# Under-Budget Promise Delivered, Even with a Bad Winter

**by James A. Jackson**

This past winter it was reported that January 2009 was the coldest in the past 30 years in Michigan. County road commissions and local governments reported they had expended more than 60 percent of their winter maintenance budgets and expected that year-end deficits would require a reduction in staffing and services. The Michigan Department of Transportation (MDOT) projected a $32 million deficit for fiscal year 2008–09.

In contrast, the Wayne County Department of Public Services, at the direction of Wayne County Executive Robert Ficano, managed to maintain winter operations at a level that allowed the department to end the fiscal year under budget.

Following the winter of 2008, MDOT sent the public services department a letter—as it did to all contracting county agencies within the state—informing them that as a result of the extremely harsh winter endured in FY 2007–08, all non-winter maintenance activities were going to be cut to assure no budget overruns.

In some instances, as was the case for Wayne County, the non-winter monthly maintenance budget was cut nearly in half. With only $6.3 million remaining in the county maintenance budget as of March 2008 and a mandate to not exceed this allocated amount for the remainder of the fiscal year that ended September 30, 2008, Wayne County's non-winter maintenance budget was reduced from an average expenditure of $1.8 million per month to $900,000 per month for the remaining five months of FY 2007–08.

What this meant to the department was cuts—in services to both the state interstate system and trunk lines. Most important, though, it meant cuts in the staff for the roads division responsible for maintaining 1,582 miles of county primary and local roads and 462 miles of state highways and trunk lines. Because of the severe winter of fiscal year 2007–08, 37 employee positions were lost as a result of budget overruns to the state system.

In all, a total of 67 positions were left unfunded in the roads division and eight people lost their jobs altogether. This cut came in the aftermath of a four-year reduction in force that saw the roads division plummet from a workforce of 599 employees in 2003 to a sustaining force of 397 in 2008.

This also left the roads division with only 360 positions to continue the task of providing mandated services to the county and state systems. Subsequent to this last staff loss that took place in May 2008, the county executive convened the personnel and human resources director, the assistant deputy chief executive officer, and the director and deputy director of the department and made it clear that a plan had to be developed to ensure the department would withstand the next winter's operation without having to make further cuts.

In other words, we were to take the department through a thorough process improvement exercise during which we would uncover opportunities to streamline department operations in such a manner as to assure we would develop a fund balance set aside equal to, if not exceed, 1 percent of the department's annual operating budget at the end of each fiscal year. Or, between approximately \$1.6 and \$2 million.

Guided by the county's organizational effectiveness (OE) division in human resources, the process began with the development of a schedule of activity created by the department director, with guidance from the OE division director. This process broke into four key phases:

**Phase 1.** Identify potential areas of improvement in the winter maintenance operation. This process would entail holding a division group meeting with the key leadership team for winter maintenance operations to obtain improvement ideas from the employees at every level, taking a cross-section of the leadership and frontline personnel to ensure inclusion across the board.

Of key importance was ensuring that employees known to be outspoken and knowledgeable of the section's and division's operations be encouraged to participate.

**Phase 2.** Conduct department division group meetings to identify possible areas of process improvement and develop plans to address each based on priority of importance and cost savings to the division.

**Phase 3.** Hold a department-wide meeting to share the situation facing the department and the strategy developed to address management's goal of not having to lay off more team members and to enlist the entire department's participation in this effort.

**Phase 4.** Train the roads division in the how to use the monitoring tools, the "four disciplines of execution," as a management resource to check progress of the process improvement initiatives.


**A stainless steel stratos spreader will be part of the new equipment acquisition that will allow Wayne County to continue to adjust its snow management system from an all-salting operation to a plow-and-salt operation.**

**On the basis of analysis of performance results, the county plans to continue to convert its current trough spreaders to low carry insert spreaders that provide the ability to pre-wet and spread the agent directionally along the routes, covering as many as three lanes of roadway at one pass while reducing the amount of agent needed to sufficiently treat the roadway. The new inserts also possess the ability to anti-ice, a feature that will also be used by the county to treat bridge decks and overpasses to retard icing on these surfaces.**

Because the impetus for this exercise lay in the recent slashing of the road division's staffing as a result of the previous winter's high costs, it was decided that Phase 1 would address the area of greatest importance to the department's operational capability at this time—winter maintenance operations.

This was to the department's advantage as the staff had long desired to revamp operations. For many years, the department's main weapon against snowfall was to salt incessantly, assuring all county routes were covered with the naturally corrosive substance. No thought was given to the cost or potential environmental side effects because the primary concern was to remove the snow from the roads and to make and keep them safe for county residents and visitors.

Of underlying importance was the director's fast-growing concern that too much of the department's budget was being used to provide this service. Winter maintenance for the county cost the department $15,494,712 for the fiscal year 2007–08. This was approximately 29 percent of the division's $52,688,473 approved budget.

Of the $15.5 million, over half—$8,127,120—was spent maintaining state highways and trunk lines during the winter. This was 34 percent of the state's $24,628,622 contracted amount with the county; $8,313,890, or roughly 53.7 percent of the total cost for winter maintenance was for salt.

Some 188,551 tons of salt were used to keep the state and county road systems open during winter storms for the FY2007–08 snow season. Price per ton from the three vendors used through the state's MIDEAL program ranged from $31 per ton to $37 per ton. Participating in the state's program saved the county between $20 and $40 per ton, depending on the time of purchase during the season.

As supplies dwindled, prices soared, as was the case at the beginning of the season for FY 2008–09. Even while pricing was locked in at between $37 per ton and $41 per ton for the three vendors used, advertisements were still received from brokers offering to sell what was remaining of the available stores at a rate of $114 per ton—a near 300 percent markup.

Challenged to review and revamp the county's winter maintenance procedures, the OE division met with the roads division. The initial goal was to get all of the ideas from the frontline personnel and managers. In conjunction with this effort, and guided by OE's division director, it was the goal of the division and department directors to secure the agreement of the entire team by including team members in the decision-making process, making them owners of the process.

After three lengthy and detailed meetings, the team came away with a revised operational procedure requiring that all callouts receive the approval of the division head, on-the-clock monitoring personnel be reduced by 50 percent, and the winter maintenance operation be transformed from a salt-spreading operation to a salt-and-plowing operation.

The combination of these actions saw a dramatic decrease in overtime (30 percent lower than at the same time during the previous year's season) despite the fact that the weather was much more severe than at the same period the year before. The new procedures resulted in a 23 percent reduction in the amount of salt used compared with the same period the previous year.

The decreases in salt were achieved despite the fact that the 2008–09 winter was the coldest in 30 years! The overall projected savings for the division based on the changes made were estimated to be approximately $3.66 million for the fiscal year. Although the state is projecting an operational deficit of approximately $32 million as a result of the harsh winter, the county expects to remain steadfastly under budget for the entire year.

## IMPROVEMENTS LOGGED

Moving into Phase 2 of the process, the OE division met with each division to obtain input from team members. Following the meetings and the identification of additional potential cost-saving measures and process changes, an additional $3.2 million in possible savings was identified. After review and acceptance of the recommendations by the respective division heads and the director of the department, Phase 3 was introduced with a department-wide meeting in December 2008, where the situation that was unfolding was shared with the entire department.

Some team members were reluctant to accept the message shared at the departmental meeting. Other employees, who understood the county's and department's situation and the measures the department was employing to reduce as much as possible the likelihood that it would lose more employees at the end of the fiscal year, wanted to cooperate and support the necessary changes.

The department-wide meeting marked an uptick in the department's morale, which had been at an all-time low as a result of the personnel cuts sustained over the previous three fiscal years. In addition to the morale boost—and quite possibly as a byproduct of its occurrence—communication between the leadership and the frontline employees vastly improved.

Training opportunities for mid-level and frontline leaders are now being identified to ensure that communication channels are further improved. The department director and deputy director now make more frequent appearances at division and section meetings, appearing at employee service-pin ceremonies, retirements, and farewell parties. A department e-newsletter has been introduced and is published quarterly for all employees and the 43 communities serviced by the department.

With the completion of Phase 4—training of the roads division on the use of the "four disciplines of execution"—the department will roll out reporting tools that allow each division director to capture critical performance data from subordinate program managers and to compare this data with established results in the department's strategic business plan family of measures. **PM**

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