Experiences from Elkhart County Highway

Mike Yoder, Elkhart County Commissioner
Jeff Taylor, Highway Manager
Scenario Driving Decisions

- Extreme winter stress of 2013-14 had taken its toll on employee morale.
- Economic downturn reduced income
- Expenses continued to rise
- Unusual winter exceeded budget

2013 MVH Income - $4,287,357
2013 MVH Budget - $5,084,904
Difference – ($797,547)
Additional Factors

- 2014 MVH Income - $5,126,391
- 2014 MVH Budget - $5,786,645
- Difference ($660,254)
- Decided to reorganize the business model
- All aspects of maintenance operations were audited for efficiency
- Measured costs and productivity
- All decisions were data driven to improve efficiency
Work Data Gathered/Analyzed

- Mechanics/Garage/Shop work
- Snow Plowing (subdivisions and main roads)
- Equipment utilization:
  - Street sweeping
  - Catch basin cleaning
  - Excavating (culverts, ditch work, etc.)
  - Chip seal
  - Roadside mowing
Results of Study

- Equipment underutilized – Gradall, grader, etc
- Plowing service to subdivisions not timely and quality of plowing unacceptable.
- Equipment/vehicle repair – quality and quantity unacceptable.
- Identified potential cost savings through outsourcing.
Overcoming Perceptions

- Outsource certain work functions
- Just because we “can” do it doesn’t mean we should.
- It may cost more “in house”.
- Reduce work force (layoff or release)
Treat Employees Courteously

- Took employees to another building to explain being released
- Provided 2 weeks severance pay
- Did not contest unemployment benefits
- Willing to give good reference
- Provided information on benefits and insurance
- Vacation was paid
Engage Officials In Decision Making

- Commissioners
- Attorney
- Personnel Department
- Council
- County Administrator

Build a consensus and ownership in decisions
Prepare for the Fallout

- Media
- Television
- Comments by officials – “dead wood”
- 3 EEO filings
- Former employees appearing at meetings
- Stay focused – stay the course
Summary of Operational Changes

- Snowplowing subdivisions - $60.00/Hour
- Roadside mowing – $20.00/mile
- Main roads plowing - $80.00 - $160.00/hr.
- Work release – untapped resource
- Outsource shop - $300,000 + savings
- Excavating - outsourced
- Auctioned underutilized equipment - $88,474  Today’s balance $40,831.56
### 2013 vs. 2015

<table>
<thead>
<tr>
<th></th>
<th>MVH</th>
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<th>Difference</th>
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<tbody>
<tr>
<td>Total</td>
<td>$4,494,834</td>
<td>$3,627,476</td>
<td>-867,358</td>
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<td>(includes 3% raise for employees)</td>
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<td>Total</td>
<td>$1,136,400</td>
<td>$1,128,400</td>
<td>-8,000</td>
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<table>
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<tr>
<td>1135</td>
<td>$ 488,585</td>
<td>$ 325,873</td>
<td>-162,712</td>
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## 2013 v. 2015

<table>
<thead>
<tr>
<th>Garage/Shop/Fleet Maintenance</th>
<th>Personnel</th>
<th>Budget</th>
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<tr>
<td>2013</td>
<td>5</td>
<td>$1,082,981.84</td>
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<tr>
<td>2015</td>
<td>0</td>
<td>$631,600.95</td>
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<tr>
<td><strong>Difference</strong></td>
<td>-5</td>
<td><strong>$451,380.89</strong></td>
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(savings in shop)

- **2015 Additional Appropriations for road maintenance paving** - $1,050,000
## 2013 vs. 2015

Personnel Summary (Includes MVH & CBF)

<table>
<thead>
<tr>
<th>Positions</th>
<th>2013</th>
<th>2015</th>
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<tbody>
<tr>
<td>Labor/Drivers/Formn</td>
<td>53</td>
<td>30</td>
</tr>
<tr>
<td>Mechanics</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Office/Clerical</td>
<td>4.5</td>
<td>3.5</td>
</tr>
<tr>
<td>Mgmt/Supervisory</td>
<td>9</td>
<td>2</td>
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<tr>
<td>Engineers/Technicians</td>
<td>7</td>
<td>7</td>
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<tr>
<td>Total Employees</td>
<td>77.5</td>
<td>42.5</td>
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</table>
Commissioners/Political

- Commissioners own the decision
- Develop strategy for County Council
- Inform entire County Council at same time as plan is implemented with employees
- Media contacts: Commissioners, not staff
- Ensure a consistent message to public
Summary

- Outsourcing may or may not be suitable in your county.
- Determine inefficiencies in operations
- Consider the political consequences
- Build a consensus with others
- Make the tough decisions
- Reevaluate the effectiveness and adjust
- Ignore the noise!