

**REPORT OF THE MAYOR'S TASK FORCE
ON CONSOLIDATIONS AND EFFICIENCIES**

TO MANCHESTER BOARD OF MAYOR AND ALDERMEN

MARCH 15, 2010

INTRODUCTION

The Task Force on Consolidations and Efficiencies was announced in his inaugural address by Manchester Mayor Theodore Gatsas. It has met weekly since the second week in January, charged with the task of producing a report by March 15, 2010. Members of the Task Force approached the task with the common understanding that it is the goal of all citizens, regardless of party or philosophy, that government at all levels be as economical and efficient as possible, so that maximum service can be given to the greatest number of people for the dollars spent, and that systems be in place to provide those services appropriate to government conveniently.

The Task Force solicited responses to a questionnaire (Appendix A) from all city Department Heads. In addition, it met with representatives of former city administrations and reviewed prior consolidation and operations reports submitted both by former mayors and by private groups. Superintendent Thomas Brennan and administrators from the Manchester School District also appeared before us. The Task Force appreciates the cooperative and creative input received from current department heads and school district administrators. Members were impressed by the dedication and obvious knowledge officials provided us, and their willingness to make suggestions that did not necessarily benefit their departments, but the city as a whole.

Throughout the work, the Task Force was reminded that efficiencies in governmental operations and the search for new and more cost-effective ways to do business should be the constant mind set of public employees and officeholders, and that a short study such as this one is only a start of what should be a continuing process. Further, the Task Force believes that it is the provision of services to citizens, and not the need to have those services provided by government if they can be provided by the private sector, that should be a guiding principle. Therefore, when possible, this report suggests using private providers of contracted-out services. Finally, while Manchester should welcome those from other communities to use and enjoy our facilities, economic reality suggests that they should pay for them.

Having so short a time to work required the Task Force to concentrate on certain areas, and undoubtedly there are many more possible suggestions in addition to those set forth in this report. The recommendations are divided into three basic categories: Consolidations, Business Practices, and Technological Improvements.

The Task Force submits this report with the hope that those charged with running the city, namely the Mayor and the Board of Aldermen, will consider the recommendations carefully.

I. CONSOLIDATIONS

Manchester city government's organizational chart shows that it is made up of 34 departments and units, some large, some tiny. (See Appendix B). Task Force members were told the reasons for the organization and existence of departments, and there is an historic reason and justification for each. However, those appearing before the Task Force, when responding to the question of "How would you structure the City if you were starting from scratch?" indicated that they would look at the functions of different departments and "cluster" them by function. The Task Force recognizes that we cannot do that from the ground up, but we are willing to look at what is possible. The City Charter allows the Board of Aldermen to reorganize departments (but not city officers specified by the Charter) by a vote of 9 aldermen. Charter Section 3.01 (a).

1.1 The first recommendation we make is to have the Public Works Department be a larger and more consolidated entity. It has, over the years, received new responsibilities because of its competence—traffic, etc.—and should have more. Many prior reports have stated that the Parks and Recreation Department should be combined with this department now. In doing so, however, careful examination of the "enterprise funds" of the Parks and Recreation activities should be held to make sure they in fact maximize their profits—including charges, sponsorships and fees. See Section 2.6. This department should not lose money because of taking responsibility for the enterprises, and private contracts and involving private businesses in the operations could benefit both the public and private sectors. Prior "deals" for use of facilities should be examined on an individual basis. See the business practices portion of this report.

1.2 Also in the Public Works Department, the Task Force finds that it is in need of a new facility that will allow greater savings for the city government. Presently, Manchester has six vehicle maintenance facilities. It should have one. There are several central dispatch facilities (Police, Fire, Public Works) and there should be one. However, there is no central facility to provide these services. The Task Force finds that there is a need for a new Public Works Facility that could house as many departments as Highway, Police, Fire, Water Works and the six vehicle maintenance facilities. This will entail significant investment and bonding to construct a facility that will allow the city to perform functions together that will allow the efficiencies of scale. This most probably would be at the same location where the present Public Works and Water Works facilities exist.

1.3 On the issue of Public Works, serious consideration should be given to combining the Water Works Department with Public Works. While the Task Force is not ready to propose that as an instant recommendation, it believes there should be serious consideration of that combination. This would result in a rational and combined Public Works Department. It also would result in the combined water and sewer bills based on water readings, a suggestion that the Task Force heard repeatedly. There does not appear to be any legal reason why these departments cannot be combined, and the public would understand better how to seek services if they were combined. If there are statutory changes required, such legislation should be proposed by the city.

1.4 Another suggestion the Task Force believes to be worthy of further study is to combine the Economic Development Office of the city with the Mayor's Office. This is because there is no greater purpose of the Mayor's Office than advancing the economic future of Manchester. This would have the combined advantage of having the mayor, whoever he or she is, working hand in glove with those charged every day with attracting business to this city. An additional advantage of the combination would be to give the chief executive's office additional staff to perform the important chief executive work of the city. In the administration of Mayor Raymond Wieczorek, John Snow performed a combined function allowing for administrative expertise. In Mayor Robert Baines' administration, there was a city economic development czar. The mayor's office needs flexibility and talent available, and this combination would allow that. It would also focus the economic future of the city in the office of its chief executive officer.

1.5 Health and Human Service functions of the city are fragmented in various entities at the present time. The Task Force was impressed by the knowledge and commitment of the Health Officer and of the other administrators of the various functions in other departments. The Health Department, Welfare Department and Department of Youth Services should be combined in one department that could provide unified services. The Welfare Commissioner is a city officer elected by the people, and that position should continue to direct welfare functions in the combined department (until and unless there is an amendment to the City Charter). This department should continue to include on site school district personnel and representatives of city not-for-profit organizations that serve immigrant, refugee and other populations who can receive services in one place for all their needs. See Section 1.10.

1.6 The Cashin Senior Center is one of the great facilities in Manchester, the result of significant volunteer efforts and fundraising by some of our most distinguished citizens. It should realize its maximum potential. Presently, its hours are limited. It serves a number of senior citizens, many of whom come from communities other than Manchester. The Task Force believes that its management should be contracted to an organization presently running senior services, e.g. Easter Seals Seniors Count, the Elliot Senior Center, or Catholic Medical Center, any of which could integrate health services with those activities presently available. The facility should be available to the community longer hours, and should be available to other organizations for rent and use. As can be seen in other portions of this report, those using this facility and live in other communities should pay a fee to use it, and have an electronic pass allowing them access to the facility. The other functions and networking with other service providers of the Elderly Services Department should be combined with the Health Department (See Section 1.5 above).

1.7 Most cities in New Hampshire and elsewhere have one city assessor, with a board of assessors serving as the appeals board from decisions of the assessor. Consideration should be given to adopting this structure in Manchester.

1.8 Manchester should have one contract or purchasing office that coordinates and makes consistent all contracts for services, purchases and products. This should be part of the centralized purchasing office mentioned elsewhere in this report (Section 2.12).

1.9 There are a number of external forces that have an effect on Manchester and which make its governmental costs high and threaten to make them higher. One of these is the New Hampshire Retirement System. The Task Force recommends that the city seriously examine and support appropriate reform of the New Hampshire Retirement System so that Manchester and other New Hampshire municipalities not be faced with costs that will consume resources that should be used for schools or other services. Costs of the City Retirement System also should be monitored closely.

1.10 Manchester appears to have more refugees than its fair share. In saying this, the Task Force recognizes Manchester's obligation to serve refugees as a humanitarian obligation as people. We have received sufficient information on this subject, however, to ask whether Manchester is becoming a place in which too many refugees are being placed so that we cannot serve them. To this end, we recommend that the city administration examine the policies of those organizations and the federal government which place refugees here, to see whether Boston, Lowell, Concord, and other locations are receiving commensurate numbers of refugees, and whether policies of agencies and the federal government make any sense in the funding and serving of such populations. Otherwise, Manchester citizens will be required to pay taxes to support those we are unable to afford, no matter how sympathetic we are with their situations. City services available to our refugee, immigrant, and other populations should be centralized, so they are readily available in one location. See Section 1.5.

1.11 The Task Force hearings received notoriety when the City Finance Officer recommended "selling city hall." For us, this has become a code phrase for the need for city offices to be located in a central location or a couple of such locations, so employees can be mobilized for common tasks and so that the "one stop shopping" which has been recommended for a long time actually could be accomplished. The city should examine the opportunity for office facilities that could house many departments with related functions so they could operate efficiently, and not in locations remote from each other. A lesson can be learned from the time when City Hall was being renovated, and Manchester departments were located in the Hampshire Plaza (now Brady-Sullivan Plaza), and they operated efficiently. This physical location issue is important. City Hall could remain public and ceremonial space, while the business offices of the city should be located in modern, efficient office space. The suggestion for a unified Public Works facility, possibly also housing Police, Fire and Water Works would be one unified facility, the Health Department should provide a facility for human service functions, and the remaining offices of the city should be placed in a third facility.

1.12 As stated above, all of the vehicle management of the city should be merged, with the common maintenance facility needs mentioned above and the careful examination of use of vehicles for personal use examined (see Section 2.7.2 below). The kind and efficiency of vehicles purchased by the city need to be planned carefully. Also in terms of equipment, the city should examine the possibility that making known its needs could result in donation of equipment by private businesses. The creation of a common facility into which surplus furniture, supplies and equipment could be put, to be used by city, school and not-for-profit providers, similar to the Donation Depot located at the North Campus of Southern New Hampshire University until recently, would be a good clearing house, allowing most efficient use of assets that currently may not be available to all.

1.13 One of the smallest departments in the city is the Employee Assistance Program (EAP). The Task Force on Efficiencies and Consolidations recommends that the City of Manchester eliminate the EAP division within the Office of Youth Services, and use the EAP program provided by the city's healthcare provider (Anthem Blue Cross/Blue Shield) or some other private provider, as private employers do in providing this service to employees. The city also should negotiate with the healthcare provider to try and get this as part of the benefits package and avoid incurring an extra cost for this service. Any EAP program should cover the immediate family of the covered Manchester employee.

1.14 Manchester has three public access television channels, and the contract with our cable provider produces a large amount of revenue. There are understandable historic reasons why these are separate stations, but the fact is that having separate locations and administration results in added expense. We recommend that MCTV and MCAM be consolidated into one new entity called Manchester Community Access Television (MCAT). MCAT either would stay in the School District or would become an entity of the city of Manchester and continue to have three channels: educational, governmental, and public access. An analysis of the costs of the present facilities should be the basis for selecting the location for the combined entity.

II. Business Practices

As important as major consolidations are, smart business practices adopted by government to employ the best practices used by business and leading not-for-profits also are critical for maximizing the efficiency of Manchester city government. The following recommendations are made to further that goal.

2.1 Adopt-A-School Program, and other city and school programs, should be supported and sponsored by private entities, to the benefit of both. Therefore, we recommend that the Board of Mayor and Alderman approve the hiring of a professional fundraising and development firm to raise donations from local businesses, national and global corporations that have a presence here in Manchester, and current vendors to the city, and utilize the funds raised as an "adopt a school program" that will benefit the 22 elementary, middle, and high schools. The program could be separate from the annual school budget process and the funds raised would and could go towards additional supplies, computers, scholarships etc.

2.2 Solid Waste and Recycling repeatedly have been cited as opportunities to keep the cost of providing garbage removal service to Manchester, a service traditionally provided to our citizens. We recommend that the Highway department look into bi-weekly trash pickup for its customers that the department has evaluated as residences that would qualify (all single family homes). This would not only save money for the city and cut down on the "wear and tear" of the refuse trucks, but hopefully would increase recycling in these neighborhoods. Likewise, a "bag and tag" program often has been proposed as a way to save significant amounts of money and encourage recycling. We recommend that this be examined again, but also recommend that a "single stream recycling" program such as Recycle Bank that is undergoing a test, be compared as a means to accomplish the same end. Finally, on this subject, the various providers of services

to the school district and city should be coordinated and services for trash and recycling be consistent.

2.3 Downtown parking is both a need and a city expense, but it is key to having a vital downtown. We recommend that the city look into adding 1 or 2 levels to the Victory Parking Garage. We also suggest that the city of Manchester sell the Hartnett, Bedford Street and Middle Street parking lots to a company like Central Parking with the intention that the buyer will build a parking garage on these sites. Additionally, the buyer will allow the city to retain ownership and maintenance of sufficient space of the parking garage and the buyer to retain ownership of maintenance of the remaining floors of the public garage.

2.4 Before there are Job Postings (Funded and Non Funded), we recommend that all job vacancies be evaluated by the department head and the mayor's office to see that if the vacant position is a necessity or a position that can be consolidated with another position within the department, or if the service can be provided in another way by the department in which the vacancy exists or another department.

2.5 The city owns a number of vehicles. We recommend that certain, appropriate city vehicles should have paid advertising on the exterior. Car wraps, stickered, or magnetic signage would be the best fit in this scenario. This would exclude police, fire, and certain official city vehicles.

2.6 The city has many assets which can be and are used by the public. These include fields and facilities for athletic play, pools and parks for recreation, and even a golf course. Currently, most of these entities are operated at a loss to the city. Access to these properties for the citizens of the city is an essential component of having a great city. However, it is clear that these entities could be managed better to reduce the cost of maintenance and operation. Feedback from the department head of Parks & Recreation and Cemeteries confirms that specific to the ice arenas there is an opportunity to schedule and manage these facilities better. There appear to be both overlap and challenges in scheduling 'ice time' with the school district and Department of Parks & Recreation and Cemeteries which could be streamlined. Also suggested was the use of park rangers instead of uniformed police officers potentially to reduce the cost related to events.

These items certainly should be reviewed to determine a best practice, which is more economical and streamlined for the city. However, additionally, the Task Force recommends a renewed approach to the operations. Consideration of the following should be given:

2.6.1 Using advertising and sponsorship opportunities within the properties to generate revenue. This is a widely adopted practice in the sports industry and can be adopted easily within the Manchester venues. They would represent an attractive advertising opportunity for many businesses.

2.6.2 Usage currently is tracked at some of the venues. Specifically relative to the pools, there may be an opportunity to provide pool access for a fee to non-city residents and city residents, keeping in mind that there should be some system to provide free access to those who cannot afford the fee. Usage of these facilities by private businesses also is in

need of review. It is known that many child care facilities use these services for day-trips. It may be necessary to charge these for-profit or not-for-profit entities for use of the facilities to assist in covering liability costs. It also is important to measure usage accurately to determine if the usage can justify the cost of operations of multiple facilities.

2.6.3 Athletic fields currently are rented at a very low fee structure which is most likely to allow for easy access by junior sports teams and other child-related activities. Recognizing the need to balance access with operational costs, it is necessary to review the fee structure and increase the fees to private organizations (but not to school athletic programs).

2.6.4 Another potential revenue source to assist in covering the cost of operating the venues may be food service. Specific to some fields, the use of the facility includes the ability to sell food and beverages during the events. The city does not receive any of these proceeds. A model should be developed to allow the food service to be offered by an independent party and proceeds shared with the organization and the city. Similar relationships exist at most major ballparks and civic centers where a private third party operates food service and shares revenue paid to the owner. These venues may be more challenging to implement this service, but consideration and perhaps discussion with street vendors operating mobile stands may result in a win-win relationship.

In general, the city has many assets, which it provides to its citizens and it is expected these will continue to cost the city money. However, it is also clear there are opportunities to use these sites for various revenue-generating activities to reduce the overall operational costs.

2.7 Best Practices in operations are essential. Every governmental operation can benefit through the use of best practices. To determine a best practice model there are several approaches; review other similar organizations and their processes, use industry experts and resources of associations or vertical market organizations, and work within the city's own organization to implement, test, and review processes. The latter is the most difficult, yet probably in municipal environments very common. The Task Force was presented with many specific examples of operational changes that may create efficiencies from a process or cost viewpoint, and/or simply provide a better service to the city and its constituents. The following is a brief outline of these items. In some instances the Task Force is in agreement that the change would be an improvement in operations and service delivery resulting in a savings to the city. Other areas have been referenced as needing more investigation.

2.7.1 Uniformed Police Officers vs. Flaggers for Traffic Details are an example of a governmental practice that was pointed out to the Task Force repeatedly as a practice that could be reformed to save money, although the Chief of Police provided the rationale for the present practice well. We received information from the Highway Department and the Police Department. It is our opinion that allowing these details to be manned by private corporate flaggers rather than requiring the detail to be performed by a uniformed police officer may result in a savings to the city. While there may be advantages to having uniformed police on the street, the cost/benefit analysis does not seem to the majority of

the Task Force to justify requiring uniformed police provide this service, and the fact that when there are insufficient numbers of officers available, private providers do the job adequately, seems to support that position.

2.7.2 City Vehicle Use. City automobiles are for city service. They cost money. Several departments have vehicles that are used by city (or school district) employees. The Task Force did not investigate this practice specifically, but there was sufficient evidence that many of the positions currently allowed use of a city vehicle may not require a vehicle. Likewise, the practice of bringing a city-owned vehicle home, except for employees who have 24-hour responsibilities providing emergency service, is not the best practice. All city vehicle use should be reviewed for necessity, and if the vehicle is deemed necessary, the manner in which it is used also should be reviewed.

2.8 City-wide resource sharing and procedures are necessary for a modern and efficient operation on the scale of the City of Manchester. The Task Force believes the following recommendations will help with this:

2.8.1 Facilities Automation and Management is an important goal. The city is a large operation. It has limited revenue streams and yet must maintain the highest level of service to the residents. As such, the greater use of technology or automation in any area is essential to maintaining the lowest possible cost of operations.

The Task Force recommends that the city review the current facilities owned by the city and the potential to automate many of these facilities. The efficiencies of automating building management in such areas as automated lighting systems, environmental control, and other energy use is important. Realistically, as with many potential cost savings measures, it is necessary to incur up-front investment costs in order to yield the return in the future. This is a necessary capital expense and should not be ignored.

It is imperative that the city and department heads not dismiss potential automation because it is not expected that the budget or investment monies will be available. There must be a renewed approach to investing in the appropriate systems to save the taxpayers money in the future.

One department head's response to the Task Force's questionnaire complimented the Facilities Team for assisting with building management, specifically noting the challenge with the heating systems in older building. This raises an important question. Are budget restrictions preventing the city from investing in properties to prevent repetitive maintenance expenses or 'band aid' solutions to maintenance issues? The departments and facilities must report all needs and have larger investment requirements be known and investigated. The city must take the long-term view on facilities, building new ones and closing inefficient ones, if it is to be efficient.

2.8.2 Improved communications for streamlined processes are required for the best-run city. Many city departments interact with each other. General inquiries from the Task

Force resulted in questions about effective communication methods. Improvements to communication and cooperation will make the city departments more efficient.

Each department's interaction with another is unique and therefore needs to be reviewed individually for effectiveness and potential improvement. Examples of departments which can improve both service delivery to the public while also improving efficiency and reducing costs are as follows:

- (a) Parks & Recreation (which should be part of Public Works) works with the school district when scheduling athletic fields and ice arenas. There is an opportunity to use technology to automate this communication and potentially provide an online resource for booking and payment of facilities to all concerned parties – the public, private organizations, and both city departments.
- (b) The Public Works Department works with the Parks & Recreation Department and there is a major opportunity to use better communications and sharing of resources. This will not be reviewed in detail as the Task Force is recommending a merger of these two departments. The fact that both provide service to the school district with the attendant complexity is an additional reason for our recommended consolidation, if service is to be provided best.
- (c) Water Works and EPD departments have a public communication in common, the quarterly billing. It was clear that this function should be combined. The challenge to achieve this objective were presented as the computer system capability, financial accounting of transactions and the public's potential desire to have staggered billing. All these items can be overcome within a cost that will yield a return on the investment. Therefore, our recommendation of this consolidation of departments, set forth above in Section 1.3.

A recurring theme for many departments was the challenge of working with the public and the understandable lack of knowledge of city departments the public has. Many department heads referenced the wasted time fielding and returning phone calls just to redirect members of the public to another department. There was a specific recommendation by the Tax Department, but truly a common statement, that the city should have a single entry point or receptionist for the public. More importantly, this information needs to be presented to the public. If you were to search for 'who to call' for a fallen tree or graffiti issue, there is a legitimate question about which department has responsibility for it. One city phone number for services is required, which could be combined with the central dispatch recommendation contained in this report.

2.9 While it specifically was not the charge of this Task Force to discuss or examine the separate relationship of the school district and city, it is apparent that there are a number of administrative efficiencies that can be accomplished by combining functions of both. We recommend the following:

2.9.1 The Human Resource Departments could be combined.

2.9.2 Payroll, reportedly done very efficiently by the school district, could be combined.

2.9.3 Insurance programs, benefit administration, health benefits, should be common both to the city and school district, giving the city as a whole the opportunity to bid for services in common, with the concomitant bulk in size of contracts.

2.9.4 Purchasing, as noted above, should be done through one office, using the best prices and programs available after bidding, taking into consideration discounts often afforded educational programs and purchasers.

2.9.5 Technology departments and services could be coordinated or combined. (See Section III generally.)

2.10 Payroll should be by-weekly, direct deposit should be the expectation with employees potentially receiving incentives for having accounts into which deposits can be made electronically, and as many payments as possible should be made by electronic payment and transfer. An opt-out system allowing paperless payment should be allowed.

It is rare for any business in any industry to open its doors today with a policy of processing payroll on a weekly basis. It is important for the committee to reference both 'today' and 'any industry' in the previous statement. The transition from weekly payroll processing to bi-weekly processing is understandably an adjustment for many employees. Especially in today's economic climate, workers are forced to live paycheck to paycheck. However, the transition from weekly to bi-weekly must happen within the city and school district to reduce operating expenses.

Currently, the school district and city process separate payrolls and do so on a weekly basis. These functions should be combined in one location. It is most logical for the city to process payroll on a bi-weekly basis both for city and school district employees, although the Task Force heard how efficiently the school district performs this function, with a small staff.

The Task Force recognizes there are many components to this change that need to be addressed; including the various employee types, employee and union contract requirements, and hardware/software needs. It is possible that the school district's payroll processing system is superior to the city's, but further investigation would be necessary. Integration with the city's HTE system also is an important consideration.

Using a bi-weekly payroll process potentially can further improve the city's ability to negotiate banking fees and other payroll processing-related costs. Encouraging the use of electronic payment options rather than physical paychecks would also be a savings to the city. Any opportunity for reducing physical paperwork related to payroll, including pay stubs, wage reports, W-2s, etc. should all be reviewed during this process.

(Note: Related to this more functional issue of payroll processing is the overall structure of the city and school district each having a separate Human Resource Department. The Task

Force is of the opinion that combining these departments into a single department is a benefit. The consistent discussion of sharing resources and having access to similarly trained, educated, and performing individuals would be a benefit for any department. Certainly, there are times during the year in which each of these HR Departments is busier than the other. The ability to provide better service to the employees, improve efficiency for the city and reduce costs are all achievable with a single HR Department. See Section 2.9.1.)

2.11 Grant Writing Services should be coordinated.

The city reaps exceptional financial benefits from various grants. It was evident that each department has been responsible for its own grant application and tracking. Grant writing is a very important component of the city's financial picture. The responsibility for writing grants has been contained within each department for the obvious reasons. The department is most likely to be aware or notified of grant opportunities, access to necessary information for writing the grant request and the specialized nature of the department requires specific knowledge of that department's functions to have a high degree of likeliness to win the grant.

The Task Force does recognize the reasons for placing grant-writing responsibilities within a department. It was evident that some departments rely heavily on grants for funding their budgets, while others have the opportunity to apply for and win grant monies, but do not aggressively pursue this.

The overall practice needs to be reviewed for the city. It is possible that placing an individual within the Mayor's Office or Finance Department who is responsible for ensuring all grant opportunities are pursued, necessary writing and applications are completed and submitted on time and with the highest degree of professionalism will yield a greater return on the efforts.

In some departments, such as the Police Department, the effort of grant writing did appear to have a low priority because of other pressures, and could be addressed better. It is important to be aware of the recurring grants, have a thorough knowledge of what the funding organization wishes to achieve with the grant, and how to best respond to the opportunity. The lack of a position in many departments means there will be an inconsistent response, if any, to grant opportunities.

The Health Department also referenced the need for a 501(c)(3) entity to increase the opportunity to apply for grants. There are various organizations through which the city could work to win these grants, and there is at least one city entity which qualifies for the non-profit status. This needs to be investigated further as there is most likely opportunity in this area.

2.12 Centralized purchasing and contract negotiation are required for best business practices to be in place. It was of considerable concern to the Task Force that the central purchasing office does not have clearly established practices and processes and there was an overall lack of enforcement regarding the use of the department. Related to the objective of using central purchasing, the city also did not appear to have a well established practice for contract negotiations. At best, the description of city-wide contract negotiation practices for commonly procured services or goods was ad-hoc.

There was discussion specifically surrounding waste removal, cell phones, office supplies, and computer hardware and software. It is clear that many departments are not aware of central purchasing or simply choose not to use the service. Of those departments actually using central purchasing, the feedback is evidence of the need to review actual process and practices. Several references to central purchasing discussed the inefficient process by which central purchasing essentially 'price shops' and then the remainder of the procurement process is relegated to the originating department.

2.12.1 We recommend the City establish written procedures and requirements for use of central purchasing, the process by which this office operates and integrates with other departments, and general purchasing guidelines. These procedures should create an environment which does not allow payment of vendor invoices to be made without using the HTE system and centralized purchasing. The ability to stop payments will strictly enforce the use of what the city has already determined is a better process for protecting taxpayer dollars.

One size does not fit all. Central purchasing cannot be expected to evaluate and purchase specialized products or services for each department. However, it can oversee the process to ensure the best outcome is achieved.

2.12.2 The ability for the city and school district to capitalize on purchasing power and potential rebate or reward programs should be a large initiative. The Task Force does not wish to recommend the creation of additional bureaucracy or multiple levels of government. However, it is important there is an overall objective beyond the typical cost control or zero budget increase methodology adopted by most municipalities. It is imperative there is an oversight body to ensure all business practices relating to procurement are in the best interest of the city.

2.12.3 The following list outlines basic objectives of a procurement office which the Task Force feels is lacking:

- (a) Determine all users for any service or product to ensure largest purchasing power is realized.
- (b) Negotiate contracts with the tenacity of private business.
- (c) Implement and use any reward or points systems available from vendors to generate these points or rewards which are equivalent to cash.
- (d) Maintain consistency within contracts and negotiations and be aware of vendor capabilities to effectively utilize service and products.
- (e) Establish practice for contract and billing review to ensure all services or products are being delivered to the city or school district as promised, and ensure accountability for the proper delivery of purchased services and products.

Employees and department heads must treat the city's monies as if it was their own.

2.13 Department performance is an area in which the city's practices could be modernized. It appears the current practice is a traditional performance and wage review completed for the department head by the Mayor's Office. While this is a necessary management practice, we would recommend expanding this action. To encourage forward thinking and looking beyond the current approach to city services, department challenges, etc. we recommend a performance self-review be provided by the department head each year on the department itself, not the individual. If this takes place at the same time as the department's budget review that is acceptable, but it must be a completely separate process as to not confuse the two.

The department head's self-review of the department should outline goals for the coming year. It should contain recommendations of processes and other items, which the department head is to investigate and consider for implementation. Continually seeking to use not just technology to solve problems, but also reviewing process, equipment and approach to be creative in achieving overall better performance is essential. It is imperative that the city as a whole be aware of all the options so that effective management across departments can truly take place. These reviews should be used to ensure the city is moving forward and each day is not simply a repeat of yesterday.

2.14 The city current uses a wage scale system, Yager-Decker. A concern regarding the use of this system was raised in several department discussions. It is understood why there is a necessity for such a system, however in some cases there is potential to fail to reward high performance employees and to over compensation for under-performing employees. In the case of enterprise units such as the airport, this is a significant concern. In general, this is a practice which needs to be reviewed. Perhaps the scale system should be used as a base, but there could be a process or committee by which exceptions in either direction can and should be made.

2.15 Contract negotiations are a major part of the city's day-to-day operations. Whether the contract is with outside vendors, employees or unions, these represent a significant investment and commitment by the city. It appears there are three negotiating bodies – the Mayor's Office, the department heads and the Board of Mayor and Aldermen. Due to the structure, the use of the latter is not truly the most effective method to negotiate a contract of any type. The Mayor's Office and department heads appear to be the most logical selection. The Task Force believes this process should be reviewed. Every individual has various talents and perhaps effective negotiating is not always a talent of a department head or mayor. For this reason, it is important that negotiations have an improved process. In addition, the Task Force heard many suggestions related to existing contracts which most likely can be changed only at the time of contract renewal. The Task Force was concerned that the recommendations would not always be considered in contract negotiations in the future simply because there may be a lack of extensive conversation with many other individuals and the additional input may be unheard. One specific example was the feeling that teachers should have more in-classroom time rather than allowing professional development days on what otherwise would be regular school days.

2.16 The Highway Department indicated it currently was reviewing the use of geo-locating equipment potentially to be used in plows or other vehicles. The Task Force encourages the use of such devices to ensure efficient, consistent service delivery to the citizens of Manchester. As with any other investment the city and departments make, there should be a well-documented practice for implementation, use and the expected outcomes of such an investment.

2.17 Real estate and facilities represent a significant investment on behalf of the city. At the same time, the growth of Manchester and thus the departments supporting our city have caused the city to acquire, move and alter the use of many properties over the years. It is clear to the Task Force that while the past actions were justified, they also contribute to today's inefficient operation. Departments which physically could be near each other for better effectiveness in serving constituents while simultaneously increasing efficiency are not able to do so due to the physical lay-out of some of the buildings the city owns. Likewise, many departments, related or not, could use labor or equipment resources more effectively across the departments if they were in the same physical location. The Task Force recognizes this is a serious issue, but also would most likely require a large investment up-front to resolve. We recommend that the city review the overall ownership and rental of all properties and departments and determine a long-range strategy to improve city performance in this area. (See Section 1.11)

III Technology Improvement Recommendation

A modern city needs to use technology to the greatest extent possible, both because it saves money, and because in 2010, citizens expect it. The Task Force heard many suggestions for improved service and savings based on using technology, but we heard also the need for spending money in order to save money and provide increased service. Our recommendations in this area are as follows:

3.1 Credit card processing and acceptance will help city departments serve the public. This is an area in which the city currently is working to address. The most significant challenge is obvious. The city does not and should not pay credit card fees on all revenues coming into the city. This would reduce overall revenue. However, areas in which collections continue to be a problem and credit cards could reduce necessary collection efforts and costs, or where client service could be improved and thereby reduce city workers' interaction time with clients, credit cards should be considered.

There has been extensive discussion regarding online credit card payment, automated charges, etc. This discussion needs to be coordinated by one department and a policy and approach should be implemented city-wide. There are too many individual departments struggling with the task. The following are recommendations for the city:

3.1.1 Implement online and/or off-line credit card processing where the combined cost for check and/or cash handling and collection expenses outweigh the fees which would be paid.

3.1.2 Do not accept credit cards for the largest revenue stream of the city, property taxes.

3.1.3 Institute convenience fees for any credit card payment, especially online, which would truly be a benefit for the recipient. (i.e. Building permits are not issued until payment is received. Online payment would allow this to be a much easier process for the public and the department. A convenience or service charge will work well in this instance.)

3.1.4 Automate the payment of some bills to address the issue of public not wishing to get separate bills for water and sewer. Again, a single bill with perhaps two amounts and two payment due dates, but automating the payment would be helpful. Indeed, the implementation of electronic billing and reminders should be available city-wide.

3.2 Information systems need significant up-grades. There is no question the city has failed to stay current with technology due to budget constraints. This is a significant challenge for non-municipal, for-profit enterprises, and it is understandable it would be an even greater challenge for a city. However, the benefits of investing in technology are obvious. We would encourage the city and Information Systems Department to implement a process whereby all recommended major technology initiatives are accompanied by a plan for implementation. This plan would include investment requirements, training, maintenance, and most important objectives and measurable outcomes. This will allow the Board of Mayor and Alderman to make well-informed decisions, and ensure accountability across the IS and technology affected departments.

3.3 The HTE software system needs constant monitoring. There has been considerable discussion regarding the city's primary management and operations system called HTE. It is not the Task Force's recommendation to change this system at this time. However, the system is comprised of many modules. Each module is developed to meet a specific demand. On reflection, it appears the implementation of HTE was not well done. Departments were not as involved in the selection, training, planning or implementation of the system as they should have been. Due to this, there has been some lack of adoption of the system.

Departments should be required to use the city's system. Off-the-shelf technology will never be the perfect fit, and yet custom development is not generally a financially feasible option. An overview of HTE's current installation within all departments needs to be prepared. Determining which departments are not using the system, addressing the reasons and getting the departments to use HTE is essential. Data is a primary component on running the city and having a central system thoroughly used will result in better communication and efficiency.

Additionally, since the system has extensive modules available, we highly recommend that each department provide a thorough review of its current implementation to the IS Department and potentially the Board of Mayor and Aldermen. Reviewing the system and all the other modules which could replace or complement the current installation, the features and functions of the system as it stands, and the potential for better integration, may reveal many potential improvements. It is often stated that most users of any systems use less than half the

functionality of that system. Given the information regarding implementation and training, we suspect this is more than the case for HTE users.

The Water Works Department specifically cited the shortcomings of the system and the necessary work-arounds and even duplication of data that was necessary. We encourage this information be examined by the IS Department which should address the issues with the HTE developers. At the same time, it may require a process change within the department. It is necessary to review physical processes when implementing technology and, often, it requires a change. Again, one size does not fit all, but if a module has been developed specifically for a city department and is being widely used across the United States in many installations, it should be tried carefully here.

3.4 City and school district IS teams should work together and/or be merged. The city and the school department each maintain an IS department. Discussions clearly indicated each of the two departments had recently started working more closely together, and that each could see the benefit of an even closer relationship. The Task Force recommends the two IS teams be combined into a single IS team servicing both the city and school systems. There is an extensive amount of crossover and duplication of knowledge and capabilities, which would better service all audiences as one entity.

3.5 Other opportunities for IS improvements exist. During the Task Force's review, there were many specific examples given by department heads. The following is a brief outline of these items and the Task Force's recommendation.

3.5.1 Field workers from many departments could improve client service and productivity with the use of tablets or other portable devices. The specific departments that should be reviewed include Building and Planning, and Health. The Task Force agrees if properly instituted the use of portable devices could increase efficiency, more accurately record and make available data from and to the field, and potentially capture more revenue opportunities. We recommend the department heads for each entity present a thorough plan for implementing additional technology. As referenced above, the plan must include the expected outcomes with relative timelines to illustrate the value of the investment, and if necessary, the retiring of positions through attrition or early retirement to achieve the savings expected.

3.5.2 The city currently is operating on a nine-year replacement model for all computer systems. This simply is ineffective and too long a time period. Increased maintenance and upgrade/update costs are being incurred because of the age of these computer systems, and valuable resources within the IS Department are being wasted to address older computer systems. The Task Force recommends the city review this practice and what the true costs are for delayed system replacement. Likewise, there may be an opportunity for higher-end computer systems to be directed to lower-level users to extend the life of a system's use within the city or school district.

3.5.3 Electronic document processing was suggested by many departments. This is an important concept for the city to review. Electronic document systems will allow the

various city departments, in their various locations, to access all materials necessary, share these resources easily and quickly, and promote improved communication, provide a tool for automating many processes, and reduce the cost of paper, copies, couriers, and researching time. This initiative would need to be a significant project and would involve all departments. The IS Department should assemble a team to identify the current challenges and inefficiencies of each department individually and then collectively work to address these in a cost reduction model.

3.5.4 The Planning and Zoning survey response mentioned the need for a full-time stenographer. This is a prime example of where technology most likely would be a better solution than an additional employee. There are many uses by various departments for a voice-to-electronic transcript system. This should be investigated as an alternative to a new hire.

CONCLUSION

The Task Force members appreciate the opportunity afforded us to look at the City of Manchester's government. The City is fortunate to have good, experienced, and energetic employees providing service. They should be consulted in the implementation of the proposals set forth in this report, as their experience providing service undoubtedly would provide helpful suggestions in putting the suggested changes into effect smoothly. Appendix C to this report indicates which of the recommendations the Task Force thinks should begin immediately, and which need further study or action on a long-term basis.

Good luck, and thank you for your continued service to the people of Manchester.

Respectfully submitted,

March 15, 2010

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APPENDIX A: DEPARTMENT HEAD QUESTIONNAIRE

1. How could your department and other departments be more efficient?

2. What department do you work most with and what are the synergies.

3. What functions do you presently provide online and what are the online tools you need to make your department more efficient?

4. What processes do others do better that we could adopt (i.e. municipalities and businesses)?

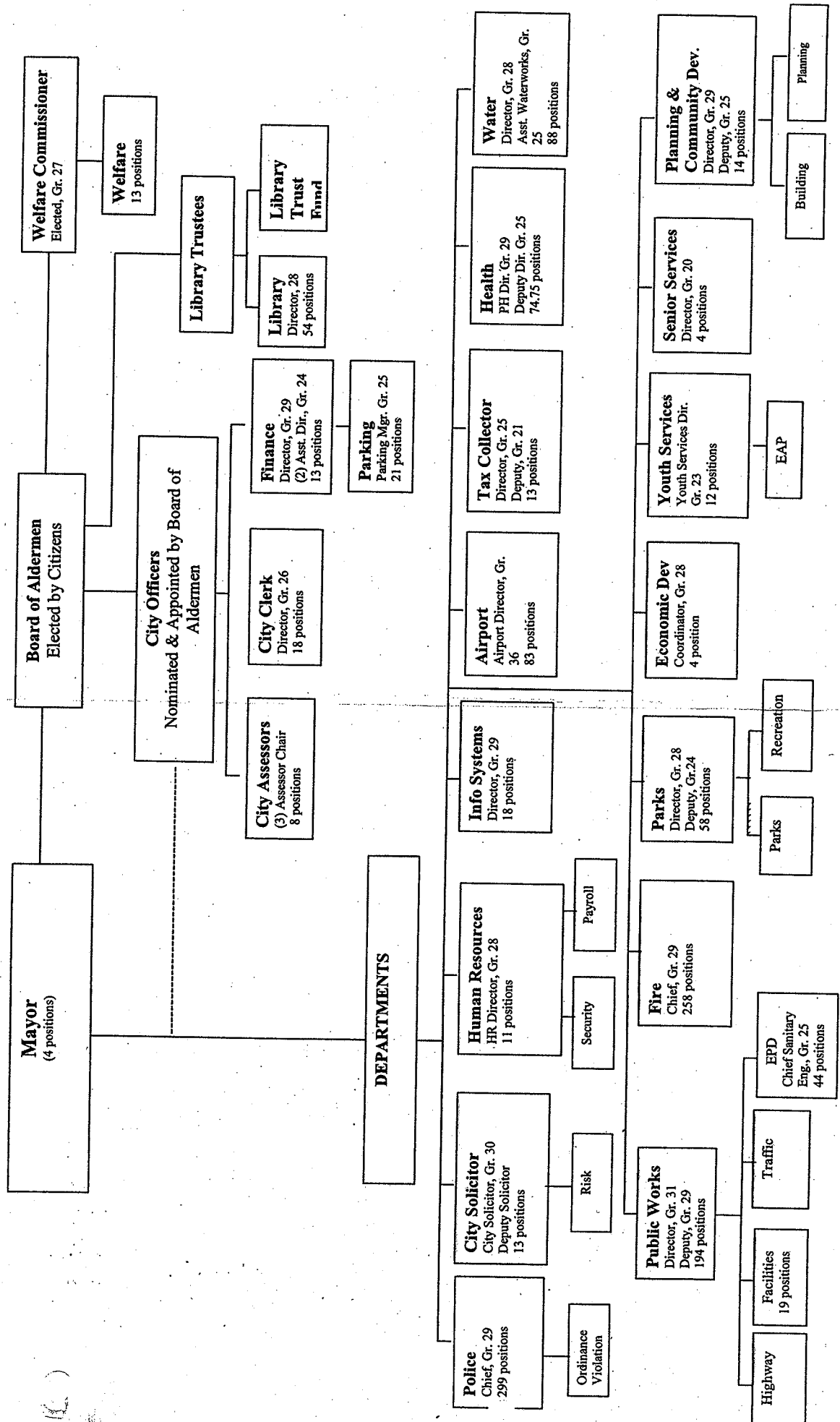
5. Are any of your services duplicated by the school district and what services could you provide to the school district?

6. Is there something that the city can provide you to streamline your processes?

7. What ideas do you have about efficiencies and possible consolidations in Manchester in general, that were not provided in the answers given above?

8. What are the online tools that you need to be more efficient?

APPENDIX B: CITY ORGANIZATION CHART



APPENDIX C: IMPLEMENTATION

The Task Force Believes the following recommendations should be considered immediately for implementation: 1.1, 1.5, 1.6, 1.8, 1.9, 1.10, 1.12, 1.13, 1.14, 2.1, 2.2, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10, 2.11, 2.12, 2.13, 2.14, 2.15, 2.16, 3.1, 3.2, 3.3, 3.4, 3.5

The following recommendations need further study and/or will need more time for implementation: 1.2, 1.3, 1.4, 1.7, 1.9, 1.11, 2.3, 2.17