



What does this mean for you?



Some people would say, “We are 4 times as strong”

Others would say, “We are now in gridlock with no way out”



Thought for the day

Grant me the serenity to prioritize things I can not delegate, the courage to say “No” when I need to, And the wisdom to know when to go home.

Dropping the Barriers

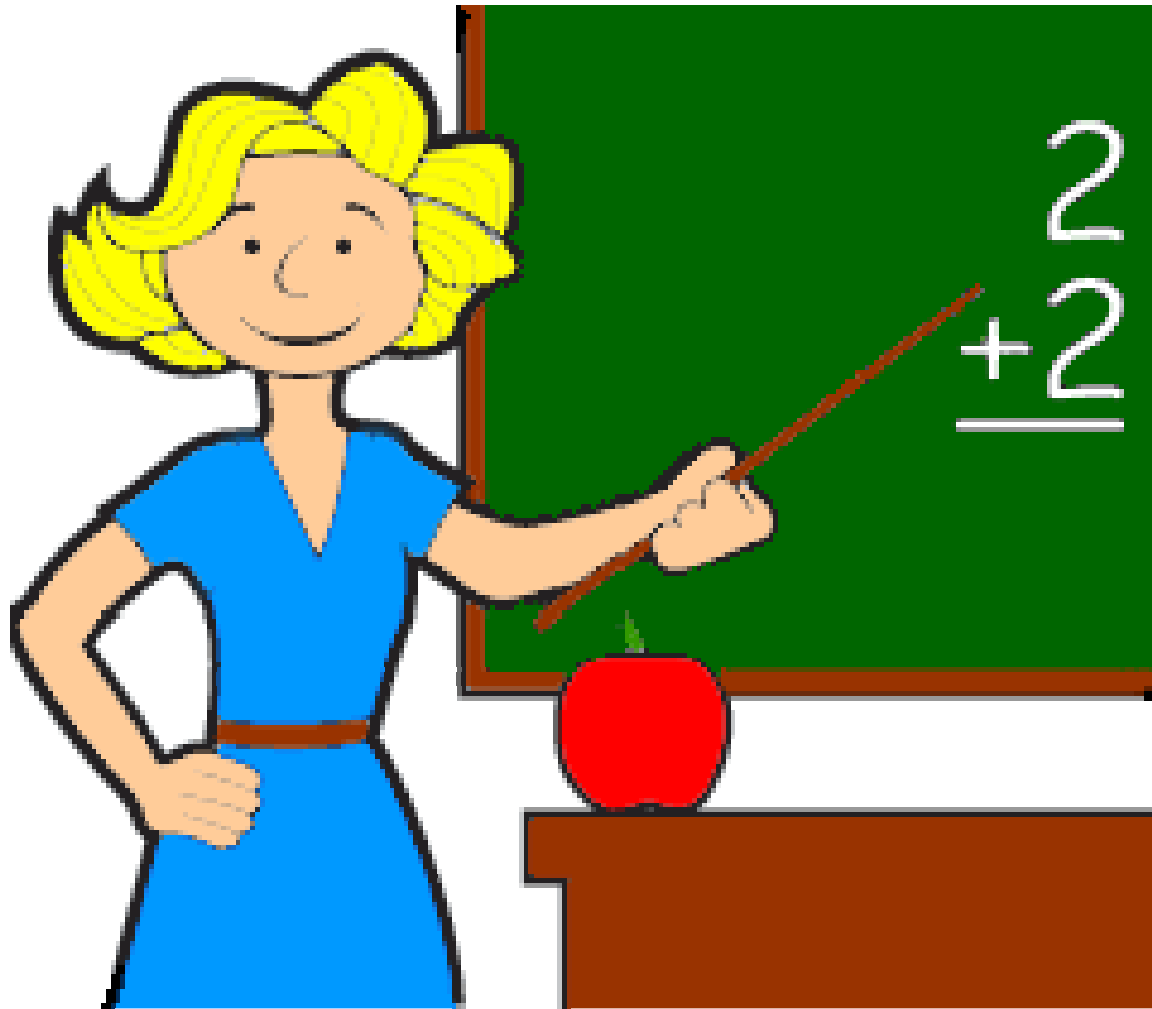
- Objectives
 - We will Identify the Barriers
 - We will identify Gains by dropping barriers
 - We will develop negotiation tactics



Potential Barriers

- Trust
- Cost
- Loss of identity
- Loss of control
- Reputation
- Public Perception
- Someone may lose their job
- History
- Rivalries
- Physical impediments
- Will not work
- Speculative opportunities
- Personalities
- Personal Motivations
- Misunderstandings

“Don’t confuse me with the facts”



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- **Will not work**

Why Would You Want To Share?

- Efficiency
- Reduce overhead
 - Economy of scale
- Increase capacity
 - “critical mass”
- Improve service to the end user
- Improved public opinion of your service



Examples Of Shared Resources

- Billing
- Operations
- Bulk treatment and water
- GIS mapping
- Purchasing
- Management
- Equipment
- Emergency Response and Mutual Aid Agreements
 - Ohio WARN



Benefits Of Shared Resources

- Increases sustainability of the utility
- Decreases redundant services
- Decreases overhead cost to all users
- Can improve credit worthiness
- May improve ability to stay in compliance
- Can improve overall customer service
- Can stabilize user rates



Tips for successful negotiations

1. Know the objectives for all involved
2. Know what is in it for “you” and “them”
3. Know your numbers and limitations
4. Learn the issues of both sides
5. Look for mutual gains
6. Educate Stakeholders
7. Negotiate in good faith
8. Get help when you need it
9. Tools can keep your discussion alive
10. Finish the job with clarity and *a legal counsel*



What To Consider First

- Needs – What does my utility need to accomplish
- Who has what I need
- Is it practical to get what I need from another utility
- Will the other utility benefit by sharing services
- Can my utility work with their utility for mutual benefit



What Does My Utility **Need** To Accomplish?

- We have excess capacity to sell
 - Overbuilt, lost users
- We need to look at lower cost alternatives
 - We need purchase billing, administrative, or operations
 - We need to find qualified staff
 - We need to purchase bulk services
- We need to protect our service area
- We need to fix problems (T,M,F)



What Problems Will Be Fixed?

- What is your utility trying to get done?
 - Reduce water loss
 - Compliance
 - Spread out cost
 - Certified operator
 - Reduce administrative cost
 - Trying to get a project off the ground
- What is the other utility trying to get done?
 - Understand the other utility



Calculate Before You Pontificate

- “We have plenty of water to sell” is how it starts and about half the time this is where it ends.
- Instead know your numbers
 - What is our cost to.....
 - What are our alternatives to a shared agreement
 - What is our “Best Alternative to a Negotiated Agreement (BATNA) or “walk away point”
 - Consider the **Local Government Innovation Fund (LGIF)** http://development.ohio.gov/cs/cs_localgovfund.htm
- ...Before you start negotiating



Mutual Benefit

- Good shared services agreements start with gains for all parties
- One sided agreements often develop into problems down the road
- Mutual benefit builds trust and cooperation
- Most relationships have points of disagreement
- Building a long term relationship is vital to successful shared services agreements



This looks like the beginning of a beautiful friendship...



What About Other Stakeholders?

- Stakeholders need to be considered in the process

- Customers

- Lenders

- Decision makers not involved directly in discussion

- Primacy Agency (Ohio EPA)

- Other concerned groups



- Stakeholders can kill the best deal

Ready To Start Negotiating

- Outline in general terms what you are proposing
 - Anchor the discussion with your best case
 - Be reasonable and pragmatic in your expectations
 - Back up your proposal with facts, experts or other resources
- Listen as the other party makes its proposal
 - Listen for their position
 - Look for opportunities to increase mutual gain
 - Note the non-pragmatic issues

Keys To Successful Discussions

- Set ground rules and adhere to them
- Start with the “big picture” then deal with details
 - Often negotiations stop because of details that can be mitigated with alternatives
- Keep the discussion pragmatic
 - Non pragmatic issues such as control, history etc., need to be mitigated with facts
- Continue to look for ways to increase the mutual gain
- Give on the points that cost you little

Getting Third Party Help

- Experts – Agree on the expert help you need
 - Consultants
 - Primacy Agency staff (Ohio EPA)
 - RCAP
 - Ohio Rural Water Association
 - Legal Council
- Mediators and facilitators can be useful
- Other Stakeholders – lenders
- Other utility officials that have done what you are trying to do



Break, Summarize And Caucus

Use these tools to revitalize your negotiation as needed

- Breaks can allow everyone to come back and refocus
- Summarize what has been agreed to and what yet needs to be agreed to draft the agreement
- Caucusing allows each side to discuss issues privately to clarify and focus on possible alternatives



The Agreement

You reach an agreement, but you're not done

- Review the entire scope of the agreement and determine if there are points that may become issues down the road.
- Develop possible strategies for resolving future problems short of litigation
- Clarify understandings
- Send to Legal Council



10 Tips To Successful Negotiations

1. Know the objectives for all involved
2. Know what is in it for “you” and “them”
3. Know your numbers and limitations
4. Learn the issues of both sides
5. Know what the mutual gains are
6. Educate Stakeholders
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Thank You

Questions?



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