



KENT COUNTY REPORT ON COOPERATION, COLLABORATION, AND CONSOLIDATION

Submitted to: Michigan Department of Treasury January 30, 2014

REPORT PURPOSE

Beginning in 2004, the State legislature made significant changes to the Glen Steil State Revenue Sharing Act (Public Act 140 of 1971) which provided for redistribution of a portion of the State's sales tax. Since the legislation was adopted in 1971, there have been significant changes which have made the county statutory revenue sharing payments subject to an annual appropriation from the legislature.

In 2004 the State "zeroed out" the line item for county revenue sharing and mandated that counties transition from a December to a July tax levy. Counties had three years (2005-2007) to fully transition to the July tax levy (in effect enabling the collection of four years' of property taxes in three years). The excess funding was placed in a Revenue Sharing Reserve Fund (RSRF) and counties could draw upon their respective RSRFs in a manner that approximated what it had received in revenue sharing payments from the State. Kent County depleted its RSRF in the first quarter of 2011. The 2012 State budget provided for restoration of only 78 percent of what the County was entitled to, or approximately \$9.1 million. Then, in the 2013 State Budget, the State changed the program, renaming it the County Incentive Program, and requiring the County to comply with certain requirements related to transparency/ accountability, collaboration/consolidation, and employee compensation. The 2014 State Budget continued the program, but changed the third requirement to submission of an Unfunded Accrued Liability Plan.

This report is the second of the three reports that is required to be submitted by the County and serves to meet the requirements related to the Consolidation of Services. In addition, the County is submitting Certification Form 4887, as required by the State Department of Treasury.

Kent County has a long history of coordinating, collaborating, and consolidating governmental services when there is a financial savings or an improvement to the delivery of services. The County maintains a list of more than 100 examples of collaboration between local governmental units or the private sector. These partnerships have been developed to assist in ensuring the effective delivery of services as well as the most efficient use of resources. A full copy of the ongoing list is posted online and may be accessed via the following link:

http://www.accesskent.com/News/Publications/2013/Intergov_Coop_Update_2013.pdf

2013 PROPOSED SERVICE CONSOLIDATIONS AND COLLABORATIONS UPDATE

Financial and Human Resources Information System – In Progress

In October 2012, the City of Grand Rapids received a \$3.6 million grant through the State's Competitive Grant Assistant Program to collaborate with Michigan Municipal Services Authority to develop a financial management system (FMS) in a cloud computing environment that will be available to and usable by multiple jurisdictions.

Implementation Timeline: 2013/2014

Jurisdictions Involved: Michigan Department of Treasury, the cities of Detroit, Grand Rapids, Lansing, Romulus and Warren, and the County of Kent. The system will be open to other local units of government as it is developed.

Estimated Savings: Yet to be determined. Kent County will need to purchase a new financial software system in the next few years. Should this collaboration yield a software/computing environment that will benefit the County, the savings could be substantial.

Other Consolidation Benefits: The outcome of this work could result in significant operational savings and streamlining of services which will continue to improve financial accountability and transparency as well as the delivery of services.

2014 Update

As of January 30, 2014, participating communities and the Michigan Municipal Services Authority (MMSA) are in the process of evaluating responses to a RFP that was issued by the City of Grand Rapids. Two vendors were invited to demonstrate their solutions in January 2014. The demonstrations were held in Grand Rapids, and the sessions were broadcast to all participating communities. They were also recorded, and those recordings are available for further review.

Barriers Identified (to date): The largest potential barrier is funding. The cost of this project for the initial participants will likely exceed \$15 million. While those participants anticipate significant benefits from using a common system, those benefits will only be realized over time. None of the participants, even collectively, are able to fully fund implementation.

Remaining Steps and Tentative Timeline: The selection process remains on schedule, with final selection due in March 2014. The timelines for implementation are not yet set, but we currently anticipate that it will be at least 24 months from the time contracts are finalized (estimated to be in the third quarter of 2014) before the first community implements the new FMS.

Parks Multi-Jurisdictional Study – Completed/Dropped

In 2011, the County was awarded an Economic Vitality Incentive Program (EVIP) grant from the State of Michigan to conduct a multi-jurisdictional study of parks and recreation services to identify if there are additional opportunities for consolidation and/or collaboration. Phase I of this report - a comprehensive review of the operational structure, services and resources of parks and recreation services throughout the County - was completed in September 2012. Phase I also included a look at best practices for collaboration and a recommendation on potential models for

collaboration to be pursued locally. Phase II - exploration of the feasibility to create a multi-jurisdictional Authority to implement high-value and strategic projects related to parks and recreation services in Kent County began in the fourth quarter of 2012.

Implementation Timeline: The Study began in 2011 and is expected to be completed by December 2013.

Jurisdictions Involved: Countywide Study of Parks and Recreation Systems; also include private and public funders including the following: Grand Rapids Community Foundation, Frey Foundation, Dyer-Ives Foundation, City of Grand Rapids, and the City of Wyoming as well as the State of Michigan.

Estimated Savings: To be determined.

Other Consolidation Benefits: Through the development of the Authority and the implementation of the high-value and strategic projects – such as joint planning and marketing and a consolidated reservation system, communities in Kent County will see cost savings and also benefit from the authority’s ability to be a vehicle to leverage additional funding and improve the quality of life for residents and visitors in Kent County.

2014 Update

Throughout 2013, the County convened a series of group and individual meetings to share the results of the Phase I of the Study and to determine the level of interest in following up on its recommendation to create a Parks Authority. While a workgroup was convened to discuss the recommendations and how to move forward, turnout at the initial meeting was small. It was the consensus of the group that moving forward with the formation of the Authority, at this time, was not something they wished to pursue. This conclusion was validated by a series of one-on-one meetings between the consultant and several local community stakeholders. Phase I of the Project was completed and fully implemented. Phase II was completed in the second quarter of 2013, but will not result in creation of an Authority.

Barriers Identified: Research completed as part of Phase II of the Report identified four barriers to moving forward at this time:

1. Timing and a lack of community interest: The communities in Kent County are starting to see their financial status stabilize, and most jurisdictions were managing to maintain parks and recreation services at a sufficient level through the economic downturn. Inasmuch as Phase I found that parks and recreation services were generally meeting the needs of the citizen, and were categorized as “good” by most, there was not sufficient community or political interest in pursuing a governance change at this time.
2. Lack of common vision: Within most communities in the County, there was not a common vision for what a Parks and Recreation Authority might look like, and whether the benefits of such a collaboration would outweigh the costs.
3. Limited regional focus and planning: Generally speaking, the parks and recreation systems in each community are viewed as a local amenity, and it is believed that any cross-jurisdictional resources (e.g., trails) would be best served by continuing to be managed by project-specific inter-local agreements rather than by an overarching, regional entity.

4. Reluctance to support an additional level of government: Multiple stakeholders raised the concern that the Authority would create another layer of bureaucracy and could lead to an unelected Authority with the power to tax.

Remaining Steps and Tentative Timeline: As a result of the findings of Phase II of the Project, there are no additional actions planned. The information gathered during Phase I of the report, as well as the report on Phase II, has been made available to the various stakeholders. We believe this information is valuable, and will likely be referenced to support additional collaborations in the future, however, any cross-jurisdictional projects that may be pursued in the future will continue to be managed by project-specific inter-local agreements.

Community Development – In Progress

In 2012, the County was awarded a grant from the Economic Vitality Incentive Program (EVIP) to conduct a study to determine if there are opportunities to improve the delivery of community development services while reducing administrative costs for local units of government.

Implementation Timeline: Study completed by 9/1/2013.

Jurisdictions Involved: City of Grand Rapids, City of Wyoming, and Kent County.

Estimated Savings: \$100,000 per year.

Other Consolidation Benefits: Based on the information collected in the review, a wide variety of changes could occur including, but not limited to, streamlining processes and/or timelines, determining different ways to allocate funds, or potential mergers of community development departments.

2014 Update

As of January 30, 2014, research on the various opportunities and options for collaboration has been conducted, and a report outlining that work and several resulting recommendations has been completed.

Barriers Identified (to date): Federal Housing and Urban Development (HUD) rules related would cause an overall reduction in funds if we were to implement a full merger among the three departments. This initial finding results in a second barrier consisting of the need to identify and develop an appropriate governance structure to permit the communities to operate as one program that provides the necessary assurances related to dedicated funding and HUD-required reporting.

Remaining Steps and Tentative Timeline:

1. Finalize the communication plan related to sharing the Report with governing bodies. Goal: March 2014.
2. Share Report with governing bodies. Goal: April 2014.
3. Begin Implementation (pending approval by governing bodies). Goal: Summer 2014.

2014 NEW PROPOSED SERVICE CONSOLIDATION AND COLLABORATION

The following Project is currently being investigated and explored to determine if implementation will provide sufficient benefits to support the collaboration.

Customer Service 311 Collaboration

In 2013, the City of Grand Rapids began implementation of a 311 Customer Service Center, with the overall goal of establishing it as the single point of contact for all City non-emergency requests for information and services. In addition to re-directing telephone and internet-based inquiries to a bilingual (English/Spanish) 311 Call Center, the City also consolidated staff from multiple departments into a single point of access, and provided them with specialized equipment and training to allow them to respond and track requests more comprehensively, resulting in more effective and efficient service delivery. The City implemented the project in phases, with different services and departments joining the system according to a pre-determined schedule. As they are now approaching full implementation with the initial pilot set of City services, the County and the City have agreed to explore the potential to have certain County operations served by the system.

Implementation Timeline: The first step will be the exploration of the potential County information and services appropriate for delivery through a 311 service delivery system, and the potential for a collaborative system, both technologically and operationally. This initial review is targeted to take place during 2014 and is targeted for completion by the third quarter. Implementation planning will begin in the fourth quarter of 2014, and continue into the third quarter 2015, with implementation targeted by the end of 2015, depending on funding requirements.

Jurisdictions Involved: City of Grand Rapids and Kent County.

Estimated Savings: Yet to be determined.

Other Consolidation Benefits: Shared expense of technology and more effective use of staff resources have the potential to provide increased customer service and reduced individual expenditures to both units.

REPORT AVAILABILITY/POSTING

Consistent with the requirements of Public Act 200 of 2012, a copy of this report is posted online on the Kent County Public Website and maybe accessed via the following link:

<http://www.accesskent.com/Departments/FiscalServices/cip.htm>

