



Intermunicipal Collaboration Frameworks: Cost-sharing principles

Guiding Principles

Your ICF position should be consistent and be based on rational and easy to understand principles. Consider the following principles as a way of identifying what kinds of services might be included in your ICF:

- The service is open and accessible to all regional residents (i.e. there is no discrimination based on where someone resides).
- The service is meant to serve a wider population and not a local or neighborhood specific population (e.g. local parks).
- There are established cost-sharing agreements across the province which identify the service.
- Services are municipally delivered or where municipal funding constitutes a significant proportion of the service's funding and is given on a regular, consistent basis.

Deciding on Services

With your guiding principles in place you can move on to identifying what facilities, services or infrastructure fit those criteria. While there will naturally be some variation across the province the following areas are commonly part of cost-sharing arrangements:

- Recreation
- Culture
- Cemeteries
- Transit
- Policing
- Fire Services
- Disaster Planning
- Solid Waste
- Airports
- Social Services, including FCSS
- Municipal services provided for provincially funded facilities
- Infrastructure upgrades due to rural fringe development

Which Costs to Include

The expenses related to a facility, service or piece of infrastructure aren't limited to just the day-to-day operational costs such as staffing and utilities, or the upfront capital cost. Be sure to look at the overall costs to your municipality including:

- Net operating expenses (i.e. subsidies)
- Long term debt payments (i.e. principle and interest)
- Repairs and maintenance
- Any operating grants

You may also consider that facilities will eventually need to be repurposed and/or replaced and that new facilities will be built. You and your neighbour may wish to discuss what steps you can take today prepare for this future need.

Assigning Costs

Looking across the province there are already a number of models of how to handle splitting the costs of a facility, service or infrastructure asset amongst multiple municipalities. Each approach comes with their own positives and negatives.

Generally, these models include:

1. **User ratios** – Tracking which municipality a user originates from to determine overall usage by municipalities' residents.
2. **Catchment area** – Determining an acceptable catchment area for a facility or service and apportioning costs based on the populations in that area.
3. **Lump-sum** – Determining a set amount of funds to share and dispersing that set amount on an agreed upon schedule.
4. **Percentage of costs** – Agreeing on a set percentage of costs to apportion to each municipality (can be based on population, revenue-generating ability, level of funding in other agreements, etc.).

The catchment area model is the most prevalent across the province. This model also best reflects the availability of municipal services to residents in certain areas by acknowledging that not all rural residents have the same access to urban services.

This model also offers an easy way to quantify the population of a service area and it acknowledges that a service or facility is open and accessible to any residents within a defined area. Catchment areas also recognize the concept of “general benefit” which suggests that even though an individual from another municipality may not use a specific service, they still benefit from the fact that it is publicly available in the region.

Defining Catchment Areas

Generally, studies have shown that residents are only willing to travel so far to access services, but that they will travel further for more important or unique services. Using this idea, four catchment areas can be defined based on availability of a service to regional residents. Ways to define these areas could include:

- Entire Rural Municipality footprint & Total Rural Municipal Population
 - o To be used for facilities/services that are unique in the region.
- Population within a 40-minute drive time
 - o Measured either from either the center of the urban municipality or from a particular facility.
 - o To be used for facilities/services that significant regional draw.
- Population within a 20-minute drive time
 - o Measured either from either the center of the urban municipality or from a particular facility.
 - o To be used for facilities/services that may be duplicated in the region, but where people would likely be drawn to using the one closest to where they live.
- Population within a 5-minute drive-time
 - o Measured from the boundary of the urban municipality.
 - o To be used for facilities/services, or infrastructure, that directly serve rural residents on a daily basis.

Illustrating General Benefit

While I might not play hockey, or even have children who play hockey, I benefit from the fact that there is an arena in town.

Why? – Because my town is looking to recruit a doctor whose children do play hockey. We wouldn't stand a chance at recruiting this new doctor unless we can show her that we have things for her kids to do.