

Appendix B: Background on Governance Options

This document is intended to be used by SACOG to facilitate a discussion about the governance options for any particular shared service. SACOG staff will use this with city managers, county administrators, and jurisdictional department heads as part of the feasibility analysis, after identifying the desired service delivery option. After the technical steps (developing operations, budgeting, hiring, systems, rollout, and other steps) to developing an executable plan, there are many important considerations when launching a multi-agency shared service arrangement.

Every multi-agency shared service arrangement will function differently, depending on the scope of services and the business model. Some arrangements—especially when there is minimal outsourcing or low levels of provision integration are taking place—will be relatively less intensive to launch. Others—such as those that establish a new entity or merge multiple programs into a new entity—will require a robust launch plan, as they are essentially start-up businesses.

The direction taken on governance in particular is critical, because it molds the structure and culture of the shared services arrangement. Governance sets and informs the shared values, ideals, attitudes, goals, and practices that characterize the environment and guide collective action. Governance is the formal structure and methods that bring the partners together in order to secure resources, make resource allocation decisions, and make the business plan operational.

A key issue in this discussion is whether governance is performed by staff or elected officials, or a blend of both. On this issue, one size does not fit all. Some services lend themselves more to staff-level control (e.g., shared grant writer services), while others would benefit from elected official input (e.g., economic development). The following questions may help determine whether staff or elected officials are a better fit for governance:

- At what level are operational decisions made (staff, department head, city manager/county administrator)?
- At what level are strategic/policy decisions made (department head, city manager/county administrator, legislative body)?
- What discretion exists in service provision (i.e., are policies set in state/federal law, government charter, ordinance, regulation, administrative procedure, or completely discretionary)?
- What is the desired role of elected officials?
- What is the desired method of public engagement?
- What are the expectations of responsiveness from the public?

Regardless of whether staff or elected officials (or both) provide governance for a specific service, there are several options for the structure of governance. Table 1 below provides an overview of the tradeoffs between different governance options, organized by specific types of service delivery.

Table 1: Governance Option Tradeoffs

Service Delivery	Coordinating		Merging	Contracting				New Entity			
	Specific Service Delivery Options	In-kind sharing	Fee-based sharing	Legal transfer to other agency or JPA	Contract with agency	Contract with JPA	Contract with Non-profit	Contract with private sector	Single-purpose JPA	Single-purpose nonprofit	Multi-purpose nonprofit
Policy Decisions	Existing agency or shared among agencies	Existing agency or shared among agencies	Managing agency or shared with existing agency	Existing agency	Existing agency	Existing agency	Existing agency	New entity	New entity	New entity	New entity
Fiscal Decisions	Existing agency (none/limited)	Existing agency	Managing agency or shared among agencies	Existing agency	Existing agency	Existing agency	Existing agency	New entity	New entity	New entity or shared	New entity or shared
Pros	<ul style="list-style-type: none"> Retains most decision-making Easiest to discontinue if results are not satisfactory 	<ul style="list-style-type: none"> Retains most decision-making Relatively easy to discontinue if results are not satisfactory 	Efficiency of policy making being focused	<ul style="list-style-type: none"> Retains all decision-making Relatively easy to discontinue Efficient 	<ul style="list-style-type: none"> Retains all decision-making Relatively easy to discontinue Increased attention to service Efficient 	<ul style="list-style-type: none"> Retains all decision-making Relatively easy to discontinue Efficient 	<ul style="list-style-type: none"> Retains all decision-making Relatively easy to discontinue Efficient 	<ul style="list-style-type: none"> Increase attention to service Most efficient (one entity) Maintains public entity representation 	<ul style="list-style-type: none"> Increase attention to service Most efficient (one entity) 	Most efficient (one entity)	<ul style="list-style-type: none"> Most efficient (one entity) Maintains public entity representation
Cons	<ul style="list-style-type: none"> Lack of fiscal stake may weaken commitment Multiple agencies may make decision-making unwieldy Ongoing governance issues 	<ul style="list-style-type: none"> Many agencies participating may make decision-making unwieldy Ongoing governance issues 	May require giving up some policy and/or fiscal decision-making power	One agency delivering service, while another controls policy	One agency delivering service, while another controls policy	One entity delivering service, while a separate agency controls policy	One entity delivering service, while a separate agency controls policy	Transfer of decision-making power	<ul style="list-style-type: none"> Loss of public entity representation Transfer of decision-making power 	<ul style="list-style-type: none"> Loss of public entity representation Transfer of decision-making power 	Transfer of decision-making power