

June 16, 2009

Hon. Louis Cappelli, Jr.
Members, Camden County Board of Freeholders
520 Market Street • 15th Floor
Camden, NJ 08102-1375

RE: Camden County Transformation Initiative First Quarter Report

Dear Director Cappelli and Freeholders:

I am pleased to present the first Quarterly Report on the Camden County Transformation Initiative. This report covers the period February 18, 2009 through May 18, 2009.

The quarter has been very productive. We have worked to engage all of the organizations within the umbrella of Camden County government and other key constituencies. The governing boards of the Inter-Agency organizations have expressed their support and the response of their Chief Executive Officers has been excellent.

Highlighted within this document are the strategies we are using to implement the project along with a progress report on the targeted services. Looking forward, we have scheduled a meeting with New Jersey Commissioner of Community Affairs Joe Doria and we will conduct our first public forum on July 29th.

The report is structured in a format that can be consistently applied over the course of the project and we have included materials in the Appendix which further documents our accomplishments.

The ongoing support of the Board of Freeholders is appreciated.

Sincerely,

CAMDEN COUNTY COLLEGE

A handwritten signature in black ink, appearing to read "Louis S. Beziel".

Louis S. Beziel

Vice President-Administrative Services

LSB/tp

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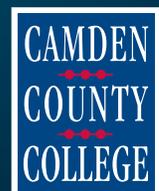
TRANSFORMATION



INITIATIVE

1st Quarter Report
June 2009

Louis S. Bezich
Principal Investigator



Executive Summary

On February 18, 2009 the Camden County Transformation Initiative was formally announced by Freeholder-Director Louis Cappelli, Jr. Under the terms of a shared services agreement between the Board of Freeholders and Camden County College, the College will conduct a study on behalf of the Freeholders and file quarterly progress reports. This is the first report.

The Board of Freeholders commissioned a study of the internal operating services common to those departments within the day-to-day control of the Freeholders as well as the semi-autonomous units within the umbrella of County government. Often referred to as “back office” or support functions, these areas typically include services such as payroll, accounting, human resource management, information technology, housekeeping and the like. Currently, the Freeholder-managed operations share such services while the semi-autonomous organizations, for the most part, provide these services independently. The purpose of the study is to determine if any of these services can be consolidated or otherwise better shared or coordinated between and among these units to produce economies and efficiencies.

While the Freeholders had previously implemented a number of cost-saving actions and indeed had cut taxes for three consecutive years, the historic nature of the economic crisis facing the nation and the county motivated the Freeholders to do more. The result was this broad-based examination of internal operating functions undertaken through a unique partnership with Camden County College.

The announcement of the Initiative was well reported in the local media and the *Courier-Post* newspaper published an editorial endorsing the project. It has been clear from our work thus far that this visibility has helped convey the project’s significance and heightened commitment.

Actions during the quarter were focused on introducing the Initiative, establishing the research agenda and building an implementation strategy. Consistent with the strategies outlined in the original PowerPoint presentation, actions in the first quarter reflect the application of various approaches. In some cases, we moved immediately to consolidate certain functions. With others, we recognized the need for analysis to determine if preliminary concepts merited implementation. And in other circumstances, we acknowledged that complexities require a mechanism for thoughtful deliberation and debate to produce a research agenda and consolidation proposals.

In addition to the Board of Freeholders and the Camden County Management Team, PowerPoint introductory presentations were made to the governing boards of all seven (7) of the Inter-Agency organizations plus the Camden County Library Commission. Presentations were also made to labor leaders

representing employees within the umbrella of Camden County and the South Jersey Freeholders Association.

On April 22nd an implementation workshop was conducted. Participants included the County Administrator, representatives from the County administration and the chief executive officers from all of the Inter-Agency organizations. Freeholder-Liaison Rod Greco was also in attendance. The session was designed to establish a research agenda, build an implementation strategy, and designate leadership and responsibility. The task was accomplished.

Three implementation strategies were identified. Four additional services were added to the initial list of fourteen internal operating services creating a schedule of eighteen services identified as appropriate for consideration.

Leadership and responsibility for each area was assigned. Work has started in every area with a number of formal actions taken by both the Freeholder Board and the governing boards of each County organization.

Key to the success of the Initiative is an operating strategy which forms the cornerstone of the project. The strategy includes: a strong, central role for the chief executive officers in each organization, leveraging the private market, a tailored research approach recognizing the diversity of the functions under consideration, clear responsibility and accountability, regular communication and reinforcement, aggressive follow-up, and perhaps most importantly, an understanding that an incremental process will best serve the long-term objectives of the study. Our approach to the project reflects the belief that the strategic use of a surgeon's scalpel will be more effective than the free-wheeling use of a meat ax.

While after the close of the first quarter, it is important to note that a second work session was conducted on June 4, 2009 for the same core group of administrators and chief executive officers. Joining the chief executives at the workshop were the information technology and human resource management professionals from each organization. A private sector contractor who will analyze printing and photocopiers also participated in the session.

The meeting was successful. Progress updates were made on the research of all eighteen areas and research agendas were established for information technology, human resource management and the third-party cost containment element (i.e., printing and photocopiers).

Additional highlights in the first quarter include the following:

- The County's Voice-Over Internet Protocol (VOIP) study was expanded to include all of the organizations within the umbrella of County government. Each of the newly participating organizations formalized their participation

through the adoption of an authorizing resolution. The study will identify the potential for savings in telephone costs but also, perhaps more importantly, lay a foundation for the centralization of additional communications and information technology services.

- The Board of Freeholders issued a Request for Proposals for an analysis of printing and photocopier services. A contract was awarded on May 21st to The Berkshire Group. The organization specializes in such studies and is compensated on a commission basis only when savings are achieved. Each Inter-Agency organization and the Freeholders formalized their participation in the study through the adoption of a resolution authorizing their involvement.
- Work commenced to consolidate the payroll functions of the Camden County Improvement Authority (CCIA) and the Pollution Control Financing Authority (PCFA) into the County's payroll operations. Each agency has a relatively small staff and it has been determined that the County-operated payroll system can accommodate the additional processing at no incremental costs. Each agency will see a modest savings. Perhaps more significant is the contribution of this step to the momentum of the Initiative. Consolidation is expected to be implemented by the end of July.
- Investigations were initiated into the consolidation of accounting and financial data processing services of the CCIA and PCFA into the Camden County Municipal Utilities Authority (CCMUA). All three are New Jersey authorities operating under common regulations.

It has been determined that the CCMUA has the capacity within its information technology systems to handle the needs of these relatively small units. Further research is underway into the ability to segregate the records of the two authorities and construct the necessary financial controls.

- A cost and operational analysis was initiated for building maintenance, custodial, grounds keeping and fleet management services. A survey of all applicable units was designed and distributed.
- A cost and operational analysis was initiated for messenger/delivery services. A survey of all applicable units was designed and distributed.
- Based on the results of a preliminary review with insurance professionals, an analysis was initiated for property and casualty insurance. The County's insurance broker is conducting a study to determine if a County insurance commission or generic joint insurance fund or "JIF" would prove

- feasible. The JIF model has been highly successful at the municipal level in New Jersey.
- Several commodities were identified for addition to the County's purchasing cooperative. The expansion of the joint purchasing group will attract greater participation among the County organizations.
 - Robust research agendas have been developed for human resource management and information technology.
 - A proposal to consolidate grants management among the Freeholder-managed units (and potentially other organizations) has emerged in the form of an Office of Management and Budget. Under the concept, a new unit would be formed by the consolidation of various personnel in operating departments who are dedicated to this function. The goal is improved compliance, increased grants and more efficient financial reporting. Further study is underway.

Finally, our research in the first quarter revealed some additional findings which deserve reporting. In the context of shared services and consolidation, we found it significant that many County organizations are engaged in buying co-ops or some other form of industry-based shared functions. For example, we learned that Camden County Technical Schools procures its financial software and data processing services through a South Jersey-based non-profit organization that provides financial services to school districts in the region. The Camden County Health Services Center participates in a healthcare purchasing group. And Camden County College participates in a workers compensation insurance pool with other New Jersey county colleges. These findings demonstrate that entrepreneurial initiative does exist within these organizations, and we believe they provide a basis to further identify economies and efficiencies.

Looking forward to the second quarter, we have scheduled a meeting with Commissioner Joseph Doria of the New Jersey Department of Community Affairs. We believe that the Commissioner should know about the Camden County Initiative and the unique partnership between the Board of Freeholders and Camden County College. His awareness of the Initiative cannot help but better position Camden County for State support in the form of grants and technical support. By extending our scope of engagement to the State, we hope to also learn more about companion projects throughout the State from which we can learn.

On July 29th at 7:00 p.m. we will hold our first public forum. The event will be held at the Blackwood Campus of Camden County College in the Civic Hall Auditorium in the Connector Building. A PowerPoint presentation will provide attendees with an introduction to the Initiative and a progress report. Most importantly, the public will have an opportunity to comment and offer their input.