

SHARED BUILDING DEPARTMENT SERVICES

Case Study on an Innovative Public-Nonprofit Partnership Model:
Analysis of the Effectiveness of the IBTS and MARC Shared
Building Department Services Partnership in Selected Missouri
and Kansas Jurisdictions

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ICMA

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Introduction

Collaborative service delivery approaches and innovative public-public and public-private partnerships to provide more efficient and cost-effective services to citizens are a popular trend with local governments today. With increasing demand from citizens for an expanding array of services and higher-quality services coupled with reduced financial and staff resources, these alternative service delivery options are the way forward for most local governments.

There are numerous types of collaborative service delivery options, including horizontal public-public partnerships (such as between two local governments), vertical public-public partnerships (such as counties providing services to constituent municipalities), public-nonprofit partnerships, and public-private partnerships.¹ The focus of this report and an example of a model of a public-nonprofit partnership is the shared services program provided by the non-profit organization the Institute for Building Technology and Safety (IBTS) through Mid-America Regional Council (MARC) for building department services to several Kansas and Missouri jurisdictions.

The purpose of this case study is to determine the effectiveness of this partnership model and to provide lessons learned for shared services arrangements both generally and in the specific case of the IBTS model.

Partners

IBTS is an NGO that provides government entities at all levels with professional building code compliance services, including building department services, staff

augmentation and auditing. They have been providing technical assistance and thought leadership on a wide range of public building regulatory and administrative services since 1999.

MARC is a nonprofit council of city and county governments and the metropolitan planning organization for the bi-state Kansas City region. Governed by a Board of Directors made up of local elected officials, MARC serves nine counties and 119 cities. MARC provides a variety of shared services to its member jurisdictions to advance social, economic and environmental progress in the region.

IBTS/MARC Shared Building Department Services Master Agreement

Under the IBTS/MARC Master Services Agreement, MARC member jurisdictions may sign an individual Services Agreement with IBTS and MARC. The program provides as-needed building department services at no cost to jurisdictions. Fees are charged directly to residents and customers, and the overall service fee includes a small administrative fee to help jurisdictions recover the cost of overseeing the agreement. Jurisdictions can choose from ten services:

- Building code department services
- Flood plain services
- Accessibility code services
- Fire code review & inspection services
- Storm water services
- GOVMotus™ permitting software, an e-service for customers and residents to directly apply for submit permit applications and pay permit fees
- Energy management & green building services
- Planning & zoning services
- Property maintenance service

This model allows flexibility for jurisdictions to pick and choose what they need, and they can opt into

¹ International City/County Management Association (ICMA), the Alliance for Innovation, and the Center for Urban Innovation at Arizona State University, "The Collaborative Service Delivery Matrix: A Decision Tool to Assist Local Governments," ICMA, 2014, <http://icma.org/Documents/Document/Document/306983>.

more or less services after the agreement is in place. IBTS and MARC provide the on-the-ground staff and technical expertise to jurisdictions that enable greater efficiencies in building department services delivery, ensure compliance and realize cost savings. Each individual jurisdiction negotiates the agreement with IBTS under the provisions of the Master Service Agreement, which sets the overall deliverable timeline expectations, fees and fee schedules, and implementer and implementing partner responsibilities.

Case Study Interview and Questionnaire

Overview and Methodology

The International City/County Management Association (ICMA) is the premiere association of local government professionals and aims to create excellence in local governance by developing and fostering professional management to build better communities. ICMA was contracted by IBTS to conduct a case study on the effectiveness of this partnership model using the IBTS/MARC example.

ICMA developed a pre-interview questionnaire and conducted in-depth phone interviews with a point of contact at each of the five selected jurisdictions. MARC, the implementing partner, also filled out the questionnaire and was interviewed. The interviewees

were primarily the main overseer of the partnership from the jurisdiction, which ranged from the mayor to the head of the Planning and Zoning Department. Guided by a defined protocol, ICMA used conversational interviewing to fully explore the interviewee’s perspectives and experiences. All of the interviews were recorded and later reviewed for the compilation of this report. The researcher sought permission prior to attributing any quotes to an individual or organization. The below report compiles and summarizes the key information obtained from the questionnaire and interview process.

Sample

IBTS provided the five jurisdictions selected as representative of the 13 jurisdictions who were using the IBTS/MARC Service Agreement for shared building department services as of April 2015. The sample was selected based on the length of the agreement, array of services and population size to ensure an adequate sample.

For the full list of jurisdictions currently or previously participating, please see Table 1 below. Jurisdictions interviewed have been underlined in the table.

Based on an analysis of this data, there is a moderate negative correlation between the population size of the jurisdiction and the number of services opted into ($r = -0.53, n = 15$). This indicates that the smaller

Table 1 IBTS/MARC Service Agreement Jurisdictions as of April 2015

Jurisdiction	Contract Start Date	Number of Services Opted into (10 total)	Population size (2013 Census data)
Bates City, MO	9/25/2014	9	216
Wood Heights, MO	11/20/2013	9	702
Buckner, MO	12/18/2014	9	3,072
Orrick, MO	6/1/2015	9	821
Tracy, MO	2/18/2015	8	219
Edwardsville, KS	12/19/2013	7	4,355
Peculiar, MO	7/21/2014	6	4,797
Homestead, MO	11/18/2014	4	180
Crystal Lake, MO	2/20/2014	4	353
Lone Jack, MO	1/16/2015	1	1,072
Raytown, MO	3/4/2015	1	29,510
Johnson County, KS	12/3/2014	1	566,933
Clay County, MO	Work Order	1	230,473

the population size, the more likely jurisdictions are to sign up for a number of building department service options. Larger jurisdictions are more likely to only opt into one specific service.

There is also a slight positive correlation ($r = 0.33$, $n = 14$) between the length of time that the service agreement has been in place and the amount of services that jurisdictions have opted into. However, the interviews revealed that, in most instances, the number of services did not change from the start of the agreement until now.

Pre-Interview Questionnaire

ICMA developed a pre-interview questionnaire for the five jurisdictions and MARC to complete prior to the phone interviews. The questionnaire covered key motivation factors for entering the shared services agreement, deciding factors for using this particular arrangement, barriers to implementation, and benefits from using this agreement.

Motivation: The questionnaire requested that jurisdictions choose their main motivating factor(s) for pursuing a shared services arrangement for building department services. The main factor for three jurisdictions was an increased pool of relevant expertise (50%), as demonstrated in Chart 1 below.

History of Shared Services: All of the jurisdictions reported that they had not used shared services arrangements previously on the questionnaire. However, the interviews revealed that nearly all had

used a horizontal or vertical public-public shared service or one provided through MARC previously, and several had tried this option for building department services.

Deciding Factors: Jurisdictions also noted which factor(s) they considered when deciding on the type of shared services arrangement to pursue for shared building department services. Labor intensity, or the amount of labor required to do the work, was a deciding factor for half of the jurisdictions (50%) followed by asset specificity, or the degree to which the service requires investment in special infrastructure or technical expertise (33%).

Barriers to Implementation: Two jurisdictions (40%) noted the cost of service as an obstacle as the change from the municipality’s fee structure to IBTS’s fee structure was difficult for some customers, who considered them high for their small community. Another jurisdiction (17%) mentioned public opinion of the regional building official community was an obstacle at the inception of the program. Two jurisdictions (40%) did not encounter any obstacles.

Factors Impacting Planning, Negotiation and/or Implementation of the Service Agreement: The jurisdictions and MARC also selected which factors had a positive, negative or neutral impact on the planning, negotiation and/or implementation of the service agreement. The two factors that had the most positive

Chart 1 Motivating Factor(s) for Jurisdictions and MARC to pursue a Shared Services Arrangement for Building Department Services (n=6)

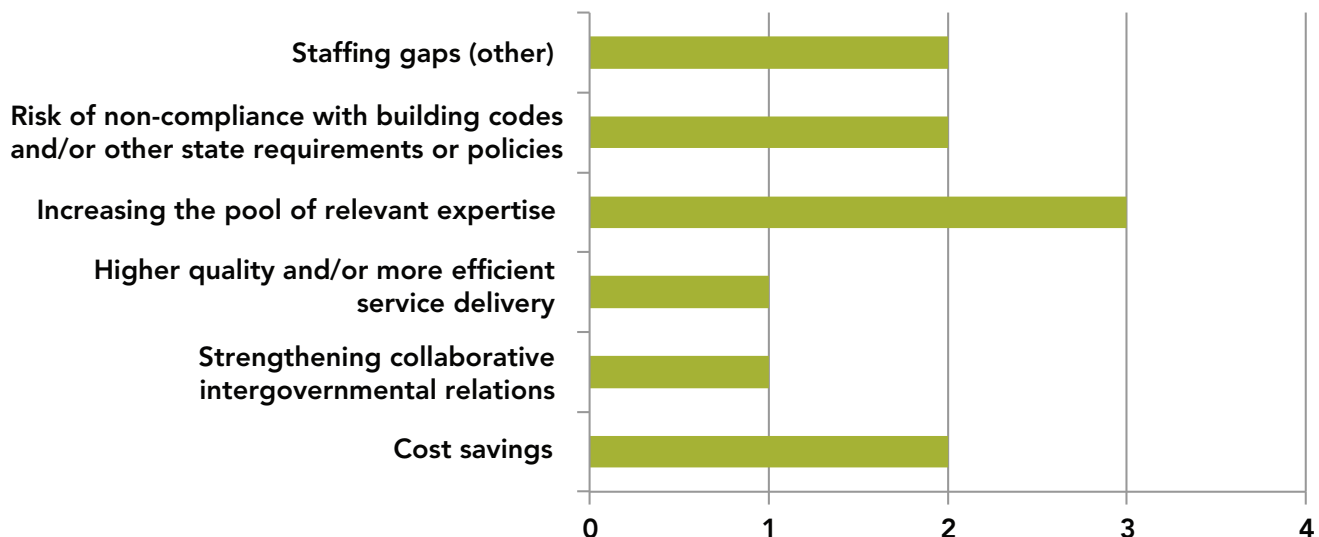


Chart 2 Deciding Factor(s) for Jurisdictions and MARC to pursue this type of Shared Services Arrangement for Building Department Services (n=6)

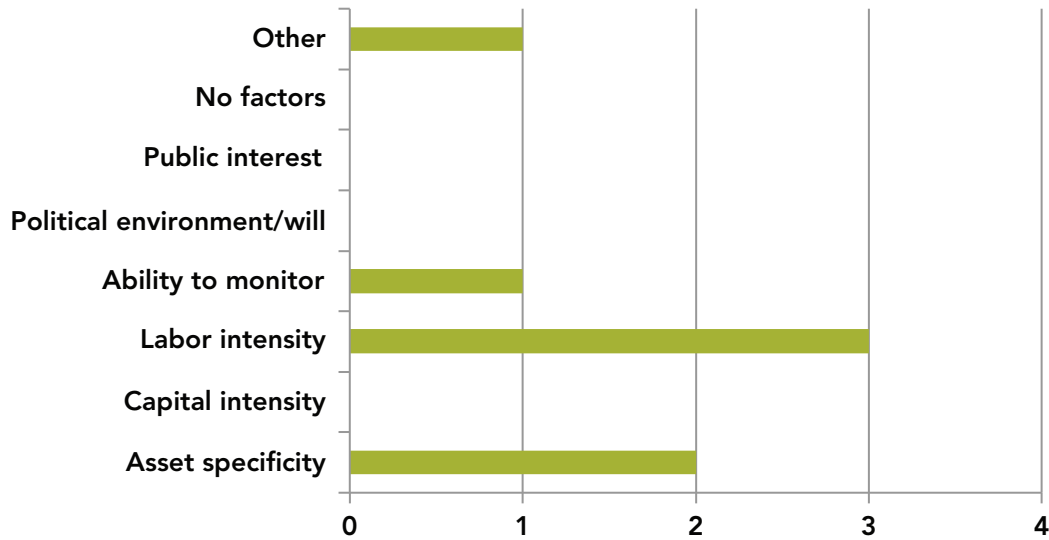
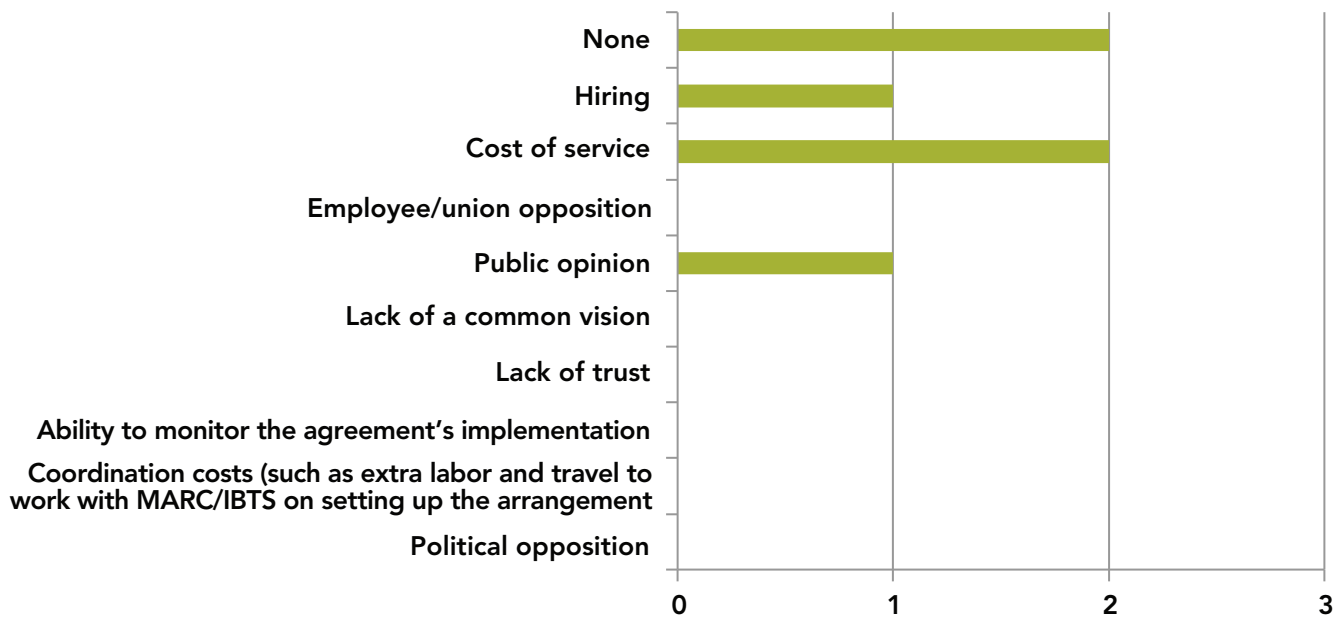


Chart 3 Barriers to Implementation for Jurisdictions and MARC (n=6)



impact were the management skills of local government staff (80%) and of IBTS (60%). There were no factors with a negative impact recorded. See Chart 4 on the next page for a detailed breakdown of questionnaire responses.

Benefits: The majority of jurisdictions reported that the key benefit from the service agreement program

was a greater pool of expertise (67%), followed by reduction in staff positions (33%). Thirty-three percent of interviewed jurisdictions also noted that no new efficiencies were realized as a result of the program, but those jurisdictions did identify some cost savings in the interview. One jurisdiction also noted streamlined business processes as a benefit, while another cited reduction in staff workload.

Chart 4 Factors Impacting Planning, Negotiation and/or Implementation of the Service Agreement for Jurisdictions and MARC (n=6)

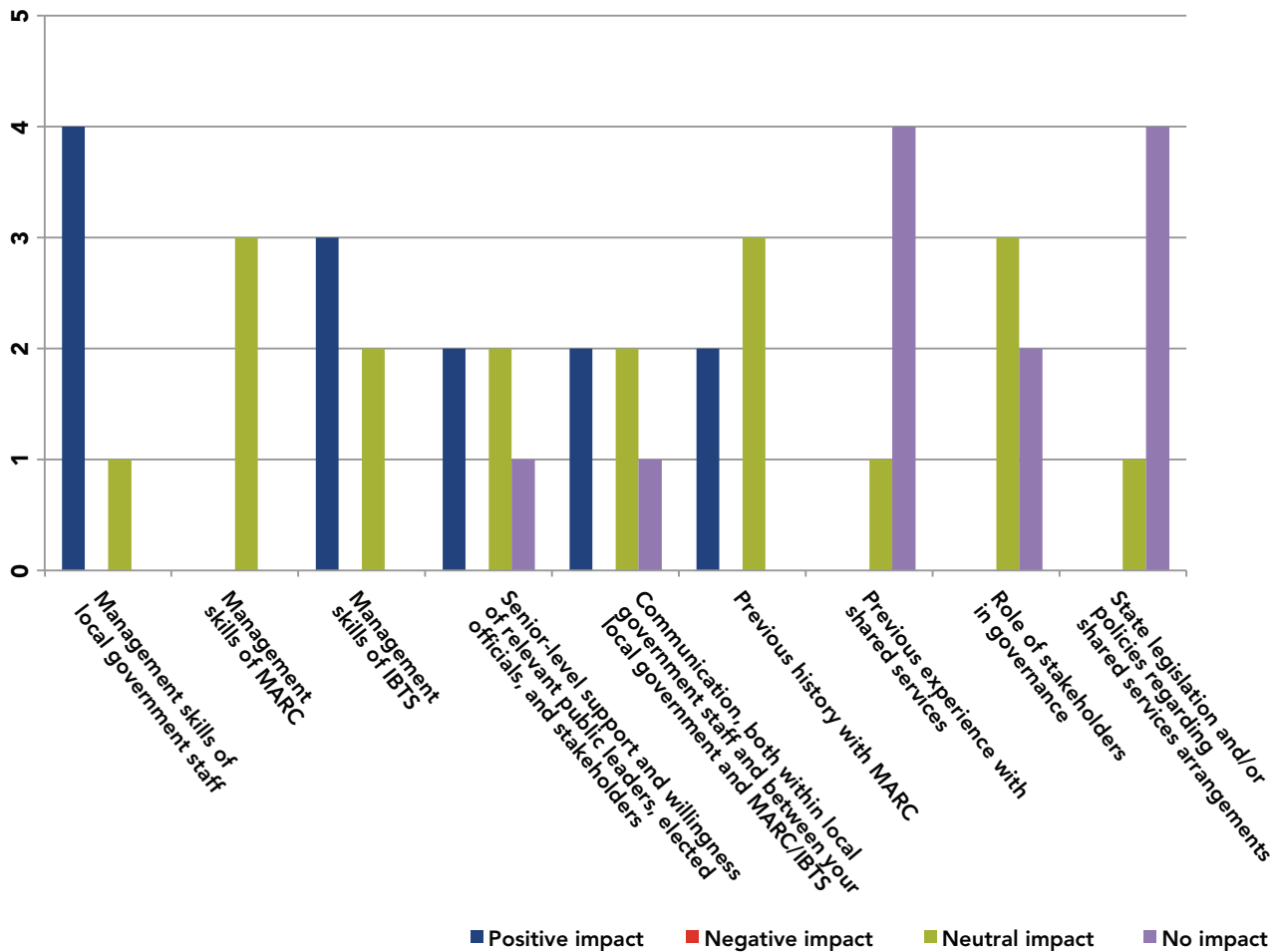
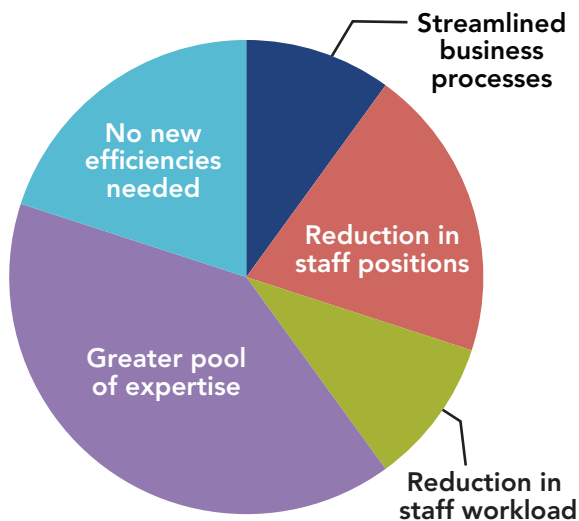


Chart 5 Benefits and New Efficiencies Realized as a Result of the Service Agreement for Jurisdictions and MARC (n=6)



Interviews: The pre-interview questionnaire yielded useful information that was enabled the interviewer to further delve into key areas during the case study interviews, especially in the areas of benefits realized and factors impacting implementation.

A Solution for Every Type of Jurisdiction

By conducting the case study interviews and questionnaire, it became apparent that the IBTS/MARC Service Agreement model was not the traditional “one size fits all” approach. Communities could use the agreement as a way to outsource their building department services entirely, pick and choose the services needed due to staffing or other gaps, and/or to supplement their current capacity in times of peak development work. On the following pages, community profiles of the jurisdictions selected for in-depth interviews are featured based on their size and the type of solution they have opted to select.

Smaller jurisdictions

Smaller jurisdictions (less than 1,000) tended to use nearly all of IBTS's available service options to maximize efficiencies and enable access to a pool of expertise and staff that would otherwise not be available to them.

- Bates City, Missouri
- Wood Heights, Missouri

Bates City, Missouri

Bates City, Missouri, is a small local government with a close-knit community and very few staff. With no full-time employees in the city's planning and zoning committee, options for obtaining the type of building code and department services expertise needed by the city were limited. Bates City has some history with vertical public-public service delivery partnerships with Lafayette County on mapping services, as well as some of the MARC-provided member services. The mayor of Bates City learned about the IBTS/MARC Master Services program through MARC's outreach and spearheaded the initiative within the city to enter into the agreement.

The main motivations for the jurisdiction pursuing the agreement were cost savings and increasing their pool of relevant expertise, as the labor intensity required to provide adequate building department services to citizens exceeded the city's capacity. The city signed the service agreement in

BATES CITY, MO PROFILE

Total population served (2013 Census): 216

Total land area served (in sq. mi.): 1.07

Median household income: \$48,750

Signed contract with IBTS/MARC: September 2014

Services opted into: 9 of 10

- Building code department services
- Flood plain services
- Accessibility code services
- Fire code review & inspection services
- Storm water services
- GOVmotus™ permitting software
- Energy management & green building services
- Planning & zoning services
- Property maintenance services

Website: www.batescity.net

“The advantages are obvious because we don't have staff to handle those situations— it's now being taken care of in a professional manner.”

—City Employee, Bates City, MO

September 2014 and implementation by IBTS began almost immediately.

Implementation

Bates City selected all of the services available except for wastewater, which the city does not provide. The negotiated services agreement was presented to the Bates City Board and, with some discussion, was approved. With a relatively small group of stakeholders involved, Bates City did not encounter any communications or other challenges with the community or administration. The mayor directly oversees the program with assistance from the city clerk.

Satisfaction

Bates City reported satisfaction with both the quality and timeliness of the agreement and cited that they would recommend this to another jurisdiction. The advantages for the city were streamlined business processes, reduction in staff positions and a greater pool of expertise. In addition, IBTS's fees were actually lower than the city's for the building department services, an unexpected perk for citizens.

In the interview, Bates City also expressed interest in engaging in more shared service delivery options in the future. The recommendation from City Clerk Carol Branson for other jurisdictions considering shared services was to “ask lots of questions.”

Conclusion

Bates City has opted into all of the applicable services offered by IBTS and has maximized their pool of needed expertise at no additional cost to the city. The city also lowered its service fees to citizens while still recouping their full administrative costs. Through this agreement, Bates City has improved building department service delivery while also realizing cost savings.

Wood Heights, Missouri

Wood Heights, Missouri, previously had been part of a vertical public-public partnership with Ray County to provide building department services. When the partnership encountered obstacles including limited resources to share between the two jurisdictions, the mayor of Wood Heights began to explore other options. With a small community, a full-time building inspector was not a cost-effective solution. MARC approached Wood Heights as an ideal community to benefit from the service agreement.

Implementation

The mayor of Wood Heights worked with the city's Planning and Zoning Board to finalize the service agreement and opted into all services except wastewater, which the city does not provide. The city's motivations to enter into the agreement were primarily cost savings, increasing the pool of relevant expertise and risk of non-compliance with building codes and/or other state requirements or policies. The city signed the service agreement in November 2013 and implementation began within two months.

Challenges

The mayor of Wood Heights oversees the majority of implementation for the service agreement. While implementation has gone smoothly from the adminis-

“[Wood Heights] basically got a city inspector to inspect homes, dwellings, new building permits for nothing.... I don't think we could have had a better person... [than] Roger Kroh to work with us.”

—Robert Pettegrew
Mayor, Wood Heights

tration's perspective, there have been some challenges with citizens on the fee structure and resistance to change. Unlike Bates City, the fees under the service agreement have been relatively high for Wood Heights citizens. To help Bates City residents transition into this new structure, the IBTS building inspector, Roger Kroh, took the necessary time to build relationships with residents and customers.

Satisfaction

Wood Heights cited overall satisfaction with the service agreement and expressed that the city's expectations for the agreement had been met, especially with the performance of the current building inspector. Mayor Robert Pettegrew noted that he would recommend the agreement to other local governments, especially those who face similar challenges with enforcing building code compliance. The main advantages for Wood Heights were an increased pool of up-to-date technical expertise and reduction in staff needs and workload.

Conclusion

Wood Heights, like Bates City, is using the service agreement to cover a wide array of services that the small jurisdiction would otherwise not be able to provide. However, the change from the municipality's fee structure to IBTS's fee structure has been an obstacle for some customers. A future consideration would be to look at readjusting the fee structure for smaller communities due to lower usage. Overall, Wood Heights was very satisfied with the agreement.

WOOD HEIGHTS, MO PROFILE

Total population served (2013 Census): 702

Total land area served (in sq. mi.): 2.28

Median household income: \$56,875

Signed contract with IBTS/MARC: November 2013

Services opted into: 9 of 10

- Building code department services
- Flood plain services
- Accessibility code services
- Fire code review & inspection services
- Storm water services
- GOVmotus™ permitting software
- Energy management & green building services
- Planning & zoning services
- Property maintenance services

Medium-sized jurisdictions

Medium-sized jurisdictions (1,000–10,000 citizens) typically opted into several service options to fill gaps in staffing and in-house capabilities and also provide more expertise to reduce liability of non-compliance with building codes.

- Edwardsville, Kansas

Edwardsville, Kansas

Edwardsville, Kansas was facing a challenge—they needed to make some changes to meet the certification requirements for building inspectors, but the solution could not cost the city as much as a full-time, salaried inspector. The city considered a horizontal public-public partnership with another city, but the city’s previous experiences had shown that responsiveness and long-term costs often made such arrangements unsustainable. Thus, Edwardsville was interested in other options for building department services. The City Manager discovered IBTS’s shared services agreement model at an ICMA conference in 2012 and, seeing its potential benefits for the region, spearheaded bringing IBTS to MARC to present to a group of potential pilot cities.

While MARC was negotiating the larger, umbrella Master Services Agreement, Edwardsville signed an initial contract for an individual project building inspection. When the MARC/IBTS Services Agreement was finalized, Edwardsville transferred to an agreement under the larger Master Services Agreement. During this time, Edwardsville’s part-time building

“To think we can just continually do what we did, even pre-2000s. I think the writing was on the wall that we have to do something different.... Cities, whether it’s through a shared agreement like this or through other means, are going to have to figure out how we provide services in a cooperative manner if we want to really provide the level of service that’s being asked of us.”

—Michael Webb
City Manager, Edwardsville, KS

inspector retired but due to this agreement, there were no issues in transition and continued service delivery.

Implementation

The city opted into most of the services provided by IBTS other than those not provided or not needed by the city, which were planning and zoning, property maintenance and wastewater review services. Their motivations for signing the agreement were higher quality and/or more efficient service delivery, increasing the pool of relevant expertise and risk of non-compliance with building codes. The deciding factor for using this arrangement was asset specificity and labor intensity. When signing both the initial contract and the later service agreement, the city administration worked with the Planning Commission, which had relationships with the building industry in the area. City Council was also consulted and, after adjusting and amending the originally proposed agreement to address some concerns about the fee and fee schedule, passed the agreement without significant obstacles. The City Manager and Administrative Assistant oversee the implementation of the agreement.

Challenges

Although the internal administrative process was relatively smooth, working out initial “kinks” took approximately a year due to back-and-forth between IBTS and the city and onboarding initial IBTS personnel. After signing the agreement, implementation was

EDWARDSVILLE, KS PROFILE

Total population served (2013 Census): 4,355

Total land area served (in sq. mi.): 9.04

Median household income: \$58,205

Signed contract with IBTS/MARC: Original contract with IBTS initiated 2012, transitioned under Master Services Agreement starting December 2013

Services opted into: 7 of 10

- Building code department services
- Flood plain services
- Accessibility code services
- Fire code review & inspection services
- Storm water services
- GOVmotus™ permitting software
- Energy management & green building services

Website: www.edwardsvilleks.org

almost immediate and the transition to the umbrella service agreement was quick. Building on lessons learned during this process, IBTS focused on staffing up in the region and contracted a regional coordinator as well as hiring a building inspector who had been working in the region. The inspector having local context and understanding has been helpful, although smaller and medium-size jurisdictions can lose some of the personal contact with their customers while using this type of agreement.

Another challenge was the introduction of a new permitting software service, which took approximately a year to finish customizing and launch. The software, IBTS's GOVmotus™, can be a challenging adjustment in communities where the building community conducts their business in-person rather than electronically as it can create extra work for city staff. The IBTS Regional Coordinator, Curt Skoog, and the city have been working together to address this challenge.

For some customers, another obstacle has been the cost of the fees. However, a benefit of using this agreement is that the fees are set per service, whereas previously, the cost of the service was on a time and labor basis. This meant that sometimes customers received estimates that differed greatly from the final cost, which is no longer an issue.

Satisfaction

Overall, Edwardsville was satisfied and reported that expectations have been met through implementation. The key advantage for the city was the increased pool of expertise. Given the highly technical nature of the building inspector position, the City Manager noted that the cost of not only hiring and maintaining a full-time inspector, but also the costs of providing the necessary continuing education and then providing incentives to retain that individual, were prohibitive. This agreement model puts the responsibility for having a qualified building inspector with up-to-date credentials and knowledge in the hands of IBTS. The fee structure also allows the city to cover their administrative costs.

The City Manager reported that he would recommend this agreement to other jurisdictions and also shared services overall, noting that shared service arrangements were the way of the future for cities. The city also spearheaded the Midwest Public Risk, an insurance pool for local governments in the region for property liability coverage.

Conclusion

Edwardsville originally used the service agreement to cover an immediate need but then expanded to

cover all of the services that the city did not have in-house capacity to provide. As the first city to use the service agreement in the region, Edwardsville unsurprisingly encountered implementation challenges. However, through time and the concerted efforts of both the city and IBTS, these have been primarily addressed which will be lessons learned for implementation of future shared services arrangements. Overall, the city noted that it was satisfied with the agreement.

Larger jurisdictions

Larger jurisdictions (10,000+) tended to use one service to cover staffing gaps or supplement existing capacity in highly technical fields.

- Clay County, Missouri
- Johnson County, Kansas

Clay County, Missouri

Clay County was facing an impending staffing gap when their building inspector resigned. As a large jurisdiction, it was important to ensure that service quality and responsiveness did not suffer while searching for a replacement.

Implementation

Clay County's building inspector was actually contracted by IBTS for the MARC/IBTS Master Service Agreement, so the logical next step was to use the service agreement as a stopgap measure to continue providing high-quality services during the time when the county was searching for the inspector's replacement. In addition, Clay County selected the IBTS model due to the labor intensity of their building department services and their ability to monitor the implementation of the agreement.

CLAY COUNTY, MO PROFILE

Total population served (2014 Census): 233,682

Total land area served (in sq. mi.): 397

Median household income: \$60,936

Signed contract with IBTS/MARC: July 2014; ended December 2014 (Work Order)

Services opted into: 1 of 10

- Building code department services

Website: www.claycountymo.gov

“[IBTS] takes care of it. You allow your builders to contact them directly for inspections or plan review, so it’s a real nice, clean relationship. It definitely helped us out.”

—Matthew Tapp, Director, Planning

Clay County worked with the county management administration and ultimately, the county commission to negotiate and approve the final agreement. The Planning and Zoning Director spearheaded and managed the implementation of the agreement. Implementation was quick after signing the agreement, and Clay County did not note any communication or other challenges within the administration or the public. Once a replacement building inspector was recruited, Clay County ended the service agreement as the services were no longer needed.

Challenges

Clay County encountered a challenge over the amount of time between inspection and the inspection report, as well as the level of service quality, in transitioning from a full-time inspector to the service agreement. However, the issues were not significant enough to detract from overall satisfaction.

Satisfaction

The Planning and Zoning Director remarked that, overall, he and the county were satisfied and their expectations had been met through the service agreement. He even commented that Clay County might look at the service agreement option again for any large, complicated projects that might occur. The primary advantage, other than covering a staffing gap, was that the responsibility for the entire service was transferred to IBTS, yielding time savings for staff. The director advised that jurisdictions considering shared services ensure that the services provided are still high quality.

Conclusion

Clay County effectively used the service agreement to cover a temporary staffing need. While some challenges in implementation had to be overcome that are a lesson learned for IBTS in the future, this agreement provided a means to continue providing timely, high-quality services while recruitment for a replacement inspector was underway.

Johnson County, Kansas

Johnson County, like many jurisdictions, had to cut staff in 2009 due to a downturn in the development market. However, there has been an increase in development demand in more recent years that current wastewater department staffing levels could not meet. Given the difficulty of recruiting qualified wastewater staff and the need to meet demands quickly, Johnson County began to look at other options to reduce staff workloads. The county learned of the service agreement through MARC and determined that the agreement was the right option to supplement their current staff.

Implementation

The primary motivating factor for Johnson County to pursue a shared services arrangement was inadequate staff to meet development demand, and the deciding factor to enter into this arrangement with IBTS was asset specificity. As the only service the county needed was wastewater plan review, this was the only service it opted into. The wastewater department head worked with the County Manager to negotiate and approve the agreement. Due to internal delays, the contract took time to finalize but there were no significant delays in implementation.

The county also coordinated with a constituent city, Overland Park, which has a significant level of development. The county did not encounter any communication issues with customers. The General Manager of Johnson County Wastewater spearheaded the agreement and the New Development Engineering Manager oversees implementation.

Challenges

The county encountered challenges in implementation due to a learning curve for IBTS to become familiar with their process and systems. The county noted that greater communication and more time spent upfront between IBTS and the jurisdiction on learning the local context and establishing expectations for deliverables,

JOHNSON COUNTY, KS PROFILE

Total population served (2014 Census): 574,272

Total land area served (in sq. mi.): 473.38

Median household income: \$74,717

Signed contract with IBTS/MARC: December 2014

Services opted into: 1 of 10

- Wastewater plan review services

Website: <http://www.jocogov.org>

“They’ve been very good about wanting to know exactly how we do what we do and why... and not coming in and saying ‘you guys should do this.’ ... Them really wanting to develop the understanding of what we do and why has been really good.”

—Jennifer Harder
New Development Engineering
Manager, Johnson County

such as reporting, would have benefited the process, in addition to some delays from IBTS personnel changes. Currently, IBTS and the county are working together to find solutions for reducing project review times. Both IBTS and the county continue to learn from the experience.

Satisfaction

Johnson County was satisfied with the agreement, especially IBTS personnel. The primary benefits for the county were human resources and recruitment cost savings, and they cited that they would recommend this agreement and shared services arrangement generally to other jurisdictions.

Conclusion

Johnson County has leveraged the service agreement to supplement existing wastewater staff to meet increasing demand. Although the partnership took some time to fully develop and there are lessons learned in communications, the county has since been able to benefit from human resources and recruitment cost savings as a result of using the service agreement.

Implementing Partner

Mid-America Regional Council (MARC)

The Mid-America Regional Council (MARC) is a regional planning council and provides a number of shared services, including a cooperative purchasing program and a 9-1-1 system. One of the MARC

constituent jurisdictions—Edwardsville, Kansas—heard about IBTS’s shared building services model and brought it to MARC as a potential solution for several jurisdictions under MARC. This was MARC’s first time working with IBTS. The main motivation for MARC to enter into this agreement was strengthening collaborative intergovernmental relations.

Implementation

After confirming initial interest, MARC, with assistance from Edwardsville, conducted outreach and convened a forum of local building officials for a presentation by IBTS of the service agreement. MARC and IBTS negotiated several iterations before the final Master Services Agreement was realized in September 2013. The first jurisdiction (Wood Heights, MO) signed their agreement in November 2013. MARC’s Program Director of Local Government Services oversees the agreement and is responsible for promotion and outreach around the agreement.

Challenges

One challenge for MARC was initial public opinion among the regional building official community. However, IBTS took steps, such as hiring a regional coordinator, to mitigate the concern that this program would replace building department jobs. A lesson learned for future managers for similar shared services partnerships is to plan ahead for the amount of time it will take to gain a critical mass of jurisdictions to opt into the service agreement. In time, these issues were overcome, but more time spent personally engaging jurisdictions at the front end, discussing the benefits of this service, may make for a more efficient process in the end.

Satisfaction

MARC cited that they were satisfied with the agreement, would recommend the IBTS Master Agreement to other councils of governments (COGs) and Regional Planning Organizations (RPOs) and that MARC will

MARC PROFILE

Total population served (2010 Census): 2,086,771
across 119 cities and 9 counties in Kansas & Missouri
in the Kansas City Metropolitan Region

Total land area served (in sq. mi.): 4,358

Signed contract with IBTS/MARC: September 2013

Website: www.marc.gov

“[The agreement] helps us enhance what we currently offer; we found that entering into an agreement with IBTS was a win-win for both IBTS and MARC.”

—Georgia Nesselrode
Program Director of Local
Government Services, MARC

continue to consider other shared service arrangements in the future depending on their needs. The key benefits were an increased pool of expertise and enhancing their current suite of services for members. MARC also shared their lessons learned through this process, which were to have patience with the consensus-building process and that achieving efficiency required exploring, finding commonalities and working together towards how best to implement a shared services arrangement. This type of agreement requires a lot of relationship- and trust-building for the implementer (IBTS) and implementing partner (MARC).

Conclusion

MARC found the program to be very beneficial for all parties, especially member jurisdictions. Some key takeaways were taking steps early on to mitigate negative perceptions among the building community and personal engagement to sell the program for the COG from the outset. However, the program gained significant momentum recently and has been very successful.

Key Takeaways

The case study and interview process found that, overall, jurisdictions and the implementing partner all found the IBTS/MARC Service Agreement satisfactory and most had realized some form of cost savings or other benefit. Other key points are highlighted below.

- **Motivation:** The key motivation for most jurisdictions to enter a shared services arrangement for building department services is an increased pool of relevant expertise. The majority of jurisdictions using the service agreement reported a greater pool of expertise as a benefit, indicating that the expectations for the agreement were met.
- **Service Options:** For all of the jurisdictions participating in the program, including those not interviewed, the most commonly contracted service option of the ten options was building department services (85%) and the least contracted was wastewater service plan review (8%).
- **Size Factor:**
 - Smaller jurisdictions (less than 1,000) seemed to use nearly all of IBTS’s available service options to maximize efficiencies and enable access to a pool of expertise and staff that would otherwise not be available to them.
 - Medium-sized jurisdictions (1,000-10,000 citizens) opted into several service options to fill gaps in staffing and in-house capabilities and also provide more expertise to reduce liability of non-compliance with building codes.
 - Larger jurisdictions (10,000+) typically used just one service to quickly cover staffing gaps in highly technical fields. This service can also be very useful to supplement current building department capacity in any size of jurisdiction, especially during peak development seasons.
- **Shared Services:** A key issue with horizontal or vertical public-public partnerships cited by jurisdictions was high demand from both municipalities at the same time for the same service, so each sought out another option that provided more consistent and timely responses. This indicates that horizontal or vertical public-public partnerships for building department and similar services may be less effective than services with more predictable schedules, such as waste collection, and public-nonprofit or public-private partnerships may better serve this highly technical need.
- **Implementing Partner Role:** MARC played a key role in the outreach and communication for the service agreement opportunity. Most jurisdictions learned about the MARC/IBTS Service Agreement opportunity through MARC directly.
- **Key Stakeholders:** Key stakeholders involved were primarily local government internal stakeholders such as city and county boards. No formal public outreach efforts were conducted in any of the jurisdictions interviewed, and, other than an initially poor public reaction from the regional building community at large, no significant communication challenges were mentioned. The primary staff person managing the agreement for the jurisdictions was the mayor or relevant department head.

- **Lessons Learned and Practices to Replicate:** The list below covers some key lessons learned and best practices from the program to replicate in future shared services arrangements.
 - *Communications* — To ensure smooth implementation, frequent communication at the outset of a shared services agreement negotiation that includes detailed expectations, particularly of deliverables, is critical. It is also key for the implementer to spend time at the beginning learning and understanding the local context, system and processes.
 - *Fee Model* — Discussions on fee model and potentially different schedules depending on development needs should take place during the conversation about the Master Services Agreement and communicated to stakeholder jurisdictions. Communications and outreach materials for potential jurisdictions to help explain the reason for the fee schedule by either the implementer or implementing partner are also recommended.
 - *Public relations with relevant stakeholders* — Early communication with the regional building community and solutions such as hiring regional liaisons should be initiated early in the process to mitigate potential fears of outsourcing jobs.
 - *Relationship-building* — Relationship- and trust-building on the part of the implementer, implementing partner and jurisdiction are key to ensuring the success of any shared services arrangement.
- *Plan ahead* — For implementing partners, it is important to know in advance that it will take time to gain a critical mass of jurisdictions to opt into the service agreement, but also to work at personal engagement in the early stages to market the agreement to jurisdictions.
- **Benefits:** The primary benefit to jurisdictions was a greater pool of technical expertise and also removing the burden of responsibility for service provision from the jurisdiction to the implementer. This yielded human resources cost savings in most jurisdictions. None of the jurisdictions or MARC recorded any performance measurements, but two noted that they would likely analyze performance measurement improvements or cost savings in the future.
- **Future Shared Services:** Only one of the five jurisdictions indicated that they did not envision the jurisdiction entering into another shared services arrangement in the future, and this was due to lack of information about what other shared services arrangements were available. This positive outlook by case study participants on shared services indicates that, overall, the IBTS Service Agreement with MARC has been very successful. As the first shared services arrangement that most of the jurisdictions had used that was not vertical or horizontal public-public, the Service Agreement also increased awareness in the region of the variety of shared services arrangements and the benefits of public-nonprofit partnerships.



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