

City of Las Vegas City of North Las Vegas Shared Services and Government Efficiency Study

Presentation to the
City Councils

Joint Meeting – February 16, 2011

Special
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MANAGEMENT PARTNERS
INCORPORATED

Presentation Outline

- Study Objective
- Context
- Project approach
- List of services analyzed
- Results of analysis and recommendations
- Questions and discussion

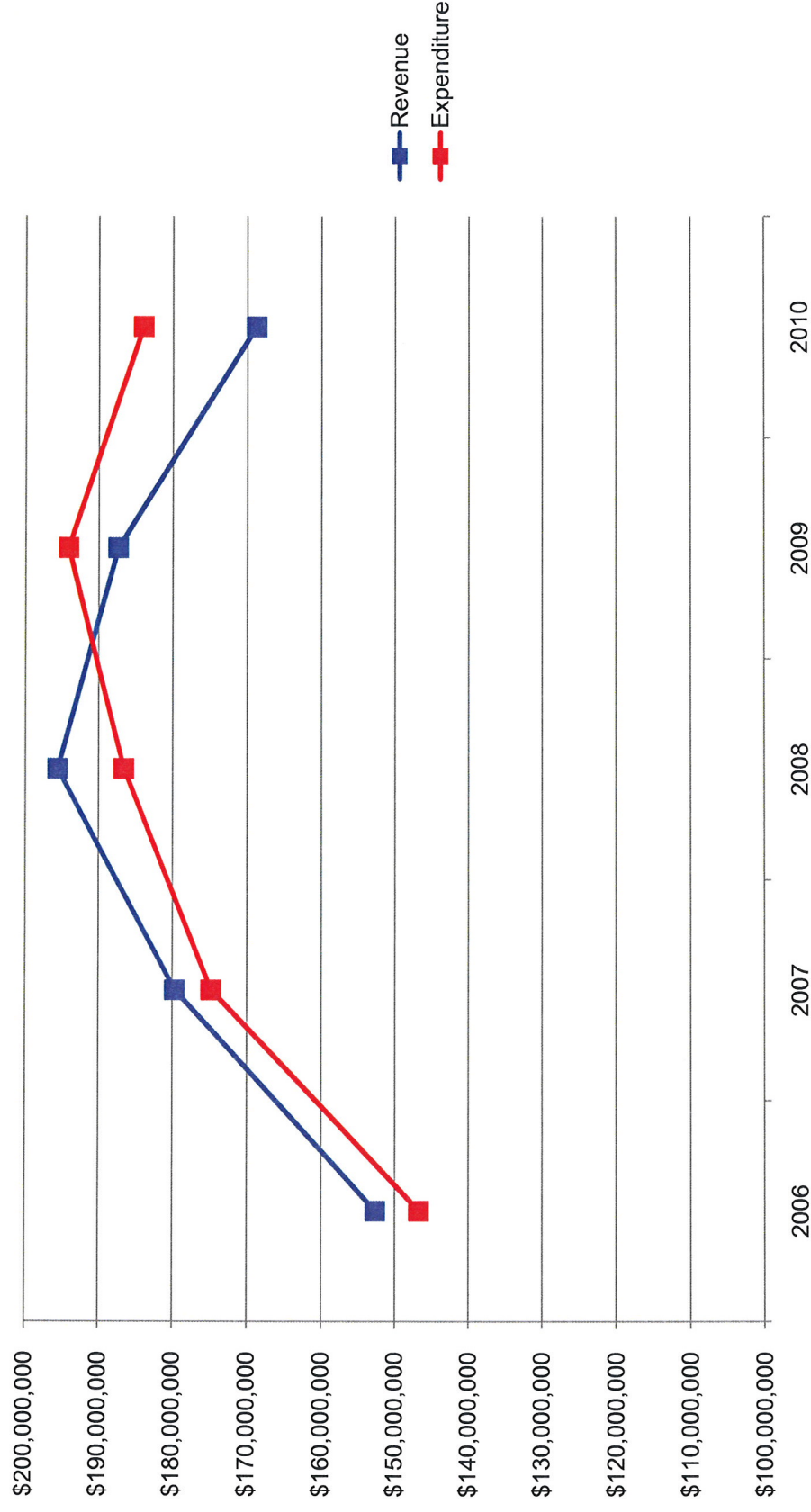
Study Objective

Identify ways in which service sharing or integration between the cities of North Las Vegas and Las Vegas can reduce expenditures while maintaining quality service delivery.

Context

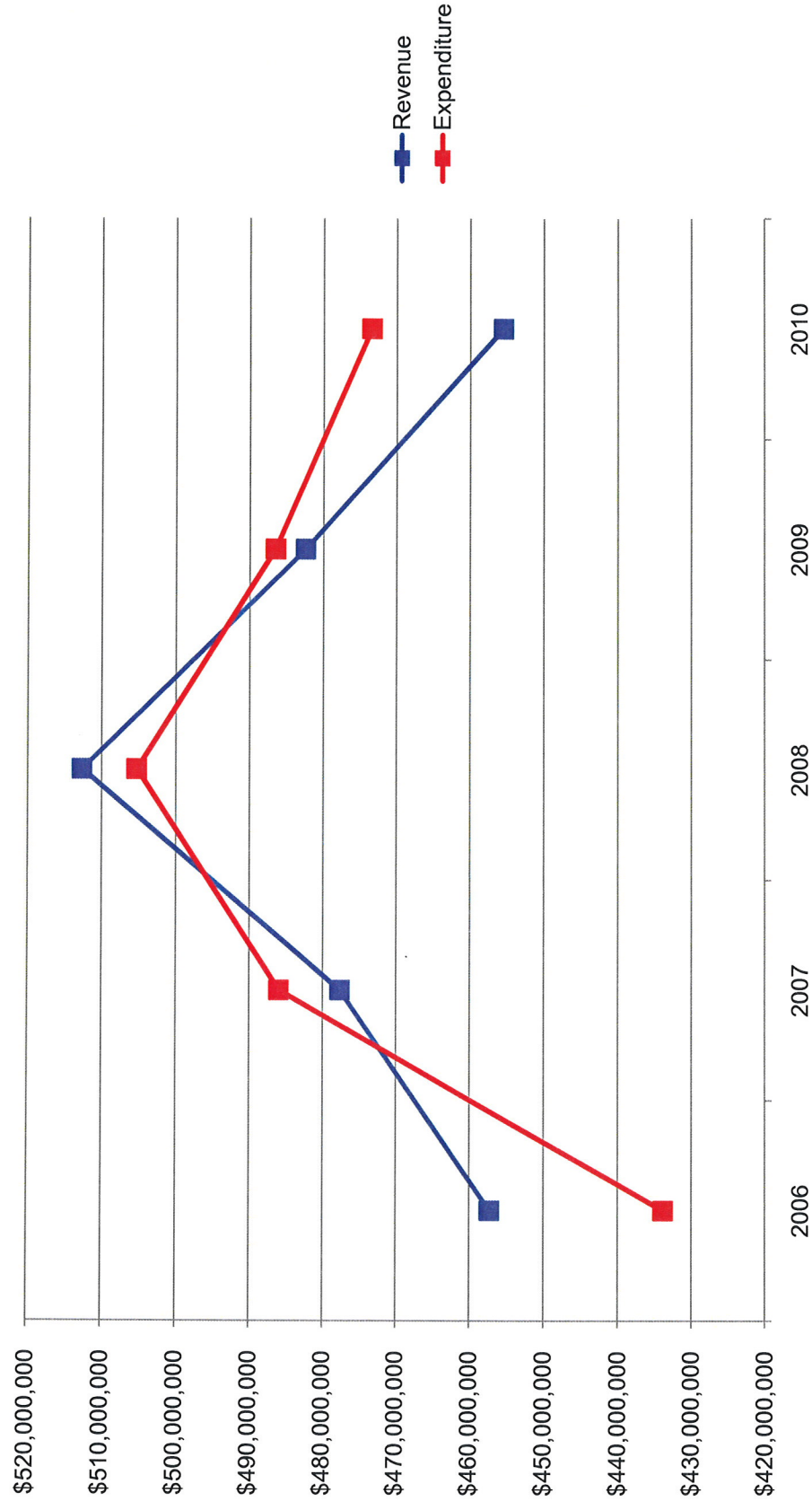
- Sustained recession has reduced revenues by significant levels.
- Government services have been reduced in both cities, with major focus on cost reductions in all areas of city services.
- Labor concessions have been part of the mix.
- Legislative interest has been shown in governmental service sharing.
- History of collaborations in the region and between the two cities.

North Las Vegas General Fund 5-Year History



Las Vegas

General Fund 5-Year History



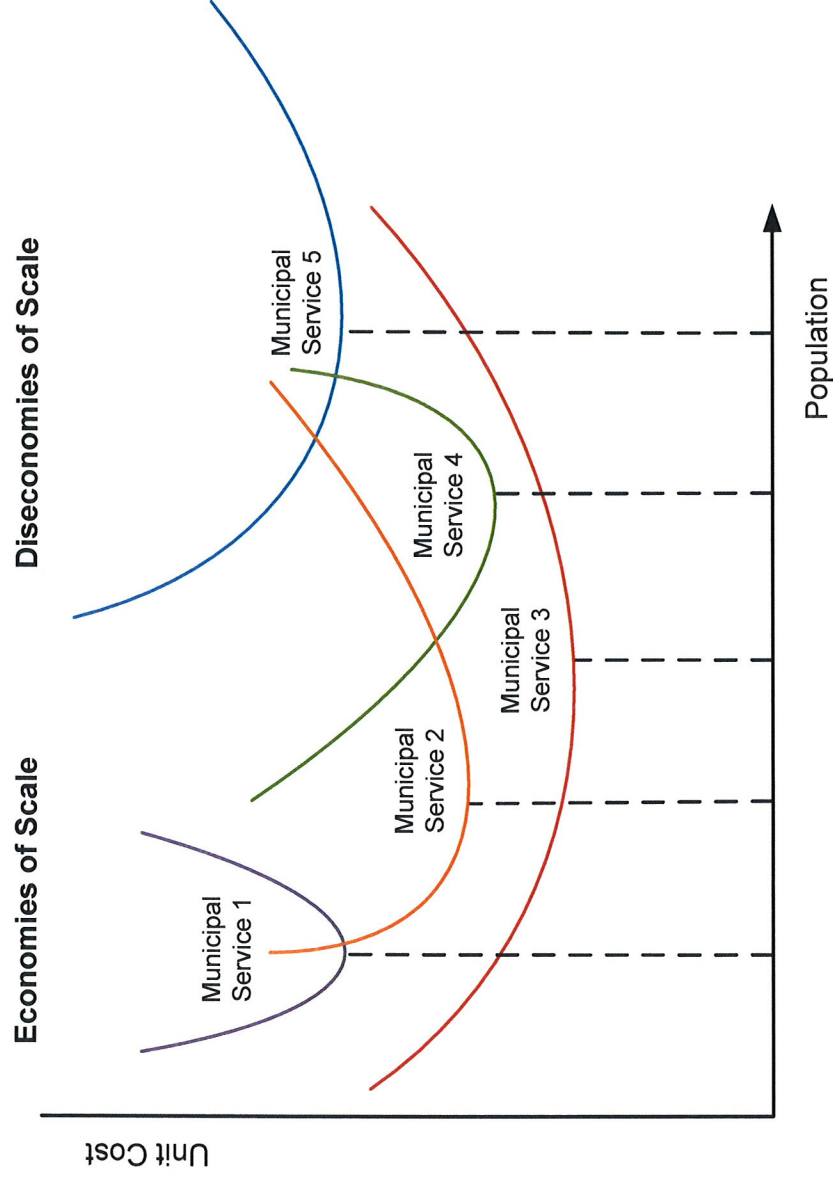
Project Approach

- Steering Committee comprised of executive staff from both cities
- Interviews with executive staff to identify potential service sharing opportunities and prior experiences with collaborations
- Preliminary analysis of 50 possible ideas to identify those that may offer strong opportunities for cost savings
- Seven services selected for focused assessment
- Data provided by the two cities for our analysis
- Analysis of each of the seven areas
- Recommendations for service sharing or aggregation

Economies of Scale

Diseconomies of Scale

Figure 1: Economies of Scale Illustration



How Can Sharing Save Money?

- Reduce management costs per unit of output
- Allow for purchase / use of specialized equipment / technology to increase productivity
- Reduce “peak loads” and associated redundancy
- Obtain more favorable terms on services and supplies

When Is Sharing Not Useful?

- When scale is not a factor in service delivery economics or all returns to scale are exhausted
- When sharing conflicts with other goals and the issues cannot be mitigated
- Where geography or travel time issues negate other gains

Services Analyzed

1. Workers' compensation
2. Safekey before and after school program
3. Joint purchasing
4. Radio maintenance
5. Detention center support services
6. Fire Marshal – fire plan check and code enforcement
7. Traffic operations – signal, street and area lighting maintenance

Many Other Potential Areas of Service Sharing

- Several priority areas for future analysis:
 1. Federal legislative services
 2. Citywide training
 3. Animal control and dog licensing
 4. Street sweeping
 5. Business licensing and work card system
 6. Emergency services dispatching
 7. Golf course operations
- Full list of 50 initial ideas are in Attachment B of our report and many of those could be examined

Caveats

- This study was a high level review – intended to answer the question of whether opportunities for cost savings through service sharing exist.
 - The answer is “yes”
 - It was not intended to answer all possible questions
 - Further analysis will be required to move to implementation
- There are many examples of successful service sharing throughout the country. It is a major focus for numerous local governments – given fiscal realities.
- Leadership for alternative service delivery is essential if change is to be made.
 - There will always be reasons to not make changes
 - Through leadership, the tough decisions to make changes and realize cost savings can be made

Results of Our Analysis

- Numerous opportunities for service sharing and aggregation of services to save money
- Cost savings ranging from \$4.2 million to \$5.6 million – or more – are possible
- Fifteen recommendations are presented

Potential Economic Benefit:

\$4.2 million – \$5.6 million

Service

Estimate

- | | | |
|----|--|---|
| 1. | Workers' compensation | • \$100,000 savings – with other savings to be determined |
| 1. | Safekey before and after school program | • \$156,000 savings and \$1.7 additional revenue |
| 2. | Joint purchasing and combining purchasing function | • \$330,000 to \$1.7 million plus \$120,000 savings |
| 3. | Radio maintenance | • To be determined |

Potential Economic Benefit

<u>Service</u>	<u>Estimate</u>
5. Detention center support services	• \$1.4 million – with other savings to be determined
6. Fire Marshal (fire plan check and code enforcement)	• \$230,000
7. Traffic signal, street and park lighting maintenance	• \$150,000

Conclusions

- The seven areas analyzed offer economic benefits associated with aggregated or shared services.
- If the cities pursued all identified opportunities, annual savings could range from \$4.2 million to \$5.6 million.
- Some areas require more detailed analysis than was possible due to time and data constraints.

Questions/Discussion