Creating a Sustainable Model for Local Government Collaboration

Local Government Information Systems Association
An Information Systems Consortium for Municipal Governments and Public Sector Agencies in the State of Minnesota
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Industrializing Cutting Edge Public Service Models

Local government leaders are facing precedent setting challenges at all levels. With the continued financial, economic, technological, and human capital trials ahead there is a call from citizens and politicians to collaborate, consolidate and privatize more core and back office government services. As a direct result, many public service organizations are evaluating new ways of supporting internal operations and enhancing service delivery to citizens. Oracle, the world’s largest business software provider, is taking a personal approach to working with our public service customers. We are working side by side with government officials to evaluate new ways of doing business, including consolidating thought leadership and socializing cutting edge experiential knowledge from successful and innovative operating models and technology solutions that help answer common questions:

- How can I collaborate with other government entities to develop and implement a sustainable operational model that reduces cost without denigrating services?
- How can I govern my delivery model to ensure a consistently high level of service?
- How can I leverage and extend existing investments in ways that create new value?
- How can I partner with other local governments without putting my constituents at risk?

In the realm of local government the most common hurdle to formalized collaboration is governance and the respective autonomy of member organizations. While parties often agree that there are opportunities to collaborate and that substantial savings and economies can be realized through collaboration, no party is typically willing to part with local control of their schools, police, parks and library systems. The debate of how to create, operate and maintain cross jurisdictional services is often coupled with the viewpoint of mandatory consolidation of the government entities themselves into a single government entity. While there are successful examples of such consolidations they are complex initiatives which over time can erode into new inefficiencies created by political objectives.

Why doesn’t government operate more like the private sector? It’s a salient question that frequently appears in letters to editors and phone calls to talk show hosts. Historically, the answer has revolved around alignment of incentives and profit motive. The private sector is incentivized by profits and returns for its shareholders. The public sector is incentivized by service. However, landmark shifts in technological capabilities as well as the economy at large are forcing a fresh perspective. Why shouldn’t governments aggressively pursue a two pronged and inter-related strategy: 1) the pursuit of operating efficiencies which create monetary savings; and 2) the re-investment of those savings back into government in innovative service delivery models. In turn that sparks the debate on how to structure a services organization that can cross political and some cases cultural lines in support of multiple government entities.

In the State of Minnesota, the debate has been over for years in at least one area, stemming from legislation passed in 1972 to create the Local Government Information Systems Association (LOGIS). LOGIS was formed under the Minnesota joint powers act to provide an organization through which its members could establish, operate, and maintain data processing facilities and management information systems for the use and benefit of the members and others. Now serving over 2.1 million residents,
nearly 40% of the state population, LOGIS provides modern local government solutions to over 45 governmental entities. LOGIS is classed as a political subdivision of the State of Minnesota and membership is open to any governmental subdivision of the State of Minnesota through the execution of the LOGIS joint powers agreement. LOGIS operates like a private company with a board of directors that are running an internal service center that is critical to keeping the cost of services lower and bringing forward new ideas for the future.

The mission of LOGIS is to provide effective, reliable and adaptable technology solutions to Minnesota government agencies through the sharing of ideas, risks, resources and costs in a cooperative partnership that evolves with agencies’ needs. Within this broad framework, LOGIS members participate together to provide one another with a specific range of informational, technological, and related services. They provide these services by sharing resources, ideas, risks, and costs so that each member is able to improve its service delivery to its community without unduly sacrificing the flexibility and adaptability needed in a rapidly changing technological environment. LOGIS and its members achieve satisfaction by meeting (or exceeding) realistic expectations and performance standards. The LOGIS system design concept stresses common program usage to reduce maintenance and support costs, ease of use by personnel unskilled in computer technology, and generalization to provide options to users without the necessity of program changes. The value of LOGIS to its members, since inception has exceeded $73 million dollars in savings and cost avoidance, with LOGIS members putting more into citizen services than a comparable government entity that operates everything in house. Without LOGIS, its member cities would potentially have fewer books in their libraries, fewer green spaces; coupled with less investment in local infrastructures. Not only does LOGIS help its members keep its promise to deliver on program mission, it does so in a collaborative way; member organizations work together to decide on how it’s done for the benefit of everybody. If only this was true across all levels of governments, citizens across the nation would see less waste and budgets would be better balanced. In summary, LOGIS delivers what others should strive for, ‘citizen value’.

This white paper describes the LOGIS model and affiliated savings with the intention to help educate and encourage more States, Provinces and public service organizations to collaborate and create innovative organizations with a mission similar to LOGIS.
Problems Facing Government

Challenges Facing the Public Sector

Government leaders at all levels are facing unprecedented challenges. As federal and state/provincial deficits pile up, the amount of money that makes its way down to cities and towns also continues to shrink. Revenue streams are struggling to recover. Healthcare costs continue to rise at a rapid pace. Demand for pensions and other services will only increase with an aging population. Stubbornly high unemployment levels and eroding infrastructure are contributing factors to the challenges faced by governments now and in the foreseeable future. Every day government officials are trying to do more with less and looking for new ways forward using innovative operating models and technology to meet citizen expectations.

As these difficult economic times continue, public organizations face five additional challenges:

1. Transforming Government

Change has always been a factor in how organizations have evolved. Today, change is not only occurring, but occurring at a pace more rapid than in the past. In addition, technology presents challenges as well as opportunities to government officials and executives. As a result, public sector organizations are examining the way they are organized and do business. Some challenges involve becoming more efficient such as providing the same or a higher level of services in a more cost effective manner. Others involve transparency in government so all constituents know what is happening and can become involved in the process. Government managers are re-designing processes, services and strategies to meet a changing world.

2. Meeting Heightened Constituent Expectations

Is there an app for that? The expectations of citizens are changing and as constituents grow increasingly savvy about technology, they have a higher expectation for better and faster service. Reducing service complexity, turnaround time, and citizen self service are desirable outcomes. Citizens are also looking for more information and new ways to interact with their city, county or state. Governments need to find ways to harness technology to meet these heightened expectations.

3. Managing Workforce Transition

One of the key challenges facing the public sector is the aging workforce and its impact on the strategic planning process. By some estimates, up to 27 percent of the public sector workforce is eligible for retirement within the next five years. Although these numbers may vary across the public sector, multiple studies have shown that the public sector is more exposed to the problem of workforce transition than private enterprises—often due to competition for workers from private sector employers. As a result new operating model and product solutions have emerged that leverage technology to share resources and enable self service for citizens and businesses.

4. Minimizing Technological Risk

It is clear that using technology to transform government is not just about buying and installing computers. Rather, it involves actually redesigning the way a government works, and efficiently executing projects while actively managing change. High profile projects that fail or do not meet expectations can delay the adoption of technology or processes that can benefit citizens.


“More so today than ever before, our citizens expect quality services at a reasonable cost - LOGIS helps us meet those expectations.”

Tom Hedges, City Manager, Eagan, LOGIS VP and Board Member
5. Keeping the Next Generation as a Tax Basis

Local Governments that are the hardest hit by current economic times also face a deep concern regarding their ability to keep the best and brightest from leaving the area. It has never been as easy to pick up and move across the county line or even across the Mississippi river to an area with better schools, housing and a brighter future for families. The ability of local governments to keep citizen services available to the public could potentially be as competitive as Coke vs. Pepsi. Although the choice will not be as simple as what product to select off the shelf, the decision of price to value and long term opportunity is of serious consideration to the future generation. Areas hard hit by the recession are seeing a flight of talented college graduates leave for cities and neighborhoods with better schools, parks and running trails.

Public Sector Industry Trends

Public sector managers today pay careful attention to innovations being implemented in the private sector, and are adapting transformational strategies that have been proven to work for commercial organizations.

These strategies include:

- **Becoming more customer-focused.** Forward-looking public sector organizations are redefining how they view their relationships with constituents. They also recognize that technology is an important enabler of any citizen-centric strategy.

- **Adopting Lean processes.** Lean principles center on eliminating waste and achieving the highest possible quality at the lowest cost. The defining characteristic of a lean strategy is reducing variability by separating manual processes from those that can be automated.

- **Enabling self-service.** When citizens, employees, vendors and other constituents can help themselves—typically by utilizing access to Web-based resources—rather than depending on government representatives, public organizations can cut costs while simultaneously increasing customer satisfaction.

- **Using Commercial Off-the-Shelf (COTS) Applications.** The public sector has been largely successful at posting information on the Web. But attempting to provide interactive, online public services has been expensive and delivers poor returns. The three main reasons for this, as identified by The Economist (see footnote 2), are the lack of competitive pressure, a tendency to reinvent the wheel, and a focus on technology rather than on organizational transformation. Using COTS software enables a departure from the traditional scenario of high cost with low return.

- **Evaluating Cloud.** The Cloud has many facets and multiple definitions. But most importantly it represents an innovative service delivery model. Further, it provides the opportunity to even the playing field between commercial and public sector entities hobbled by bureaucracies and financial belt tightening. The barrier to entry is low (cap ex vs. op ex). The value is quantifiable. The risks can be identified and mitigated. The sustainability quotient is high. In its most impactful form, the Cloud industrializes the above four components, creating a customer-centric, lean, self service, and COTS based operating model.

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Cross-Jurisdictional Services Defined

Successful shared service solutions have a strong governance structure that span from operational excellence to strategic planning and alignment. However, there is no one size fits all solution for the way to build and deploy shared services solutions. In recent years a string of successful shared services solutions have been deployed in the public sector using different sourcing models. As that trend continues, different shared services models will be leveraged based on the organizational requirements, existing assets, and political climate. Four models of shared services exist:

1) **Enterprise**: Services and technology solutions common to an enterprise and managed by a single provider

2) **Multi-Agency**: Services and technology solutions managed by centers of excellence within the organization

3) **Cross-Jurisdictional**: Services and technology solutions provided to multiple public sector entities by a single service provider

4) **Private Cloud**: Services and technology solutions provided to multiple public sector entities by an external commercial or public sector consortia-based service provider that has created a cloud based solution

In this white paper, we will explore the cross-jurisdictional model. These various levels of collaboration have emerged to help government lower costs during tough economic times. Accenture recently analyzed more than 90 domestic and international case studies involving cross jurisdictional collaboration. According to their research current efforts were spawned primarily from the economic pressures on state and local governments today. Significant decline in revenues, with increasing demand for services and their related expenses, has forced government entities into new models out of necessity. Cross jurisdictional services as defined by Accenture requires two or more entities to join for services delivery. (See figure 2)

Several Oracle customers have recently joined forces to share information technology systems. The City of Tampa and Hillsborough County most recently selected Oracle EBS for a shared solution. In Pennsylvania, the City of Pittsburgh and Allegheny County have chosen to use a shared instance of JD Edwards. This model for collaboration will be the leading practice for twenty first century government. LOGIS in many ways was ahead of its time when it originated in 1972.

Figure 1: Operating Models

“Cross-jurisdiction collaboration is about increasing government’s capacity to deliver citizen services today and tomorrow. It has the potential to not only dramatically reduce the cost of government, but also preserve and improve local decision-making. And for constituents, cross-jurisdiction collaboration enables government to move resources from the 'back-office' to the 'front office' - improving overall effectiveness and efficiency for citizen-facing services.”

Antonio M. Oftelie, Fellow, Technology and Entrepreneurship Center at Harvard & Executive Director, Leadership for a Networked World

Cross-Jurisdiction Collaboration (XJC) = Two or more 1 government entities with a mission to work across traditional jurisdictional boundaries to provide 2 current and/or future services for their citizens in order to 3 reduce total cost, improve efficiencies and/or enhance services

**1 Government Entities**
- State
- County
- City
- Township
- Town
- Borough
- School District
- Special Districts
- Public Universities

**2 Current and/or Future Services**
- Administration
- Entitlements & Social Services
- Public Works
- Public Safety
- Public Health
- Parks, Recreation & Public Property
- Education

**3 Reduce Total Cost and/or Improve Efficiencies**
- Economic Improvement
- Operational Excellence
- Reduction in Cost-to-Serve
- Improved Services Levels
- Provision of New Services
- Address Citizen Needs
- Achieve Savings from 10-40%

*Figure 2: Accenture Study on Cross-Jurisdictional Collaboration*
LOGIS Cross-Jurisdictional Solutions

LOGIS is a cross-jurisdiction solution that has grown and expanded to service a significant number of cities and counties and in turn 40% of the citizens of Minnesota. The lessons learned by LOGIS are valuable to be shared with other governmental entities looking to change the way they deliver services. LOGIS was created in 1972 by Minnesota Statute 471.50 as a political subdivision. LOGIS is a Joint Powers, intergovernmental consortium of Minnesota local government units. The bylaws of LOGIS were founded off the notion that local governments can share applications and solutions to increase the capability of the services while lowering the total cost of each solution.

The members of LOGIS have learned that such collaboration leads to significant savings in both implementation and on-going support. LOGIS offers applications that are common across government to its members. Back office and citizen facing solutions are part of the total product offering and LOGIS plans to continue deploying new technologies paving the way to the government of tomorrow.

Membership is open to any governmental subdivision of the State of Minnesota through the execution of the LOGIS joint powers agreement. The two classes of membership are Participating and Operating Associate. Participating members have voting privileges on the Board of Directors, receive full assessments for administration and capital, and pay operating fees. Operating Associate Members may receive computer services under the same terms and conditions as Participating Members and at the same charges.

LOGIS’ mission is to provide effective, reliable and adaptable technology solutions to Minnesota government agencies through the sharing of ideas, risks, resources and costs in a cooperative partnership that evolves with agencies’ needs. Within this broad framework, LOGIS members participate together to provide one another with a specific range of informational, technological, and related services. They provide these services by sharing resources, ideas, risks, and costs so that each member is able to improve its service delivery to its community without unduly sacrificing the flexibility and adaptability needed in a rapidly changing technological environment. LOGIS and its members achieve satisfaction by meeting (or exceeding) realistic expectations and performance standards. The LOGIS system design concept stresses common program usage to reduce maintenance and support costs, ease of use by personnel unskilled in computer technology, and generalization to provide options to users without the necessity of program changes.

“LOGIS continues to thrive because our Association is based on a very cost effective TCO model utilizing top tier IT solutions for serving our local governments and their citizens while saving taxpayer dollars.”

Mike Garris, Executive Director, LOGIS
History

In 1972 seven city finance managers were looking to acquire a new finance and accounting system. The latest technology and software at the time was not something that a single entity could afford on its own. Using the State of Minnesota joint powers act the seven members created LOGIS with the intent of creating a standalone service bureau that would provide the desired services back to all members. Since inception in 1972 LOGIS has continued to grow rapidly. More technology and business solutions are deployed each year. LOGIS now has over 45 members and serves a citizen population of over 2.1 million. The growth in both membership and services is illustrated below.

Problem
How to create a new operating model that enables long term and sustainable local government collaboration.

Vision
Provide world class information technology products and services to local governments that could otherwise not afford them.

Solution
LOGIS is a standalone member owned consortium created by statute for the purpose of providing services to any governmental entity that chooses to join.

Benefits
Application, Cloud, SaaS and Managed Services provided at 30% - 50% lower cost than stand alone or home grown applications.

Figure 4: Key LOGIS Milestones

- Gas: $2.73
- Bread: $1.75

2011
New Ulm, Hennepin County, Hopkins  //  LOGIS Blog site, LOGIS Web site & LOGIS portal

2010
Austin

2009

2008
RSC CC (Rice, Steele Co. and 7 Cities)  //  2007  Burnsville, Hastings

2006
DCC (12 City Dispatch Org.)

2005

2003
Dakota County  //  Expansion of T-1 Data Lines and LAN/WAN  //  Fiber Network and SAN

2002

1999
Rosemount  //  JD Edwards Financials, Human Resources/Payroll

1998
Ramsey //  1996  Richfield

1995
Farmington, Plymouth  //  Permits and Inspections (PIMS) // Internet – (www)site for city home pages // Police Mobile Computing Devices (MCDs)

1994
Oak Grove

1992
Northwest Community TV  //  Utility Billing System // Geographic Information Systems (GIS) // Interactive Fund Accounting System (IFAS) // Standard E-mail package (MSMail) // Network Services LAN/WAN

1987
New Hope, White Bear Lake  //  Conversion to Novell // Major Technical Upgrade

1982
Maple Grove

1980

1977
Hutchinson, Robbinsdale //  1976  Lakeville, Minnetonka //  1975  Shakopee, Apple Valley

1972
Golden Valley, Crystal, Eden Prairie, Edina, St. Louis Park, Coon Rapids, Brooklyn Center // GEMUNIS (Generalized Municipal Information Systems)

Gas: $2.73
Bread: $1.75

Gas: $1.13
Bread: $0.75

Gas: $0.31
Bread: $0.25

Figure 4: Key LOGIS Milestones

= Membership Growth  *Average Membership: 18 Years  = Significant Implementations
When the organization was formed the charter members believed that LOGIS as a standalone organization could not be perceived as being part of or controlled by any one organization. In order to accomplish this objective two key decisions were made by the founding members. The first was that from the start all the staff would be employees of LOGIS and not on loan from member organizations. The second was that the new group would be located in a facility not part of or tied to any of the members. The independence of LOGIS needed to be unmistakable and if LOGIS were perceived in any way to be an extension or growth of a member organization it would not achieve the desired results. To accomplish these principals the founding members contributed the required operating budget to launch the organization. Recognizing the potential of this organization, Hennepin County awarded LOGIS a $30,000 grant to support the acquisition of the necessary technology to start the first set of services. With the start up funds secured LOGIS launched the general accounting system, GEMUNIS, one year later. With the core application in place LOGIS began what is now nearly 40 years of growth and expansion.

The establishment of the operating model and governance structure has been vital to the health and growth of the organization. LOGIS is not a political organization and while the leaders of LOGIS deal with politics like any service provider the membership and leaders recognize the need to keep politics out of operations. The independent structure has allowed LOGIS to grow and expand, now serving nearly half of the State’s population.

Operating Model and Governance

The LOGIS governance model provides direction and guidance on decisions regarding scope expansion, prioritization of investments, and continuous improvement programs. In addition the governance model defines the communication structure and clarifies the ways in which these parties interact. Typical governance models often use structures such as executive committees and user groups to drive sustained integration between the service organization and its customers. While the top and the bottom of the LOGIS governance looks like a standard shared services organization the middle is unlike other service organizations.

LOGIS does not use service level agreements, account managers or advisory councils creating a very lean customer focused organization. For LOGIS annual performance is measured by customer satisfaction. The user groups create an annual plan for each application and performance against the plan is the measure of success. LOGIS leadership does not believe that service level agreements or key performance indicators in a member owned consortium drive the right behavior. Instead of spending time and driving up overhead by focusing on what to measure and if the measurements are creating the desired outcome the user groups are focused on working together to determine the future of the organization. This approach also helps to keep the organization lean as there are no overhead positions for service management or account reps.

The Board of Directors and Executive Committee also have the responsibility to keep the organization focused on the right outcome. The key to the model is one vote per participating member, regardless of size. A board member must also be a professional of the member organization and cannot be a politician or political employee. The financial information is an open book to all members and reviewed as part of the annual budget process. This level of transparency helps keep the member informed of the value LOGIS brings in supporting their operations.

<table>
<thead>
<tr>
<th>Governance Overview</th>
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<tr>
<td><strong>Board of Directors</strong></td>
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<tr>
<td>All participating members have a seat on the board and are responsible for overall direction of LOGIS, election of officers and approval of the annual budget and plan.</td>
</tr>
<tr>
<td><strong>Executive Committee</strong></td>
</tr>
<tr>
<td>Five elected member representation to execute powers and duties delegated by the board. Duties include:</td>
</tr>
<tr>
<td>• Prepare annual budget and presents reports on all activities</td>
</tr>
<tr>
<td>• Provide guidance for balance between services and costs, responsible for keeping services aligned to mission</td>
</tr>
<tr>
<td><strong>Executive Director</strong></td>
</tr>
<tr>
<td>• Responsible for overall operations of LOGIS</td>
</tr>
<tr>
<td>• Coordinates all duties as prescribed by the bylaws and the executive committee and acts as the chief procurement officer</td>
</tr>
<tr>
<td><strong>User Groups</strong></td>
</tr>
<tr>
<td>• Creation of Annual Performance plan for all services</td>
</tr>
<tr>
<td>• Customer process groups formed to improve process and system effectiveness with joint accountability for end-to-end process solution and annual plan</td>
</tr>
<tr>
<td><strong>LOGIS Staff</strong></td>
</tr>
<tr>
<td>• Recommend continuous improvement initiatives &amp; new solutions</td>
</tr>
</tbody>
</table>

Figure 5: LOGIS Governance - Roles and Responsibilities
Because LOGIS is a governmental entity, the staff are part of the Minnesota Public Employees Retirement System and have benefits packages similar to other public servants. Salaries are determined by market assessment of similar positions and all employment is at will. The sense of public duty coupled with competitive pay contributes to high employee morale. Happy employees translate into great customer service. More impressive is that LOGIS provides eleven applications and additional value added services to over 45 members with a lean crew of 52 employees.

**Charge Back Methodology**

Per the bylaws each application must generate cost reimbursement sufficient to pay for the expense incurred in offering the application to the participating members. Business Units (cost center IDs) are assigned in the JD Edwards Financial Software for recording all expenses incurred by each application. Where multiple applications benefit from expenditure, the cost is split among the appropriate Business Units.

<table>
<thead>
<tr>
<th>Expense Class</th>
<th>Cost Basis</th>
<th>Billing Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>General, Administrative &amp; Operational</td>
<td>Annual Fixed</td>
</tr>
<tr>
<td>2</td>
<td>Design and development of computer programs and systems and other capital costs</td>
<td>Allocated as equitable as possible based on use, systems, facilities and sunk costs</td>
</tr>
<tr>
<td>3</td>
<td>System operations and maintenance</td>
<td>Allocated based on actual workload per system</td>
</tr>
</tbody>
</table>

**Figure 6:** Chargeback cost categories

Administrative expenditures are categorized and distributed as overhead charges to each application based on weighted benefit analysis performed during each budget cycle. As each application is intended to be self-supporting – only the members using any given application will share in the costs incurred for operating that application. The allocation consists of three key areas (see attached chart): 1) maintenance and operation of the physical plant and equipment of LOGIS, ie: the building, computer equipment and network operations; 2) all application support functions. Key metrics for dividing the application costs will be used to assign the cost distribution to each application’s members and; 3) systems operation and maintenance based on usage of the infrastructure. Expenses billed to LOGIS by vendors for equipment or services supplied for a specific member shall be charged to that member at the vendor’s rates. Personnel costs for projects completed by LOGIS staff that is not covered in the member’s application charges are billed on a time and materials basis. A new member of LOGIS will be billed a transition or implementation cost at the time of conversion and then a new allocation of costs across all members is determined in the budget process. As new members join LOGIS the average cost of each application continues to decline.

A research and development fund was created to foster pilot programs. Each member is billed a flat fee annually to fund the research fund and it is used to launch pilot programs based on the user groups input. LOGIS also has bonding authority and the executive committee can include bonds as part of the annual plan when significant capital is required for new programs. This R&D fund allows LOGIS to continue to innovate.
LOGIS offers a broad portfolio of solutions that address the primary needs of local municipalities from mission critical ERP applications to specialized solutions for utilities, permits, licenses, and public safety. They deliver modern solutions that would be cost prohibitive for cities to implement on their own. In many cases these solutions integrate the appropriate data to one another automatically.

They also offer a wide variety of report options for easier decision-making and analysis; and provide the ability to create user-defined reports and transfer data to PCs in many popular spreadsheet and database formats. LOGIS is focused on delivering solutions tailored to the local needs, across applications, internet services, network services and implementation services:

“The applications we provide offer a very robust set of functionality and flexibility that can be utilized by all our members from the very small to the very large local government entities.”

Mike Garris, Executive Director, LOGIS

### Capabilities Implemented by Logis

LOGIS invests in best of breed application software from national vendors such as Oracle, JD Edwards and Motorola. These top tier applications, primarily used by large government organizations and corporations are often unaffordable by local government entities.

Through their shared IT environment, superior level of software functionality is made available to its members. The following table describes the applications delivered by LOGIS:

<table>
<thead>
<tr>
<th>Applications</th>
<th>Network Services</th>
<th>Internet Services</th>
<th>Other Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Financial</td>
<td>- Network Planning and Design</td>
<td>- High-Speed Internet Access</td>
<td>- Advising, Training and Assisting</td>
</tr>
<tr>
<td>- Human Capital Management</td>
<td>- Infrastructure Installation and</td>
<td>- Website Hosting</td>
<td>Users on a Day-to-Day Basis as Well as</td>
</tr>
<tr>
<td>- Supply Chain Management</td>
<td>Management</td>
<td>- FTP Sites</td>
<td>During and After a Conversion and</td>
</tr>
<tr>
<td>- Capital Asset Management</td>
<td>- Installation and Management of</td>
<td>- VPN Services</td>
<td>Installation</td>
</tr>
<tr>
<td>- Utility Billing</td>
<td>Windows Servers</td>
<td>- Web Content Filtering</td>
<td>- Conducting Periodic User</td>
</tr>
<tr>
<td>- Public Safety</td>
<td>- Network Monitoring and Diagnostics</td>
<td>- Domain Management</td>
<td>Seminars or Workshops on LOGIS</td>
</tr>
<tr>
<td>- Property Data / Special</td>
<td>- Security Planning</td>
<td>- Anti-Spam Service</td>
<td>Applications</td>
</tr>
<tr>
<td>Assessments</td>
<td>- Hardware and Software Procurement</td>
<td>- Email Anti-Virus Service</td>
<td>- Conducting Local User</td>
</tr>
<tr>
<td>- Geographic Information (GIS)</td>
<td>- License Management</td>
<td>- Media Server</td>
<td>Groups</td>
</tr>
<tr>
<td>- Permit and Inspection</td>
<td></td>
<td></td>
<td>- Tailoring Software to</td>
</tr>
<tr>
<td>Management / Business License</td>
<td></td>
<td></td>
<td>Minnesota’s Needs</td>
</tr>
<tr>
<td>- Parks and Recreation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- IP Telephony Hosting</td>
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</table>

Figure 7: LOGIS Offerings
ERP

Tightly integrated system by Oracle/JD Edwards that includes all aspects of government accounting, capital asset management, human resources and payroll. This system includes:

- **Financials:** General Ledger, Accounts Payable, Accounts Receivable, Budgeting, Fixed Assets, Cash Receipts, Job/Project Management & Accounting, Expense Management, Financial Reporting and Analysis

- **Human Capital Management:** Human Resources, Payroll, Time and Accounting, Benefit Administration, Employee and Manager Self Service

- **Supply Chain:** Purchasing, Encumbrance Accounting, Inventory Management

- **Capital Asset Management:** Equipment, fleet management and maintenance. Includes Work Orders, parts and labor management & scheduling, repair & preventative maintenance, cost and labor analysis. Integrated with Purchasing and Inventory.

**Utility Billing**

This system, CIS Infinity by Advanced Utility Systems, provides a flexible rate engine, interface for handheld and radio-read meter reading systems, service orders, payment scanning, ACH, online bill presentment and bill pay, collection modes and flexible query tool.

**Public Safety**

Integrated system by Motorola includes CAD, MCDs, (mobiles) and Records modules plus E911 and Minnesota’s CJRS interface, incident mapping, multi-jurisdiction data access and a user friendly report writer.

**Property Data/Special Assessments**

Includes parcel data, valuations, characteristics, computer assisted mass appraisal (CAMA), levied assessments, assessment projects, payments and amortized schedules.

**Geographic Information (GIS)**

Includes support services for automated mapping and data integration on the desktop and through a web browser for property data, permits, utilities, public safety and more

**Permit and Inspection Management / Business License/Code Enforcement**

Includes all construction permits plus sign, natural resources, fire, fireworks, right-of-way, point-of-sale, zoning and public works, inspection scheduling, correction notices, certificates of occupancy, wireless field access and ePermits (Internet permits).

**Parks and Recreation**

The Class system by Active Network includes class registration, facility booking, memberships, E-commerce (Internet registration) point-of-sale (POS), league scheduling and more.

**IP Telephony Hosting**

Cisco VoIP communications system with features such as Unified Messaging, Presence, PC Communicator, Mobility, E911, Conference Bridging (MeetingPlace/WebEx, Call Center, SymApps paging and Infortel call accounting).
As you can see, LOGIS delivers a broad portfolio of solutions designed to work together to provide the capabilities that its members need. It offers a flexible adoption model, members consume only those services that they need. Membership is voluntary and is renewed at member’s discretion. So far, this has not been a concern for the LOGIS team, member longevity is considered as one of its badges of honor. The average tenure is 18 years, with members that signed up in the 70’s being still active members of LOGIS. The average member uses 3 or more of the 11 available applications/services in the portfolio and some use as many as 8. These solutions can be deployed in a private cloud through the LOGIS facilities or in a SaaS model. LOGIS is a full technology provider.

The table below shows the adoption of the applications offered by LOGIS:

### Application Adoption and Maturity

<table>
<thead>
<tr>
<th>Applications</th>
<th>Level of Adoption</th>
<th>Product Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>JD Edwards Finance/HR/Payroll</td>
<td>1</td>
<td>HIGH</td>
</tr>
<tr>
<td>Utility Billing</td>
<td>2</td>
<td>LOW</td>
</tr>
<tr>
<td>Public Safety</td>
<td>3</td>
<td>LOW</td>
</tr>
<tr>
<td>Property Data/Special Assessments</td>
<td>4</td>
<td>LOW</td>
</tr>
<tr>
<td>GIS – Geographical Information</td>
<td>5</td>
<td>LOW</td>
</tr>
<tr>
<td>Permit and Inspection/Business License and Code Enforcement</td>
<td>6</td>
<td>LOW</td>
</tr>
<tr>
<td>Parks and Recreation</td>
<td>7</td>
<td>LOW</td>
</tr>
<tr>
<td>Animal Impound Management</td>
<td>8</td>
<td>LOW</td>
</tr>
<tr>
<td>IP Telephony Hosting</td>
<td>9</td>
<td>LOW</td>
</tr>
<tr>
<td>Network / Internet Services</td>
<td>10</td>
<td>LOW</td>
</tr>
</tbody>
</table>

LOGIS’ innovation has not stopped at delivering state of the art applications which drive efficiencies for its members; they have also built a fiber optic network that spans the Minneapolis-Saint Paul metropolitan area and beyond. LOGIS also operates a redundant Hot Site which duplicates servers, network communications and databases for its critical applications. These operational components reduce reliance on network providers, and give the members peace of mind that they will have the necessary systems in place to service their citizens.
Benefits Achieved by LOGIS Members

The LOGIS consortium has proven to be a resounding success. The business solutions provided have delivered significant benefits to its members. It has allowed member cities to save more than $73 million in IT cost avoidance savings since its inception in 1972. These IT cost avoidance savings have enabled its members to provide additional services to their citizens. It is estimated that a small city that joined LOGIS in 1972 has achieved IT cost avoidance savings of nearly $2 million and a large city savings in excess of $6 million. This is a significant contribution to the local economy; it has allowed its members to deliver more value to its citizens. It has allowed these cities the opportunity to maintain or lower taxes or increase other service levels.

Benefits at a Glance

- Modern best of breed applications available at reduced costs
- Private cloud infrastructure fully owned by members
- Implementation expertise centralized and made available to members
- Lower total cost of ownership, average of 30% to 50% lower than standalone implementations
- Reduced time to deliver citizen value
- Collaboration and knowledge sharing amongst members
- Customer centricity
- Realized cumulative IT cost avoidance savings in excess of $73 million since inception

“LOGIS’ lower TCO model allows member communities to provide their services at a lesser cost - real citizen value.”

Daryl Sulander, Financial Manager, LOGIS

Cumulative IT Cost Avoidance Savings Since Joining

IT Cost Avoidance Savings in excess of $73 Million since inception, and growing...
LOGIS offers a broad portfolio of solutions that address the primary needs of local municipalities from mission critical ERP applications to specialized systems built for the unique needs of its members. These capabilities are sophisticated and would require significant investment which any individual member would not be able to afford on their own. By pooling their resources together, member cities and counties have great purchasing power, leading to reduced costs at all levels, including software license costs and maintenance, hardware costs and maintenance, support, and implementation.

When comparing the total cost of ownership, LOGIS can deliver solutions at 30 to 50% lower than if each city would acquire them on their own: Independent studies have shown that on average a city that leverages the ERP functions provided by LOGIS can save anywhere from $80,000 to over $250,000 in IT costs annually based on its size. Considering that most member cities have a population between 7,500 and 80,000 citizens, this is a significant saving, that allows them to balance their budgets.

Figure 8: TCO Comparison between LOGIS vs. Non-LOGIS provided solutions
Looking Forward

As LOGIS continues to grow and expand it is looking for new ways to deliver enhanced services at lower costs. The shift to cloud, SaaS and managed services are the newest services available to members. LOGIS plans to continue the expansion of its network and fiber in addition to upgrading the current applications. The next generation of services that LOGIS will be evaluating is focused in the areas around digital government. New technology should reduce trips to city hall or registration offices and inter governmental communications are being improved with live chat and social networking services. In the future LOGIS could expand into citizen facing services on behalf of members and potentially to run call centers or managed payables or receivables services expanding the application support they currently provide.

LOGIS has proven for nearly 4 decades that when working together, greater things can be achieved. It has successfully met the needs of local government, and continues to innovate over time. Without LOGIS, these government entities would still be using antiquated systems, and manual processes, to serve their citizens. LOGIS has enabled them to free up resources to focus on value added activities for their constituents.

Creating citizen value is the goal of every government entity, but few succeed, LOGIS has shown that it can be done. Now is the time for others to adopt this model and generate the savings required to balance budgets in order to maintain the service levels to which we have become accustomed.
White Paper: Creating a Sustainable Model for Local Government Collaboration

October 2011

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