



2013 Cooperation, Collaboration and Consolidation of Services Plan

Category 2 of the State of Michigan Economic Vitality Incentive Program (EVIP)

Public Act 200 of 2012, Section 952(3)b

Category 2, consolidation of services, requires each eligible city, village, township, or county to certify by February 1, 2013, or the first day of a payment month for this category, that it has produced a consolidation plan. The consolidation plan shall be made readily available for public viewing in the city, village, township, or county clerk's office or posted on a publicly accessible Internet site. Each city, village, township, and county applying for a payment under this category shall submit a copy of the consolidation plan to the Department of Treasury. At a minimum, the consolidation plan shall include the following:

For a city, village, or township that submitted a consolidation plan in the previous fiscal year, the plan shall include an update on the status of the new proposals that were in the previous year's consolidation plan, including whether or not the previously proposed plan has been fully implemented, a listing of the barriers experienced in implementing the proposal, and a timeline of the steps to accomplish the proposed plan. In addition, the plan shall include 1 or more new proposals to increase its existing level of cooperation, collaboration, and consolidation either within the jurisdiction or with other jurisdictions, or a detailed explanation of why increasing its existing level of cooperation, collaboration, and consolidation is not feasible.

INTRODUCTION

The City of Kalamazoo has a long and rich history in the collaboration and consolidation of municipal services. Governor Snyder has highlighted Kalamazoo's implementation of a pure Public Safety Department in 1982, one of only two communities in the nation with fully cross-trained police/fire personnel. Many of the City's collaborative efforts have become routine. As the State's economy eroded over the past ten years, urban core communities like Kalamazoo have been hit the hardest with rising poverty, high foreclosures and an erosion of revenue. The City has continued to look for ways to create efficiencies and continue to provide quality public services.

The following outlines the 2013 Economic Vitality Incentive Program (EVIP) requirements, along with the historic context of collaboration and consolidation of services in the City of Kalamazoo.

UPDATE AND STATUS OF THE 2012 COOPERATION, COLLABORATION AND CONSOLIDATION OF SERVICES PROJECTS

Assessing

The mission of Assessing is to provide an equitable distribution of the property tax burden under current law; compile special assessment rolls; administer the Board of Review; and maintain ownership records for the City of Kalamazoo for both real and personal property. In 2012, the City reduced the assessing office by six positions, contracting with a private firm to provide field appraisal, clerical, customer service, Board of Review support and Master Assessor functions. When fully implemented, the City will realize more than \$100,000 in savings annually. Consolidation of assessing functions at the County level is currently being studied. Practical considerations being reviewed at this time involve the start-up cost and space required to co-locate the personnel to operate a County-wide assessing function.

Timeline:

1st Quarter 2012: Review of internal assessing functions to determine viability of contracting out services.

2nd Quarter: Determination made that City assessing functions could be contracted out while maintaining a reasonable level of customer service, Board of Review support and Master Assessor functions.

3rd Quarter: Bid specifications developed for assessing services. Bids received and analyzed and recommendation made to City Commission and approved.

4th Quarter: Implementation plan developed; assessing contract signed. Implementation completed in 4th Quarter. Discussions on consolidation of assessing functions at the County level are on-going.

Barriers: No significant barriers.

Voice Over Internet Protocol (VOIP)

The City of Kalamazoo completed its VOIP (Voice Over Internet Protocol) project in 2012. The implementation process started in 2009 with information gathering on telephony equipment within the various City departments. There were no significant barriers during implementation.

This project consisted of the following for all City departments except Public Safety:

- VOIP infrastructure, including three overall redundant PBX installations.
- VOIP gateways interfaced with the Public Switched Telephone Network (PSTN).
- VOIP desktop handsets to replace all desk phones.

Public Safety was excluded from the project due to security concerns.

The City of Kalamazoo contracted with MOSS Communications from Grand Rapids for all equipment and for top-level contractual support for the entire VOIP project. While MOSS provided all equipment involved in the project, the City of Kalamazoo's Information Technology Department handled approximately 90% of the installation and deployment and handled most of the configuration work, including over 95% of the configuration of 300+ VOIP handsets. The overall implementation of the project proceeded smoothly and no large barriers were encountered.

The overall yearly savings from the VOIP project is approximately \$170,000 per year on an ongoing basis. The main basis for the calculation is the difference between the average monthly telecom bill(s) from the start of the project compared with the average monthly telecom bill(s) for the end of 2012. Only savings applicable to the VOIP project were used in the calculation. This figure includes the normal recurring monthly costs of the PSTN infrastructure. The overall return on investment is approximately 1.5 years based on a projected project capital cost of approximately \$250,000.

The calculated savings do not include savings and/or efficiencies derived from the new functionality that is inherent in the new VOIP system. Two examples of these savings and/or efficiencies are:

1. Election Workers Phone System. This new system utilizes the VOIP infrastructure to replace an older system, which saved the City Clerk's Office approximately two hours per day on average during the months leading up to the 2012 election. The

system incurred no capital or additional costs outside of Information Technology's time and was very well received by all users of the system.

2. Election Call Center. The Information Technology Department set up a call center for the City Clerk's election workers utilizing VOIP phones. This included multiple hunt groups set up before the 2012 election and VOIP handsets for all call center workers in multiple locations. There were no additional costs incurred for this outside of Information Technology's time.

Timeline:

2009-2011: An in-depth evaluation was conducted on the phone system hardware, system and billings. This included an internal inventory of equipment, redundancies, costs, current use and future use. An external evaluation was conducted on the current vendor's service, reliability and costs. It was determined by Information Technology staff that a sizable costs savings could be attained by moving to a Voice Over Internet Protocol system.

1st Quarter 2012: Information Technology coordinated plan developed with department input. Determination made on lines no longer used or not needed and VOIP infrastructure, gateways and equipment needed.

2nd Quarter: Specifications on needed equipment compiled and reviewed for bidding. Proposals received by Information Technology and contract awarded. Decision made that the majority of the equipment installation would be done by Information Technology Department personnel.

3rd Quarter: Implementation begins by department, starting with larger departments first.

4th Quarter: Installation of the VOIP system completed in early 4th Quarter.

Barriers: No significant barriers.

Purchasing

The City of Kalamazoo, Kalamazoo County and the City of Portage staff produced a report in 2012 which recommended closer coordination of procurement of services, equipment and capital improvements by promoting competition, providing equal access to vendors and to make contracting decisions transparent. During 2012, four projects were jointly bid. While there are no major impediments to further consolidation at this time, the three different organizations involved have different legislative policies regarding local preferences, non-discrimination and budgeting that impact purchasing; such legislative policies would have to be more closely aligned to maximize the efficiency of consolidated purchasing. The City unilaterally enacted internal

consolidation of several purchasing positions in 2012 that created an annual savings of \$65,000.

Timeline:

1st Quarter 2012: The City of Kalamazoo, Kalamazoo County and City of Portage determined that they could work closer on coordination of procurement services.

2nd and 3rd Quarters: The three local units of government jointly bid projects. The City of Kalamazoo completed a departmental analysis of its Purchasing Department and determined that internal consolidation of several Purchasing positions could provide a savings to the City.

4th Quarter: Implementation of the Purchasing consolidation of services was initiated, with completion in the 1st Quarter of 2013.

Barriers: No significant barriers.

OTHER 2012 COOPERATION AND CONSOLIDATION OF SERVICES

Kalamazoo Metro Special Weapons and Tactics Team

In September of 2012, after several months of negotiations, the City of Kalamazoo Department of Public Safety, Portage Department of Public Safety, Kalamazoo County Sheriff's Office and the Charter Township of Kalamazoo signed an agreement establishing the "Kalamazoo Metro Special Weapons and Tactics Team." The agreement allows for the merger of various Kalamazoo County SWAT teams. It is believed that the creation of a regional team will be beneficial in facilitating a more coordinated response to highly-dangerous/high-risk police incidents.

The governmental units that are participants in the Kalamazoo Metro Special Weapons and Tactics Team are committing to the assignment of officers from each local jurisdiction. The City of Kalamazoo has committed up to 15 officers, the City of Portage up to 5 officers, Kalamazoo County Sheriff's Office up to 3 officers and 1 officer from Kalamazoo Township.

Administrative Cooperation

In 2012, the City of Kalamazoo Brownfield Redevelopment Authority and Kalamazoo County entered into a cooperative agreement to clean up a vacant industrial site located in the City of Kalamazoo. The City had developed experience in successfully managing the activities needed to clean up environmentally-challenged sites. The County had set aside funding (\$300,000) to pay for activities related to assessment, cleanup and site preparation to promote redevelopment of the property.

The agreement is intended to continue to promote regional cooperation utilizing City expertise in managing cleanup activities, funded through the County.

The site, located at 1807 North Pitcher Street, the former Sun Chemical Company, has been cleaned up and is ready for redevelopment.

2013 PROPOSED SERVICE CONSOLIDATION PROPOSAL

Integrated, County-Wide Public Transportation System

Following a September 2012 meeting regarding the County-wide transportation system, representatives of the Kalamazoo City Commission, the Kalamazoo County Board of Commissioners, the Kalamazoo County Transportation Authority and the Kalamazoo Transportation Authority Board met with their respective administrative leadership and charged them as an Administrative Work Group (AWG) to develop a joint recommendation for achieving the goal of an integrated, County-wide transportation system that:

- provides quality service to County residents;
- operates efficiently; and
- is sustainable, or is as sustainable as possible in an uncertain funding environment.

The AWG recommends a three-phase approach over the next three years to further advance along the continuum of an integrated County-wide transit system. This phased approach is based on an analysis, findings and conclusions with regard to governance, ownership, operations and finance of our transit system. It is believed the overall political climate within Kalamazoo County supports the further advancement of County-wide transit. At the same time, there is concern about the long-term financial sustainability of the public transit system, given property tax reductions and impending budgetary reductions at the State and Federal level.

Phase I – 2013+: Will incorporate several measures to further integrate governance and operations, and will last approximately 18 months.

Timeline:

1st Quarter 2013: The County-Wide Public Transportation System White Paper will be presented publicly to the Kalamazoo City Commission, Kalamazoo County Board of Commissioners, Transportation Authority Board and Kalamazoo County Transportation Authority Board for support and endorsement. The Administrative Work Group will continue to meet regarding governance, ownership, finance and operations.

2nd Quarter: The County Board of Commissioners, pursuant to PA 196, will establish the boundaries for a second authority district encompassing the urban line haul service area which includes the City of Kalamazoo and the urbanized areas of the inner ring suburban townships. This process assumes that jurisdictions, which have the power to opt out in whole or in part, opt to remain substantially in the district. The parties, particularly the City of Kalamazoo, must be satisfied and agree to a determination that the urban district is “substantial.” By substantial, it is agreed that territory outside of the City of Kalamazoo be of such significance to warrant the creation of a second district. Passage of a renewal millage for demand/response would be placed on the ballot in mid to late 2nd Quarter.

3rd Quarter: The City of Kalamazoo will maintain its authority to levy a City-wide millage. In an event involving the loss of an urban district millage, this step would be necessary to provide a safety net for system users. A renewal millage for demand/response would be placed on the ballot for a public vote.

4th Quarter: A millage levy for a new urban district for line haul would be placed on the ballot in the 4th Quarter. The current Kalamazoo County Transportation Authority Executive Director (KCTA ED) would replace the Metro Transit Director sometime in the 4th Quarter. The KCTA ED would assume dual roles for both organizations, which would be defined through the service agreement between the Kalamazoo County Transit Authority and the City of Kalamazoo’s Transit Authority Board. It may take an amendment to State law to initiate this change due to incompatible office issues.

Phase II – 2014: Following completion of Phase I, the parties would immediately begin to objectively evaluate the effectiveness, efficiencies and sustainability associated with those changes and rigorously re-assess the projected funding, particularly State and Federal contributions to the system, and clearly identify the complete costs and liabilities and all tangible benefits accruing to all parties associated with the creation of a fully integrated system.

It is anticipated that Phase II would be accomplished within 18 months. The decision to proceed with the next level of integration, including a decision to pursue a complete conversion of all governance, finance and operations from the City of Kalamazoo to the Kalamazoo County Transportation Authority would be made following this analysis, and agreed to by all parties.

Phase III – 2015: Implementation of the Phase II recommendations would commence in 2015 and beyond.

CITY OF KALAMAZOO HISTORY OF CONSOLIDATION AND COLLABORATION OF MUNICIPAL SERVICES

Public Safety Collaboration

- Consolidation to a fully-integrated Public Safety department from separate police and fire departments. This began in 1982 and continues today in the City of Kalamazoo, and allows for more cross-trained (fire, police, EMS) personnel to be available for emergency response. In 1982, there were 383 personnel employed by the separate police and fire departments (sworn and non-sworn). Today, there are 287 employees (sworn and non-sworn). This is a reduction of 96 employees, or a recognized savings of roughly \$9 million per year based on current salary levels.
- The City of Kalamazoo Department of Public Safety operates a “co-located” dispatch center with the County of Kalamazoo and the Charter Township of Kalamazoo. With this arrangement, all of the calls for service come to one location (with the exception of the City of Portage). This allows for dispatchers to share the workload when multiple emergencies occur. The realized cost directly for the City of Kalamazoo savings is roughly \$300,000 per year, based on the current fees charged to Kalamazoo County and the Township of Kalamazoo.
- The City of Kalamazoo has partnerships and agreements with several surrounding jurisdictions to provide specialty response services. These areas include bomb, hazardous materials, SWAT, drug enforcement, automatic-aid and training. There are currently two Kalamazoo County Sheriff’s Deputies that are part of the SWAT Team. These partnerships result in limited duplication – each partner community provides resources (human and/or physical) to support the mission of each of the specialty response areas; and increased resources – each community within Kalamazoo County has access to well-trained personnel. It is estimated that the recognized savings resulting from the aforementioned partnerships is approximately \$125,000 per year.
- The City of Kalamazoo Department of Public Safety operates a consolidated lab, providing lab services to the surrounding jurisdictions. This results in limited duplication, as the consolidated lab operates with the same number of personnel as it did before the consolidation. Personnel from the County of Kalamazoo and the City of Kalamazoo respond to crime scenes. Evidence can be processed expeditiously, allowing for accurate and timely information. Expensive lab equipment, training and a van are all shared under the current arrangement, resulting in an estimated savings of \$150,000 for the City of Kalamazoo.
- The City of Kalamazoo Department of Public Safety operates a regional training center that serves the greater Kalamazoo area. This arrangement allows personnel to train locally at a state-of-the-art facility. The Training Division has also partnered with two privately-owned nuclear plants to provide training for their fire brigade personnel. This embraces the concept of public/private partnerships, and leverages

outside funding to support much-needed programs. It is estimated that the savings for the City of Kalamazoo based on the generated revenue and equipment is approximately \$225,000 per year.

- The Kalamazoo Department of Public Safety (KDPS) partners with the Drug Enforcement Agency, the Bureau of Alcohol, Tobacco, and Firearms, and the Michigan State Police to provide law enforcement activities. These partnerships allow KDPS to leverage the resources of the State and Federal governments while increasing the law enforcement presence in the City of Kalamazoo. This arrangement allows personnel to focus on career criminals and gun cases. The estimated cost savings to the City of Kalamazoo is \$80,000 annually.

Administrative Collaboration

- Property Taxes: Enactment of Public Act 512, which was endorsed by the Kalamazoo City Commission, shortened the City's tax installment program from 12 payments to 6 payments (due December 31), and resulted in turning over City delinquent real property taxes to the County Treasurer beginning in 2009. The Summer 2009 tax billing cycle was a major success, accelerating current tax payments by over \$2.5 million, allowing the City to reduce TANs borrowing. The City received its first delinquent settlement check from the County Treasurer in June 2010 for 2009 delinquencies. The County Treasurer is also collecting tax year 2000-2008 delinquent real property taxes, which will further accelerate delinquent tax payments. In 2009 and 2010, delinquent tax payments were accelerated by over \$2 million a year. Savings of \$194,000.
- Cooperative purchasing programs are utilized when products or services are beneficial to the City, County and neighboring Portage, including joint bidding of gasoline and diesel with the County, intergovernmental auctions held semi-annually with four municipalities for property disposition, and joint bidding for office supplies and temporary employment services with Western Michigan University. Annual savings of \$3,300.

Employee Reductions and Consolidations

- Commercial Office consolidation with Treasury (Management Services): Separate staff that formerly handled water/sewer billing and customer service was reduced and consolidated into the City Treasurer's office. A similar reduction and combining of water/sewer and City-wide general accounting functions also occurred. Savings of \$130,000.
- Inter-Department Staff Sharing: The Treasurer and Assessor share one staff person, the Assistant Treasurer/Assistant Assessor, a combination of two previously full-time positions. There are several staff-sharing arrangements in place, including Treasury

staff assisting in seasonal Assessor data entry peaks, and sharing of clerical duties in the Purchasing and Budget & Accounting divisions. The City Clerk utilizes staff from other departments in providing customer service support for major elections; commenced in 2003, expanded in 2010. Savings of \$80,000.

- The City Clerk consolidated all staff into City Hall and can now handle records and election management efficiently while providing improved services, while also achieving a net staff reduction. Savings of \$100,000.
- Pension Analyst duties consolidated and a position eliminated. Savings of \$80,000.
- Reduction of two Administrative Assistants and then sharing remaining Administrative Assistant among the four divisions of Management Services. Savings of \$120,000.
- Through realignment of operations, interoffice mail delivery schedules reduced by 50% and through attrition realized a savings of \$45,000.
- Eliminated centralized City printing and duplication services. Savings of \$55,000.

Use of New Technology

- The City utilizes outside printing/mailing firms for seasonal and peak loads such as property tax bill and rental registry printing/mailing. Savings of \$25,000.
- The City partnered with Consumers Energy for reading water meters while reading gas and electric meters, eliminating the duplication of manpower in these areas. Savings of \$188,000.
- Remittance Processing and Expanded Payer Options: The City engaged with financial services industry partners to implement streamlined and cost-effective remittance processing methods such as third-party lockbox handling and numerous additional payment method options for our customers, such as use of debit/credit/ACH payments online, by automated phone response system and online banking. Implementation started in 2009, and will be complete in 2011. Savings of \$45,000.

Use of New and Expanded Partnerships

- Land Resource Management: The City and County jointly achieved legislation allowing the County Treasurer to assume the role of property tax foreclosing unit. This allowed the creation of the Kalamazoo County Land Bank to provide a streamlined vehicle to manage tax foreclosed and blighted properties while speeding and enhancing economic development. The City has transferred 60 foreclosed and/or blighted properties, saving \$15,000 in carrying costs.

- **Traffic Engineering Collaboration:** The City of Kalamazoo and Kalamazoo County Road Commission have consolidated the use of a single Traffic Engineer. Savings of \$40,000.
- **Neighborhood Stabilization Collaboration:** The City of Kalamazoo's Community Planning & Development Department and Kalamazoo County Land Bank collaborated with MSHDA, leveraging \$15 million for Housing and Community Development projects.

Physical Plant Resource Consolidation

- The previous fleet maintenance facility was sold to the private sector for \$1 million and placed on the tax rolls.
- Community Planning & Development moved from a leased facility to a City-owned facility; two prior rented offices were consolidated into existing City-owned facilities, saving \$120,000 in annual lease payments.

Personnel Cost Control

- **Health Care:** Between 2005 and 2011, the City is projected to have saved over \$15 million by virtue of consolidating the employee health care plans from three a la carte offerings to one, as well as increasing cost-sharing measures such as monthly employee health care contributions, as well as co-pays and deductibles for care visits. Every employee and retiree of the City has been shifted to one plan as of 2010, saving significant administrative and plan-design related costs.
- Changes in behavior have helped constrain general health care inflation that continuously outstrips our growth in revenues. In the latest round of bargaining, the following changes were made:
 - **Retiree Health Care:** Effective with our most recent collective bargaining, all new hires across the entire City will be enrolled in a Retiree Health Care Savings program rather than a traditional retiree health care defined benefit.
 - **Pharmacy Initiative:** A pharmacy initiative has been agreed to. This pledges the employees to taking steps to replace their use of name-brand drugs with generic drugs that come at much lower prices. The City spends over \$1 million in prescriptions every year, and a full 85% of drugs purchased by our employees are name-brand products.
 - **Medicare Part B Mandate:** Through our most recent collective bargaining with our Public Safety unions, it was mandated that retirees join Medicare Part B.

Savings of 5% of the City's accrued retiree health care liability will be realized by this change.

- **Workers' Compensation:** Savings in 2010 are projected at \$1 million, with projected savings in FY 2011 estimated at another \$400,000, based on a reduction in supplemental pay and claims for Workers' Compensation.