



**ICMA**

# Service Delivery Alternatives in the Age of COVID-19

SUMMARY OF SURVEY RESULTS  
MARCH 2021

**ICMA** | survey research

ICMA has been tracking the exploration and usage of alternative service delivery (ASD) strategies by local governments for more than 40 years. Alternative service delivery can take many forms, including:

- Inter-local or mutual aid agreements to either share services or contract with another jurisdiction to deliver a service.
- Direct outsourcing to a private entity or franchising arrangements with local vendors.
- Public private partnerships (P3s) to finance, develop, operate, manage, and maintain a service, amenity, or key infrastructure.

Local governments in the United States manage many of the services and programs they operate with their own staff. While there is no exact percentage, it is safe to say that most local governments in the United States apply some form of ASD to meet their organizational management or community programming needs.

In January 2021, ICMA conducted a modified version of our standard ASD survey. The template was developed in partnership with nxtMOVE and designed for distribution as an e-survey. ICMA received 422 total responses to the survey, representative of local governments across all geographic regions and populations ranging from under 5,000 to over 100,000. Not all respondents answered every question.

## Key Findings

### Financial Stress and Revenue Estimates

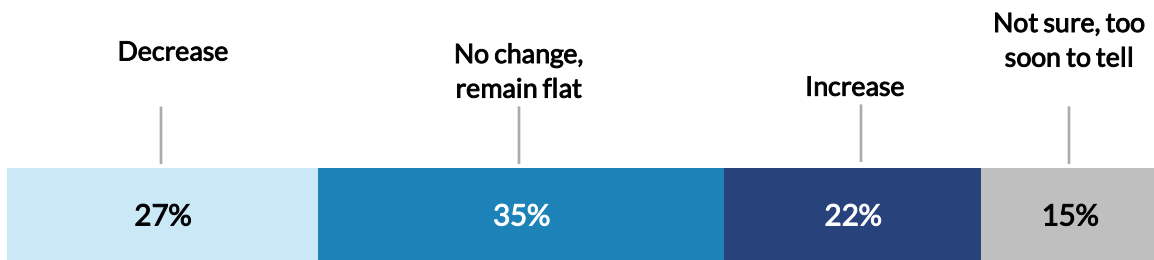
Consistent with other ICMA data collected prior to the latest financial crisis, 55 percent of local governments reported that they faced medium or high levels of financial stress for the next twelve months, with the remaining 45 percent reporting low and or no financial stress expected in 2021. Figure 1 illustrates responses to the question of fiscal stress.

**Figure 1: How would you rate the fiscal stress faced by your local government in calendar year 2021? (n=422)**



Figure 2 summarizes respondents' expectations about their local governments' revenues over calendar year 2021. Slightly more than a quarter of the respondents reported that their revenues would decrease. More than 35 percent expected revenues to remain flat, while 22 percent were expecting them to be higher. The data do suggest a level of uncertainty as more than 15 percent suggested that it was too early to tell what the year ahead will look like for local revenues.

Figure 2: Overall, do you expect your local government's revenue to increase, decrease, or remain flat in calendar year 2021? (n=422)



While many local governments will face financial and revenue challenges, many times what appears in current headlines about economic impacts does not immediately impact municipal finances. The lag can often result in impacts several years after major events such as a recession, housing downturn, or other events.

### Interest in ASD

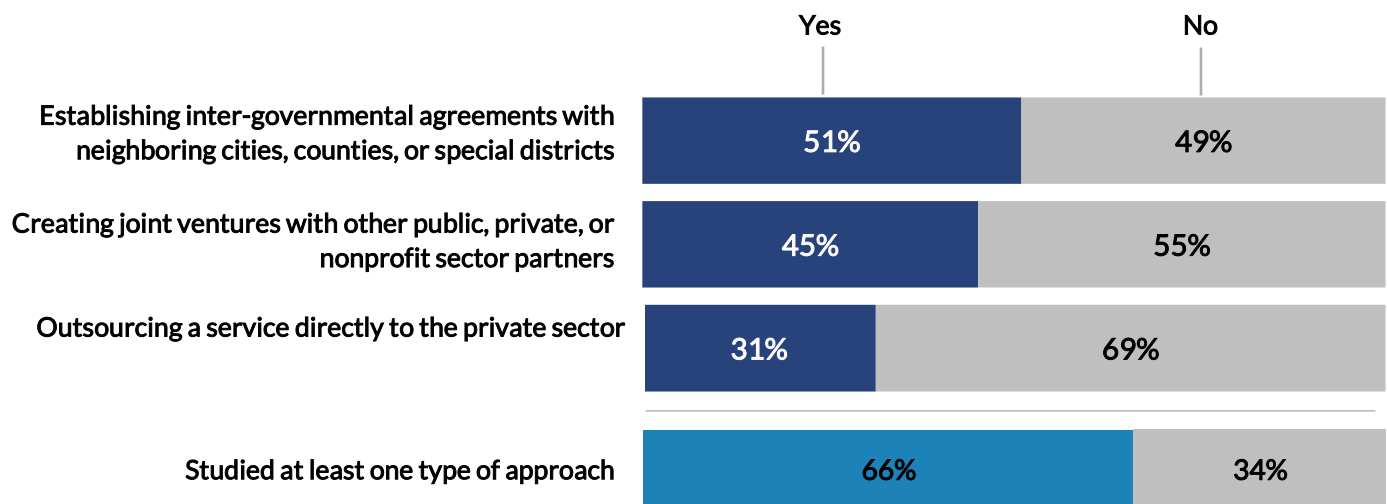
Crises such as the great recession in 2008–2009, and now the pandemic and other events of 2020, tend to elevate exploration of alternatives or innovations for managing local governments and delivering services to the community. In the aftermath of the great recession, interest in ASD grew significantly. Current conditions provide evidence of this interest resurging. With this survey, 45 percent indicated that the crises of the past year had increased their willingness to consider ASD options over the next three to five years. For those communities indicating a high level of fiscal stress (56 total), the willingness jumps to 67 percent.

Figure 3: In your opinion, how have the challenges of the past year influenced your local government's willingness to consider alternative service delivery strategies in the next 3-5 years? (n=422)



Figure 4 provides additional detail about the types of ASD models that local governments already began to explore over the course of 2020. Two-thirds (66 percent) of all survey respondents had explored at least one type of ASD approach. The most common type explored was inter-governmental agreements, assessed by half of all survey respondents.

**Figure 4: Has your local government studied the feasibility of adopting any of the following alternative service delivery options in the last year? (n=420)**



### Service Areas: Exploring ASD, Operating ASD, and Satisfaction with ASD

ICMA asked local governments to describe how a service or administrative function was managed or delivered. Thirty-four distinct service areas were tested to see how local governments managed the service.

The complete list of service areas sorted by percentage exploring ASD is provided in Table 1. The top five service areas in which respondents said they were exploring ASD options were:

- Fleet administration and management
- Building permit tracking and information services
- Building code inspection services
- Youth sports/recreation programs operations and management
- Cybersecurity

The complete list of service areas sorted by percentage of operational ASD programming is provided in Table 2. The following services had the largest percentage of respondents reporting active ASD initiatives:

- E-911/public safety dispatch
- Property tax assessment
- Cybersecurity
- Workforce development and training
- Business recruitment and retention

Respondents that have operational ASD programs in different service areas were mostly satisfied. Table 3 lists each service area sorted by the total number of communities that reported having an operational ASD effort. Several service areas such as public safety dispatch, tax assessment, workforce development, and revenue collection are likely the result of municipalities relying on county governments to provide services, although some organizations likely outsource some aspects of revenue collection.

**Table 1: Status of service provision, sorted by share of local governments exploring ASD**

SERVICE AREA, PROGRAM, OR FACILITY	DON'T HAVE	OWN & OPERATE	EXPLORING ASD	ASD PARTNERSHIP OPERATIONAL
Fleet administration and management	15.1%	67.4%	6.3%	11.2%
Building permit tracking and information services	10.1%	71.2%	4.9%	13.8%
Cybersecurity	3.9%	54.9%	3.9%	37.3%
Youth sports/recreation programs operations and management	28.6%	43.6%	3.9%	23.9%
Building code inspection services	7.9%	64.4%	3.9%	23.8%
Business recruitment and retention	23.4%	43.5%	3.6%	29.4%
Public relations/public information services	14.5%	75.6%	3.4%	6.5%
E-911/public safety dispatch	16.6%	31.9%	3.1%	48.3%
Workforce development and job training	51.3%	14.2%	3.1%	31.3%
Micro-mobility programs such as rentable e-scooters or bicycles	89.8%	0.8%	3.1%	6.3%
Property management for municipally owned buildings	8.4%	82.8%	2.9%	6.0%
Human resource services	6.2%	86.8%	2.9%	4.2%
Landscaping and tree maintenance	4.2%	68.8%	2.6%	24.5%
Homeless shelters/warming centers	77.9%	3.4%	2.6%	16.1%
Summer camp operation and management	53.9%	35.9%	2.6%	7.6%
Parking lots/parking garages operation/maintenance	55.1%	35.6%	2.6%	6.8%
Before/after school programs	68.8%	18.1%	2.4%	10.8%
Community centers	38.0%	50.5%	2.3%	9.1%
311 or similar customer service system	78.3%	14.1%	2.3%	5.2%
Virtual meeting tech support (e.g. Zoom coordination) for council, business, and public engagement meetings	3.4%	77.3%	2.1%	17.2%
Payroll processing	0.3%	82.3%	2.1%	15.4%
Property tax assessment	34.4%	25.8%	1.8%	38.0%
Procurement services	5.7%	89.1%	1.8%	3.4%
Revenue collection (taxes, fees, etc.)	6.3%	66.1%	1.6%	26.0%
Occupational license sales	48.6%	47.5%	1.6%	2.3%
Public parks, playgrounds, trails, pools	6.8%	84.1%	1.3%	7.8%
Childcare services	85.1%	7.9%	1.3%	5.8%
Parking permit tracking and information services	76.7%	18.7%	1.3%	3.4%
Public libraries	38.8%	39.3%	1.0%	20.8%
Parking meter maintenance and revenue collection	86.2%	10.2%	1.0%	2.6%
Public museums	71.6%	13.0%	0.8%	14.6%
Convention center/auditorium	76.4%	12.5%	0.8%	10.4%
Sales of recreational permits (e.g., park access, fishing, boat ramp, etc.)	43.4%	51.9%	0.8%	3.9%
Special events permitting	13.3%	84.1%	0.3%	2.3%

**Table 2: Status of service provision, sorted by share of local governments with operational ASD**

SERVICE AREA, PROGRAM OR FACILITY	DON'T HAVE	OWN & OPERATE	EXPLORING ASD	ASD PARTNERSHIP OPERATIONAL
E-911/public safety dispatch	16.6%	31.9%	3.1%	48.3%
Property tax assessment	34.4%	25.8%	1.8%	38.0%
Cybersecurity	3.9%	54.9%	3.9%	37.3%
Workforce development and job training	51.3%	14.2%	3.1%	31.3%
Business recruitment and retention	23.4%	43.5%	3.6%	29.4%
Revenue collection (taxes, fees, etc.)	6.3%	66.1%	1.6%	26.0%
Landscaping and tree maintenance	4.2%	68.8%	2.6%	24.5%
Youth sports/recreation programs operations and management	28.6%	43.6%	3.9%	23.9%
Building code inspection services	7.9%	64.4%	3.9%	23.8%
Public libraries	38.8%	39.3%	1.0%	20.8%
Virtual meeting tech support (e.g. Zoom coordination) for council, business, and public engagement meetings	3.4%	77.3%	2.1%	17.2%
Homeless shelters/warming centers	77.9%	3.4%	2.6%	16.1%
Payroll processing	0.3%	82.3%	2.1%	15.4%
Public museums	71.6%	13.0%	0.8%	14.6%
Building permit tracking and information services	10.1%	71.2%	4.9%	13.8%
Fleet administration and management	15.1%	67.4%	6.3%	11.2%
Before/after school programs	68.8%	18.1%	2.4%	10.8%
Convention center/auditorium	76.4%	12.5%	0.8%	10.4%
Community centers	38.0%	50.5%	2.3%	9.1%
Public parks, playgrounds, trails, pools	6.8%	84.1%	1.3%	7.8%
Summer camp operation and management	53.9%	35.9%	2.6%	7.6%
Parking lots/parking garages operation/maintenance	55.1%	35.6%	2.6%	6.8%
Public relations/public information services	14.5%	75.6%	3.4%	6.5%
Micro-mobility programs such as rentable e-scooters or bicycles	89.8%	0.8%	3.1%	6.3%
Property management for municipally owned buildings	8.4%	82.8%	2.9%	6.0%
Childcare services	85.1%	7.9%	1.3%	5.8%
311 or similar customer service system	78.3%	14.1%	2.3%	5.2%
Human resource services	6.2%	86.8%	2.9%	4.2%
Sales of recreational permits (e.g., park access, fishing, boat ramp, etc.)	43.4%	51.9%	0.8%	3.9%
Procurement services	5.7%	89.1%	1.8%	3.4%
Parking permit tracking and information services	76.7%	18.7%	1.3%	3.4%
Parking meter maintenance and revenue collection	86.2%	10.2%	1.0%	2.6%
Occupational license sales	48.6%	47.5%	1.6%	2.3%
Special events permitting	13.3%	84.1%	0.3%	2.3%



**Table 3: Local government satisfaction levels with operational ASD initiatives**

SERVICE AREA, PROGRAM, OR FACILITY	Dissatisfied with ASD	Neutral about ASD	Satisfied with ASD	Respondents with ASD for this service (n)
E-911/public safety dispatch	3.3%	12.0%	84.8%	184
Property tax assessment	2.1%	18.6%	79.3%	145
Cybersecurity	1.4%	13.3%	85.3%	143
Workforce development and job training	3.4%	28.8%	67.8%	118
Business recruitment and retention	7.1%	28.6%	64.3%	112
Revenue collection (taxes, fees, etc.)	1.0%	16.2%	82.8%	99
Landscaping and tree maintenance	3.2%	9.5%	87.4%	95
Building code inspection services	8.7%	20.7%	70.7%	92
Youth sports/recreation programs operations and management	0.0%	26.1%	73.9%	92
Public libraries	2.5%	17.3%	80.2%	81
Virtual meeting tech support (e.g. Zoom coordination) for council, business, and public engagement meetings	0.0%	13.4%	86.6%	67
Payroll processing	1.7%	11.7%	86.7%	60
Homeless shelters/warming centers	8.3%	28.3%	63.3%	60
Public museums	8.9%	16.1%	75.0%	56
Building permit tracking and information services	7.4%	22.2%	70.4%	54
Fleet administration and management	4.7%	18.6%	76.7%	43
Before/after school programs	0.0%	26.2%	73.8%	42
Convention center/auditorium	0.0%	10.8%	89.2%	37
Community centers	0.0%	29.4%	70.6%	34
Public parks, playgrounds, trails, pools	3.2%	19.4%	77.4%	31
Summer camp operation and management	0.0%	17.2%	82.8%	29
Parking lots/parking garages operation/maintenance	0.0%	36.0%	64.0%	25
Property management for municipally owned buildings	4.2%	20.8%	75.0%	24
Parking meter maintenance and revenue collection	0.0%	47.8%	52.2%	23
Public relations/public information services	0.0%	13.0%	87.0%	23
Micro-mobility programs such as rentable e-scooters or bicycles	14.3%	23.8%	61.9%	21
Childcare services	0.0%	19.0%	81.0%	21
311 or similar customer service system	0.0%	10.5%	89.5%	19
Human resource services	0.0%	25.0%	75.0%	16
Sales of recreational permits (e.g., park access, fishing, boat ramp, etc.)	0.0%	37.5%	62.5%	16
Procurement services	0.0%	14.3%	85.7%	14
Occupational license sales	0.0%	70.0%	30.0%	10
Special events permitting	0.0%	30.0%	70.0%	10
Parking permit tracking and information services	0.0%	80.0%	20.0%	5

## Market Information

Methods by which local governments explore and research ASD options vary. Most places use multiple methods to better understand options that are available and appropriate for their jurisdiction. Nearly all (94 percent) rely on staff research; vendor outreach, information shared by state and/or national associations, and referrals from colleagues each factor into decision-making for a majority of local governments.

Figure 5: How does your community learn about innovations in alternative service delivery? (n=380)



### Suggested Citation:

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