



Workbook

This Workbook is the Rural-Urban Cost-Sharing Website in a step-by-step format that asks users questions and provides guidance about actions that could be taken during the development and implementation of a cost-sharing initiative. It is organized using the following “Stages” of a cost-sharing initiative:

- Relationship-building;
- Research and Preparation;
- Agreement Selection;
- Negotiation
- Implementation and Communications
- Monitoring and Evaluation

The stages can overlap, and some tasks can be carried out in a different order than what appears here. The Workbook is not exhaustive, and does not dictate a path that must be followed in order to achieve a cost-sharing agreement. Rather, the suggestions provided here attempt to guide the user through the process of developing and implementing a cost-sharing agreement.



Stage I Relationship-Building

It is often useful to do a quick environmental analysis when thinking about initiating a cost-sharing initiative with other municipal governments. Relationship-building may be an important stage to take into account if cost-sharing agreements are uncommon in the geographic area where they are being considered.

| Information | Action |
|---|---|
| Stage I Relationship-Building | |
| Relationship/Attitudes | |
| Is there a will/commitment to improve or create inter-municipal relationships? | |
| Are potential differences including cultural background, values and feelings taken into account in intermunicipal discussions/partnerships? | |
| Is there mutual understanding and respect for the positions of different municipal governments? | |
| | Hold an annual tour and discussion to gain a greater appreciation of the issues and priorities of those involved, hold joint council meetings and/or organize joint social events such as dinners, golf tournaments, etc. |
| | Jointly prepare a protocol/Terms of Reference for an Intermunicipal Advisory Committee ¹ . |
| How do you perceive the quality of the relationships between the partners, and are there issues that would impact on the negotiations? | |
| Process | |
| Have leaders emerged to encourage the process, look at different approaches and encourage other ideas? | |
| Have you shared strategic plans, municipal vision statements, etc. with the other municipal governments? | |
| Have you compared issues associated with negotiating an agreement? | |
| Do participants recognize a broader community vision in negotiation? | |
| | Host a joint meeting to share documents and/or informal community direction with the goal of finding common ground |
| | Develop a joint vision for cost-sharing |
| What time commitments are participants prepared to make? Can they be formalized? | |
| Have economic, social and political advantages to the relationship been demonstrated? | |

¹ A tool exists for this action, please check the Tool Kit Website: Relationship-Building/Sample Terms of Reference, Intermunicipal Advisory Committee



Stage 2 Research & Preparation

Having concluded that a cost-sharing agreement is an option that should be considered, the following are some early steps to be taken. When these have been completed, Council will evaluate and determine if additional action is warranted or required.

| Information | Action |
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| Stage 2 Research & Preparation | |
| Identifying cost-sharing potential | |
| What specifically is the service that is the subject of this review? | |
| Who would be served by this service? | |
| How do you know that the service is needed? Has the community been consulted? | |
| Does this service fit into any existing joint plans or vision, and if so, what clarification is required to ensure complete understanding of the project by all parties? | |
| If the service is not part of any joint plan, what makes it appropriate for cost-sharing from each party's perspective? Is it appropriate to proceed with the project without the benefit of a joint plan or vision? | |
| Are there other agreements in place with the partners that could be built on, or used as a guide to develop a new agreement? | |
| Have you assembled all of the relevant facts and shared them with the agreement partners? Facts could include; project description, user statistics or estimates, capital costs (construction and engineering), annual operating cost, user costs, and the various options considered to reduce or minimize costs, and any alternatives to deliver the service? | |
| | Make a "quick check" of the business case ² and legal authority |
| Getting ready to build an agreement | |
| What information do I have available in house? | |
| Do I have the legal knowledge needed? | |
| Do I have the financial knowledge needed? | |
| Do I have the technical knowledge needed? | |
| | Identify help and advice available |
| | Identify information shortfalls |
| | Trade results with other parties to the proposed agreement |
| Does the public see the value of the proposed agreement? | |
| | Public consultations and Information sessions for the public |
| Business Case | |
| Succinctly, in writing, describe the service. | |
| | Clarify outstanding points |
| What information is necessary to complete the business case? (ask this question often) | |
| Is there agreement on methods of allocating/assessing costs? | |

² A tool exists for this action, please check the Tool Kit Website: Preparation/Business Case/Business Case Worksheet



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| Is there agreement on terms for financial recoveries or savings, return on investment, variable and fixed costs and savings, opportunity costs and savings? | |
| Is there agreement on source documents (e.g.: audited financial statements, existing cost-sharing agreements, government source documents) | |
| Have you discussed soft costs? | |
| Have savings and costs projections been made? | |
| Can potential cost-savings in other program/service areas be attained if the agreement is implemented? | |
| | Prepare a business case ³ , including a Cost/Benefit Analysis ⁴ |
| Does the financial model make sense? | |
| | Ask for financial advice if necessary |
| Cost/Benefit Analysis⁵ | |
| Have all quantitative costs and benefits been identified? | |
| Have all qualitative costs and benefits been identified? | |
| Is the timeframe appropriate considering the expected life span of the project? | |
| Can any of the non-financial items be converted to financial items? | |
| Are all the assumptions clearly identified? | |
| Have all common/general assumptions been applied consistently to each alternative? | |
| Have all assumptions been reviewed to identify the sensitivity of their estimate on the impact of the results? | |
| Follow-up to Business Case | |
| Has a Sensitivity Analysis been carried out? | |
| Have all municipal administrators signed off on the cost/benefit analysis and business case? | |
| Has a plan been put in place to evaluate and monitor the business case? | |
| Planning for Implementation | |
| Checkpoint: Can you reasonably draft the frameworks for the agreement yet? Or are further discussions necessary before taking the actions outlined below and to the right? | |
| | Draft a Business Plan |
| | Draft a management plan (governance) |
| | Draft a master plan and timeline for putting the agreement into operation |
| | Agree and assign responsibility for developing supporting documents (and alternatives, or options) |
| | |
| What decisions remain for your municipality to make? | |
| What decisions remain for your partners in the deal? | |
| Are there any remaining information shortfalls? | |
| What, if any, further consultation is necessary? | |
| Checkpoint: Is this still a good idea? Has anything changed since we started this process? | |

³ Tools exist for this action, please check the Tool Kit Website: Preparation/Business Case.

⁴ For a checklist of Sections to be Included in a Written Report of a Business Case, please see the Tool Kit Website: Preparation/Business Case/ Business Case Checklist 2

⁵ A more detailed tool exists for the Cost/Benefit Analysis, please check the Tool Kit Website: Preparation/Business Case/Business Case Workbook: Conducting a Cost/Benefit Analysis.

Stage 3 Agreement Selection

In the third stage, legal models for the agreement are considered.

| Information | Action |
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| Stage 3 Agreement Selection | |
| Selecting an effective legal model for the Agreement | |
| | Investigate various legal models for your cost-sharing agreement ⁶ |
| | Contact other municipal governments that have experience with cost-sharing agreements |
| Has more than one option for a legal model for the agreement emerged? | |
| | List options and points of administration that require a decision. |
| | You may wish to consult a lawyer about legal options and legal models for the agreement |
| Do the proposed options for legal models meet the identified goals? | |
| | Choose the best options |
| Do the different parties prefer different options? | |
| What are the strengths and weaknesses of the options? | |
| | Choose the best commonly agreed option |
| Is there still a basis for agreement between all parties? | |
| Will any bylaw changes be necessary? | |
| Will any municipal policy changes be necessary? | |
| What decisions remain for your municipality to make? | |
| What decisions remain for your partners in the deal? | |
| What sort of documents will be necessary to satisfy the legal, financial, administrative, political and public requirements? | |
| | Draft an agreement |

⁶ Tools exist for this action, please check the Tool Kit Website: Agreement Selection



Stage 4 Negotiation

The negotiation stage occurs after an agreement has been drafted, and all potential parties to the agreement are prepared to discuss the draft agreement and the linkages between the draft agreement and the documents they have developed and reviewed up to this point (business case, implementation plan, management plan).

| Information | Action |
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| Stage 4 Negotiation | |
| Have all the documents making the “case” for the agreement been presented to all parties involved? | |
| Has a formal agreement been drafted? | |
| Has an implementation plan been developed? | |
| Do the municipalities have experience working together? Are they comfortable working together? | |
| Have the partners investigated different negotiation processes? | |
| | Mutual Gains Negotiation is outlined in the Rural/Urban Cost-Sharing Tool Kit ⁷ |
| | Present the finalized package for council approval |
| | Hold a signing ceremony |
| | |

⁷ More information is available on Mutual Gains Negotiation, please see the Tool Kit website: Negotiation



Stage 5 Implementation & Communications

In the fifth stage the contract will be in operation. Information is gathered on all the aspects of the agreement that need to be monitored for financial and legal reasons and for public accountability. Situations that require management decisions are quickly identified and fixed.

| Information | Action |
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| Stage 5 Implementation & Communications | |
| Agreeing on the effective implementation framework | |
| | Use the draft business plan, management plan and master plan with timelines (developed in Stage 2: Research and Preparation) to prepare an implementation framework. |
| Who's job will change because of the agreement? | |
| Do they know? | |
| Do they agree? | |
| | Make the implementation framework as detailed as necessary so that everyone has clear instructions and directions |
| Communicating the agreement | |
| Does the public need to be convinced about the value of the agreement? | |
| Is the agreement unique enough to warrant communicating its existence to other orders of government for their recognition? | |
| | Draft a communications plan ⁸ |

⁸ Tools exist for this action, please check the Tool Kit Website: Communications



Stage 6 Monitoring and Evaluation

In the sixth stage the agreement has been enacted, and will likely be subject to ongoing monitoring processes. When the agreement comes to the end of its contractual life, it is evaluated for strengths and weaknesses and potential modifications are identified. A proposal is made to renew, amend or close out the agreement.

| Information | Action |
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| Stage 6 Monitoring and Evaluation | |
| Ongoing monitoring | |
| What information is to be gathered over the life of the agreement? | |
| Who is responsible to produce the data? | |
| Who gets the data? | |
| Who analyzes the data? | |
| | Monitor as planned |
| What variances are turning up? | |
| Has the governance mechanism responded appropriately to fix anomalies? | |
| Has the agreement produced the desired results for: the service recipients and the service providers? | |
| | Identify mid-course corrections |
| | Use dispute resolution procedures if necessary ⁹ |
| | Agree and make changes |
| | Repeat process, as necessary, throughout the life of the contract. |
| Checkpoint: Is this still a good idea? Has anything changed since we started this process? Are you getting the desired results? | |
| Have you planned an exit strategy? | |
| | Well in advance, start preparing for the decision to renew or not to renew |
| Who is responsible for taking action if the data reveals a problem? | |
| Identify the renewal potential | |
| Were service targets met? | |
| Where budget targets met? | |
| Is there interest in continuing the service from the Political, Public, or Administrative perspectives? | |
| What have the counterparties to the agreement experienced, and how do they feel? | |
| Is it time to let the agreement run out? | |
| Is there strong agreement to continue? | |
| Have you identified a "yes, if" situation? What are the issues? | |
| Revisit the Building of the Agreement | |
| | Revisit the business case (specific to the agreement) |
| | Revisit the economic case (overall economic outlook and how the agreement fits in) |
| | Revisit the implementation framework |
| | Revisit the monitoring and evaluation plan ¹⁰ |

⁹ Tools exist for this action, please check the Tool Kit website: Negotiation

¹⁰ Tools exist for Evaluation, please check the Tool Kit website: Evaluation.



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| What are the alternatives at this stage? | |
| What are the consequences of the alternatives? | |
| | Present alternatives to council |
| | Hold joint meetings if necessary |
| | Review the term and termination clause |
| If there is a decision to end the agreement, are resources in place to continue the service by other means? | |
| If there is a decision to end the agreement, are communications in place to announce that the service will be provided in another way or will be discontinued? | |