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Service Models

In this article, Peter Nichols reviews briefly some of the alternative ways municipalities can choose to provide services to local residents.

The provision of essential local services is arguably the central role of local government and the management and delivery of protective, environmental, transportation, and other services consumes the lion's share of municipal resources. Given that importance, an obvious area that deserves the attention of elected officials and administrators alike is how best to ensure that services to the community can be made available on the most effective and efficient basis.

Municipalities traditionally have been involved directly and actively in the delivery of many services, and until relatively recently, there were not wide differences among jurisdictions in terms of the service delivery models used.

That situation is now changing and there appears to be a new openness to alternative approaches. Part of that openness is driven by financial pressures but there also is a greater awareness of the merits of new service models. There is a growing recognition by municipalities that a distinction can be drawn between, on the one hand, producing or delivering a service and, on the other, arranging or ensuring the provision of services; that is, between rowing and steering the boat.

Through effective service management, municipalities can meet the objectives of providing high quality, low cost services to their ratepayers without being involved necessarily in the mechanics of delivery.

Service Models. The broad service delivery alternatives that are open to municipalities are revisited below.

Municipal Delivery. The conventional approach, involving the use of the municipality's own employees to deliver services. "Reengineering" and "reorganization" initiatives offer considerable opportunity for improving the municipal delivery of services. Many municipalities also are pursuing cost-sharing approaches with neighbouring municipalities - for example, sharing the costs of a planner or assessor, joint purchasing to realize volume discounts, and sharing specialized public works equipment.

Intergovernmental Agreements. Under these agreements, one municipality negotiates with another municipality (or other governmental agency) to supply a service. These agreements are now common -- especially between urban and rural jurisdictions -- with regard to library, recreation, fire protection, and utilities services, but they can be extended to other areas of service as well. Some municipalities, by virtue of their size or specialized expertise, can provide services to other

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jurisdictions more effectively and cheaply than they could provide on their own.

Contracting-Out. Most municipalities contract-out the provision of at least some goods and services, but often on a piece-meal or narrowly-defined basis (e.g. specialized professional services or the maintenance of equipment) or in respect of discrete projects (e.g. major road construction). However, contracting-out has expanded considerably and into many new areas within the private sector and is now being explored more vigorously by all levels of government. Indeed, a recent AUMA survey has shown that one-half of Alberta's municipalities adopted new contracting-out arrangements over the past year, most notably in respect to planning, assessment, and utility functions. The potential scope for further contracting-out of municipal functions is large. Parks and recreation maintenance, refuse collection, utilities management and operation, public transit operations, street cleaning, administrative support, fleet and equipment maintenance, police communications -- even fire protection services (Scottsdale, Arizona) -- are among the services that municipalities have contracted out in various jurisdictions.

Franchises. Municipalities sometimes award an exclusive agreement to an organization for providing local services. Franchises are particularly popular in respect to gas, water, sewer, and electric utilities and also for concessions in municipal facilities.

Grants. Through the provision of grants, municipalities sometimes assist other organizations to provide services that might otherwise be delivered by the municipality itself. The grants effectively subsidize the service and allow it to be provided in greater quantity or at a lower price than would otherwise be the case. Grants often are provided to non-profit recreational, cultural, and social organizations.

Market Services. Another option is for the municipality to remove itself altogether from both the management and the delivery of a service -- and to let private firms provide the service directly to users. In some cases, municipalities have sold assets and service enterprises such as parking structures, utility systems, and solid waste disposal and recycling operations to private organizations. This can provide dual benefits: provide capital to the municipalities and increase the efficiency of the services divested.

Voluntary Services. Municipalities should not overlook the potential for relying on voluntary arrangements for providing services, through individuals or non-governmental, non-profit associations. Volunteer fire services have been in place for many years, but communities might well look at expanding the use of volunteers. The growing number of semi-retired and retired people may provide an untapped resource for assisting in the delivery of some services.

Other service delivery options and variants exist as well, including public-private partnerships. Perhaps, in a future column, we might review the relative advantages and disadvantages of the various service models and describe an appropriate evaluation and decision-making process.

The key in all of this, however, is to recognize that various service models are available and that local government leaders must remain open to the periodic reassessment of existing delivery systems or approaches. Many municipalities -- in this province and elsewhere -- have achieved dramatic savings in costs through innovative service models without compromising service quality or effectiveness.

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