

Issues Summary

This report provides a summary of primary issues which the MAXIMUS project team has identified during our preliminary diagnostic review of the Town's operations. At this point, there is no priority order of importance for the issues. The purpose of this summary is to present for the Town's consideration of issue areas to be addressed in greater detail. The detailed analysis will either confirm or reject the potential issue as a service area to be addressed.

The next step of the project is to conduct the detailed analysis. Project staff will be contacting the operational departments for further meetings and detailed data collection where appropriate. We will also conduct field observations during this analytical period.

Where the analysis confirms potential savings or service improvements, we will follow up with a report describing the respective issue in greater detail, providing recommendations for improvements, and presenting a business case concerning potential cost savings or service improvements. Based on the project time line, we anticipate having this report available to the Town by March 24, 2005.

Issue 1: Customer service

DESCRIPTION:

While the Town appears to foster a strong culture of citizen participation in general, there is some concern that from a process point that the Town does not have in place a robust system for customer relations management.

CONTRIBUTING FACTORS:

- There is no apparent “one stop shopping” approach systematically in evidence in permit application and building inspection processes.
- Technology does not appear to be in place to encourage rapid processing of information or communication with citizens involved in the development process.
- There are a large number of formal and informal points of contact with citizens and with advisory Boards and Commissions that impact efficient processing of work.
- There are restrictions on how citizens may pay fees and charges.

OPERATING AND COST IMPACTS:

- Streamlining various work processes may speed up work flow and provide more responsiveness to customers but cost reductions are likely to be minimal.
- To some extent, greater attention to customer service is likely to require investment in automated tools to help manage information better.
- Many jurisdictions which have put customer management systems in place have found that better management of, and responsiveness to, customer service calls tends to reduce the number of calls and result in more available work time for staff.
- Interviews in, and preliminary information from, several departments indicate that staffing may be driven in some part by the high level of customer responsiveness and citizen involvement.

POTENTIAL BENEFITS FROM OPERATIONAL CHANGE:

- Reduced burden of effort placed on citizens in dealing with town government.
- Improved responsiveness to calls for service; ability to identify complaint patterns and develop improved work strategies as a result

ANALYTICAL NEXT STEPS:

- Review specific customer-intensive activities against the industry standards for good customer service and consider a focused survey of some Town customers to determine attitudes toward doing business with the town.

- Evaluate work load in high customer volume areas—particularly land development regulation and management functions—to determine potential strategies for maintaining appropriate service levels while reducing the impact on staff requirements.

Issue 2: Coordination of effort across divisional or departmental boundaries

DESCRIPTION:

The town organization is sufficiently small to permit informal coordination of most business processes across the boundaries of individual departments. However, when some processes extend significantly across organizational boundaries or are sufficiently complex, it is often necessary to set up more formal coordinating mechanisms. These more formal types of coordinating mechanisms do not always appear to be in place. In some cases, realignment of responsibilities may be a more workable alternative to ensure efficient and effective ownership of a business process.

CONTRIBUTING FACTORS:

- The relatively small size of the town government has permitted largely informal coordination efforts.
- The increasing complexity of various local government responsibilities increasingly requires more complex coordination across functional department boundaries (e.g., traffic management, development permits, asset control, valuation and maintenance, engineering, stormwater management, housing/building maintenance, fleet management, capital investment planning).

OPERATING AND COST IMPACTS:

- Overlap, or inappropriate division, of operating responsibilities among departments and/or divisions within departments may be causing work duplication or addition business process steps.
- Potential for inconsistent operating procedures could cause both staff and customer confusion, resulting in additional work to resolve potential misunderstandings or confusion.

POTENTIAL BENEFITS FROM OPERATIONAL CHANGE:

- Improved coordination of effort and greater customer responsiveness.
- Elimination of duplicative work efforts.
- Rationalization of cross-departmental business process design in support of long range technology enhancements.

ANALYTICAL NEXT STEPS:

- For each of the functional areas listed in the Contributing Factors, identify business processes that require significant cross-departmental participation and coordination.
- Identify coordination and control problems, and ascertain whether improved business process performance could be achieved through development of formal coordinating mechanisms or through realignment of functional responsibilities among town departments.
- Determine cost effectiveness of more formalized processes.

Issue 3: Basic information system support

DESCRIPTION:

Most local governments today grapple with the problems of developing and integrating major enterprise applications. Initial observations suggest that the Town is working on or in need of action in these areas:

- An integrated land management system that serves as an authoritative repository of all property based information.
- A GIS that is developing as an enterprise-wide asset and tool.
- Computerized maintenance management systems to track assets, automate maintenance schedules, maintain asset valuation information for GASB-34, support capital investment planning and other purposes, and optimize long range rehabilitation and replacement planning.
- Internet-based customer communications capabilities for activities such as permits and inspections.
- Labor tracking mechanisms to help support full cost accounting for fees and charges.

CONTRIBUTING FACTORS:

- Technology applications have revolutionized local government in the past two decades. Most local governments face the problem of developing integrated, long range information systems strategic plans to design and build systems that meet efficiently their long range goals and objectives.
- Approaching problems and responsibilities solely from a “department” perspective rather than an “enterprise” perspective can hinder effective design and integration of technology tools.

OPERATING AND COST IMPACTS:

- Development or update of an integrated IS strategic plan.
- Medium and long range design and implementation costs for development of major enterprise-wide systems.

POTENTIAL BENEFITS FROM OPERATIONAL CHANGE:

- Better enterprise-wide service integration and long range cost control.
- Improved service to customers.

ANALYTICAL NEXT STEPS:

- Determine status of town’s information systems strategic plan and its scope of coverage.
- Identify specific service and performance needs that technology solutions would address and suggested enhancements of the IS plan to address these needs.

Issue 4: Buildings & Grounds Maintenance

DESCRIPTION:

The Town provides building maintenance services in two separate departments: Public Works and Housing. Similar skills are utilized to perform these functions, yet they are managed separately with employees performing the functions in similar job classifications located in two departments.

CONTRIBUTING FACTORS:

- Potential for reduced operating costs of providing building maintenance services
- Separate clientele (Housing Department clients and town departments)
- Separate funding sources – HUD funding for Housing building maintenance staff

OPERATING AND COST IMPACTS:

- Potentially higher than necessary costs for building maintenance services
- Lack of common standards for public area maintenance

POTENTIAL BENEFITS FROM OPERATIONAL CHANGE

- Reduction of costs through unified management and work standards
- Enhance emphasis on customer service
- Enhance project management
- Reduction of permanent staffing
- Improvement in overall conditions of town maintained facilities, including housing units.

ANALYTICAL NEXT STEPS

- Identify alternative business models to provide services
- Test current system against industry practices
- Analyze workload and skill set of staff to ensure it is aligned with service demands
- Evaluate alternative management structures for building maintenance services
- Develop appropriate cost models

Issue 5: Fleet Management Operations

DESCRIPTION:

The town maintains two separate management structures and work groups for fleet repair and maintenance: one in Public Works and one in Transit. Although the emphasis of repairs differs between the two operations (maintaining a transit fleet versus a more diverse fleet of all other town vehicles), there is potential for improved efficiency and reduced costs through consolidation of fleet management operations. Sharing of resources and operational processes could potentially improve overall fleet management for the town.

CONTRIBUTING FACTORS:

- Separate management/purchasing systems
- Separate funding sources for Transit and Public Works
- Separate work order/repair systems

OPERATING AND COST IMPACTS:

- Possible realignment of certain management and operating responsibilities among departments.
- Streamlined management system could reduce costs based on elimination of work duplication

POTENTIAL BENEFITS FROM OPERATIONAL CHANGE

- Improve customer service
- Improve operational processes
- Reduced management costs
- Potential benefits relate primarily to management and customer service opportunities; the Town's current approach to the maintenance facilities themselves is the most appropriate one, given the differences in the fleet equipment and maintenance needs.

ANALYTICAL NEXT STEPS

- Identify alternative business models
- Review span of control for management/supervisory positions
- Evaluate alternative internal management systems

Issue 6: Multiple Payroll Cycles

DESCRIPTION:

The Town maintains several payroll cycles for different employee and retiree groups. Multiple payroll processes require one full time and one part time (30 hours/week) position to prepare weekly, bi-weekly, and monthly payrolls. The majority of the approximately 800 positions in the system are paid on a bi-weekly basis, but additional effort is required to maintain three separate pay cycles.

CONTRIBUTING FACTORS:

- System has developed over time – in response to perceived need for certain employee groups to be paid weekly
- Monthly payroll maintained for retired police officers

OPERATING AND COST IMPACTS:

- Additional cost of payroll processing for town to produce twice as many checks yearly for certain employee groups.

POTENTIAL BENEFITS FROM OPERATIONAL CHANGE

- Reduce staff time commitments through elimination of payroll processing costs

ANALYTICAL NEXT STEPS

- Identify alternative business models
- Determine the negative effects, if any, on employees if payroll runs are reduced.
- Evaluate alternative payroll processing systems

Issue 7: Recovery of Commercial Solid Waste Collection Costs

DESCRIPTION:

The Town's Public Works Director indicated in the initial interview process that the cost recovery level for commercial solid waste collection is approximately 1/3 of cost. Commercial solid waste collection is an important part of the Town's overall waste management plan, and factored into the Town's landfill agreements. At issue is how to maximize Town revenue consistent with those landfill obligations.

CONTRIBUTING FACTORS:

- Existing agreement with Orange County commits the Town to send its entire waste stream to the County Landfill.
- Fee levels are not set to recover the cost of providing the service, thereby causing a General Fund subsidy of the service.

OPERATING AND COST IMPACTS:

- Potential reduction in costs if commercial collections privatized. However, the Town may still be obligated to pay for landfill costs.
- Increased revenues if the fee structure is adjusted for full cost recovery.

POTENTIAL BENEFITS FROM OPERATIONAL CHANGE

- Net reduction in costs
- Increased revenues to assist in covering the costs

ANALYTICAL NEXT STEPS

- Analyze current agreements with the County
- Determine the overall cost/benefit effects of various alternatives (increased fees, privatization, leave "as-is").

Issue 8: Difficulty in Maintaining Authorized Police Strength

DESCRIPTION:

The Chapel Hill Police Department has a persistent difficulty in maintaining its full-authorized sworn strength. Attrition, coupled with recruitment difficulties, results in the department being short approximately ten positions of its authorized level of 112 sworn officers.

CONTRIBUTING FACTORS:

- Significant turnover has reduced the number of available personnel.
- Starting salaries and benefits do not appear to be competitive enough to encourage sufficient numbers of qualified applicants.
- The department has relied on lateral transfers for the last five-six years because it has not had an acceptable training facility.
- The dependence on lateral entries has resulted in an increased difficulty in creating a diverse workforce.
- Because of its diverse population with expectations of a high level of service, policing Chapel Hill well requires employees with high levels of tact and diplomacy, exceptional communications skills as well as high quality traditional police skills.

OPERATING AND COST IMPACTS:

- Pay and benefits issues may be resulting in some turnover of experienced staff to state and federal agencies.
- The vacancies are resulting in increased use of overtime to maintain adequate staffing for both routine operations and special events.
- Excessive overtime may contribute to employee fatigue and some “burn-out.”

POTENTIAL BENEFITS FROM OPERATIONAL CHANGE

- Strive for a more diverse work force.
- Enhance employee retention.
- Reduce overtime costs.
- Reduction of employee stress and improved working conditions through more time away from the job.

ANALYTICAL NEXT STEPS

- Compare compensation with other jurisdictions competing for recruits.
- Examine levels of overtime work.

- Review recruitment, selection and training strategies.
- Determine if increased use of civilian rather than sworn employees is feasible/desirable.
- Examine attrition; assess possible new retention strategies.

Issue 9: Fire Department Emergency Medical Response

DESCRIPTION:

The Chapel Hill Fire Department responds to requests for emergency medical service on a first responder basis. Orange County responds with full paramedic services throughout the county. The possibility for redundant service exists. Fire Department EMS first response is based on the Town's desire to have the fastest possible response to EMS calls for service. This is principally a policy level issue.

CONTRIBUTING FACTORS:

- Depending on facility location and travel time, Chapel Hill first responders may have a faster response time to medical emergencies than county units.
- 911-call screening is critical to determining the level of care needed in each situation.

OPERATING AND COST IMPACTS:

- City residents may be paying twice for EMS – for city first responder service and for county paramedic response.
- Town response to EMS calls for service may impact preparedness for fire calls.

POTENTIAL BENEFITS FROM OPERATIONAL CHANGE

- Reduced operating costs from fewer fire equipment runs
- Slightly enhanced preparedness for fire calls.

ANALYTICAL NEXT STEPS

A decision to constrain the current response policy is primarily a public policy decision rather than a business process question. Our analysis of this particular issue will be to examine the degree to which this question has been addressed in the past and to draw some conclusions about whether the policy has had the desired result. We will:

- Determine the extent to which medical services are complimentary or duplicative.
- Evaluate timeliness of EMS response to determine impact that fire first response has had on total response.
- Analyze EMS calls in the city to determine the frequency of response by both city and county units on the same call.
- Examine response times of city and county units.

Issue 10: Full cost of services and appropriate charges to enterprise funds and the general public

DESCRIPTION:

Fees and charges appear to be determined by the individual department in which the costs occur. There were no readily apparent, regularly used labor accounting mechanisms to identify actual costs or any overall allocation of full overhead charges to these rates. It is likely that full costs may not be recovered and/or that some taxpayers are subsidizing services to others. In some cases, no charges are being made for services that incur town costs and are generally recovered by other municipal governments across the country. In addition, the Town is using a simplified methodology to calculate its indirect cost rate. This rate is used to allocate administrative costs in the General Fund to other Town departments and funds. The Town has some potential lost revenue and inequities in charging other funds for these services.

CONTRIBUTING FACTORS:

- No central cost accounting function authoritatively identifies costs or sets fee levels sufficient to recover those costs.
- There does not appear to be a town policy prescribing how and by which staff group all fees will be calculated and proposed.
- The Town does not appear to be aggressive in identifying costs of services and setting policies to recover an appropriate amount of these costs.
- The Town uses a methodology for calculating indirect costs that may not equitably represent the costs of providing those services to departments.

OPERATING AND COST IMPACTS:

- Probably causes inadvertent subsidy of identifiable service recipients through the General Fund or incorrect charges to other fee payers.
- Cost subsidies in some areas likely reduce the level of available funds to conduct other direct public service programs.
- General Fund may be subsidizing enterprise fund operations.

POTENTIAL BENEFITS FROM OPERATIONAL CHANGE:

- Increased revenues for the General Fund – both from internal and external sources.
- Greater equity in charges to identifiable service recipients.
- Better information upon which to design future efforts aimed at improved productivity (i.e., knowing what a service is costing you is an important pre-requisite to doing it more efficiently).

ANALYTICAL NEXT STEPS:

- Analyze key cost centers (for example, Planning, Zoning, Building Fee Permit areas) and compare them against the actual fees that are being charged.
- Identify areas in which officials specifically intend to subsidize services.
- Estimate the dollar value of lost revenue or subsidies to service recipients.
- Analyze the current indirect cost rate methodology (single rate) and determine if a multiple rate methodology would generate additional revenues.
- Recommend whether a cost of services analysis is appropriate for selected town service areas