

Muskegon Charter Township 2011 Collaboration Plan

Muskegon Charter Township has a long history of collaborating with its neighboring communities. In many cases, certain services would not be possible without collaborating with our neighbors. In other cases, the level of service that we can provide through collaboration is much greater than if we had provided the service for just our residents. Finally, in some collaborations, the benefits of collaboration are more through coordinated efforts that enhance the service for each community than simply cost savings for the community. The reader should bear in mind that the cost savings by collaborative effort is difficult to calculate. By statute, this plan is required to list the cost savings for each collaboration. The calculation of the cost savings often depends on perspective of the entity making the estimate and the set of assumptions about the level of service to be provided. For this report, the estimate of cost savings will be from the perspective of Muskegon Charter Township. The level of service is assumed to be the current level of service. The amount of cost savings will be the past year for current savings and the first year in future savings.

In this report, a brief history of current collaborations will be provided. Each service description will include an estimate of the cost savings (if applicable). In making the estimated cost savings calculation, the report will be focused on the cost saving to Muskegon Charter Township. The report will not attempt to calculate the overall net savings of the collaboration. A list of other current collaborations is also provided.

Current Collaborations:

1. **Muskegon Central Dispatch** has been a successful collaboration between participating cities, townships and authorities within Muskegon County for many years. Dispatch has become a very high technology field. It is difficult for any one unit of government to fund and operate a dispatch center by itself. To run a dispatch center, the Township would need to hire at least 4 dispatchers and purchase modern dispatch center equipment.
 - a. **Key Partners:** Muskegon County, State of Michigan and all City, Township, Village and Public Safety Authorities entities within the County.
 - b. **Budget:** The total 2011 budget for Central Dispatch was \$3,004,497. The center is funded by a combination of property tax millage, member assessments and telephone surcharges. Our 2011 assessments totaled \$79,202.
 - c. **Benefits:** If the Township were to create their own dispatch center, we would not be able to afford the same level of service or use the sophisticated technology that is available in a collaborative effort. A more scaled back go-it-alone approach would cost Muskegon Township as follows: Wages and benefits \$170,000; Operating supplies \$75,000; Capital Equipment \$200,000; Total \$445,000. The funding would have to come out of our General Fund. Since we are at our charter maximum

millage, other programs would have to be cut in order to fund an in-house dispatch center.

d. **Cost Savings:** \$366,000 to \$500,000 depending on perspective.

2. Worker's Compensation Insurance: Muskegon Charter Township is a member of the Muskegon Lakeshore Chamber of Commerce Worker's Compensation Dividend Pool through the Accident Fund.

a. **Key Partners:** Over 50 municipal and private members.

b. **Budget:** The Township spends approximately \$60,000 annually on worker's compensation premiums.

c. **Cost Savings:** As a member the Township receives an automatic 5% premium reduction and also dividend checks back when the fund is healthy and claims are down. The dividends usually range between 5-10% of our annual premium.

3. Liability Insurance: Muskegon Charter Township is a member of the Michigan Participating Plan which is a joint venture with many other municipalities to provide liability and property insurance for the Township.

a. **Key Partners:** Over 1,400 members state-wide including other townships, authorities and public safety agencies.

b. **Budget:** The Township spends approximately \$93,000 annually.

c. **Cost Savings:** Very difficult to estimate. Our price is competitive with commercial insurance. During some periods, it is extremely difficult to purchase commercial liability insurance for a municipality. The joint venture ensures that we will always be able to be insured.

4. Pension Administration: Muskegon Charter Township uses the Municipal Employees Retirement System (MERS) of Michigan to manage, administer and invest our pension plan.

a. **Key Partners:** There are 750 municipalities that are members of MERS of Michigan.

b. **Budget:** The total revenue for MERS of Michigan is \$1,341,817,880 of which the Township contributes \$300,000-\$320,000 annually.

c. **Benefits:** By pooling our resources, we have access to professional money managers as well as professional staff to manage the personnel records and advise our employees.

d. **Cost Savings:** This very difficult to estimate. The Township would need to hire additional staff or contract with a private agency. The rough estimated cost savings is \$50,000-\$75,000 annually.

5. **Muskegon Area District Library (MADL):** MADL is a district library encompassing all communities within Muskegon County except the City of Muskegon. Without a collaborative effort, it would be very difficult for the municipalities to provide library services. By working together, we all have a greater level of service.
 - a. **Key Partners:** All communities within Muskegon County except the City of Muskegon.
 - b. **Budget:** The 2010 MADL budget was \$2,655,435 of which Township residents contributed \$282,871.
 - c. **Benefits:** By pooling resources, we have a larger, more resourceful library than we could otherwise afford. Without all entities working together the Township would likely not be able to provide library services.
 - d. **Cost Savings:** This is difficult to estimate because without a collaborative effort the Township would not be able to provide library services without a specifically dedicated millage.

6. **Regional Water System:** Muskegon County Department of Public Works owns and manages the Regional Water System, which is made up of Muskegon Charter Township, Laketon Township, Dalton Township and Fruitland Township. The Regional System purchases its volume water from the City of Muskegon and distributes water to businesses and residents in the four partnered Townships.
 - a. **Key Partners:** Laketon Township, Dalton Township & Fruitland Township
 - b. **Budget:** N/A
 - c. **Benefits:** The County DPW employees manage the day to day activities of the water system that otherwise would be a large cost for each local municipality.
 - d. **Cost Savings:** This is difficult to estimate. Beyond payroll costs, the regional system utilizes economies of scale to negotiate more competitive water purchasing and maintenance rates from the City of Muskegon.

7. **Regional Sewer (Wastewater) System:** The Muskegon County Wastewater System receives and treats all sewage flow from every municipal sewer customer in Muskegon County.
 - a. **Key Partners:** Muskegon County and all local municipalities that provide municipal sewer to their residents.
 - b. **Budget:** N/A
 - c. **Benefits:** The Muskegon County Wastewater treatment plant provides a safe, reliable and efficient way of treating municipal sewer flow and

alleviates the local municipalities from having to build and maintain their own disposal and treatment facilities.

- d. **Cost Savings:** This is difficult to estimate. Beyond payroll costs, the massive investment by each local community would be expensive and probably not feasible for the same reasonable rates that our end user customers are afforded today. Muskegon County sewer rates are among the lowest in the state for the end users.

8. The **Muskegon County GIS** is a division within the Muskegon County Equalization Department that provides mapping and GIS services for all of Muskegon County Government and municipalities throughout Muskegon County. Designed to be a tool and resource for effective decision making, GIS is serving as a data warehouse for vast amounts of data and information regarding Muskegon County Government. The program is funded by all the participating cities, villages, townships and county in Muskegon County. The GIS program provides maps, aerial photographs and other address related information. It also provides a web interface for our residents to easily access the information. GIS maps are used by our utilities staff, the assessor, zoning administration and economic development. By cooperating, we are able to receive aerial photographs every 5 years of the entire county. Without the collaboration, the Township would not receive the aerial photographs as frequently nor at such a high resolution. The web interface makes the information available to our residents.

- a. **Key Partners:** Muskegon County and several local municipalities
- b. **Budget:** The Township's annual contribution is approximately \$6,200.
- c. **Benefits:** Our joint effort has made it easier for developers to access key information about potential sites. The mapping data that would otherwise cost us thousands of dollars is a huge benefit to the Township.
- d. **Cost Savings:** This difficult to estimate. The cost of the mapping and updates would be much higher than our annual contribution to the program though.

9. **Fire Services:** Muskegon Charter Township provides fire protection services to both Laketon Township and Cedar Creek Township. The Township has intergovernmental agreements in place with both Townships.

- a. **Key Partners:** Laketon Township and Cedar Creek Township
- b. **Budget:** The Township receives approximately \$307,000 in fire contract revenue.
- c. **Benefits:** The cooperative fire service contracts provide a huge benefit to both neighboring Townships. In order to provide the same level of service Laketon & Cedar Creek Townships would have to expend hundreds of

thousands of dollars on building and equipment infrastructure as well as hire personnel.

- d. **Cost Savings:** The cost savings is very large for Laketon and Cedar Creek Townships, but very difficult to measure as there are many variables. We will say that running their own departments could easily cost them double what they pay us.

10. Inspection Services: Muskegon Charter Township provides Building Official services, which includes both office assistance and inspection services, to Egelston Township through an intergovernmental agreement.

- a. **Key Partners:** Egelston Township
- b. **Budget:** The 2011 contract price was \$43,118 and the 2012 contract is for \$44,600.
- c. **Benefits:** This cooperative agreement provides additional building department revenue for Muskegon Township to help subsidize the cost of our Building Official, especially during this period of slow economic development. For Egelston it provides to them a full-time Building Official for a fraction of the cost of hiring their own.
- d. **Cost Savings:** For Muskegon Township this is the additional revenue we would not have otherwise received without this contract and for Egelston Township they would probably expend between \$60,000 -\$75,000 annually if they hired their own Building Official.

Other Current Collaborations:

1. Consolidation of Computer/IT functions with Accounting – eliminated third-party contract and gave responsibility to Accounting Director – Annual savings between \$5,000- \$10,000.
2. Eliminated 1 FTE position (payroll & accounts payable) and moved responsibilities to Elections clerk and Accounting Director – Annual savings of approximately \$60,000.
3. Muskegon Area First – Economic Development
4. West Michigan Shoreline Regional Development Commission
5. Muskegon County Landfill Authority
6. COPS Grant Administration
7. Shared/cooperative purchasing & publications with other cities & state
8. Tax collections services to five school districts, County of Muskegon, State of Michigan, District Library and Muskegon Central Dispatch.
9. Mutual & Automatic Fire Aid with all surrounding communities
10. Mutual Police Aid to surrounding communities

Future Collaborations:

1. **Plumbing & Mechanical Inspection Services:** Effective January 1, 2012, Muskegon Charter Township will be providing all plumbing and mechanical inspection services to Laketon Township through an intergovernmental agreement.
 - a. **Key Partners:** Laketon Township
 - b. **Budget:** Laketon Township will pay Muskegon Township \$40.00 per inspection or approximately \$6,000 - \$10,000 annually.
 - c. **Benefits:** This cooperative agreement provides additional building department revenue for Muskegon Township to help subsidize the cost of our full-time Plumbing and Mechanical Inspector, especially during this period of slow economic development. For Laketon it provides to them a full-time inspector for a fraction of the cost of hiring their own.
 - d. **Cost Savings:** For Muskegon Township this is additional revenue we would not have otherwise received without this contract and for Laketon Township they would probably expend approximately \$35,000 - \$50,000 annually if they hired their own full-time inspector.

2. **County-wide cooperative phone system project:** Through the leadership of Muskegon Central Dispatch (MCD) a county-wide VOIP phone system will be implemented utilizing the fiber optic network that is already in place for any of the public safety agencies being served by MCD that choose to participate. As of now only a few of the more than 15 municipalities are not participating in this project.
 - a. **Key Partners:** Muskegon Central Dispatch and several other local municipalities within Muskegon County.
 - b. **Budget:** N/A
 - c. **Benefits:** All participating municipalities will receive state-of-the-art VOIP phones and equipment and also the super fast and secure fiber optic network and internet services. The equipment will be purchased at a very large volume discount and service and maintenance to the phone system will be provided by MCD staff at a very reasonable annual rate.
 - d. **Cost Savings:** Not only is the Township upgrading an archaic 10 plus year old phone system, but we will be saving approximately \$3,000 annually on our phone bill. On top of the annual savings the initial equipment investment is well below the cost of what it would have been if the Township put this system in on its own.