

City of Novi Shared Services Cost Analysis: Regional Dispatch Services

Project Summary

March 3, 2008



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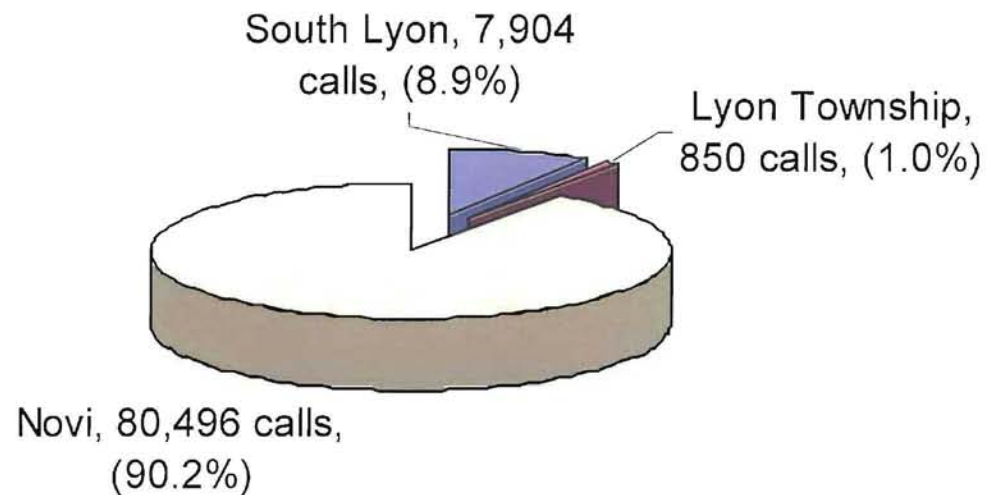
3/27/08
To: Mayor and City
Council Members
For presentation at
March 3 meeting.



Dispatch Services Summary

- City of Novi employs 17 full-time employees in dispatch
- Operations run out of Police Department
- Dispatch provided to South Lyon and Lyon Township on contract basis
 - South Lyon receives full range of police & fire dispatch services
 - Lyon Township contract includes fire calls only
- Potential for extending service to include Walled Lake police and fire

City of Novi
Shared Service Cost Analysis: Regional Dispatch
Comparison of Calls for Service



- Walled Lake: 17,353 police calls; 807 fire calls



Dispatch Services: Costs and Revenues

- Total cost of dispatch services in Novi: \$1,547,744
 - Direct operating costs (personnel, utilities, supplies): \$1,307,146
 - Central services (finance, legal, bldg & grnds, ins., IT): \$165,567
 - Indirect police dept costs (supervision, equip, bldg use): \$75,031
- City currently recoups \$69,324 (4.5%) from South Lyon & Lyon Township
- Net cost to Novi: \$1,478,420
- Expanding the service area to include Walled Lake could increase Novi's costs by approximately \$364,000
 - Would require 4 additional dispatchers in Novi's dispatch center
 - Walled Lake's current budget for dispatch is \$316,000
 - No real cost savings to contract with Novi
 - Cost of Walled Lake to contract with Oakland is about \$130,000



Allocating Costs to Contract Communities

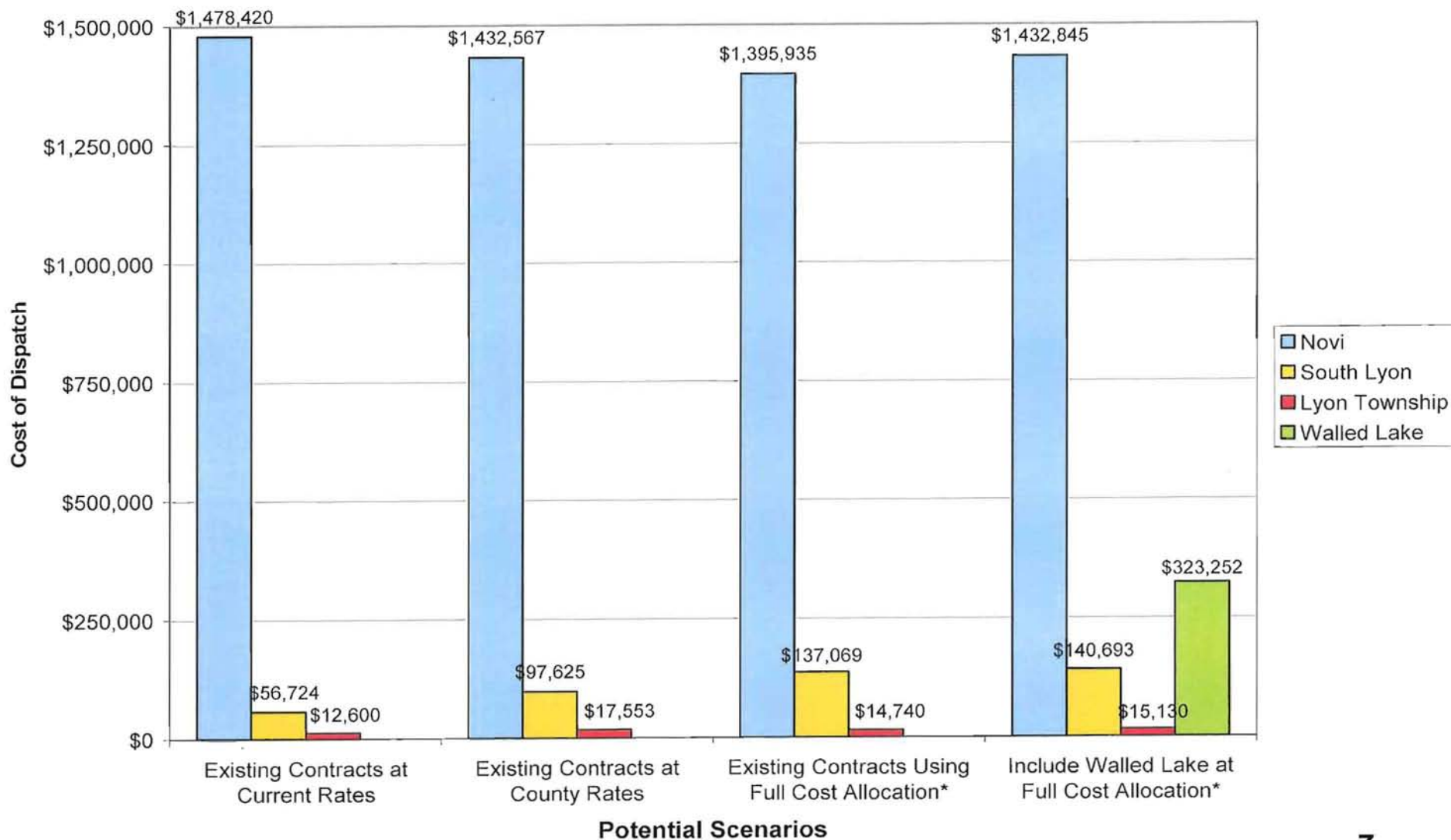
- Possible bases for allocation include:
 - Calls for service
 - Population
 - Taxable value
 - Square mileage
 - Personnel
- Most municipalities in area charge based on a negotiated percentage of costs or on the incremental costs of dispatch personnel when joint dispatch agreement was established (none use full cost allocation)
- Oakland County charges:
 - \$20.65 per fire call
 - \$4,702 per full-time police officer in contracting department



Comparative Analysis

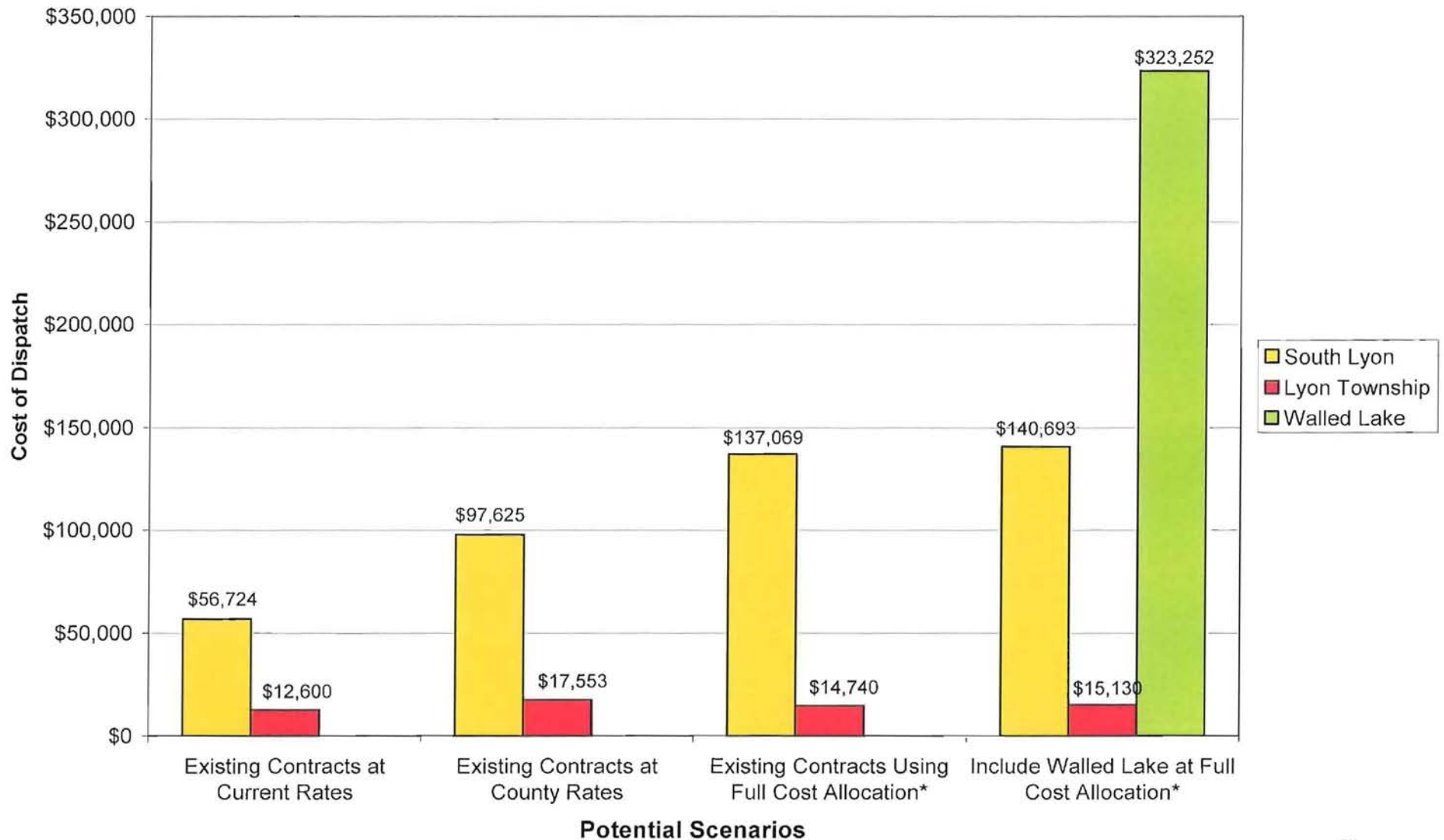
- South Lyon is paying considerably less to Novi than what it costs to provide dispatch services for their community
- Lyon Township's current fees are more in line with their costs to Novi for dispatch
- The allocation approach most favorable to either of these communities to continue contracting with Novi would be based 100% on calls for service
 - South Lyon would pay \$137,069 or \$80,345 more than current fee
 - Lyon Township would pay \$14,740 or \$2,140 more than current fee
- Either community could contract with Oakland County
 - South Lyon would pay about \$40,000 more than current contract
 - Lyon Township would pay about \$5,000 more

City of Novi Shared Services Cost Analysis: Regional Dispatch Cost to Each Community by Scenario



*Allocation based on calls for service. Alternative allocation methods would result in higher costs to contract communities.

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Shared Services Cost Analysis: Regional Dispatch
Cost to Each Community by Scenario



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Options Going Forward

- Novi has a strong basis for negotiating higher fees with South Lyon and Lyon Township
- If fees are set too high, these communities may elect to contract with County
 - Novi provides a higher level of service than the County, so cost is not the only issue
- Including Walled Lake in the City's regional dispatch service would likely result in higher costs for both communities