

A Shared Service Perspective

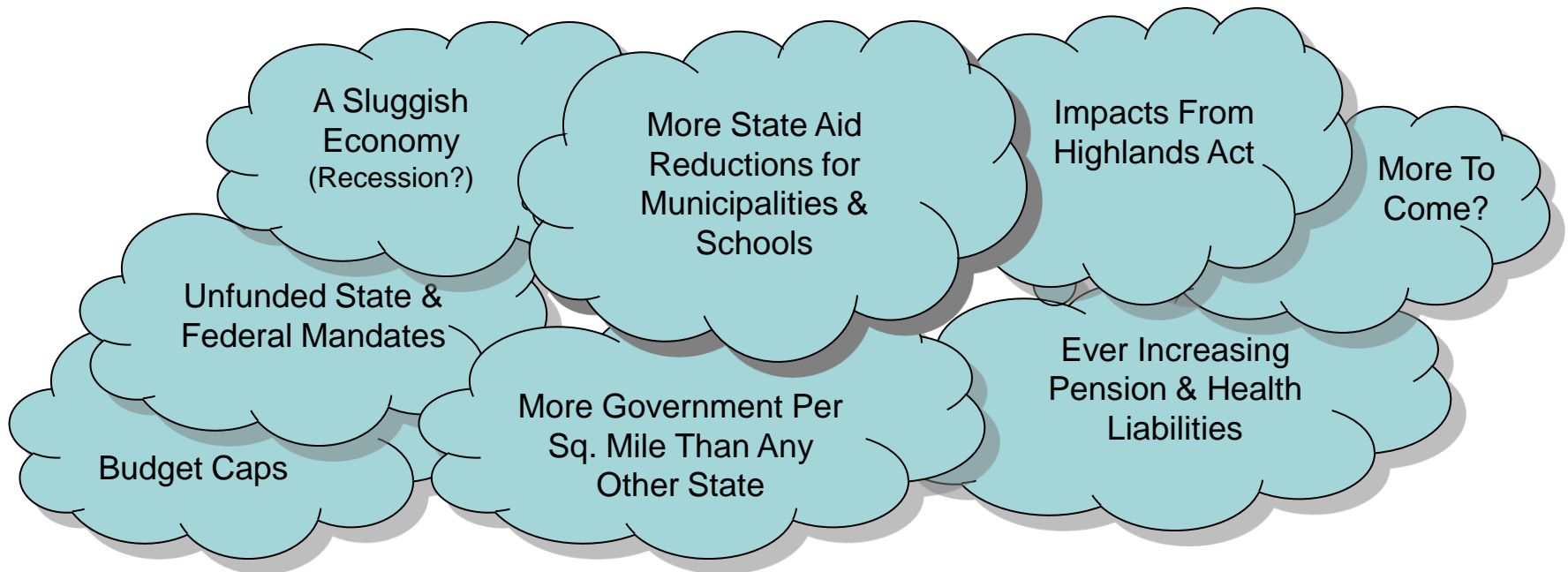
From Morris County Shared Services

April 7, 2009

A Shared Service Perspective

Why Consider Shared Services?

- In February 2010, the Department of Community Affairs (DCA) announced the average property tax bill rose to \$7,281 last year (>11% of average NJ household income).
- FORBES rates New Jersey in the bottom five states (46 out of 50) based on its “Debt Weight Scorecard”, *February 8, 2010 issue, pp 66*



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Shared Services and Consolidation Act

- P.L. 2007, c 63 (C.40A:65-1, *et seq.*)
 - Shared services statute, replacing prior legislation
 - More options for local government entities wishing to achieve service efficiencies and reduce service delivery costs.
- Supported by some available money and resources
 - Morris County Shared Services Coordinator (*COUNT* grant period ends August 2010, pending time extension)
 - *2011 NJ State Budget proposed by the Governor contains no SHARE or Consolidation grant funds. Previously....*
 - *SHARE Feasibility Study (up to \$20,000) and Implementation & Transition (up to \$200,000, including \$40,000 capital);*
 - *Consolidation grant funds (amounts awarded based on complexity & merit)*

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The Feasibility Process

- Prerequisites
 - Serious willingness to consider the opportunity
 - Sense of community and/or the clear ability to work together
- Working team for each participating entity
 - ➔ Authorizing resolution from Council / Committee
(Required for Consolidation or SHARE grants)
- Feasibility study
 - Supporting facts and figures that validate the opportunity
 - LUARCC for consolidation studies
 - 3rd Party Consultant, as needed, for sharing and regionalization studies
 - Shared Services Coordinator as advisory and support resource



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The Feasibility Process – Sharing or Regionalization

- Initial decisions to make
 - Priority initiatives and scope
 - Organizational model
 - Lead agency w/ shared services agreement
 - Joint meeting w/contract
 - Operational model
 - Expense sharing methodology
 - Actual - Allocation - Flat Fee -



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The Feasibility Process – Sharing or Regionalization

- NJ State Department(s) involvement
 - (Various) Statutory requirements / limitations, technology & operations
 - (CSC / PERC) Personnel, esp. those that are civil service and union
- Data collection and analysis
 - Workload / operational stats
 - Other pertinent operational information
 - Employees and other professionals
 - Employee related expenses
 - Budgets
- Objectives
 - Service level and cost targets

Feasibility
"Go / No Go"
Decision

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Lead Agency Advantages

- Responsibility
 - Full powers as general agent of other parties for duration of agreement
 - Provision of facilities, personnel, and other resources
 - High quality service delivery at agreed upon cost levels
- Accountability
 - Operational excellence
 - Revenue accounting, as needed
 - Expense transparency
- Control as Lead Agency
 - All elements of service delivery necessary to meet obligations
 - Selection of “chief” personnel
 - Primary employer solely responsible for salary, wages, and associated benefits of all related human resources

Supported Entity Advantages

- Responsibility
 - Functional responsibility outsourced to Lead Agency
 - Advisory Committee participation
 - Meet conditions of shared services agreement
- Accountability
 - Transfer of all related personnel and relevant assets to Lead Agency
 - Appoint selected “chief” personnel
 - Periodic feedback re: service delivery
- Control via shared services agreement
 - Specific services to be performed
 - Standard for level, quality, and scope of performance
 - Cost of services, payment schedule, and procedure for payment
 - Duration of shared services agreement (default period 10 yrs.)

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The Feasibility Process - Consolidation

- “Local Unit Alignment, Reorganization and Consolidation Commission” (LUARCC)
 - Established on March 15, 2007, P.L. 2007, c. 54 (N.J.S.A. 52:27D-502)
 - Study structure and functions of county and municipal government
 - Support consolidation studies with willing parties
 - Examine service delivery models
 - Emergency dispatch
 - Public health
 - Municipal courts
 - Recommend legislative changes



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Dennis Smeltzer, (Acting) Executive Director – LUARCC

Marc Pfeiffer, Deputy Director, Local Government Svcs., DCA

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Getting Underway

- It is in the interests of our communities and our taxpayers to move faster and farther in finding greater efficiencies and reducing the cost of local government, while still ensuring quality service delivery; however...
- Recognize one size does not fit all circumstances
 - **Mutual aid:** Neighbor helping neighbor as resources allow
 - **Municipality to municipality sharing:** Communities mutually agree to be served by one shared function (or partial function)
 - **Municipality and school district sharing** – Local entities serving the same base of residents / taxpayers agree to share one or more functions
 - **Regionalization:** A number of jurisdictions combine to provide service delivery in a specific geographic area
 - **Consolidation:** Two or more local entities form a single new unit

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Getting Underway

- Voluntary “opt-in” participation
- Focus on administrative vs. political boundaries
- Redefine “home rule”
- Identify possible targeted areas for feasibility study
- Prioritize based on perceived value or “triggers”
- Determine participating local entities:



County to
County

County to
Municipality

County to
School District

Municipality to
County

Municipality to
Municipality

Municipality to
School District

School District to
County

School District to
School District

School District to
Municipality

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Examples: County to County

- Passaic and Essex Counties merged juvenile detention facilities.
 - Savings of more than \$100 million over the 10 years for Passaic.
 - Revenue generation for Essex.
- Sussex and Morris Counties jointly use the Morris youth shelter facility.
 - Sussex savings are projected at \$800,000 over the next 2 years.
 - The Morris facility doubled its revenue.
- Hunterdon and Warren Counties send youthful offenders to Morris County's juvenile detention facility as part of a regional 3-county shared services effort.
 - Agreement will generate at least \$575,000 per year for Morris.
 - Warren saves over \$4.4 million over the life of the agreement.
 - Hunterdon, which was using Warren's facility, will reserve 2-3 beds at cost of \$175 each in Morris.

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Examples: County to Municipality

- Morris County's Public Safety Communications and Emergency Operations Center serves 14 Municipalities with full service 24/7/365 dedicated staff; and 2 Municipalities with 9-1-1 service only.
 - New pagers for County-served first responders; County license for clear radio channel
- Central 9-1-1 control switch upgrade to accommodate next generation requirements.
 - Seven communities recently notified of *mandatory* upgrade of substandard municipal dispatching systems by 2011 at cost of \$1.5 million plus \$150,000 annual maintenance.
 - **Voluntary cost savings alternative** = County computer aided dispatch (CAD) system upgrade to handle expansion of municipalities at \$1.1 million; **Cost sharing with 9-1-1 Municipalities:** proposed formula = County pays \$160,000 and each Municipality pays at \$20,000 plus 4% increase annually for personnel.
- Expanded \$27.8 million Communications Center planned for 2013 at existing location, containing dispatch, emergency management, crime lab, integrated technology, and data server center.
 - Design & construction documents in 2010; project bidding in 2011; two year construction
- The Center is linked into Morris County's Integrated Justice Information System (MCIJIS) and Morris is the first County to publish / exchange records with the New Jersey Data Exchange (NJDEX) database operated by the State Police.



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Examples: County to School District

- The State's first regional renewable energy program is taking place here in Morris County.
 - In a public private partnership, Morris County Improvement Authority (MCIA) awarded a \$22.3 million contract to Tioga Energy and SunDurance Energy.
 - Some of the solar developer's federal and state tax advantages are passed back to the participants by selling them solar energy at a fixed price, lower than the existing retail price for energy, for 15 years.
 - MCIA bonds are guaranteed by the County and no debt service will be incurred by the participating local entities.
- Program calls for installation of solar panels on the roofs of 14 public school buildings in 5 school districts and at several county facilities.
- The project is projected to save an estimated \$2.3 million in energy costs over the period of the agreement.
- This is a long term project with over 40 other entities interested in joining in the program once the pilot proves successful.



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Examples: Municipality to Many Entities

- A shared services success story since 1974; managed by the Township of Randolph as “lead agency”.
- Membership of over 200 government entities from 8 Counties, including counties, municipalities, police departments, school districts, sewerage authorities, housing authorities and municipal utilities authorities.
- Fueled by the desire of government agencies to save taxpayer dollars by pooling purchasing power to receive discounted prices on goods and services.
- MCCPC’s shared services effort has saved taxpayers more than \$12.7 million.



**Our members
are smart
cookies.**



*They maximize the use of public dollars
through cooperative purchasing.*

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Examples: Municipality to Municipality

- The Joint Municipal Court of Dover went live February 1, 2009.
- The Town of Dover serves as “lead agency” and provides municipal court services to four other municipalities - Township of Mine Hill, Borough of Mt. Arlington, Borough of Rockaway, and Borough of Wharton.
- Court professionals – Judge, Prosecutor, and Public Defender – went from 15 to 6; court administration personnel went from 14 positions to 7 full time employees.
- The case load handled in the Dover Joint Court is now 50% greater in criminal cases and 100% greater in violations.
- Savings for the five participating local governments ranged from approximately 20% to over 40% of 2009 budgeted municipal court costs.
- Overall savings are estimated \$2.65 million over the 10-year shared services agreement.



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Other Examples: Municipalities Invited Here Tonight

	Chester	Chester Twp	Mendham	Mendham Twp	Morris Twp	Randolph Twp	Washington Twp
Municipal Consolidation Study	X	X					
Emergency Communications (9-1-1): w/ County	X	X	X	X			
Emergency Communications (9-1-1): w/ Washington Twp as "Lead"							X
Police Services: w/ Califon as "Supported"							X
Fire & First Aid Services (including fuel)	X	X					
Library Services	X	X					
Senior Transportation	X	X					
Senior Housing & Transportation			X	X			
Mendham TV			X	X			
Municipal Court: w/ Mendham Twp as "Lead"			X	X			
w/ Califon & Tewksbury as "Supported"							X
Chief Financial Officer		X					X
Health Services: w/ Bernards Twp as "Lead"	X		X	X			
w/ Washington Twp as "Lead"		X					X
w/ Rockaway & Roxbury as "Supported"						X	
w/ Hanover as "Lead"					X		
Animal Control & Sheltering Services							
w/ Dover, Mendham, Mendham Twp & Rockaway as "Supported"			X	X		X	
Dept of Public Works: Utility Truck w/ Boom & Bucket			X	X			
DPW/WRF Equipment			X	X			
Water Meter Reader w/ Roxbury						X	
Four Town Recreation Study	X	X	X	X			
MC Cooperative Pricing Council	X	X	X	X	X	X	X
Building & Construction Code: w/ Roxbury as "Lead"						X	
Construction & Building Code: (use same person)			X	X			
Tax Assessor (use same person)			X	X			
Joint Insurance Fund (MEL/JIF)	X	X	X	X	X	X	X
North Jersey Health Insurance Fund						X	
Participant in SEAMLESS					X		
Participant in WMCOG							X

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Examples: Municipality to School District

	Chester	Chester Twp	Mendham	Mendham Twp	Morris Twp	Randolph Twp	Washington Twp
Sharing w/ Board(s) of Education							
Shared K-8 School System	X	X					
West Morris Regional High School System	X	X	X	X			X
High school police officer			X				
Senior transportation (dial-a-ride)	X	X					
Fleet maintenance/garage/mechanics		X				X	
Shared fuel system w/ School District		X		X		X	X
Computer support svcs w/ School as "Lead"						X	
BoE and CCM access to artificial turf field/town parks						X	

- There are successful efforts underway to share with the Board(s) of Education.
- Other potential areas to consider include, but are not limited to:
 - Indoor and outdoor maintenance administered through one office (Bedminster Township and the Bedminster Board of Education in Somerset County)
 - BoE custodians clean municipality’s facilities in the evening; municipal workers assist with special school projects; and Public Works crews maintain the school campus and prepare athletic fields for use.
 - Utilization of school buses for municipal recreation during the summer and week-ends when they are not needed by the school district.
 - Cooperative capital improvement plans.
 - Joint contracts for any 3rd party work.

A Shared Service Perspective

The Implementation Process

- Sharing or regionalization plan
 - Who, What, When, Where, Why, and How?
 - Anticipated efficiency gains / cost savings
- NJ State Department(s) involvement
 - Iterative response to issues or concerns
- Employee reconciliation plan
 - Required for Civil Service entities; recommended for all
 - Approval by Civil Service Commission
 - Contract reconciliation by PERC

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The Implementation Process

- Shared services agreement
 - Approved in draft by participating parties
 - Authorizing resolution from Council / Committee
(*Mayor & Clerk okay to sign*)
Adopting ordinance, if required
 - Formally signed by participating parties
- Transition plan
 - Implementation of shared or regionalized function
 - Transfer of facilities, equipment, and other assets
 - Employee-related actions
 - Transition period operational reviews, as agreed

A Shared Service Perspective

- What are the primary barriers that your municipality faces in planning for or implementing shared services with neighboring communities?

Thought Process/Behavior

Short Term vs. Long Term Focus

“Home Rule” Mindsets

Territorial Leadership /
Protectionist Dept Heads /
Loss of Control Fears

Lack of Time / Staffing /
Commitment / Trust

Willingness to Consider New
Ideas & Delivery Models

Politics and Personalities

Jobs Protection vs. Taxpayer

Costs/Service Levels

Coverage of Start-Up Costs

Cost Allocation Methodologies

Other Financial Incentives

Service Level Expectations /
Maintenance of Service Levels

Desire for Savings Guarantee

Must Have Obvious “Win-Win”
w/ Cost Savings (i.e., a Better Deal)

“Right-Sizing” Personnel

Term of Agreements

Exclusivity Requirements

Other Barriers

Certain NJ Statutes

Civil Service Regulations

Unions / Labor Agreements

Collective Bargaining and
Arbitration Awards

Partner Proximity and Size
(Including Cross-County)

Municipal Unique Needs

Existing Management Structures /
Fragmented Organization

A Shared Service Perspective

Government Efficiency Movement

- A Grass Roots Municipal Initiative: “Rethinking Government From the Ground Up”
- The GEM survey uncovered opportunities for matching best practices performance & available capacity with strained resources.
- Selected service delivery areas already progressing with regionalization efforts.
- Collectively focus on and promote **four key service delivery priorities.**

Regional or Countywide Tax Assessment and Collection

Regional or Countywide Public Health Services

Regional Building and Construction Code Inspectors

Technology Solutions for Municipal Processes

GOVERNMENT EFFICIENCY MORRIS (GEM) INITIATIVE		
Regional Service Delivery Planning – Survey I		
<p>Every municipality within Morris County has a vision of local government that is as streamlined and efficient as possible, while maintaining or improving service levels and reducing costs. There is growing consensus that a collaborative planning process with “big picture” perspective, a change in perspective regarding service delivery boundaries, and a longer term focus is desirable.</p>		
<p>Government Efficiency Morris is a grass roots municipal effort to envision higher level service delivery models, combining the needs of numerous regional communities to create more and greater opportunities than are currently available.</p>		
<p>To that end, this survey will allow us to progress toward a proactive and more systemic regional service delivery planning model. Members of the GEM Advisory Committee are:</p>		
<p>Hon. Timothy L. Smith, Councilman/Former Mayor, Roxbury Township, Chair Hon. H. Scott Rosenbush, Mayor, Morris Township Hon. Louis S. Soresi, Mayor, Rochaway Township Hon. Robert Collins, Council President, Kinnelon Borough Hon. David A. Runfeldt, Mayor, Lincoln Park Borough Hon. John Cesaro, Council President, Parsippany – Troy Hills Township Hon. Paul Licita, Former Mayor, Mt. Olive Township Hon. Russell W. Felber, Mayor, Jefferson Township</p>		
<p>Please take a few minutes to provide us with your input. You may return your completed questionnaire to Linda Murphy, Morris County Shared Services Coordinator, lmurphy@co.morris.nj.us or (973) 283-5266 – fax. The County is graciously allowing Linda to serve as a administrative support to this effort.</p>		
<p>Results and potential ideas and strategies will be shared with all survey participants. Thank you!</p>		
I. Your Contact Information:		
Name:		
Title:		
Municipality:	E-Mail Address:	
Telephone #:	Fax #:	
II. Areas of Planning Focus:		
• Please identify the municipal service delivery areas you consider to be “best practices” – those things you think your community does better than all the rest.		
Service Delivery Area 1	Service Delivery Area 2	Service Delivery Area 3
_____	_____	_____
• Please identify any repetitive or highly labor intensive processes that might be candidates for automation jointly funded by a number of interested municipalities.		
Process 1	Process 2	Process 3
_____	_____	_____

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Government Efficiency Movement

50% of respondents feel locally provided service that is contained solely within municipal boundaries is not essential.

- “A new model for service delivery efficiency....8-12 mile radius and approximately 30,000 population.”
- “Many things could be provided at a single county-wide site or a handful of regionalized locations.”
- “Most, if not all, can be provided in a more efficient manner through a more regionally organized local service unit.”
- “Morris County could [*deliver services as if there were*] perhaps 8-10 municipalities rather than 39.”

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Government Efficiency Movement

Begin to create the support structure for GEM sustainability.

1

Communication

Annual GEM “All Participants” Meeting
Quarterly “Ideas/Issues” Meetings
(May Be All Participants or Regional)
Make Better Use of Existing Networks
(i.e., MC League, NJMMA, etc.)

2

Action Orientation

GEM Advisory Committee Liaison
Personal Responsibility For
More Communication & Networking
Continued Outreach & Facilitation By
Shared Services Coordinator
Working Shared Services
Subcommittees By Region or Topic
(Elected Officials, Administrators, Key Mgrs.)

3

Visibility & Support

Website Highlighting
Opportunities & Successes
Virtual Forums / More Interaction
Model Parameters for Best Efficiency
Tools For “Real Time” Information Sharing
(e.g., Electronic Newsletter, Availability/Need
Matching Service, Library of “Best Practices”)

A Shared Service Perspective

Morris County's Shared Services Coordinator

Linda K. Murphy may be reached at

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