

IMFG

No. 10 / 2014

perspectives

Linking Regions, Linking Functions: Inter-Municipal Agreements in Ontario

Zachary Spicer

About IMFG

The Institute on Municipal Finance and Governance (IMFG) is an academic research hub and non-partisan think tank based in the Munk School of Global Affairs at the University of Toronto.

IMFG focuses on the fiscal health and governance challenges facing large cities and city-regions. Its objective is to spark and inform public debate, and to engage the academic and policy communities around important issues of municipal finance and governance.

The Institute conducts original research on issues facing cities in Canada and around the world; promotes high-level discussion among Canada's government, academic, corporate and community leaders through conferences and roundtables; and supports graduate and post-graduate students to build Canada's cadre of municipal finance and governance experts. It is the only institute in Canada that focuses solely on municipal finance issues in large cities and city-regions.

IMFG is funded by the Province of Ontario, the City of Toronto, Avana Capital Corporation, and TD Bank Group.

Authors

Zachary Spicer is a SSHRC postdoctoral fellow with the Laurier Institute for the Study of Public Opinion and Policy at Wilfrid Laurier University. During 2013–2014, he held a postdoctoral fellowship at the Institute on Municipal Finance and Governance.

Acknowledgements

The author would like to thank André Côté and Enid Slack for their input on earlier drafts of this paper. The author would also like to thank officials with the Ontario Ministry of Municipal Affairs and Housing for making data for this project available.

The author is responsible for the contents of the paper and the opinions expressed, which are not attributable to the IMFG or its funders.

Institute on Municipal Finance & Governance
Munk School of Global Affairs, University of Toronto
1 Devonshire Place
Toronto, Ontario, Canada M5S 3K7
<http://www.munkschool.utoronto.ca/imfg/>

Series editor: André Côté

© Copyright held by author, 2014

ISBN 0-7727-0934-9

Executive Summary

Local governments work together in many ways. At the most basic level, they share information and collaborate on best practices for service delivery. At a more advanced level, municipalities may share the cost and delivery of services or the construction and administration of certain infrastructure projects. Collaboration may result in savings and service improvements, all of which ultimately benefit residents.

This *Perspectives* paper describes the reasons for forming inter-municipal agreements, discusses the different forms these agreements take, and presents the findings of a 2012 survey of Ontario municipalities that examined the nature of shared services arrangements.

Are local governments working together?

Almost all Ontario municipalities share some services. Those that do not share services are generally small, rural municipalities that are far from neighbouring communities. Most agreements are for emergency services, planning, waste services, and roads maintenance. Geography and municipal size appear to affect the likelihood that cooperation will occur.

Why are local governments working together?

Most municipalities cooperate hoping to reduce costs, either of existing services or through pooling capital for large infrastructure projects. Municipalities believe that cooperation can also increase the overall quality of the services they provide. Political leadership and social capital are significant prerequisites for forming cooperative service relationships.

Why is it important that local governments work together?

Inter-municipal agreements are a growing part of the governance landscape in Ontario's municipal sector. Past research – mainly American – has shown that inter-local agreements can overcome institutional deficiencies in metropolitan governance and better provide for policy and service continuity. Canadian metropolitan areas are demonstrating an increasing need for such coordination as well, providing an opportunity to explore non-institutional, decentralized solutions to governance challenges.

Linking Regions, Linking Functions: Inter-Municipal Agreements in Ontario

Introduction

Ontario municipalities deliver a wide range of local services, such as transit, libraries, garbage pick-up, social assistance, recreation programs, and water and wastewater treatment. Finding the best way to deliver these services is a critical task for municipal governments. In many cases, delivering services efficiently and effectively means providing services across municipal boundaries.

In Canada, reforms to government structures – whether through annexation or amalgamation to create larger municipalities, or the creation of upper-tier governments to manage regional services – have been the most common responses to demands to improve the coordination of services across local government boundaries. Inter-municipal agreements to share services, infrastructure, or administrative responsibilities have been less common. But that situation appears to be changing.

This *Perspectives* paper explores ways in which municipalities in Ontario share services and cooperate on a regional scale. The paper makes use of survey data collected by the Ontario Ministry of Municipal Affairs and Housing (MMAH) about shared service arrangements in Ontario. The first of its kind in Canada, the survey helps us understand why municipalities cooperate. The results suggest that most municipalities in Ontario participate in cooperative agreements. Population size, geographic location, and other factors determine the policy areas in which municipalities are willing and able to cooperate.

Types of Agreements

Inter-municipal agreements are generally categorized in two ways. The first is according to whether the agreement is restrictive or adaptive.¹ The second is the level of formality of the agreement.

Restrictive agreements clearly establish each party's responsibility to fulfill the terms of the agreement by setting out processes, authority, and outcome requirements from the start.² Adaptive agreements, on the other hand, provide broad discretion and flexibility to adjust the agreements to reflect changing circumstances.

Restrictive and adaptive agreements create different policy outcomes and provide clues as to the nature of the relationship between the two – or more – signatories to the arrangement. An agreement is said to be “restrictive” if it is based upon and closely adheres to a specified set of rules, generally rooted in provincial laws and local ordinances.³ These agreements provide little room for interpretation. Restrictive agreements are difficult to alter because they tend to have fixed expiration dates and clear procedures for termination. Although they provide little “wiggle room,” restrictive agreements provide stability over the life of the agreement, as both sides know what is expected of them financially and administratively, as well as the penalties involved in breaking or deviating from the terms of the agreement.

Restrictive agreements are mainly used for policy areas associated with large budgets (such as water or sewer servicing or the construction of new capital projects, such as recreation centres or long-term care facilities⁴) or for services that are not already provided by a municipality (such as social services).⁵ Such agreements carry a high financial cost and require certain standards to be met. Having a more flexible agreement in place could result in one partner not fulfilling its financial or administrative responsibility, thereby creating service gaps for residents.

Adaptive agreements provide more generalized and flexible guidelines for locally coordinated efforts. These types of agreements usually do not include strict financial or administrative provisions and are more easily altered if both partners find it necessary to do so. They also tend to lack some of the safeguards traditionally found in restrictive agreements, such as termination clauses and expiration dates.

Adaptive agreements are generally used to complement existing services. Examples include “mutual aid” for fire services, whereby two communities sign an agreement to ensure that the other assists in the event of a major fire; or road maintenance and snow removal, in cases where service gaps would not create major hardships for residents. In both cases, each municipality has the administrative infrastructure necessary to provide the service independently, but uses an adaptive service agreement to provide an additional layer of security or allow the jurisdiction to cut costs.⁶ Other examples of adaptive agreement policy areas may include staff training, library services, or cultural services.

The second agreement category is formal vs. informal. Formal agreements are written down and well-known to participants. The terms of the agreement are clearly spelled out and each participant receives a copy. Informal agreements, on the other hand, are not written down and can include staff practices embedded into area governance. External observers may find it hard to gauge what is included in the informal agreements, as even local policy makers have difficulty articulating what they are and how they work.

Inter-Local Agreements in Ontario: Survey Results

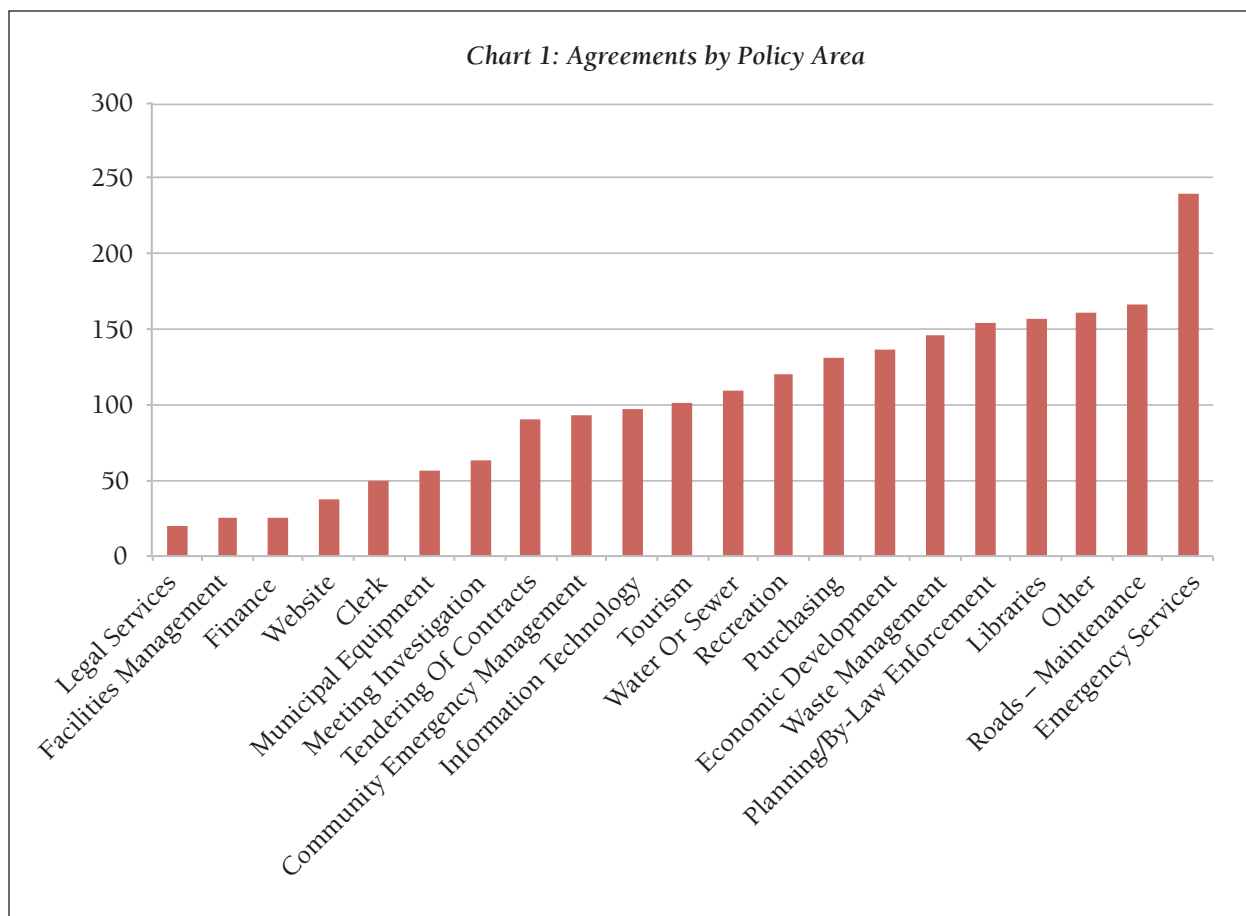
Interest in inter-local agreements has recently peaked in Ontario, in large measure as a way to find solutions to increasingly complex servicing within growing metropolitan areas. Over the past several years, the Government of Ontario has explored ways to increase cooperation among municipalities.⁷

A first step was finding which municipalities are cooperating and sharing services.⁸ In November 2012, therefore, MMAH conducted a phone survey of municipal staff.⁹ Of the 409 municipalities that responded, 378 (92

percent) indicated that they share services of some kind. Only 31 municipalities (8 percent) reported that they do not cooperate formally with other municipalities. Of the agreements identified, the majority are formal. Of the municipalities that participate in cooperative arrangements, 331 have formal agreements, and 32 have informal agreements.

As Chart 1¹⁰ shows, inter-local agreements in Ontario are most commonly used for emergency services. Many of these are likely mutual aid agreements for fire protection. This is not surprising, considering that municipalities in Ontario are mandated under the *Fire Protection and Prevention Act* to maintain fire protection and education services throughout their jurisdictions.¹¹

Inter-municipal agreements are also used for planning, waste management, and road maintenance services. For the most part, these policy areas do not require a high degree of institutional or financial integration. These service areas can generally be completed by contracting with another municipality; smaller municipalities sometimes also share administrative staff (see Box 1).



Box 1: Shared Administration in Carling and The Archipelago

The Northern Ontario Townships of Carling and The Archipelago share a senior administration team. When Carling’s Clerk-Administrator retired in 2009, the township searched for a replacement, but like many small, rural municipalities, was unable to find a qualified person. At this point, officials from The Archipelago approached Carling’s Mayor with the prospect of sharing a Chief Administrative Officer (CAO). When Carling’s Treasurer retired in 2010, the opportunity to share services again presented itself. Under the agreement, the CAO spends 60 percent of his or her time in The Archipelago’s offices (generally Monday, Wednesday, and Friday) and the remaining time in Carling’s offices. The Treasurer, however, spends 80 percent of his or her time working from The Archipelago’s township offices. Costs for the CAO and Treasurer are divided on the basis of time spent in each municipality.

Only the top four service areas are displayed. Emergency services were excluded, as this particular service area is most commonly shared between each area.¹³ Western Ontario, for example, tends to share infrastructure-related services. Central Ontario municipalities have more frequently partnered on administrative services. In southern Ontario, municipalities mainly partner on infrastructure, such as water or waste water, or on other large capital projects – such as recreation – where higher densities and proximity among communities allow for more shared use. Both northern regions have not shown a tendency to cooperate on infrastructure policy areas, likely because of the greater distances between municipalities.

Chart 2 shows the perceived benefits of cooperation. The most popular response relates to lowering costs. Respondents indicate that cost sharing and reduced overall servicing or administrative costs were two of the greatest perceived benefits, along with improving service quality.

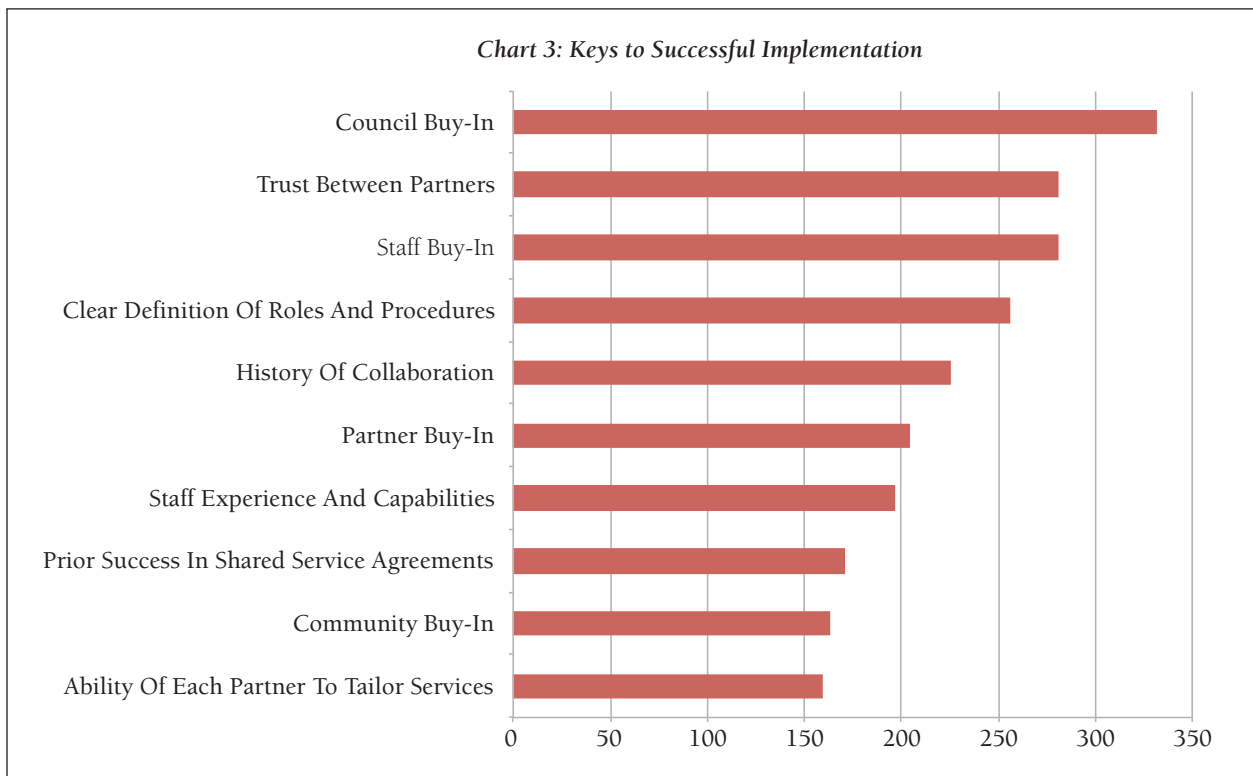
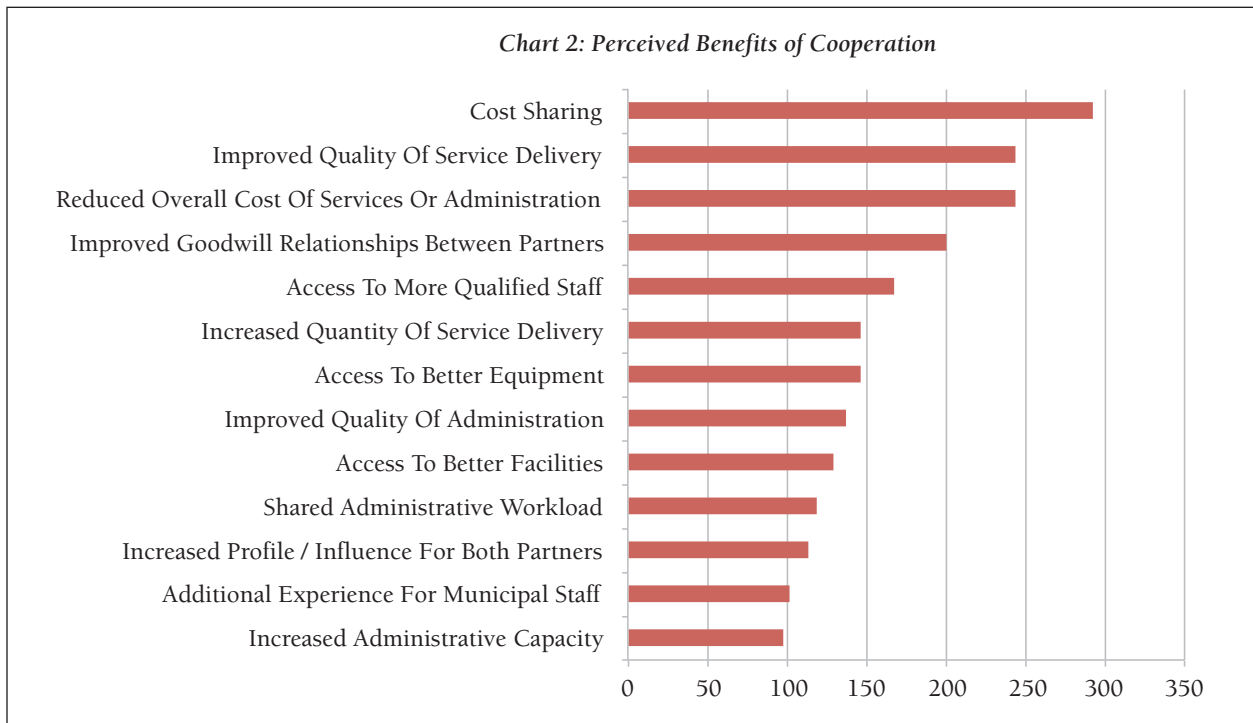
Creating the conditions for cooperation can often be more challenging than simply *wanting* to cooperate. Chart 3 identifies what municipal respondents believe to be the keys to successful agreement implementation. Getting “council buy-in” is the most common response. “Staff buy-in” also ranked high.

The lesson here is that cooperation on certain policy areas requires a local champion, either from the political or from the bureaucratic side. Where political and bureaucratic

There is little consistency in the use of shared service arrangements across Ontario regions. Table 1 provides a breakdown of shared services by region, including the percentage of municipalities sharing that particular service.

Table 1: Shared Services by Region, Top Four Sectors

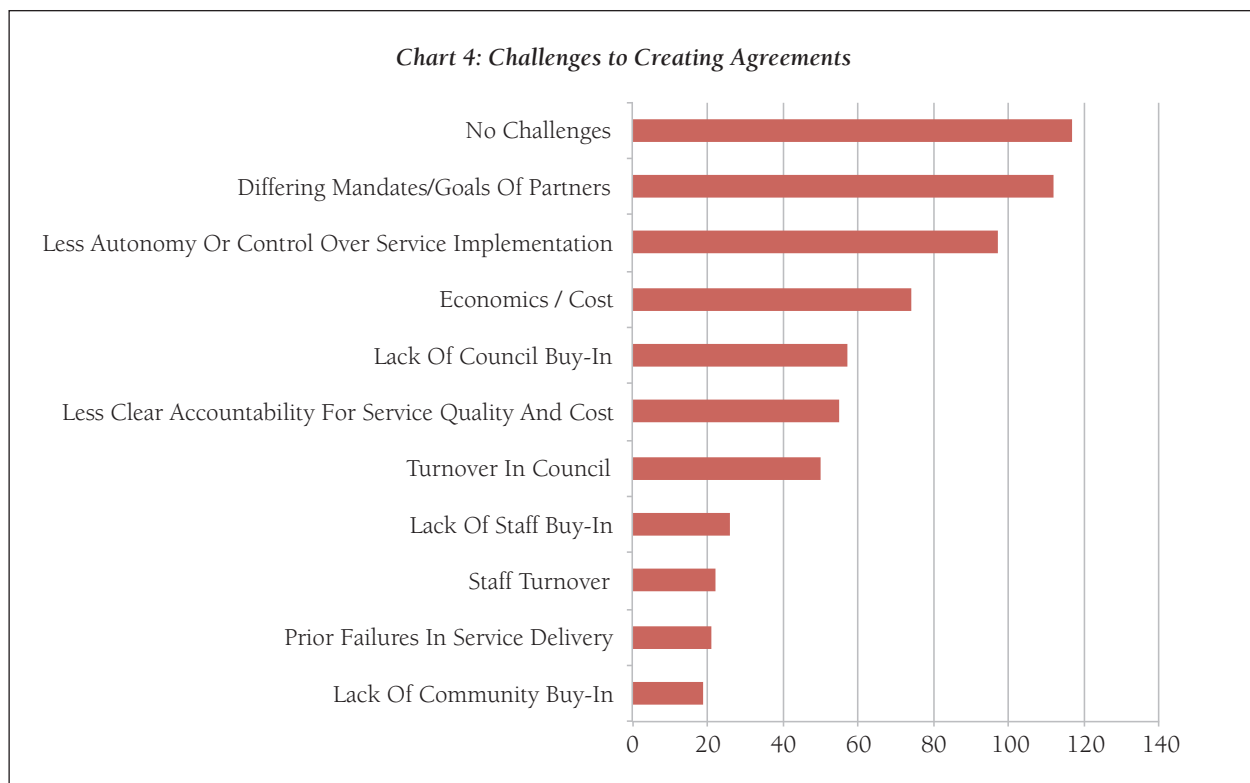
Northwestern Ontario		Northeastern Ontario	
Planning Building and Bylaw	41%	Planning Building and Bylaw	45%
Landfill Operations	35%	Libraries	40%
Meeting Investigators	29%	Facility Management	38%
Economic Development	29%	Roads Maintenance	29%
Eastern Ontario		Western Ontario	
Roads Maintenance	55%	Water and/or Wastewater	56%
Libraries	38%	Roads Maintenance	55%
Landfill Operations	32%	Planning, Building and Bylaw	52%
Recreation	31%	Landfill Operations	51%
Central Ontario			
Purchasing	63%		
Emergency Management	41%		
Contract Awards	38%		
Recreation Facilities	34%		



actors have wide authority to act, they can more easily push forward a cooperative agenda. Ensuring that these leaders see the value in cooperation is critical to shared services agreements. Uneasy relations between two communities can make cooperation difficult. History, in this case, matters considerably. Another important factor was trust between partners. This factor and political support are likely

correlated. Again, community history matters. If people in certain areas do not trust each other or if there have been polarizing events between two municipalities in the past, future cooperation could be unattainable.¹⁴

Challenges to the successful implementation of agreements are shown in Chart 4. The largest share of



respondents identified “no challenges” in forming agreements. Those that did find challenges found that differing mandates and goals of the partners could be important barriers, followed by a loss of control over service implementation and costs. Many of these factors have evidently led to the failure of cooperation agreements. Of the municipalities that responded to the survey, 38 percent indicated that they had experienced a failed agreement.

Very few municipalities have never used agreements.¹⁵ Most of those that have not used inter-local agreements are small, rural municipalities. The most frequent reason given for not having agreements is a lack of support from the community, council, or staff. Only two respondents reported a shared service agreement in the past that had failed, indicating that past negative experience has not largely informed future cooperation. No municipalities indicated that the failure of a previous agreement was a reason they were not cooperating. Many indicated that they are considering cooperation on shared services in the future. Only seven indicated that they had no interest in cooperation of any kind.

Why Do Municipalities Cooperate? Our Theoretical Understanding

All municipalities cooperate in some form or another, but the scope and commitment of this cooperation varies significantly. The most basic level of cooperation is informal information-sharing between municipal departments or

municipal officials.¹⁶ As the intensity of this cooperation increases, it can result in formal resource-sharing agreements or the creation of joint bodies. The range of agreements and the scope of institutional integration vary considerably.

Why Cooperate?

Past research indicates that for municipalities, cooperation can be an attractive alternative to more wrenching structural changes, such as amalgamation. First, inter-municipal partnerships can generally be formed without the intervention of senior levels of government, which is often an appealing prospect. Second, voluntary cooperation generally leaves intact the policy domains of local government, and does not typically result in a permanent loss of local policy capacity or autonomy. In short, inter-local agreements can reduce the fear that local democracy will be “hollowed out.”¹⁷

Aside from these general motivations, there are four broad incentives for pursuing inter-governmental agreements, outlined in Table 2.

The first incentive for cooperation is fiscal. Municipalities must provide services on limited budgets, so sharing services is often seen as a way of stretching financial resources. Partnering with another municipality to share the cost of delivering a service can be one way of saving costs. Contracting services is often seen in the same light. When one municipality does not have the resources to deliver a new

Table 2: Motivations and Incentives for Inter-Local Cooperation

Fiscal Incentives	<ul style="list-style-type: none"> • Contract services from another municipality to avoid delivering them internally • Reduce spending on capital projects • Reduce costs through shared administration and/or delivery • Overcome challenges with local capacity
Filling Service Gaps	<ul style="list-style-type: none"> • Allow municipalities to deliver a service they would be unable to deliver alone • Overcome geographic isolation and environmental access challenges
Controlling Externalities	<ul style="list-style-type: none"> • Manage the “spillover” of services into neighbouring municipalities • Better direct growth and development • Provide for road and transit links between jurisdictions • Monitor shared natural resources
Controlling Externalities	<ul style="list-style-type: none"> • Manage the “spillover” of services into neighbouring municipalities • Better direct growth and development • Provide for road and transit links between jurisdictions • Monitor shared natural resources
Mandated Integration	<ul style="list-style-type: none"> • Jointly provide a service that requires integration by senior governments

service, it may contract with another municipality to provide that service to its residents, thereby avoiding the start-up costs associated with providing the service itself. Finally, partnering with another municipality on infrastructure projects can help reduce the capital costs associated with a project for each municipality. For example, two municipalities could share the construction and operating costs of a recreation complex, thereby lowering the cost to each participant and increasing the usage of the facility.

Second, cooperation may help some municipalities fill service gaps. Simply put, some municipalities cannot deliver certain services to residents because they are too geographically isolated, or because they do not have access to certain resources. For example, some municipalities do not have adequate access to source water for the entire community (see Box 2).¹⁸ Partnering with another municipality to provide a service can ensure service continuity for all residents, especially where geographic isolation and access to resources limit the extent to which a community can grow and develop.

The third motivation is to control externalities whereby services, such as roads, spill over municipal boundaries. People may live and pay taxes in one municipality but work in another, without paying for the use of its roads, services, and infrastructure. Growth and development also spill over borders, calling for regional planning and cooperation among neighbouring municipalities. Transportation planning is often affected by growth. Creating mechanisms to jointly manage spillover costs can avoid the long-term fiscal burden of improper coordination. Finally, cooperation can help in the monitoring of shared natural resources, such as waterways.

Box 2: Toronto and York Region’s Water Agreement

In 2005, the City of Toronto and the Regional Municipality of York renewed an agreement for water services that was first established in 1974. Because York Region does not have direct access to fresh water from Lake Ontario, it receives water from Toronto. Under the agreement, Toronto provides water on the basis of pre-established requirements to York Region, with a cap on the daily water volume that is transferred. In addition to paying for water volume, York Region is also responsible for contributing to the capital costs of water infrastructure and the expansion of treatment plants and pumping stations.

Lastly, cooperation can be mandated by higher orders of government. Ontario’s Consolidated Municipal Service Manager (CMSM) system is just one example (see Box 3). In 1998, the provincial government downloaded the delivery and partial funding of an array of social services to municipalities, mandating that the CMSM system be used to coordinate services. While large municipalities may independently act as a CMSM, this approach requires municipalities in certain regions to form inter-local agreements. In such instances, the provincial government provides the directive to cooperate, but allows the details of the arrangement to be sorted out locally.

Box 3: Ontario’s Consolidated Municipal Service Manager System

The CMSM program was the result of provincial downloading in 1998. Implemented through the *Local Service Realignment Act*, municipalities across the province assumed increased responsibility for Ontario Works (social assistance), child care, social housing, land ambulance, and public health. To ensure that these services were delivered effectively and equitably, the province established Consolidated Municipal Service Managers and districts. In total, 37 Consolidated Municipal Service Managers and 10 northern district social services administrative boards were established, each of which was roughly aligned with existing jurisdictions.

For many communities across the province – such as municipalities with regional or single-tier governments – it was immediately clear who the CMSM would be: areas with an upper-tier or single-tier government automatically assumed responsibility for CMSM services. However, counties with a separated city were permitted to establish their own voluntary agreements. In these cases, inter-local agreements were used to assign funding and delivery roles to each municipality. Many municipalities ended up in arbitration to establish these relationships, but nonetheless they had to have an agreement in place to comply with provincial legislation.

Conditions for Cooperation

While most municipalities have good reasons to pursue cooperation arrangements, two conditions generally need to be in place: willingness and capacity (see Table 3). The first condition is tied to the motivations mentioned above. Is there a clear benefit to cooperation? Are there political or financial benefits? Is cooperation required to achieve a specific goal? Simply put, the benefits of cooperation need to be clear for a municipality to want to pursue a shared services agreement.

Second, a municipality cannot enter into an agreement if it does not have sufficient resources to negotiate, fund, administer, or monitor the arrangement. It cannot partner on capital investments without adequate financial or administrative resources. Similarly, political constraints can be as important as institutional constraints, as political actors must easily come to agreement and be unencumbered by council indecision.

Table 3: Conditions for Effective Inter-Local Cooperation

Willingness to Participate	Capacity to Participate
Is there a need to cooperate?	Are there political constraints?
Are there political benefits?	Are there administrative constraints?
Are there financial benefits?	How significant is the commitment?
Is there a history of cooperation?	What is the term of commitment?
Is there consistent communication with potential partners?	Are other levels of government involved?
Are there high or low transaction costs?	Are other governments exerting influence?
Is there community support?	Can the agreement terms be fulfilled?

Transaction Costs

Cooperative arrangements are most likely to work when the benefits are high and the transaction costs of negotiating, coordinating, monitoring, and enforcing agreements are low.¹⁹ If either government cannot recognize a benefit to entering an agreement, it will not cooperate. Feiock²⁰ identifies four types of transaction costs: information and coordination costs, negotiation and division costs, enforcement and monitoring costs, and agency costs (see Table 4).²¹

Box 4: A Shared Public Library System in Limerick and Wollaston

The northeastern Ontario municipalities of Limerick and Wollaston have shared a library for more than 40 years. The jointly governed Wollaston and Limerick Union Public Library (WLUPL) is a one-site library providing services to residents of both communities. The WLUPL reports having 450 active users, approximately 42 percent of the total population of both townships. The WLUPL’s total budget was \$36,000 for 2012, which supported 20 hours of operation four days a week from September to June, and 23 hours of operation five days a week in July and August. The WLUPL has a six-person board, with one elected official from each municipality and four community members appointed by council.

Coordination costs refer to the process of identifying both opportunities for mutual gain and potential policy partners. Once a potential partner establishes a connection, a negotiation of formulas or procedures to allocate costs or benefits ensues. This can be a challenging process. As a result, the conditions under which the agreement was first established can change over the lifespan of an agreement,

Table 4: Transaction Costs

Transaction Cost	Description
Information/ Coordination Costs	The preferences of all potential partners must be well known to ensure that the agreement aligns with the needs of each municipality and that each partner knows the motivations of the others.
Negotiation/ Division Costs	The parties must be able to reach agreement on who is responsible (both financially and administratively) for each component of the agreement. There must be an agreed-upon formula for dividing gains and losses stemming from the arrangement.
Enforcement/ Monitoring Costs	The costs associated with ensuring all partners uphold their end of the agreement must be low.
Agency Costs	Those bargaining on behalf of a municipality must adequately represent the interests of constituents; they must have the authority to represent the community.

affecting each partner's perceived value and possibly increasing the incentive for either municipality to renege.

Enforcement costs are incurred to maintain and adhere to the original provisions of the agreement, so community support is key. Finally, agency costs arise when the preferences of public officials who are negotiating agreements depart from the preferences of the citizens they are supposed to represent.²² These transaction costs are not mutually exclusive; each agreement can be affected by more than one.

Box 5: Thames Centre and London Landfill Exchange Agreement

The Municipality of Thames Centre – a lower-tier municipality in Middlesex County – has a waste disposal exchange agreement with the City of London, whereby Thames Centre sends its solid waste to London during the winter months and London sends an equivalent amount of waste to Thames Centre in the summer months. Through an analysis of its waste operations, Thames Centre had identified a considerable decline in collection during the winter months, largely due to seasonal population fluctuations. Despite the decreased collection, the operating costs for the landfill remained constant. Therefore the cost per tonne for waste disposal increased during the winter months, motivating the Thames Centre to seek out the agreement to offset its costs.

Discussion and Conclusion

Although the results of the survey provide an overview of why municipalities opt to enter cooperative agreements, there is much the survey cannot tell us. For example, the survey did not ask how many agreements a particular municipality

has; rather, it asked the policy areas in which a municipality cooperates. Surveying the total number of agreements would provide a much better indicator of cooperative behaviour across the province. As it stands, the data is limited, as the number of policy areas does not accurately capture the cooperative activity between municipalities.

The survey also did not capture the number of partners each municipality has. Cooperating with only one other municipality on many services, for example, is very different from cooperating with many other municipalities on one service. Any further work in this area should try to examine the nature of the policy networks municipalities are forming. Are there patterns in network formation? With whom are municipalities choosing to partner?

The next step is connecting the perceptions of municipal practitioners with policy realities. We know from the survey data why municipalities say they cooperate, but we do not know whether their responses are supported by the evidence. For example, municipalities cite cost savings as the most popular reason for pursuing shared services agreements. But no study has systematically examined whether the cost of shared services is less than the cost of a municipality delivering the service itself. We still do not know conclusively that sharing services saves municipalities money. It is possible that many municipalities are entering into service agreements without a clear understanding of the financial benefits. In fact, without this clarity, it is conceivable that many municipalities are opting *against* cooperation.

What is clear from the provincial survey and review of relevant literature is that municipalities have demonstrated an appetite for cooperation. Municipal practitioners see clear benefits to cooperating with neighbouring municipalities. We know in a very general sense why municipalities cooperate and what barriers stand in their way, namely transaction costs that must be overcome for effective inter-local cooperation to

take place. But we still do not know enough about the impact of these conditions in the Canadian context.

This *Perspectives* paper has attempted to connect existing research with the experience of Ontario municipalities. More work, however, is needed to explore and connect academic work and the perceptions of municipal practitioners. As provincial governments struggle to find the right institutional composition for their municipalities, it is likely that inter-local cooperation will become a viable alternative to controversial institutional change, amalgamation, or annexation. Therefore, our research has to keep pace with practice to ensure we give municipalities the opportunity to properly evaluate the choices presented to them.

Endnotes

- 1 Samuel Nunn and Mark Rosentraub, “Dimensions of interjurisdictional cooperation,” *Journal of the American Planning Association*, 63, 2, 1997.
- 2 Simon A. Andrew, “Adaptive versus restrictive contracts: Can they resolve different risk problems?” in *Self-Organizing Federalism: Collaborative Mechanisms to Mitigate Institutional Collective Action Dilemmas*. Cambridge: Cambridge University Press, 2010.
- 3 Andrew, 2008.
- 4 Robert Stein, *Urban Alternatives: Public and Private Markets in the Provision of Local Services*. Pittsburgh: University of Pittsburgh Press, 1990.
- 5 Stephanie Post, “Local government cooperation: The relationship between metropolitan area government geography and service provision.” Paper presented at the Annual Meeting of the American Political Science Association, Boston, MA, August 29–September 1, 2002.
- 6 Phi Lynn, *Mutual Aid: Multijurisdictional Partnerships for Meeting Regional Threats, New Realities: Law Enforcement in the Post-9/11 Era*. Washington, DC: US Department of Justice, Office of Justice Program, Bureau of Justice Assistance, 2005.
- 7 This is a radical departure from the province’s previous position on inter-local cooperation. For many years, the province dissuaded municipalities from signing inter-municipal agreements. For example, a 1987 Ontario government report, titled *Patterns for the Future*, described the use of inter-local agreements as problematic. Noting that inter-local agreements can be “time-consuming to negotiate, can foster dispute, and can create confusion about accountability,” the report argues that these agreements create uncertainty about lines of policy-making responsibility (p. 62). Inter-local agreements, the report continues, do not necessarily provide stable administration since their terms and conditions are subject to periodic re-negotiation (p. 65). Ontario. *Patterns for the Future: Report of the Advisory Committee on County Government*. Toronto: Ministry of Municipal Affairs, 1987.
- 8 I would like to thank the Ministry of Municipal Affairs and Housing for sharing the data from the survey with me, and particularly David King and John King for their assistance.
- 9 Each of the 444 municipalities in the province was contacted. Respondents were either Chief Administrative Officers or designated senior managers. Of those municipalities contacted, 409 responded – a rate of 92.1 percent.
- 10 “Meeting Investigation” in Chart 1 refers to investigating closed meetings of council. In Ontario, municipalities and local boards are required to pass bylaws setting out the procedure for holding meetings. The law requires that public notice be given that a meeting is being held. All meetings must be open unless they are exempted and declared “in camera.” According to the *City of Toronto Act, 2006*, and the *Municipal Act, 2001*, any person may request an investigation into whether a municipality or local board has complied with the open meeting requirements or the procedural bylaw relating to any meeting or part of a meeting that was closed to the public. Municipalities will generally designate a closed meeting investigator at the beginning of the term and retain that individual. If a municipality has not appointed an investigator, the Ombudsman of Ontario has the authority to investigate complaints about closed meetings.
- 11 *Fire Protection and Prevention Act, 1997*, S.O. 1997, c. 4.
- 12 KPMG, *Sharing Municipal Services in Ontario: Case Studies and Implications for Ontario Municipalities*. Toronto: KPMG, 2013.
- 13 Emergency services are, by and large, the policy area that is most commonly shared. Municipalities in Ontario are mandated under the *Fire Protection and Prevention Act, 1997* to maintain fire protection and education services throughout their territory. For the most part, municipalities use shared services agreements to maintain this coverage. Excluding emergency services arrangements helps to identify other commonly shared service areas within the different provincial regions.
- 14 A recent example is the situation between Guelph and Wellington County. The two communities could not reach a suitable arrangement for the sharing of social services when the province introduced the CMSM. As a result, the relationship between the two deteriorated over time, and they have been unable to cooperate in other areas ever since.
- 15 The municipalities without any agreement are Athens, August, Baldwin, Black River-Matheson, Fauquier-Strickland, Front of Yonge, Grey Highlands, Howick Township, Iroquois Falls, James Township, Latchford, Markstay-Warren, Marmora and Lake, Matachewan, McGarry, Meaford, Merrickville-Wolford, Milton, Morley, Nairn and Hyman, Neebing, North Grenville, Norwich, Oil Springs and Woolwich, Opasatika, Sables-Spanish Rivers, South Algonquin, Thunder Bay, Trent Hills, and Westport. Thunder Bay does have agreements with the neighbouring Fort William First Nations, however.

16 Rudie Hulst and André van Montfort, “Intermunicipal Cooperation: A Widespread Phenomenon,” in Rudie Hulst and Andre van Montfort, eds., *Intermunicipal Cooperation in Europe*. Dordrecht: Springer, 2008.

17 Hulst and van Montfort, 2007.

18 York Region and Toronto have an agreement for water servicing, overcoming York’s distance from Lake Ontario and adequate sources of water.

19 Richard C. Feiock, “Rational Choice and Regional Governance,” in *Journal of Urban Affairs*, 29, 1, 2007.

20 Feiock, 2007.

21 Feiock, 2007.

22 Feiock, 2007.

23 KPMG, 2013.

24 KPMG, 2013.

WEB

www.munkschool.utoronto.ca/imfg/

TWITTER

[@imfgtoronto](https://twitter.com/imfgtoronto)