All municipalities cooperate to some degree. Whether it is simple information sharing or the distribution of best practices, most municipalities in Canada cooperate at a very basic level. Others, however, have entered into sometimes elaborate and complex service sharing and service contracting agreements. In the United States, dozens, if not hundreds, of these arrangements are found in nearly every metropolitan area in the country. American metropolitan areas are much more fragmented than their Canadian counterparts and are generally subject to less sub-state authority, necessitating such contractual relationships.
In Canada, the situation is much different. While we have long heard about the importance of inter-local cooperation, evidence has shown that Canadian municipalities are not using inter-local service sharing and contracting to the same extent we see elsewhere, particularly in the United States and Europe.\(^1\) Despite the perceived benefits, why have Canadian municipalities been so slow to adopt inter-local service sharing as a policy and servicing strategy? 

I. WHY COOPERATE?

Canadian municipalities have a number of reasons to cooperate with other municipal governments. We can identify five distinct motivations and incentives to pursue inter-local cooperation.

**Fiscal benefits**  
Cooperation is perceived to have financial benefits for those who enter into these types of agreements. Sharing a service or contracting with another municipality to provide a service allows a municipality to avoid delivering that service internally. Similarly, entering into a joint agreement for the construction of new capital projects allows a municipality to reduce their individual contribution as well as ongoing operating costs.

**Fill service gaps**  
Simply put, some municipalities are unable to deliver every service they wish. For example, some municipalities may not have access to enough sources of water for their current population. To facilitate growth in such a scenario, that municipality may seek out neighbouring municipalities to extend water service. If a municipality is unable to provide a service independently, there is a good chance they will pursue a cooperative relationship, mainly to overcome geographic or environmental isolation.

**Increase capacity and service quality**  
By cooperating with another municipality, municipal governments may be able to increase the quality of the services they deliver. This can be accomplished by tapping into the policy expertise of partners or simply strengthening capacity and resources. The prospect of delivering higher quality services more efficiently can incentivize the cooperative process.

**Control externalities**  
Within metropolitan areas, policy spill over can be frequent. Cooperation can help municipalities better manage externalities and plan for growth and development and transportation continuity on a regional scale. Cooperative relationships also allow municipalities to monitor shared resources, such as waterways.

**Mandated integration**  
Some cooperative behavior is not voluntary. In some instances, provinces can mandate local governments work together to achieve some policy end. This is best evidenced through Ontario’s Consolidated Municipal Service Manager system, which mandated municipalities in certain areas of the province to share the cost and administration of delivering certain social services, such as public housing and homes for the aged. Finally, there is an emerging incentive to pursue local voluntary cooperation in order to expand regionalism within a particular region. Inter-local service sharing has demonstrated the ability to link a region and provide for policy and service continuity without the need for institutional consolidation. The attractive aspect is the possibility of linking a region without sacrificing capacity or autonomy, which some authors have argued allows the local state to remain intact and avoid being “hollowed out”.\(^2\)
Conditions for Effective Inter-Local Cooperation

<table>
<thead>
<tr>
<th>Willingness</th>
<th>Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Needs, Desires, Benefits, Incentives</td>
<td>Resources, Institutions, Leadership</td>
</tr>
<tr>
<td>Is there a need to cooperate?</td>
<td>How constrained are leaders?</td>
</tr>
<tr>
<td>Are there political benefits?</td>
<td>How constrained are institutions?</td>
</tr>
<tr>
<td>Are there fiscal benefits?</td>
<td>How significant is the commitment?</td>
</tr>
<tr>
<td>Is there a history of cooperation?</td>
<td>What is the term of commitment?</td>
</tr>
<tr>
<td>Is there consistent communication?</td>
<td>Are multi-level actors involved?</td>
</tr>
<tr>
<td>Are there high or low transaction costs?</td>
<td>Are multi-level actors exerting influence?</td>
</tr>
<tr>
<td>Is there community support?</td>
<td>Can partnership fulfill agreement terms?</td>
</tr>
</tbody>
</table>

While all municipalities have a certain number of incentives to pursue cooperation with neighbouring municipalities, two main conditions must still be satisfied for cooperation to take place: willingness and capacity.

The first condition is closely tied to the motivations mentioned above: municipalities must be willing to cooperate. Potential partners must be motivated by the prospect of cooperation. Will they be able to satisfy a policy objective that is unachievable alone? Will cooperation result in financial savings? Will it enhance services for local residents? These key questions must be satisfied prior to seeking a cooperative arrangement.

Second, cooperation hinges upon capacity. Willingness is certainly a motivator to pursue cooperation, but capacity also determines the process of cooperation. Simply put, municipalities must be able to enter into a cooperative arrangement. A municipality cannot enter into an agreement if it does not have sufficient resources to negotiate, fund or monitor the agreement. It cannot partner on capital investments without adequate financial or administrative resources. Similarly, political constraints are equally as important as institutional constraints, as political actors must easily come to agreement and be unencumbered by council indecision.

II. WHO IS COOPERATING?

As discussed earlier, Canadian municipalities are not cooperating at the same rate as those in Europe and the United States. Who is cooperating? What is being shared? Past research into inter-local cooperation in Canada has some insight. Inter-municipal agreements were collected from 117 municipalities in six of Canada’s largest Census Metropolitan Areas (CMA): Toronto, Winnipeg, Saskatoon, Regina, Edmonton, and Calgary.

All of the available agreements were collected between 1995 and 2013. In total, only 354 agreements were identified: 132 in the Toronto CMA, 15 in the Winnipeg CMA, 11 in the Saskatoon CMA, 13 in the Regina CMA, 153 in the Edmonton CMA and 30 in the Calgary CMA.

There is quite a bit of variation between each CMA. The most obvious is the disparity between the Toronto and Edmonton CMAs and the other cases. Toronto is by far the most populated of the CMAs. Edmonton has the highest number of governing units, 31, within its CMA. It also has the largest land area of the CMAs under study. Both of these factors may have led to the creation of more inter-local agreements. Aside from Edmonton and Toronto, we see a minimal number of agreements in the other CMAs studied.
Above we can see the majority of existing agreements concern emergency services. Emergency services is one policy area where geographical coverage is vital in maintaining public safety, which is why some municipalities feel the need to enter into agreements with neighbouring jurisdictions to ensure service continuity and protection. Simply put, municipalities do not want to see lives lost because of gaps in service coverage, adding incentive to the cooperative process. The majority of the emergency services agreements included in this study involve fire protection, mostly in the form of mutual aid or fee for service agreements. Generally, cities contract fire services to smaller jurisdictions near their borders. Consequently, these agreements tend to involve emergency dispatch or reporting. This is unsurprising, considering that municipalities included in this study are required by provincial mandate to maintain fire protection and emergency education services throughout their territory.

The majority of the agreements in the transportation category are public transit agreements signed between Edmonton and its neighbouring municipalities. Only 15 of the 61 agreements listed within the transportation category concern roads. The next most frequent area of cooperation is administrative services, which includes all items related to staffing or other matters of corporate services, such as information technology and data sharing. A growing trend in inter-local cooperation is the sharing of staff and administrative resources. The same trend is seen here, as some smaller municipalities are sharing senior staff and legal services. Aside from these three main policy areas, there is not much frequency in the other policy areas.

Relatively few actors are involved in these agreements. The average number of participants for each agreement is 2.87, meaning that most municipalities prefer to form agreements with only a few municipal partners. The vast majority of the agreements are bilateral. For the most part, municipalities are shying away from forming multi-lateral agreements. Additionally, only 176 agreements, very nearly 50% of the total agreements, are signed with the central city in each CMA, meaning that a large proportion of the agreements are signed among municipalities in the periphery of the region. Nearly all of the agreements (85%) are formal, legal agreements. As such, there are repercussions for violating the terms of the agreement, indicating that Canadian municipalities are largely concerned with legal protection when entering into these types of agreements. The vast majority of agreements (76.3%)
include termination clauses that allow at least one of the partners included in the agreement to exit from the arrangement. Many such termination clauses include procedures and timelines for withdrawal, such as submitting termination notices in writing within sixty days of the set withdrawal. The procedures and timing of the termination process vary by agreement. However, 64.4% of the agreements contain expiry clauses, stating that the agreement will automatically terminate after a set period of time unless the jurisdictions included in the agreement want to extend it.

Although most jurisdictions prefer agreements with termination and expiry clauses, very few include clauses for monitoring, such as the creation of joint boards, commissions or dispute resolution mechanisms. Only 3.1% of agreements involve the creation of joint boards or commissions to oversee the execution of the agreement. Similarly, only 17.5% of agreements include procedures for dispute resolution. The high rates of termination clauses indicate that many communities view their ability to terminate the agreement as a form of dispute resolution; consequently, each signatory’s ability to leave the agreement at any time is, in itself, an incentive to seek an informal resolution to any impasse.

The prevalence of expiry and termination clauses also indicates that most jurisdictions prefer to establish agreements that carry a low level of risk. Although these agreements are formalized, they are established for set durations and allow either partner to leave the agreement if they feel that participating is no longer in their best interest. Only a minority of agreements establish independent authorities to monitor and execute the content of the agreement, with a similar number having built-in dispute resolution mechanisms. This indicates that the municipalities within the CMAs under examination are creating agreements without the aim of creating long-term relationships. Instead, these agreements aim to create policy-specific and purpose-driven networks of cooperation.

III. WHY SO LITTLE COOPERATION?

When engaging in cooperative agreements, Canadian municipalities are seeking binding arrangements for low-cost policy areas. For the most part, municipalities in Canada are signing inter-local agreements at rates far lower than those in the United States or Europe. Why do we see comparatively lower levels of inter-local cooperation?

There are some institutional reasons for this. Local governments in Canada come under considerable control from their provincial governments. The provinces have a long-history of emphasizing institutional change rather than voluntary cooperation. In fact, many provinces actually viewed inter-local service sharing as problematic, potentially setting the stage for inter-municipal feuding and conflict they would ultimately be responsible for solving.

Second, there is an overall lack of transparency when it comes to signing these types of arrangements. Inter-local agreements are largely not publicly available, despite being broadly classified as public documents. Many have to be requested from a municipality; a Freedom of Information Act request is often required to view these agreements. This limits best practices and information sharing, meaning that municipalities hoping to enter into a shared service arrangement have few examples to compare their potential arrangement against.

When formalizing shared service relationships, information is key. When municipalities restrict information, it ultimately results in less communication.

Third, there are differences in reporting service levels between municipalities. Simply put, different measurement techniques prevent easy collaboration, as municipalities often have to spend time aligning not only their service needs and demands, but also their reporting
mechanisms, which is occasionally a challenging task that can lead to the collapse of negotiations. However, there may be other factors at play. A recent survey conducted amongst municipal officials in Ontario can provide us some information. The survey received 707 responses from senior staff and politicians in small, medium and large municipalities across the province. The survey asked respondents to gauge their experience with past cooperative activity (if they engaged in any) and rate their proclivity towards future cooperation under certain scenarios.

The survey presents some interesting findings. First, of those who have entered into service sharing relationships, the experience ratings are quite high. Each category – overall experience, communication, satisfaction and effectiveness – averages above 5 on the 7-point scale.

When asked which challenges they were presented with during the negotiation and delivery stage of each agreement, respondents largely indicated a minimal amount of challenges that needed to be overcome (see Figure 2). Those who have entered into these agreements have very positive impressions of the experience and report few challenges reaching agreement and maintaining their relationship, making the relative lack of cooperative activity even more curious.

Of those who have not yet signed agreements, we see a great deal of hesitation. Relatively few respondents indicated they were considering signing agreements. Figure 3 details some of the policy areas respondents indicated they would consider in approaching another municipality to discuss a shared service relationship.

When asked for specific reasons for not pursuing cooperative action, respondents provide a range of replies. Many indicated they had concerns about losing autonomy. Others suggested potential partners could not ensure service standards or operated at different standards. Some cited personal reasons, be they political or administrative, and a great deal of parochialism and “inattentiveness” on the part of potential partners.

![Figure 2: Cooperation challenges](image-url)
The survey results indicate we are timid cooperators. We are hesitant to enter into cooperative service sharing relationships. However, once we take a leap of faith and begin to cooperate, we find the experience positive and rewarding. Administrators and politicians should consider these findings when considering entering into service sharing relationships.

**Figure 3: Service sharing consideration**

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