

To: Board of Commissioners

From: Verna McDaniel

Subject: Three in One – Recommendations to Consolidate Community Development, Economic Development & Energy, and Employment Training & Community Services to Deliver More to Residents and Stakeholders

Date: May 5, 2011

Background

Last summer, I asked Mary Jo Callan to convene a process to investigate ways to increase collaboration between three County departments – the Office of Community Development (OCD), Economic Development & Energy (EDE), and Employment Training & Community Services (ETCS).

Since then, Tony VanDerworp, director of Economic Development & Energy, Patricia Denig, interim director of Employment Training & Community Support and Mary Jo have worked in partnership to fully explore how best to ensure that these three departments increase collaboration so that the organization and the community get the most value from its investment.

Patricia, Tony, and Mary Jo centered their discussion and work on the following principles:

1. Focus on citizens first, rather than on traditional or parochial departmental perspectives;
2. Create savings and/or service improvements for the organization and citizens; and,
3. Leverage the assets and strengths of each department – and mitigate the weaknesses.

They understood at the outset of this process that their three departments had many common goals and logical extensions of one another; had overlapping and duplicative services or functions; and, that the creation of a more coherent model for their work is needed. They assessed the core business functions of each department, identified each department's core competencies and weaknesses, and set out to identify ways that they could leverage each others' assets to strengthen services to the community.

This process helped to identify some obvious overlaps and areas for improvement that could and should occur regardless of any deeper structural change. For example, OCD and ETCS are both integrally involved in the delivery of basic human services to the community, and even provide funding to many of the same organizations and/or constituents. Mary Jo, Patricia, and Tony determined that it makes sense to work together on these efforts to help to improve access and impact, and understand that impact. Another example involves the delivery of home improvement and energy optimization services to area residents. OCD administers the *Housing Rehabilitation Program* and ETCS administers the *Weatherization Program*, both of which provide assistance to low-income residents who need repairs and/or energy improvements. These two programs could and should work together to make access easier for the community, and leverage and extend the resources of each program.

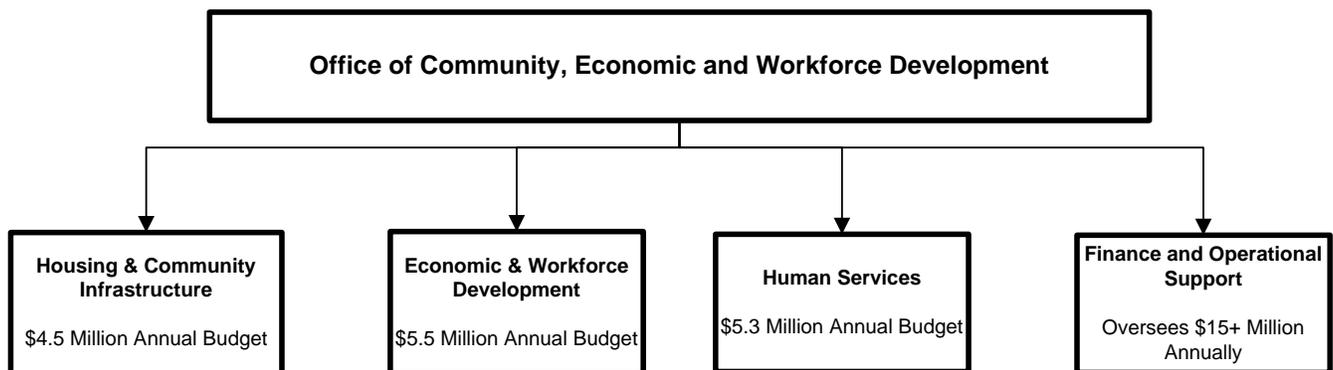
Improving Services & Increasing Sustainability: Recommendations

While these more obvious collaboration opportunities were identified, Mary Jo, Patricia, and Tony ultimately concluded that this work will be more effective – most effective, in fact – with a full consolidation of EDE, ETCS, and OCD.

This conclusion resulted in large part from the understanding that many communities have already consolidated some or all of these services, and – more importantly – that economic development, workforce development, and community development must be compatible and integrated components in a vibrant community, and should thus not be artificially separate. A more coherent, less fragmented approach to community, workforce, and economic development positions Washtenaw County government to effectively shape and foster quality of place. This comprehensive approach recognizes that employment, economic vitality, neighborhood preservation and enhancement, and equity and opportunity for all residents are inter-related, and must therefore be addressed together.

In recommending a consolidation of three departments into one these leaders are exercising their expertise, and fidelity to the community by focusing on what makes the most sense, rather than limiting their thinking to what currently exists. Based on the work undertaken, I believe that a consolidation of EDE, ETCS, and OCD is what makes sense – for the organization and community, as it will improve service delivery and be more cost effective and accountable.

This combined department will support measurable improvements to the quality of life for low and moderate income residents, which will contribute to the overall vitality and appeal of Washtenaw County. This will be accomplished through four functional areas.



The following provides a brief description of each of the recommended focus areas:

Housing & Community Infrastructure Services – This focus area/unit will invest in and oversee the retention, acquisition, construction, and rehabilitation of sustainable, energy efficient affordable housing for homeowners and renters, and assist local jurisdictions and organizations to improve the community’s public infrastructure for low-income residents.

Economic & Workforce Development – This focus area/unit will foster public-private partnerships to provide employment training and support to unemployed residents, skill-building for low-income youth, and consultation and support to businesses seeking to succeed by recruiting and retaining, as well as retraining, high-quality employees. Efforts will be accomplished through technical assistance, consultation & facilitation, and by supporting community and business engagement in maintaining Washtenaw County as a world class community. We will partner with key organizations locally, such as Spark, the Ann arbor/Ypsilanti Area Chamber and other business groups to leverage our effectiveness.

Human Services – This focus area/unit will partner with local nonprofit organizations to extend the ability of Washtenaw County Government to meet the basic needs of the community’s most vulnerable citizens. A primary goal will be to assist citizens who are experiencing difficulty in meeting basic housing and human services needs to help them move toward self-sufficiency. This will be accomplished through direct services; by providing technical assistance to and oversight of contracts with nonprofit organizations, and by creating increased opportunities for low income families and individuals to live in quality housing and have access community services. Additional targeted services will be delivered to seniors throughout the County.

Oversight of Finance & Operational Support – This focus area/unit will ensure that all service area financial and legal obligations are met by utilizing standard accounting practices and internal controls, deliberate cost allocation and budgeting, proper and timely processing of accounts receivable and payable and reporting requirements, and cost-effective procurement that complies with internal and external policies and laws.

The work of these consolidated service areas will be most effective by utilizing strategies and activities that cut across discrete functional areas. Therefore, though a functional organizational outline is described above for illustrative purposes, we anticipate that much of the work will be organized around multi-disciplinary projects, initiatives, and community outcomes.

Further, consistent with the priorities set forth by the Board of Commissioners; recommendations for this new department come with the understanding that County government is not necessarily the “right” provider of some services to our community. With this as a guide, we propose that key human services, business services, and economic development activities be done in partnership with others who share our aims for developing community. These partners are diverse and include private nonprofits with demonstrated outcomes and embedded throughout the county, institutions with proven records of fostering community and economic growth, and businesses that provide essential employment opportunities to County residents. Indeed, this proposed department recognizes that developing community is at the heart of our work, and that this cannot be realized without broad-based efforts in which County government understands its limitations, maximizes its core competencies, and leverages the assets of external partners who share our vision of Washtenaw County as a world class community.

Specific Benefits of Proposed Model:

1. Improved Service Delivery

- Consolidating and streamlining human services supported by ETCS and OCD, to make it easier for residents in need to access help;
- Combining intake and services offered to homeowners in need of code or safety repairs and energy improvements to maximize housing affordability;
- Increasing job placement by consistently connecting training and business services to county and regional economic development programs and initiatives;
- Ensuring that housing and community infrastructure investments are undertaken and understood as a part of fostering the local economy; and
- Leveraging partnerships with businesses, service providers, investors, and others who share Washtenaw County's aim of developing community.

2. Increased Organizational Sustainability:

- Combining financial, human service, housing rehabilitation and weatherization services, and economic and workforce development grant management and regulatory reporting functions;
- Transitioning away from the use of an external financial management contractor;
- Beginning in mid-2012, exploring more cost-effective and strategically-located space within County-owned buildings in order to reduce departmental rent payments to external, private landlords, as lease agreements expire; and
- Stewarding and amplifying Washtenaw County investments by ensuring that services are offered by the optimal provider, with maximum impact for residents.

Additional Background & Challenges

This consolidation planning effort is being undertaken within the context of expiring Federal Stimulus (ARRA) funds and significant impending cuts to historic Federal and State funding streams. Prior to 2009, these combined departments had non-General Fund revenues of approximately \$16.4M. These revenues increased dramatically when ARRA was enacted, and combined revenues grew to more than \$29M. Going forward, it is anticipated that these non-local revenues to be closer to \$14.7M – a loss of \$1.7M from the pre-stimulus baseline. Discussed changes to workforce development at the State level could bring additional cuts.

Additional cuts are anticipated to all federal funding streams flowing into these departments including CDBG, HOME, CSBG, DOE, WIA, and other discretionary federal programs. Should the proposed cuts be enacted in the federal budget year that begins October 1st, the scope and volume of local work funded by these sources will be impacted. Significant cuts will mean fewer projects and the need for increased prioritization of our scope of work, and that has shaped the recommendations about the type and number of staff positions needed for a responsive and sustainable organization going forward.

This proposed consolidation seeks to preserve vital services to the community, while putting this new combined department on a more sustainable path.

There is more fine-tuning needed before this consolidation is implemented, including finalizing staffing needs and functions within this integrated service unit, funding levels and sources, and examining applicable regulatory requirements that must be taken into account.

Conclusion

A consolidation of three Washtenaw County departments – Economic Development & Energy, Employment Training & Community Supports, and the Office of Community Development – is recommended to improve services to residents, and increase organizational sustainability.

This combined department will support measurable improvements to the quality of life for low and moderate income residents, which will contribute to the overall vitality and appeal of Ann Arbor and Washtenaw County. This will be accomplished by creating three areas of external focus including *Housing & Community Infrastructure; Economic & Workforce Development; and Human Services*, and as well as internally-focused *Finance & Operational Support*.

By strategically combining key activities historically conducted separately, we will improve the impact that Washtenaw County government has on improving local quality of life. By eliminating fragmentation and duplication, and capitalizing on the natural synergy of these service areas, the consolidation of EDE, ETCS, and OCD has the real potential to create a whole that is greater than the sum of its parts.

Ultimately, to maximize our competitive advantage, we must retain and attract businesses to enhance the economic vitality of our region, but we can only do this if we put forward a talented workforce to help those businesses thrive. And, we can most fully maximize the talent and strength of this workforce by ensuring that Washtenaw County has affordable housing, quality neighborhoods, and community resources to realize the quality of life workers need to be most productive.