



Administrative Fee Framework

Purpose:

The purpose of this framework is to provide considerations regarding the fees the Nova Scotia Federation of Municipalities collects for the promotion and facilitation of its various programs.

Due to the varying nature of membership programs, NSFAM will not prescribe a fixed percentage for administrative fees. Instead, senior management will consider the factors described below when negotiating or assigning an administrative fee.

These considerations may serve as explanation to the membership and program stakeholders when providing a rationale for an NSFAM administrative fee.

Background

Municipal associations across the country offer a variety of programs to their members. The main objective of member programs is to address a need or provide a beneficial product or service to members and municipalities. In some instances, programs provide a revenue source for a municipal association. In other instances, the program is viewed as a member benefit and does not generate revenue for the association.

Municipal associations, including NSFAM, are required to balance program offerings with staff capacity to develop and administer them. The value of a program to the membership, as well as an analysis of required staff capacity, are part of the vetting process when proposals are presented to the Board of Directors. The Board would also consider the level of risk and liability inherent in a program endorsement.

The NSFAM Board of Directors may choose to endorse a program or service and any associated administration fee based on research and analysis presented by staff, their own experience as elected officials, and their understanding of the needs of the general membership.

NSFM Member Program Categories

Member programs offered by NSFAM can be categorized in the following three ways:

- Municipal advantage program
- Municipal value program
- Affinity program

Municipal Advantage Programs can be characterized as the following:

- Provide a benefit to the majority of NS municipalities

- Provide a benefit or service that a municipality may not be able to obtain individually
- Potentially impact both elected and administrative professionals
- Have implications for municipal budgeting
- Require or utilize consulting or broker services
- Require governance at the Board level, including committees of the Board
- The overall program and its advantages are impacted by the decision of individual municipalities to participate (e.g., economies of scale)

Municipal Value Programs can be characterized as follows:

- Are promoted to municipalities who can opt in or out easily and without commitment
- May be beneficial to just the administrative or just the political arm of local government
- May provide ad hoc expert advice (e.g. legal, human resources) where a municipality lacks capacity in that area

Affinity Programs can be characterized as follows:

- Provide a personal benefit to members (either elected or administrative)
- Are voluntary/opt-in on an individual level

Examples of categories and their associated NSFM program include the following:

Municipal Advantage Programs

- Health and Dental Benefits
- Municipal Insurance

Municipal Value Programs

- Canoe Procurement
- PeopleFirst

Affinity Programs

- Currently none

Program Categories and NSFM Human Resources

All programs require human resource capacity. The following is typical to all programs:

- Scoping products or services that the membership may find beneficial
- Engaging with product and service providers who are interested in working with NSFM
- Analyzing and presenting a business case to the CEO and Board of Directors
- Promoting endorsed program, typically in partnership with the Association of Municipal Administrators, through various communications channels

The above human resource capacity is likely enough to facilitate an Affinity Program. As program offerings become more complex, staff involvement extends to the following:

- Staff support for program committees

- Engaging with consultants or program committee for program review/renewal
- Facilitating review of program financial information with Audit and Finance Committee
- Facilitating educational webinars
- Facilitating contract updates with consultants through the Audit and Finance Committee and Board of Directors
- Providing regular communication to the membership on program updates
- Participating on stakeholder advisory committees
- Engaging with alternative service/product providers to understand the current market

Program Categories and NSFM Risk/Liability

All program endorsements by NSFM require some level of risk. The following is typical to all programs:

- Reputational risk for endorsing a program or service to members
- Perceived need or value of program
- Real or perceived conflict of interest endorsements

NSFM attempts to mitigate risks by vetting programs and services with the main objective of providing a beneficial service to members. Revenue generating potential does not supersede this objective in any instance. Both the staff and the Board of Directors also adhere to a Code of Conduct that requires the disclosure of any real or perceived conflict of interest with NSFM business.

Administrative Fee Considerations

When establishing an administrative fee for a program or service, the following considerations are reviewed by NSFM:

- Percentage of fee in relation to the service or program provided (e.g., percentage of total program fee or value)
- Reasonable ability of municipality or recipient to absorb fee
- Amount of staff time dedicated to program oversight and administration
- Amount of risk assumed by the organization through endorsing and facilitating the program
- The ability of municipalities to source a program or service of similar value independent of NSFM

Additional Considerations

In addition to the above, NSFM endeavors to situate administrative fees within the context of reasonable market rate. This is established in consultation with other associations across the country as well as in consultation with third parties who have experience or expertise in the administration of various programs.

Review

On an annual basis, NSFM will review association fees for its programs and consider feedback provided by stakeholders in determining any adjustments.