

Restructuring Local Government

City of Wyandotte, Michigan

Dave Boerger
Feb 1, 2010

SEMCOG

Southeast Michigan Council of Governments

SEMCOG is made up of 162 member local governments

- SEMCOG assists local governments deal with issues, plan for common needs and recognize regional opportunities.
- SEMCOG facilitates cooperation among local governments, educational institutions, and state and federal agencies for mutual benefit.
- SEMCOG advocates for changes in public policy when state or federal legislative action is necessary.



Programs and Services



Planning



Transportation



Regional Growth



Air



Land



Water



Effectiveness



Education



Legislative Issues



Local Government Effectiveness and Collaboration

Efficient and Collaborative Government

SEMCOG is committed to helping its member governments find ways to navigate through fiscal uncertainty by increasing efficiency, fostering collaboration, and providing information on right-sizing. This is accomplished through education, which takes the form of SEMCOG University workshops, the dissemination of useful information through this portion of the Web site, examples of efficiency and collaboration efforts archived within the AgileGov database, and through one-on-one consulting and training assistance.

Programs and Projects

- Planning
- Transportation
- Regional Growth
- Land
- Water
- Legislative Issues
- Local Government Effectiveness
- Air
- Education
- Data and Maps
- Services

Efficiency



Collaboration



Right-Sizing



AgileGov Database



 [Print friendly page](#)

Hot topics

[Federal Stimulus Package for Southeast Michigan](#)

[Get On Board with SEMCOG](#)

[AgileGov](#)

[MiRideshare](#)

[SEMCOG University](#)

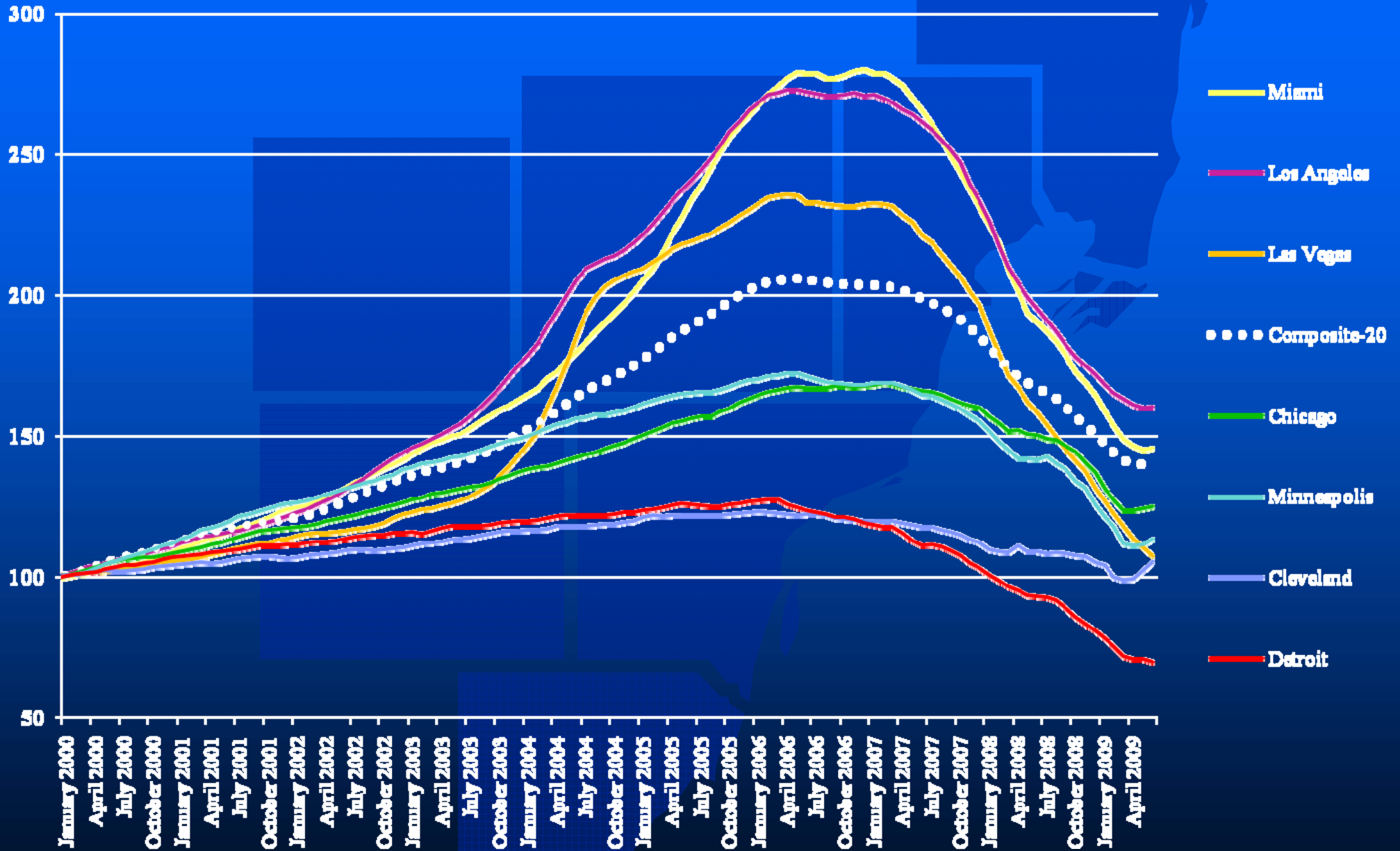
Recent publications

[Meetings](#)

[Related links](#)

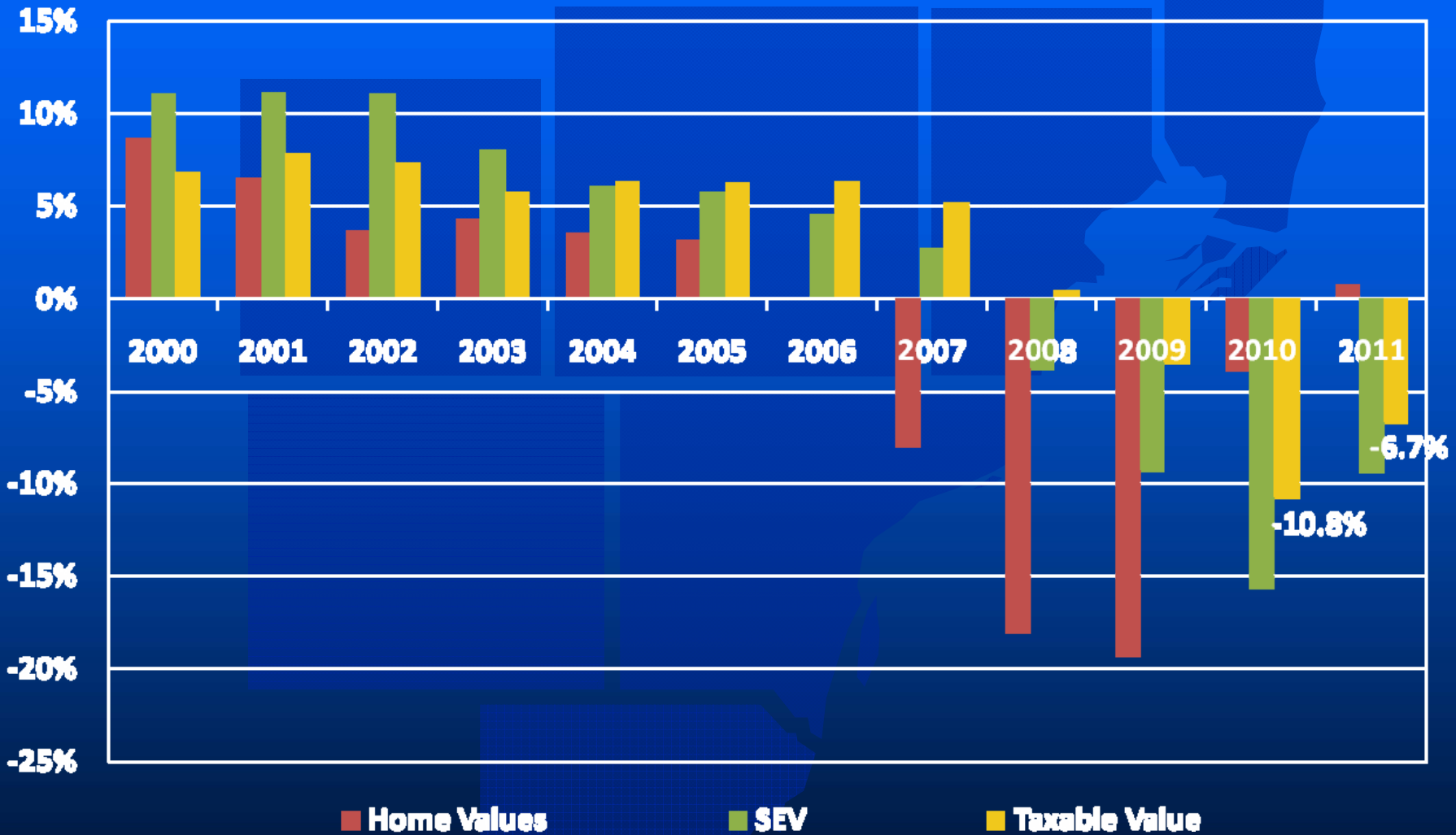
[FAQs](#)

S&P/Case-Shiller Metropolitan Home Price Indices



SE Michigan Yearly Percent Change in Home Price, SEV, and Taxable Value

(Wyandotte ~ 1.5% better than the Region)



Contrasting Approaches

Effective

- Stakeholder input solicited
- Full disclosure/transparency
- Willingness to collaborate
- Performance measurement
- Benchmark gaps identified
- Cultural change
- Fiscal control
- Dynamic leadership

Unproductive

- Denial
- NIH - not invented here
- Razor approach/across-the-board cuts
- Stops/starts
- Fragmented Board
- Poor fiscal skills
- Ineffective management

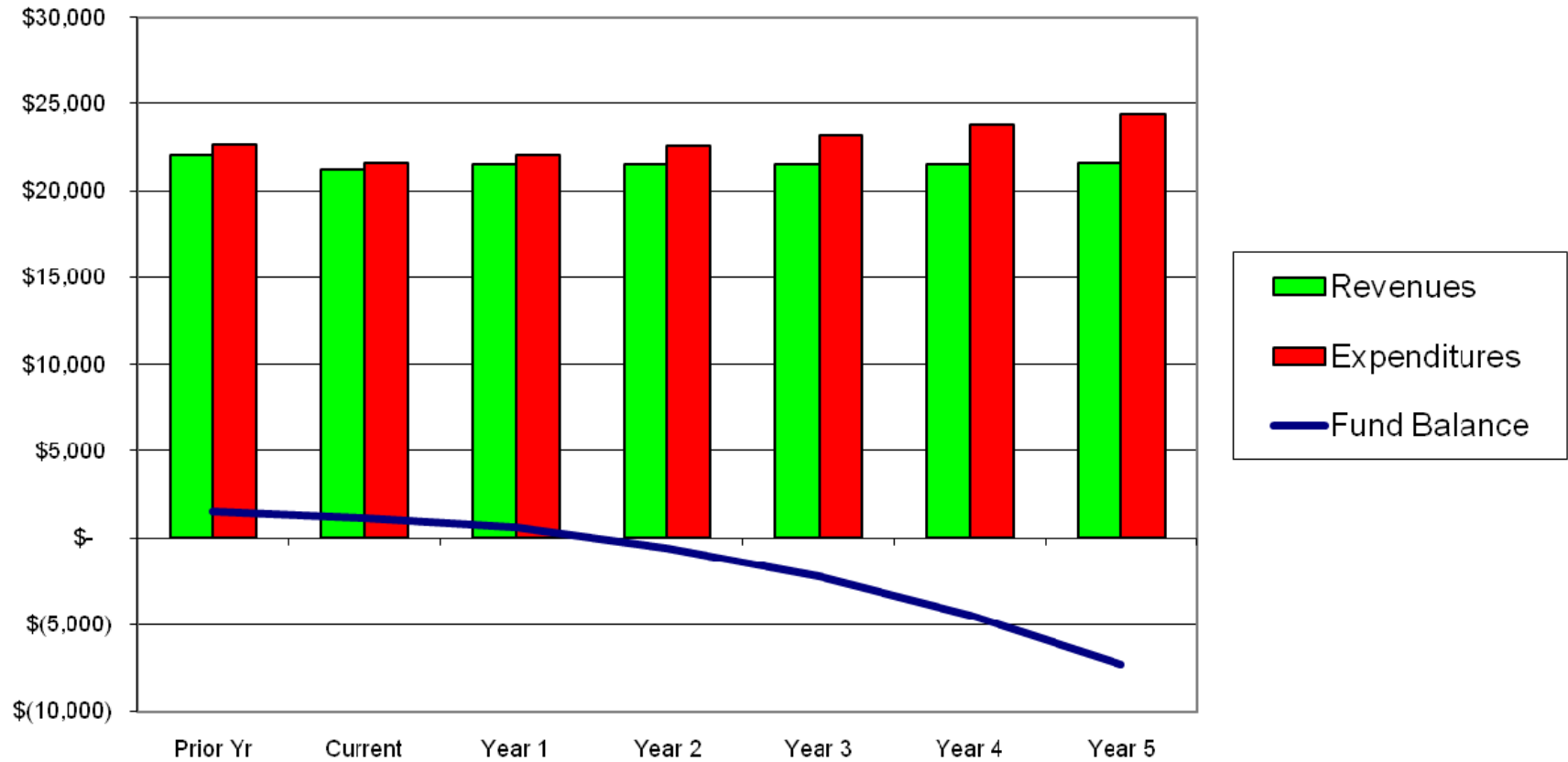
Restructuring Process

Envision your local government ~30% smaller

- Develop a multi-year financial forecast
- Engage stakeholders (staff, elected officials & citizens)
- Develop & implement aggressive cost savings ideas
- Assess services cuts in selective areas (vs. across the board)
- Close the benchmarking gaps
- Reduce expenses to match revenues
- Pursue a 2-3 year restructuring plan
- Provide steadfast leadership

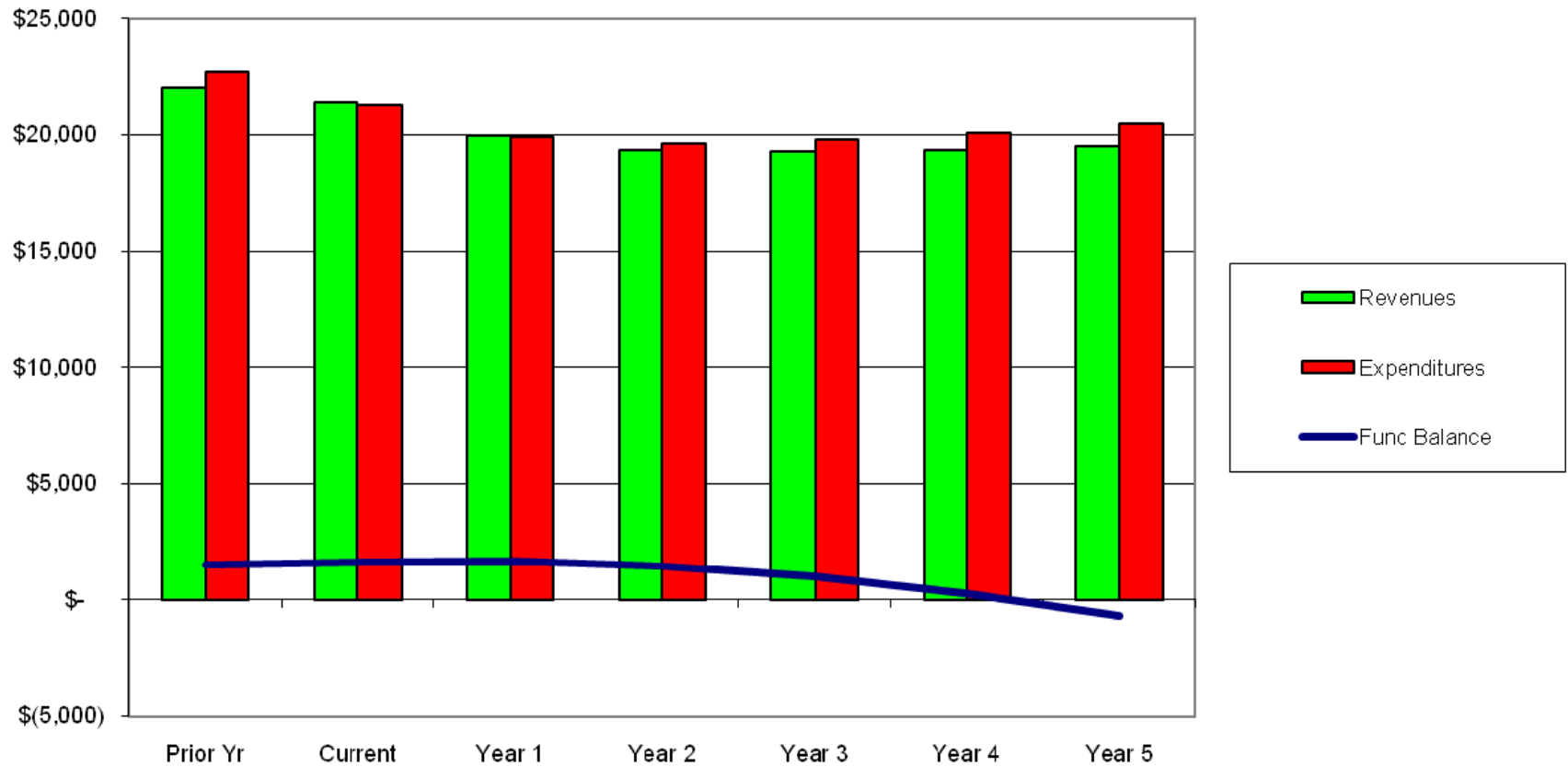
Bottom Line – Major Deficits

Wyandotte Financial Forecast
Dec. 2009 Assumptions












After Cost Reductions

Wyandotte Financial Forecast
With Cost Reductions & Latest Assumptions



Benchmarking Assessment

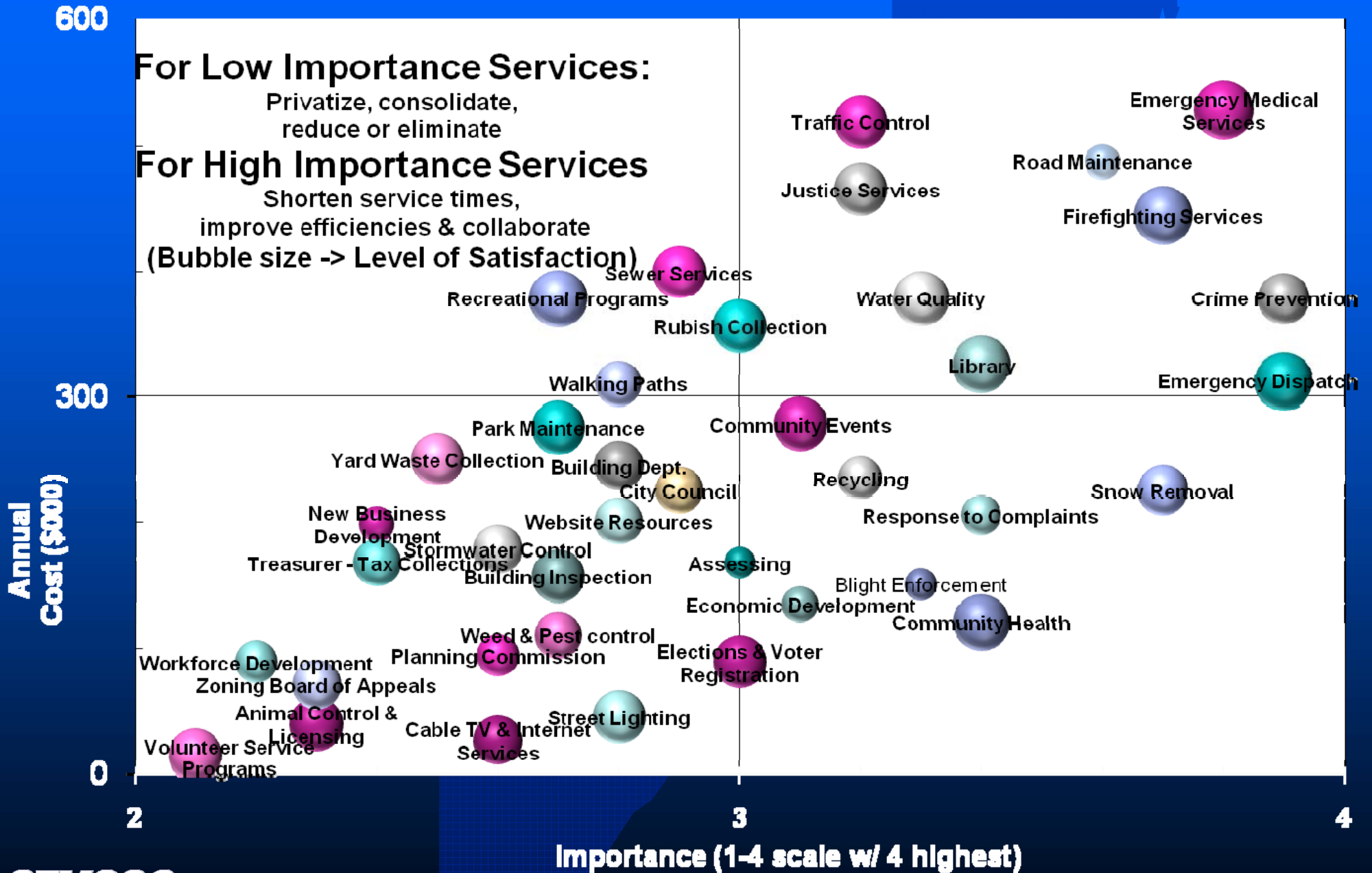
Microsoft Excel non-commercial use - Benchmark Cost per Resident Spreadsheet.xls [Compatibility Mode]

	C	D	E	F	G	H	I	K	L	
	How Wyandotte Allocates its Funds:								Population:	
	2009/10 Budget:	\$19,146,646	Per Resident: \$741	Benchmark: \$671						25832
	5,549,327				* Excludes Retiree H/C \$2.1m					
	Dollars 28.98%									
		3,422,978	3,690,767	1,947,038						
		Dollars 17.88%	Dollars 19.28%	Dollars 10.17%						
					965,727	1,094,016	1,083,498	1,170,300		
		Dollars 5.04% *	Dollars 5.71%	Dollars 5.66%	Dollars 6.11%					
									210,264	
									Dollars 1.10%	
Wyandotte	\$215 Per Resident	\$133 Per Resident	\$143 Per Resident	\$75 Per Resident	\$37 Per Resident	\$42 Per Resident	\$42 Per Resident	\$45 Per Resident	\$8 Per Resident	
Benchmark City	\$252 Per Resident	\$138 Per Resident	\$100 Per Resident	\$61 Per Resident	\$36 Per Resident	\$29 Per Resident	\$25 Per Resident	\$17 Per Resident	\$13 Per Resident	
										
	Police & Dispatch Departments	Fire & EMS Departments	Public Works Department	Administrative Departments	General Expenditures & Transfers	Development Departments	Court	Parks & Recreation	Community Services	

Benchmark Assessment

	Wyandotte (FTE/1000 Residents)	SE Michigan (FTE/1000 Residents)	National Average	Benchmark
Police	1.9	1.7	2.5	1.8
Fire/EMS	1.1	1.5	1.8	1.2
Parks & Rec.	<u>0.3</u>	<u>0.7</u>	<u>0.6</u>	<u>0.4</u>
City-wide	5.3	8.4	10.1	5.7
Avg. Salary/yr.	\$54,524	\$51,717	\$58,688	\$48,172
Benefit Cost/yr.	<u>\$44,465</u>	<u>\$32,582</u>	<u>\$18,379</u>	<u>\$14,816</u>
Total	\$98,989	\$84,299	\$77,067	\$62,988
Benefit Cost % of Salary	82% *	63%	31%	31%
	* 10% for DC employees			

Service Importance & Satisfaction



Detailed Operational Benchmarks

Fire and EMS

Benchmark

Fire & EMS cost per capita	\$138
Personnel per 1,000 population (FTE)	1.2
Cost per \$1000 of property protected	\$1.72
Fires per 1000 population	5.4
EMS runs per 1000 population	29.3
Responses per 1000 population	107
Inspections per 1000 population	52
Cost per response	\$1,498
Inspections per inspector FTE	1068
Response time for priority one calls (min.)	4.7
% of responses under 4 minutes	90%
% code violations cleared < 90 days	86%
% of fires confined to room(s) involved at arrival	59%
% of fires of which cause was determined	89%
Fire & EMS citizen satisfaction	96%

SEMCOG can also assist with internal rightsizing efforts

- Perform a fiscal & operational assessment to ID 20% savings
- Assist development of a citizen survey instrument
- Train staff on the rightsizing processes
- Share best practices and additional benchmarking data
- Help to establish a performance management process
- Facilitate departmental efficiency analyses
- Reference SEMCOG website resources:
 - AgileGov searchable database of >500 successful ideas
 - Efficiency, Collaboration and Restructuring Tools
- Coordinate more comprehensive assistance (Plante & Moran)

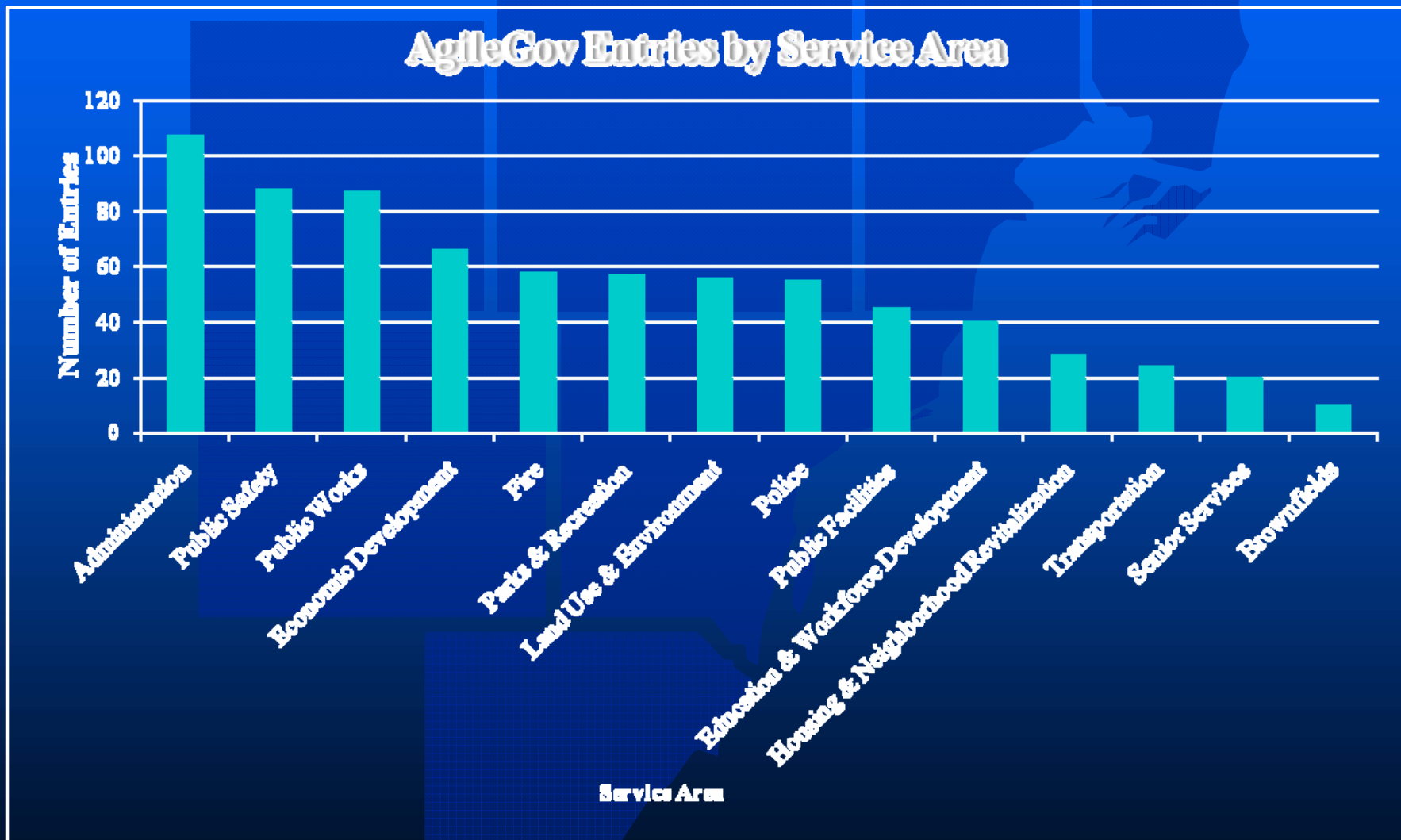
Rightsizing Opportunities

- Implement performance improvement process to gain 3-5%/yr
- Rebid all purchase services to save 10%
- Consolidate departments and organization structure to save 15%
- Reduce overhead and administrative costs 15%
- Address the high benefit cost by 30% (equiv. or better clause)

Rightsizing Opportunities (cont'd)

- Offer more on-line self-service capabilities to automate certain processes to save 50%
- Privatize services via “managed competition” to save 15%
- Reduce or eliminate the least important services to save 10%
- Restructure borrowing to reduce annual debt payments
- Sell revenue producing assets for one-time cash infusion
- Collaborate with neighboring communities to save 30%

SEMCOG Can Help with Collaboration Projects



Final Thoughts

Wyandotte will survive the current fiscal crisis by:

- Pursuing efficiency, productivity improvement, measurement processes
- Resizing, restructuring by collaborating, consolidating, privatizing, reducing services
- Regularly engaging all stakeholders in the process
- Leveraging external resources like SEMCOG and Plante & Moran

**For additional help or more
information contact:**

**Dave Boerger
SEMCOG**

boerger@semcog.org

248-875-7120

SEMCOG

Southeast Michigan Council of Governments

535 Griswold St., Suite 300

Detroit, MI 48226

www.semco.org

SEMCOG

A stylized map of Michigan is shown in the background, with county boundaries highlighted in a darker blue. The map is centered and occupies most of the frame.

SEMCOG

Southeast Michigan Council of Governments

SEMCOG