

# Appendix K: Inter-Local Agreements

Related Section:  
Annexation & Regional Partnerships

## Pros and Cons of Interlocal Agreements<sup>1</sup>

### Advantages of Interlocal Agreements

1. Increased efficiency can be attained by establishing optimum-size operating units on a function-by-function basis.
2. Underutilized and expensive equipment, facilities and manpower can be shared. Seldom used or expensive facilities and equipment and specialized personnel may be better utilized.
3. A local government can obtain a service or a product which it cannot produce itself or can produce only at a prohibitively high cost.
4. Duplication of efforts may be eliminated and overall service efficiency increased.
5. A problem affecting several local governments can be solved without changing the basic structure of the local government system.
6. Intergovernmental service arrangements can enhance the service capabilities of small local governments by allowing them to provide specialized services to their residents that they may not otherwise be able to afford.
7. Intergovernmental service contracts allow local governments to avoid start-up costs of purchasing new equipment or hiring staff to provide a particular service.

## Limitations on Use of Interlocal Agreements

1. Poorly drafted agreements which do not provide adequate definitions of expected service levels and contractor responsibilities can cause friction between participating jurisdictions.
2. Smaller jurisdictions contracting for services from a larger jurisdiction may fear loss of control over service delivery. Clearly drawn contract specifications may somewhat reduce this problem.
3. It may be difficult to distribute costs and services equitably among participating agencies.
4. Retirement, insurance, and other overhead costs may be difficult to compute and distribute.
5. Personnel dislocations are sometimes involved. This is particularly true if a service that is being contracted out has traditionally been performed by city employees.

## Some Key Issues<sup>2</sup>

Of course, local officials must also determine whether a proposed interlocal service arrangement makes sense from a policy perspective. Officials will need to consider several key issues:

- Can the offering government provide services at the quantity and quality required, and at a lower cost than using in-house staff or another alternative delivery approach?
- Will the agreement result in cost-effective service delivery?

It will be necessary to thoroughly evaluate each proposal to determine cost-effectiveness.

- How will contract costs be calculated? The methodology for determining costs is of key importance and should be closely reviewed for accuracy, completeness, and fairness.
- Will the agreement result in any additional administrative costs, such as for record keeping, staff to monitor contract performance, or other overhead costs? If so, these costs should be included in the feasibility analysis.
- Initial participation may often result in short-term cost increases, but may eventually lead to long-term cost savings. Estimates of cost-effectiveness should take into account the potential for savings over the long-term.

### What Should The Agreement Look Like? <sup>3</sup>

When contracting with another governmental entity to perform for your jurisdiction a service or activity that each may perform, such as the purchase of supplies and equipment, the interlocal agreement should address "the powers, rights, objectives, and responsibilities of the contracting parties." RCW 39.34.080. However, no particular form of agreement is required.

Where the interlocal agreement provides for joint or cooperative action of the parties, RCW 39.04.030 requires that the agreement address the following elements:

- Duration;
- Organization or composition and the nature of its separate legal or administrative entity, if one is created (and, if a separate entity is created, the powers delegated by the parties to that entity);

- Purpose or purposes;
- The manner by which the undertaking will be financed, and how its budget will be established and maintained;
- The method by which the agreement may be terminated and its property disposed of; and
- Any other necessary and proper matters.

Poorly drafted agreements that do not adequately define expected service levels and contractor responsibilities are common problem areas that can cause friction between participating jurisdictions. Are there sufficient back-up service options available in the event of service disruption? Clearly drawn contract specifications regarding service levels and quality will go a long way toward avoiding these problems.

### Notes

<sup>1</sup> Source: *Municipal Cooperation Guide*, MRSC Report No. 27 September 1993. On-line reference at: <http://www.mrsc.org/Subjects/Planning/Intrgov.aspx>

<sup>2</sup> Source: Sullivan P 2000. *Interlocal Agreements - Doing It Jointly*. On-line reference at: <http://www.mrsc.org/Publications/mrnews/articles/interlocal6-00.aspx>

<sup>3</sup> Source: *ibid*.

