

Walled Lake & Wolverine Lake Public Works Collaboration Feasibility Study

April 2010



April 26, 2010

Mr. Arthur Holdsworth
Deputy Director Department of Management and Budget
Executive Office -Oakland County
1200 N. Telegraph Rd.
Pontiac, MI 48341

Re: Walled Lake and Wolverine Lake Public Works Collaboration Feasibility Study

Cc: Walled Lake City Officials
Cc: Wolverine Lake Village Officials

Dear Mr. Holdsworth, Ladies and Gentlemen:

We have completed the Walled Lake and Wolverine Lake Department of Public Works Collaboration Feasibility Study, funded through the County's Capital and Cooperative Initiatives Revolving Fund (CCIRF). We have prepared this report to present our overall findings and recommendations.

Our review focused on determining the feasibility of establishing greater collaboration and possibly full consolidation for the Public Works Departments of each community. Enumerated are four different options of collaboration, including full consolidation. We worked with local officials in each community to evaluate and assess the current communities' public works operations and considered possibilities in regard to staffing, financial aspects, community acceptance, equipment and facilities, which would support a consolidated operation. The conclusion of our effort results in four options and a recommendation based upon the realities existing in each of these communities. We look forward to a joint presentation of the project's findings and recommendations in the near future.

We wish to thank the local officials in each committee for their candid thoughts and information. A special thanks to the field managers in each Public Works Department, Andrew Stone and Loyd Cureton, for giving of their time and detailed explanations.

We sincerely appreciate this opportunity to work with the County and the two communities of Walled Lake and Wolverine Lake. Should you have any questions, please do not hesitate to contact me at (734)466-4405 or Michael Culpepper at (248)804-6424.

Sincerely,

Orchard, Hiltz & McCliment, Inc.



William M. Costick
Director of Community Relations



Michael W. Culpepper
Public Works Consultant

Table of Contents

	PAGE
Introduction.....	1
Scope and Objectives.....	1
Project Approach.....	2
Services Comparison Matrix.....	4
Key Areas for Collaboration.....	5
Summary of General Observations.....	6
Results Findings and Conclusions.....	9
Options Considered	
Option A description.....	10
Option B description.....	11
Option C description.....	11
Option D description.....	11
Daily Administration.....	12
Enabling Act.....	14
Can an operational case be made for consolidation?.....	14
No Business Case	
Consolidation Savings Points.....	15
Cost Savings.....	17
Miscellaneous Suggested Operational Improvements.....	
Develop a Written Standard Operating Procedures System.....	17
Privatization/Outsourcing.....	18
Economies of scale.....	19

Walled Lake & Wolverine Lake Public Works Collaboration Feasibility Study

Introduction

Communities always hope to provide services their citizens require in an efficient and quality manner. Private sector models are often used as examples for local governments. This report examines the concept of an economy of scale for Public Works services by delving into the the daily operations of two communities to see if a consolidation is possible and practical.

Project Scope and Objectives

Orchard, Hiltz and McCliment, Inc. (OHM) has been retained through the Oakland County Capital and Cooperative Initiatives Revolving Fund (CCIRF) to determine possibilities of consolidation of Public Works Departments for the communities of Walled Lake and Wolverine Lake. The main objectives include:

- Establishing a business case for the recommendation
- Evaluating short-term and strategic operation of each community
- Examining and evaluating the financial structure and support in each community
- Identifying cost savings, benefits and impacts related to options
- Establishing an implementation plan for each collaborative option
- Presenting a financial and operational rationale for each collaborative option

OHM conducted meetings with those selected by each community to represent their opinions and descriptions to assist with this study. Meetings were held with both elected officials and appointed professional staff in keeping with the wishes of each community. The apparent sentiment of the community representatives was they presented themselves more as an ad hoc group rather than a steering committee. Subjects of those meetings are listed as bullet points in the as follows.

- **DPW operations**
- **Determine a level of support for outcome options**
- **Identify specific concerns of committee members**
- **Identify concerns of other elected officials not present**
- **Define community goals of interest to the members**
- **List community priorities**
- **Name key personnel in the DPW**
- **Budget issues**
- **Current financial condition of DPW operations**
- **Request basic financial and other pertinent documents**
- **Identify areas of community pride**
- **Acquire a sense of community trends**
- **Current responsibilities**
- **Staffing levels past, present and future**
- **Responsibilities of key members of DPW**

Project Approach

The initial meeting held November 11, 2009 began with the Village Administrator of Wolverine Lake. The Administrator indicated that the elected officials had placed the responsibility of this study in her hands and she would be the primary contact for Wolverine Lake. The Administrator provided documents that included copies of the DPW collective bargaining agreement with Local 2720, DPW employee list, a basic synopsis of DPW duties, budget, employee individual costs and a community map. We then spent a significant amount of time discussing the DPW from her perspective. She introduced the DPW Leader who would work with OHM regarding actual field operations.

The following are the committee members for Wolverine Lake:

- **Sharon Miller, Administrator**
- **Andrew Stone, DPW Leader**

The second, but initial, meeting with Walled Lake began on November 12, 2009 with three Council members, the Mayor and the Public Works Director. It was established that this group was optimistic regarding the study results. The Mayor will be the primary contact person for the convening of future meetings. The Public Works Director was designated as the contact person for examining daily operations and the supplying of budget reports, equipment records and other pertinent documents.

The following are the members of Walled Lake's committee:

- **William Roberts, Mayor**
- **Bob Robertson, Council member**
- **John Owsinek, Council member**
- **Linda Ackley, Council member**
- **Loyd Cureton, DPW Director**

Following the initial meetings with each community, OHM was able to meet multiple times one on one with the Walled Lake Director of Public Works and Wolverine Lake's DPW Leader. Walled Lake's Director provided ample time to discuss operational policies, render historical perspectives, and define public works priorities. He further was able to spend time in the field showing physical sites throughout the community explaining his department's responsibilities and defining unique situations. The Director also provided documents similar to those provided by Wolverine Lake's Administrator adding a copy of the lengthy and detailed DPW annual report.

Similarly, Wolverine Lake's DPW Leader provided time to review DPW operations and facilities and to travel throughout the village highlighting village properties, areas requiring routine maintenance, street conditions and generally explaining the department's responsibilities. This tour was very helpful in understanding the DPW's responsibilities and the community's expectations of the department.

The documents provided by each community at the initial meetings have been reviewed thoroughly and a series of questions developed from them. We have received copies of current budgets, collective bargaining agreements, equipment lists, wage scale lists, road maps, and some policy statements.

In each community the DPW building and yard was examined especially noting the size, condition and special areas designated for specific support tasks. Several trucks and pieces of equipment were also present at each site which allowed for an overview concerning maintenance and physical appearance of existing equipment. Having the equipment present allowed for some discussions concerning replacement schedules, preventive maintenance and routine repairs.

Project Approach (continued)

Follow-up meetings were held with the field supervisors, Andrew Stone of Wolverine Lake and Loyd Cureton of Walled Lake, on November 30, 2009. These meetings were to clarify and reveal more issues that have become evident as the results of studying documents and reviewing notes from the earlier meetings. Budget analysis resulted in the need for additional information regarding capital purchases, flow of funds and personnel assignments. Operational policies, work reporting and event support activities were further explored.

A progress meeting was held with Sharon Miller, the Administrator of Wolverine Lake, at OHM's offices on December 11, 2009. The objective of the meeting was to review the information gathered and review our findings in regard to her experience in the community. It was intended to verify our work up to this point and redirect our approach if our conclusions were going in a different direction.

A significant amount of time was also spent with a windshield survey of areas of responsibility in each community. Areas of particular pertinence to the study were functional features such as: street pavement, parking lots, street furniture, signage, drainage structures, pavement markings, street lighting and water system. Recreational, landscape and environmental features requiring DPW attention were examined, which include such things as parks, recreational paths, street scape, beaches and trees. Also, structures such as Village and City offices, fire stations, pump houses, garages, pavilions and public rest rooms have been noted.

This following chart helps to identify common and differing elements of the operations and objectives of each DPW. The first column lists services or features provided by the community. The next two identify whether the community provides the service. The last column clarifies.

Service Comparison Matrix

	Walled Lake	Wolverine Lake	Notes
banners	yes	yes (2)	changed regularly
beach maintenance	yes	no	1 beach
brush pickup	yes	no	monthly
building maintenance	yes	yes	
catch basin cleaning	yes*	yes	*mixed w/contract
cemetery	yes	no	dpw maint
concrete pavement repair	contract	contract	
festivals	many	few	
holiday lighting	yes	min	WaL. extensive
hydrant maint	yes	yes	
janitorial	yes	yes	
lake controls	no	yes	1 dam
lake weed harvesting	no	yes	hauling in summer
leaf pickup	no	yes	
line flushing	no	yes	
material stock	yes	yes	
meter testing	yes	no	minimal
park mowing	yes	yes	
parking lot maintenance	yes	yes	
parks maintenance	yes	yes	
pavement markings	contract	contract	
pavement patching	yes	yes	
pump house maint	no	yes	
rec path maint	yes	yes	Wolverine has many
recycling	contract	contract	
refuse disposal	contract	contract	
road grading	yes	yes	minimal
road resurfacing	contract	contract	
road salting/plowing	yes	yes	
road sign shop	yes	yes	
roadside litter cleanup	yes	yes	minimal
roadside mowing	yes	yes	
san sewer maint	no* OCWRC	no*OCWRC	*city 1st response
sanitary sewer adm	yes	no	
sewer services	OCWRC	OCWRC	
sidewalk maintenance	yes	no	
SMART bus service	yes	yes	Wolverine w/Comm. Twp
snow plowing	yes	yes	
storm water adm	yes	yes	
street furniture	yes	no	

Service Comparison Matrix (continued)

	Walled Lake	Wolverine Lake	Notes
street lighting (roadway)	no (Edison)	no (Edison)	
street lighting (decorative)	yes	no	
street scape mowing	yes	no	
sweeping	contract	yes	
tree trimming	yes	yes	
valve exercising	yes	yes	
veh maint	yes	yes	
water services	yes	yes	

Key Areas for Collaboration

- Equipment sharing
- Services commonly provided by each community
- Yard storage and garage facilities
- Vehicle maintenance activities
- Personnel exchange
- Administrative support within the department
- Non-departmental administrative support (finance, purchasing, IT, etc)
- Personnel support (hiring, training)
- Radio network
- Standardization of operating procedures
- Continue current inter-community cooperation
- Service request processing methods
- Accountability & reporting
- Record keeping
- Other outside relationships
 - Oakland County Drain Commission (OCWRC)
 - Road Commission for Oakland County (RCOC)
 - Drainage basin cooperative
 - Resource Recovery and Recycling Authority of Southwestern Oakland County group (RRRASOC)
 - Relationships with other adjacent communities

A Summary of General Observations

Residents of Wolverine Lake are closely linked to Walled Lake in a practical day-to-day sense. The communities are not only adjacent to each other, there are also sections of Wolverine Lake that are truly at the back door of Walled Lake's business area. The boundary line in some areas are very irregular making it nearly impossible for a newcomer to discern the difference. The north side of Wolverine Lake is more different from the lake's south side than the south side is from Walled Lake. Casual examination reveals that in addition to the ease and proximity of businesses, other community-based activities are solidly blended among the communities.

An informal observation of traffic patterns shows the ease at which the residents of both communities are drawn across the invisible boundary to conduct daily activities. As examples, many denominations of churches abound in Walled Lake that attract and serve Wolverine Lake residents. Fast food restaurants, medical offices, sit-down dining, automotive repair, chain drug store and many other typical small consumer oriented businesses abound in Walled Lake. It is very clear that Wolverine Lake is very closely tied together for normal daily activities of the people. Conversely, Walled Lake is not linked to Wolverine Lake in a similar manner. The demographics and commonality of the communities are relevant only to the extent that they do not present an obstacle to cooperation on any level. This naturally occurring connection and significant commonality of the residents is interesting to note, since this reality could make collaborative efforts on part of the governments seem to be an outgrowth of the existing situation.

Growth in each community is negligible at this time. Both have limited room for additional development. However, Walled Lake has the potential for commercial redevelopment which is also bolstered by a Downtown Development Authority with the ability to capture taxes within the Authority's district. Before the economic downturn, Wolverine Lake saw a gradual reconstruction movement of older homes, with lake frontage, being renovated into larger homes, and in some cases, original homes were demolished and replaced with much larger structures. This will probably resume when the economic trend improves. The current economic situation has dampened all redevelopment for the time being.

Wolverine Lake is overwhelmingly residential with the lake itself being the center of community cohesiveness. A great percentage of homes have direct frontage on the lake with others enjoying the lake through public access. Most Walled Lake residents do not have lake frontage; yet, they have lake access provided by the city as a beach. There is also boat ramp that is not officially sanctioned by the city that has been traditionally used by residents adjacent to the beach.

The committee members obviously express pride in their individual communities during meetings. They often cite more of their differences than similarities, such services as leaf pick-up, lake weed harvesting, differences in infrastructure, and civic event support are a few of the features not common to both. Yet, both show a strong desire to produce the best service for their residents according to the funding available and the wants of the community. Outwardly, there are only a few services that are different, which larger communities accommodate for their residents sometimes on a subdivision by subdivision basis. These differences alone should not be insurmountable hurdles toward consolidation or collaboration.

Wolverine Lake indicates that there is a very good informal working relationship with surrounding communities. Various working agreements were cited. A water service agreement with Walled Lake was instituted recently. In the agreement, Walled Lake supplies water services to customers in a small part of Wolverine Lake, which includes billing and the customary system operation and maintenance. Commerce Township allows for the placement of harvested lake weed, which is compostable material, at a site in their Township. It is apparent the communities have developed a fair and informal means of dealing with problems and issues in a cooperative manner.

A Summary of General Observations (continued)

Walled Lake has a human resources asset in the form of the Public Works Director that needs to be recognized. The Director is an impressive professional who has molded a small department into a team that is flexible to meet the changing dynamics of a unique community. He exudes enthusiasm for the community balanced by a grounded pragmatic understanding of municipal government and public works administration. During interviews it became clear that he is a self motivated individual, establishing an open management environment who is able to embrace new ideas and implement them into action. Hopefully, his character and skills can be shared with other communities through collaboration, consolidation or cooperation. He could be relied upon to be the leading individual to bring about and guide this effort.

Field observations of streets, parks, signage and rights-of-way give an appearance of detailed care. Streets were clean and free of litter. Due to a recent repaving program, pavements appeared to be in excellent condition in most of Walled Lake. Wolverine Lake's pavement was not generally so new, but in good condition with positive signs of preventive maintenance measures applied. Parks were very clean with paths, fences and structures in good useable condition. Street signs and traffic control signs were straight, correctly placed and in good order. The overall street rights-of-way were litter free with well maintained vegetation. The areas under the responsibility of the DPWs were aesthetically pleasing in appearance in both communities. Appearance is a reflection of both the municipal government and the citizens' community pride.

The largest, most overtime intensive and greatest concern in both communities is winter maintenance. The term "winter maintenance" refers to all the activities related to snow and ice control on roads, parking lots, paths and public building walks. This includes areas typically under their jurisdiction, but also there is concern for roads under the jurisdiction of the Road Commission for Oakland County (RCOC). One of the communities contracts to perform winter maintenance on a portion of an RCOC road in their community and the other performs work on an RCOC road in their community without a contract or repayment. This is done on occasion when RCOC is overcome with other priorities and has not gotten to the road in a timely manner.

The winter maintenance function is a service which requires focus and a full participation by all field staff at the time of each snow storm. It was explained to us by both communities that snow storms required all the available work force to deal with snow immediately at the same time. Again, both communities clearly emphasized that there is great pride exhibited by both staff and the citizens in the winter maintenance (snow plowing) speed and quality. Since this function is relatively large as compared to others, it might typically be a focal point to study for consolidation. However, due to the acute timing requirements in dealing with snow storms, and how there remains only a skeleton crew of employees to fight winter storms in each community, neither community is comfortable with blending crews for this purpose. The success, citizen satisfaction and pride in their individual snow operations creates a situation where there is no support to make any drastic consolidation change in this service.

A Summary of General Observations (continued)

The number of field employees employed by Walled Lake and Wolverine Lake are six (6) and three (3) respectively. Since 2005, Walled Lake has reduced their work force by three (3). Wolverine Lake has reduced from four (4) to three (3) employees since 2007. Single digit numbers do not seem as significant on the surface, but it needs to be restated that there were significant in reductions in the DPW field work force by each community. Both communities have made strong efforts to control the number of employees in an effort to bring costs down to match revenues. They need to be commended for these efforts and the current outreach exemplified by their interest in Oakland County's initiative by commissioning this study. This study has revealed that the current staff levels do not leave much to be considered in reducing staff through consolidation. Based on our experience, the current work loads and the breadth of responsibilities placed upon each agency leaves the DPWs minimally staffed with very little to trim, if current service levels are to be maintained.

As a result of interviews and meeting with the management of the DPW, some assumptions have been made. The following is a list of those relevant to consolidation:

- Each community is satisfied with the current level of service given by he DPW
- Each community feels that the DPWs are managed acceptably well
- There is not a clear and pressing threat of financial crisis that rearranging the DPW alone would resolve
- The quality and quantity of the DPWs work output is satisfactory
- There is no demand on the DPWs in relation to the initiation of new services being requested
- Sentiment toward the DPWs by elected officials seems to be positive and without undue criticism
- There is an undercurrent of worry that consolidating the two departments may diminish the individual attention either community would receive

Results, Findings and Conclusions

Fiscally prudent steps taken in the recent past by both communities by limiting hiring and spending puts the departments in a situation that is neither critical nor acute financially. Their small size gives them the ability to track trends very quickly, in order to head off problems sooner rather than later. Both communities also were not living on growth related revenues and future expectations, or were relying on overly optimistic projections of revenue. Consequently, they have no long term commitments that can cripple day-to-day budgets. Yet, they are not immune from State revenue reductions and property value decreases that are impacting all Michigan communities. While both communities have been making good financial decisions, more will likely have to be made.

The communities have a record of cooperation both at a high level as exemplified by a recent water service agreement and police cooperative agreement. On a lower level the DPWs have been borrowing and sharing tools, equipment and materials whenever it was mutually beneficial. Now they have an opportunity to expand upon this past experience.

There are opportunities to explore in areas of non-DPW support personnel costs . These primarily are indirect costs. The non-DPW supporting personnel indirectly provide computer services, Human Resource services, purchasing, invoice processing, record keeping, and training. An examination of the budget suggests that there are budget items charged against the DPW in amounts that seem greater than the amount of return service. These charge back costs for non-DPW support services could be reviewed to determine if they are commensurate with the amount of service provided. The revenue streams provided by Act-51 and the water system enterprise fund may have had more administrative burdens placed against them than what is equitable. Conversely, any consideration to reduce the current level of field staff may likely require a reduction in services.

Equipment use and evaluation offer some cost savings opportunities. There some duplications and scheduling advantages to be gained.

There are additional efficiencies to be found with tools, materials, supplies and stock control systems.

Walled Lake's professional DPW Director is capable of strong leadership who can be relied upon to guide a consolidation or collaboration process to a successful conclusion.

The following are four options that are briefly outlined regarding the possible consolidation of the Public Works Departments. Following further are broader detailed explanations and implementation concepts. These descriptions are a foundation to build toward implementation of immediate consolidation, gradual consolidation, or structured cooperation allowing for an open-ended process for future choices. Although a specific recommendation is made, options A, B, or C are each workable depending upon the sentiment of each community and financial pressures.

It is recommended that the DPW Director in Walled Lake and the Village Administrator of Wolverine Lake take the lead and serve as a co-chairpersons of an options steering committee to implement any of the proposed options. It is further recommended, that the DPW Leader and Village Manager, agree between themselves to alternate chairing meetings and setting agendas. Walled Lake's Director is very qualified in all around DPW knowledge and possesses the personal confidence to achieve a successful conclusion. The Wolverine Lake Administrator has an overall and in depth prospective of municipal governance. Wolverine Lake's Leader has intimate knowledge of the daily operations of his community and is an individual with developing leadership skills who can be relied upon for significant input. It is not felt that any outside expertise is needed, however, there are many sources that can be called upon from professional associations and other public agencies for any guidance and assistance as needed.

Options:

OPTION A: Full consolidation of the two departments is a plan that integrates the primary elements of DPW operations. This option requires the full mixing of both departments as soon as possible, which includes all elements of administration, the buildings and lands, the human factor and community philosophies (mission).

OPTION B: Gradual consolidation process working toward a goal of full consolidation. This option would establish a plan and strategy where a stepped approach would require goals to be achieved at set intervals until full consolidation would be met. This transition should take place in less than three years.

OPTION C: No consolidation at this time, but recognize the benefits of closer cooperation in the basic elements of the operations of the DPW. A formal framework would be developed that would define those elements and immediate efforts would begin to take advantage of this intense cooperation. While this option does not recommend consolidation, it leaves the door open for future consideration. The formal framework that develops closer cooperation initially establishes a working relationship that can easily be built upon for present mutual benefit. If closer daily operation connections are positive, this may result in the communities later being inclined to pursue consolidation.

OPTION D: No consolidation considered at this time. Those few cooperative efforts now taking place would continue at the field level. Basically, no change from current practices considered.

Options Elaborated Implementation

OPTION A:

This option seeks to consolidate the departments into one department as soon as practical. DPW employees are pooled and report to one location (Walled Lake DPW Yard). A work order system is developed to define work assignments and work time charges back to each community and to work categories for bookkeeping and time balancing purposes. Each community will continue to budget employees separately to support their portion of the pool, but a daily charge back system creates a method that ensures neither community loses the minimum hours of service they now receive from their current employees. It also provides a record so that actual costs are assigned to each of the communities regardless of the employee used. A baseline will be established at the onset to determine the current total hours now required to meet the present work demands. This baseline is to eliminate future confusion as to fairness in total annual hours worked in either community.

Equipment is transferred into a special category of DPW ownership. This ownership can be called “combined ownership” or something to clearly define this special grouping. This distinguishes this equipment from police, fire, and other non-combined equipment. Besides police and fire equipment, which is easily understood as being separate, non-combined equipment may be something like the City Manager’s car, or a piece of equipment that is of no interest to the other community. Examples of those that may be of no combined interest could possibly be a beach raker, weed harvester, tree spade or other special service equipment now used in one community and not the other. Equipment placed under “combined ownership”, which will be referred to as “Pooled Equipment”. Utilizing a equipment pool system also allows non-combined ownership equipment to be rented to a user community for a predetermined hourly rate.

Hourly rates are established for equipment based upon the State of Michigan Act-51 reporting requirements. Hourly rental rates are recorded to create an escrow fund from which future equipment replacements are purchased. The hourly rates also provide a revenue stream for maintenance and fuel.

Options Elaborated Implementation (continued)

OPTION B:

This option outlines a multi-year plan to gradually blend the two DPWs into full consolidation. Unlike Option A, it does not propose quick action. The vehicle suggested to move toward eventual consolidation would be the establishment of a small steering committee which would utilize a formal series of quarterly meetings with well- defined areas of discussion with the goal each quarter to define at least one (more if possible) area for cooperation. Then following a trial period, formally adopting the area of cooperation in a written document which becomes the Standard Operating Procedure for each department. It is important to establish a mission statement and adhere to it.

In addition to the small steering committee, one person, such as Walled Lake's DPW Director, who is committed to eventual consolidation must assume a strong leadership role to set meetings, define objectives, assign tasks, report progress and prepare agendas. One suggestion might be to have a representative from Oakland County, assist the committee leadership.

OPTION C:

No consideration for consolidation, but take advantage of the existing good working relationship between Walled Lake and Wolverine Lake. Recognize the past cooperative efforts and expand upon them utilizing the list of suggestions for future considerations. Create a standing committee composed of mid-level and upper-level management that would meet at predetermined times to discuss issues of mutual interest. Emphasis would be placed on tangible results that are put into practice or tried experimentally with follow-up reports that can be codified as cooperative operating procedures. This concept is similar to that noted in Option B.

OPTION D:

Simply, this option encourages no changes in present methods and customs of doing things. Each DPW, acting totally separately and independently with an occasional contact with each other. No change in current operating practices is considered.

Daily Administration

Option A, daily administration requires the two combined departments to initially remain separate for financial and union agreement reasons only. During the early consolidation, each community will become comfortable with a budgeting structure. Also, during the initial combining, it will be necessary to begin the process of bringing the two groups under one union contract. Separate contractual treatment will be maintained for the shortest time possible. This would remain so until such time as reasonable parity is achieved through union negotiations or the abandonment of the smaller union with employee absorption into the larger one; a unified department will be declared with the employees being considered as DPW District employees instead of employees of one or the other community. The financial aspects generally remain unchanged in so far as individual budgets are concerned. A daily charge system must be established to assign hours/costs to the community where the individual actually works for each day. This allows correct assignment of charges back to the benefitting community. Periodic evaluation of reported hours must be performed so that each community receives the service of hours it assumed would be paid for within each budget year. Neither community should gain or lose work (service) hours. In the future, this could be adjusted between the parties based upon increasing or decreasing needs.

A two pronged work order system would identify the work needs for the specific day or week. The work order would be general for those recurring activities such as leaf clean up, winter maintenance, festival support and weed harvesting. This general order would lock in times on a schedule at the beginning of the year when employees cannot be scheduled in the other community. A work order of the day is the second prong where work is initiated with very short-term planning to meet immediate needs. Through practice and review, the work order assignment concept will result in a smooth operation. This system is similar to that used in larger jurisdictions when employees need to be assigned out of their districts or out of their home departments. There are several Oakland County communities that use this system as well as the Road Commission. The Director of Public Works in Walled Lake is the recommended person to administer the work order method working closely with the management team in Wolverine Lake to overcome the inevitable obstacles in the initial phase.

The multitude of interactive and support administrative activities will also need to be reviewed. Decisions regarding which community will become the administrative, record-keeping, cost-allocation and call/dispatch center should be made quickly. Insurance coverage, purchasing, billing and accounts payable will also require attention.

Option B, daily administration involves beginning to use the work order system described previously in Option A. It can be gradual in implementation, but is recommended to be fully in place within six months. Employees do not yet change their status in regard to each community, but the longer range goal is to gradually do the things necessary to move toward this unity sooner than later. To implement this gradual approach, formal quarterly meetings are scheduled requiring all the significant officials to participate. Very structured agendas are necessary with the goal of each meeting to result in a written procedural document for one or more operational activity. The long-term objective is to seek consensus on DPW operations while creating a Standard Operation Procedure document that defines and clearly creates daily guide for public works services. A designated consolidation leader brings in to the agendas topics that are pertinent to a combined operation. Some topics may be generally important and others may be current and critical. The following are some suggestions for agenda topics to help with implementation.

Daily Administration (continued)

Quarterly meeting suggested topics:

- Equipment specification standardization
- Equipment pooling system
- Cross department equipment use
- Annual calendar of labor needs
- Training wishes and needs
- Standardized record keeping and work reporting
- Cross training
- Borrowing employees for special events
- Best management practices discussions
- Insurance issues
- Work Order system with units of production reporting
- Written Standard Operating Procedures
- Computerized intercity inventory system
- Combined outsourcing contracts
- Common purchasing and utilization of purchasing groups
- Radio networking

Option C, daily administration has no changes for employees other than them noticing changes in some work assignments where some borrowing may take place from one community to another for occasion special tasks. A task requiring a larger crew or a specialized skill might see an assignment for a short period in the neighboring community. Some record-keeping will be necessary to balance hours and expenses as needed. Further, purchasing should begin to show combined orders for generic supplies to be shared according to the need of each. Equipment borrowing with fair charge back (rental like) fees being paid.

- Joint equipment, tool, material and supply purchasing
- Borrowing employees
- Comparable operating policies and standardization
- Employee familiarization
- Emergency coordination
- Radio network
- County service coordination
- Tool, equipment and material list exchange

Option D, sees no changes to the daily activities as they are now.

Enabling Act

Walled Lake and Wolverine Lake are two adjacent communities located in west central Oakland County, Michigan. Walled Lake is 2.9 square miles with a (2000 census) population of 6,713. Wolverine Lake is 1.69 square miles with a (2000 census) population of 4,415. Walled Lake is a city and Wolverine Lake is a village. The distinction is inconsequential, in that both have the rights to enter cooperative agreements between local governments as Home Rule entities under Michigan law. Further, the Urban Cooperation Act of 1967 allows a liberal application of cooperative agreements between local governments.

Can an operational case be made for consolidation?

The impetus of this study is the current state of the Michigan economy and the resultant impact on revenues and resultant budget challenges. Both communities are feeling the reductions in State shared revenue and property tax income due to the decline in real estate values. In recent years, both communities have taken measures to mitigate these losses by stemming expense increases by reducing DPW field staff. The combined total number of DPW field employees, as noted previously is nine. We believe this is a very low ratio of employees to the size of these communities. Further reductions are not recommended since it would have the ultimate result in unacceptable service reductions.

Although the communities have reduced the work-force, an underlying quandary exists. Obviously, staff reductions stem the flow of out-going funds which must be coupled with some reductions in services. However, while cost savings measures are being employed by reductions in work-force, there is a quiet, almost silent, slow and ever increasing incremental demand for more service. Often going without notice are those small additions of such things as expanding parking lots, additional street lights, a new play structure, added mowing, a new street island, another flower bed, expanded event support and a few more trees are the typical small increases that demand attention that spread the labor resources thinner. It is necessary to be aware of the obvious service reduction on one hand and be vigilant to the quietly incremental service increases on the other.

Wolverine Lake's three DPW employees are used in a flexible manner handling all the assignments that come their way. Because there are only three employees, there is no room for specialization, leave time is difficult to accommodate, scheduled and urgent unplanned leave time adversely impacts scheduling, training is difficult and some larger tasks are not undertaken. These issues could be resolved through consolidation or a system of temporarily loaning or borrowing employees with Walled Lake.

Walled Lake operates a little differently. Two of their six employees focus on water delivery services. The term "focus" means they primarily work in the area of water yet they are available when there are needs such as snow removal, shortage of personnel or other pressing needs; they are reassigned as needed.

A very significant advantage of consolidation is the ability to marshal and focus employees. Although there are presently only nine total field employees, the ability to have a larger crew size compliment allows for better coverage at events, swifter completion of a larger task and a larger force to focus on community emergencies.

No Business Case

Both communities expressed some apprehension considering the full consolidation option. This uneasiness is justified when consolidation seems to require a considerable amount of effort to make the change without enough firm reasons to make the change. The foremost reason to consider consolidation would be the desire to save a significant and clearly identifiable sum of money. Does the full consolidation option serve the communities, leaving them better afterward than they are now? A weak case can be made for consolidation as exemplified by the numerous small and incremental points. We found no outstanding, strong, clear or highly cost-effective points that support a firm case for consolidation. It is the conclusion of this study that, at this time, consolidation is not recommended. The option of strong formal cooperation seems to quell each community's apprehension while imposing a systematic approach to developing a mutual method of improving DPW operations with money savings as the goal.

It is believed that all the incremental points identified related to consolidation can be achieved over time under Option C. A serious cooperative approach toward increased cooperation can eventually embrace most efficiencies and savings. Additionally, this approach does not preclude future consolidation nor hinder cooperative ventures with other municipalities.

Consolidation Savings Points

Typically, the following points are the focus of possible savings because of assumed or expected reduction of duplication:

- Departmental leadership**
- Equipment and vehicles**
- Storing and staging storing site**
- Garage facilities**
- Field and office staff**
- Computer (IT) services**
- Record keeping systems**
- Other internal support activities**

The first obvious savings would be the reduction of a department head (director) from two to one. Because of the very different management structures of the two communities, there is now only one director among the two and that position is in Walled Lake. Although there is no director's position in Wolverine Lake, the time devoted to the DPW in a director's role by the Village Administrator and the DPW Leader would shift to the Walled Lake DPW Director. On the surface, there is not a monetary savings, yet consolidating DPW leadership into one job, relieves others of spending time on the DPW. Under consolidation, the utilization of one director streamlines management a bit; it also would place a career Public Works professional manager in charge.

There are a few pieces of equipment and vehicles that could be eliminated under a full consolidation plan. This would become more obvious if both communities used the same garage facility where all the equipment and vehicles were in plain sight. Presently, neither community has any obvious underused equipment and only a few duplicates. Consolidation is not the only means to improve in this area. An inventory list sharing mechanism coupled with a usage schedule could achieve the same results.

Consolidation Savings Points (continued)

A single Public Works yard for storage and staging does show some promise in the long run. Utilizing one site can result in efficiencies. Walled Lake's site is far larger and more suitable for a combined use. A shared site could reduce waste associated with stock piles and reduce costs of bulk materials due to one delivery location and larger quantities. Yet, consolidation is not the only way to achieve these results. Wolverine Lake's site could be left for other unspecified uses. Due to an agreement with the State of Michigan, the land cannot be sold and must continue to be used for municipal purposes.

Walled Lake's garage facility is a relatively modern and well-designed building, which is also an obvious choice for consolidation. It could adequately serve a few additional pieces of equipment from Wolverine Lake, as well as having space for their employees.

Neither community has an administrative support staff directly and exclusively assigned to the DPW. Consolidation may reduce duplication of effort by this group and then indirectly reduce the burden on the administrative side of the DPW budget. Since the size of those support staffs is controlled by other departments, a definitive evaluation of the exact percentage of support time devoted to the DPW is not available. However, it is generally assumed, when duplication of effort is eliminated it must be expected that some efficiency results which, hopefully, benefits the DPW in the longer run.

Field employees also are so few, reductions do not seem possible. However, some advantage can be achieved and an argument made for field staff mixing and backing up each other on occasion and for special events. This is useful but not quantifiable in a monetary savings sense. Considering how small the individual staffs are now as well as considering that even if consolidated, the combined group is still relatively small, leads us to believe some undefinable savings may result.

There are some opportunities for savings by examining the services of out-sourcing. Neither community has any one service that can be completely out-sourced. but there are portions and parts that can be undertaken by private sector contracting. This requires reevaluating some current attitudes, collective bargaining agreements, and experimentation. It is recommended that a closer look be given to all areas of DPW services to find where out-sourcing was not considered in the past, was over looked or disregarded. Acting as an individual community, there can be some savings, and acting as a consolidated DPW, those savings should increase exponentially. Several of these are referred to later in this report.

Record-keeping becomes more significant under a consolidation plan. It will become necessary to report and define work activities in each community to ensure fair distribution of annual work hours, equipment hours and supplies used. Walled Lake's DPW now devotes a significant portion of their annual budget to computer (IT) expenditures as administrative support. That current budget amount may be greater than their current needs and should be able to support a simple record keeping-system without additional cost. Under a consolidated system the Walled Lake Information Technology group appears to be a natural place for developing a record keeping system.

Cost Savings

The limited size of each community, the previous cost control measures and the different department structure make it difficult to assign specific dollar amounts to savings. The reduction of a whole position is easy to identify but incremental and fractional savings across many areas can not be defined. The general conclusions direct one's attention to improved concepts of better management practices, focusing of efforts together, reducing duplication, quantity purchasing, record keeping and productivity reporting all lead to savings.

After consolidation, some duplicate equipment should be sold; some buildings will no longer need continuous heating; some replacement equipment purchases will not be necessary; quantity purchasing will reduce cost. Annual savings could be between \$10,000 and \$30,000. The question is; is full consolidation worth the effort or are other options less stressful and still be able to achieve similar positive results over time?

Miscellaneous Suggested Operational Improvements

Operational improvement suggestions to be considered whether any options are accepted:

Develop a Written Standard Operating Procedures System

This is a written set of individual documents to cover the operating aspects of the department. It is a guide where council directives and executive orders are explained in terms that define day to day methods of conducting business. They cover a multitude of topics, many of which are listed following. They should be set up as living documents so that changes can easily be made as circumstances change.

Personnel rules

Safety procedures

Methods of doing things

Instructions on filling out forms

Precedents set

Accident/incident reporting

Purchasing policies

Procedural guides

Meeting guidelines

Legal compliance methods

Contingency plans

General department policies

Advantages of Consolidation

- Economies of scale
- Reduced duplication of equipment
- Possible gain in specialized equipment
- Reduced purchasing efforts
- Training improvement
- Crew size flexibility
- Application of best management practices
- Improved employee advancement opportunities
- Crew scheduling enhancement

Privatization/Outsourcing

Analyze mowing: Often this is an area where one of the multitude of mowing companies will do the job as well for lower cost and a saving on owning equipment.

Banners: There are sign and banner companies willing to provide a “turn key” service.

Look at single leave days taken of by employees: On small crews, a short notice can wreck the day’s schedule when crew size is important. Single days can be reduced by developing a plan that encourages employees to take vacation in full week increments.

Equipment purchases: Share a five year capital equipment replacement plan (CIP) with each other and coordinate equipment purchases.

General purchasing plan: Institute a coordinated purchasing plan taking advantage of the existing groups that are already doing the research. Such as:

- **Oakland County Inter Governmental Purchasing Program**
- **State of Michigan Cooperative Purchasing**
- **Michigan Inter-governmental Trade Network (MITN, is a group 25 suburban communities in the Metro area who have formed a cooperative purchasing group)**

Maximize seasonal and part time employees to the extent of contract limitations

Utilize janitorial service companies for cleaning of city buildings. Avoid using highly paid and skilled workers.

*Reinvigorate a common radio network use and procedures
Monitor each other’s radio communications*

Examine outsourcing the following:

*tree trimming
brush chipping
banner replacement
mowing
custodial services*

Economies of scale

There are several areas where combining departments allows for reduced costs due to a larger operation. Walled Lake's total combined field personnel are six field employees plus the Director and Water Resource Coordinator for a department total of 8. Again Wolverine Lake has only 3 field employees and there is no one person in Wolverine Lake that is permanently assigned to the DPW as administrative staff, there is some time is allocated to the DPW by the clerical staff and the Chief Administrator.

Obviously when commodities are purchased such as aggregates or top soil, two separate organizations are performing the same work with purchase orders, bids, price comparisons, payment processing etc. An examination of the items that were formally or informally purchased last year by each community would show a list of the following items and services and more. Neither community has calculated all the time spent throughout the year tallying the costs, there are some assumptions that can be made. There are common commodities and services that are purchased by both. Those typically are:

<i>patching material</i>	<i>gravel</i>	<i>top soil</i>
<i>grass seed</i>	<i>herbicides</i>	<i>pesticides</i>
<i>sand</i>	<i>salt</i>	<i>other deicers</i>
<i>traffic control signs</i>	<i>street name signs</i>	<i>office supplies</i>
<i>restroom supplies</i>	<i>cleaning supplies</i>	<i>training material</i>
<i>tools</i>	<i>safety items</i>	<i>barricades</i>
<i>batteries</i>	<i>protective clothing</i>	<i>wood & metal posts</i>
<i>fencing material</i>	<i>lumber</i>	<i>other aggregates</i>
<i>Playground equip.</i>	<i>parts trash bags</i>	<i>refuse containers</i>
<i>flags</i>	<i>holiday lights</i>	<i>banners</i>
<i>street light bulbs & parts</i>		
<i>tool rentals</i>	<i>equipment repair @ maintenance services</i>	
<i>engineering services</i>	<i>roofing maintenance services</i>	
<i>HVAC services</i>	<i>electrician's services</i>	
<i>plumbing services</i>	<i>parking lot striping services</i>	

Services performed in full or part by other agencies

Traffic signal maintenance
Pavement markings
Street sign repairs
Sewage treatment plant operation