

City of Southgate Shared Services Plan

2011-2012

Increasing Governmental Efficiency
Through Collaboration

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Introduction

The City of Southgate is located in Wayne County nine miles south of the City of Detroit. As of the 2010 census figures the City's population was 30,047. In order to offer first class services the City of Southgate has focused on restructuring costs and increasing collaborative services through a variety of partnership models. The City of Southgate has been a leader in collaborative services and continues to partner with neighboring communities and governmental agencies when appropriate to deliver services.

This plan outlines two major categories of shared services 1.) Current programs and projects 2.) Future projects. Future projects are further analyzed based on estimated costs savings and potential entry barriers. Governmental collaboratives are restricted by a variety of factors including; collective bargaining agreements, cost of entry, and taxing authority. Each service must be uniquely analyzed to determine the appropriate governance model. Once an appropriate model is identified a battery of financial tests and analysis is required to determine the potential cost savings. Future plans are constrained by feasibility and various legal constraints that are outlined within this document. As collaboration continues to increase barriers for entry are likely to be removed.

Individual program cost savings are difficult to quantify for a variety of reasons. A certain level of government collaboration has become institutionalized for the City of Southgate, leaving independent service delivery impossible to benchmark. Future programs provide a great deal of opportunity, but communities in Michigan do not possess access to funding to study each collaboration, as a result cost saving projection models are created in accordance with potential completion.

Collaborative Strategies

Over the past three years the City of Southgate as well as other communities in Michigan have been adjusting to substantially reduced revenues. One of the most effective long term methods of curing this problem is to increase the amount of government collaboration and shared services. The statement in theory is simple, however in practice it can become a much more complicated problem. There are various factors to consider when analyzing a shared service model.

The City of Southgate has utilized a hybrid approach, adopting models from the various forms of collaboration outlined below. Each model provides advantages and disadvantages when considering restructuring a service.

- Eliminate the service delivery
- Reduce demand of local government uses including various techniques (education, requests, higher costs, etc.) to reduce overall demand for a service.
- Regulatory and taxing authority local regulations and taxes are used to reduce demand or encourage the private sector to provide a service. Emphasis is on government's power to control rather than its role as a service provider.
- Intergovernmental transfer authority and responsibility for delivering a service is transferred to another, usually larger, governmental unit.
- Intergovernmental contract. One or more government units purchase services produced by another government unit.
- Grants and subsidies. An agreement by a government to partially support or subsidize another government or organization to provide designated services.
- Special service district. A local government creates a special taxing district in all or part of its jurisdiction to provide and pay for one or more services.
- Consolidation. Two or more governments consolidate into a single governmental unit. All duplicated functions are eliminated.
- Joint public/private activity Government enters into an agreement with a private business to jointly provide a service.
- Privatization Government contracts with a private company to provide services.

Legal Considerations and System Constraints

Michigan laws permit governmental agencies to collaborate and share services in the form of joint service arrangements, and contracting with the private sector. Local governments in Michigan are able to produce and provide jointly whatever they are empowered to do individually. Michigan law also enables local units of government to contract with the private sector as service producers and providers. Two of the intergovernmental arrangements laws, P.A. 7, 1967 the Urban Cooperation Act and P.A. 8, 1967 the Intergovernmental Transfers of Functions and Responsibilities Act, provide broad powers to local governments to enter into joint arrangements not only with each other but with other states. Empowerment permits the creation of various collaborative services, however prior to transferring a service there are additional considerations.

In addition to legal authority to cooperate a community must consider the impact of existing collective bargaining agreements, civil service systems, and various other existing employment restrictions that prevent a local unit of government from

independently entering into a collaborative service agreement. Also, an Authority under the laws of Michigan will required a dedicated tax levy, which can present an issue across jurisdictional boundaries. Often times consolidation will result in the need for increased capacity which can create substantial capital requirements. Technology remains a key component for effective collaboration between governmental agencies which further places capital pressure on local units. Based on these various factors each collaborative service has a unique blend of cost and constraints. However, the City has engaged in various partnership models which have provided various levels of financial savings as indicated in this document.

Current Collaborative Projects

The following is a non-exclusive list of current operational collaborative projects. These projects vary in the size and scope and can consist of various degrees of cooperation. Also, the City of Southgate is a member of various standing intergovernmental organizations organized for the purpose of enhancing governmental efficiency and increasing residential services through collaboration and cooperation.

Downriver Central Dispatch

The Cities of Lincoln Park, Southgate, and Wyandotte after years of analysis determined in order to continue the current level of service and enhance technological capabilities we must combine emergency dispatch services. The cities created the Downriver Central Dispatch (DCD) pursuant to PA 35 of 1951 and established an authority board to operate the system. The DCD uses the City of Wyandotte as an agent for hosting and administering the dispatch center and personnel. The agency was created with the potential to include more communities which further reduces individual operating costs.

The City of Southgate has experienced budgetary savings in the amount of \$50,000 per year, which is projected to grow by an additional \$35,000 beginning in calendar year 2012. Also, the City has received a long term financial savings by eliminating employee administrative costs, combining technological purchasing ability, and eliminating long term legacy costs for future hires.

Estimated Annual Taxpayer Savings: \$50,000 per year

Downriver Mutual Aid

Beginning in the late 1960's several Downriver Communities created what is now known as Downriver Mutual Aid. This regional consortium is comprised of eighteen

communities and Detroit Metropolitan Airport. The DMA is organized under the legal authority of an interlocal agreement. The purpose of the DMA is to provide emergency support services to communities in need, however the organization has grown to include various standing teams. Without being able to pool community resources the residents of Southgate would not have access to these highly specialized public safety forces which include:

- Downriver SWAT and Dive Team
- Downriver Major Crimes Task Force
- Downriver Major/Fatal Accident Investigation team
- Downriver Hostage Negotiations Team
- Downriver Hazmat Team
- Downriver Arson Task Force
- Downriver Area Narcotics Organization

Estimated Taxpayer Savings: unable to quantify

Downriver Public Works

In 2010 Downriver communities entered into an inter-local agreement to memorialize the standards of cooperation when responding to emergency requests from neighboring Cities. Streamlining the operations of assistance has led to increased efficiency and the ability to leverage other Downriver Communities equipment and personnel when responding to an emergency situation. In addition to emergency response efficiency the communities have created a cooperative bid and information sharing program that increased purchasing power by aggregating the bid requests. Purchases have included; road salt, water meters, cold patch, and uniforms. The Directors meet on a monthly basis to collaborate and share ideas which are facilitated by the DCC, which serves as the administrative support for the agency.

Estimated Taxpayer Savings: unable to quantify

Downriver Community Conference

For 34 years, the DCC has stood as one of the most unique and successful examples of regional cooperation in the nation. DCC was formed as the result of a community leadership vision that an organized sharing of information and resources, and a true collaborative atmosphere could greatly benefit the region as a whole.

DCC is governed by the mayors/supervisors (or their designees) of its 20 member communities. DCC is a public non-profit agency, providing both coordination/information sharing services to member communities, and serving residents of our member communities with a variety of direct human service programs and services (some programs and services are available to other communities in southeast Michigan).

DCC operates the Michigan Works Southgate Service Center, providing workforce development programs and services for welfare recipients, unemployed and underemployed adults and youth. DCC also provides home weatherization services and energy assistance, transportation services, and a variety of economic development programs and services.

Estimated Taxpayer Savings: unable to quantify

City of Southgate/Southgate Community School District

In 2011 the City of Southgate and the Southgate Community School District (SCSD) entered into an agreement that resulted in the relocation of the SCSD offices to Southgate City Hall. Continued staff reductions due primarily to technology upgrades over time had resulted in a surplus of office space in our municipal building. In order to save the taxpayers of Southgate in rental costs and increase public access to governmental administration agencies an agreement was reached to share the space of Southgate City Hall. The parties expect collaboration to increase including; information technology, maintenance coordination, and public service cooperation.

Estimated Annual Taxpayer Savings: \$125,000

Joint Services Agreement: Assessing

The Cities of Lincoln Park and Southgate were in a position of escalating costs and deteriorating service levels due in part to budget restrictions, entered into a joint services agreement with a private service provider to provide assessing services in the respective communities. The result has been a reduction in cost and an increase and service. Also, the partnership has allowed for the decrease in overall operating costs associated with technology upgrades.

It is projected that in early 2012 the City of Woodhaven will join the strategic alliance and further increase operational efficiency providing enhanced opportunities for the member communities to integrate Assessing services.

Estimated Annual Taxpayer Savings: \$20,000

City of Southgate/Southgate Community School District Shared Services Agreement

In 1988 in an effort to standardize service sharing between the City of Southgate and SCSD the parties entered into a shared services agreement. The agreement allows for the use of respective recreational facilities to offer the residents and children increased access to gymnasiums, baseball fields, and other recreational assets. In addition the two governmental agencies have agreed that the use of office space and meeting space will be provided at no cost to enhance access to public facilities.

Estimated Taxpayer Savings: unable to quantify

Southeast Michigan Information Alliance

The City of Southgate invested in upgrades to a Public Safety Information system including hardware and software with expandable capacity. With this available capacity and system in place, an opportunity for service improvements and decreased cost could be shared with other municipalities. Initially, the cities of Southgate, Lincoln Park, Wyandotte, Melvindale and Wayne County drafted an interlocal agreement and set forth certain financial conditions. The agency has grown to include thirteen total member communities. The agreement provided for the distribution of costs and responsibilities equitably, leading to the creation of a governmental entity.

Also, SMIA has grown beyond a public safety collaborative and has developed into a standing Information Technology consortium that provides municipalities in Wayne County access to a year round IT Department that the member communities could not afford on their own. There are continued plans to expand the coverage of SMIA and include partnerships with web site development and standardization and an expansion into all facets of municipal operations.

Estimated Annual Taxpayer Savings: unable to quantify

Future Consolidation and Collaborative Projects

Downriver Central Animal Control Services

The cities of Wyandotte, Southgate and Lincoln Park are in the plan and design phase of an initiative that will provide lower cost effective animal control services to the three communities in citizen call response, apprehension, enforcement and abuse prevention programs. The benchmark is to reduce costs by 20-30% of the total expenditure according to collaboration literature guidelines. In addition the parties intended to include an enhanced adoption and shelter agency that will increase residential services. The Communities jointly applied for an EVIP Grant in the fall of 2011 to finance the capital expenditures.

Estimated Annual Taxpayer Savings: \$110,000

Combined District Court

The City of Southgate continues to engage in discussions with other local communities about the possibility of combining the 28th District Court. Currently our facility contains adequate space to house an operation that would absorb a neighboring District Court. The City has engaged the City's of Lincoln Park and Allen Park about the potential relocation of their court into our facility. The financial savings of such a partnership would result in an operational cost reduction of 40% and increase collaborative efficiency and enforcement between the neighboring communities.

Estimated Annual Taxpayer Savings: \$100,000-\$175,000

Downriver Fire Authority

The Cities of Allen Park, Southgate, Lincoln Park, Melvindale, and Wyandotte extensively researched the concept of creating a regionalized Fire Authority to cover emergency medical services and fire suppression. The project did not materialize, but remains a goal of the above stated communities.

Estimated taxpayer savings: \$110,000-\$500,000

Downriver Economic Development Office

In response to the State of Michigan Film Incentive Program the Downriver Communities created the Downriver Film Office which was intended to attract the film industry to the Downriver Area. Through the course of time the group has begun to expand the program into a general Economic Development collaborative. The communities can leverage the economic data of other local communities to be used when attracting new business to our respective City's. Also, it creates and active network of government officials that can attract investment on a regional basis and think in terms of regional development increasing the marketability of our respective local communities.

Estimated taxpayer savings: unable to quantify

Ice Arena and Recreation Authority

The cities of Southgate, Lincoln Park and Wyandotte are researching common private ice arena management and the possible joint provision of recreation to reduce administrative costs, maximize effective programs which will increase access to the participants. A common operator could benefit all by standardized fees and common management for tournaments. The creation of an authority could centralize all resources and program operations for greater efficiency and future taxing authority similar to regional parks and recreation organizations such as the Huron Clinton Metro-Park Authority (HCMA).

Estimated taxpayer savings: \$70,000-\$115,000

Cooperative Organizations

The City of Southgate is also an active member in four standing government collaborative agencies including the Downriver Community Conference (DCC), Michigan Suburbs Alliance (MSA), Southeastern Michigan Council of Governments (SEMCOG) and the Southeastern Michigan Regional Energy Office (SEMREO). These organizations were all founded on the principal of government collaboration and

cooperation and continue to provide support and expertise in areas of limit for our local government,.

The Downriver Community Conference (DCC) was developed as a functioning collaborative authority under state statute, one of the recent major initiatives undertaken was inconclusive but lengthy study of the feasibility of a regional downriver area fire department, In interviewing several downriver officials that were a party to that initiative it became clear that the interests in implementing joint services and sharing resources would fit comfortably with the characteristics of the municipalities in the area and this was all before the new fiscal realities facing the municipalities today.

The Michigan Suburbs Alliance (MSA), a nonprofit corporation registered in the State of Michigan, was founded by a group of local government officials (mayors and city managers) who realized that many of the challenges confronting their communities were regional or statewide in scope. Problems such as deteriorating infrastructure, fiscal stress, economic decline and environmental harm had regional causes that were largely beyond the control of local government. Finding solutions to these problems, they understood, would require cooperation among communities across southeast Michigan. The fundamental purpose of the Suburbs Alliance is to continuously elevate the level of that cooperation.

The City of Southgate is a member of SEMCOG, which serves as an advocate and grant writing agency aimed at increasing government cooperation and collaboration. SEMCOG provides data analysis for informed decision making affecting Southeast Michigan and its local governments. SEMCOG promotes the efficient use of tax dollars for both long-term infrastructure investment and shorter-term governmental efficiency including focusing on direct assistance to member governments in the areas of transportation, environment, and community and economic development. Recently, SEMCOG has assisted the Cities of Southgate, Wyandottee, and Lincoln Park with evaluating the potential costs savings of the privatization of ice arena operations and the successful private partnership collaborative to transfer management control of our banquet facility to a private operator.

The City of Southgate is also a member of the SEMREO which is a federation of local governments and civic partners in support of efficient and sustainable energy related

policies and practices in southeast Michigan. The Southeast Michigan Regional Energy Office has improved the market for energy efficient technologies and renewable sources as part of a dynamic education initiative targeting elected officials and staff who would like to implement energy-programming within their community. The SEMREO has provided the city of Southgate access to energy professionals, sustainability planning and other cutting edge technologies that the City would not be able to acquire without pooling resources with other communities. Over the past year the City has received numerous grant awards through our partnership with the SEMREO including \$115,000 for municipal energy projects and up to 1 million dollars in local neighborhood investment. These grant opportunities and technical support are the direct result of our participation in the SEMREO.

SUMMARY

The City of Southgate will continue to leverage government cooperation to improve operational efficiency. All future projects are subject to, the size of the jurisdiction(s), probable economies, and the desire of neighboring communities. Over the past few years the City of Southgate has been able to establish realistic long term partners to work with on creating and entering into a cooperative agreement.