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Oberlin District Fleet Management



Government Effectiveness and Efficiency Series



Cost Savings in Fleet Maintenance

Oberlin, New Russia, and
Oberlin School District
Lorain County, Ohio

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for Public Administration and Public Policy

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Disclaimer:

This case study describes the Oberlin Fleet Management collaborative project with insights from leaders of this collaboration. The story is told with the help of the researchers at the Center for Public Administration and Public Policy at Kent State University. We hope that by sharing experiences and lessons learned through this collaboration, we will help others start successful collaborations. Eric Norenberg (City of Oberlin), John Schroth (Oberlin City Schools), and Fred Swanson (New Russia Township) contributed insights and information that made this case study possible. The case study is written from in the first person plural (“we”) tense -- as though the writers were present and involved in the collaboration -- to enhance readability and ease comprehension for its readers.

Just the Facts:

Historically, our three government organizations– the City of Oberlin, New Russia Township, and the Oberlin City School District, all in Lorain County – managed their own vehicle fleet operations. Our maintenance facilities were located at diverse locations within a few miles of each other, with Oberlin City School District’s buses stored outside in a residential neighborhood. After the City of Oberlin built a modern vehicle maintenance facility in 2007, we began to discuss expanding the facility's capabilities to provide maintenance services for all three entities. As envisioned, our project would include equipment maintenance for light duty vehicles, heavy equipment, and school buses; joint fueling; and construction of a storage facility to extend the life of school buses, resulting in potentially significant savings. We believed that with some additional up-front investment in training, tools and equipment, and an additional mechanic, the City of Oberlin’s facility could provide all of us with more comprehensive service than we could provide individually, thus saving money and improving service over the long term. Our proposed project also included plans to build a storage facility for the school buses to provide shelter and thus extend the life of the buses for more long-term cost savings.

“There is a high probability that the discussion during the EGN process has led our staff to look at local issues and evaluate the needs of the city and surrounding communities with collaboration in mind.”

Eric Norenberg, City Manager for the City of Oberlin

We projected our costs at roughly \$550,000, with the bulk of this money targeted for construction of the bus storage facility. In early 2009, we applied for a \$150,000 EGN grant to help cover the costs, but we did not receive the grant.

Our project was suspended for some time, due in part to failure to obtain an EGN grant or other external funding. In the past year, however, we have explored new opportunities. We found that the City of Oberlin’s fuel tanks for diesel and gasoline were too small to support the township and the school district, and used this information to initiate planning of a joint fueling facility for the City of Oberlin, Oberlin Schools, and New Russia Township. Unlike the original proposal, this project would not be driven from the top down by City and School District leaders, but would instead stem from the ideas of employees within each of partner organization. While this project may not be a *direct* outgrowth of the EGN proposal, Eric Norenberg, City Manager for the City of Oberlin, observes: “There is a high probability that the discussion during the EGN process has led our staff to look at local issues and evaluate the needs of the city and surrounding communities with collaboration in mind.”

“We all can see the areas where we have duplication and where we could do better, but working through personnel issues is the most difficult part, and requires trust. As we move forward with smaller initiatives, we hope people’s mindsets will change, and that it will be easier to expand to new areas.”

John Schroth, Oberlin City Schools Superintendent

Through our discussions, we have learned, above all, that it is important not to rush the collaborative process. We also learned that the original project was probably too ambitious given our limited history of working together, and that we probably should have started with a smaller maintenance project, leaving the bus storage facility for a later date. As Oberlin City Schools Superintendent John Schroth notes, “We all can see the areas where we have duplication and where we could do better, but working through personnel issues is the most difficult part, and requires trust. As we move forward with smaller initiatives, we hope people’s mindsets will change, and that it will be easier to expand to new areas.” For us, the idea of developing shared vehicle maintenance and fueling services appears to be a viable alternative for communities interested in combining services and reducing redundant expenditures, and we are now involved in discussions about moving forward to implement this idea.

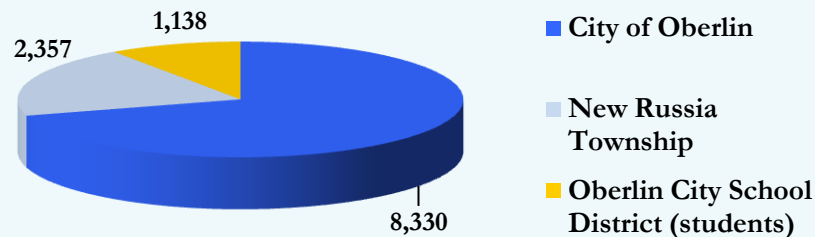
Oberlin District Fleet Management Collaboration Project

The Problem

Our communities -- the City of Oberlin and New Russia Township -- are not too far from Cleveland. The Oberlin School district is a separate governmental entity that is collocated with the City of Oberlin, and both of these jurisdictions are largely enveloped by and adjacent to New Russia Township. Historically, the City of Oberlin and Oberlin City School District collaborated on a few projects. The School District used the City Council Chambers for School Board meetings, the City recreation programs used School District facilities for after school and summer programs, and the city and school considered sharing athletic and recreation facilities.

Collaborations between New Russia Township and the City and the School District had never really happened before. Some years back, citizens voted to split areas of Russia Township that were within the City's limits, and when the new territory split from the City, the township became New Russia. Since that time, the Township was wary of partnering with the City and the School District. In spite of these hesitations, our communities serve over 11,000 citizens, and with a population of this size, we have tight budgets, and must always keep efficiency in mind when developing new programs and services.

Figure 1: Populations of Partners



In recent years, concerns about collaboration between New Russia and Oberlin have eased. As Fred Swanson, Director of Operations for New Russia Township observes, "In Townships, we've done collaboration for years on a short term needs basis. As far as cities go, however, collaboration is a relatively new buzzword, and starting the dialogue process was necessary to getting this [fuel sharing] project off the ground."

The Township has elected new Trustees, who appear open to collaborations with larger surrounding governments. Partially as a result, the City and the Township have discussed joint planning, land use, and sewage treatment. In addition, budget challenges associated with falling tax revenues have created an environment in which collaboration is not only beneficial, but potentially necessary. It was in this context that a collaborative opportunity materialized around fleet maintenance needs of the City, the School District, and the Township.

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**Fred Swanson,
Director of Operations
New Russia Township**

Each of our government entities managed fleet operations at several distinct locations within a few miles of each other. School District buses were parked open to the elements in a residential neighborhood, reducing the functional life-span of the equipment and negatively affecting the aesthetic appeal of the neighborhood. The School District had no maintenance facility of its own, and relied instead on a facility 14 miles outside of the City. Many of the service vehicles in the Township fleet also required off-site transportation for maintenance. These conditions provided a foundation for our effort to collaborate with one another on fleet maintenance services.

The Opportunity

The Efficient Gov Now (EGN) program was a grant contest which ran in 2009 (and again in 2010) under the direction of a Northeast Ohio philanthropic organization, the Fund for Our Economic Future (Fund). Created to encourage local government efficiency through collaboration, EGN invited local governments to write and submit proposals for projects which involve two or more local governments working together to improve or expand government programs and services.

The Fund invited citizens from across Northeast Ohio to vote on their favorite project to select the three winners. With our financial challenges in mind and our collaborative efforts already underway, this grant program presented an excellent opportunity for our fleet maintenance project.

The Plan

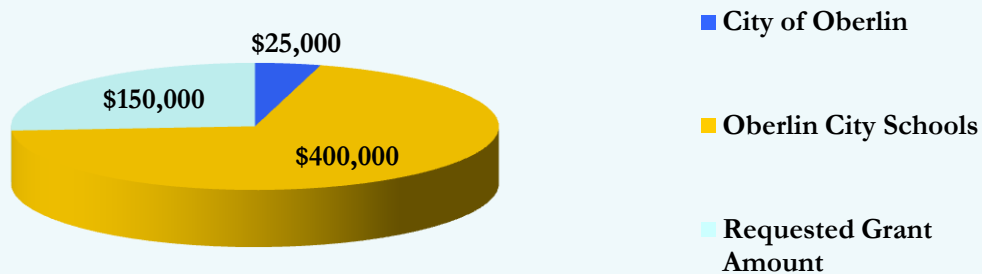
This project developed after we found that sharing resources could save money and increase efficiency. In 2007, the City of Oberlin completed construction of a vehicle maintenance facility that included a 'state-of-the-art' garage and fueling station. Designed for future growth, this facility opened up opportunities to collaborate on fleet management services that could also help meet potential needs for both the Oberlin School District and New Russia Township.

The City's maintenance facility was built with expansion in mind, but it was not clear that this proposed growth would include the Township. The plans for the maintenance facility did reserve a portion of the site, adjacent to the fueling islands, for School District parking and storage. These plans, which were in place long before a collaboration between all three partners was discussed, offered a pathway to a collaboration between the township, the city, and the school district.

The Proposal

In the Spring of 2009, we came together to apply for an EGN grant. Our proposed collaboration focused on expanding the mechanical and storage capacities of the City of Oberlin facility, allowing for a broader range of services and time coverage than any of us could support individually. Ideally, we would share services and reduce costs. The collaboration was expected to include equipment maintenance for light duty vehicles, heavy equipment and school buses, joint fueling, and construction of a storage facility with an eye toward extending the life of school buses in use. Funding from the grant was slated to cover mechanic training, tool and diagnostic equipment acquisition, an additional mechanic and a portion of construction costs of school bus storage structures at the site. Of the expected \$542,000 in total project costs, our EGN proposal requested \$150,000 in award funding (see Figure 2 below).

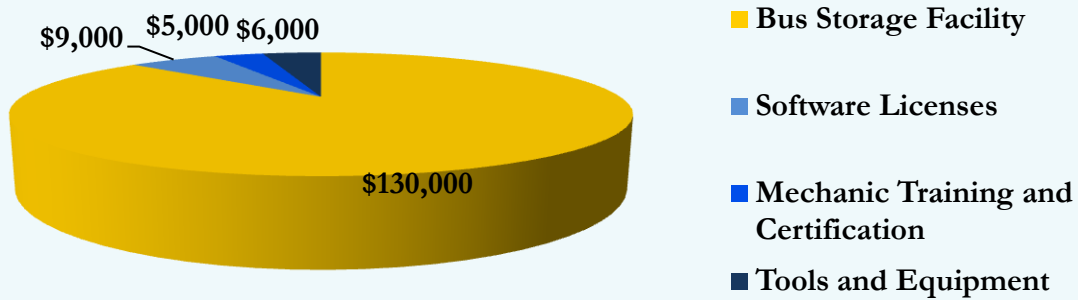
Figure 2: Breakdown of Revenue Sources



While some of the "brick-and-mortar" resources were available in the form of the City's new garage facility, we planned to acquire tools, diagnostic equipment, and human resources, such as mechanics. We believed that the School District stood to gain from use of the building, since they had to send their fleets further than the City for maintenance. And, in spite of being forced to share resources, the City stood to gain from the expanded facility and the additional personnel who would become available if the collaboration became operational.

Figure 3 below, shows an estimate of how we planned to use the funds from the EGN grant application. The City planned to provide material support through provision of land, personnel, and software. As is evident from Figure 2 above, the School District provided the majority of funds through its Permanent Improvement Levy. New Russia Township did not commit to contributing funds or resources to the project, as a part of the EGN application as they did not have immediate potential for significant savings through the partnership.

Figure 3: Amount of Award Funds Used



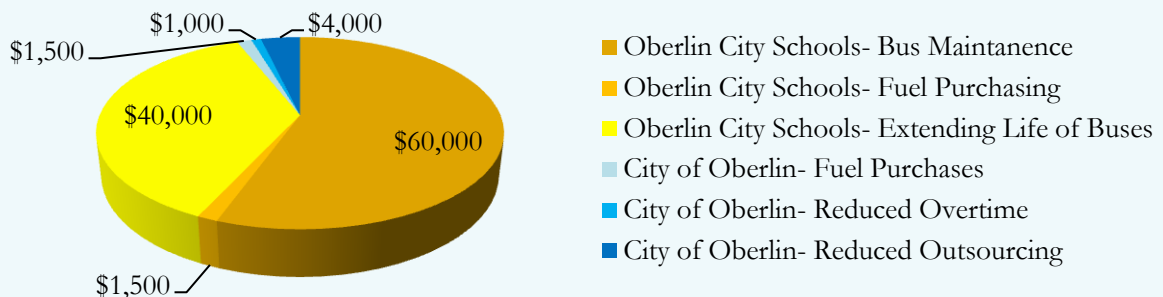
It is also worth noting that the requested grant amount was higher than the Fund for Our Economic Future offered for other EGN grants, so it was reasonable to expect that revenue amounts might have to be adjusted regardless of whether we received the grant. We had no other external resources available to us, however, beyond the possibility of the EGN grant. Our proposed timeline for the EGN project is presented in Figure 4.

Figure 4: Proposed Project Timeline



Figure 5 presents our anticipated cost savings. Annual savings were estimated to be \$108,000, with the School District receiving much of the savings. It is important to note that New Russia Township would not realize any immediate savings through this partnership, though the potential for long-term savings existed.

Figure 5: Projected Annual Cost Savings (Out of \$108,000)



The City also anticipated receiving some savings in the form of reduced fuel costs, reduced overtime expenses, and reduced outsourcing of services. Notably, there were no savings in funds reported for New Russia Township.

Our EGN proposal also envisioned better use of fleet maintenance personnel. The city had two mechanics on staff, operating on a single shift. By using the City's facilities – equipment and lifts – for a second shift with an additional mechanic provided by the school district, both Township and School District needs would be met at limited additional incremental costs, while City and School District mechanical servicing would be improved.

We also anticipated that the savings accrued could reduce tax burdens for the School District and perhaps for New Russia Township over the long term. According to the project proposal, Oberlin and New Russia voters could experience a decrease in taxes due to the increased longevity of their bus fleet and improved transportation management software.

In the case of school taxes, the Permanent Improvement levy was up for renewal in 2010, and reduced taxes were possible if the bus storage facility was built. As Figure 5 indicates, this could potentially save taxpayers a significant amount of money, with about \$40,000 in savings per year in bus replacement, as well as an estimated \$60,000 in savings on bus maintenance. Finally, joint use of the City maintenance facility was expected save about \$1,000 of overtime for repair and towing of stranded busses due to an improved preventive maintenance schedule.

Our collaboration could also serve as a model for other governments in the region. In Lorain County alone, there are 18 townships, 15 school districts, and a mix of 17 villages and cities. This creates the potential for 50 separate fleet and fueling operations. Many of these operations have facilities that are inadequate, or do not fully utilize the potential of existing facilities. This creates the opportunity to collaborate, reducing redundant expenditures while avoiding additional cost.

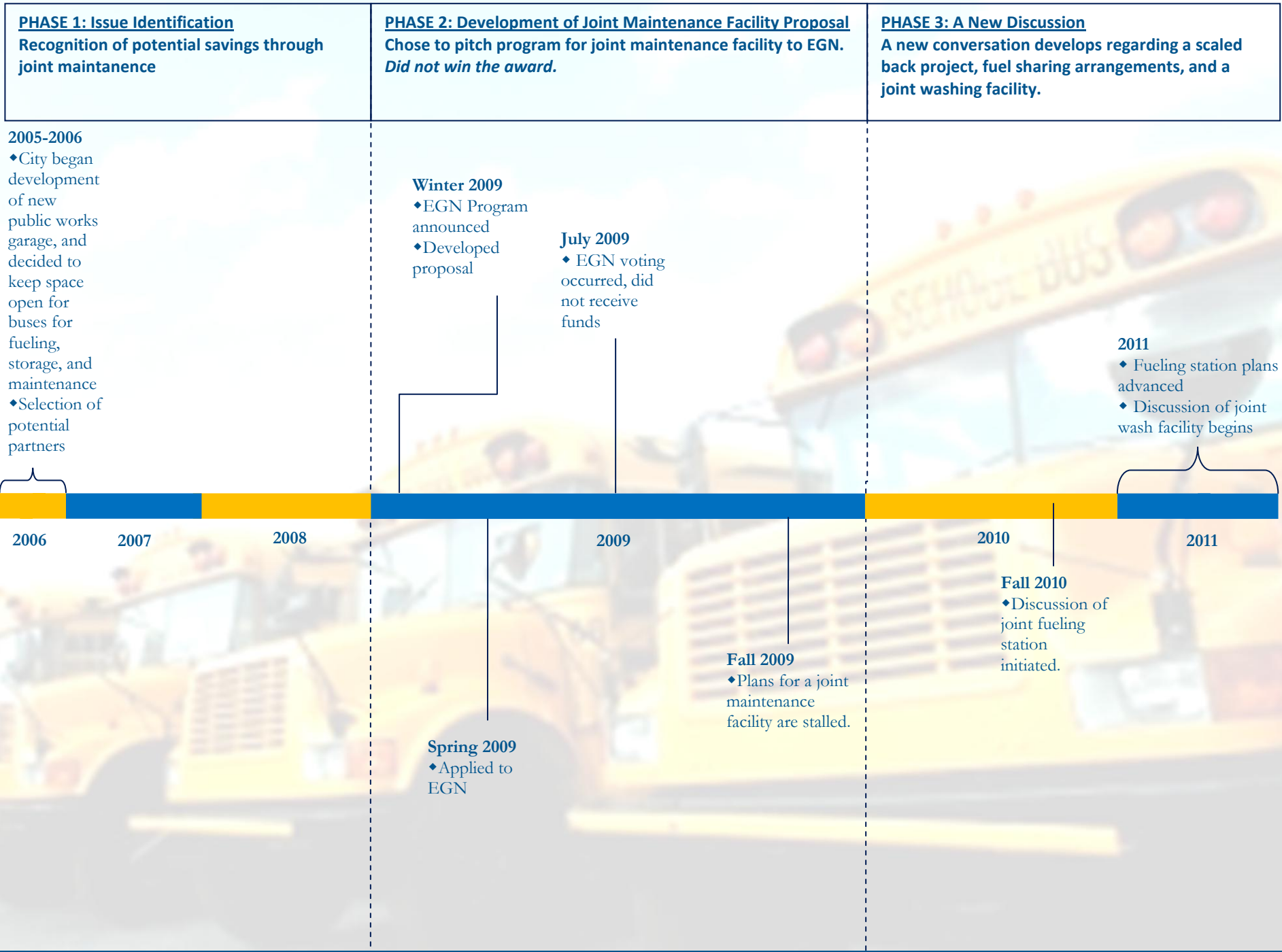
The Reality and the Progress

While our project received a number of votes from citizens in Lorain County and northeast Ohio, we did not receive an EGN grant. Because we had no other sources of funding available, our project was effectively discontinued in the Fall of 2009. We were thus forced to step back and wait on our project because we did not have the funds to support the capital expenditures that would be necessary to provide a storage facility for the Oberlin City School District buses.

Over the past year, however, we have been exploring a number of other opportunities.. We found, for instance, that the fuel tanks for diesel and gasoline at the City of Oberlin facility were not large enough to support the township and the school district, and used this information to initiate planning of a joint fueling facility between the City of Oberlin, Oberlin School District, and New Russia Township, while leaving the bus storage facility issue to be addressed at a later date. We also recently started talks with New Russia Township about sharing a joint wash facility.

An adjusted timeline for the project, from issue identification in the 2005-2006 time frame through 2011 is shown in Figure 6.

Figure 6: Complete Timeline of Joint Maintenance Facility



The Outcomes

At this point, our collaboration has not achieved any concrete savings or service improvements. Several underlying concerns have stalled our progress. The loss of the EGN grant meant that a significant portion of the benefits to the School District would not materialize. Resources were in short supply for the School District and as a result, they could not shift dollars from academic programs to a capital expense like a storage garage. At the same time, there remained no demonstrated capability in the City facility to service School buses and this is unlikely to change without a contract and long term commitment from the School District to justify the investment in training, tools and equipment to service buses.

The recent developments in fuel sharing are promising, however. While we do not currently have the capacity to house the school buses, the fueling project appears to be moving forward, and offers a real potential for cost savings through joint purchasing. Additionally, the joint wash station offers another potential means for cost savings; currently, we need to travel to reach wash stations large enough to service large public vehicles. A new wash station could cut down on fuel costs while also introducing savings through joint purchasing of soaps, and joint payment for runoff treatment.

None of this progress would have been possible without continuous communication among our partners. As Fred Swanson, Director of Operations for New Russia Township observes, “It is important to try to keep the ball rolling on collaborations. Without steady communication, months will go by and the project can be left idle if you do not keep the discussion going.”

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**Fred Swanson,
Director of Operations
New Russia Township**

The Lessons

Several lessons emerge from this case study. The Oberlin City Manager, Eric Norenberg, suggested early on that we could use maintenance as a starting point for the collaboration instead of trying to accomplish everything at once, and this advice proved valuable. By using this step by step approach, we are now creating a stronger justification for the School Board to follow up on a maintenance arrangement by building a storage garage closer to the city facility.

“When you are dealing with multiple government agencies, coordination is critical, because spanning different entities and union contracts can be challenging.”

**John Schroth,
Superintendent of Oberlin
City Schools**

Additionally, we learned that coordination is critical. As highlighted by John Schroth, Superintendent of Oberlin City Schools, “When you are dealing with multiple government agencies, coordination is critical, because spanning different entities and union contracts can be challenging.”

We also learned that when approaching projects with large up front capital costs, we should have been aware of the importance of external support, and pursued additional funding beyond EGN. Facilities do not save money initially. Because facilities tend to provide long-term cost savings rather than short term ones, our project was not likely to succeed in terms of cost savings without external funding. So we should have made a more explicit effort to line up other sources of external funding to pursue.

Finally, and perhaps most importantly, we learned that it is important to not rush the collaborative process. As Eric Norenberg observes, “Collaboration really needs a high degree of trust and comfort, and the opportunity for the partners to get to know each other -- and that was one byproduct of the first EGN application. We began to build a bond of trust through discussion, and used this bond to pursue the fuel sharing project.”

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Eric Norenberg, City Manager for the City of Oberlin

For More Information...

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