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SENATOR NINA TURNER
SPONSOR TESTIMONY on SB 125
Shared Services/ Unit-price Contracting - Permissive
BEFORE
SENATE STATE AND LOCAL GOVERNMENT AND VETERANS
AFFAIRS COMMITTEE

May 11, 2011

Good afternoon Chairman Jordan, Ranking Minority Member Tavares, and Members of the committee.

Thank you for the opportunity to testify on behalf of Senate Bill 125. Introduced by Senator Seitz and I, this bill would make great strides in encouraging efficient and effective government while making the most of dwindling resources in a time of ever-growing need. The impetus for this legislation comes from Cleveland Mayor Frank Jackson, who has been actively engaging his suburban neighbors in finding ways to collaborate on service delivery, cut costs and save taxpayer money. Despite the fact that arrangements between public entities would be more cost-effective for the parties involved and better leverage scarce resources, they are not allowed under state law.

The core of this legislation would allow local governments, school districts and any other entity that is responsible for governmental activities to enter into agreements to perform services for one another, thus saving taxpayer money and achieving economies of scale in the delivery of services that are vital to the health, vitality, and well-being of our communities. Current state law already allows such collaboration in police, fire, and EMS services, but makes no mention of others such as garbage collection, snow removal, and myriad other possibilities.

This measure is permissive and provides a clear vehicle for collaboration on service delivery. This type of collaboration would be especially beneficial to Cuyahoga County. Made up of 59 separate municipal entities, it is one of the nation's six most fragmented counties; a patchwork quilt of borders and service silos¹. Senate Bill 125 would assist in breaking down these barriers and would help foster the synergy that is necessary to strengthen our regions and state in the years to come.

Similar recommendations have been made by the Ohio Commission on Local Government Reform and Collaboration, stating that "[b]y incentivising collaboration on service delivery, the state as a whole can become more efficient and effective in delivering services to the citizens of

¹ Nichols, Jim. "Pittsburgh's tips for our new county government." The Plain Dealer. 15 Nov. 2009: A1.

Ohio.² ” The Brookings Institution’s Metropolitan Policy Program, in concert with the Greater Ohio Policy Center, notes that “[r]egional approaches to collaboration and coordination are necessary to preserve services to Ohioans and achieve affordability.³ ” With the looming specter of a multi-billion dollar budget gap, deep cuts to the Local Government Fund and other revenue redirections, the General Assembly would do well to create an opportunity to provide our local governments a tool that will allow them to reduce cost while maintaining quality services. As the attached editorial by Phillip Morris of the Plain Dealer illustrates, this is a pragmatic and common-sense solution to some of the challenges faced by local governments.

Moreover, we have included language that would permit regional councils of government to participate in joint purchasing contracts related to buildings. An additional cost saving measure in the same spirit of the shared services provision, this would allow cities and school districts to collectively purchase industrial equipment, roofing components and other construction material. Crafted with education purchasing consortia specifically in mind, this language would expand their purchasing authority and allow them to participate in a national purchasing pool for these same goods and services through the Association of Educational Purchasing Agencies.

Like local governments, school districts will face incredible financial challenges as a result of the current budget proposal, and it is imperative that we grant them every tool possible to find cost savings in essential purchases and activities.

Proponents of this bill include the Cuyahoga County Mayors and Manager’s Association, Cleveland City Council, and the Ohio Township Association and the Ohio Society of Certified Public Accountants. I encourage you to add your names – and that of this Committee – to this list and extend your support for Senate Bill 125.

Thank you, Mr. Chairman and Members of the Committee. Senator Seitz will now speak on behalf of this important legislation.

² The Ohio Commission on Local Government Reform and Collaboration. Building a Better Ohio: Creating Collaboration in Governance. 27 Aug. 2010: 10.

³ Greater Ohio Policy Center, Brookings Institution Metropolitan Policy Program. Restoring Prosperity: Transforming Ohio’s Communities for the Next Economy. 2010: 36.



Cleveland as 'mother city' is a concept that must somehow return to vogue: Phillip Morris

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By **Phillip Morris, The Plain Dealer**

When East Cleveland sought bids for its residential garbage-hauling contract last year, the biggest trash-collecting operation in the county wasn't allowed to compete for the contract.

Why?

Because cities like Cleveland aren't allowed to haul other cities' trash. Either a city does its own dirty work or it bids the work out to companies. Even if a neighboring city such as Cleveland, with its army of garbage men, can do the work more cheaply, state law appears to block it.

No, it doesn't make a lick of sense.

That fiscal reality disturbs Gary Norton, East Cleveland's hard-charging young mayor. Why, he wonders, does state law seem to prohibit cost sharing and fiscal efficiency?

"It costs us just under \$1 million a year to have trash collected by a private company. Someone is making a profit off of that contract.

"I hate that our scarce taxpayer dollars are generating a profit for a private service provider, when Cleveland, if it were permitted to, could collect our trash at cost.

"That would mean more jobs for the city of Cleveland and less expense for taxpayers of East Cleveland."

There's nothing like a fiscal emergency to turn shrewd politicians into garbage pickers. Ohio's budget crisis has spawned Senate Bill 125, a useful little measure that would perform something of a shotgun wedding on cities.

The bipartisan bill, sponsored by State Sens. Nina Turner and Bill Seitz, would remove barriers to cities sharing any service or operation at their disposal. Cities routinely share safety services in emergencies. If SB 125 became law, they could share garbage collection, back-office help or dog-catching.

Call it forced regionalism or, better yet, survival regionalism.

"I resent the fact that the state of Ohio is abdicating its financial responsibilities in the current budget proposal. I resent the fact that we are pushing crushing financial decisions onto the shoulders of counties, cities and townships," Turner said of Gov. John Kasich's budget proposal, which seeks to close a projected \$8 billion deficit with crippling, across-the-board funding cuts.

"Yes, all politics is local. But when mayors and city councils are forced to make deep cuts into safety forces or eliminate critical services, they are the ones who will be forced to explain how the state has cut hundreds of millions of dollars that it was sending back to local governments."

Perhaps the only silver lining to be found here, as things will certainly get worse before they get better, is that a growing number of cities are already looking to see how they can partner.

The city of South Euclid pays a contractor \$1.3 million to pick up trash. Cleveland says it can do it cheaper and is interested in sending its snow plows into the streets of its neighbor to the east. South Euclid is listening.

These sorts of conversations are said to be happening all over the county -- perhaps all over the state -- which is exciting. Governments at all levels are being forced to reinvent, maximize and eliminate.

White-collar cities that have long fed off rising property and estate taxes are now also under siege in the Kasich budget. They find themselves facing the same stark fiscal challenges as their blue-collar peers. Strange bedfellows will soon emerge.

Municipal collaboration used to be a quaint little notion. Now it has become a "matter of necessity," Cleveland Mayor Frank Jackson said recently.

He's correct.

God help us. It will be interesting to watch as Cleveland works to repurpose its role as the region's "mother city," in a state now in the process of slashing itself to the core.

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SB 125 Sponsor Testimony
Senator Bill Seitz
Senate State and Local Government and Veterans Affairs Committee
May 11, 2011

Thank you, Mr. Chairman, and members of the committee, for the opportunity to present Senate Bill 125 today.

I would like to focus my testimony on the joint purchasing language in the bill. The joint purchasing language is not a new concept; it was included in several prior Senate budget bills only to be rejected by the House.

The joint purchasing language allows education service commissions and joint school district purchasing consortia to purchase industrial equipment, roofing replacement, artificial turf, and certain construction materials. It is imperative that school districts receive the maximum value for every dollar spent on goods and services, especially in light of continual price increases and unstable market conditions. Thus, this language is supported by the Ohio School Boards Association, the Ohio Association of School Business Officials, and the Metropolitan Educational Council.

Additionally, both the Ohio Society of CPAs and the Ohio Chamber of Commerce and its eight local regional affiliates have specifically endorsed shared services arrangements and wider use of joint purchasing as two important tools in the toolbox for local governments to manage their way forward through challenging budgetary times.

I urge your support for SB 125. At this time Senator Turner and I would be happy to answer any questions that you may have.