented by two members appointed by the Township Association. At this time no membership fee is required; the Association may elect to impose a fee at some time in the future. Any fee assessed to members is subject to approval by a majority vote of the membership as well as each individual participating entity.

Each member may designate up to two elected officials to formally represent them at the regular meetings of the Association. Other elected officials and staff representatives from member entities are welcome to attend and participate in the meetings.

Members of the Scott County legislative delegation are considered non-voting members and are encouraged to attend and participate in meetings.

It is the intention of the Association that business be conducted by general consensus and informal direction. However, in the event that formal action is needed, votes may be taken by each of the participating members with each
member having one vote. A quorum is required for formal action. A quorum consists of having a representative from at least a majority of members present at the meeting.

By consensus of the membership, other voting and non-voting members may be added to the Association.

Meeting times and dates of the membership shall be determined by a majority of the members.

IV. Executive Committee

An Executive Committee comprised of the Chair, Vice Chair and Secretary shall oversee the business and affairs of the Association. The primary purpose of the Executive Committee is to promote the Association, develop meeting agendas; and recommend goals, objectives, activities and projects to the members.

The Executive Committee shall be comprised of only elected officials. Staff may be asked to support or advise the Executive Committee as needed and required by the Committee members.

The Executive Committee shall be elected by a majority vote of the members in April of each year. Members shall serve a one-year term on a rotating schedule. Membership in the Executive Committee may change from year to year, but in the first three years will follow a representation pattern as follows:

**2003**
Chair: small city (less than 10,000)
Vice Chair: large city (greater than 10,000)
Secretary: County

**2004**
Chair: large city
Vice Chair: County
Secretary: small city

**2005**
Chair: County
Vice Chair: small city
Secretary: large city

The rotation continues in a similar pattern unless duly voted on and changed by the members at an annual meeting.*
The Chair presides at all meetings of the Association and Executive Committee. In the absence of the Chair, the Vice Chair convenes and presides over the meeting.

The Executive Committee may recommend to the membership that additional ad-hoc committees be formed to pursue and further the mission and purpose of the Association. Membership in the committees shall be determined at the time of their formation.

A staff member from Scott County is assigned to take notes and minutes and to the extent practical maintain all official records and correspondence of the Executive Committee and Association. Upon approval of the Executive Committee, the staff representation may change from Scott County to another local unit of government.

V. Action

Certain actions of the Association will need to be formally ratified by each member’s policy-making body. The representatives of each member entity shall be responsible for determining whether an action contemplated by the Association requires ratification of the member’s policy body.

Members of the Executive Committee or their designee may testify or support the positions of the Association before other Boards, Committees, Commissions, Councils or the Legislature upon majority vote of the membership. Due to a monthly meeting schedule, if time is of the essence, a decision to represent the Association may be made by the Executive Committee. The Executive Committee shall report any such action taken between meetings to the membership at the next meeting.

VI. Amendments

Amendments to the By-Laws shall be approved only after a majority vote of the membership. Amendments may be introduced at any regular meeting of the Association.

*Note: Since the inception of SCALE the membership has expanded. Given this fact, it is likely that the members will want to change the structure of the Executive Committee once the initial rotation is complete. Therefore it is likely that the By-Laws will be amended to reflect this new structure sometime between April of 2005 and April of 2006.
Appendix F

Sample Materials From SCALE (Scott County Association for Leadership and Efficiency)

The three examples relate to SCALE’s equipment sharing agreement. They include a draft agreement, rates, and sample request form.

EXAMPLE 1: SCALE Equipment Sharing Agreement for Non-Emergency Conditions

I. General Purpose
This Agreement is made by and between the County of Scott, and the cities of: Belle Plaine, Elko, Jordan, New Market, New Prague, Prior Lake, Savage, and Shakopee, all municipal corporations within the State of Minnesota. The intent of this Agreement is to create a system for the sharing of equipment and other resources available to political subdivisions within Scott County, Minnesota with other political subdivisions within said County. This agreement pertains to non-emergency conditions.

Emergency conditions are governed by the following: Law Enforcement Mutual Aid Pact, pursuant to Minn. Stat.§ 471.59; the Minnesota Emergency Management Act of 1996, pursuant to Minn. Stat. § 12.33; and the Federal Emergency Management Agency (FEMA) Response and Recovery Policy Number: 9523.6.

II. Definitions
For purposes of this Agreement, the terms defined in this section shall have the following meanings:

1) “Automobile” means a land motor vehicle, trailer, or semi-trailer designed for travel on public roads.

2) “Party” means a political subdivision that is a party to this Agreement.

3) “Eligible Party” means a political subdivision that is entitled to become a party to this Agreement, at its own option. The eligible parties are the cities of Belle Plaine, Elko, Jordan, New Prague, Prior Lake, Savage, and Shakopee and the County of Scott, all of the State of Minnesota.

4) “Equipment Rates” means per hour charges for equipment use by other parties.

5) “Mobile Equipment” means land vehicles not licensed for road use.

6) “Requesting Party” means a party that requests equipment from other parties to the agreement.

7) “Responding Party” means a party that provides equipment owned by, or otherwise under the legal control of, the party to a Requesting Party.
8) “Requesting Official” means the person designated by a party who is responsible for making the request to other parties.

9) “Responding Official” means the person designated by a party who is responsible to determine whether and to what extent that party should provide equipment to a Requesting Party.

III. General Provisions and Procedure

1) Procedure

a) Request for Equipment. Whenever, in the opinion of a Requesting Official, there is a need for equipment from other parties, the Requesting Official may call upon the Responding Official of any other party to furnish equipment.

b) Response to Request. Upon the request for equipment from a Requesting Party, the Responding Official may authorize and direct his or her party’s personnel to provide equipment to the Requesting Party. This decision will be made after considering the needs of the Responding Party and the availability of resources.

c) Operator of Equipment. Whenever the Responding Party determines that the Requesting Party does not have personnel qualified or capable of properly operating the requested equipment, the Responding Party may specify that the equipment be lent only if an operator of the Responding Party’s choosing is the sole party that will operate the equipment.

d) Forms. Upon a need for equipment, the Intergovernmental Equipment Sharing Request Form, attached as Exhibit A and hereby incorporated, shall be completed by the authorized representative of the Requesting Party.

e) Recall of Equipment. The Responding Official may at any time recall such equipment when in his or her best judgment, or by order of the governing body of the Responding Party, it is considered to be in the best interest of the Responding Party to do so.

2) General Provisions.

a) The decision to request equipment, along with the procedure for making such requests, and the decision to respond or not to respond, shall be made in accordance with the internal rules and procedures of the individual parties. Failure to provide equipment shall not result in any liability to any party.

b) Notwithstanding the above, the parties agree the following statement of procedures will be included in the various parties’ internal rules and procedures:

i) The provisions of this agreement are in place for the entire time equipment is away from the Responding Party’s control, regardless of weather, but not for lost time due to mechanical failure, unless the mechanical failure was caused by the Requesting Party or by activities under the control of the Requesting Party.
ii) The Requesting Party agrees to pay or provide to the Responding Party any routine maintenance required to operate the equipment. Routine maintenance would include fuel, lubricants (grease, oil, or other fluids), repair of a flat tire, etc.

iii) The Requesting Party agrees to pay for repairs arising from equipment failures or damage to the equipment that are specifically attributable to any action of the Requesting Party. In situations of general failure of a given part or system on the equipment, a negotiation between the parties will determine who will pay for the repairs or any portion of the repairs.

iv) It is the Requesting Party’s responsibility to return disabled equipment to the site where it was taken from, or to a site designated by the Responding Party.

v) Only employees of the Requesting Party may use borrowed equipment. Agents, contractors or other non-employee personnel will not be allowed to use borrowed equipment.

vi) It is the Requesting Party’s responsibility to ensure borrowed equipment is stored in a safe place at any time it is under the Requesting Party’s control and not being used.

vii) It is the Requesting Party’s responsibility to ensure the equipment is cleaned and all fuel and fluids are full before returning the equipment to the Responding Party.

c) Borrowed equipment may only be used for public purposes; regardless of any partner agency’s policy concerning private use of publicly owned equipment.

d) No use charges will be levied by a Responding Party to this Agreement for equipment rendered to a Requesting Party under the terms of this Agreement.

e) It shall be the responsibility of the administrator of each of the parties to fully apprise the participating personnel of the procedures, conditions, and limitations under this Agreement, as well as any amendments hereto.

3) Equipment Rates.

a) The Requesting Party will be charged for equipment use as set forth in the “Equipment Rate Schedule” attached and incorporated herein as Appendix A to this agreement.

b) The Requesting Party will not be charged for the first eight (8) hours of use of the equipment with the Responding Party’s operator. Any hours over eight (8) hours will be charged according to the rates as set forth in Appendix A.

c) The Requesting Party will not be charged for the first twenty-four (24) hours of actual use of equipment without the Responding Party’s operator. Any hours over twenty-four (24) hours will be charged according to the rates as set forth in Appendix A.
d) The Scott County Street Supervisory Group shall annually review and has the authority to set the Equipment Rates set forth in Appendix A for the following year. The annual Equipment Rates shall be set by consensus of the Scott County Street Supervisory Group.

IV. Insurance

Each party shall maintain general liability and automobile liability coverage protecting itself, its officers, agents, employees and duly authorized volunteers against any usual and customary public liability claims to the limits prescribed under Minn. Stat. § 466.04 and Workers' Compensation and shall be in accordance with the Minnesota statutory requirements. Said policies shall be kept in effect during the entire term of this Agreement. Each party shall be knowledgeable of their respective coverage document with respect to borrowed equipment and shall notify the coverage provider, if applicable, of the use of borrowed equipment.

V. Indemnification

1) All parties to this Agreement recognize each other as a political subdivision of the State of Minnesota. The Requesting Party agrees to defend and indemnify the Responding Party against any claims brought or actions filed against the responding party or any officer, employee, or volunteer of the Responding Party for injury to, death of, or damage to the property of any third person or persons, arising from the performance and provision of equipment in responding to a request for equipment by the requesting party pursuant to this agreement.

Under no circumstances, however, shall a party be required to pay on behalf of itself and other parties, any amounts in excess of the limits on liability established in Minnesota Municipal Tort Liability Act, Minn. Chap. 466, applicable to any one party. The limits of liability for some or all of the parties may not be added together to determine the maximum amount of liability for any party.

2) The intent of this subdivision is to impose on each Requesting Party a limited duty to defend and indemnify a Responding Party for claims arising within the Requesting Party’s jurisdiction, subject to the limits of liability under Minn. Stat. Chap. 466. The purpose of creating this duty to defend and indemnify is to simplify the defense of claims by eliminating conflicts among defendants, and to permit liability claims against multiple defendants from a single occurrence to be defended by a single attorney.

3) No party to this Agreement nor any officer of any party shall be liable to any other party or to any other person for failure of any party to furnish equipment to any other party, or for recalling equipment, both as described in this Agreement.

VI. Workers’ Compensation

Each party shall be responsible for injuries or death of its own personnel. Each party will maintain workers’ compensation insurance or self-insurance coverage, covering its own personnel while they are providing equipment pursuant to this agreement.

VII. Physical Damage to Borrowed Equipment and Automobiles

The Requesting Party shall be responsible for damages to or loss of equipment in its possession pursuant to this agreement. The Requesting Party shall follow all procedures...
required to ensure that insurance coverage or self-insurance is properly in place for all borrowed equipment.

VIII. Data Practices
The parties agree to abide by the provisions of the Minnesota Government Data Practices Act, Minn. Stat. Chap. 13, as amended, and Minn. Rules promulgated pursuant to Chap. 13. Each party agrees to hold the other parties harmless from any claims resulting from an unlawful disclosure or use of data, by its respective personnel, protected under state and federal laws by its personnel.

IX. Notice
Notices to be given under this Agreement shall be given by enclosing the same in a sealed envelope, postage prepaid, and depositing the same in the U. S. Postal Service, addressed to the attention of the City and County Administrators at the address of record.

X. Amendment or Changes
The parties agree that no change, amendment, or modification to this Agreement, or any attachments hereto, shall have any force or effect unless the change is reduced to writing, dated, and made part of this Agreement. The execution of the change shall be authorized and signed in the same manner as for this Agreement.

XI. Entire Agreement
It is understood and agreed that the entire agreement of the parties is contained in this Equipment Sharing Agreement and that it supersedes all oral agreements and negotiations between the parties relating to mutual aid, as well as any previous agreements presently in effect between the parties relating to mutual aid.

IN TESTIMONY WHEREOF, the parties have executed this Equipment Sharing Agreement as of the date and year last signed below.

EXAMPLE 2: SCALE Equipment Sharing Rates Effective 6/04

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>Rate with Operator Per Hour</th>
<th>Rate Without Operator Per Hour</th>
</tr>
</thead>
<tbody>
<tr>
<td>4WD Loader (with or without attachments)</td>
<td>$100.00</td>
<td>$70.00</td>
</tr>
<tr>
<td>Single Axle Dump Truck</td>
<td>$70.00</td>
<td>$40.00</td>
</tr>
<tr>
<td>Tandem Axle Dump Truck</td>
<td>$70.00</td>
<td>$40.00</td>
</tr>
<tr>
<td>Motor Grader</td>
<td>$110.00</td>
<td>$80.00</td>
</tr>
<tr>
<td>Pick-Up Sweeper</td>
<td>$100.00</td>
<td>$70.00</td>
</tr>
<tr>
<td>Single Person Aerial Bucket Truck</td>
<td>$65.00</td>
<td>N/A</td>
</tr>
<tr>
<td>Two Person Aerial Bucket Truck</td>
<td>$175.00</td>
<td>N/A</td>
</tr>
<tr>
<td>Tractor Loader Backhoe</td>
<td>$66.00</td>
<td>36.00</td>
</tr>
<tr>
<td>Excavator Track Mounted</td>
<td>$105.00</td>
<td>$75.00</td>
</tr>
<tr>
<td>Skid Steer</td>
<td>$70.00</td>
<td>$40.00</td>
</tr>
<tr>
<td>Truck Mounted Jetter-Vacuum</td>
<td>$155.00</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Mobilization per piece of equipment delivered $100 in and $100 out unless hauled by Receiving Agency.
EXAMPLE 3: SCALE Equipment Sharing Form

**INTERGOVERNMENTAL EQUIPMENT SHARING REQUEST FORM**

**SUBMITTED BY ELIGIBLE POLITICAL SUBDIVISIONS**

1. Description of Equipment Being Borrowed: ( ) Automobile ( ) Mobile Equipment
   
   Year ______ Make __________________ Model ________________________________
   
   VIN/Serial Number: _____________________ Estimated Actual Cash Value __________
   
   Current hours on equipment or odometer reading: _____________________________
   
   General condition of equipment including any dents or damage:
   
   ________________________________________________________________________
   
   ________________________________________________________________________

2. Describe Intended Use of Equipment:
   
   ________________________________________________________________________

3. Requested Time Period of Usage:
   
   From: ____________________________  To: __________________________________
   
4. Requesting Political Subdivision:
   
   ________________________________________________________________________

5. Name/Title of Authorized Requesting Official for Requesting Political Subdivision:
   
   ________________________________________________________________________

*Eligible Political Subdivisions include the County of Scott, Minnesota and those cities that are parties to the Equipment Sharing Agreement. They include the cities of Belle Plaine, Elko, Jordan, New Market, New Prague, Prior Lake, Savage and Shakopee, Minnesota.

   Signature of Authorized Responding Official  __________ Date
   
   Signature of Authorized Requesting Official __________ Date

**FOR RESPONDING PARTIES USE ONLY**

Date Equipment Returned: ____________________________________________

Condition of Equipment: ____________________________________________
Appendix G

Background on Board of Government Innovation and Cooperation

The Board was created to assist government units to work more effectively by eliminating duplication of effort and bureaucratic obstacles that often frustrate local officials and taxpayers. The members of the Board included the State Auditor, the Commissioners of Administration and Finance, two Administrative Law Judges, three Senators and three Representatives.

The Board had authority to grant waivers from state agency administrative rules and temporary, limited exemptions from procedural laws governing the delivery of services by local government units whose officials suggest an alternative means of achieving the same or better outcome. The Board did not have jurisdiction over federal laws or regulations or substantive state laws.

In general, the Board could grant an exemption from a state law that tells a local government how or when to do something. It could not grant exemption from laws that require a local unit to do something. Exemptions from procedural laws expired ten days after the legislature adjourned its regular session in the following calendar year unless extended by legislative action. Any local government unit, including school districts under some circumstances, was eligible to apply for a waiver or exemption. Local units could apply on behalf of nonprofit organizations providing services to clients whose costs are paid by the local unit of government.

Grants
Three types of grants were awarded to public agencies and educational institutions that had an idea or plan for a pilot project which would improve the effectiveness or efficiency of public service. A legislative appropriation determined the amount of grants available. All counties, cities, towns, school districts and special taxing districts were eligible. Also eligible were associations of local governments, the Metropolitan Council, organizations and state agencies with a local government partner and organizations established by two or more local governments under a joint powers or similar agreement.

Cooperation Planning Grants
This grant program targeted projects that would develop a plan for intergovernmental cooperation in providing services. The plan might have included model contracts or agreements to be used to implement the plan. The goal was to help two or more local government units to achieve cost savings and/or improve service.

Applicants must have been two or more local government units, an association of local governments, a local unit with the Metropolitan Council or an organization
or state agency, or two or more local units under a joint power agreement. This grant was appropriate for applicants who were in the planning stage of developing a joint delivery of service. These grants could have been for as much as $50,000.

**Service-Sharing Grants**

These grants were targeted to projects that would need startup costs for providing shared services or functions between governmental units. Agreements solely to make joint purchases did not qualify. The plans for the proposed service must have been completed. These grants were for governmental units who were ready to implement an integrated public service and had secured operating funds for that service. The grants provided assistance in offsetting startup costs associated with implementation of the integrated service. These grants could have been for as much as $100,000.

**Service Budget Management Model Grants**

These grants were for projects that would develop models that provide options to local governments, neighborhood or community organizations, or individuals for service delivery. The goal was to identify means of using existing financial resources budgeted for the delivery of a specific service in a way that would have improved the quality or efficiency of the service. This grant would have been appropriate for applicants who were at the planning stage of developing their project. These grants could have been for as much as $50,000.

Applicants may have been one or more local government units, an association or local governments, the Metropolitan Council, a local unit acting in conjunction with an organization or state agency, or an organization established by two or more local units under a joint power agreement.

**Merger and Consolidation Aid**

The Board had the authority to approve a voluntary consolidation of two or more local units of government. The plan for the consolidation was developed and approved by the governing bodies of the participating local units of government. Counties, cities and towns that were willing to develop a plan to provide combined services and eventually consolidate into a single unit of government were eligible for financial assistance to address any barriers to the proposed merger. The total aid payment to the combined entity could not exceed $100,000 per year over a four-year period. The aid would have been calculated on a per capita basis based on the combined population of the entities.

After agreeing to operate under cooperative agreements for up to two years, the entities determine the date for a public referendum. If the referendum would have been approved, aid would have been available for an additional two years.
Appendix H

Statutory References to Intergovernmental Cooperation

Below is a list of Minnesota Statutes that impact how local governments cooperate:

Minn. Stat. § 471.59 (joint powers agreements);
Minn. Stat. § 103B.211 (watershed management);
Minn. Stat. § 103C.231 (soil and water conservation);
Minn. Stat. § 116A.02 (combined water or sewer districts);
Minn. Stat. § 115.27 (sanitary district joint cooperative projects);
Minn. Stat. § 123A.15 (education districts);
Minn. Stat. § 123A.21 (service cooperatives);
Minn. Stat. § 123A.22 (cooperative centers for vocational education);
Minn. Stat. § 123A.23 (regional management information centers);
Minn. Stat. § 136D.21-.22 (intermediate districts);
Minn. Stat. § 123A.24 (withdrawing from cooperative units);
Minn. Stat. § 145A.03 (joint powers boards of health);
Minn. Stat. § 124D.23 (family services collaboratives);
Minn. Stat. § 134.20 (regional library systems);
Minn. Stat. § 134.351 (multicounty, multitype library systems);
Minn. Stat. § 256B.692 (county-based purchasing of health care);
Minn. Stat. § 360.042 (joint airports);
Minn. Stat. § 376.58 (joint nursing homes);
Minn. Stat. § 393.01 (local social service agencies);
Minn. Stat. § 398A.03 (regional railroad authorities);
Minn. Stat. § 400.04 (solid waste management);
Minn. Stat. § 436.05 (provision of police services);
Minn. Stat. § 447.31 (hospital districts).
Appendix I

Bibliography


Appendix J

Further Background on Best Practices Reviews

Mission

A “best practices review” is a systematic study of variations in service level and design, work processes, and products among similar organizations in order to identify practices that are cost-effective and might be adopted, or adapted, by other organizations.

Each review will examine a local governmental service, develop a list of cost-effective and innovative practices, and provide forums for the exchange of information about best practices.

In contrast with traditional auditing which seeks out organizational and performance deficiencies, best practices reviews collect and highlight evidence of success in the design and delivery of services. Success is defined as achieving a high level of service delivery efficiency in a manner that is most cost effective.

As well as promoting communication among professionals working in a given service delivery area, best practices reviews will help foster communication among different types of local government where commonality of service delivery areas exist. Reviews involve broad surveys of service delivery personnel and a small number of case studies.

The purpose of each review is not simply to produce a report, but to spread useful information. Some best practices reviews will also provide a basis for comparing the performance of local governments in Minnesota.

Finally, best practices reviews include an effort to develop a framework for ongoing performance reporting in the service delivery area studied. Each review attempts to identify a common set of appropriate performance measures for the service area. Although local governments are not obligated to adopt these measures or report on them in the future, the best practices review may offer compelling rationales for their adoption.

Topic Selection Criteria

The selection criteria below provide a framework for recommending possible topics for best practices reviews. In general, recommended topics should meet most (but not necessarily all) of these criteria.

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58 The Office of the Legislative Auditor originally developed the topic selection criteria.
1. Importance of the service delivery area. *Is the service considered important to the public?*

2. Potential for service delivery improvement. *Is there a high potential for improving the effectiveness of service delivery?*

3. Potential for cost savings. *Is there a high potential for saving public money?*

4. Number of jurisdictions and transferability. *Are there a large number of jurisdictions delivering the service? Will the information in the review be transferable between different types of local government?*

5. Availability of data. *Are there adequate data available to conduct a useful study?*

6. Research feasibility. *Is the service area amenable to research and measurement, given available staff and research methodologies?*

7. Balance among topics. *Among all topics chosen, is there a balance between county and municipal issues and a balance across functional areas of local government?*

8. Timeliness. *Is this a good time for a study of this topic?*

### Members of the Topic Selection Advisory Committee

**League of Minnesota Cities**  
Kevin Carroll, Director of Community Development, City of Farmington  
Mark Schiffman, Council member, City of Waconia  
Rodney Otterness, City Administrator, City of International Falls  
Tom Kelly, Finance Officer, White Bear Township

**Minnesota Association of Townships**  
Lothar Wolter, Jr., MAT District 4 Director, Clerk, Young America Twp

**Association of Minnesota Counties**  
Scott Arneson, Aitkin County Administrator

**Association of Metropolitan Municipalities**  
Craig Waldron, Administrator, City of Oakdale

**Minnesota Association of School Administrators**  
Dan Brooks, Superintendent, ISD 743, Sauk Centre

**Minnesota Municipal Utilities Association**  
Mike Nitchals, General Manager, Willmar Municipal Utilities
Previous Best Practice Reviews

1995 – Snow and Ice Control
1996 – Property Assessments: Structure and Appeals
1997 – Non-felony Prosecution
1998 – 911 Dispatching
1999 – Fire Services
2000 – Preventive Maintenance for Local Government Buildings
2001 – Managing Local Computer Systems
2002 – Preserving Existing Housing Stock

The Office of the Legislative Auditor conducted the above list of Best Practices Reviews. For more information about these reviews please contact the Legislative Auditor at:

Office of the Legislative Auditor
658 Cedar St., Room 140
St. Paul, MN 55155-1603
Phone: (651) 296-4708
Fax: (651) 296-4712
TDD Relay: (651) 297-5353
E-Mail: Legislative.Auditor@state.mn.us
Web: www.auditor.leg.state.mn.us

Statutory Citation for Best Practices Reviews

6.78 Best practices reviews.

The state auditor shall conduct best practices reviews that examine the procedures and practices used to deliver local government services, determine the methods of local government service delivery, identify variations in cost and effectiveness, and identify practices to save money or provide more effective service delivery. The state auditor shall recommend to local governments service delivery methods and practices to improve the cost-effectiveness of services. The state auditor shall determine the local government services to be reviewed in consultation with representatives of the Association of Minnesota Counties, the League of Minnesota Cities, the Association of Metropolitan Municipalities, the Minnesota Association of Townships, the Minnesota Municipal Utilities Association, and the Minnesota Association of School Administrators.