


**CARLISLE/WORTMAN ASSOCIATES, INC.**
*Community Planners /Landscape Architects*

 605 S. Main, Suite 1  
 Ann Arbor, MI 48104  
 734-662-2200  
*fax* 734-662-1935

 6401 Citation Drive, Suite E  
 Clarkston, MI 48346  
 248-625-8480  
*fax* 248-625-8455

**MEMORANDUM**

**TO:** John Szerlag, City Manager

**FROM:** Richard K. Carlisle

**DATE:** January 18, 2010

**RE:** Privatization Progress Report

I previously spoke to Council about the approach we would take to evaluate the potential for privatizing some City service functions. Since mid-November, we have been working with city management, department heads, and the ad hoc privatization committee appointed by you. Our work is yielding results, and I would like to report our progress.

**Background and Process**

Responding to the City's most severe budget crisis in its history, City Management has directed an evaluation of every City service and function to determine the feasibility of privatization. The evaluation was done in the context of the large challenge by City Management to explore various options and opportunities for privatization, consolidation, and regionalization.

Department heads were interviewed to determine the following:

1. Identify those functions which it is possible to privatize.
2. Identify those functions which should remain in-house and why.
3. Document functions which have already been outsourced, even to other public entities or to the private sector.

Among our general observations of City operations is that a number of Departments, DPW and Engineering for example, have outsourced work to private contractors for years. The Planning Department made a rapid transformation to privatization over the past year. Finally, almost all departments have downsized and sought efficiencies in their operations.

**Current Results**

Most of the current effort has focused on "on demand" services, which are services most affected by the economic downturn. The objective we are seeking is to achieve a 40% savings through outsourcing. As such, there has been a number of positive steps taken towards privatization with the following results:

1. **Golf Course Operations** – Council members are likely aware that the City has received proposals from private firms to manage both golf courses. Those proposals are being advanced to the second step with interviews.
2. **Building Inspections / Plan Review** – A request for statement of qualifications (SOQ) has been released by the City, and is due early February. The SOQ seeks qualified contractors to provide full service building inspection and building plan review services.
3. **Code Enforcement** – A SOQ has been prepared, and will be distributed before the end of the month. The SOQ seeks qualified contractors to enforce zoning and other City nuisance codes.
4. **Board Minutes** – The privatization committee has studied options for minute-taking to be outsourced for various boards and commissions.

The committee continues the investigation of outsourcing portions of the following departments:

- Assessing
- Parks and Recreation
- Engineering
- Public Works
- Finance
- IT

In the course of our investigation, the consolidation of a number of functions has been identified. For example, maintenance currently being performed by Parks and Recreation can be consolidated with the Department of Public Works. Such consolidation opens additional opportunities to combine contracts with current vendors or expand opportunities for new vendors.

City management is committed to allowing City staff to compete with private contractors. Once proposals are received from outside sources, City staff will be permitted to compete. The committee is also developing a protocol and procedures for City staff to submit competitive bid proposals.

I look forward to presenting these results to Council.

---

**CARLISLE/WORTMAN ASSOC., INC.**



Richard K. Carlisle, PCP, AICP  
President

#225-10-2901