

# LOCAL GOVERNMENT SAVING STRATEGIES

The following are ways for local governments to find savings and efficiencies. It should be noted that many local governments in Iowa are utilizing many aspects of the strategies noted here. For example, many innovative sharing arrangements are occurring between jurisdictions today. However, the potential is much more significant. Public Strategies Group, as part of its contract with the State, will be providing services to local governments to assist in reaching a greater portion of the potential for improvements.

## 1. **Shared Services.**

Collaboration and the sharing of services offer significant potential for savings among local governments. A similar approach involves one unit of government selling services to another. For instance, some cities sell street sweeping services to neighboring cities. Excellent examples of sharing are occurring in Iowa today, but governments are experiencing only a fraction of the potential benefits.

The following are areas of potential sharing or selling of services between locales:

- Public Works – engineers, equipment, facilities, operations
- Public Safety/ Law enforcement – contract outright to county or other city for patrol services, training, equipment, joint dispatch, and regional jails
- Libraries – greater coordination with schools, other local governments
- Mental Health – coordination of services and the administration of services
- Public Health – services, administration, inspections
- Administration and Support Services
  - Technology – sharing of servers, applications, personnel
  - Finance
  - Human Resources

## 2. **Improving Functions, Systems and Processes**

For every organization, creating a culture that constantly looks for ways to become more efficient is challenging. By applying proven management strategies from the public and private sectors, Cities and Counties can ensure each of its departments:

- Focus on its core mission, eliminating non-core functions,

- Empower employees while creating greater accountability for delivering customer-oriented results, and
- Pursue and implement best practices for each area of government.

By taking these steps, city and county departments will consistently improve processes, enabling greater results with fewer resources.

3. **Results Based Budgeting.**

The traditional way of budgeting in government involves a cost-based budget. Last year's costs is the starting point, and increased costs (inflation) is added to the figure. "Cuts" are reductions from what was expected and are implemented for portions as needed to balance the budget. Managers are encouraged through this process to inflate costs, and when asked, to propose unacceptable cuts.

The new budgeting approach, being implemented in governments, is taking an approach of deciding what results that the government wants to purchase and at what price.

This approach helps the government achieve the objectives in Point 2 above, creating focus on core areas, elimination of non-core functions, and creating greater accountability for department managers to achieve results for customers.

4. **Purchasing.**

Local governments purchase significant amounts of numerous goods and services. Implementing best practices and ensuring greater coordination within governments can achieve significant savings for many local governments.

In addition, pooling purchasing among local governments can also result in significant savings. For example, coordinating the purchase of vehicles or office supplies with other local cities or counties.

Schools in Iowa take advantage of pooled purchasing provided by Area Education Agencies. This has resulted in significant savings for school districts.

5. **Technology**

The use of technology has substantially increased the productivity of the American economy through the last decade. Governments in targeted areas have taken advantage of the potential. However, for numerous reasons, many areas of government have not leveraged the productivity gains.

The new technology fund created by the legislature will create the impetus to streamline the county courthouse's handling of property records. Combined with innovative tools currently being implemented, such as the use of GIS, these efforts can serve as important models for leveraging technology to increase efficiencies in other areas of local government services.

## 6. **Improved State and Local Government Relationship.**

The dealings with State government agency add time and expense to local governments' service delivery responsibilities. All stakeholders in this relationship, including State and local officials and city and county associations, will need to be part of this effort to make it successful. Improved communication and reducing unlegislated requirements state agencies have placed on local governments can help local governments save money and focus on providing core services.

### **EXAMPLES OF SHARED SERVICES IN STATE & LOCAL GOVERNMENT:**

(Note: Several of the following examples were initially funded by loans or grants from state government programs.)

- **Consolidation of fire departments reduces cost and better serves two Washington Cities:**

In December of 1996, Livermore Mayor Cathie Brown and Pleasanton Mayor Ben Tarver combined efforts to completely merge their Eastern Alameda county fire departments. Through the consolidation of fire services these cities increased their effectiveness and controlled their costs better. The improved results flowed from the newly joined training systems, emergency operations, dispatch services and emergency medical services. In addition, both cities could ensure, for the first time, that full-time managers were available for each of the above functions.

- **Sharing services between city and school libraries proves beneficial:**

Confronted with a major budget shortfall, the El Segundo Unified School District requested that the City of El Segundo (pop. 16, 033) take over the administration of three local school libraries. This partnership has resulted in a better quality of library resources for the students of El Segundo, the elimination of duplicate materials in local libraries and the sharing of books through a joint database. The city purchases and processes all library materials with school

funds, supplements new materials for school library collections, and maintains a shared online catalog, and all computer equipment needed to support the system.

- **Joint use of facilities and sharing facility maintenance:**

In new York, the Quality Communities Demonstration Program provided Brocton Central School District, the Town of Portland and Village of Brocton \$118,822 to craft an agreement for a central fueling facility. The aid was instrumental in facilitating inter-municipal cooperation between participating organizations and led to significant savings in maintenance and bulk fuel purchases.

In California, the City of Laguna Nigel (pop. 61,891) entered into a joint-use agreement with its local school district on a sports complex located in a middle school. The sports complex houses five softball fields, four sand volleyball courts, two football/soccer fields and a 400 meter running track. Students have access to the sports complex during school hours, after school hours, and on weekends. The city maintains the facility for public use. City staff handles all reservation for public use of the fields and collects fees to help with maintenance costs. The city and school district share the costs of maintenance. Without collaboration over shared services, it is likely, Laguna Nigel, and the city school district would both be without sports facilities.

- **Joint Purchasing and Training**

In Southeast Wisconsin, five counties, nineteen cities, seventeen villages, ten towns nine school districts, the Milwaukee County Transit System and the Milwaukee Metropolitan Sewerage District participate in VALUE (Volume Acquisition and Local Uniform Expenditures) in Local Government in southeast Wisconsin. The group has subsequently added joint employee training programs.

- **Technology And Financial Systems**

The Iowa State County Treasurers have joined together with 28E agreements to create a centralized website, which can handle property tax payment transactions and will enable vehicle registration renewals later this year. All 99 counties participate.

In Minnesota, an innovations fund granted \$48,050 toward a \$320,000 joint venture by St. Louis, Ramsey and Hennepin Counties to adopt a Canadian computerized system for real estate

documents and certificates of title. Typing and proofreading were cut by approximately 90 percent, eventually saving the three counties \$176,000 annually and improving service to the public.

In Nebraska, Omaha and Douglas County recently combined their information technology departments into a single organization and replaced their separate, obsolete financial management systems for a shared, web-based enterprise resource planning (ERP) solution. They expect the system to save money, increase system reliability, and deliver operational benefits. For example, once the system is fully implemented, both jurisdictions can query a single database for all information needs, which will greatly enhance productivity.

### **Examples of Cost-Saving Marketplaces:**

- **Local contracts between Milwaukee and West Milwaukee cut fire protection costs by 50%:**

Since 1991 the City of Milwaukee has sold fire protection services to the Village of West Milwaukee. The Village, an old industrial center, had lost most of its industrial tax base in the 1980s and was forced to find savings to avoid a large tax increase to residents. They did this by purchasing fire protection services from neighboring Milwaukee. Through the contract, in which the city of Milwaukee Fire Department staffed West Milwaukee's firehouse and used the Village's fire equipment, the village cut its annual fire protection costs by approximately 50 percent.

- **Federal franchise funds demonstrate marketplace opportunities:**

The National Performance Review encouraged agencies to promote competition by establishing "franchise funds." These funds allow selected agencies to offer common administrative services to other agencies. In May 1996, Congressional approval was obtained for franchise funds in Interior, Treasury, Veterans Affairs, the Environmental Protection Agency, and Commerce. The approval allowed these agencies to sell services such as mainframe computing, records storage, personnel and accounting systems, background checks, and travel management to other federal agencies. The buyers saved money while the sellers earned a steady flow of revenue from other government departments.

## Results Based Budgeting Best Practices:

**Some jurisdictions have demonstrated tremendous success using a fundamentally different method of budgeting. The State of Washington represents an excellent example of how results based budgeting works.**

First Washington answered four critical questions:

- How much money does the state have to spend - how much will it charge its citizens?
- What results form the core of what must be done and done well to serve the citizens of Washington?
- How much will the state spend to produce each of these priority outcomes?
- How best can that money be spent to achieve each of the core results?

In ten weeks, Washington:

1. **Set the price of government** - They decided to build the budget based on expected revenues under existing law.
2. **Set the priorities of government** - They chose ten key results they believed citizens most want from government. These define the core purposes of government – such things as increased student achievement, improved condition of vulnerable children and adults, and improved mobility of people, information and goods.
3. **Allocated available resources across the results areas** - In some cases, the allocations were similar to today's level of spending. In others, they were different. For example, more resources were allocated to student achievement and fewer to safety. Also, ten percent of the budget was set aside for overhead functions, such as pension contributions and internal services.
4. **Developed a purchasing plan for each result** - Teams were assigned to each result and asked to produce that result through their purchases. The options they developed give elected officials options to compare based on the results they will produce – the best basis for budget decisions.

As part of its Iowa Reinvention Services package, PSG will conduct workshops for local government on how they can use this same successful technique to deal with budget that seem too small.