

City-Wide Staffing and
Efficiency Review
Final Report



City of Saginaw, MI
January 2010

plante

moran

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1. Executive Summary

1.1. Project Scope and Objectives

Plante & Moran, PLLC was retained by the City of Saginaw, MI to conduct a city-wide organizational staffing and efficiency review. The purpose of the review was to provide a comprehensive and critical assessment of the efficiency and effectiveness of City operations. The main objectives of the project included:

- Assessing the efficiency and effectiveness of operations to eliminate redundancy within City departments.
- Reviewing overall department structure, supervisor and staffing levels, department scheduling, and overtime policies within departments.
- Identifying areas and operations where cost reductions and/or organizational structure changes were possible.
- Developing a plan and corresponding strategy to guide the City in achieving the outcomes of the assessment.

1.2. Project Approach

The organizational review began in October 2009 at a project kick-off meeting attended by City leadership and department supervisors. Following project initiation, Plante & Moran created and distributed departmental analysis questionnaires to assist in the data gathering process and to allow every department the opportunity to participate in the review prior to conducting departmental interviews. Questionnaires were returned to Plante & Moran staff prior to the beginning of the departmental interview sessions, which began in October 2009. The Plante & Moran project team conducted interviews with the departments, divisions, and union officials within the City to gain a better understanding of current operations, job responsibilities, and staffing levels through December 2009.

Plante & Moran also conducted a benchmarking review of comparable organizations in Michigan to gain an understanding of how similar cities are organizationally structured, their staffing levels, and services provided. Benchmarking data was obtained from the following comparable cities:

- City of Battle Creek
- City of Bay City
- City of Midland
- City of Muskegon
- City of Pontiac

Benchmarking data is utilized throughout the report as a method to compare the City of Saginaw services and staffing to that of its peer communities.

Representatives from the Plante & Moran Corporate Real Estate Advisors (CRESA) team conducted an initial facilities review in order to evaluate facilities along with the staffing and efficiency recommendations.

Lastly, Plante & Moran created this management report, which outlines our analysis and recommendations from our study that have been gathered from the results of our interviews, benchmarking analysis, discussions with City Management and union officials.

1.3. Summary of Recommendations

Based on the observations of the current staffing, operations, process, and systems, together with the analysis of financial data provided, Plante & Moran has identified a number of recommendations for the City to consider. The recommendations are grouped into the following categories:

- Reorganization
- Staffing Reduction
- Outsourcing
- Cost Reduction
- Investments
- Further analysis required

The recommendations outlined in the following table provide cost savings for the City of Saginaw, estimated between \$1,606,800 and \$3,090,400.

Summary of Recommendations

#	Category	Description	Low Estimate of Savings	High Estimate of Savings	Page #
1	Reorganization	Expansion of the current Assistant City Manager's duties	Cost neutral		13
2	Reorganization	Creation of an Assistant City Manager for Public Safety	Identified in staffing reduction		13
3	Reorganization	Creation of a central Grants Management department	Cost neutral		14
4	Reorganization	Consolidation of the current Information Services and Geographic Information System divisions	Identified in staffing reduction		16
5	Reorganization	Creation of a customer service call center	Identified in staffing reduction		16
6	Investment	Call center implementation (One-time costs)	(\$50,000)	(\$10,000)	16
7	Reorganization	Consolidation of all Ordinance Enforcement activities	Identified in staffing reduction		19
8	Reorganization	Consolidation of all Buildings & Grounds Maintenance activities	\$105,000	\$105,000	20
9	Reorganization	Consolidation of all Fleet / Motor Vehicle Maintenance activities	\$130,000	\$130,000	21
10	Outsourcing	Outsourcing of Motor Pool services	\$61,200	\$183,600	21
11	Reorganization	Realignment of Water / Wastewater and Department of Public Services Administration	\$176,000	\$176,000	23
12	Staffing Reduction	Reduction of personnel within the Attorney's Office	\$42,000	\$87,000	25
13	Staffing Reduction	Reduction of personnel within the Fiscal Services department	\$59,000	\$95,000	27
14	Staffing Reduction	Reduction of personnel within Information Technology	\$203,000	\$231,000	31
15	Outsourcing	Web Development Outsourcing	\$7,000	\$21,000	31

#	Category	Description	Low Estimate of Savings	High Estimate of Savings	Page #
16	Staffing Reduction	Reduction of personnel within the CDBG division	\$15,000	\$47,000	33
17	Outsourcing	Inspections Outsourcing	\$18,000	\$18,000	34
18	Staffing Reduction	Reduction of personnel dedicated to Parking Enforcement	\$50,000	\$50,000	37
19	Staffing Reduction	Reduction of personnel within Engineering	\$68,000	\$68,000	38
20	Staffing Reduction	Reduction of personnel within Traffic Engineering	\$54,000	\$54,000	38
21	Outsourcing	Surveying Outsourcing	\$12,300	\$36,900	38
22	Outsourcing	Sign/Pavement Outsourcing	\$11,300	\$33,900	38
23	Staffing Reduction	Reduction of personnel within the Right of Way division	\$168,000	\$200,000	39
24	Outsourcing	Tree Trimming Outsourcing	\$25,000	\$75,000	39
25	Outsourcing	Custodial Outsourcing	\$11,600	\$34,800	41
26	Outsourcing	Cemetery Outsourcing	\$33,000	\$99,000	41
27	Outsourcing	Facilities Maintenance Outsourcing	\$17,400	\$52,200	41
28	Outsourcing	Grounds Maintenance Outsourcing	\$13,000	\$39,000	41
29	Staff Reduction	Reduction of personnel within the Police Department	\$347,000	\$478,000	42
30	Outsourcing	Transcription Outsourcing	\$2,000	\$6,000	42
31	Cost Reduction	Reduce part-time health benefits	\$154,000	\$308,000	50
32	Cost Reduction	Eliminate mandatory Police OT pay	\$0	\$325,000	50
33	Cost Reduction	Transition from full-time staff to part-time	Between \$10,000 and \$26,000 per position		51
34	Cost Reduction	Reduce 3 rd Party Contract Staffing Costs	\$74,000	\$222,000	51

#	Category	Description	Low Estimate of Savings	High Estimate of Savings	Page #
35	Cost Reduction	Implement a Hiring Freeze and provide Early Retirement incentives	Cost avoidance		52
36	Investment	Consider the hiring of additional positions (both contract and full-time)	(\$200,000)	(\$75,000)	52
37	Further Analysis Required	Consider reviewing additional Insurance providers and participating in Utility pooling fund	Further analysis required		53
38	Further Analysis Required	Consider replacing HTE financial system and Lotus Notes e-mail (One-time costs)	Further analysis required		53
39	Further Analysis Required	Consider additional revenue opportunities	Further analysis required		55
		Total	\$1,606,800	\$3,090,400	

2. Reorganization

As part of the transformation effort required for City operations during these difficult fiscal times, the project team evaluated the overall City organization structure for maximum efficiency and effectiveness. The design philosophy for our recommendations included the following key concepts:

- Establishment of an appropriate organizational infrastructure to support a more flexible, centralized and efficient operating model for City operations
- Additional investments (where appropriate) in technology for improved operational efficiency and effectiveness
- Improved service levels for City of Saginaw residents
- Cost savings for the City, without sacrificing constituent service levels
- Transformation of City operations to a new economic and operationally streamlined reality

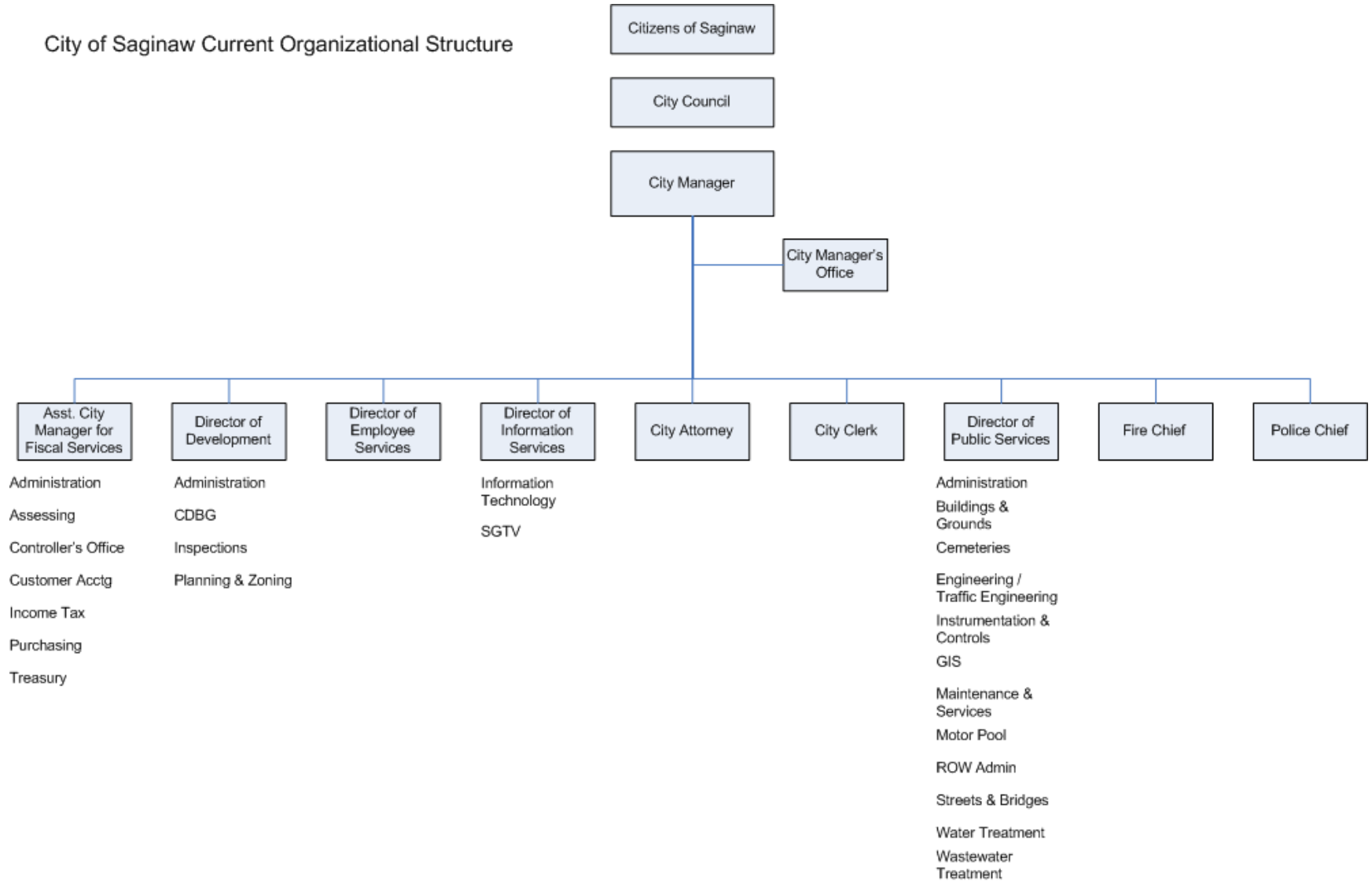
The following observations are related to the current organizational structure of the City of Saginaw. The subsequent recommendations are intended to provide a roadmap for the City to create a new city-wide organizational structure.

2.1. Organizational Structure

Observations

- The City's organizational structure has been in place for quite some time. The City has made minimal changes to the positions and divisions within its organizational structure, however, the City has not had a major review of its core organizational structure for at least 20 years.
- As part of our review we looked at all the departments and divisions within the City of Saginaw. The span of control regarding the number of departmental staff reports is not equitable within the traditional organizational structure for City operations. A more modern and focused approach to managing City operations (i.e. based on current community needs) is warranted.
- The following chart details the organizational structure currently in place within the City.

City of Saginaw Current Organizational Structure

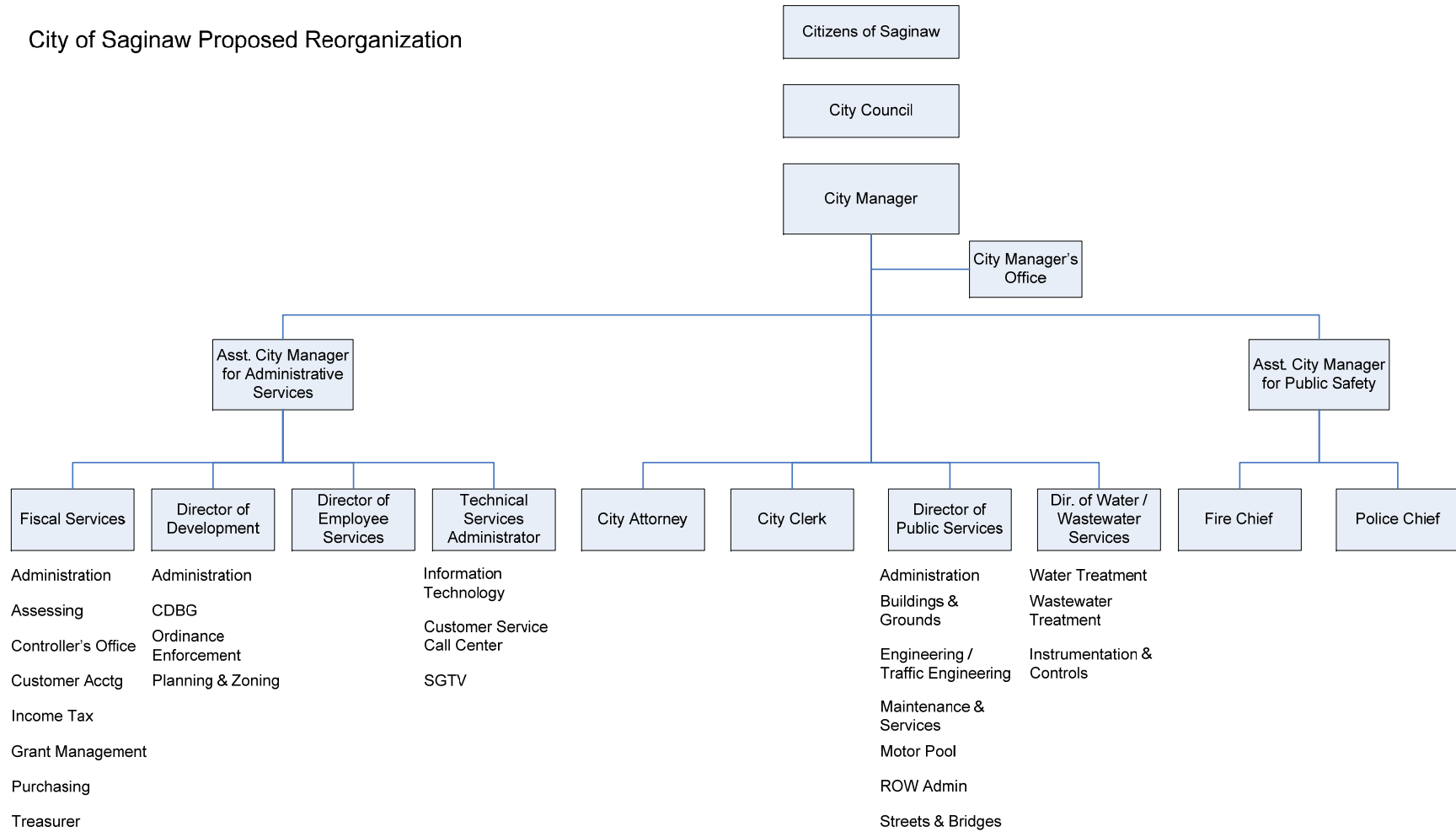


Recommendations

- We propose that the City of Saginaw make numerous changes to its divisions and organizational structure. These changes are described in detail in the following sections of the report and are as follows:
 - Expansion of the management responsibilities of the Assistant City Manager for Fiscal Services into a position responsible for all of the Administrative Services within the City
 - Creation of an additional Assistant City Manager position responsible for the oversight of Public Safety activities, including the Police and Fire departments
 - Creation of a Grants Management division within Fiscal Services
 - Creation of a single customer service center for the resolution of citizen issues, questions, or complaints to increase the efficiency and effectiveness of City operations, improve the level of service provided to Saginaw residents and enhance the City's management reporting efforts (i.e. CitiStat)
 - Consolidation of the Information Services and Geographic Information Systems (GIS) divisions into a division entitled Technical Services
 - Consolidation of all activities related to Ordinance Enforcement into a single division
 - Consolidation of all activities related to Buildings & Grounds Maintenance into a single division
 - Consolidation of all activities related to Fleet Management and Motor Vehicle Maintenance into a single division
 - Creation of a division dedicated to Water and Wastewater Treatment
- Additional staffing cost reduction strategies are discussed for many City departments and divisions in the following sections.
- While our review encompassed all City departments, there are a few departments or divisions where no staffing reduction strategies or significant changes were identified during the course of our review. These departments or divisions are as follows:
 - City Clerk's Office
 - City Manager's Office, which includes the Budget Office
 - Employee Services

- Fire Department (limited to the review of administrative positions)
- In most cases, these departments are leanly staffed and are handling a significant amount of manual workload in today's environment. It is assumed with the improved application of technology solutions on a City-wide basis, these departments will benefit from the efficiencies gained, and this will free up the departments to provide additional resources to activities that cannot necessarily be addressed in today's operating environment. A brief description of each department is noted below:
 - Much of the Clerk's Office's workload is hardcopy driven, so it will be difficult for them to experience significant efficiency gains even with the application of new technology. However, the Clerk's Office will be expected to work jointly with the newly formed customer service center, and will need to allocate resources to the customer service center in order to answer citizen calls for service, during the City-wide reorganization efforts.
 - The City Manager's Office, including the Budget Office, has significant responsibility and is accomplishing their tasks with limited resources. We do recommend later in the report, that one of the resources within the City Manager's Office is utilized within the customer service center, as needed.
 - The Employee Services division is currently leanly staffed and will be expected to use any efficiencies gained to provide additional services to the City such as transferring manual files to electronic files, providing employee self service, annual benefits open enrollment, etc.
 - The Fire Department also has very lean administrative staffing, which will be supplemented with the addition of the Assistant City Manager for Public Safety position. The command positions currently in place are considered appropriate given the 24-hour, para-military nature of department operations.
- The following chart details the proposed organizational structure for the City of Saginaw.

City of Saginaw Proposed Reorganization



2.2. Assistant City Manager Responsibilities

Observations

- The City Manager currently has nine direct reports (not including the staff within the City Manager's Office) who are responsible for over 450 full-time personnel within the City.
- The City has a position of Assistant City Manager for Fiscal Services, who is currently responsible for the management of the divisions within Fiscal Services.
- Currently, both the Police Chief and Fire Chief report directly to the City Manager. The police department is budgeted for a Deputy Police Chief, but has had difficulties filling the position. The Fire department is not currently budgeted for a Deputy Chief; however, the Fire Chief has expressed interest in additional support for administrative matters within the Fire department.
- Police and Fire are critical services provided to the City of Saginaw, deriving a significant portion of the City's general fund budget. These services warrant additional strategic oversight and management to ensure service levels are commensurate with the needs of the community, are delivered in the most effective way, and are delivered as cost efficiently as possible.
- Based on the general observation of current operations, the Police and Fire departments could benefit greatly from improved use of technology, increased data driven management of operations, and increased proactive management of resources.

Recommendations

- The City should allocate day-to-day administrative duties to the current Assistant City Manager for Fiscal Services for the following departments or divisions:
 - Fiscal Services
 - Development
 - Employee Services
 - Technical Services (including Information Technology)
- As this position will now be responsible for many of the administrative duties that take place within City Hall, we recommend re-titling the position as the Assistant City Manager for Administrative Services.
- The City should create a new position for an Assistant City Manager for Public Safety; this individual will report directly to the City Manager and be responsible for strategic direction and oversight of the Police and Fire departments. This position will also be

responsible for ensuring both departments are providing a coordinated approach to providing public safety within the community. Due to the current public safety millage expiring soon and the criticality of police and fire services to the quality of life for residents within the City, we believe this position is warranted.

- The Assistant City Manager for Public Safety position will eliminate the need for a Deputy Police Chief (this position is currently performed by an additional Lieutenant position). This position will also be responsible for some of the administrative matters within the Fire department. Through this reorganization, the City should eliminate the open Deputy Police Chief position and eliminate the additional Lieutenant position within the Police department (the additional costs and savings for this organizational change are identified in the Police Department section of the report).
- The addition of one Assistant City Manager and elevation of the duties of the current Assistant City Manager for Fiscal Services will reduce the number of direct reporting relationships to the City Manager. This will also allow the City Manager to concentrate on strategic City matters, more direct oversight of critical City service departments, as well as contract and labor negotiations for the entire City.

2.3. Grants Management

Observations

- Grant writing, management, and accounting is handled individually by multiple departments within the City, including:
 - Police
 - Development/Community Development Block Grant (CDBG)
 - Engineering
 - Traffic Engineering
- The City has limited centralized oversight to ensure that grants are being written, managed, accounted, and reported for properly, as these services are performed separately within the individual departments.
- Grant accounting, especially monies related to federal grants and CDBG have stringent reporting requirements. Currently, these responsibilities are managed by an Accountant located within the Development department. This position may require additional financial oversight to ensure the monies are being accounted for properly.
- The CDBG division currently utilizes the assistance of third party staffing employees for federal reporting on how CDBG monies were spent throughout the year.

- The City of Saginaw and the Saginaw County Land Bank recently were awarded an approximately \$17.4 million Neighborhood Stabilization Grant through the Department of Housing and Urban Development (HUD). This grant is considerably larger in size and scope than any of the past awards received by the City, thus placing additional need to ensure monies are spent and recorded properly for HUD reporting and compliance purposes.
- The City may find additional benefit by having an appointed resource responsible for the coordination and proactive pursuit of grant opportunities and grants management.

Recommendations

- Centralize grant management and accounting into a single unit located within the Fiscal Services department, reporting to the Assistant City Manager for Administrative Services.
- Many grants require specific department knowledge to complete. The Grants Management division will be responsible for working with requesting departments to complete grant applications; the technical writing required for the grants will be continue to be completed at the requesting department level.
- The City will need to hire additional resources to manage the recent \$17.4 million HUD Neighborhood Stabilization grant. We recommend that the City hire at least one new position within the Grants Management division to be responsible for the grant coordination, management, and accounting for all grants received by the City. Additional part-time or contracted resources may also be required to assist with the management, accounting, and reporting of the recent HUD award.
- We expect that administrative allocations from City grants can be used to provide funding for the Grants Management position (or positions) and as such, this is a cost neutral recommendation for the City.
- The City may wish to review the responsibilities of the Accounting/SEDC Coordinator from the Development department. While this person may need to remain within the Development department to assist with the coordination of the recent HUD grant, the financial accounting and reporting responsibilities for all grants should still be transferred to the Fiscal Services department.
- The City may wish to utilize professional contracted resource(s) to assist in grant writing. Revenue generated from the grant writing position is expected to offset the personnel or professional fees of the grant writer and provide the City with additional funds to provide City services.

2.4. Information Technology

Observations

- The Information Services (IS) and Geographic Information Systems (GIS) departments both provide Information Technology (IT) services to the City; however, these departments are not integrated to develop strategic technical solutions for the City.
- Each division is responsible for the maintenance and upkeep of their own software and servers; they are not aligned to create synergy between the divisions as they currently reside in separate buildings.

Recommendations

- Consolidate IS and GIS into a central division under the Assistant City Manager for Administrative Services, for the purposes of this report, we have called this the Technical Services division of the City. The staff members within GIS would need to relocate to City Hall to be in the same workspace as the current IS department.
- Two individuals within the current IS department are expected to retire in January 2010. Consolidation of these departments should create synergy such that the two positions, the Information Services Director and one Application Analyst position can be eliminated.

2.5. Customer Service Center

Observations

- Citizen questions, issues, and complaints are managed by multiple departments within the City, including:
 - Assessing
 - City Clerk
 - Customer Accounting (Utility Billing)
 - Income Tax
 - Department of Public Works
- Constant toggling between routine duties and responding to citizens' phone calls and requests creates inefficiencies, and reduces the productivity of each division.
- The City does not utilize an automated system to monitor telephone calls received by each department, or the length of time for each phone call. As such, the Clerk's office

conducted a manual tally sheet from Friday November 13, 2009 through Wednesday December 9, 2009 to track the number of customer service phone calls received by the department. This is assumed to be a partial reflection of the total incoming City call volume.

- Phone calls were divided in the following four categories:
 - Outside Agencies – calls received by the Clerk’s office looking for or redirected to non-City agencies.
 - In-House – calls received by the Clerk’s office and redirected to other divisions (for example, need water or property information).
 - Complaints – calls received where the citizen had a complaint that was taken by the Clerk’s office.
 - Questions – calls received for general questions such as leaf pickup dates, ordinances, etc.

- The results of the manual tally are provided in the following table:

Clerks’ Office Call Volume Data

Call Volume	Outside Agencies	In-House	Complaints	Questions	Total
Daily Average	11.3	24.1	9.4	20.3	65.1
Hourly Average	1.3	2.7	1.0	2.3	7.2
% of Call Volume	17%	37%	14%	31%	100%

- The hourly average data assumes 9 working hours in a day (8:00 am – 5:00 pm)
- As shown in the table, 37% of all calls are currently transferred to other agencies within the City, such as Customer Accounting for water billing questions. Through effective cross-training of staff on multiple City issues, the majority of these questions could be handled upon first contact and would not need to be transferred to additional departments, creating an immediate reduction in call volumes received in other departments (i.e. increased efficiency).
- The Clerk’s Office indicated the manual tally time period (Nov – Dec) is not the busiest season for citizen phone calls. Calls are usually greatest during the summer or winter months for complaints regarding weed abatement or snow removal.

Recommendations

- Create a centralized Customer Service Center with existing administrative staff members located in various City departments. To handle the increased demand, we recommend re-allocating one FTE and two PT staff members to assist with call

handling duties. We believe the most logical place for centralized customer service is either within the Technical Services division or the Clerk's Office (for the purposes of the report, we have placed this center within the Technical Services division).

- The departments should experience efficiency gains by routing the majority of citizen issues through a central customer service center. Customer service representatives should be provided with appropriate training, system access and call reason coding guidelines in order to answer the majority of high volume call reasons on first contact (using the 80/20 rule). This likely will mean providing the customer service staff with additional access to HTE modules and system information in order to answer citizen calls efficiently and effectively. They can also be required to assign and track citizen follow up issues with other City departments, in an effort to provide improved constituent service levels.
- The City's phone system is equipped to handle a central customer service call center; however, the City would require some time for the phone vendor to set up the new system and some additional software reporting and routing capabilities. We estimate that the additional one-time expenses required to create a customer service call center will be between \$10,000 and \$50,000, which includes additional technology costs and associated professional fees for establishment of a centralized phone service unit.
- The project team conducted a customer service call volume analysis to estimate the number of staff required to support a customer service call center. The project team created an Erlang C distribution analysis, which is commonly used to identify staffing requirements within call centers.
- Given the assumption that call volume was light during the period in which the manual tally was created, the project team assumed twice the manual call volume data would be received by the call center, or approximately 16 calls per hour. Staffing was based on the assumption that the average length of a call is slightly under three minutes.
- We recommend that three staff members are dedicated to answering calls during the busiest call periods.
- During light periods, we believe two staff members are needed on-duty to respond to citizen phone calls.
- This staffing model assumes that 90% of all citizen calls are answered within 10 seconds, which is the national standard for call answering provided for Public Safety dispatch centers as recommended by the National Emergency Number Association (NENA). This model is designed to provide exceptional levels of service for a general customer service call center. Calls that are not answered within 10 seconds could be

placed on hold for the next available customer service representative, or allowed to go to voice mail as a last resort.

- Note: We have based these staffing assumptions on estimates due to the fact that there is no reporting module currently available at the City, with City-specific data. Once the City establishes this unit and purchases the call center supervisor position with real-time monitoring and reporting capabilities, the City can refine these estimates based upon actual data. The purchase of the reporting module is intended to allow City staff to monitor and track call volume peaks and valleys to adjust staffing on a routine basis, as needed, for the efficient and effective operation of a centralized call unit based on historical City data. This reporting module will also assist the City with its CitiStat tracking and implementation efforts. If successful and the City desires a more comprehensive approach to centralized customer service, it may wish to consider migration to a 311 model, as is implemented in several large cities across the nation. A full cost-benefit analysis would need to be completed to justify this approach.

2.6. Ordinance Enforcement

Observations

- Several divisions within the City provide similar ordinance enforcement services such as:
 - Code Enforcement/Inspections/SCENIC
 - Parking Enforcement
 - Environmental Services/Weed Abatement
 - Weed Abatement
- These divisions operate independently of one another; personnel within each division are not generally tasked with reviewing properties for other types of violations.

Recommendations

- Consolidate these functions into a single division within the Development department that is responsible for all code and ordinance enforcement activity within the City.
- Cross-train personnel to respond to multiple violations or calls for service and write tickets for all types of violations.
- As the City is currently structured, the Buildings & Grounds division has a labor foreman who splits his time between environmental services and the streets division. Through reorganization, the labor foreman will no longer need to dedicate half of his time to environmental services, however, as additional staff are expected to be moved

within the Buildings & Grounds division, we expect this labor foreman will still be needed within the City.

- The Department of Public Services (DPS) would still continue to perform the maintenance and operation of the City's two parking ramps. However, the City should consider selling or ending service for the parking lots, as they are a financial burden to the City. Full outsourcing of parking operations, if financially justified, is also a potential solution.

2.7. Buildings & Grounds Maintenance

Observations

- Buildings & Grounds Maintenance, which includes services such as custodial support, grounds maintenance, and facility repairs is managed independently by multiple divisions or departments, including:
 - Building & Grounds
 - Cemeteries
 - Right of Way
 - Police Department
 - Fire Department
 - Wastewater Treatment
 - Water Treatment
- The central Buildings & Grounds division of the Department of Public Services (DPS) is responsible for the care and maintenance of City parks and facilities, as well as the custodial support and facility management of City Hall and the main DPS facility located next to City Hall. The management of all the other facilities within the City is handled by each department or division that resides in the building.

Recommendations

- Consolidate all buildings and grounds services into a single division within DPS. This allows for resource allocation throughout the City rather than having personnel dedicated to a particular department, division, or location. This will create immediate efficiencies within City operations.
- Centralization of all services will allow the City to track buildings and grounds maintenance expenses on a City-wide basis.

- The City is in the process of releasing a Request for Proposal (RFP) to contract the administration and maintenance of the city-owned cemeteries. If the City is unsuccessful in finding a vendor to provide this service, the cemeteries division should be included in the Buildings & Grounds division within DPS. Staff members who are currently dedicated to cemeteries should be included in the overall Buildings & Grounds workforce and utilized across the City.
- There is an opportunity to reduce the number of staff members in the Police Department through consolidation of services. The Property and Building Maintenance Supervisor, P/T Custodian and 2 Trillium Custodians can be eliminated through the consolidation process (See Section 4 for projected City-wide staffing contract savings – i.e. Trillium contract staff).
- By understanding the true costs of operating and maintaining the buildings and grounds, the City will be better able to determine whether they are operating efficiently, will be able to determine if outsourcing maintenance is a cost effective solution.
- The estimated potential savings for consolidation cost reduction are included in the following table:

Centralized Buildings & Grounds Potential Savings

Division	Position	Est. Total Compensation	Potential Replacement	Low Savings Estimate	High Savings Estimate
Buildings & Grounds - Police	Property and Building Maintenance Supv	\$ 75,000	\$ -	\$ 75,000	\$ 75,000
Buildings & Grounds - Police	P/T Custodian	\$ 30,000	\$ -	\$ 30,000	\$ 30,000
	Total	\$ 105,000		\$ 105,000	\$ 105,000

2.8. Fleet Management / Motor Vehicle Maintenance

Observations

- The Motor Equipment & Vehicle Maintenance division of DPS performs vehicle maintenance for all DPS divisions, however, they do not provide motor pool and fleet management services for the Fire Department or Police Department.
- Currently the Motor Equipment & Vehicle Maintenance division is part of the Right of Way (ROW) division within DPS. It does not appear that the division is receiving the strategic management support necessary to effectively make capital equipment planning decisions.
- The City’s fleet is comprised of many older vehicles that are in need of repair or replacement. The foreman responsible for the City’s motor pool does not utilize a

comprehensive capital improvement plan that details the costs of maintaining a vehicle beyond its useful life. The motor pool should provide City management with details indicating when it is more cost effective to purchase new equipment rather than maintain older vehicles.

Recommendations

- Combine all motor pool operations into a single division responsible for the preventative care and maintenance of all vehicles within the City’s motor pool.
- The department requires stronger administrative and management support from the Right of Way division. The City may wish to consider moving fleet management from the Right of Way division to report directly to the Director of Public Services.
- A single management resource is needed within the City to help strategically plan fleet maintenance and capital purchases. This person should also be responsible for creating the business case for the replacement of vehicles. This responsibility should fall under either the Superintendent of ROW or the Director of Public Services.
- Through the reorganization of the City/Department, the division should be able to reduce at least two mechanics from the division and the Police Department. This would result in approximately \$65,000 x 2 = \$130,000 in personnel savings.
- The City may also wish to evaluate outsourcing motor vehicle maintenance. Currently, most major maintenance and specialty services are already outsourced. The City should evaluate the possibility of outsourcing the entire motor pool operation. We estimate that outsourcing could save the City between 10% and 30% of remaining overall costs.
- The estimated potential savings for the aforementioned changes/outsourcing are included in the following table:

Motor Pool Potential Savings

Division	Position	Est. Total Compensation	Potential Replacement	Low Savings Estimate	High Savings Estimate
Motor Pool	Mechanical Repairperson II	\$ 65,000	\$ -	\$ 65,000	\$ 65,000
Motor Pool - Police	Serviceperson Mechanic	\$ 65,000	\$ -	\$ 65,000	\$ 65,000
Motor Pool	Outsourcing	\$ 612,000	\$ (489,600)	\$ 61,200	\$ 183,600
	Total	\$ 742,000	\$ (489,600)	\$ 191,200	\$ 313,600

2.9. Department of Public Services Administration

Observations

- The Director of the Department of Public Services has administrative responsibilities over approximately 194 FTEs and 12 part-time employees. The Director and Deputy Director oversee the following divisions:
 - Buildings & Grounds
 - Cemeteries
 - Engineering
 - Traffic Engineering
 - GIS
 - Instrumentation & Controls
 - Right of Way Maintenance & Service
 - Right of Way Streets & Bridges
 - Motor Equipment & Vehicle Maintenance
- The Water and Wastewater treatment plants currently report directly to the Director of DPS. Each plant has a Superintendent, Assistant Superintendent, and numerous front-line supervisory positions.
- The plants employ approximately 87 of the FTE's within the DPS department and 8 part-time employees. 17 of the 87 positions within the plants are supervisory in nature, for a ratio of approximately one supervisor for every 5.1 FTEs. This span of control is heavy on supervisory staff as compared to best practice staffing guidelines.

Recommendations

- The City should consider reducing the number of employees under the direction of the DPS Director.
- We recommend creating the position of Director of Water Treatment and Wastewater Treatment; this position can be filled by the current Deputy Director of Public Services and would report directly to the City Manager.
- The Director of Water and Wastewater Treatment would be responsible for the administration of both plants and would eliminate the need for the Assistant Superintendent position at each of the plants for a decrease in overall staffing levels.

- Through the reduction of the number of divisions reporting to the DPS Director, the need for the Deputy Director position within DPS Administration is eliminated.
- Our cost analysis assumes the City moves the current Deputy Director of DPS into the position of Director of Water and Wastewater Treatment and eliminates the Deputy Director of Public Services position within DPS Administration. For the purposes of our analysis, we assume this is a cost neutral change.
- The estimated potential savings for the reorganization of the Water and Wastewater and DPS Administration are included in the following table:

DPS Reorganization

Division	Position	Est. Total Compensation	Potential Replacement	Low Savings Estimate	High Savings Estimate
Water Treatment	Asst. Sup. of Water Treatment	\$ 85,000	\$ -	\$ 85,000	\$ 85,000
Wastewater Treatment	Asst. Sup. of Wastewater Treatment	\$ 91,000	\$ -	\$ 91,000	\$ 91,000
DPS Admin	Deputy Director	\$ 105,000	\$ -	\$ 105,000	\$ 105,000
Water / Wastewater	Director of Water / Wastewater	\$ -	\$ (105,000)	\$ (105,000)	\$ (105,000)
	Total	\$ 281,000	\$ (105,000)	\$ 176,000	\$ 176,000

2.10. Reorganization Analysis

- The following table shows the potential reorganization savings identified in the previous sections.

Potential Reorganization Cost Savings

Division	Est. Total Compensation	Est. Replacement Cost	Low Savings Estimate	High Savings Estimate	Page # Reference
Reorganization - Bldgs & Grounds	\$ 105,000	\$ -	\$ 105,000	\$ 105,000	20
Reorganization - Fleet/Motor Pool	\$ 130,000	\$ -	\$ 130,000	\$ 130,000	21
Motor Pool Outsourcing	\$ 612,000	\$ (489,600)	\$ 61,200	\$ 183,600	21
Reorganization - DPS Reorg	\$ 281,000	\$ (105,000)	\$ 176,000	\$ 176,000	23
Total	\$ 1,128,000	\$ (594,600)	\$ 472,200	\$ 594,600	

- Through the recommended reorganization changes in the previous sections, we have identified a low estimate of possible savings adding up to approximately \$472,200, with a high savings estimate up to \$594,600.

3. Staffing Cost Reduction Strategies

The following observations and recommendations are related to the current and proposed organizational structure of the City of Saginaw. Through increased efficiencies incurred with department reorganization and prioritization of services, the project team proposes the following measures to reduce staffing costs within the following departments or divisions.

3.1. City Attorney's Office

Observations

- The City Attorney's Office currently operates with four FTE employees, two attorneys and two legal assistants. The Attorney's Office performs a wide variety of services for the City; many services are unique processes that occur occasionally throughout the year. The Attorney's Office performs some functions on a consistent basis for the City, these include:
 - Dangerous building ordinances (DBO)
 - Income tax warrants
 - Contract drafting and review
 - Freedom of Information Act (FOIA) responses
 - Purchasing reviews
- In the past few years the Attorney's Office has experienced a significant increase in the number of DBO files reviewed and income tax warrants processed. The Attorney's Office utilizes their legal assistants to process the income tax warrants and the attorney's perform the title and legal review of DBO files.
- Based upon 2008 and 2009 YTD data received from the department, the City Attorney's Office handles approximately 7 legal items per day, excluding income tax warrants. Income tax warrants approximate over 12 per day for processing. Assuming that approximately 75% of the staff's time (or 6 hours per day) is spent on the core workload of the department, excluding income tax warrants, the office is handling approximately 2 legal items per day per person, each taking in excess of 3 hours to complete. While we understand legal work can be non-repetitive and this number represents an average time to process their work, this amount of time per item appears to be excessive.
- Prosecution of civil infraction tickets and income tax warrants are handled by the City Prosecutor, who is a contracted resource. The Prosecutor is paid a flat annual fee of approximately \$65,500 for his services. This fee is not based on the amount of work

provided to the City, however, his workload has increased considerably in the past four years, as the number of income tax case warrants (per individual and joint returns) has increased from 255 in 2005 to 3,394 in 2009. Additionally, housing infraction tickets have dramatically increased in fiscal year 2009 due to a greater emphasis on prosecuting licensing/rental registration tickets.

- The Attorney’s Office typically does not utilize standard contract language or boilerplate templates as the base for contracts drafted and negotiated by the City. New contracts are generally drafted from prior or existing contracts created by the Attorney’s Office.
- The Attorney’s Office conducts an independent review of every contract received within the City. Through discussions with departments and divisions, the length of time required to complete contract review was identified as a bottleneck in overall City processes.
- As part of our municipal benchmark study we assessed the range of services provided by the in-house Attorney’s Office at each City and reviewed internal staffing levels at each community.
- Through our benchmarking review we determined that the scope of services performed by the Saginaw Attorney’s Office is comparable with the services provided by the benchmark communities. However, there are some differences between departments; for example, Saginaw aggressively prosecutes individuals who fail to pay Income Tax. On the other hand, other departments in our benchmark spent considerably more time, money, and effort on property tax appeals. While this service is provided by the City of Saginaw Attorney’s Office, this does not represent a significant portion of the work completed by the department.
- The following table details the Attorney’s Office staffing levels at the benchmark communities.

Attorney’s Office Staffing

Attorney's Office Total Staffing	Battle Creek	Bay City¹	Midland	Muskegon¹	Pontiac	Benchmark Average	Saginaw
Total In-House	6	0	3	0	4	4.3	4
# of Attorney's	4	0	1	0	N/A ²	2.5	2

¹Has fully outsourced Attorney's Office

²Data was not received through benchmark survey

Recommendations

- The Saginaw Attorney’s Office is staffed relatively comparable to the benchmark communities, with staffing slightly above the benchmark average. However, the City of Muskegon and the City of Bay City operate a fully outsourced Attorney’s Office and utilizes attorneys on a contract basis.
- The Attorney’s Office performs many unique services, outside of a few key functions, that occur occasionally throughout the year. This work may be best suited for outsourced assistance, as private firm likely will have specialized expertise that is difficult to attain and maintain within a City Attorney’s Office.
- The City should create standard contract templates and provide standard language or templates to vendors upon receipt of bid award. Exceptions to the standard contract language should be reviewed and updated as needed, rather than for every contract.
- The City of Saginaw should be able to reduce staffing through the reduction of the Chief Assistant City Attorney position. There may be a need for additional contract attorney assistance; however, the cost of this assistance (estimated at a maximum of \$45,000) is anticipated to be less than the cost of the full-time position.
- Additionally, the City may wish to consider fully outsourcing the City Attorney’s Office. The City currently has outsourced the position of City Prosecutor. Outsourcing legal services has been successfully done at the City of Muskegon and the City of Bay City and could potentially reduce the City’s overall operating costs for legal services. The City of Saginaw’s Attorney’s Office 2009 fiscal year expenditures were approximately \$545,000, through outsourcing the City may be able to achieve between 10% and 30% in savings, or a range of \$54,500 to \$163,500.
- The potential savings associated with staffing reductions within the Attorney’s Office (not including legal services outsourcing) are estimated in the following table:

Attorney’s Office Personnel Savings

Division	Position	Est. Total Compensation	Potential Replacement	Low Savings Estimate	High Savings Estimate
Attorney's Office	Chief Asst. City Attorney	\$ 87,000	\$ (45,000)	\$ 42,000	\$ 87,000

3.2. Treasury / Assessing / Customer Accounting / Income Tax

Observations

- The Treasury division is responsible for processing all payments for the City including property and income tax, utility and rubbish payments, registration fees, and ordinance violations. The division is managed by the Deputy Treasurer and contains

four additional FTE who are responsible for processing payments received by the City.

- Based on data received from the City's financial system from 12/10/2008 to 12/10/2009, the Treasury department processed approximately \$104,000,000. Of that amount, 10% were cash payments, 82% check, and 8% wire transfers (majority from banks for property tax payments).
- Treasury owns a Creditron machine to assist in the processing of mail-in payments. This machine images checks and payment stubs and processes payments electronically; however, this is only currently used for utility payments. Tax and other mail-in payments are manually entered by Treasury staff members.
- Treasury often experiences a backlog in processing and cashing mail-in payments. As such, these payments to the City are often not processed for approximately two to three days after receipt at the City.
- The Treasury division operates three cashier windows to process payments for residents; it is common for the Treasury windows to have long lines of customers waiting to be serviced. Assessing, Customer Accounting, and Income Tax operate unique counter spaces dedicated to their operations. These windows do not process payments. As such, citizens often are required to wait in line at the Treasury window to make a payment after receiving service from one of the other customer service windows.
- For example, during Income Tax season, a citizen who wishes to pay Income Tax in person will require service from the Income Tax counter. After they have been served at the Income Tax counter, they are required to wait in a different line for a Treasury cashier in order to process their payment and receive a receipt for payment.
- The Customer Accounting division is responsible for the billing of all water and wastewater customers and managing the process to turn these utilities on or off for residents. The division is managed by the Administrator of Utilities Accounts and contains four additional FTE to manage the remaining processes within the division.
- Multiple individuals within the Fiscal Services department are responsible for opening the mail and processing payments made to the City. Lockbox services are not currently utilized by the City of Saginaw, as is standard practice in many other local governments.
- The Income Tax division dedicates internal resources specifically toward processing the mail and income tax payments during tax season. In the past, the Income Tax division has hired seasonal staff to assist with the mail opening. Last year the Income

Tax division relied on the assistance of other City departments to assist with the mail opening during their busy season.

- The Income Tax division is responsible for processing income tax returns for residents, non-residents, and businesses within the City. The team is also responsible for prosecuting individuals or businesses who do not pay their City income taxes. The division is managed by the Income Tax Manager; she is assisted by one Income Tax Audit Specialist, three Income Tax Auditors, and an Office Assistant.
- Managers from Assessing, Customer Accounting, and Income Tax were asked to provide a relative assessment of the amount of time their staff members spent performing reactive duties such as answering phone calls from the public and responding to citizen walk-in inquiries. The results of their estimates are provided in the following chart.

Percentage of Time Spent Working with Citizens

Division	Position	% of Time on Phone	% of Time with Walk-in Traffic	%	Est. Hours
Assessing	Office Asst. III	10%	10%	20%	416
Assessing	PT Clerical (32 hr/wk)	30%	30%	60%	998
Customer Acctg	Administrator	15%	15%	30%	624
Customer Acctg	Collections Correspondent	30%	10%	40%	832
Customer Acctg	Office Asst. III (1)	36%	30%	66%	1,373
Customer Acctg	Office Asst. III (2)	36%	30%	66%	1,373
Customer Acctg	Office Asst. III (3)	36%	30%	66%	1,373
Income Tax	Tax Audit Specialist	35%	10%	45%	936
Income Tax	Tax Auditor (1)	15%	45%	60%	1,248
Income Tax	Tax Auditor (2)	15%	25%	40%	832
Income Tax	Tax Auditor (3)	15%	25%	40%	832
Income Tax	Office Asst. II	20%	50%	70%	1,456
Total Hours					12,293

- Additional study would need to be conducted to confirm the workload estimates, and as such, these percentages may have been overestimated by their managers. However, the table indicates that approximately 12,293 hours of work annually are dedicated toward responding to citizen inquiries through the phone or in-person.
- Assuming the percentages are based on a 2,080 hour a year schedule, 12,293 hours equates to approximately 5.91 FTE performing reactive citizen support across three different divisions of fiscal services.

Recommendations

- The City should increase its online presence to offer citizens the opportunity to pay bills or violations online, as this may reduce the in-house traffic at the cashier's windows and reduce the number of items processed through the mail.
- The City should implement lockbox service to handle the collection and processing of all mail-in payments to the City. This will reduce the number of manual payments processed in-house by the Treasury division, the number of people required to open mail, and will ensure that payments made to the City are processed timely with no delays.
- Through the addition of the lockbox, the City should be able to reduce the number of personnel in the Treasury division by one FTE. There is potential that the lockbox could reduce the need for an additional FTE, however, we recommend utilizing one less person through the implementation of lockbox and increasing the responsibilities of the Treasury cashiers to be more proactive in reviewing citizen's accounts for additional monies owed to the City.
- In order to properly staff the customer service call center, the City will need to re-allocate staff members to the department. We recommend that one FTE from Customer Accounting and the PT clerical staff member from Assessing are re-allocated to the customer service center. Additionally, we recommend that the Administrative Support Clerk in the City Manager's Office dedicates some of her time to the call center.
- To offset the loss of staff members within the Fiscal Services department, we recommend that the Income Tax Office Assistant II is utilized to assist the remaining Office Assistant in Assessing with clerical support. Additionally, all Office Assistants within the three divisions should be cross-trained to respond to walk-in citizen requests.
- To assist with the cross-training of walk-in customer support for Assessing, Customer Accounting, and Income Tax, the three divisions should combine for a single walk-up counter to handle inquiries for all three divisions. The divisions can use the current counter space allocated to Assessing and Customer Accounting for this purpose.
- Combination of the walk-up counters would eliminate the need for the current Income Tax counter. This would open this space for the Treasury division to use during peak collection periods. Or this space could become an Income Tax payment counter that is only staffed during Income Tax payment season.

- Additional resources within the Fiscal Services department should be cross-trained to process payments, such that an Office Assistant would be able to operate the additional Treasury counter during peak periods.
- It is also expected that through the combination of services and the customer service call center, the Customer Accounting division will be able to eliminate an additional Office Assistant position. The responsibilities of this person would be managed by the remaining cross-trained staff and the customer service center.
- The potential savings for these divisions are estimated in the following table:

Fiscal Services Divisions Personnel Savings

Division	Position	Est. Total Compensation	Potential Replacement	Low Savings Estimate	High Savings Estimate
Treasury	Cust. Service Rep.	\$ 45,000	\$ (36,000)	\$ 9,000	\$ 45,000
Customer Acctg	Office Assistant III	\$ 50,000	\$ -	\$ 50,000	\$ 50,000
	Total	\$ 95,000	\$ (36,000)	\$ 59,000	\$ 95,000

3.3. Information Technology (Technical Services)

Observations

- Through department reorganization, we recommend combining the current IS department and GIS division into a single division called Technical Services that will report to the Assistant City Manager for Administrative Services.
- The current IS department is responsible for the maintenance of the City’s general IT infrastructure, phone system, Lotus Notes e-mail, and HTE financial system. The department is managed by the IS director (retiring in January). The Director is responsible for the supervision of the IS Assistant Director, three Applications Analysts (one is retiring in January), two Technical Support Specialists, and the part-time cable TV programming director.
- City departments have experienced numerous difficulties with the HTE software, and it appears that there is only one FTE within the City who has the HTE knowledge required to extract data from the system.
- The current IS department is responsible for managing help desk operations for City employees to resolve technical issues related to the use of technology in the workplace.
- The City’s GIS division is responsible for the creation and upkeep of City data on GIS maps. The division is managed by the GIS Administrator, and he manages a GIS Analyst, GIS Technician, and the City’s Web Technology Developer.

- As part of our municipal benchmarking review, we analyzed IS and GIS staffing levels at our benchmarking communities. The results of the benchmarking survey are included in the following table:

Information Technology Staffing Levels

IT Staffing	Battle Creek	Midland	Muskegon	Pontiac	Benchmark Average	Saginaw
IS	11	6	3	5	6.3	7
GIS	2	2	0	1	1.3	4
<i>Total</i>	<i>13</i>	<i>8</i>	<i>3</i>	<i>6</i>	<i>7.5</i>	<i>11</i>

Recommendations

- Through department reorganization, we recommend that the City does not fill the retiring position of the IS Director or the additional Application Analyst within the newly formed Technical Services division
- The City of Saginaw appears to have more information technology staff than each of the benchmark communities, with the exception of the City of Battle Creek. Additionally, the City of Saginaw has more GIS staff than any of the benchmark communities; with three staff members (the fourth employee does web development) dedicated to GIS projects.
- The City’s GIS division receives revenue from outside agencies, such as Saginaw County for providing GIS services; we recommend that this practice is continued and that the fees charged for providing services to outside agencies are re-evaluated to ensure that the revenue received is commensurate for the work completed.
- Even though the City receives revenue from the GIS division, the City should consider eliminating the GIS Technician position (or transitioning this position to a part-time resource), unless sufficient revenues can be created to offset the costs of this position.
- The Technical Services division is in need of another resource with knowledge in the HTE financial system. We recommend cross-training the current IS Assistant Director and/or remaining Application Analyst in order to provide HTE assistance within the City.
- The Technical Services division should dedicate significant time toward the functionality of the HTE financial system. It is possible, though difficult, to import and export data to/from the HTE financial system. The City should invest either training or personnel time to create import and export capabilities to/from the financial system.
- Financial system reporting from the HTE system can be difficult. The City has tried in the past to train internal resources to create and run reports out of the system with

limited success. The City should consider creating a data warehouse, managed by Technical Services, to create reports in the system and store them in a data warehouse (or MS Access database) to provide City staff members with easy access to their reports.

- The Technical Services division should be responsible for the creation and technical maintenance of the customer service center. As the center is created and disbursed throughout the City, technical resources will be needed to assist in staff training and to create the technical infrastructure of the center.
- The City may wish to consider outsourcing their Web Development position. New web technologies exist such that the City can utilize a contract resource to build a new web site with content management functionality such that department and divisions heads can update the City web page without in-depth web programming knowledge. Outsourcing may save the City between 10% and 30% in overall costs.
- Additionally, the City may wish to consider outsourcing help desk operations to a third party. The potential savings associated with help desk outsourcing are not included in the savings estimates as these costs are highly variable based on the services the City wishes to remain in-house.
- The potential savings associated with staffing reductions or outsourcing decisions within the division (not including help desk outsourcing) are estimated in the following table:

Technical Services Division Potential Savings

Division	Position	Est. Total Compensation	Potential Replacement	Low Savings Estimate	High Savings Estimate
Technical Services	Director	\$ 110,000	\$ -	\$ 110,000	\$ 110,000
Technical Services	Application Analyst	\$ 65,000	\$ -	\$ 65,000	\$ 65,000
Technical Services	GIS Technician	\$ 56,000	\$ (28,000)	\$ 28,000	\$ 56,000
Technical Services	Web Development Outsourcing	\$ 70,000	\$ (56,000)	\$ 7,000	\$ 21,000
	Total	\$ 301,000	\$ (84,000)	\$ 210,000	\$ 252,000

3.4. Community Development Block Grant (CDBG)

Observations

- The CDBG office within the Development department currently has six Full-Time Equivalent (FTE) employees, including the Block Grant Manager, the Accountant/SEDC Coordinator (who we potentially recommend moving to the Fiscal

Services department), a Block Grant Specialist, two Rehabilitation Application Specialists, and an Office Assistant II.

- The Rehabilitation Application Specialists are responsible for assisting residents through the application process to apply for housing grants or loans. The project team did not receive exact data regarding the number of loans processed during the year; however, this number was estimated at approximately 200 annually.
- It was also estimated that the success ratio of a processed application turning into a loan or grant was between 10 – 25%.
- Approximately \$8.2 million of the \$17.4 million HUD Neighborhood Stabilization grant awarded to the City of Saginaw is dedicated to the preservation and rehabilitation of homes. This money will need to be disbursed through loans and grants processed by the Rehabilitation Application Specialists.
- The current throughput and productivity (i.e. number of applications processed and success ratio of applications) is not sufficient, given the volume of funds that need to be disbursed with the new grant award. The City will likely need to hire additional resources (which will be covered by grant funds) to assist in the application process.

Recommendations

- The City should evaluate the feasibility of outsourcing rehabilitation application processing, as a lower cost and higher performing alternative for the City. It does not appear that current staff members are processing applications at the rate that is required for the successful disbursement of the new HUD Neighborhood Stabilization Grant. Also, since these are grant funded positions, it is in the best interests of the City to contract with folks on a temporary basis, rather than create or maintain full-time positions for delivery of this service. When and if the grant funds run out, also should the financial commitment of the City.
- Alternatively, the City may wish to increase or enhance the position requirements for the Rehabilitation Application Specialists since they are not performing to the level required for the new grant. If desired, the current Rehabilitation Application Specialists could be provided the opportunity to meet the increased requirements for their position; however, if the current employees are unable to meet the throughput and productivity levels required for the grant, then these employees could be reallocated and the positions converted to outsource dollars.
- The throughput and productivity for processed applications turning into a loan or grant should be improved as the department begins disbursing the new HUD money. The department should strive to provide applicants with better information and assist with screening applicants in order to increase the chances of processing a successful application.

- There does not appear to be a need to have a full-time Office Assistant position within the CDBG department. If this position is deemed necessary, it can likely be replaced by part-time clerical staff or third party assistance as needed.
- The City should consider sharing an Office Assistant with the newly formed Ordinance Enforcement division. This would provide the Application Specialists with some office coverage and provide a single full-time resource to share between both divisions.
- The potential savings for the CDBG division are estimated in the following table:

CDBG Division Personnel Savings

Division	Position	Est. Total Compensation	Potential Replacement	Low Savings Estimate	High Savings Estimate
CDBG	Office Assistant II	\$ 47,000	\$ (32,000)	\$ 15,000	\$ 47,000
	Total	\$ 47,000	\$ (32,000)	\$ 15,000	\$ 47,000

3.5. Inspections / Ordinance Enforcement

Observations

- As part of department reorganization, the project team is proposing that the functions of parking enforcement and environmental services/weed abatement should be included in a new Ordinance Enforcement division within the Development department.
- This division is also responsible for administering and enforcing the City’s building, electrical, plumbing, mechanical, and other property codes. This is accomplished with full-time staff members who are responsible for these inspection services.
- The following table represents a yearly snapshot of revenues received for permit and inspection services from fiscal year 2009. This data was received from the Saginaw Controller’s Office and was obtained from the HTE financial system.

Inspections / Permit Annual Revenue

Permit Type	Revenue
Housing Registration Fees	\$ 280,000
Building Permits	\$ 98,000
Electrical Permits	\$ 24,000
Mechanical Permits	\$ 21,000
Plumbing Permits	\$ 18,000
Other Permits	\$ 7,000
Total	\$ 448,000

- The City’s electrical inspector’s total compensation is approximately \$60,000, while his direct inspection services result in approximately \$24,000 of revenue for the City. This inspector is also contracted to provide services for neighboring Saginaw Township. In return, the Township provides the City with a little over half of the inspector’s total compensation, or \$40,000. Given this arrangement, the electrical inspector is earning the City approximately \$4,000 more than his direct costs.
- There is one inspector dedicated to providing both plumbing and mechanical inspection services, his total compensation is approximately \$63,000, his direct inspection services result in approximately \$45,000 of revenue for the City. This inspector has not been contracted to provide inspection services for any of the neighboring municipalities. As such, the City is subsidizing the revenue earned by the plumbing/mechanical inspector by approximately \$18,000 annually.
- Both the electrical and the plumbing/mechanical inspector have become involved in the Saginaw Code Enforcement Neighborhood Improvement Cooperative (SCENIC) initiative which involves working with local neighborhood associations to reduce blight.
- It is common for smaller communities who do not have a high inspection volume to utilize the services of part-time or contracted inspectors who are paid according to the services provided to the City. While agreements with contract inspectors vary, it is typical for the City to pay the inspector on a per inspection basis, in accordance with the fee schedule for the City, with some incremental revenue for administrative City operations. In these agreements, the City does not subsidize the direct service of the inspector; however, the inspectors cannot be used for other initiatives, such as SCENIC.
- As part of our municipal benchmark survey, we asked the benchmark communities whether their inspection services were provided using in-house staff or through contracted resources, the results of the survey are included in the following table.

Inspection Services

Inspection Service Provided by In-house Staff?	Battle Creek	Bay City	Midland	Muskegon	Benchmark Average	Saginaw
Building?	yes	yes	yes	yes	yes	yes
Plumbing?	yes	contract	yes	yes	yes	yes
Mechanical?	yes	contract	yes	yes	yes	yes
Electrical?	yes	contract	yes	yes	yes	yes
Housing/Zoning?	yes	yes	yes	yes	yes	yes

- There has been a recent initiative for the SCENIC officers to write more code enforcement violation tickets. In data received from the City’s HTE financial system

for the 12 month period from 11/20/2008 to 11/20/2009, code enforcement violations provided the City approximately \$87,000 in revenue.

Recommendations

- The City may wish to consider using part-time contract staff for plumbing/mechanical inspections. These employees should be paid based on services provided (e.g. \$35 per inspection), and as such the City will only pay for a portion of the inspector’s time and will ensure that money spent on inspector wages are only spent for time spent performing inspections. By moving to contract inspectors the City should expect to save approximately \$18,000 in current expenses.
- The City may wish to explore the possibility of contracting the services of the plumbing/mechanical inspector (and other inspectors as possible) to neighboring municipalities. The goal of this contractual arrangement (like the arrangement with Saginaw Township regarding the electrical inspector) will be to offset the expenses currently incurred by the City, such that the inspector is able to generate revenue in excess of his total cost to the City.
- The City should continue their increased enforcement of code enforcement violations. Additionally, it appears that the SCENIC program has non-financial benefits to the residents of the City. As such, there is some benefit with the City continuing with the SCENIC operations and continue with similar staffing levels (minus the one inspector position).
- The potential savings for this division is identified in the following table:

Inspections Potential Personnel Savings

Division	Position	Est. Total Compensation	Potential Replacement	Low Savings Estimate	High Savings Estimate
Ordinance Enforcement	Plumb/Mech Inspector Outsourcing	\$ 63,000	\$ (45,000)	\$ 18,000	\$ 18,000
	Total	\$ 63,000	\$ (45,000)	\$ 18,000	\$ 18,000

3.6. Parking Operations

Observations

- The City is currently significantly subsidizing the operations of its Parking Fund, which covers the operation of two parking ramps and the compensation for the parking enforcement employees. In fiscal year 2009, approximately \$420,880 of general fund money was provided to the parking fund when only \$22,424 was budgeted.
- The majority of tickets written by the parking enforcement division are for residents who illegally park on certain roads between the hours of 3 A.M. and 6 A.M.

- Both parking enforcement employees normally start their work day before 6 A.M. therefore, there is no parking enforcement in the City after their shift is completed in the afternoon.
- The City is experimenting with methods to increase the parking revenue received, such as increasing the time required for a resident to pay the ticket to the City before the collections processed is taken over by the County. Based upon the City’s financial system for the 12 month period from 11/20/2008 to 11/20/2009, the City received approximately \$179,000 in parking ticket revenue.

Recommendations

- The City should consider divestiture, sale or outsourcing of the management of its parking ramps as they do not appear to be generating the City revenue in excess of their operating expenses. The City may actually want to consider giving away their parking ramps or discontinuing their overall operations, as the cost of maintenance and upkeep of the parking ramps makes them a significant financial burden for the City and drain of financial resources better spent in other critical areas. Further analysis may be required to determine the feasibility of discontinuing parking lot operations for current users, as such, potential cost savings resulting from the discontinuing operations have not been estimated in this report.
- As much as possible, general fund monies should not be allocated to the operations of the parking ramps or the funding of parking enforcement employees.
- According to the Parking Violations Notice Section C of the Parking Regulations, the City Manager can authorize any personnel as well as police officers and limited duty officers to issue parking violations. As such, we recommend cross-training all ordinance enforcement staff members to assist in writing ordinance, parking, and environmental violations.
- With the increase in overall staff dedicated to providing ordinance services, the City can reduce the number of staff members dedicated to solely writing parking enforcement tickets from two to one.
- The City should utilize existing code enforcement and environmental services staff to write parking violations in the afternoon hours.
- The potential savings for this position is identified in the following table:

Parking Enforcement Potential Personnel Savings

Division	Position	Est. Total Compensation	Potential Replacement	Low Savings Estimate	High Savings Estimate
Ordinance Enforcement	Parking Enforcement	\$ 50,000	\$ -	\$ 50,000	\$ 50,000

3.7. Engineering / Traffic Engineering

Observations

- The City of Saginaw Engineering department is managed by the City Engineer who is responsible for City Engineering and Traffic Engineering projects.
- The Engineering division contains eight additional FTEs, including an Engineering Office Supervisor, Surveying staff, Engineering Technicians and Assistants, and one Administrative Professional. The division also utilizes the services of a third party engineering consultant for approximately 1,450 hours / \$42,050 annually
- The Traffic Engineering division contains nine FTE’s and is supervised by the Traffic Foreman (with oversight from the City Engineer). The Traffic Engineering division is responsible for conducting all traffic studies, traffic signal maintenance, street sign production and maintenance, and pavement marking.
- As part of our municipal benchmarking review, we reviewed Engineering and Traffic Engineering department staffing levels. The results of the benchmarking survey are included in the following table:

Engineering + Traffic Engineering Division Staffing Levels

Engineering Office Staffing	Battle Creek	Muskegon	Midland	Benchmark Average	Saginaw
Total Staffing	10	10.5	14	11.5	18

Recommendations

- From the benchmarking survey, it appears that the Saginaw Engineering and Traffic Engineering division is overstaffed when compared to the peer communities.
- Engineering services, such as design can be provided through contracted resources. The use of contracted resources ensures that these resources are only utilized when needed for a specific project or projects.
- It is becoming increasingly common for municipalities to contract many of the services provided by the Traffic Engineering department, such as sign production and maintenance, pavement marking, and signal maintenance. For example, the City of Bay City has contracted out traffic signal maintenance for their 80+ traffic signals.
- It appears possible to reduce the Engineering department by one Engineering Technician position.
- Within the Traffic Engineering division, it appears possible to reduce staffing by one Traffic Maintenance Technician.

- Additionally, the City may wish to review outsourcing surveying, sign maintenance, and pavement marking. Through outsourcing the City may be able to save between 10% and 30% off the total cost of keeping the service in-house.
- The potential savings for these divisions are estimated in the following table:

Engineering Division Potential Savings

Division	Position	Est. Total Compensation	Potential Replacement	Low Savings Estimate	High Savings Estimate
Engineering	Eng. Technician	\$ 68,000	\$ -	\$ 68,000	\$ 68,000
Traffic	Traffic Maint. Tech	\$ 54,000	\$ -	\$ 54,000	\$ 54,000
Engineering	Surveying Outsourcing	\$ 123,000	\$ (98,400)	\$ 12,300	\$ 36,900
Traffic Engineering	Sign / Pavement Outsourcing	\$ 113,000	\$ (90,400)	\$ 11,300	\$ 33,900
	Total	\$ 358,000	\$ (188,800)	\$ 145,600	\$ 192,800

3.8. Right of Way

Observations

- The Right of Way (ROW) division of DPS is responsible for the care and maintenance of property that exists in the City’s Right of Way including water and sewer infrastructure, street plowing and maintenance, and tree trimming. This division is also responsible for reading meters for water billing.
- The division is dividing into two sections, the Maintenance & Services section, which includes all water and sewer maintenance, and the Streets & Bridges section.
- There are approximately 14 FTE assigned to Streets & Bridges (excluding the two parking meter attendants who currently reside within this division).
- There are approximately 39 FTE assigned to Maintenance & Services. 20 FTE within Maintenance & Services are designated as Crossover operators, such that they are able to assist the Streets & Bridges section when projects arise.
- This division is overseen by an Administration division consisting of a Superintendent, Assistant Superintendent, three Administrative Professionals, and one Office Assistant III. The Superintendent reports to the Director of DPS.
- The ROW division appears to be top heavy with supervisory and administrative personnel.

Recommendations

- The division currently has four administrative or clerical workers; it appears that the City could reduce two Administrative Professionals from the department. If required, part-time clerical assistance could be brought on to offset the administrative burden of the division.

- There does not appear to be a need for both a Superintendent and Assistant Superintendent of ROW. We recommend eliminating the position of Assistant Superintendent of ROW.
- The Streets & Bridges division of ROW is responsible for City tree trimming; this service should be evaluated for outsourcing. The City may experience savings of between 10% and 30% with outsourced tree service. Additionally, the City would no longer need to purchase the equipment required to provide this services, thus reducing its capital equipment burden.
- There may be additional staffing reductions within the Maintenance & Services section of ROW, however, these positions are funded through the Water and Wastewater funds and were not fully evaluated through the course of this review. It is recommended that all Maintenance & Services employees are cross-trained to provide support for the Streets & Bridges division of ROW.
- As the department reorganization occurs, there may be additional supervisory positions, that are not currently identified, that can be reduced within the ROW division.
- The potential savings for this division is estimated in the following table:

Right of Way Potential Savings

Division	Position	Est. Total Compensation	Potential Replacement	Low Savings Estimate	High Savings Estimate
Right of Way Admin	Asst. Superintendent of Right of Way	\$ 100,000	\$ -	\$ 100,000	\$ 100,000
Right of Way Admin	Admin Professional	\$ 50,000	\$ -	\$ 50,000	\$ 50,000
Right of Way Admin	Admin Professional	\$ 50,000	\$ (32,000)	\$ 18,000	\$ 50,000
Streets & Bridges	Tree Trimming Outsourcing	\$ 250,000	\$ (200,000)	\$ 25,000	\$ 75,000
	Total	\$ 450,000	\$ (232,000)	\$ 193,000	\$ 275,000

3.9. Buildings & Grounds Maintenance

Observations

- The City of Saginaw performs its own building maintenance, grounds maintenance and upkeep, and provides its own custodial support.
- As part of the department reorganization, we recommend that all these services are provided from a central Buildings & Grounds Maintenance division within DPS.

- Data from the International Facility Management Association (IFMA) indicates that 80% of all Government agencies contract out building custodial services.
- Benchmarks from the IFMA state that most Government agencies tend to spend approximately \$1.25 – \$1.50 per square foot in janitorial services. Buildings within the City of Saginaw have the following approximate square footage:
 - City Hall – 38,000 sq. ft.
 - DPS – 104,000 sq. ft.
 - DPS Maintenance – 32,000 sq. ft.
 - Police Department – 44,000 sq. ft.
- The City has approximately 218,000 sq. ft. in its buildings, not all of this space requires janitorial services, however, if we assume the City contains 175,000 sq. ft. of space that requires janitorial services, then we would estimate that the City should spend between \$218,000 and \$262,000 on janitorial services.
- Based on personnel data provided by the City, personnel expenses for custodial workers total approximately \$116,000. However, these costs do not include custodial services provided by third party staffing agencies such as Trillium, Central Michigan Staffing, or Snelling. Without a detailed breakdown of the third party staffing expenses based on the services provided, we are unable to determine whether the City is operating custodial services effectively.

Recommendations

- We recommend that the City evaluate the possibility of outsourcing all Buildings & Grounds services including custodial support, cemetery management, facility maintenance, and grounds maintenance.
- Based on our extensive review of similar local government clients, we have identified that performing facility maintenance work internally often requires 20 percent more staff. The primary reason is that trades are often licensed and trained in specific tasks. For example, plumbers do not do electrical work and the reverse is also true. Because of this specialization, it is often necessary to have more staff through internal operations. When outsourced it is possible to buy a portion of the electrician's time since this individual is also working for other organizations. Through outsourcing we have seen the potential for clients to save at least 20 percent of current costs.
- Outsourcing in the area of grounds maintenance would also reduce the capital equipment required to maintain the grounds, such as mowers.
- The potential outsourcing savings for these services are estimated in the following table (assuming a savings of between 10 and 30%):

Buildings & Grounds Potential Personnel Savings

Division	Position	Est. Total Compensation	Potential Replacement	Low Savings Estimate	High Savings Estimate
Bldg & Grounds	Custodial Outsourcing	\$ 116,000	\$ (92,800)	\$ 11,600	\$ 34,800
Bldg & Grounds	Cemetery Outsourcing	\$ 330,000	\$ (264,000)	\$ 33,000	\$ 99,000
Bldg & Grounds	Facilities Outsourcing	\$ 174,000	\$ (139,200)	\$ 17,400	\$ 52,200
Bldg & Grounds	Grounds Outsourcing	\$ 130,000	\$ (104,000)	\$ 13,000	\$ 39,000
	Total	\$ 750,000	\$ (600,000)	\$ 75,000	\$ 225,000

- If these positions were all outsourced, then there would no longer be the need for the labor foreman position within the division. Reduction of this position would provide an additional \$70,000 in personnel savings. This amount is not included in our savings estimates.

3.10. Police Department

Observations

- The Police Department operates with a leanly staffed Chief's Office of one Police Chief, one Deputy Police Chief (currently unfilled), a Staff Lieutenant (in lieu of a Deputy Chief), 2 F/T Administrative staff and 1 P/T Administrative staff. The Administrative staffing provides secretarial support to the Chief, payroll administration for the department and training coordination for the department.
- The remaining Command staff positions are as follows:
 - 4 Lieutenants over 12 hour patrol shifts – Day and Night, A and B
 - 14 Sergeants, including:
 - 8 Patrol Sergeants
 - 1 Internal Affairs Sergeant
 - 1 Community Relations Sergeant
 - 2 Investigative Division Sergeants
 - 1 Special Operations Sergeant
 - 1 Technical Services Sergeant
- The remaining sworn positions include 85 Police Officers/Detectives in the areas of patrol services, investigations, special operations task forces/units, community relations officers, and technical services (1 Officer).

- The current organizational structure provides significant daily oversight of patrol operations, with limited daily oversight of other department operations. All 4 budgeted Lieutenant positions (with the exception of the Administrative Lieutenant which is filled in lieu of the Deputy Chief position), oversee patrol operations. This structure was established with the occurrence of 12 hour shifts in the department a few years back, increasing the number of Lieutenants from 3 to 4. With the arrangement, all sworn personnel on the 12 hour shift schedule get mandatory approved 4 hours of overtime/comp time every bi-weekly period.
- The department is currently operating with 5 Lieutenants as a result of issues related to filling the Deputy Chief position with internal candidates. Through the addition of the Assistant City Manager for Public Services, we are reducing the need for the Deputy Chief position within the Police department.
- The Plante & Moran project team was requested to evaluate the impact of migrating to the 12 hour shift schedule from 8 hours shifts. We were able to perform an analysis of the total hours worked, compensation time earned, and compensation time used of 10 sworn staff for both a pre and post period for the shift schedule change. Our analysis was based on the following assumptions:
 - Pre-period based upon the 6 months of 9/1/2006 through 2/28/2007 (181 days).
 - Post-period based upon the 6 months of 5/1/2009 through 10/31/2009 (184 days).
 - The same 10 employees were used in both analyses and assumed to be an average representation of the department.
 - Adjustment of the 184 day period to the equivalent of 181 days for comparison purposes
 - Reviewed payroll records for total hours worked, comp hours earned and comp hours used, as sworn personnel can choose any of these three options with their bi-weekly overtime hours.
 - Used the basis of total hours worked and comp time earned, as a conservative estimate of the incremental cost to the City for the 12 hour schedule change.
- Our analysis indicated that on average, officers were working approximately 161 additional total hours annually as a result of the 12 hour schedule change as shown in the following table.

12 Hour Shift Analysis

Hours Data	8 Hr Shift	12 Hr Shift		Analysis			
	Total Hours (181 days)	Total Hours (184 days)	Adj. Total Hours (181 days)	% Increase of hours	Total Hour increase (6 mth)	Avg Hour Increase per Officer (6 mth)	Avg Hour Increase per Officer (12 mth)
Hours Worked + Comp Time Earned	10,541	11,600	11,411	7.62%	804	80.4	161

- Assuming this 161 annual hour increase is applied to every officer on the 12 hour shift, we developed the incremental cost to the City per employee (average of \$5,639 per police officer/command staff, without FICA) and on a departmental basis (\$503,831, including FICA expenses), as follows:

Incremental 12 Hour Shift OT Expenses

Officer Type	# of Officers	# of Add'l OT hours Annually per Officer	Total # of Add'l OT hours	Est. Hrly Wage	Add'l Compensation (at time + half)	Add'l FICA expenses (at 7.65%)	Total
Patrol	69	161	11,109	\$ 22	\$ 366,597	\$ 28,045	\$ 394,642
Command Staff	14	161	2,254	\$ 30	\$ 101,430	\$ 7,759	\$ 109,189
Total Add'l OT or Comp Time Expense					\$ 468,027	\$ 35,804	\$ 503,831

- From the table above, it appears as if the 12 hour shift change is costing the City approximately \$500,000 on an annual basis. It has not resulted in the cost savings as originally projected by the proposed business case for this endeavor. We believe that cost reduction measures are appropriate for this expense, given the current fiscal situation of the City. Please see the recommendations in section 4.2 of this report for further discussion of this item.
- Compensatory time appears to be a significant deferred cost driver for the Police Department, based upon this analysis. The City does not know when or at what rate of pay the sworn personnel are going to be paid, in addition to having little control over when the Officers take this earned time. This benefit appears to be an administrative burden, to the detriment of the City.
- The City currently does not charge other municipalities for use of its gun range. While the reimbursement may not be significant, the City has a dedicated resource assigned part-time to management of the gun range and is incurring costs to manage it for more than just the City's Police Department.
- The current police contracts allow for reorganization of the department as a management right.
- The Department appears to operate on a heavily manual basis, requiring significant clerical support to support daily operations. There are also a few civilian functions of the department that are possible to outsource as a cost savings measure, such as process servers and transcriptions. The Department Civilian staffing in administrative and support roles is as follows (11 F/T, 10 P/T and 5 Contract Staff):

- Property and Building Maintenance Supervisor (1)
- Serviceperson Mechanic (1)
- Firearms and Property Management Specialist (1)
- P/T Property Clerk, 30 hours (1) – assisting with manning the Front Desk with an on-duty Officer
- P/T Custodial worker, 32 hours (1) + Contract Custodians, 18 hours each (2)
- Contract Grants Administrator, 18 hours (1)
- Investigations Administrative Support including:
 - Staff Professional (1) – statistics, typing, support, transcripts, etc.
 - Office Assistant (1) – statistics, typing, support, transcripts, etc.
 - P/T Clerk, 32 hours (2) – statistics, typing, support, transcripts, etc.
 - Contract Clerical Support, 25 hours each (2) – process servers
- Technical Services Administrative Support including:
 - TAC/LEIN Operator (1) – TAC/LEIN operations, warrants, etc.
 - Office Assistant (2) – Records, RMS, administrative support, etc.
 - P/T Clerk, 32 hours (3) – Records, RMS, administrative support, etc.
 - Property Clerk (1) – Property Room Administrative support, etc.
 - P/T Property Clerk (2) – Property Room Administrative support, etc.

Recommendations

- We believe the City is able to further streamline the command structure of the Police Department in the following ways, as a department reorganization effort:
 - Civilianize the Sergeant of Technical Services position.
 - Consider reducing the number of Sergeants in Investigations to 1.
 - Reduce the number of Lieutenant positions from 5 to 3, to derive the following command oversight structure:

- Lieutenant of Patrol Operations – all 8 patrol Sergeants report directly to the Lieutenant.
- Lieutenant of Investigative Operations – the Sergeant(s) of the Investigative Division, Sergeant of Community Services and Sergeant of Special Operations reports to this Lieutenant.
- Lieutenant of Administrative Operations – the Sergeant of Administrative Services and Civilian in charge of technical services reports to this Lieutenant.
- This command staff arrangement recognizes the additional administrative support that will be realized through the addition of the Assistant City Manager for Public Safety position.
- It appears from the current administrative staffing arrangement, several staffing reductions or outsourcing options are possible through more effective and efficient use of resources and technology, as follows:
 - Eliminate the P/T Clerk in Building and Property Management who supports the Front Desk Officer (noted as a P/T Property Clerk).
 - Eliminate the Staff Professional Position in the Investigative Unit.
 - Eliminate the two P/T Property Clerks, as this workload should be able to be absorbed by the Firearms and Property Management Specialist, Property Clerk and cadre of Clerical staff in Technical Services.
 - Outsource Transcriptions and Process Servers to reduce costs in this area by an estimated 10 to 30%, equal to 1 P/T Clerk in Investigations (transcripts) and Contract Clerical Support (2) for Process Servers. Estimated cost per subpoena served = \$45 to \$75, based upon a national average.
- We believe the City can save additional dollars through the civilianization of the Crime Analysis Officer position in Technical Services.
- The City should consider elimination of compensatory time off for the Police (and possibly Fire) department, as it creates a significant deferred liability for the City and is extremely cumbersome to manage. Many Police departments across the state have discontinued this practice due to the undue burden put on municipalities to administer and pay out this deferred benefit at a much later date and higher rate of pay.
- Consider charging other governmental units for use of the gun range to recoup some of the costs of regular operations.

- The potential savings for this division is estimated in the following table

Police Department Potential Savings

Division	Position	Est. Total Compensation	Potential Replacement	Low Savings Estimate	High Savings Estimate
Police	Lieutenant	\$ 99,000	\$ -	\$ 99,000	\$ 99,000
Police	Lieutenant	\$ 99,000	\$ -	\$ 99,000	\$ 99,000
Public Safety	Asst. City Manager for Public Safety	\$ -	\$ (125,000)	\$ (125,000)	\$ (125,000)
Police	Sergeant	\$ 94,000	\$ -	\$ 94,000	\$ 94,000
Police	Civilianize Sergeant Tech Services	\$ 94,000	\$ (54,000)	\$ 40,000	\$ 94,000
Police	Civilianize Officer Tech Services	\$ 62,000	\$ (44,000)	\$ 18,000	\$ 62,000
Police	Staff Professional - Investigations	\$ 62,000	\$ -	\$ 62,000	\$ 62,000
Police	P/T Property Clerks (3)	\$ 93,000	\$ (33,000)	\$ 60,000	\$ 93,000
Police	Transcriptions Outsourcing	\$ 20,000	\$ (4,000)	\$ 2,000	\$ 6,000
	Total	\$ 623,000	\$ (260,000)	\$ 349,000	\$ 484,000

3.11. Cost Reduction Analysis

- The following table shows the potential personnel savings identified in the previous sections.

Total Potential Personnel Savings

Division	Est. Total Compensation	Est. Replacement Cost	Low Savings Estimate	High Savings Estimate	Page # Reference
Attorney's Office	\$ 87,000	\$ (45,000)	\$ 42,000	\$ 87,000	25
Fiscal Services	\$ 95,000	\$ (36,000)	\$ 59,000	\$ 95,000	27
Information Technology	\$ 231,000	\$ (28,000)	\$ 203,000	\$ 231,000	31
Web Development Outsourcing	\$ 70,000	\$ (56,000)	\$ 7,000	\$ 21,000	31
CDBG	\$ 47,000	\$ (32,000)	\$ 15,000	\$ 47,000	33
Inspections Outsourcing	\$ 63,000	\$ (45,000)	\$ 18,000	\$ 18,000	34
Pkg Enforcement	\$ 50,000	\$ -	\$ 50,000	\$ 50,000	37
Engineering	\$ 68,000	\$ -	\$ 68,000	\$ 68,000	38
Traffic Engineering	\$ 54,000	\$ -	\$ 54,000	\$ 54,000	38
Surveying Outsourcing	\$ 123,000	\$ (98,400)	\$ 12,300	\$ 36,900	38
Sign/Pavement Outsourcing	\$ 113,000	\$ (90,400)	\$ 11,300	\$ 33,900	38
Right of Way	\$ 200,000	\$ (32,000)	\$ 168,000	\$ 200,000	39
Tree Trimming Outsourcing	\$ 250,000	\$ (200,000)	\$ 25,000	\$ 75,000	39
Custodial Outsourcing	\$ 116,000	\$ (92,800)	\$ 11,600	\$ 34,800	41
Cemetery Outsourcing	\$ 330,000	\$ (264,000)	\$ 33,000	\$ 99,000	41
Facilities Maint. Outsourcing	\$ 174,000	\$ (139,200)	\$ 17,400	\$ 52,200	41
Grounds Maint. Outsourcing	\$ 130,000	\$ (104,000)	\$ 13,000	\$ 39,000	41
Police Department	\$ 603,000	\$ (256,000)	\$ 347,000	\$ 478,000	42
Transcription Outsourcing	\$ 20,000	\$ (4,000)	\$ 2,000	\$ 6,000	42
Total	\$ 2,824,000	\$ (1,522,800)	\$ 1,156,600	\$ 1,725,800	

- Through the positions analyzed in the previous sections, we have identified a low estimate of possible savings adding up to approximately \$1,156,600, with a high savings estimate up to \$1,725,800.

4. Operational Recommendations

The following recommendations are based on the project teams observations during the course of the project as well as ideas utilized through similar staffing and efficiency reviews.

4.1. Eliminate Part-Time Employee Health Benefits

- The City provides part-time employees (32 hours/week) with health benefits. These benefits total approximately \$11,000 annually and are increasing significantly with the costs of providing health insurance.
- Providing health benefits for part-time employees is not common practice for government agencies in Michigan.
- The City has approximately 28 part-time staff members (and may move to more through the recommendations provided in this study). If all part-time employees received full health benefits, then the reduction of this benefit would yield the City approximately \$308,000 in savings.
- More realistically, if we assume that 50% of part-time employees receive health benefits, the City would save approximately \$154,000 annually.

4.2. Eliminate Police Department Mandatory Overtime Pay

- Approximately 14 command staff and 69 patrol officers are working on a 12 hour patrol shift schedule. With a 12 hour shift schedule, the officers are scheduled to work approximately 84 hours over the course of a two-week pay period.
- Currently, both command staff and patrol officers receive a mandatory 4 hours of overtime (either through banked compensatory “comp” time or pay) every two weeks as part of their union contract and staffing schedule.
- The City of Saginaw is not the only community who operates police patrol through a 12 hour shift staffing model, however, not all communities operating under this model offer mandatory overtime. Many communities provide for a 12 hour shift staffing model where officers work one 8 hour shift every two weeks in order to ensure that bi-weekly personnel hours are maximized at 80 hours as the standard practice. In these comparable departments, overtime is only received when warranted based upon department workload demands.
- The City should attempt to renegotiate their patrol officer and command staff contracts such that all staff members are only expected to work 80 hours every two weeks.

- The elimination of mandatory bi-weekly overtime pay for 14 command staff and 69 patrol officers results in significant costs savings, up to approximately \$325,000 as shown in the following table:

Estimated OT Reduction Savings

Officer Type	# of Officers	# of OT hours each Pay period	# of OT hours Annually	Est. Hrly Wage	Add'l Compensation (at time + half)	Add'l FICA expenses (at 7.65%)	Total
Patrol	69	276	7,176	\$ 22	\$ 236,808	\$ 18,116	\$ 254,924
Command Staff	14	56	1,456	\$ 30	\$ 65,520	\$ 5,012	\$ 70,532
Total Savings					\$ 302,328	\$ 23,128	\$ 325,456

4.3. Transition Full-Time staff to Part-Time staff

- Where possible, the City should attempt to transition full-time staff members to part-time staff. This is most effective for administrative or clerical positions within departments.
- Currently, there is a savings of approximately \$10,000 to \$15,000 for each full-time administrative position that is transitioned to a part-time position.
- If employee health benefits are eliminated for part-time staff members then this transition yields an additional \$11,000 in potential savings.

4.4. Reduce 3rd Party Contract Staffing Costs - City-wide

- The City has used three 3rd party staffing companies to supplement their personnel complement for the past several years – Central Michigan Staffing, Snelling and Trillium. Many of these positions are seen as “part-time” positions, with individuals names included in Department organization charts, etc. The intent of a contract staffing company is to use staff on a periodic basis vs. use staff all the time to supplement current personnel levels.
- The City has spent a significant amount of money on these resources over the past three years – an average of approximately \$741,000 per year from FY 2007 through FY 2009.
- We recommend that the City establish a City-wide reduction across the board of between 10 and 30% to incent department leaders to figure out ways to become more efficient within their own departments. The intent of a contract staffing arrangement should not be to absorb additional staff into your workforce, but rather balance workload demands with available resources, understanding that there are peaks and valleys in individual department workloads.
- Throughout this report, we recommend considering outsourcing arrangements to transfer the “risk” of managing less productive employees to the outsource company.

Given the current contract arrangement, the City is still responsible for effective and efficient performance and management of these contract resources, providing a more “risky” situation for the City. It is in the best interests of the City to transfer as much of this management and risk on to the outsource vendor, so that it can simply manage a service level agreement with the vendor for adequate performance vs. managing their staff on a day to day basis.

- We estimate the savings from this recommendation between \$74,000 and \$222,000 for the City on an annual basis.

4.5. Hiring Freeze and Retirement Incentives

- As a means to reduce the total number of personnel within the City, it may be beneficial for the City to implement a hiring freeze until the results of the Staffing and Efficiency Review are enacted. This will allow the City to transition staff members and re-allocate resources internally to accommodate staffing changes.
- There is also some desire on the part of labor to allow staff to take unpaid days of leave from the City, as a means to help control City costs. This is recommended as a collaborative avenue for staff and supervisors to work together to achieve some savings for the City. This is intended to be done in conjunction with supervisory approval.
- The City may wish to consider offering retirement incentives or early retirement options in order to reduce the total number of staff through attrition. This is especially true in the Police Department and possibly others, where a large number of personnel are eligible for retirement beginning in 2010, providing an easy way to accommodate staffing reductions through attrition. In many other instances, employees who are replaced will be replaced by a staff member with less seniority, and therefore a lower total compensation package.

4.6. Additional Position Investments

- While we recommend that a hiring freeze is placed in effect for the implementation of the Staffing and Efficiency Review, we recommend that the City evaluate the possibility of hiring the following positions
 - Contract Administrator – Full-time position within the Fiscal Services department. This position would be responsible for managing vendor contracts and ensuring the City is receiving services based upon the contractual service level agreements signed by both parties. This individual will be responsible for interacting directly with vendors when service expectations are not being met. This position becomes increasingly valuable as the City evaluates more services for outsourcing.

- Labor Attorney – contracted role within the City, with direct accountability to the City Manager. The City should consider contracting with a strong outside Labor Attorney/Firm who has experience working with Michigan-based labor unions to assist in union contract negotiations. The value in utilizing an outside Labor Attorney is to ensure the City is aggressively negotiating contracts that are comparable to recent contracts for similar communities. This role is not intended to be full-time, but rather on an as needed basis, primarily for union negotiations.
- Grant Writer – contracted role reporting within the Fiscal Services department. With centralized grant management within the City, the City may find value in utilizing a contract employee to assist in writing and applying for State and Federal grant money. This position is generally expected to earn grant money for the City in excess of his/her contract expenses. Again, this role is not necessarily intended to be full-time, unless it is warranted based upon the amount of revenue generated for the City in grant awards and expense coverage.

4.7. Insurance and Utility Pooling

- The City should review their current insurance costs, which are provided through Saginaw Bay Underwriters against those offered by the municipal risk management pools within the state.
- Two such pools that we are aware of are the Michigan Municipal Risk Management Authority (MMRMA) and the Michigan Municipal League (MML).
- These risk management pools also contain pooled utility programs to help communities reduce their overall utility expenses. The City should review the MMRMA pooled utility program in case cost savings can be provided through utility pooling.

4.8. Technology Enhancement Investments

- Given the level of staff dissatisfaction with the HTE financial system, the City should consider either dedicating additional technical employee resources to make the system more user friendly for departments or the City should evaluate the cost effectiveness of a different financial system solution.
- The City currently uses software from BS&A for their Assessing and Property Tax payments. Many staff members within the Fiscal Services Department would like to City to evaluate a potential move to the BS&A software. BS&A provided City staff

members with a quote for the software and implementation of their software, this quote is for approximately \$350,000.

- We are aware that the current HTE system has significant functionality that is not currently in use by the City, such as the following:
 - Click2Gov Customer Information System
 - Click2Gov Employee Self Service
 - QRep Bundle – Ad hoc report writer, QRep Analytics, QRep Web Reporting
 - Click2Gov Customer Information System – Utility Billing
 - Building Permits Voice Response
 - Contract Management
 - Grant Administration
 - Cash Receipts Lockbox Interface
 - Timekeeping Interface
- The City should evaluate its options related to a comprehensive central repository of data driven, City information. Currently only a small portion of HTE functionality is in place and fully operational, which reduces the City’s ability to operate effectively. The staff reductions in this report thus far do not consider reengineering of its existing business processes for increased efficiency and effectiveness, however we assume additional savings could be gained through a comprehensive reengineering effort. Some of the modules noted above provide the citizens and City employees with Web-access of information, such as utility billing information and employee HR self service. These applications could dramatically alter the nature of existing HR and Utility Billing operations. It should be noted however, that some new centralized functions require the ability to access multiple HTE modules for effective citizen response (e.g. centralized call center).
- The City should conduct a full evaluation of the BS&A software and complete a full cost-benefit analysis of moving to BS&A versus the current HTE financial system as a move to a different software has other financial and operational benefits such as potentially less expensive annual maintenance and server expenses.
- In either case, with HTE or BS&A, the City should undergo a comprehensive business process reengineering effort around the capabilities of its existing system to most effectively and efficiently conduct City business operations. This is projected to

achieve additional annualized savings beyond the recommendations presented in this report, with a one-time investment of technology enhancement and professional consulting fees to establish the appropriate processes and procedures on a City-wide basis.

- Additionally, the City should look to evaluate the possibility of replacing their current Lotus Notes e-mail platform. The City currently uses Lotus Notes for e-mail and workflow applications; however, the City does not currently have many workflows programmed within the software.
- We recommend the City evaluate other e-mail options such as Microsoft Outlook or a cloud computing solution such as Google e-mail for business. These additional systems in the long run may be less expensive and easier to maintain than the current Lotus Notes solution.
- While evaluation is occurring, the City should halt any additional workflow programming done in Lotus Notes. The City may wish to investigate other workflow programming solutions in the marketplace.

4.9. Additional Revenue Opportunities

- Following are several items that could lead to incremental revenues for the City. We do not anticipate significant revenue solutions with any or all of these ideas, however they are presented here as options for consideration by City leadership:
 - Perform a review of all fees owed to the City, to determine if all fees per the agreements have been received by the City. We would recommend beginning with a one year time period and basing any future fee recovery reviews on the results of the first one.
 - Consider increasing City fees and fines to be commensurate with the current fiscal challenges facing the City. One area we strongly suggest to increase fees and fines for is Weed Abatement, to serve as a deterrent to residents from using the City's resources to clear up their weed issues. Additionally consider charging the County, DNR and other agencies for Weed Abatement services provided to their properties in the City of Saginaw.
 - Consider sewer charges for private parking lots in the City and service call fees for all dispatches of personnel to a given address. In some cases, staff are sent out multiple times to resolve a residents issue and the City is paid only for one service call.

5. Facility Review

The Plante & Moran Corporate Real Estate Advisors (CRESA) team conducted a preliminary facility review as part of the Staffing and Efficiency Review as the size and type of facilities can have a significant impact on the ability to make changes within the organization. The following observations and recommendations are intended to provide insight into facilities issues that are present at the City.

5.1. Current Environment

Observations

- The City operates from several buildings located throughout the City, their age and square footage are provided below:
 - City Hall – 38,000 sq. ft, built in 1936
 - DPS – 104,215 sq. ft, built in 1980
 - DPS off-site – 32,340 sq. ft, built in 1953, and 1964
 - Fire Department Headquarters – 11,535 sq. ft, built in 1937
 - Police Department – 44,353 sq. ft, built in 1977
 - Multiple recreation facilities of varying size and age
- The majority of the City’s buildings are in need of upgrades. Maintenance and capital improvement investments have not been made in lieu of operating cuts.
- In taking this approach, the City’s deferred maintenance may reach a point where it is no longer possible to defer these expenses any longer.
- The City recently completed an energy efficiency audit as part of their requirements to spend their federal Energy Efficiency and Conservation Block Grant (EECBG) money. One result of the energy audit was that City Hall experiences significant energy loss due to its age and the boiler heating system in place.
- The City has received estimates to replace the boiler heating system with a new HVAC unit; this unit is expected to cost approximately \$1,500,000 to install. The City is expected to realize approximately \$25,000 in annual energy savings through the installation of a new HVAC unit.

Recommendations

- The City needs to consider capital improvement expenditures wisely. The HVAC unit that has been recommended to the City has a simple payback period of

approximately 66 years. The useful life of most HVAC systems is 20 to 25 years. We recommend that this type of investment would not be beneficial to the City long-term.

- EECBG monies should be spent on projects that provide the City with the best return on investment, the return on investment or payback period should be evaluated for each potential EECBG project. The City should review EECBG spending plans and strategically assess the use of these one-time dollars to get the most “bang for the buck.”
- The useful life for most municipal buildings are 40 to 50 years, the City has exceeded the standard useful life in many of its buildings. Once facilities are older than 50 years, it often results in a negative investment return to spend dollars on that facility.
- Generate an overall facility plan in accordance with the recommendations presented in this report, to determine the best facility options for the City.

5.2. Space Usage

Observations

- Space usage drives the cost of facility operations, maintenance, and new construction.
- The space usage of the City Hall offices is estimated at approximately 542 sq. ft per employee (38,000 sq. ft / 70 employees).
- The industry standard and best practice goal for space usage within a municipal building is approximately 375 - 400 sq. ft per employee.
- With the reorganization/re-sizing of the City’s workforce, the overall space needs on a City-wide basis will be reduced.

Recommendations

- Including circulation and meeting space, it may be possible for the City to reduce its space usage by 150 to 175 sq. ft per employee. Assuming 400 sq. ft per employee would result in a City Hall building that is approximately 28,000 sq. ft. This would be approximately 27% smaller than the current building footprint.
- Industry standards note that the operation of 1 sq. ft of space ranges between \$5 and \$7 in costs. These costs include janitorial, maintenance, current capital costs, and anticipated capital costs. The reduction of City Hall from 38,000 to 28,000 sq. ft could result in approximately \$50,000 to \$70,000 in savings.
- Re-evaluate space needs on a City-wide basis with the implementation of the staff reductions recommended in this report, as a means for additional City cost savings. Likely this will require some level of investment to accomplish, but there may be cost-beneficial options for consideration by City leadership.

5.3. Facility Conditions

Observations

- The City does not have a measurable indicator for the conditions of their buildings.
- The City does not currently utilize their existing capital improvement plan for the improvement of current facilities due to fiscal constraints. The City has also not analyzed the costs of moving to a new facility, even though the benefits of a new facility might outweigh the expenses associated with remaining in their current facilities.
- As such, the City is currently operating in two buildings (City Hall and the main Fire station) that were built in the 1930s that have likely doubled their normal useful life. The City does not have a good estimate on the total cost to maintain these buildings in their current condition.

Recommendations

- We recommend using the Facility Condition Index (FCI) as a measure through which to determine if facility conditions are improving.
- This index is a comparative industry indicator/benchmark used to indicate the relative physical condition of a facility, group of buildings, or entire portfolio independent of building type, construction type, location or cost.
- The FCI is expressed as a ratio of the cost of remedying existing deficiencies / requirements and capital renewal requirements to the current replacement value (i.e., $FCI = (\text{Deferred Maintenance} + \text{Capital Renewal}) / \text{Current Replacement Value}$).
- The FCI provides a corresponding rule of thumb for the annual reinvestment rate to prevent further accumulation of deferred maintenance deficiencies. The FCI value is a snapshot in time, calculated on an annual basis.
- The FCI for Saginaw buildings should be less than 1.0. If the FCI is 1.0 then the cost of renovation and facility updates is equal to the cost of a new facility.
- If the FCI is 1.2 then the cost of renovation would be 20% greater than new construction. Conversely if the FCI is 0.20 then the cost of renovation would be 80% less than new construction.
- Consider assessment of all City of Saginaw buildings as part of the comprehensive facility planning process.



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