

**TOWN OF CHAPEL HILL, NORTH CAROLINA
OPERATIONAL AND EFFICIENCY REVIEW
DRAFT REPORT
March 23, 2005**

This report builds upon the ten primary issues that the MAXIMUS project team identified and then presented to the Town in the March 10, 2005 meeting during the preliminary diagnostic review project phase. It includes a priority order of importance for the issues as detailed in the table below.

	Short term	Long term
Revenue enhancement	<ul style="list-style-type: none"> • Solid waste charges/ adjusting service delivery for Solid Waste Operations • Identifying full cost in fees for development services/increased indirect cost recovery potential 	
Expense reduction	<ul style="list-style-type: none"> • Coordination across departments • Building and grounds maintenance • Fleet maintenance • Payroll cycle 	
Service quality improvement		<ul style="list-style-type: none"> • Customer service • IS support • Police staffing • Fire response strategies

The table indicates that there are seven issues MAXIMUS believes can generate the most immediate impact in terms of cost savings and/or revenue enhancement. The issues generating the greatest magnitude of either revenue enhancements or cost reductions in the short term are given the highest priority and are discussed in that order in the following narrative.

This report presents the ten issue areas addressed in greater detail than the initial issues report presented on March 10th. The detailed analysis conducted during the last two weeks has allowed the MAXIMUS consulting team to confirm or reject the potential issue as an area for the Town to consider as it seeks to improve service efficiency, maintain (or enhance) service levels, and reduce costs or enhance revenues wherever possible.

The analytical phase conducted included contacting operational departments and conducting further on-site meetings with additional detailed data collection where appropriate. In addition, the project staff also continued its research and analysis of other industry standard models to determine their specific applicability to the Town of Chapel Hill.

Where the analysis confirms potential savings or service improvements, this report describes the respective issue in greater detail than the initial issues summary, provides recommendations for improvements, and presents a business case concerning potential cost savings or service improvements.

This report is still a work in progress. During the coming week, Town staff will have the opportunity to review this material and to provide comments to the MAXIMUS project staff. In addition, there are several areas in which some additional analysis is continuing. For example, MAXIMUS staff has received two alternative reports relating to the commercial refuse collection issue, and we need to review those reports with Town staff to reconcile the information in each with the preliminary information provided in this report. In addition, we are still evaluating options relating to building maintenance operations and need to have further discussions with Town management regarding some organizational options.

The following table summarizes the preliminary revenue and expenditure options identified in this report. Where possible, we attach specific dollar amounts to the recommendations, either identifying revenue enhancements or cost reductions. As appropriate following departmental review, we will revise the estimates to reflect those reviews.

Summary Fiscal Impact of Recommended Actions and Options

Recommendation or Option	Potential revenue impact	Potential expenditure impact
Issue 1: Solid waste charges (4options)		
Option 1: Begin charging multi family apartments as businesses	Maximum of \$411,000, although this would likely be less than this amount if multi family units opted for alternative private services.	No apparent impact other than marginal cost increases for added service billings.
Option 2: Charge full cost to commercial customers	Maximum of \$191,000, although this would likely be less than this amount if businesses opted for alternative private services.	No apparent impact
Option 3: Stop providing commercial services while continue service to multi-family businesses	Loss of \$355,000 per year in revenue.	Elimination of \$546,000 in expenses offset by an unknown one-time amount for possible resale of unneeded packers.
Option 4: Stop providing commercial services and services to multi-family business (Recommended Option)	Loss of \$469,000 per year in revenue	Elimination of \$1,071,000 in expenses
Issue 2: Identify full cost of services and adjust fee schedule to recover full amount	Possible increase of \$280,000 in revenue city-wide	One time cost of \$40-60,000 for the cost study and fee adjustments
Issue 3: Consolidate fleet maintenance in Transit	No apparent impact	Reduction of \$110,000 in current expenses, after adjusting for a general fund contribution to the

Recommendation or Option	Potential revenue impact	Potential expenditure impact
		Transit fund for fleet management services.
Issue 4: Building maintenance	No apparent impact	Reduction of cost of one superintendent position at estimated value of \$83,000 for salary and fringe benefits
Issue 5: Coordination of activities across departments	No apparent impact	No apparent impact
Issue 6: Multiple payroll cycles	No apparent impact	Reduction of about 10 percent of workload in payroll processing and negligible supply costs.
Issue 7: Customer service	No apparent impact	No apparent impact, although the effort to assess in depth current practices would consume staff labor effort.
Issue 8: Information systems strategy	No apparent impact	The process of identifying functional needs and designing overall systems architecture would take consulting and staff time over an extended period. It would also result in a blueprint for a revised applications architecture that would also be costly over time.
Issue 9:	No apparent impact	No apparent impact
Issue 10:	No apparent impact	No apparent impact
Summary	<p>These recommendations will result in an estimated increase in revenues of \$280,000 for the general fund and a net reduction in expenditures (costs less revenues that would be lost) of \$794,980. This would result in a net impact of \$1,074,000 to the general fund. It should be noted that these are annualized figures. It is expected that savings relating to commercial solid waste would be only partly achieved in the coming year, and savings in fleet management consolidation would occur only after completion of the Operations Center.</p>	

Issue 1: 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. In addition, the Town also provides services to multi-family rental units as if they were residential customers, with some exceptions for large volume collection.

CONTRIBUTING FACTORS:

- Fee levels are not set to recover the cost of providing the service, thereby causing a General Fund subsidy of the service.
- The treatment of multi-family rental residential units also represents a significant cost impact for the Town.
- The Town provides commercial level service at low or no-cost to various public and not-for-profit entities.

OPERATING AND COST IMPACTS:

- Potential reduction in costs if commercial collections privatized or eliminated.
- Although not completely certain, the Town may retain some landfill payment obligations, even if the commercial service is eliminated.
- Increased revenues if the fee structure is adjusted for full cost recovery.

POTENTIAL BENEFITS FROM OPERATIONAL CHANGE

- Net reduction in costs
- Potential increase revenues to assist in covering the costs

FINDINGS AND ANALYSIS

There are several alternative approaches for the Town to consider as it determines whether to pursue revenue enhancements related to Solid Waste or consider reducing costs and realizing cost savings. The first option of leaving the services "as is" will not yield any savings. The other four other scenarios are presented for consideration:

1. Continue to provide both commercial and residential trash collection and disposal services at current levels
2. Begin charging commercial service rates at residential rental locations (multi family housing)
3. Raise commercial rates sufficiently to at least break even on costs

4. Eliminate in whole or in part commercial services while retaining multi-family rental residential and other discounted services.
5. Eliminate both commercial service and multi-family rental residential and other discounted service

Current Option: Continue to provide both commercial and residential trash collection and disposal services at current levels

- The current operation results in a net annual expense to the Town’s general fund of \$3.08 million (total expenses of \$3.43 million annually less \$355 thousand in current annual revenue). That net outlay is likely to increase steadily over time reflecting general operating cost increases.

Option 1: Begin charging commercial service rates at residential rental locations (multi family housing)

- Current revenue for this service is approximately \$114,000, against expenses of \$525,000. Action to begin treating residential rentals (multi-family apartments) as businesses subject to commercial trash collection charges would result in an initial increase in revenue of as much as \$411,000 and probably only marginal cost increases related to account billings.
- There would be no other increase in operating expenses since it would involve a continuation of current services
- If charges were set at a rate sufficient to recover estimated direct costs, it would generate a maximum of approximately \$525 thousand in revenue per year although the actual revenues would likely be less and could continue to decline over time.
 - There is no guarantee that residential customers in apartments would continue to get services from the Town. If alternative private service suppliers offered lower rates, it should be expected that some unknown number would opt for private services.
 - The lost revenue would also result in comparable reductions in costs. However, while the revenue would be lost immediately after a customer decided to opt for alternative service, the Town would likely continue to incur costs for staff, operations and maintenance, and vehicle amortization for some time.

Option 2: Raise commercial rates sufficiently to at least break even on costs

- The standard annual commercial rate for 1 pick up per week is now \$801. Our rough estimates of only direct costs indicate that this is probably fairly accurate.
- The following table summarizes our estimate of the levels of effort, revenue and expense for three major classes of customer: regular residential; general businesses; and multi-family apartments.

	Residential	Commercial	Commercial type account breakdown		Total
			General business	Multi Family	
Total service locations (accounts)	11,000	616	363	253	11,616
Total pickups: general trash	572,000	52,520	39,364	13,156	624,520

	Residential	Commercial	Commercial type account breakdown		Total
			General business	Multi Family	
Total pickups: yard waste	572,000				572,000
Total pickups/year	1,144,000	52,520	39,364	13,156	1,196,520
Total volume/tonnage					
- General	8,610	12,580	6,416	6,164	21,190
- Yard waste	4,151	-	-	-	4,151
Total	12,761	12,580	6,416	6,164	25,341
Tonnage per account per year	1.2	20.4	17.7	24.4	2.2
Total revenue	\$3,079,114	\$355,000	\$355,000		\$3,434,114
Total expenses	\$2,363,114	\$1,071,000	\$546,000	\$525,000	\$3,434,114
- General	\$1,594,421	\$1,071,000	\$546,000	\$525,000	\$2,665,421
- Yard waste	\$768,693				\$768,693
Cost per ton, general	\$185.18	\$85.14	\$85.10	\$85.17	\$125.79
Cost per ton, yard waste	\$185.18				\$185.18
Cost per account/per year	\$214.83	\$1,738.64	\$1,504.13	\$2,075.10	\$312.19
Revenue per account/per year	\$279.92	\$576.30	\$977.96	-	\$295.64
Cost per commercial trash pick up			\$13.87		
Cost per year for once weekly pickup			\$721.27		
Average cost per year per account			\$1,504.13		
Average revenue per year per account			\$977.96		
Average loss per year per commercial acct			\$526.17		

- Net of the revenue from charges to businesses, the Town’s general fund pays the cost of services to residential accounts (\$214.83 per account per year), the businesses (\$526.17 per account per year) and the multi-family locations (\$2,075.10 per account per year).
- Additional rate increases to businesses sufficient to offset the existing subsidy could be undertaken to raise an additional \$191 thousand per year. Such rate increases should probably be focused on accounts getting more than one pick up per week and possibly on customers using smaller containers. The following table shows the current commercial schedule:

Container Size	1x/week	2x/week	3x/week	4x/week	5x/week
2 yd	320	642	960	1,602	2,003
4 yd	480	801	1,105	1,762	2,163
6 yd	641	961	1,266	1,923	2,323
8 yd	801	1,121	1,426	2,083	2,483

- Given the fact that the basic cost for a single 8 cubic yard container pickup per week is at least \$721 (and possibly as high as \$801) per year and since the fixed (labor and equipment) and variable costs (landfill) are presumably the same for each pickup event for this size container, then the incremental cost of multiple pickups per week should, at a minimum, escalate by a rate equal to that for a 1x/week pickup for each additional pickup. Two pickups week should cost twice as much as one per week; three should cost three times as much. They do not in all cases. The same problem exists for pricing of the multiple pickups for 2, 4 and 6-yard containers in some instances.
- Increasing commercial rates would be problematic in that the revised rates would approximate rates being charged by private haulers; a key difference, however, is that the Town does not provide commercial refuse containers while the private haulers include the containers in their rates.

Option 3: Eliminate in whole or in part commercial services while retaining multi-family rental residential and other discounted services

- The commercial operation currently appears to generate an annual loss of approximately \$191 thousand per year (expenditures less offsetting revenues) for reasons described above. Absent a substantial increase in rates, particularly for customers needing multiple weekly pickups, those losses will continue to be subsidized by the general fund.
- Eliminating the current commercial collection program would not reduce the annual subsidy by this amount. Some expenses would continue for an indefinite period of time. While revenues would disappear immediately, operating expense factors would not unless the Town laid off an equivalent number of solid waste workers as are now working on commercial services and sold off vehicles and retired any debt associated with them.

Option 4 (Recommended): Eliminate both commercial services and multi-family rental residential and other discounted services

- Retention of multi-family rental residential and other discounted services would obligate the Town to maintain commercial equipment and some staffing, thus minimizing the overall benefit of eliminating commercial services.
- The effect of eliminating both levels of service would be a loss of \$469,000 in revenues and the elimination of \$1,071,000 in expenses, resulting in a net benefit of \$602,000.
- Eliminating the commercial collection program would not reduce the annual subsidy by this amount. Some expenses would continue for an indefinite period of time. While revenues would disappear immediately, operating expense factors would not unless the Town laid off an equivalent number of solid waste workers as are now working on commercial services and sold off vehicles and retired any debt associated with them.

Issue 2: 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.
- Although town policies exist regarding cost recovery levels, the Town defines “full cost” more narrowly than industry practices.
- The Town is not always 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.
- The Town uses the OMB Circular A-87 methodology for calculating its indirect cost rate. This simplified single rate excludes certain central service department costs that can be allocated under a full cost allocation plan.

OPERATING AND COST IMPACTS:

- The Town’s current fee recovery policies and practices cause subsidy of identifiable service recipients through the General Fund or incorrect charges to other fee payers.
- Cost subsidies in some areas reduce the level of available funds to conduct other direct public service programs.
- The General Fund is not charging all allowable administrative costs to enterprise fund operations.

POTENTIAL BENEFITS FROM OPERATIONAL CHANGE:

- Increased revenues for the General Fund – both from internal and external sources. Once these fees are adjusted to more closely approximate cost, the Town will have raised its revenue base resulting in this additional revenue accruing every year.

- Greater equity in charges to identifiable service recipients.
- Developing a full cost allocation plan will provide a more comprehensive cost accounting framework for determining the full cost of Town operations. The actual costs are clearly identified because the cost allocation plan determines the complete cost of each administrative service and the appropriate share to be borne by each operating department.
- 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). A comprehensive user fee study will contain invaluable management information that may be used as the basis for further analysis of certain Town services. The evaluation of productive time and unallocated time will provide the Town insight as to where staff reductions or redeployments might be made or the amount of increased demand for services could be absorbed before additional staff would be needed.

FINDINGS AND ANALYSIS:

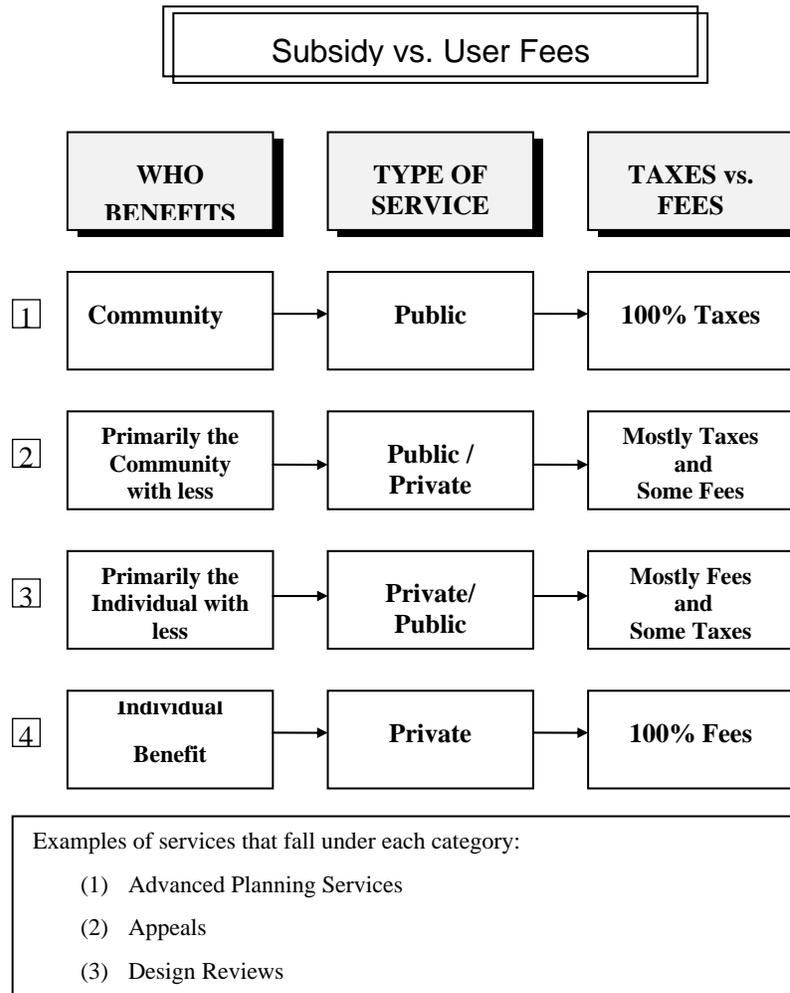
- MAXIMUS conducted an analysis of the Town's indirect cost allocation plan for FY 2004 and determined that the rate calculated conformed to the OMB Circular A-87 guidelines for simplified rate calculations. However, the Town can realize additional revenue to the General Fund by preparing a "full cost" allocation plan that identifies other central service departments that provide services to the Town's enterprise funds. Additional revenues to the General Fund are estimated to be at least \$40,000. However, this is only a reallocation of resources. If the Town were to effect this transfer, it would have the impact of reducing available revenues for the contributing funds since it is not likely that the funds would be able to generate revenues sufficient to offset the transfer. For this reason, we do not recommend this transfer at this time.
- MAXIMUS identified the potential to generate additional revenues through fee adjustments. However, a full cost of services analysis will also identify areas that the Town can examine in detail to help determine whether fees should be increased to cover the costs, processes changed to provide the services more efficiently, or programs eliminated because the costs do not justify the benefits of providing the services.
- Although the Town has policies in place to recover "full cost" of services in some areas (Adult recreation leagues, for example), MAXIMUS identified potential for additional revenue as well as the opportunity to identify programs that may be costing the Town significant dollars but serve limited numbers of its citizens. The following table presents a sample of two areas where analysis of the full cost of fees will provide the Town with information to determine service areas where General Fund property tax dollars are subsidizing services provided to individuals.

Town of Chapel Hill, NC			
General Fund Cost/Revenue Analysis Overview			
Development Related Fees			
	<u>Adopted Budget</u> 2004-05	<u>Revised Budget</u> 2001-02	<u>Cost/Revenue Identified</u> <u>(2002 Staff Report)</u>
Projected Expenditures			
Inspections	\$ 760,210	\$ 612,924	\$ 565,222
Planning	\$ 1,071,427	\$ 1,137,437	\$ 551,861
Engineering	\$ 916,312	\$ 990,149	\$ 139,509
Life Safety	\$ 255,760	\$ 235,180	\$ -
Subtotal	\$ 3,003,709	\$ 2,975,690	\$ 1,256,592
Projected Revenues			
Charges for Services	\$ 181,300	\$ 270,800	
Licenses, Permits, Fines	\$ 693,950	\$ 810,000	\$ 1,022,369
Fire Charges for Services	\$ 3,000	\$ 4,000	
	\$ 878,250	\$ 1,084,800	\$ 1,022,369
Difference	\$ 2,125,459	\$ 1,890,890	\$ 234,223
% Recovery	29.24%	36.46%	81.36%
Parks & Recreation Fees			
Projected Expenditures			
Parks & Recreation	\$ 2,318,311	\$ 2,087,870	
Projected Revenues			
Charges for Services	\$ 323,950	\$ 330,898	
Difference	\$ 1,994,361	\$ 1,756,972	
% Recovery	13.97%	15.85%	

MAXIMUS reviewed a staff report prepared using FY 2002 dollars that identified the total revenues generated in the Inspections, Planning, Engineering, and Life Safety cost centers. While the methodology is sound in estimating the cost of services, the Town was actually recovering less than 81% of its full cost of providing development related services since the calculations excluded supplies, contractual services, building use allowance, equipment use allowance, and a fully loaded indirect cost rate.

Although MAXIMUS does not believe that the Town should necessarily recover the full cost of the gap between revenues and expenses identified in the foregoing table (some activities in these departments are clearly non-fee related and should not be recovered through fees), our experience tells us that we typically identify over \$225,000 in subsidies per 10,000 population. Generally, our clients are able to successfully realize revenue increases between 20 to 40 percent of that total subsidy. In Chapel Hill's case, that would yield an estimated \$280,000 (minimally) in additional revenues annually.

- We recommend that the Town conduct a full revenue study, to be completed prior to the adoption of the next budget, so that the Council can adopt a new fee schedule to impact the budget.
- The Town should determine the full cost of services offered by each department for which user fees are currently being charged or could be charged. The full cost should then be compared to current revenues to determine the amount of subsidy (or occasionally, overcharge). With this knowledge the Town can make informed decisions concerning appropriate fee adjustments. However, simply calculating costs is not enough. The Town should understand economic issues, such as elasticity of demand, and use a variety of factors in setting fees. The underlying rationale to charge full cost for user fees is simply this: the Town is providing a distinct service or product to a business or individual who is gaining a monetary, emotional, or recreational benefit. Equity says that others who do not participate in that benefit should not subsidize individuals or businesses. For example, why should a long-term resident living in a central part of the community subsidize the development costs of opening up a new subdivision on the edge of the town?
- In the past, many local governments did not stress subsidy issues since there were alternative tax avenues available to fund government services. This is no longer the case. MAXIMUS recognizes, however, that there are circumstances and programs, which probably justify a General Fund subsidy (e.g., youth, senior, and disadvantaged recreation programs, certain classifications of code enforcement, library services, etc.) With this in mind, MAXIMUS has developed a service/benefiting agent matrix to help place the subsidy issue in proper context. The matrix with typical fee issues is shown in conceptual form in the diagram on the following page:



MAXIMUS believes that understanding and application of the matrix is important in generating acceptance of fee for service cost recovery levels by the Town Council and community/business groups. Through this visual perspective the rationale for cost recovery becomes clear and defensible.

MAXIMUS recommends a methodology for developing fee for service calculations that creates a standard cost model for each current and potential fee. We believe that a service qualifies for the “fee” designation where the activity benefits a specific individual or group, as opposed to the public at large. For example, a development activity clearly fits the definition – whether the beneficiary makes a near-term profit or not – as opposed to police patrol or park land maintenance, which benefits the community as a whole.

Issue 3: 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/parts/inventory 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

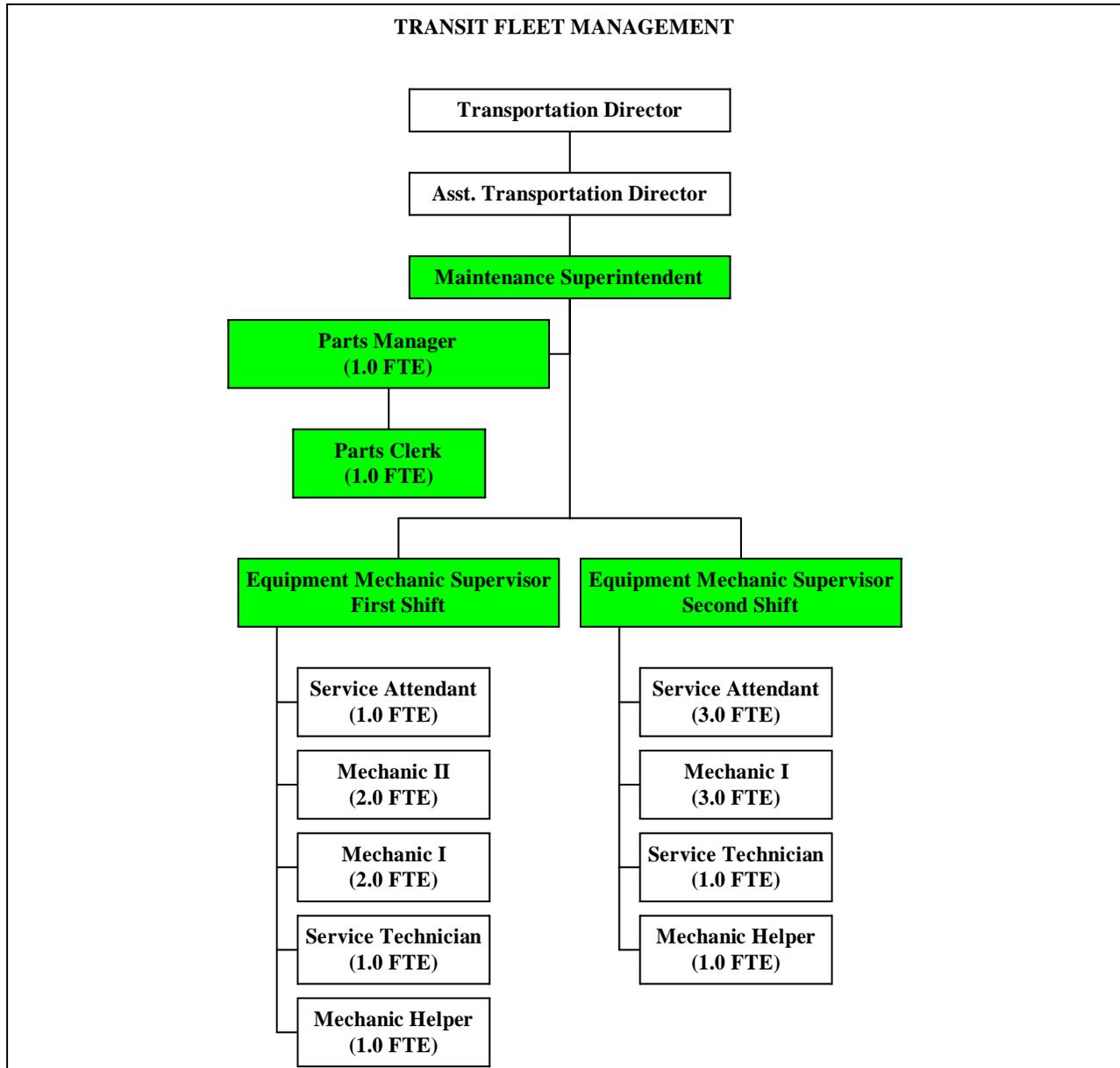
- Improve customer service
- Improve operational processes
- Reduced management costs
- Potential benefits relate primarily to management and customer service opportunities; the Town's current approach to the maintenance facilities themselves is the most appropriate one, given the differences in the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

FINDINGS AND ANALYSIS

- Operating as separate organizations, the two fleet maintenance operations did not exhibit excess capacity in staffing at the mechanic level and below (positions employed to perform direct work on fleet vehicles).
- Certain functions will need to be carefully maintained (inventory accountability, for example), but consolidating fleet management software and inventory management software is recommended.
- The two operations have a number of similar, transferable duties in several key management, supervisory, and support positions within the fleet management operations as evidenced in a comparison of duties and responsibilities between the Transit Department and the Public Works Department fleet operations. Positions exhibiting similar duties and responsibilities are highlighted in the following organizational charts by shading the boxes of those positions: Transit fleet maintenance

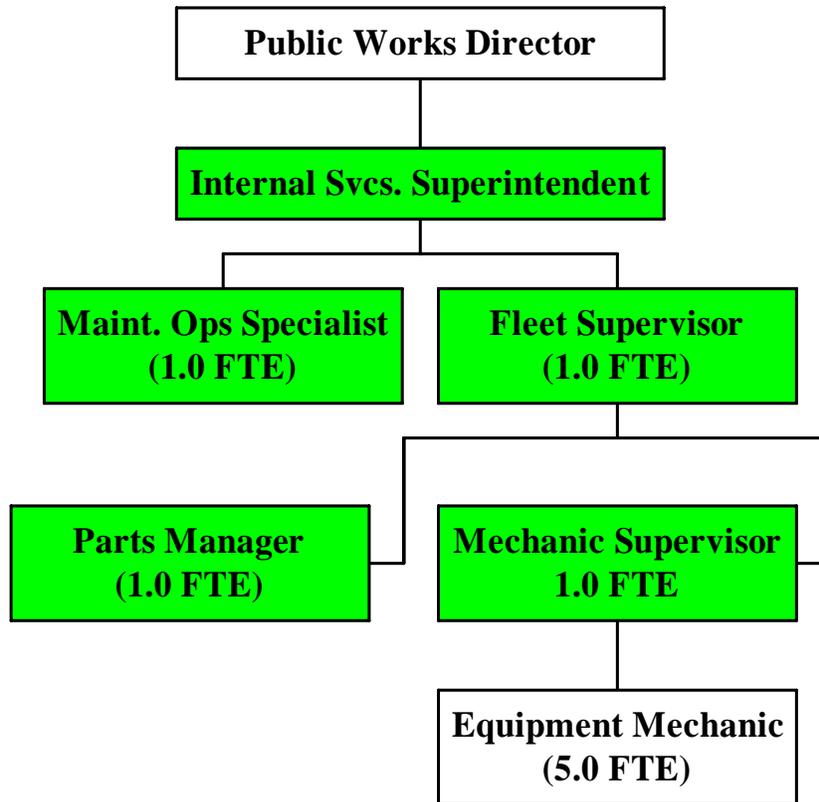
is organized as profiled in the organization chart below, followed by the Public Works fleet maintenance operation:

ORGANIZATION CHARTS



- The shaded positions above represent those with duties that are similar to those contained in the Public Works Department’s fleet maintenance staffing. They are the positions that MAXIMUS analyzed for potential consolidation in a joint Public Works/Transit fleet management program.

PUBLIC WORKS FLEET MANAGEMENT



- The shaded positions above represent those with duties that are similar to those contained in the Transit Department's fleet maintenance staffing. They are the positions that MAXIMUS analyzed for potential consolidation in a joint Public Works/Transit fleet management program.
- Recommend the consolidation of duties and responsibilities and elimination of the following three positions. It is recommended that the planning for these adjustments occur before the movement of staff to the Town Operations Center and be implemented in conjunction with that move:
 - Eliminate the Fleet Supervisor position in Public Works and the Maintenance Superintendent in Transit. Responsibility for managing the joint fleet operation would be assigned to the current Assistant Transportation Director. To effect this change, it will be necessary for the Town to provide some additional training in the area of automated fleet management. Also, the general fund would need to subsidize a portion of the cost of public works fleet management to the Transit Fund. The estimated maximum value of elimination of the positions would be \$92,000 plus fringe. Anticipating approximately \$25,000 in general fund contribution, the probable annual savings is estimated at \$67,000
 - Consolidate the duties of the two Parts Manager positions into a single position, thereby saving approximately \$43,000 annually in salaries and fringe benefits. This would leave a full time parts clerk in Transportation and a half time parts position in Public Works, supervised by a single Parts Manager.

- Our observation of the fleet functions in both departments, but particularly in Transportation, is that the fleet maintenance activity is, at best, marginally staffed. While we did not conduct a detailed analysis of maintenance staff requirements, we recommend that the Town consider options for some additional staffing in the near future. This staffing consideration should be in conjunction with further evaluation of the feasibility of instituting a partial weekend shift in Transportation.

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

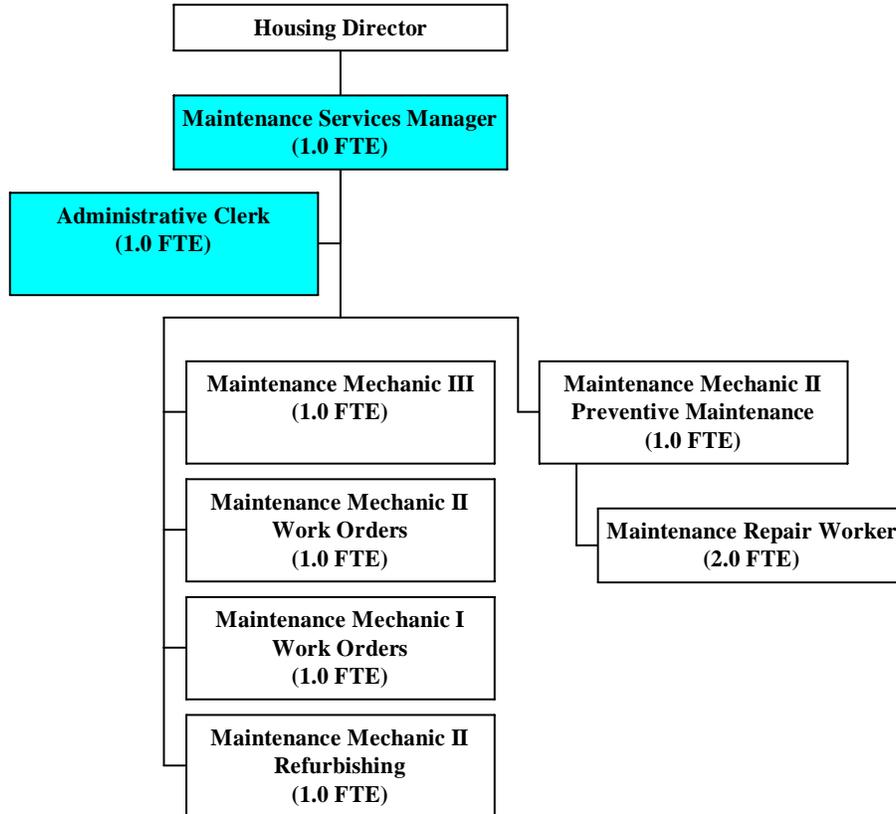
- Reduction of costs through unified management and work standards
- Enhance emphasis on customer service
- Enhance project management
- Reduction of permanent staffing
- Improvement in overall conditions of town maintained facilities, including housing units.

FINDINGS AND ANALYSIS

- Operating as separate organizations, the two building maintenance operations did not exhibit excess capacity in staffing in positions employed to perform direct building maintenance activities.
- Certain functions will need to be carefully maintained (inventory accountability, for example), but consolidating building maintenance management (work order system) software and inventory management software is recommended. The Housing Department is currently in the process of procuring new building maintenance management software. The Town should ensure that the software could be used for a unified building maintenance management system.
- The two departments have several similar, transferable duties in several key management, supervisory, and support positions within building maintenance management operations as evidenced in a comparison of duties and responsibilities between the positions. The following organization charts depict the reporting relationships in each department.

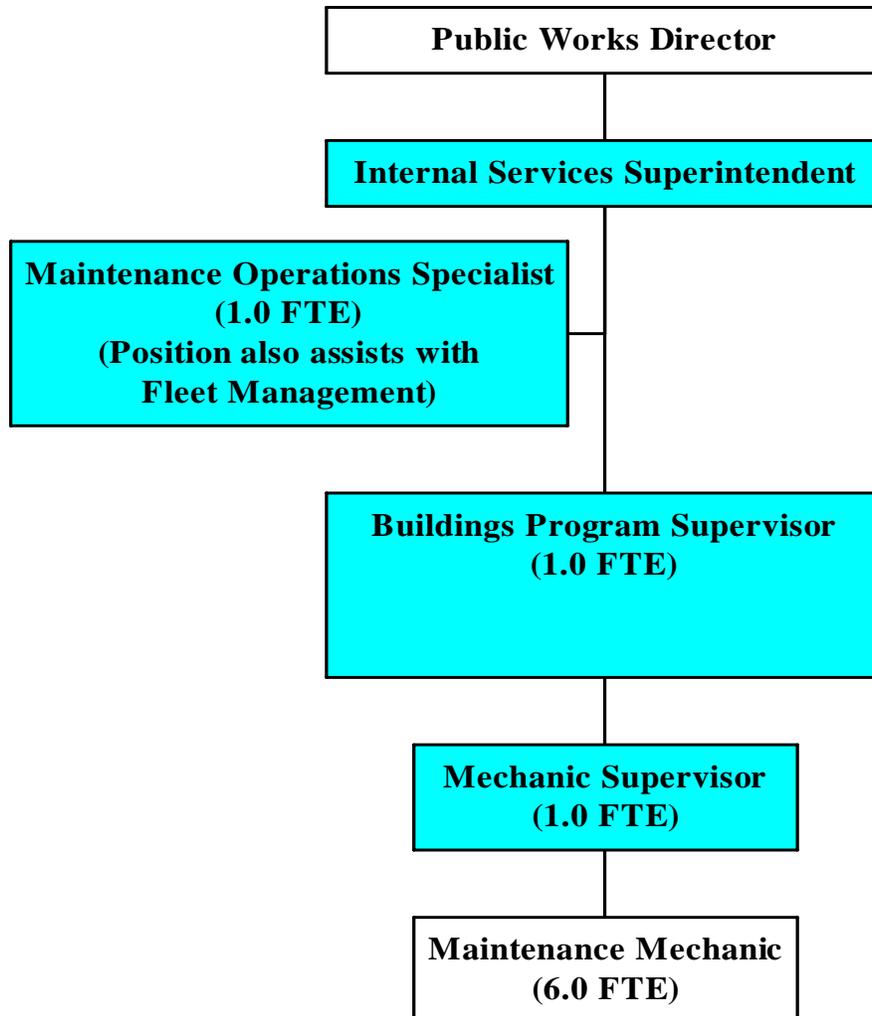
ORGANIZATION CHARTS

Housing - Facilities Maintenance



- The organization chart above identifies that the management position (Maintenance Services Manager) and the administrative support position (Administrative Clerk) have similar duties and responsibilities as the positions identified in the following Public Works Facilities Maintenance work group.

Public Works Internal Services - Buildings



- Several one-on-one (or narrow spans of control) reporting relationships exist in Internal Services. The reporting relationships may result in an even narrower span of control for the Internal Services Superintendent, depending on how Fleet Management is reorganized. The Internal Services Superintendent may supervise the Building Program Supervisor who, in turn, will supervise the Mechanic Supervisor. MAXIMUS recommends eliminating the Internal Services Superintendent position in the Public Works Department. This would result in annual salary savings of an estimated \$83,000, including fringe benefit costs. Because this position also supervises public works fleet operations, the elimination of this position is accomplished, in part, through the earlier recommendation regarding fleet management consolidation.
- HUD requires regular inspections of properties and it conducts tenant surveys to judge the Housing Department's performance against national standards. MAXIMUS' review of the documentation

provided by the Housing Department indicates that the maintenance functions of department exceed national standards. Although the department has recently had a vacancy in the Maintenance Services Manager position, the department has met or exceeded HUD performance standards. This would indicate that it might be possible to eliminate either this position or the equivalent position in Public Works.

- A lengthy Internet search of Housing Departments, who are departments within municipal governments and not separate authorities, did not indicate an industry practice of combined building maintenance functions for housing units and public buildings. One of the Housing Department's primary functions is to ensure proper repair and maintenance of rental units. More than half of the staff in the Housing Department is devoted to maintaining the 336 housing units. To combine building maintenance for Housing and Public Works would be a significant variation from national norms; however, the MAXIMUS project team will further consider this possibility as part of our final report.
- Consolidation of the building maintenance functions would include elimination of one supervisory position in the Public Works Department. MAXIMUS recommends maintaining the Internal Service Fund concept, and centralizing all public building maintenance costs in one cost center (utilities, supplies, contractual services), whenever possible. Currently, the Town cannot easily identify the full cost of its building maintenance activities because the maintenance funds are scattered throughout various Town departments.
- In light of the earlier recommendation to move fleet maintenance to the Transit group, we also recommend eliminating the position of Internal Services Superintendent, which appears to be adding an unnecessary layer of supervision between the Director and the maintenance operations.

Issue 5: 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, storm water 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.

FINDINGS AND ANALYSIS:

Traffic Planning and Management

- There are at least three different stages of the traffic planning and management lifecycle.
 - Higher level traffic planning involving coordination with other jurisdictions is carried out in the planning department,

- Traffic engineering takes place in the engineering department and
- Road system maintenance is the responsibility of the public works department.
- This three part division of labor among functional specialists is entirely consistent with how this business process is organized in virtually every other jurisdiction with which we are familiar. Each function is unique, focuses on different aspects of the business process, and requires different skills. Different specialists normally perform all three functions, but the placement of those specialists in operating departments is not always consistent and usually reflects a city's needs for coordination and control.
- At issue is whether the degree of coordination among these sub-processes is sufficient, particularly in terms of whether the product generated by each party is adequate to meet the needs of the others.
- We saw or heard nothing to indicate that the substantive performance of any party was a problem. The concern was with whether more coordination of effort was required.
 - Coordination between planning and engineering does not appear to be a problem.
 - Coordination between traffic planning and street maintenance does appear to be a problem
- Specifically, traffic engineering is responsible for technical studies and for ensuring that certain technical standards are set and maintained in road and traffic control device maintenance. At present, the required maintenance is done by public works. Traffic engineering has no completely effective way to control the scheduling of required inspection and maintenance work in public works or of verifying that the work was performed to specifications without conducting separate inspections.
- Potential impacts:
 - Potential public safety concerns and greater risk exposure for the Town if known work is not performed promptly and to specifications, and
 - Duplication of effort in engineering checks on whether work has been performed as required.

Possible solutions

- Any solution has to address two concerns: 1) assured prioritization of maintenance work; and 2) efficient inspection and verification that work has been completed to specification.
- Consolidation of Responsibility and Authority Option: Remove the traffic engineering function from the Engineering Department and re-site it as a separate group within the public works department. In this scenario the public works director would then have ultimate responsibility and authority for ensuring that technical traffic control and maintenance requirements were being met promptly and accurately. Likely operating impacts:
 - No additional operating costs.
 - Tighter assurance of coordination of traffic engineering and road maintenance efforts with a likely reduction in inspection work duplication.
 - Reduced Town risk exposure in the event of a death or injury that might result from delayed or inadequate maintenance actions.
- Technology Based Option – Keep current organizational alignment of functions, but install a more sophisticated computerized maintenance management system, permit traffic engineering to enter work orders that have authoritative weight in public works, and set up procedures for public works reporting to traffic engineering according to their specific needs. Likely impacts:

- A more sophisticated CMMS will be expensive and shouldn't be pursued just for sorting out one operating issue; it has to be explored, designed and installed for a wider range of enterprise concerns and processes.
- Any attempt to allow authoritative prioritization of work activity in Public Works from outside the chain of command will create the same downstream coordination and control problems currently experienced regardless of how sophisticated the CMMS is that is used to organize maintenance efforts.

Development Permits

- The Town's approach to development permit processing is more or less identical to every other city with degrees of participation by planning staff, engineering, and building inspection staff. Where it differs from some cities is in the degree of coordination and synchronization of effort applied to achieve a seamless service experience for the customer.
- In recent years many other cities have adopted more aggressive approaches to customer service designed not from the point of view of achieving efficiency or effectiveness in individual city departments but from the perspective of the efficiency and effectiveness needs of the customer.
- Some times going under the name of "one stop shopping", the customer (such as a permit applicant) in need of "packets" of integrated, coordinated service from multiple city departments deals with a cross-disciplinary team which works with him or her from project inception through close out.
- A permit applicant in most cities usually must deal with the planning department, fire department, building inspection officials and, sometimes, public works personnel. The difference among cities is in the degree of process coordination and customer outreach that is attempted.
 - In the old model the customer must often shuttle from one functional group to another – accommodating the established work processes of the government staff -- to complete a process checklist.
 - In the newer model, the city brings the functional expertise together in one place (the team) and services the full needs of the customer.
- Results that are often seen after switching to a highly coordinated team approach:
 - Greater public satisfaction with application processes
 - Reduced applicant time costs through a more systematically controlled process
 - Reduced city application processing time and effort as applications are processed more quickly
 - Often fewer applicant mistakes and re-work requirements due to lack of knowledge or guidance through the application process
 - Higher degrees of automation of application and land use data
- Common characteristics of a more highly coordinated application process:
 - Formal assignment of a cross disciplinary team to work on each application review project, with a single party (usually a planner) serving authoritatively as the coordinator of the team's work

- No need for functional reorganization as long as lateral communication and control processes can be established effectively
- A single point of contact (usually the project coordinator) for the customer from project inception through close out
- Formally defined participation roles for all members of the team and pre-established workplans and timetables for executing application reviews for different classes of project
- Synchronized parallel review processes across functional boundaries to help reduce the time needed for application processing.
- Effective management and coordination of all permit application data on an integrated system that also services to knit together the efforts of cross-departmental team members (usually a module of or an adjunct to a land management system).
- Actions to consider
 - Pilot project design and testing of an integrated team approach to permit applications (probably using the established experience of another city that had already successfully implemented this approach)
- Probable cost impacts:
 - No short term revenue enhancement or cost reduction
 - With experience, it will probably reduce the amount of staff effort that must be invested in permit application review
 - Success ultimately will depend on information systems to help manage information effectively across departmental boundaries so investments will ultimately be required in that area. The automated tools needed, though, will be enterprise-applications such as a general land management system or various document management systems with broader applicability than simply in permit processing.

Capital Project Planning

- Responsibility for developing the capital improvements plan rests now with the planning department. The planning process currently involves planning, public works and finance as well as other departments as needed.
- The Town appears to perform significant financial and operational planning and review as part of its annual capital planning processes, and the process appears to work appropriately at this time.

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

FINDINGS AND ANALYSIS

- Eliminating weekly payroll will eliminate processing of approximately 250 paychecks for 26 pay periods. This reduction will free up an additional eight hours every other week for the payroll staff, resulting in a ten percent reduction in workload for the year. Staff indicated that they planned to request additional hours for a part-time position to manage this workload. Elimination of weekly payroll for 250 employees would eliminate the need for additional part-time hours. This is a cost avoidance strategy rather than a cost reduction strategy.
- Minimal savings will be realized in payroll supply costs.

Issue 7: 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 perspective, 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 workflow 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 that 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

FINDINGS AND ANALYSIS:

- Aggressive attention to customer service has been a major theme in private business and, increasingly, in public organizations in the last decade.

- In our earlier comments, we said that we had not noted a comprehensive and aggressive approach to customer service and specifically recommended that the Town:
 - 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 workload 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.
- An in-depth review of overall customer service approaches typically involves an examination of performance against the following standards:
 1. The city as a whole has established and maintains a clear and consistent position on the importance of customer service.
 - a. Mission statements articulate a clear position on the importance the city places on high quality service to customers.
 - b. Departmental operating plans set out clear goals, objectives and targets for operationalizing customer service objectives
 - c. There are formal processes for collecting and evaluating data on customer service
 2. The city actively seeks out feedback on the concerns and needs of customers.
 - a. The city actively works with customers to define and anticipate their needs and to evaluate performance.
 - b. There are well-publicized mechanisms for securing public feedback on performance (e.g., citizen surveys, customer advisory groups, performance feedback cards, etc.)
 3. The city aggressively emulates the successful customer service techniques of other jurisdictions.
 - a. Mechanisms exist for actively researching best practices and effective customer service techniques
 - b. Specific individuals are assigned responsibility for identifying these opportunities and conveying them to the appropriate officials.
 4. The city supports and encourages workers who show a strong customer service orientation.
 - a. Formal goals and performance evaluations of both individuals and work groups contain elements related to customer service.
 - b. There is consistent evidence that individuals who aggressively pursue high quality customer service are recognized and rewarded
 5. The city and all of its organizational components review performance and redesign work processes, as needed, to support customer service objectives.
 - a. The written policies and procedures reflect the organization's concern with customer service
 - b. Work processes are redesigned as needed to take into account service objectives and feedback on customer service performance
 6. The city regularly measures performance on customer service.

- a. Customer service performance measures are systematically employed
 - b. Customer service results are evaluated regularly and the results of those evaluations used to re-engineer future efforts
7. Top management actively participates in customer service efforts
- a. Top managers routinely participate in defining customer service goals
 - b. Top managers have mechanisms in place for getting effective feedback on customer service results
 - c. There is evidence that top managers regularly emphasize customer service results in evaluating their subordinates.
- Our earlier comments were meant to suggest that the Town needs to look at its performance in depth using these standards.

Issue 8: 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.

FINDINGS AND ANALYSIS:

- Our initial comments in this area suggested that two basic steps needed to be undertaken:
 - 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.

- This outlines the basic segments of a functional requirements analysis, which is the first step in developing a broader IS data and application architecture for an organization.
- In a sense, this type of work would constitute an initial phase in the development of a technology strategic plan and, like all strategic plans, involves developing some fairly detailed descriptive inventories of “where we are” and more broad definitions of “where we would like to be” at some future date.
- Both of those tasks are quite beyond the scope of this effort and would require specialist services and a considerable staff investment over time – probably a year or more – in developing a comprehensive map of current and long range business information needs, design of an integrated, enterprise-wide architectural plan to meet those needs efficiently, and development of a multi-year plan for implementation.
- Our intent, in our initial comments, was simply to point out that the Town appears to be in need of just such a long-range assessment of its business needs.

Issue 9: 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.

ANALYSIS

Over the last five years the Chapel Hill Police Department has hired officers that have already been certified as North Carolina police officers – lateral transfers. The department has some

flexibility in bringing laterals in at pay levels higher than starting salary, based on their experience and salary history. There is a great deal of competition for lateral employees in North Carolina, especially among smaller agencies that find it difficult to bear the cost of sponsoring a recruit through an academy. The pool of potential lateral transfers is composed of those who have already decided to become police officers and is overwhelmingly composed of white males. Additionally, because of the self-selected nature of this population, it is difficult to find those who have the characteristics that are necessary to be successful officers in Chapel Hill, i.e., high levels of tact and diplomacy, exceptional communications skills and high quality traditional police skills. Most departments recognize the value of such officers and officers with this skill set usually have advanced through promotion or special assignments within their departments making them less likely to leave.

The CHPD has been unable to recruit pre-service candidates for an in-house academy because its training facility has not met required standards. Work on an acceptable training facility is nearing completion and the department will be able to deliver its own recruit training by the fall of 2005. Consequently, if the department can successfully recruit and select a group of candidates, it will have an opportunity to alleviate its staffing shortages. However, there are several conditions that need to be met for this strategy to succeed.

The department needs to ensure that its starting salary and its benefits package are competitive with other area agencies. Currently the starting salary in Chapel Hill is \$30,755 compared to the North Carolina Highway Patrol at \$32,069, Durham at \$33,030 (after training completion), Cary at \$33,446 and Raleigh at \$31,070. Chapel Hill also lacks an educational incentive that some other department can offer. Although the CHPD requires only a high school diploma or GED for entry level police officers, it should have the ability to reward recruits with higher education levels since more educated officers are likely to be successful in Chapel Hill.

An educational incentive should be extended not only to recruits but also as a retention incentive for existing personnel.

Given the Town's budget constraints, the department should consider using the funding for up to two vacant positions to fund an increase in starting salary and an educational incentive.

The department has been analyzing the psychological profiles of officers that leave the CHPD and comparing them to officers that remain in the department. This information should be used to help select the new hires for the department's fall academy class.

The department should establish a position classification that will allow immediate hire of those that it selects for its next academy. Too often a department will make an offer to a potentially good recruit only to find that because of the time lag from the offer to the start of an academy another department hires them and places them in an academy that starts sooner. By having the ability to hire candidates immediately and have them work for the department pending the start of training the department will become more aware of each candidate's characteristics and the candidates will get a thorough orientation to the department. The nature of these positions needs to be carefully considered so that the department benefits from the work that is performed and the candidate gets experience that will help them in their training and their work as an officer.

These positions will help to forestall losses to other departments that result from a lag between employment offer and the beginning of training.

The department should approach the Town about creating an academy class large enough to compensate for expectations of attrition in the current work force. By “overhiring,” based on anticipated retirements and other normal attrition, the department is more likely to be at full strength when its academy class graduates.

To help ensure success through the academy training process, the department should carefully review its training approach. Academy training should assume that the selection process has produced candidates with the characteristics that will make them good Chapel Hill police officers when they complete training. It should not be designed primarily to weed out those who somehow slipped through the selection process and are unsuitable. The training process should be rigorous and designed to place trainees under stress similar to that they will encounter as a police officer but it should expect that each recruit should be able to succeed and not that some will inevitably fail.

The department should assign each recruit a mentor as soon as they are hired. The purpose of this is to provide the recruit with a role model and with someone that can help integrate them into the CHPD, the department’s unique policing style, and the police profession.

The department should integrate its field training program and the academy so that trainees experience a seamless process of training. Field training officers should be fully versed in the academy curriculum and should support the policing approaches, techniques and skills taught there. The academy curriculum should include extensive scenarios and simulations which should include field training officers whenever possible.

Issue 10: 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.

ANALYSIS

The Chapel Hill Fire Department provides first responder (Basic Life Support) emergency medical services within the Chapel Hill Town limits. Dispatching protocols specify that CHFD First Responder units are to be dispatched to serious or life threatening medical calls only. CHFD units are not normally dispatched to calls in medical facilities (such as nursing homes) that have on duty medical personnel. In FY 2003, the CHFD made 745 first responder medical calls and in FY 2004 1,069 calls were made. Fire apparatus vehicles carry first responder medical equipment and are used to answer calls for emergency medical services.

The Orange County Division of Emergency Medical Services dispatches Initial Response Vehicle Paramedics to all EMS calls, both those originating from unincorporated portions of the county and from the Town of Chapel Hill. These paramedics operate as Advanced Life Support providers and respond in sedans equipped with all necessary medical supplies and equipment. Transport services are provided by separate ambulance services.

Emergency medical calls in Chapel Hill, determined to be serious or life threatening, will receive a response both from First Responders from the CHFD and from an Orange County Paramedic Unit. The role of the First Responder is to provide care to the patient until relieved by county EMS personnel. Patient care direction is to be deferred to county EMS personnel once they have arrived on the scene with CHFD personnel assisting as requested by the paramedic.

First responder medical services are secondary to the CHFD's fire suppression services. Under specified circumstances the county dispatch center will be notified that due to heavy involvement in fire suppression, the CHFD cannot respond to emergency medical services requests.

Typically the response time for First Responders is lower than for the Paramedic units because the First Responder units respond from the Town's fire stations that are located so as to minimize the response time to fires in each station's coverage area. Paramedic units are not similarly pre-positioned for the most part and roam in a manner similar to police patrol officers. They also have responsibility for countywide response. The county is experimenting with an altered shift schedule that may result in positioning its paramedic units.

North Carolina law specifies that counties are the Emergency Medical Services authority and are charged with providing EMS service throughout the county. Orange County retains all costs that are recovered as a result of providing emergency medical services even when the CHFD is the first responder. No data is currently available that would indicate what portion of EMS calls in the town require only first responder services and therefore do not require a paramedic response. Current protocols mandate paramedic response to all EMS calls and do not provide for first responders, based on their on-scene medical assessment, to cancel paramedic response. (If the first responders do arrive and determine that a person has canceled the request or has been transported from the scene already, they are able to cancel the paramedic call.)

The primary benefit of the current system to the residents of Chapel Hill is the decreased EMS call response time that results from First Responders being part of fire crews located in fire stations. As long as the level of first responder service does not interfere with fire suppression this system is effective; in the case of Chapel Hill available data indicate that EMS response does not detract from fire suppression duties. Because first responder capabilities are a collateral duty of the town's firefighters, no personnel are dedicated solely to the first responder function. The only cost for first responder service borne by town residents is the cost of first responder certification training and the cost of fuel and depreciation for responding fire apparatus.