

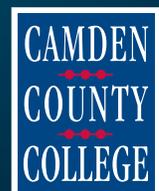
TRANSFORMATION

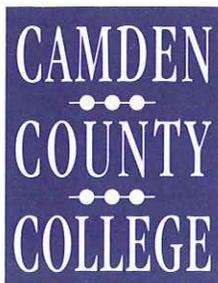


INITIATIVE

2nd Quarter Report
September 2009

Louis S. Bezich
Principal Investigator





September 15, 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 Second Quarter Report

Dear Director Cappelli and Freeholders:

I am pleased to present the Second Quarter Report for 2009 on the Camden County Transformation Initiative. This report covers the period May 19, 2009 through August 31, 2009. To improve reporting, going forward the project year and subsequent quarterly reports will be based on a March 1st – February 28th cycle with subsequent quarters starting on the first of June, September, and December. Beginning and ending quarters in mid-month detracts from our ability to coordinate among the many individuals involved in this effort.

Actions during the quarter represented the start-up of the data collection and the dialogue among organizations required to tackle the majority of the more complex service delivery systems. Specifically, our work centered on data collection, implementation of first quarter consolidations and continued public engagement.

Among the highlights in the report is our first Public Forum, the start of consolidated payrolls for the CCIA and PCFA and the results of data collection in a number of areas. We have included materials in the Appendix which further documents our accomplishments.

The ongoing support of the Board of Freeholders is greatly appreciated.

Sincerely,

CAMDEN COUNTY COLLEGE

A handwritten signature in black ink, appearing to read "Louis S. Bezieh". The signature is written over a rectangular box that contains the text "Louis S. Bezieh" in a serif font.

Louis S. Bezieh
Vice President-Administrative Services

LSB/tp

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Executive Summary

The second quarter centered on data collection, implementation of first quarter consolidations and public engagement. The coordinating committees commenced work and a new cost-saving measure emerged from the preliminary analysis. Overall, the quarter's results represented a successful continuation of the project into the next phase and independent confirmation that the Freeholders are on the "right track" by pursuing the Initiative.

To improve reporting, we concluded the second quarter as of August 31st. Going forward, the project year and subsequent quarterly reports will be based on a March 1st – February 28th cycle with subsequent quarters starting on the first of June, September and December. Though the Initiative officially started on February 18th, a mid-month reporting cycle detracts from our ability to coordinate the project.

While the work of the first quarter was focused on the orientation of County organizations and building a platform for research and analysis, the second quarter reflected the start-up of the data collection and the dialogue among organizations required to tackle the majority of the more complex service delivery systems.

Two key factors were among the issues examined during the quarter: (1) preliminary determination of the economic magnitude of the services under review, and (2) the commonality of operations. Economic magnitude is the aggregate cost of existing service delivery among County organizations. Knowing the order of financial magnitude is an important first step in guiding the research process. The data serves to quantify the potential for savings and the ranking of the research agenda. The commonality of operations is the identification and documentation of common operating systems and operating challenges that demonstrate the potential for consolidation or a shared service response.

For example, data collected from the County organizations during the quarter indicate that: approximately \$5 million is spent annually on property and casualty insurance premiums, the aggregate payroll of all County organizations approaches a quarter billion dollars and between \$10 and \$13 million is spent annually on maintenance, janitorial, groundskeeping and fleet management.

Operationally, there is widespread use of Microsoft software as well as common operating systems and server software. Absenteeism is a problem shared among the organizations with experts suggesting that sick leave abuse and absenteeism contribute to a 4% loss of payroll annually. Finally, there are a number of commonly used commodities that are currently procured independently.

As these examples demonstrate, by examining the economic magnitude of the targeted services and the commonality of operations, the potential for savings is

exposed and research agenda can be developed. Hence, much of the work in the second quarter was designed to collect this data.

Work progressed on all of the eighteen (18) targeted service areas. Six coordinating committee meetings were held and three formal surveys were conducted. Work began on developing a unit cost accounting model which is essential to the accurate determination of existing service costs and necessary for comparisons with alternative delivery systems.

Consistent with the terms of the College-County shared services agreement, on June 16th Principal Investigator Louis Bezich reported to the Board of Freeholders on the Initiative's first quarter results. This was followed by a briefing of the *Courier-Post* editorial board on July 7th. This session produced a front-page article on July 8th and a supportive editorial on July 12th. Both items helped to extend public knowledge of the Initiative and enhance citizen understanding.

Finally, fulfilling our commitment to civic engagement, on July 29th the first Public Forum was held at the College's Blackwood campus. News reports on the forum were published in the *Courier-Post* and *The Retrospect*. All of the articles are included in the Appendix.

The following is a summary of highlights from the second quarter:

- First Quarter Report was submitted and PowerPoint presentation delivered to the Board of Freeholders on June 16th,
- Public Forum conducted on July 29th with a PowerPoint presentation summarizing the Initiative delivered to orient the public,
- Civic engagement and dissemination of project information extended via articles published in the *Courier-Post* and *The Retrospect*,
- Consolidation of payroll processing at PCFA and CCIA to the County system completed with savings estimated at \$7,000 per year,
- Data collection and service area surveys completed for the following:
 - Information Technology
 - Delivery Services/Courier Services
 - Janitorial Services, Building Maintenance, Groundskeeping & Landscaping, Fleet Management and Trash and Recycling
 - Printing and Photocopying
 - Property and Casualty Insurance premiums
- Technology identified and work initiated on a proto-type site to house the virtual law firm. A demonstration is scheduled for September 23rd. The

model will be extended for use in all the service disciplines to better link service managers and promote best practices,

- Completion of an inventory of all County-wide publications,
- Identification of seven new commodities for consolidated purchasing with present aggregate procurement value in excess of \$1.1 million,
- HR webinar conducted on August 26th at Camden County College entitled “*Employee Absenteeism: Best Practices to Prevent Abuse*”,
- Pilot program structured between Camden County College and County to consolidate daily delivery services with one driver instead of two,
- Aggregate spending/order of magnitude identified for a number of service areas, including:
 - Aggregate Payroll, \$250 million
 - Maintenance, Housekeeping, Landscaping, Fleet Management, \$10-13 million
 - Legal Services, \$6.3 million
 - Security, \$5.2 million
 - Property and Casualty Insurance, \$5 million
 - County-wide Publications, \$500,000
 - Delivery/Courier Services, \$200,000
- Common operating practices identified for a number of service areas.

Scheduled actions and key events set for the third quarter include:

- Roll-out of a geographic mapping of all County facilities as a tool for analysis of consolidation opportunities based on location and proximity,
- A tour of the County’s five print shops by the Berkshire Group and County officials to assess the County’s printing system,
- CEO Committee Session III on September 23rd including: demonstration of the virtual law firm technology, geographic mapping and presentation of IT survey findings,
- Completion of the property and casualty insurance study.