

hollandmichigan



City of Holland, Michigan

Cooperation, Collaboration and
Consolidation of Services Plan

January 2014

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The City of Holland has a rich history of collaborative efforts with the larger Holland community, both with neighboring governments as well as other groups attempting to improve the quality of life to our citizens. Created to fulfill part of the State of Michigan Economic Vitality Incentive Program (EVIP) requirements, this Consolidation of Service Plan articulates some of the past accomplishments including the cost savings provided as well as looks to future efforts in streamlining services to our citizens both internally (City of Holland departments) and externally (collaboration with other governmental units).

Past Service Consolidation Successes

Joint Fueling Facility

In 1992, the City of Holland and the Holland Public Schools signed an agreement to utilize fueling facilities owned by the school district to fuel vehicles and equipment owned by both entities. This included Holland Board of Public Works vehicles, school and transit buses as well as all public safety vehicles, heavy equipment, etc. In 2007 the agreement was amended to include the Macatawa Area Express Transit Authority (MAX) when a separate authority was created to facilitate a regional transportation system. Each entity provided various resources and costs are shared on a per gallon basis. Competitive bids are solicited as tanks are depleted (about twice monthly) providing market pricing. About 30,000 gallons per month are dispensed through the facility.

It is estimated that each entity saves about \$15,000/year in administrative costs with only one facility needing to be maintained. The actual per gallon fuel savings is not known but numerous bidders provide very competitive market pricing as the tanks are filled at least twice per month.

Fiscal Agent Services

The City of Holland provides fiscal agent services to the Macatawa Area Express Transit Authority (MAX), the Herrick District Library and the West Michigan Airport Authority (WMAA). This includes handling cash receipts, accounts payable, budget preparation assistance, payroll, investing, purchase orders, and all accounting including facilitation of the annual financial audits of each entity. In 2010 new financial software and hardware was bid and purchased collaboratively with each entity sharing in the cost on a percentage/proportionate basis (MAX and Library 20% each, City 60% with costs also shared with airport. Each entity was able to acquire state of the art technology at a substantially reduced cost. Estimated savings is \$100,000 (\$30,000 each for MAX and Library and \$60,000 for City).

The annual cost to provide Fiscal Agent services to each entity is based on the actual cost/hour for each employee and is less than the cost of one fulltime staff member (\$44,030 for library, \$46,420 for MAX, \$27,030 for WMAA) to each entity. This provides separation of duties for internal control purposes and is much less expensive than the cost of fulltime staff. Estimated annual savings is \$50,000 mutually beneficial to all entities.

Self-funded Health Insurance Program

The City of Holland collaborates with the Holland Board of Public Works (HBPW), Macatawa Area Express Transit Authority (MAX) to provide a self-funded health insurance program with costs/employee significantly lower than costs provided from private sector carriers. The program has been in existence since 1991. A survey of premiums costs of area governments and schools conducted late in 2010 verified that the 2011 premium rates of \$4,457 (single), \$9,806 (dual), and \$11,921 (family) were significantly lower than private sector rates or MESSA (public schools). Despite increased premium costs in 2013 and 2014, the city's costs remain below the hard cap imposed by PA152 (employees also contribute 40% less a 20% wellness credit of the premium costs). Assuming premiums are 20% lower than market priced plans, the estimated savings for the City of Holland is \$320,000 annually.

Lakeshore Advantage

To facilitate a regional approach to economic development a not-for-profit entity was formed with several area governments including: The Cities of Holland, Saugatuck and Zeeland, Holland and Park Townships, and Allegan and Ottawa Counties, and other partners. Randy Thelen and his team of economic development professionals have been extremely successful in recruiting companies and jobs to the region, most notably two advanced battery facilities, both visited by President Obama in the past year. The City of Holland contributes \$50,000 annually to the organization. Assuming it would cost \$100,000 to employ one fulltime economic development staff person; annual savings are estimated at \$50,000. It should also be stated that the quality of services with the Lakeshore Advantage team is significantly better than a single staff person could accomplish on their own. The outcome of this approach has yielded more jobs in this area than anywhere in the state (per Milken Institute December 2011 "Best Performing Cities for 2011 – Where America's jobs are created and sustained" report). In 2013 the unemployment numbers in Ottawa County were significantly under both the state and national averages.

Public Safety Department Consolidation

When both the Chief of Police and Fire Department Chief announced their retirements in 2009, interim chiefs were appointed while a consolidation strategy for the overall administration of police and fire services was evaluated. After a lengthy process and use of a consultant, the newly created Public Safety Department was formed. A Director of Public Safety was appointed to replace the two chief positions and other changes were made to the management structure. Annual savings are estimated at \$180,000. In addition, significant restructuring in the police division of the scheduling to a 12 hour shift resulted in overtime budget savings of approximately \$35,000 per year.

West Michigan Enforcement Team (WEMET)

WEMET was formed as a drug enforcement collaborative effort of law enforcement agencies including: Michigan State Police, Allegan, Muskegon and Ottawa Counties, the Cities of Grand Haven, Holland, Muskegon and Norton Shores, each of which provides officers and/or financial support. Other area governments provide financial support. Some additional grant funding has been available for this program although that has been shrinking in recent years. The financial savings are difficult to measure but the overall success and effectiveness in combating drug use the area is significant.

Hope College

One of our community's best examples of collaboration exists in the relationship between the City of Holland and Hope College. For decades, Hope College basketball was played in the Civic Center and Hope Football was played at the City's Municipal Stadium, recently acquired by Hope. Partnerships on a variety of projects have been forged on numerous occasions to exchange property, street closures, etc. One example took place a few years back when Hope College and the City of Holland exchanged property (fair market appraisals were completed) to build the beautiful DeVos Fieldhouse. More recently a city skate park was relocated to facilitate construction of a new fine arts performance facility and the proceeds from the land exchange allowed construction of a new state of the art skate park. The exchange of property generated about \$250,000 which was reinvested in the new park. Of greater significance than the financial savings, both entities were able to realize benefits in the exchange.

Staff Reductions

As revenues have been shrinking over the past several years a number of staff reduction decisions have been made. Presently 43 positions have been eliminated to address budget shortfalls. This represents more than 15% of the fulltime staff of the City of Holland in place in 2003. Despite increases in boundaries of the city, the number of miles of streets maintained and population (although the last census showed a small decrease) the number of fulltime positions in the city's workforce is at its lowest point in thirty years (data was not readily available prior to 1986/current employment is 26 lower than that year). While some part-time positions have been added to cover some of the work, numerous reassignments have been made to various employees to continue providing services to residents. In addition to staff reductions, benefits have been significantly reduced for all employees. Assuming an average cost of a fulltime employee to be \$60,000, reduction of 43 positions would yield estimated annual savings of \$2,580,000.

Inspection Services

The City of Holland currently contracts with Holland Charter Township and the City of Zeeland to provide Mechanical Inspection services on a per inspection basis, utilizing existing staff. Estimated savings is \$28,000.

The City of Holland currently employs a part-time Electrical Inspector and contracts with Holland Charter Township to employ their inspector on an as needed basis. Estimated savings is \$60,000.

Partial listing of other past consolidation/collaboration examples

Macatawa Area Coordinating Council (MACC)

Formed in 1993, this Metropolitan Planning Organization (MPO) includes the following members: Cities of Holland and Zeeland, Townships of Fillmore, Holland, Laketown, Olive, Park, Port Sheldon, Zeeland, Counties of Allegan and Ottawa, Road Commissions of Allegan and Ottawa, Michigan Department of Transportation, Macatawa Area Express Transit Authority.

West Michigan Strategic Alliance and Planning Initiative

Formed in 2000 with the vision “To make West Michigan a best place to live, learn, work and play” Holland is a member along with numerous others in this 13 county regional collaborative effort.

Macatawa Greenway Project

A regional collaborative organization created in 1996 as a community-wide environmental protection project, consists of numerous local governmental units and individuals united in their efforts to preserve the natural beauty and watershed and make these ‘greenways’ available for public enjoyment in the creation of trails and other facilities, while protecting these natural resources.

Michigan Municipal League

Holland was a charter member of the MML which provides numerous collaborative services to hundreds of local governments in Michigan.

MIDeal

Holland has been a member of MIDeal for many years and takes advantage of bidding/purchasing pricing for many products and services.

West Michigan Airport Authority

Cities of Holland, Zeeland and Park Township collaboratively support and operate this regional airport.

Police cars to GVSU for training purposes

Grand Valley State University has leased police vehicles taken out of the Holland fleet for several years as part of their law enforcement training program.

School Resource Officer

The City of Holland and Holland Public Schools have collaborated in providing a police officer for many years.

Watershed Project

Holland has partnered with the MACC and Macatawa Greenway members to protect the watershed in our region.

Herrick District Library

An excellent example of regional collaboration, the Herrick District Library was formed in 1997 to provide library services to residents from the City of Holland and Townships of Holland, Laketown and Park. In 2012 it had circulation of 1,383,761.

Holland Area Wastewater Treatment Plant

This facility is owned by the City of Holland and jointly operated by all MACC members except City of Zeeland who owns/operates their own facility. A committee of members oversees the operations of the facility which provides treatment for the region.

Interconnection of water facilities with City of Wyoming

After several years of considering a secondary intake and treatment from Lake Michigan to enhance the City's water supply, an interconnect agreement was reached with the City of Wyoming which provides redundancy for both systems. Construction of a new pipeline was completed in 2012 eliminating the need for either city to duplicate water treatment facilities, providing a consistent water supply for hundreds of thousands of residents. Both cities will save millions of dollars over the next several years.

Holland Board of Public Works (HBPW)

In addition to providing water, sanitary sewer, fiber optics and electricity to City of Holland residents the HBPW has water agreements with Park, Holland, Laketown Townships and the City of Zeeland as well as electric franchise agreements with surrounding Townships.

Macatawa Area Express Transit Authority (MAX)

After serving the residents of the City of Holland for many years, service expanded to other areas outside the city limits through use of various agreements. In 2007 MAX, a regional transit authority was created and funded through a millage vote by residents of the City of Holland and Holland Charter Township. A service agreement continues to facilitate service to the residents of the City of Zeeland.

Holland Aquatic Center

Constructed through special voted millage there is area-wide representation and community memberships available for this state of the art facility which hosts numerous swimming events and is home to the 2011, 2012 and 2013 State Champion Swimming teams from Holland Public Schools.

Public Safety

Mutual Aid Fire Agreements with all Neighboring Units of Government

Ottawa & Allegan County/Police Mutual Aid Agreements

Joint 911 Central Dispatch

Many Ottawa/Allegan and City Joint Traffic Enforcement Grants

Joint Fire Station Construction Project (Holland City & Park Township)

City Police/County Court Property Exchange and Neighboring Facility Construction Project

Other Collaboration Initiatives

Weed and Seed Initiative (US Department of Justice)
Numerous Boundary Sanitary Sewer/Watermain and Street Projects
US 31 Bypass Regional Proposal
Holland Historical Trust (Museum, Cappon House and Settlers House)
No Wake Zones
Sesquicentennial Celebration
PA 425 Agreement with Fillmore Township
Urban Cooperation Agreements with Fillmore Township
Waverly/120th Ave Bridge Project
Celebration “2000” New Year’s Eve Event
Common Area-wide representation on Board of Holland Community Hospital
Common Area-wide representation on Tulip Time Board
Computer and Technology Services with Herrick District Library, MAX, West Michigan Airport Authority
Cable Access TV Interconnect Agreement
4th of July Fireworks
“Michigan’s West Coast” Travel and Tourism initiative
Westrain Initiative (Amtrak Service)
Joint River Avenue Bridge Agreement
Partner in West Michigan Works Celebrating Local Workforce
GIS/Pictometry Initiative
Joint Mechanical Inspector Agreement
Mutual Agreement for Recreational Facilities with Holland Public Schools
Mutually Funded Playground with Holland Public Schools
Vacant Housing Inspections

Update for 2012 Consolidation of Services Plan

Joint fueling facilities upgrade – FULLY IMPLEMENTED

The tank monitoring system, fuel management system and fuel distribution systems (pumps) planned for 2012 were completed with grant funding obtained through MAX. Significant enhancements to the tracking and monitoring of fuel consumption for each fleet vehicle were achieved, which should result in more efficient fuel management. In addition upgrades to the tank monitoring system will automatically trigger an alarm if leaks are detected resulting in protection of the environment and resulting cleanup costs. The pumps were decades old and now are more reliable, saving maintenance dollars. One time capital costs of \$50,000 were achieved from grant proceeds with annual savings estimated at \$20,000. Barriers to completion involved some challenges/delays in various levels of decision making, as there was no clearly defined lead entity heading up the project and it has been decades since the entities had made improvements to the jointly owned facility.

Timeline: Discussions for this upgrade to the fueling facility between the participating entities began in 2008. Grant funding was obtained in 2009. Bid specs were finalized in March 2012, with bids received in April 2012. Construction was completed in August 2012.

2014 update – the Fueling consortium continues to function well for all members. In addition to better reliability, the equipment upgrade provided efficiencies in tracking consumption for the entities that purchased the more robust technology. The installation of the accompanying software was cumbersome and difficult as the lower bid software was not as efficient as available from more expensive bidder solutions. After several months, the software appears to provide needed reporting.

Ottawa County Mechanical Services – FULLY IMPLEMENTED

The City of Holland and Ottawa County entered into an agreement to utilize county staff to perform preventative HVAC maintenance services in several city buildings. The hourly rate charged by the private sector (per terms of a separately bid contract) is 2.5 times higher than rate charged by the County, and there is no markup on the parts purchased by the County. Estimated annual savings is \$20,000 per year. There were minimal barriers to this effort as both entities found value in sharing resources. It did take some time to document the specs and create an agreement, largely due to busy staff schedules.

Timeline: Discussions between City and County began in December 2011 and services began in May 2012, even though the agreement between the entities was not finalized until January 2013.

2014 update – this continues to be a collaboration that makes sense and the cost savings are becoming more evident with changes in accounting to allow easier tracking of costs. A recent meeting was held to clarify the work done by Ottawa County and the mechanical maintenance service provider which was helpful after staffing changes at the County. Continued communication efforts will be critical in the success of this venture.

Municipal Stadium – FULLY IMPLEMENTED

The City of Holland entered into an agreement with Hope College to sell the Municipal Stadium and to allow long-term use of the stadium by Holland Public Schools and the City of Holland. Hope invested in excess of a million dollar to upgrade to the turf and other amenities, and will be making other improvements in the years to come. The City of Holland will save at least \$50,000 in operational costs and no additional capital improvements for the site which was in dire need of numerous upgrades in the turf, restrooms, electrical systems and more. Barriers to completion involved the creation of a new entity that could jointly own the facility. That became too cumbersome, and was abandoned after several meetings/discussions between the parties, in favor of ownership by Hope College with a long-term use agreement. Agreeing to terms on that agreement took some time as well, but in the end all parties fully supported the plan. Property was rezoned, the city's Master Recreation Plan was amended, the property was declared surplus as well as numerous other legal hurdles to complete the transaction.

Timeline: Discussions between the City of Holland, Holland Public Schools and Hope College began in earnest late in 2010. After abandoning the joint ownership concept, in May 2012 an agreement was entered between the City and Hope College to replace the turf prior to final sale of the property so that construction could be complete in time for the fall 2012 football season. The final sale of the property was approved by Council in December 2012.

2014 update – the stadium upgrades are complete and beautiful. Hope College and Holland High continue to play their games in state of the art facilities. Plans are under consideration to upgrade the locker rooms and other facilities. Holland no longer has obligations to pay to maintain the facility.

Macatawa Area Service Delivery Committee – ONGOING - Regular Meetings Continue

The Macatawa Area Coordinating Council (MACC) committee composed of the chief executive officers from each of its 11 governmental members to determine and evaluate opportunities for greater collaborations met several times in 2012. A EVIP grant application was partially funded. In the first year of meetings, relationships were formed and trust built. One of the topics discussed were retirements and possible ways to share staff expertise as vacancies arise. The creation of a “Succession Plan Spreadsheet” which will be a consolidation of services action item in 2013 is described below. There are no specific barriers identified.

Timeline: The Committee was formally approved by the MACC in May 2011. Numerous meetings took place throughout 2012 and 2013 (more below).

Update for 2013 Consolidation of Services Plan

Collaborative Planning on Administrative Positions – ONGOING

All entities in the MACC represented by their representatives on this team shared normal retirement dates for their key administrative full-time, part-time and contractual positions for the purpose of looking for opportunities to share overhead costs/service supervision and delivery in advance of vacancies. A Succession Plan/Retirement Coordination draft document was prepared in the Spring 2013 and presented to the Committee in October 2013. Currently a shared Recreation Director between Park and Holland Charter Townships is under consideration (not directly a City of Holland savings), but no City of Holland opportunities have surfaced. No specific barriers to collaboration have been identified.

Timeline: Committee formed in May 2011. Regular meetings are expected to continue indefinitely and as shared position opportunities become available, they will be evaluated.

Regional Recreation Investigation - ONGOING

The City of Holland made a presentation on this possibility to the Macatawa Area Coordinating Council Service Delivery Team of nearby municipalities about combining recreation funds for a new and

improved profile of program offerings at similar or reduced costs. While there have been shared use of facilities for various programs such as tournaments and leagues, for the most part programs continue to be run independently. There are residents of each entity that enroll in programs of interest that aren't offered in their respective governmental recreation programs. As indicated above, discussion continues between Holland Charter Township and Park Township regarding sharing the Recreation Director position. Estimated cost savings are not known at this time. Barriers to collaboration have been unwillingness to participate by one of the entities and too much discussion vs. action.

Timeline: Presentation by Holland to group in January 2013, possible hiring decision by April 2014, it is likely sharing of programs will continue on an incremental basis in the years ahead.

Fire Department Service Enhancements – COMPLETED

An auto aid agreement Holland Charter Township was approved August 2013. Cost savings are not expected at this time, but safety for residents will be enhanced. There were no barriers for completion of this agreement, consequently it was completed earlier than initially expected.

Timeline: Discussions began in January 2013 and an agreement was adopted by Holland City Council and Holland Charter Township in August 2013.

City of Holland Public Safety Operations Review – COMPLETED

Staff members completed a comprehensive review of the Public Safety Operations for Holland in a 51-page report which was accepted by City Council in March 2013, with recommendations implemented in the 2014 budget. This included staffing level targets of 57 sworn officers and 18 fulltime firefighters (plus part-paid). Although several key staffing and management structure changes had been implemented in the prior three years, the reduction of firefighter staffing levels to 18 resulted in savings of \$150,000 per year. Barriers included resistance by the firefighters and Council members concerned about the impact on safety for our citizens if staffing levels were reduced.

Timeline: Study initiated in Fall 2012 and completed in March 2013.

2014 Consolidation of Services Plan

Kent/Ottawa County Purchasing Consortium/Reverse Auction

The City of Holland began participation in the Kent/Ottawa County Purchasing Consortium in fall 2013. This has resulted in savings in certain commodity items such as toner and office supplies. To date cost savings have been approximately \$1,000.

Timeline: Presentation of program by Ottawa County in October 2013. The City joined in November 2013 with initial purchase of toner. Purchase of custodial supplies is planned for 2014 and other items will continue to be evaluated as feasible.

Telephony Study

The City of Holland has joined eleven other West Michigan governmental agencies including: City of Ferrysburg, City of Grand Haven, City of Zeeland, Grand Haven Area Public Schools, Grand Haven Charter Township, Holland Charter Township, Loutit District Library, Ottawa County, Spring Lake Public Schools, and the Spring Lake District Library to study possible collaboration strategies for telephony equipment procurement, services and possible fiber connections. An EVIP grant was received from the State of Michigan to employ Plante and Moran to assist in the research.

Potential cost savings are not known, but early estimates for service savings could exceed \$2,000/month after a significant investment in equipment which was anticipated prior to collaboration efforts.

Timeline: The study is expected to be completed in August 2014 with procurement and installation to follow, hopefully completed by December 2014.