



RISK MANAGEMENT INFORMATION
**CITIES ACROSS MINNESOTA COOPERATING TO
PROVIDE SERVICES AND PERFORM FUNCTIONS**
A REVIEW OF COOPERATIVE AGREEMENTS

Introduction

Cooperation between local governments to deliver services has increasingly been in the spotlight, first as legislators worked to solve a \$4.5 billion deficit during the 2003 session and then as cities looked at ways to absorb the significant cuts in state aid that were part of the budget solution. The idea, however, is not a new one. Cities around the state have been making cooperation a reality for decades through service contracts, mutual aid agreements, and joint powers entities. This article is an attempt to summarize information from a variety of research to assess the extent of cooperation between Minnesota cities. The purpose of this summary is to estimate the degree to which cities across the state are engaging in cooperative arrangements and to identify the kinds of services most often delivered by a cooperative arrangement in order to provide city officials a rough guide as to some of the more promising areas for streamlining operations. This policy brief is an updated version of a similar article released last year.

The League of Minnesota Cities surveyed cities in 1992 to learn about the kinds of cooperative agreements in which cities were participating. More than one third of the League's member cities (294) responded to that survey and identified as a group over 1,800 cooperative agreements. In 1999, the Advisory Council on Local Governments surveyed cities in the 7-county metropolitan area about service delivery methods. Of the 111 cities responding, 97 cities reported service contracts with other local units for services and or/ joint delivery of services. The North Metro Mayors' Association surveyed its constituent cities in 2003 to identify the cooperative efforts underway in those communities. Those cities identified more than 80 different cooperative agreements. To follow-up on and expand the 1992 survey, the League formally surveyed cities in 2003 to learn about their cooperative efforts.

Joint Powers Agreements Background

Minnesota statutes give cities the authority to enter joint powers agreements with other units of government, including cities, counties, townships, school districts and special purpose districts, for projects and programs. When an agreement establishes a board with the power to receive and expend funds, enter contracts, hire employees, purchase or otherwise acquire property, and/or sue or be sued, a separate joint entity is created. Other agreements are service contracts, in which one unit provides another with some service, and mutual aid agreements, in which each participant

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agrees to provide assistance in specific circumstances, such as a fire emergency. Cities also have authority to enter into joint agreements in several specific areas, such as to employ a joint assessor, to jointly maintain public cemeteries, to jointly operate a municipal police department (with an adjacent city), or to jointly operate ambulance service. Cities contract to counties for services such as libraries, police protection, and planning/land use assistance. Cities can also undertake joint programs for administrative functions like purchasing and ownership of utilities.

1992 League Survey Results

In 1992, more than 90 percent of cities that responded to the League's survey were participating in at least one joint agreement with another local government. Of these, almost 80 percent were participating in agreements to provide more than one service or program. The most common types of agreements among respondents were for fire services (65.5 percent) and law enforcement services (63.5 percent). After police and fire, the services most commonly provided by joint powers agreements were ambulance services, libraries, and recreation programs (60 percent). An important finding was that despite the challenges of geographic distance, more than half of the Greater Minnesota cities responding were participating in joint agreements for police, fire, and health/safety/education services.

1999 Advisory Council on Local Government Survey

In its 1999 report¹, the Advisory Council on Local Governments produced an inventory of services provided by local governments in the 7-county metro area. Cities were asked to indicate whether they delivered each service through a contract with another unit of government or jointly provided the service². Of the 97 cities that reported contracts and/or joint provision arrangements, 89 of them had at least three cooperative agreements. 77 cities had at least five and 35 cities had at least 10. Eight cities were participating in 15 different cooperative agreements with other local units. According to 2000 Census data, the total population of the 97 cities with cooperative agreements was 1,825,000, roughly 70% of the 7-county metro area population and 37% of the state's population in 2000.

2003 League Survey Results

A formal survey of cooperative efforts was part of the League's *State of the Cities Report 2004* research. The survey asked cities to identify the cooperative efforts in which they participate and their partnering entities, the reasons why specific cooperative efforts are innovative, and some of the barriers that cities have faced in pursuing these efforts. Almost 300 cities provided detailed information on 1,682 current cooperative efforts. Most of the cooperative efforts identified were police or fire (433), parks and recreation (265) and general government (e.g. planning and joint purchasing) (245). A full summary of the cooperative efforts identified is in the table below. For agreements in most service areas, the portion in metro area cities is larger than the portion in greater Minnesota cities. For fire, sanitation, and economic development, however, the portion of

¹ Advisory Council on Local Government. *Local Public Services Inventory*. 1999.

² As with most surveys, caution must be taken when generalizing the results. The authors of this report noted that they suspected some instances of underreporting of service provision by city respondents.

agreements in greater Minnesota is larger. In the case of sanitation agreements, this is because many metro communities receive sanitary sewer services from the Metropolitan Council.

Type of Cooperative Effort	Total Number Identified by Respondents	Portion in Greater Minnesota Cities	Portion in Metro Cities
Police	265	38%	62%
Parks/recreation	265	43	57
General government	245	40	60
Fire	168	64	36
Sanitation	126	53	47
Streets	122	44	56
Economic development	73	58	42
Other*	418	39	61
Total	1,682	44	56

**Includes libraries, health and social programs, transit, airports, ambulance services, conservation, building inspection.*

More than 500 cooperative efforts, almost half of the agreements for which cities provided age information, have been in place for over ten years. This finding is consistent with a 2003 informal review of League files on municipal cooperative efforts in which cities’ long history of collaborating with other local units of government and other public and private organizations to deliver services was clear. That review identified a few agreements that went into effect as long ago as the 1940s. In many cases, new and revised agreements, often with additional participants, replaced older agreements. The 2003 survey results showed that older agreements tended to be in the areas of fire, parks and recreation, and police. Some of the newer agreements have been in general government and sanitation.

Cities identified a variety of participants in cooperative efforts, including other cities, counties, townships, school districts and community nonprofits. Cities also named several state agencies and local businesses. The most recent survey asked cities to identify which of their current agreements were most innovative, defined as generating the most cost-savings or the most creative. Cities labeled just over 200 of the cooperative efforts they identified as particularly innovative. Cities also described barriers they had faced in pursuing cooperative efforts. Distance and size were the most common barriers for greater Minnesota cities, while cities in the metro area cited political issues (e.g. control and turf issues) and cost-sharing formulas as critical obstacles.

Example of Broad Range of Cooperative Services: Minneapolis

As one example of the broad range of services for which cities cooperate with other local units, Minneapolis, Minnesota’s largest city, is currently participating in 16 cooperative agreements. Based on the city’s response to the League’s informal request for information, Minneapolis has

joint powers agreements for watershed management organizations, bomb squad services, a truancy center, transit services, school-based health clinics, the Small and Underutilized Business Program, and the Neighborhood Revitalization Program, which is active in 81 different neighborhoods in the city. Several of the cities in the League's current database of cooperative agreements are participating in at least four agreements. Cities in greater Minnesota that are participants in 4 or more agreements for which the League has some background information include Grand Rapids, Montevideo, Rochester, and Thief River Falls. It is important to point out that the database is not comprehensive and that cities are likely participating in many more agreements. Not all of Minnesota's cities responded to the most recent survey and even those that did may not have identified all of their cooperative efforts.

Conclusion

The broad range of services and programs for which cities entered cooperative agreements at one time or another and the diversity among participating cities give a good picture of the extent of cooperation among Minnesota local governments. Many of the agreements for which the League has background information were entered into during the 1960s and 70s, with a few dating back to the 1940s. The nearly 1,700 agreements identified on the most recent survey were established in 20 different spending categories. Survey respondents identified more than half of the cities in the state as participants in these agreements and participants represented all areas of the state.

Issues to Consider

While cities are actively pursuing joint agreements with other local units to provide services, there are some critical barriers to cooperation. Both in the 1992 and 2003 League surveys, cities reported that geographic distance between local units was one of the biggest challenges, implying that cooperation may be easier in contiguous metropolitan cities than in Greater Minnesota. Local citizens' preferences and resistance to change were other barriers mentioned. On the 2003 survey cities mentioned funding formulas and political issues as critical obstacles to cooperation. Similarly, several of the cities responding to the Advisory Council survey also cited local control issues and political differences as barriers to changing how services are delivered.

Cooperation by any of the kinds of arrangements discussed here does not always bring about cost savings. Under a service contract, the full cost of providing a given service to another local unit of government may or may not be covered by the payment received from that unit. With contracts for service, cities may find they need staff to monitor those contracts. Cities may need to update equipment, add staff, or obtain facilities before a cooperative agreement can go into effect. In other words, there may be set up costs in the short term. Finally, there can be accountability issues and issues concerning how the service is defined that must be addressed when entering contracts and joint provision arrangements.

Rachel Walker 040104 - Revised April 2004 with SOTC 2004 Survey Results