

COOPERATION, COLLABORATION AND CONSOLIDATION PLAN

Introduction

The City of Crystal Falls has for many years entered into agreements within and outside its corporate boundaries with various entities as an ongoing effort to provide services and save costs to its citizens. This plan is an outline of the various arrangements that have assisted the City in the past and present in addition to a few new ideas to do the same in the future.

Current:

The following is a compilation of the collaborative efforts already in place:

1. Cemetery Agreements with surrounding townships. The City of Crystal Falls has entered into agreements with the Townships of Crystal Falls, Mastodon, and Mansfield for many years extending backwards to the early 1940's. The agreements divide the "loss in operations cost" amongst the four (4) municipalities based on population. In exchange for their participation in this cost sharing, the residents of the participating townships were considered as "locals" upon their deaths and were afforded the same burial rates as those of the City residents. All others were assessed a higher burial rate.

Advantage/Cost Savings to City: This has saved the City of Crystal Falls somewhere in the neighborhood of \$10,000 each year. It is the hope of the City that this arrangement will continue well into the future.

Implementation: Agreements are updated annually and cover the period of April 1 – March 30.

2. Water Agreement with Crystal Falls Township. The City of Crystal Falls has contracted to purchase water from Crystal Falls Township in 2006 to provide its citizens with a quality drinking water supply. Prior to this agreement the City provided water from a deteriorating water supply that required filtration. The cost of the upgrades to the aging infrastructure of the filter plant and the search for a viable water supply led the City to negotiate with Crystal Falls Township. This arrangement has provided the City with a quality water supply at a reasonable cost to its residents.

Advantage/Cost Savings to City: The estimated cost savings to the City of Crystal Falls are calculated at \$1.5 million (the estimated cost of new wells and a new filter system).

Implementation: This is a 40 year agreement and extends out to the year 2046.

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3. Sewer Agreement with Crystal Falls Township. The City of Crystal Falls has contracted with Crystal Falls Township for the removal of sewage from the township into the City's lagoon system since the 1940's. This arrangement has allowed certain adjacent Crystal Falls Township properties to connect to the City's sewage system.

Advantage/Cost Savings to City: The City has gained revenue from this arrangement over the years with the current year's revenue at \$72,000.00. This revenue assists in the maintenance and operation of the sewer system.

Implementation: This agreement extends out to the year 2037.

4. Fire Protection Contract with Crystal Falls Township. The City of Crystal Falls currently contracts with Crystal Falls Township for fire protection. Prior to 2011 the City and Township were joint partners in a Fire Authority and employed 3 full time drivers. In 2009 the City of Crystal Falls General Fund suffered a deficit that resulted in many budget cuts, one of those was the Fire Authority funding of nearly \$140,000 annually. After many months of discussions and negotiations the Fire Authority was dissolved and the Township of Crystal Falls assumed all responsibility for the operation of the department. The City of Crystal Falls contracted with the Township at the cost of \$33,375 annually, or the equivalent of the 1.5 mills approved by the voters of the City to support fire protection. The fire department is now served by only one (1) full time driver (the Fire Chief), two other full time employees lost their jobs. This department does have a contingent of volunteer firemen who continue to serve under the direction of Crystal Falls Township.

Advantage/Cost Savings to City: This arrangement has saved the City of Crystal Falls over \$100,000 annually.

Implementation: June 13, 2010 – May 31, 2015

5. Partnership with WPPI for Electric Power Supply. In 2009 the City of Crystal Falls entered into an agreement with WPPI, a 51 member municipal electric company located in the State of Wisconsin, for the purchase of electric energy. This agreement has resulted in a large array of ancillary services that have assisted the City to meet many complex mandated requirements of the State of Michigan and the Federal Energy Regulatory Commission that would have been impossible to meet with the staffing levels of the City. As a result of this partnership, the City is currently in the midst of a

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system wide electric meter upgrade that will provide the latest technology. This will allow for more precise measuring of electric consumption and lead to a better educated consumer which will then result in reduced wasting of electric energy.

Advantage/Cost Savings to City: The City's partnership in this 51 member electric coop has resulted in a reduced electric wholesale rate of more than what the City could have negotiated on its own. In addition, the ancillary services have brought the City into full compliance without the need to employ outside consultants and staffing. The savings in the purchase of electric energy alone are nearly \$200,000 each year.

Implementation: July 12, 2010

6. MEUW Safety Program Membership. The City of Crystal Falls has joined with a cooperative of other electric utilities through the Municipal Electric Utilities of Wisconsin to employ a regional safety coordinator. The purpose of this program is to bring the municipality in compliance with safety regulations and training of the employees.

Advantage/Cost Savings to City. The City gains the services of a safety coordinator that is trained and qualified to prepare a complete safety program for the municipality, to conduct and train the City employees on matters of safety, and to insure that the City is compliant with all State and Federal safety regulations. The cost of this service to the City is 10% of the annual cost of the program (\$11,000 annually). The savings are the fines that would be assessed against the City for non-compliance and also the savings realized through a reduction in workers compensation claims and lost hours worked.

7. Agreement with The Crystal Theater Board. This arrangement has allowed the Crystal Theater Board to operate a former movie house as a performing arts theater. The City owns the building and pays for the property insurance, however, all other costs of operation of this facility are the responsibility of the Crystal Theater Board. This arrangement was established in January of 1993.

Advantage/Cost Savings to City: There is no way to calculate a cost savings to the City as this facility serves the entire community by bringing in talent from across the globe, which in turn brings in visitors from all around to our downtown community making this an economical benefit to our local businesses.

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Implementation: Agreement dated January 15, 1993

8. Agreement with the Harbour House Museum Board. This group operates a former historic residence of our City as a museum, striving to preserve and share the history of our City. The City owns the building and pays for the property insurance under its umbrella policy, with all other costs of the operation of this facility the responsibility of the Museum Board. This arrangement was also established in 1993 and has served the City well.

Advantage/Cost Savings to City. Again, the only cost to the City is for property insurance, however, the return in value to its citizens and visitors alike is priceless.

Implementation: Agreement dated January 15, 1993

9. Agreement with the Crystal Falls Contemporary Center. This was established in 1993 along with the theater and museum in an effort to provide the youth of our City with a place to learn, share, and grow in various cultural activities. It also grew to include various enrichment classes for teens and adults and has evolved over the years to become a great meeting place for all ages. Again, the City owns this building and pays for the property insurance and is operated by a board of directors who are responsible for all the costs of operation.

Advantage/Cost Savings to City. The only cost to the City is for the property insurance, however, the return in value to its citizens is priceless.

Implementation: Agreement dated January 15, 1993

10. Crystella Recreation Association. This agreement was established in 2011 for the operation of the Crystella Ski Hill. The City of Crystal Falls ceased to operate the ski hill in 2009-2010. This is a facility that was traditionally operated by the City with the cooperation of Crystal Falls Township (the township provided an operator for one of the tow ropes). The facility was never operated with the expectation of making money, or even breaking even for that matter. Now it is owned by the City but operated by this association entirely on donations and with volunteers.

Advantage/Cost Savings to City. The cost savings to the City with this agreement is approximately \$10,000.00 annually.

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Implementation: *2011-2012 Ski Season – current agreement will automatically renew annually.*

11. Electric Department Mutual Aid Agreement. The City of Crystal Falls owns and operates the electric distribution system in the City and in portions of the surrounding Township. A Mutual Aid Agreement has been signed with the American Public Power Association to allow for the discretionary rendering of aid in times of need to keep the electric distributions systems in operation. This agreement is not contingent upon a declaration of a major disaster or emergency by the federal government or upon receiving of federal funds.

Advantage/Cost Savings to City. *The cost savings to the City would include the reduction of lost revenue caused by down time on the electric system. It allows for the implementation of a neighboring utility to assist in times of need and reduces the staffing needs of the City.*

Implementation: *July 16, 2009*

12. Sharing of Equipment with Neighboring Municipalities. Sharing of equipment with neighboring communities has become the norm for the City of Crystal Falls. The City has used specialized equipment from other municipalities rather than buying its own. The City of Crystal Falls has also allowed neighboring municipalities to use some of its equipment in exchange. It is expected that this practice will continue and could even lead to collaboration prior to purchasing specialized equipment with neighboring municipalities.

Advantage/Cost Savings to City. *The cost savings to the City depends on the equipment borrowed. This saved the City a lot of time and also the cost of the purchase (\$100,000) of this specialized equipment.*

Implementation: *This is ongoing and changes from year to year depending on the needs of the City and the neighboring municipalities.*

13. Memberships in Michigan Organizations. The City of Crystal Falls maintains memberships and agreements in various organizations such as the Michigan Municipal League, MI-Deal, Michigan Department of Transportation, Michigan Workers

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Compensation Fund, Michigan Municipal Clerk's Association, Michigan Treasurer's Association, Michigan Local Government Management Association, and the Northern Michigan Public Service Academy, just to name a few.

Advantage/Cost Savings to City. All of these organizations serve to set up various networks to assist in the ongoing operation of the City of Crystal Falls and networking saves both money and time. The Northern Michigan Public Service Academy alone saves time and money by offering educational opportunities for our employees and City Council in a nearby location that would otherwise require extensive traveling and time away from the job. The collaboration of the Michigan Municipal League with all of its members has saved our City from "re-inventing the wheel" through a forum of shared documents and educational opportunities. These memberships are all valuable and needed resources for our City's continued operation.

14. Community Schools Summer Recreation Program. This program is supported by the City of Crystal Falls through an annual contract and serves many of the community's youth each summer with various recreation opportunities such as softball, T ball, soccer, tennis, and swimming lessons. The only barrier to participation in this program in the past was the availability of funds, this is no longer a concern.

Advantage/Cost Savings to City. The cost for this contract is generally based on \$1 per capita, \$1,469 based on the 2010 census. This is considered to be a small price to pay for an invaluable service for the youth of the community.

Implementation: June 2013 and annually going forward.

Update:

The following were included in the previous Cooperation, Collaboration and Consolidation Plan as Future proposals.

1. Police Protection. Currently the City of Crystal Falls operates a 2 man police department consisting of a Police Chief and Sergeant. This department was reduced as part of the General Fund Deficit Elimination Plan in 2009. With the expected retirement of the current Chief of Police in November 2014 the City Council set up a "Police Department Committee" at its meeting on December 10, 2012 to examine the operation of this department and to determine the needs of the community going

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forward. This committee has been discussing all the options, including the possibility of contracting with the Iron County Sheriff Department for some level of police protection in the future.

Advantage/Cost Savings to City. *It is hoped that with an arrangement such as this that the City will be able to provide more hours of police protection at a minimal cost. The estimated savings to the City are upwards of \$100,000.00 each year.*

Implementation: *Uncertain at this time, possibly in November 2014.*

Obstacles: *Mixed emotions on the City Council regarding the idea to contract with the Iron County Sheriff's department for police coverage. Pending retirement of current Police Chief. Negotiation of a contract with the Iron County Sheriff Dept.*

Recommendation: *It appears that the current City Council is not ready to consider a contract with the Iron County Sheriff Department for police protection and it is the recommendation to abandon this idea and begin the search for a police patrolman to be hired just prior to the retirement of the Police Chief in November 2014.*

2. Revise Post Employment Benefit Agreements with Retired Employees to reduce health care cost. *Promises made by previous City Councils have put the City in the position of maintaining high cost health care coverage on its retirees, in particular, the Medicare eligible group. The OPEB report compiled as part of the GASB 43 & 45 requirements brought this to light. The City Council plans to negotiate with the Medicare eligible retirees to lessen the OPEB burden on the City.*

Advantage/Cost Savings to City: *The cooperation of the Medicare eligible retirees to reduce the health care benefit, perhaps even through the acceptance of a "buy-out" of their current plan has been estimated to save the City nearly \$200,000 annually.*

Implementation: *Unknown at this time*

Obstacles: *- A settlement agreement with some of the retirees has created a roadblock for any consideration of change. Negotiations with the retiree group have failed repeatedly as the retirees simply refuse to come to the table. The City Council is fearful of additional legal action on the part of the retirees. The uncertainty of the new health*

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care reform is creating a very cautious environment and retirees are afraid to give up anything at this time.

Recommendation: *It is the recommendation to abandon all efforts to revise agreements that are already in place, action that could lead to additional legal action against the City, and let this matter take care of itself through attrition. It is not in anyone's best interest to enter into another lawsuit.*

New Future Proposals:

The City of Crystal Falls is continually pursuing new ideas for providing services and reducing the cost to its citizenry.

The City of Crystal Falls plans for future Cooperation, Collaboration, and Consolidation include:

1. Collaboration with Iron County and other county municipalities to conduct a Scrap Tire Cleanup Campaign. A large amount of scrap tire accumulations in the City of Crystal Falls has prompted the City to apply for a Michigan Department of Environmental Quality Scrap Tire Grant. In an effort to engage surrounding municipalities to do the same the City Manager approached the Iron County Board of Commissioners to also apply and through an email and phone campaign contacted all the Iron County municipal leaders to follow suit. The plan is will be two (2) scrap tire cleanup sites in Iron County; the site on the East side of the County will be hosted by the City of Crystal Falls at the "Bristol Mine" site; and the site on the West side of the County will be hosted by Iron County at the fairgrounds. The municipalities that will collaborate with Crystal Falls City for this cleanup include: Crystal Falls Township, Hematite Township, Mansfield Township, and the County of Iron. Application for the grant was made on October 14, 2013.

Advantage/Cost Savings to City. *By consolidating the cleanup sites the municipalities can combine labor forces and use of equipment to collect and load the tires in a centralized location. Also, with the County involved this leverages additional funds that would not otherwise be available to each individual community. The Scrap Tire Grant will pay \$1.25 toward each passenger tire collected and with a small additional fee charged for each tire (as little as 50 cents) the residents will have a viable way of disposing of their scrap tires, making our community a safer and healthier place to live.*

Implementation: *June 2014*

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Obstacles: Approval of the Grant applications. If they are not approved this event will not take place.

2. Collaboration with Forest Park School District to create a "Track and Field" competition area. An idea that came from members on the Forest Park School District Board of Education to build a track and field competition area on City owned lands near the Runkle Lake Park Complex. The track would be built to the North of the Little League baseball field and include a modern track surface, locker room, public restrooms, and bleachers in a fenced in area. The project would be funded with grant dollars applied for through the school district. A committee with representatives from the City and the school district will be appointed in February to discuss the possible project.

Advantage/Cost Savings to City: The land is vacant and was deeded to the City for use as recreational area, the track and field competitions will bring visitors from other school districts into the Crystal Falls area to spend money on gas and food and other needs while traveling. The City will gain a developed area for various other events, perhaps to use as the staging area for the annual sanctioned "Run Your Bass Off" road race. The improvements to the school district's track and field program could even serve to entice new families to relocate in the Crystal Falls area.

Implementation: Grant application is expected to be made in April 2015.

Obstacles: Approval of the Grant application, if not approved this will not be possible.

This plan was adopted by the Crystal Falls City Council at a regular meeting held on Monday, January 13, 2014 and subsequently submitted to the Michigan Department of Treasury on Tuesday, January 14, 2014. (Revised 3/20/2014 per Michigan Dept of Treasury)

A copy of this plan is available free of charge to the public at the Crystal Falls City Clerk's office at 401 Superior Avenue in Crystal Falls and also on the City's website at www.crystalfalls.org.