



**Cost Reduction & Containment Suggestions from the Rochester Concerned Taxpayers Association to the Rochester City Council, Rochester School Board & Rochester Police Commission**

January 21, 2009

**Introduction**

For more than 15 years, Rochester has witnessed a city government that has focused largely on finding additional sources of revenue and raising taxes to fund Rochester's government operations. As a result of this approach to running government and providing citizen services, a revenue problem has been created. Or more appropriately, a lack of revenue problem has been created as a result of what we believe has always been a spending problem. As such, the RCTA believes that this dichotomy needs to change if Rochester's citizens and taxpayers can ever expect a long term affordable quality of life that attracts quality jobs that is not solely driven by the will of our local government.

Section 43a of the Rochester City Charter was really only a beginning step toward providing tax relief and moving attitudes more toward seeking ways to improve government efficiencies and lowering costs while providing excellence in citizen services. The RCTA is convinced that more can and should be done to control spending without causing harmful effects on vital services.

The RCTA strongly believes that the New Hampshire Advantage is a unique way of life that should be preserved. Without our "Advantage", we become just another state in New England. New Hampshire's natural resources, low cost of living and that good ole Yankee spirit has made New Hampshire the jewel of New England.

The RCTA also believes that:

- *Local government should be simpler, more understandable and more responsive.*
- *Local government should be more transparent, allowing citizens to better understand whom to hold accountable—whom to thank or blame—for decisions, actions and spending.*

- *Local government reform should drive real cost savings for Rochester citizens through the reduction of local government layers and the adoption of other cost-saving measures.*
- *Reform should provide practical, concrete, common-sense solutions, rather than grand schemes that would be difficult to implement.*
- *Reductions in the increases of the budget should not be using indiscriminate, across-the-board cuts that jeopardize the core functions of government ensuring the health, safety, and prosperity of the citizens of Rochester; cuts should eliminate inefficiencies in government operations and target non-essential program & functions.*

It is in this light, that we present the following suggestions that we would like the Rochester City Council, Rochester School Board and the Rochester Police Commission to consider. These suggestions are not necessarily original ideas, but they are what can be considered a list of “best industry practices.” Continuing to conduct business as usual, particularly in one of the worst economic environments in our country’s history, simply makes no sense. We hope that you take these suggestions in the spirit from which they are intended.

The people of Rochester need your leadership to keep costs under control while ensuring important services continue to be delivered as we seek to improve our lives.

### **Our Offering of Suggestions**

**1.** In 2010 there will be a \$2.6 million increase in labor costs & in 2011 there will be a \$2.9 million increase in labor cost to the taxpayers of Rochester. Under the current economic conditions and given the fact that road repair will receive little to no funding, the RCTA would propose one or more of the following to halve these increases and provide nearly \$2.75 million over the next two years toward road repair:

- Implement an employee furlough program
- Invite all collective bargaining units back to the negotiating table to re-negotiate more reasonable wage increases
- Fully investigate Councilor Varney’s healthcare insurance proposal and offer one employee healthcare program to all City and School Department employees to reduce costs
- Freeze all non-union employees wage & salary increases
- Freeze all hiring at both the City and School Departments
- Carry out a reduction in force (RIF) of non-essential & non-safety personnel for both City and School Department

Certainly, the preferred route to funding critical road repair would not include a RIF. Nor does the RCTA envision simply because there would be less people or less time on the

job, that a reduction in services is the necessary result. We would expect that City and School Department employees would step up their efforts to meet the demands of the services provided to the citizens in addition to finding efficiencies in government operations.

In addition to moving to lower labor cost in the short term, we also encourage the Rochester City Council to only approve collective bargaining agreements that are in line with the taxpayer's ability to pay. We also want the City Council, the School Board and the Police Commission to ensure that every future collective bargaining contract include improved service to the people of the City and the students of Rochester Schools. Far too many collective bargaining contracts simply provide more money, benefits and work environments with no mention of how all of this benefits the taxpayer and citizens of our City. We ask that you end this practice and only approve contracts that are in the best interests of everyone.

2. Moving to a **4 day work week** in appropriate areas would result in potential significant savings to the City and School Department:

o **Reduces road construction and maintenance costs**

- With 1/5 fewer cars making the commute each day, fewer new road projects would be necessary and existing roads would last longer with less maintenance. This is not to say that we shouldn't take advantage of this cost savings to invest in alternative transportation systems. In fact it's the opposite. This could be a gift to the tax payer who would receive new and better options for travel without any rise in taxes.

o **Reduces employee absenteeism**

- A recent survey found that 43% of respondents admitted to playing hooky last year. That is they stayed home from work even though they weren't sick. Another day scheduled during the week to address the needs and wants of workers would give people more time to complete all sorts of activities. It could keep them from taking their own day off. It could also give people a day to schedule appointments like medical, dental, tax, attorney or other. A Four Day Work Week would mean fewer random interruptions when workers must leave the office to take care of these matters. Even the occasional summer day spent hiking with a child sounds like a good national exercise to me.

o **Increases employee productivity**

- In 1930 famed cereal maker W.K. Kellogg had this to say about his decision to decrease his companies work week from 40 to 30 hours.

The efficiency and morale of our employees is so increased, the accident and insurance rates are so improved, and the unit cost of production is so lowered that we can afford to pay as much for six hours as we formerly paid for eight.

There are lots options concerning the number of hours a 4 Day Work Week could contain. Employees could work 10 hours a day and keep a 40 hour work week. Or they could simply eliminate an entire day and drop down to a 32 hour work week. In between is the idea of working 4 days a week, 9 hours a day. But regardless of how many hours people work, the important part to remember is that most tasks are going to get accomplished each week just as they did before. A recent survey by salary.com of over 10,000 American workers revealed that on average, we waste more than 2 hours each day surfing the web or making phone calls to friends. Might these distractions be activities that workers must be willing to trade for an entire extra day off to spend surfing on the Internet? I say that tongue in cheek as there are better ways to spend your new day off but the point is that the inbox is never empty and that important tasks could probably be completed in a shorter work week if time spent at work was all about work. A shorter work week would sharpen this focus and make the workplace more productive.

- **Decreases labor costs**
  - Long work hours increase the worker turnover rate which leads to more money spent on acquiring and training new employees. Employees who have almost as many days to spend on their own as days they spend working will be much happier and more loyal. These are employees who will work harder and stay longer at any given company.
- **Decreases operational costs**
  - Depending on just how a company chooses to structure its 4 Day Work Week, any number of operational costs could be reduced. The energy savings from the climate control of unoccupied buildings could be enormous. Fewer security or maintenance issues could result from having a smaller number of people in the office each day. A shorter work week could mean more infrequent cleanings and less information technology service calls.
- 3. Implementing an energy conservation program that provides significant cost avoidance would reap significant savings. The Rochester School Board's results from their cost avoidance measures is a shining example of what a local government entity can do when they have the will to do so.

Relatively simple measures of proper building windows, pipe insulation, building control solutions, energy saving lighting, etc. has lead to a **13 year cost avoidance of \$4.7 million** dollars by the Rochester School Department.

The RCTA urges the City of Rochester to embark on a program that would save precious taxpayer money.

4. Outsourcing as many City functions as possible would lead to operational cost savings and a more efficient use of taxpayer money.

“In a 1998 survey by the U.S. Council of State Governments, respondents were asked the reasons they used public-private partnerships over the past 5 years. The results were as follows:

- Cost savings 40.9%
- Lack of in-house personnel and expertise 32.5%
- Lack of State support of political leadership 30.8%
- Flexibility and less red tape 23.8%
- Speedy implementation 21.4%
- Increased innovations 20.4%
- High quality of service 18.5%
- Other 10.6%

“These results are similar to many other surveys that point to the same advantages for public-private partnerships. Overwhelmingly, the most frequent use of partnerships is to save costs. **The U.S. experience with outsourcing of public services routinely results in 10-20% savings over the traditional delivery system. In some cases, savings as high as 40% have been achieved.** Conversely, more and higher quality services can be provided at the same cost as before or less. In the State survey, cost savings are also the result of other reasons given, especially “flexibility and lack of red tape”, and “speedy implementation.” Public bodies have found that they can use private resources and expertise to save precious funds through faster facility design and construction, as well as cheaper operations.

But cost is never the only reason to use public-private partnerships. **The second-highest reason cited in the survey is the access to specialized expertise and proprietary technology. As generalists, governments cannot afford to provide or maintain such know-how in-house, especially in the area of information and communication technology. The laboratory of the competitive private sector accelerates change to a rate that cannot be matched in the public sector.**

Lastly, use of the private sector can help governments to address sensitive political and labor issues. In the State survey referenced above, the third highest reason for public-private partnerships was to accomplish objectives when the political leadership couldn't directly take on an issue. With the flexibility and efficiency of private developers and operators, the public can sometimes enlist the private sector to handle more easily problems such as downsizing, coordination of political entities, regionalization, implementation of difficult policies and cross border relationships.”

5. We live in an ever increasing information society. More and more people are turning to the power of the internet to conduct their business electronically. Business process

automation provides an opportunity to reduce costs and increase customer convenience and satisfaction.

*“The impact of egovernment at the broadest level is simply better government by enabling better policy outcomes, higher quality services, greater engagement with citizens and by improving other key outputs. Governments and public administrations will, and should, continue to be judged against these established criteria for success.”*

The Rochester Concerned Taxpayers Association would like to see more of an effort to automate tax collection, water & sewer billing, licensing and permitting. This would reduce overall costs and allow people the convenience of doing business with the City of Rochester when it is more convenient for them.

6. Consolidation of functions across City departments and between the City and the School Department would achieve significant cost savings. Functions such as human resources, financing and purchasing should be reviewed and all overlapping functions should be merged. This would result in labor cost reductions, materiel & equipment cost reductions and significant customer service efficiencies.

*“It should be noted that the primary emphasis for functional consolidation was not a simple budgetary quick fix but rather long-term cost containment. In the long run, the taxpayers will benefit through more efficient methods of administration as the county and school system experience continued growth.”*

*“As governments grow in size and decisions are made to provide broader arrays of services, policy makers have to decide upon the best methods for delivering those services. Cost, of course, will play an important role in those decisions. Some functions and services require greater portions of municipal budgets than others. When direct service provision demands too much of a government’s available resources, policy makers must consider the relative costs and benefits of using intergovernmental collaboration or private contractors.”*

## **Conclusion**

While we believe these 6 suggestions (a starting point) would lead to significant short term cost reductions and long term cost containment, we truly hope that our point of a smaller, more efficient government is received favorably. We believe (because you are the elected representatives for the people of Rochester) that you have a unique opportunity to lead our City in a real meaningful way. We urge you to set policy that demands a higher degree of accountability from administration, seeks results that improve citizen services and creates a culture that fosters innovation and cost savings for the taxpayers of Rochester.

“The transformation we propose will be disruptive, even painful, in the short run. Many who have vested interests in the status quo will resist these changes with great vigor.” The RCTA asks that you embrace the realization that change is inevitable and constant. We urge you to be the change agents that will collectively lead us into a new era of Rochester government that provides the best services in the best most cost effective manner.

*Sources:*

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