Collaborating and Sharing Services to Save Staff Time and Taxpayer $

Michigan Municipal League Capital Conference

March 23, 2016

Agenda/Goals

- Introduce you to the Authority

- Talk about the advantages of collaboration and shared services

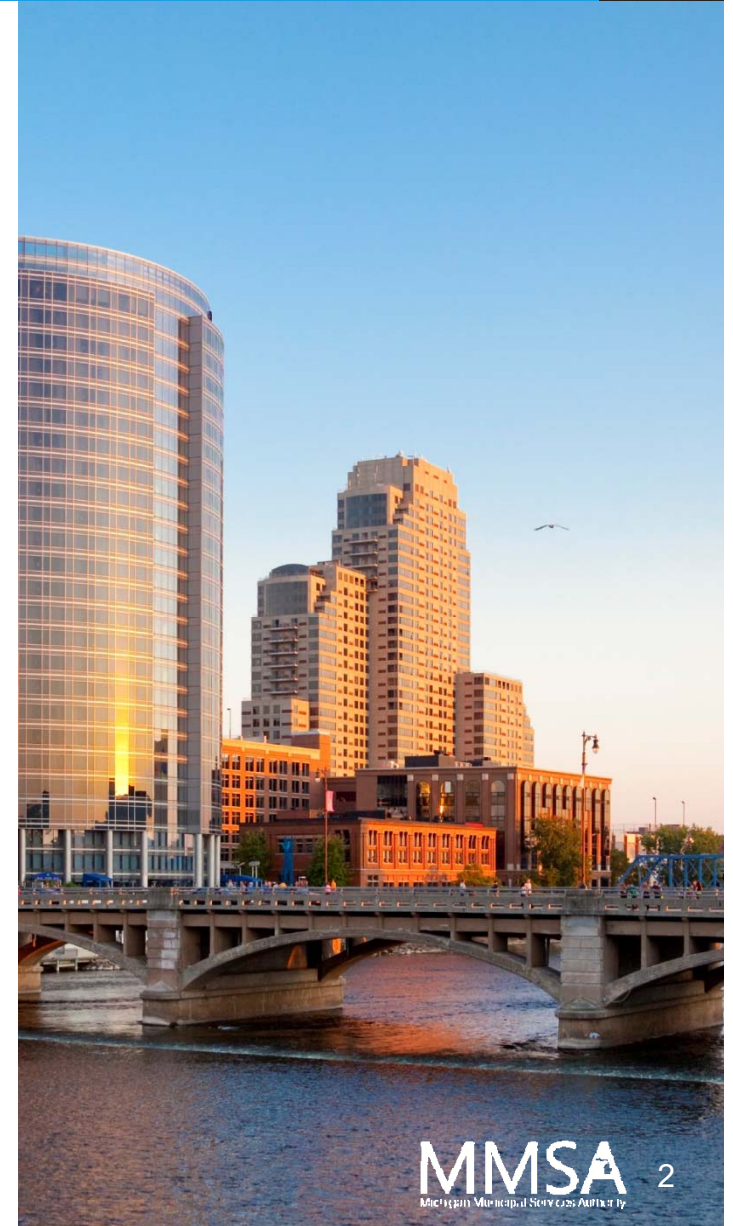- Identify new ways to help you **_save staff time and taxpayer money_**

MMSA 2
Michigan Municipal Services Authority

Introduction

About the Authority

- The Michigan Municipal Services Authority: A "Michigan public body corporate" created in 2012 through an Interlocal Agreement between Grand Rapids and Livonia

- The Authority: A "virtual" municipality authorized to exercise the common powers, privileges, and authority of the founding cities but without geographic boundaries

- The Authority's main purpose: Help local governments and other public agencies **collaborate, share services, and save money**

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About the Authority

Our Mission

- To deliver high quality shared services and functions to participating cities, villages, townships, counties, and districts; providing them with innovative solutions to collaborate, lower costs, and enhance services to their citizens

Our Vision

- To revolutionize the delivery of services and functions by local governments across the state through access to best practices and shared services in order to contain costs, manage resources, and enhance the quality of life in their communities

About the CEO

- Assistant to the City Manager of Oak Park, MI

- Assistant City Manager of Ypsilanti, MI

- City Manager of Ferndale, MI

- City Manager of Birmingham, MI

- Interim City Manager of Mount Clemens, MI

- CEO of the Michigan Municipal Services Authority (MMSA)

My Guiding Principles

1. First, duplicate no effort

2. Second, the Authority must **add value** and **save money** or else there is no reason for agencies to collaborate or share services

Current Programs

Current Programs

- **Healthcare Related Services**
  - A cloud-based suite of integrated benefits administration services provided by Benefit Express

- **Financial Management System/Enterprise Solutions (FMS/ES)**
  - A cloud-based built-for-government enterprise resource planning (ERP) solution encompassing software, support, services and hosting provided by CGI Technologies and Solutions

About My Benefit Express

- My Benefit Express is a multi-tenant, **cloud-based suite of branded SaaS solutions** that provide employers with a full range of integrated benefits administration services

- It automates high-cost, low-value activities so your staff can focus on high-value and strategic activities directly related to your core mission

- It streamlines the process of enrollment by allowing employers to **manage all information in one convenient location**

- Employees and HR managers can access information at any time from any computer with internet access

- My Benefit Express is fully customizable, paperless, secure, and multilingual

About My Benefit Express

- Capturing and tracking all employee benefit elections including new hire, life events and annual enrollment

- Online benefits enrollment and real-time content management

- Employer-specific set-up that drives what each employee sees when they enroll or access My Benefit Express

- User-friendly, rules-based, benefit plan setup capabilities

- Email notifications for all events, change requests, and pending benefit situations

- Efficient and complete census, dependent, beneficiary, and emergency contact information collection with complete audit history of changes

- Current "quick-election" confirmation summary for employees not making any changes

- Virtual enrollment status bar

- Quick data import and export tools

- Evidence of Insurability (EOI) form generator and tracking tool

- Automated EOI according to all possible EOI rules, including guarantee issue provisions

- Unlimited hyperlinks from any location on the site

- Employee education tools including automated plan comparison, calculator(s) and streaming media

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About FMS/ES

- The goal of the Financial Management System/Enterprise Solutions (FMS/ES) Program is to provide a multi-tenant, cloud-based solution that reduces operational costs and the total cost of ownership

- The FMS Project Team developed Best Practices for Michigan Local Government Business Processes in June 2013

- The team then developed nearly 4,000 functional and technical software specifications for an ERP system based on those Best Practices

- FMS Project Team completed due diligence on CGI Advantage360 in November 2014 and the Authority procured it on behalf of local governments statewide in March 2015

- Grand Rapids and Kent County began implementation in April 2015 and Genesee County began implementation in October 2015

About CGI Advantage ERP

CGI Advantage ERP suite contains built-for-government software for:

- **Performance budgeting** to automate the budgeting process for better planning to improve financial and operational performance

- **Financial management** to provide organization-wide accountability through consistent accounting rules across all financial transactions
  - Includes procurement to automate purchasing via catalog-based ordering and paperless approval processes that link directly to the accounting system

- **Human resource management** to streamline the HR and payroll process from hire to retire

- **Business intelligence** to unlock data quickly for more effective decisions and measurement of key performance indicators

About CGI Advantage ERP

CGI Advantage360 at a Glance

- Built-in government-specific best practices and business processes

- Single-source IT services (software, implementation, hosting)

- Service Level Agreement (SLA) driven service delivery

- Product direction and investment plan driven by substantial client user community input, including a client elected steering committee

- Uses an innovative transformation approach instead of traditional implementation approach

- Provides a business outcome not a customized solution

- A solution that grows and evolves over time

About FMS/ES

- The Michigan Department of Treasury (Treasury) approved a $5 million application for Competitive Grant Assistance Program (CGAP) funding in April

- $1.5 million is being used by Group A (Genesee County, Grand Rapids, and Kent County)

- $3.5 million must be used by Group B (TBD) by September 30, 2018

- **The Authority is actively seeking public agencies to use this grant money**

- **The Authority is also actively seeking public agencies interested in procuring a cloud-based ERP solution suitable for smaller organizations**

About FMS/ES

- Authority entered into a Program Services Agreement with CGI
  - Includes pricing and other terms and conditions applicable to all current and future participants
  - Includes discounting that benefits current and future participants as each new participant joins the program

- Authority, participants, and vendor enter into three-party Participation Agreements
  - Makes each participant a party to the Program Services Agreement
  - Includes information specific to each participant
  - Includes Authority's administrative fee

Panel Discussion

Why we chose to collaborate rather than going alone

Genesee County
Keith Francis, Controller

City of Grand Rapids
Jeff Dood, Deputy CFO

Kent County
Stephen Duarte, Fiscal Services Director

New Programs

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MI Self-funded Healthcare Program (MI SHIP)

MI SHIP will help public employers better manage and reduce healthcare costs by:

- Providing a multiple-employer, self-funded arrangement

- Giving employers more control over healthcare costs than fully insured and independently self-funded plans

- Eliminating the need for each independently self-funded group to buy higher-cost, individual administrative services

- Making monthly healthcare costs less volatile and more predictable

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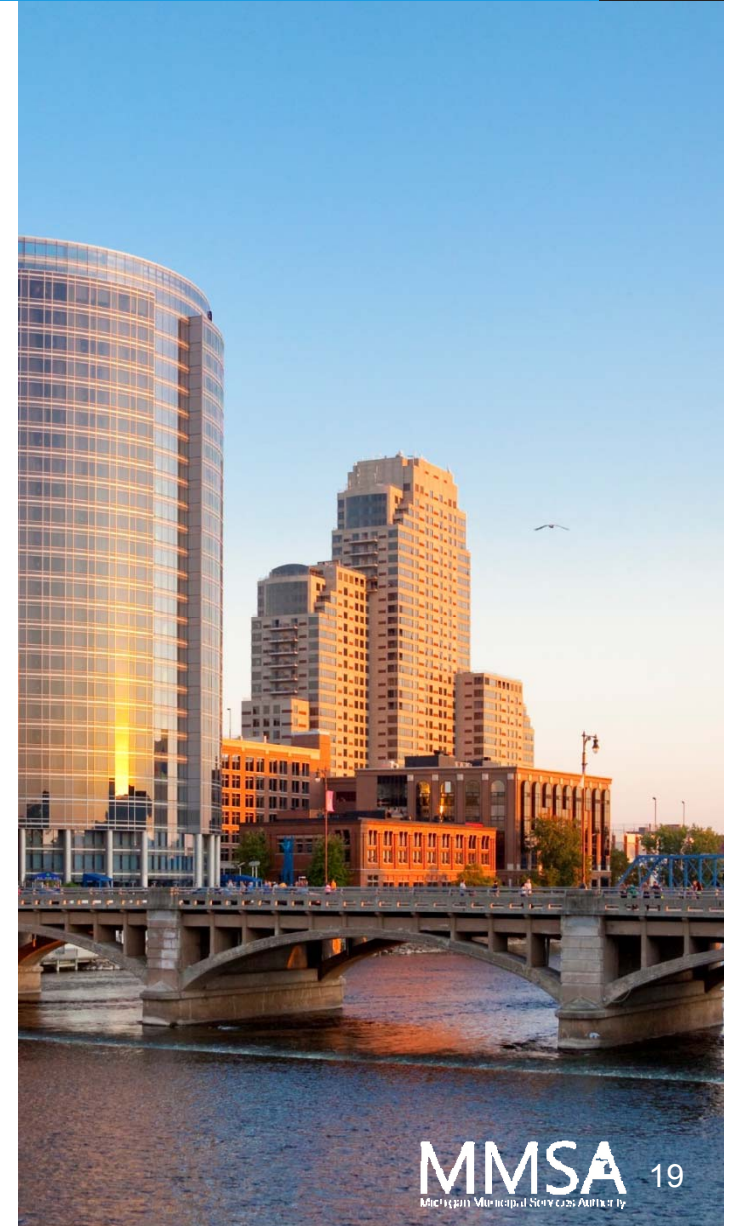
Why Not Fully Insure or Independently Self-Fund?

Fully-Insure

- Little or no ability to negotiate insurance rates

- Insurance rates include risk charges, taxes, and fees that self-funded groups do not pay!

- Less flexibility/control over plan design (some insurance companies dictate the plans that are available)

- Additional consulting advice may not be available/offered

Independently Self-fund

- Smaller groups require relatively larger claims fluctuation reserves than larger groups, to account for larger claims variability

- Each group contracts for their own administrative services (claims administrator, pharmacy benefit manager, provider network)

- Each group pays higher fees than a larger, multiple-employer arrangements does

How Will MI SHIP Save Money?

- Pool risk among MI SHIP participating employers

- Lower costs through the joint purchasing power of multiple employers

- Actively manage plan design based on claims data analysis
  - Fully insured groups have little/no access to claims data, no ability to customize plan design, and no way to monitor utilization

- Receive expert consulting advice on plan design and financing
  - Plan customization helps employers increase benefits and/or reduce costs

- MI SHIP will collect claims data and work with participating employers to continually improve plan design (e.g., deductibles, coinsurance, wellness, utilization incentives)

Next Steps

- You provide the data, we do the rest!
  - Detailed census file
  - Paid claims and enrollment data
  - Current COBRA rates
  - Benefit summary/Summary of Benefits and Coverage (SBC) for all plans offered
  - Any plan changes that occurred during the provided data period
  - Three most recent renewals

- The Authority will use this data to develop illustrative rates and compare those to your current rates

- Interested employers should contact the Authority's CEO, Bob Bruner, for details

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The Municipal Talent Pipeline

The Problem

- Public employers are having difficulty attracting and retaining talent

- Vacant positions may be left unfilled for lack of qualified candidates

- Most public agencies are smaller today than they were before the Great Recession so these vacancies strain an already stressed workforce
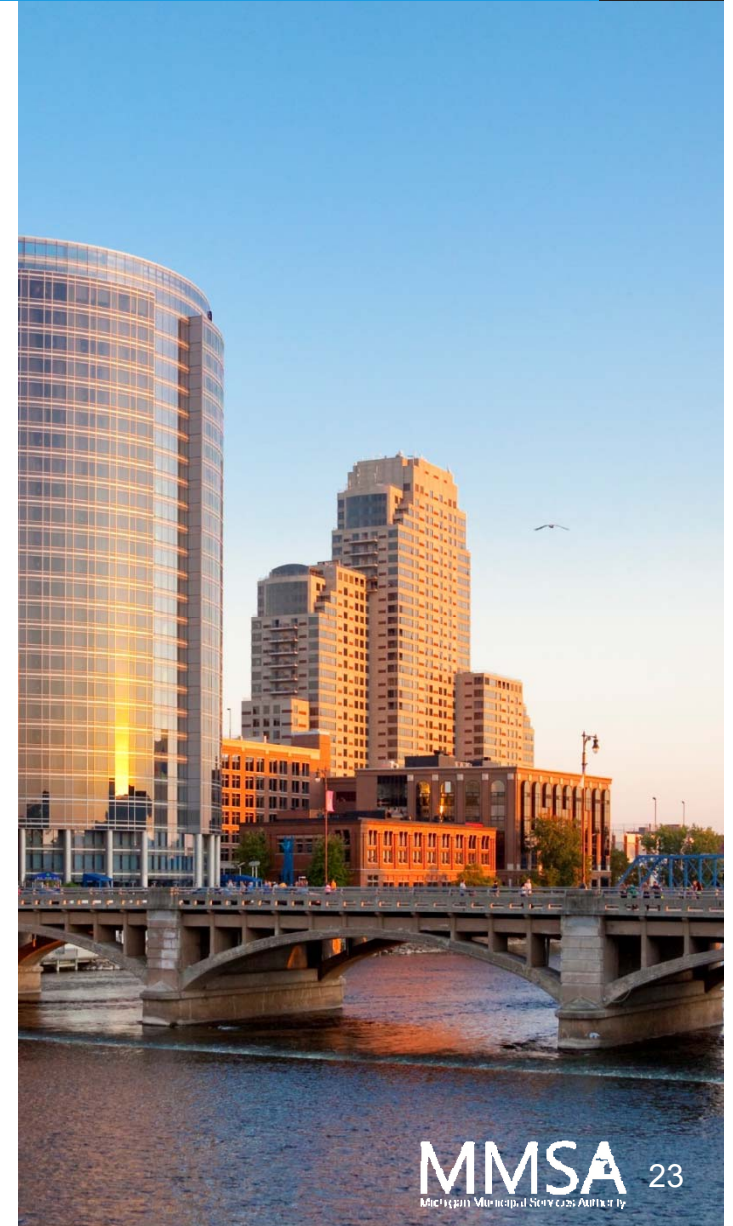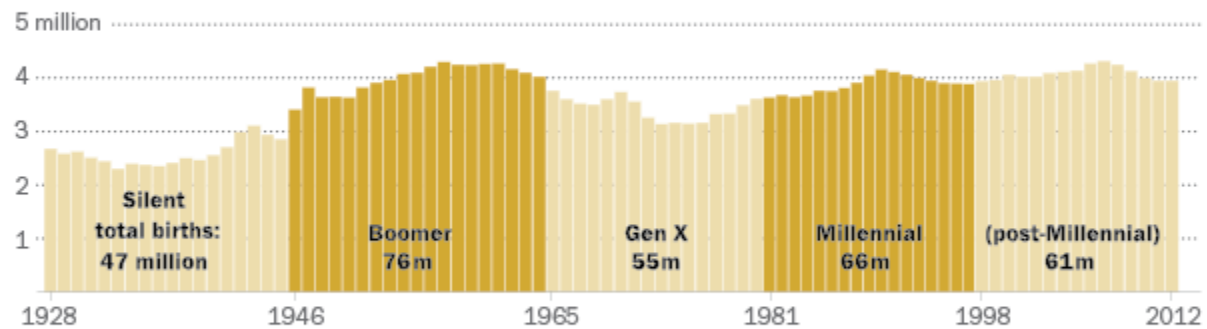
The Reasons: Supply & Demand

Demographics

- The Baby Boom generation peaked at 78.8 million in 1999

- Generation X will peak at 65.8 million in 2018

- The Millennial generation will peak at 81.1 million in 2036

- The Generation X peak will be 16% less than the Baby Boomer peak

- This creates a demographic "talent gap" in the labor force

- The Great Recession delayed some retirements but it also created a kink in the talent pipeline as entry level positions were eliminated

Births Underlying Each Generation

Number of U.S. births by year and generation

Source: U.S. Dept. of Health and Human Services National Center for Health Statistics

PEW RESEARCH CENTER

The Reasons: Supply & Demand

Talent Development

- Human capital management (HCM) is an approach to human resource management (HR or HRM) that treats employees as assets (human capital) whose current value can be measured and whose future value can be enhanced through investment

- "Talent development" refers to a variety of investment strategies (training, education, development, organizational development, etc) to increase the future value of human capital

- Based on a survey asking nearly 200 executives to self-report how they believed they learned, researchers surmised lessons learned by successful and effective managers are roughly:
  - 70% from tough jobs
  - 20% from people (mostly the boss)
  - 10% from courses and reading

Talent Development

- "Bench strength" refers to the capabilities and readiness of potential internal successors to ascend into key positions

- Developing bench strength is a long-term talent investment strategy

- Most public employers are too small to develop all the talent they need internally so they rely on talent developed by other public employers

- For example, the following slide illustrates typical external and internal development paths for a city manager

Talent Development

External Development

- Assistant to the City Manager, City 1

- Assistant City Manager, City 2

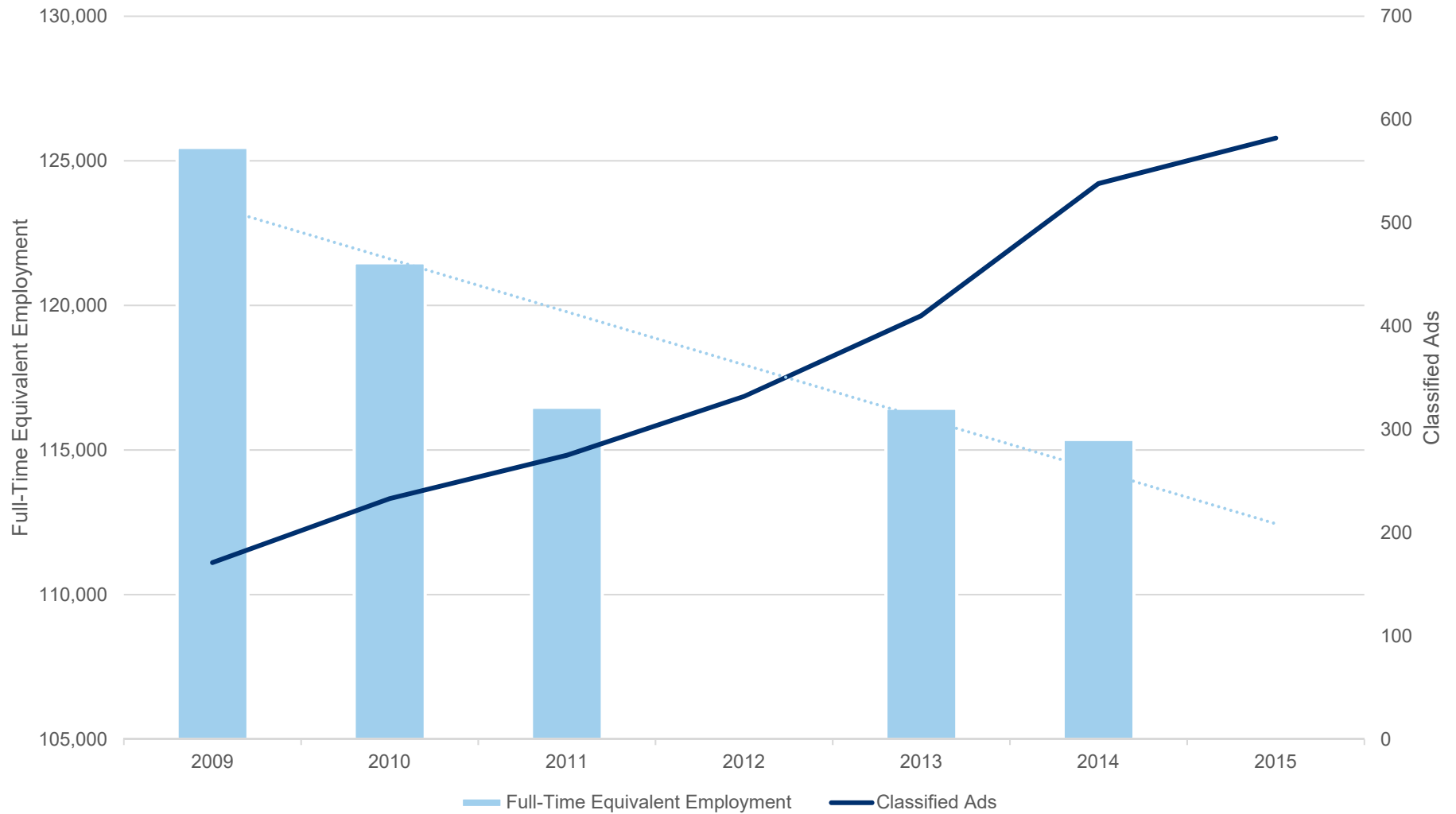- City Manager, City 3

- City Manager, City 4

Alternatively, managers and other professionals may begin their careers with smaller agencies and advance by moving to progressively larger and more complex agencies

Internal Development

- Management Specialist, City 4

- Human Resources Director, City 4

- Assistant City Manager, City 4
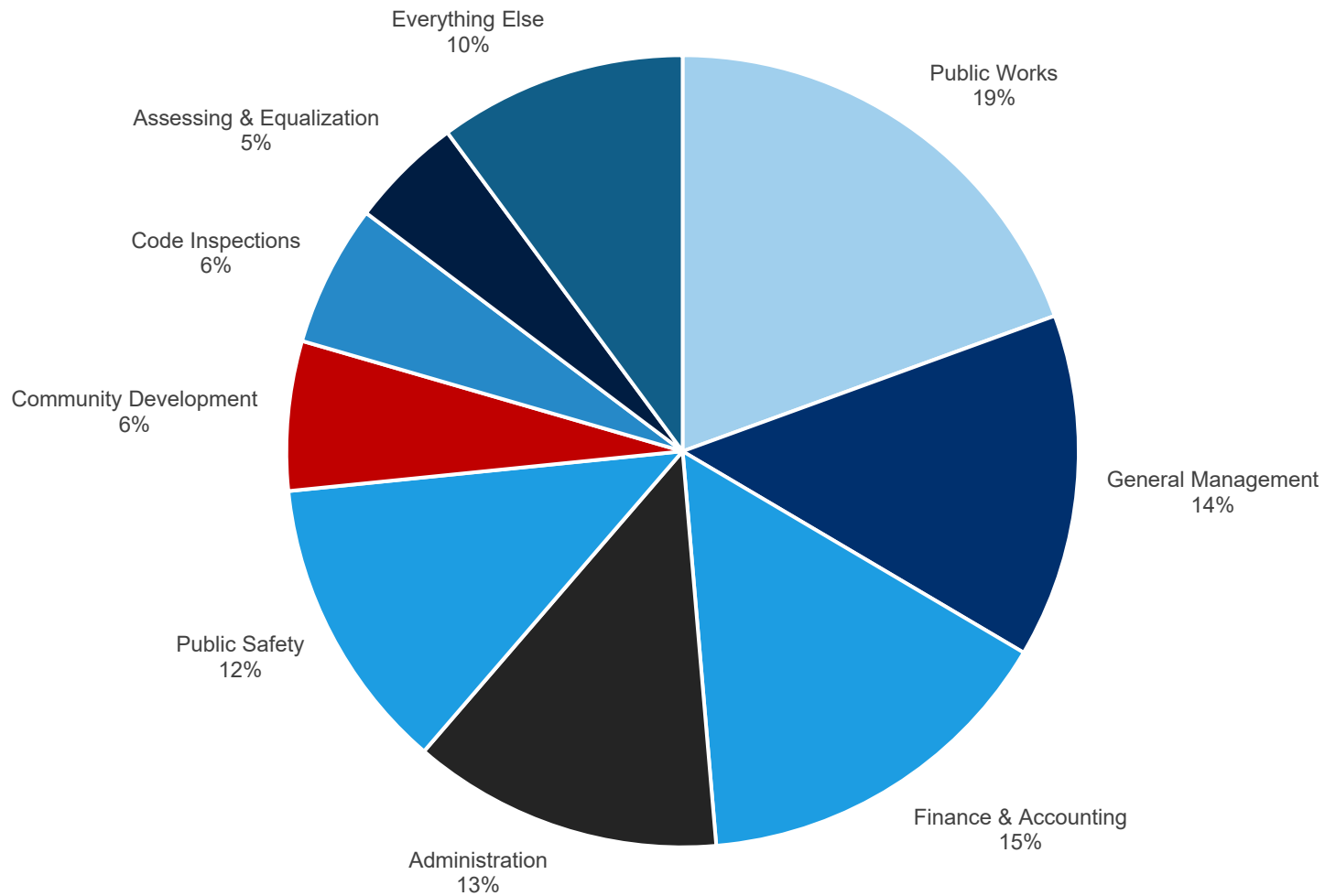
- City Manager, City 4

Supply & Demand

- The supply of local government talent can be measured by Full-Time Equivalent Employment in the Local Government Employment & Payroll Data from the U.S. Census Bureau's Annual Survey of Public Employment & Payroll between 2009 and 2014 (latest data)
  - 2012 data is omitted from the following chart due to data quality concerns

- The demand for local government talent can be measured by the number of classified advertisements posted on the Michigan Municipal League website between 2009 and 2015

- While the supply of local government talent decreased by more than 8% between 2009 and 2014, demand increased by more than 214% during the same period and increased another 8% between 2014 and 2015

- The following chart illustrates supply decrease and demand increase

Supply & Demand

Classified Advertisements, 2009-2015

Everything Else
10%

Assessing & Equalization
5%

Code Inspections
6%

Community Development
6%

Public Safety
12%

Administration
13%

Finance & Accounting
15%

General Management
14%

Public Works
19%

Supply & Demand

- A shortage of certified assessors has made MAAO (3) and MMAO (4) positions particularly difficult to fill

- The State Tax Commission announced new assessor education programs in December 2015
  - The new MAAO (3) Program will begin in April 2016
  - The new MMAO (4) Program will begin in October 2016

- The programs cost $1,000 and are each limited to 35 students

- Self-Paced Options are also available

- The Authority will monitor the program to determine whether or not they will increase the supply of certified assessors enough to meet demand

Supply & Demand

- A shortage of registered Building Officials, Building Inspectors, Electrical Inspectors, Mechanical Inspectors, and Plumbing Inspectors has made these positions particularly difficult to fill

The Solution: The Municipal Talent Pipeline

- The Authority will become the preferred municipal talent provider by taking the hassle out of developing bench strength and increasing the talent in the pipeline

- Instead of filling a position with an individual employee, the Authority will provide early or mid-career candidate to fill the position with support from a team of experienced municipal executives

- The experienced executives will provide on-the-job development to ensure the candidate's success

- If/when the candidate and employer agree, the candidate may fill the position indefinitely

- Otherwise, the Authority will provide another candidate until a match is made

Next Steps

- The Authority is working with OHM Advisors and Orion Solutions Group, as well as other individuals and organizations, to develop the program and provide experienced executives to work with employers and candidates

- Interested employers should contact the Authority's CEO, Bob Bruner, to discuss their needs

New Programs

Program Development Process

- The Authority works with one or more public agencies (participants) to identify goods and/or services to be procured

- The Authority works with participants to develop specifications

- The Authority issues Request for Proposals (RFP) and manages procurement process on behalf of the participants if necessary

- Procurement process results in an extendable contract so future participants can join the program without repeating the procurement process

New Programs

Program Management Roles

- Authority: Contract management; Marketing

- Participants: Receive services directly from vendor; Marketing

- Vendors: Provide services directly to participants; Marketing

Benefits

- Authority: Income; Mission fulfillment

- Participants: Save staff time and taxpayer money

- Vendor: Decrease customer acquisition cost; Increase economies of scale

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New Programs

311/CRM Systems

- 311 is evolving from a call center for common complaints into a data generator municipalities can use to proactively tackle problems before they get too big by using analytical software to spot trends

- The traditional 311 business case was only viable for large agencies so the Authority is working with the cities of Ferndale and Grand Rapids to develop a shared service model

Analytics, Benchmarking, and Transparency (ABT) Program

- The goal of this program is to increase access to analytics and transparency software and participation in benchmarking and performance management by using the joint purchasing power of Michigan's public agencies to leverage the most favorable contract possible with a third-party to provide a common analytics, benchmarking, and transparency software platform

New Programs

Assessing & Equalization

- Shortage of certified assessors

- Services are easily contracted-out and/or shared

- Seeking interested cities, counties, and/or townships

Equipment & Service Sharing

- This program will provide an online marketplace that makes it easy for public agencies to share heavy equipment (backhoes, bulldozers, excavators, etc.) internally and with other agencies

- Seeking interested agencies

Code Inspections

- Shortage of registered Building Officials, Building Inspectors, Electrical Inspectors, Mechanical Inspectors, and Plumbing Inspectors

- Services are easily contracted-out and/or shared

- Seeking interested municipalities

Fleet Management

- This program will provide a range of functions, such as vehicle selection, financing, maintenance, fuel management, telematics (tracking and diagnostics), risk and safety management, and disposal

- Seeking interested agencies

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New Programs

Learning Management System (LMS)

- This program will provide a software application for the administration, documentation, tracking, reporting and delivery of electronic educational technology (also called e-learning) courses or training program

- Seeking interested agencies

Recruitment & Selection

- Public employers are hiring but the process is burdensome for those without dedicated human resources professionals

- Private sector business models may be transferable to the public sector

- Seeking interested agencies

Payment Service Provider (PSP)

- A PSP offers services for accepting a variety of payment methods including credit card, direct debit, bank transfer, and online banking

- This program will help consolidate providers and get the best rates

- Seeking interested agencies

Voice over IP (VoIP)

- Voice over IP (VoIP) is a methodology and group of technologies for the delivery of voice communications over Internet Protocol (IP) networks

- This program will help public agencies implement or replace VoIP systems

- Seeking interested agencies

Questions

Contact

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