



The County of El Dorado

Chief Administrative Office

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TO: Members of the Board of Supervisors
FROM: Terri Daly
RE: 2011-2016 Investment Strategy

We have brought you for consideration a 2011-2012 budget that is balanced. However we are all well aware that our five year projection shows General Fund deficits for the following four years, with next year's deficit somewhere between \$5.3 million and \$8.6 million.

Frankly, I'm not sure we can just continue cutting to eliminate that deficit without jeopardizing public safety. Over the past five years, we have, out of necessity, been budgeting one year at a time. It is time now to take a longer look and figure out ways to find long-term, sustainable cost savings or opportunities for revenue generation, by tackling the bigger issues of efficiency for the County that will require more than one year to solve.

It is time now to seriously look at investing in updating and upgrading our organizational infrastructure. By investing in improving our operations, we will reap years of future savings. We have discussed the hidden cost of maintaining our antiquated financial system. I propose that by investing \$10 million over the next few years, we will find savings of at least \$11.5 million annually once the new software and systems are fully implemented.

It is now time to shift gears from trimming our organization incrementally around the edges and find the big savings by investing in improving our service delivery systems. Attached is an initial plan for that investment.

This is a conceptual plan. Each item on the list will require much more planning prior to implementation. However, I don't want to delay the implementation of the overall strategy by getting lost in the details. We need to consider this overall strategy now and we have the

expertise and experience within our organization to determine if this is the correct strategy for us at this time.

The County's executive management team has met in functional groups to consider this approach and is solidly behind the implementation of this investment strategy to limit government growth by strategically planning our business structure.

The attached spreadsheet outlines the major investment areas proposed for consideration: Information Technology (IT), Human Resources (HR), Risk Management, Purchasing, Facilities, Economic Development, Financial Operations, and CAO. In each investment area, major projects are listed. These lists are not exhaustive, but include the projects identified by executive management as top priorities to improve our organizational efficiency.

The estimates provided for investment dollars needed and the savings anticipated are very rough estimates at this point. The initial numbers were developed by the CAO staff. The executive management team then met in Functional Groups and considered the estimates. The consensus of the rough estimate is that the County could save at least 20% in FTEs (full-time equivalents) for the whole proposed investment plan. That 20% represents about \$35 million annually. Even if the estimates are off by 50%, the savings would repay the investment in two years.

At this point, the numbers are meant to provide a guide to the order of magnitude of the investment and expected return. If the project is vetted and selected, a complete project plan would be developed before proceeding with implementation.

An important point about the savings derived from this plan is that while estimates may be given in terms of FTEs, I anticipate that the reduction in workforce will come from natural attrition and NOT layoffs. When a position becomes vacant through a retirement, for example, we will be able to restructure the workload for improved efficiency.

The investment capital would come out of reserves for capital improvements, fund balance and, in later years, savings from initial investments.

At this point, I am asking for consideration of this investment concept for moving our organization forward. Simply put, this investment strategy would allow our County to provide better service delivery while at the same time costing less. This is a plan to invest in improved efficiency.

I realize that this strategy is a radical departure from our business as usual. However, these economic times we have endured have been radically different and our future stability and success relies on our courage and innovation to guide the County to a solid future.

Thank you for your consideration and support.

Proposed Investment Strategy									
September 15, 2011									
Area	Project	Est. Investment	Investment description	Projected Savings					Confidence Level
				2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	
IT	Full utilization of Legistar	10,000	laptops, staff time	100,000	250,000	257,500	265,225	275,000	80%
	Upgrade E-mail system	500,000	system and implementation	250,000	750,000	772,500	795,675	820,000	70%
	Upgrade HR/Payroll system	2,200,000	system and implementation		600,000	1,200,000	2,000,000	3,000,000	50%
	Upgrade DA/PD system	1,000,000	system and implementation	200,000	206,000	212,180	218,545	225,000	60%
	Upgrade Financial system	10,000,000	system and implementation					11,500,000	50%
	Upgrade Land Mgmt system	1,000,000	system and implementation					1,000,000	50%
	Upgrade Property Tax system	2,000,000	system and implementation					1,000,000	50%
	Upgrade dept records storage	100,000	staff time					500,000	70%
	TOTAL	16,810,000		550,000	1,806,000	2,442,180	3,279,445	18,320,000	
HR	Personnel Policies Update	25,000	EH time	10,000	100,000	100,000	100,000	100,000	70%
	Hiring procedures	25,000	EH time	225,000	231,750	238,703	245,864	250,000	80%
	Disciplinary procedures	25,000	EH time					900,000	80%
	Staff training	250,000	1 FTE plus programs					900,000	80%
	Mentoring	0	staff time					25,000	60%
	Exec Mgmt selection/training	25,000	staff time plus programs					25,000	60%
	Customer Service training	100,000	staff time plus programs					500,000	70%
	Extra Help procedures	25,000	EH time					500,000	80%
	Labor Relations/contracts	0	staff time			100,000		100,000	80%
	TOTAL	475,000		235,000	331,750	438,703	345,864	3,300,000	
Risk	Assessment & management	0	staff time	100,000	200,000	300,000	400,000	500,000	80%
	Proactive training programs	100,000	staff time plus programs		100,000	250,000	350,000	500,000	80%
	TOTAL	100,000						1,000,000	
Purch.	Improved contracts procedures	100,000	staff time					500,000	70%
	Updated limits	0	staff time					500,000	60%
	TOTAL	100,000						1,000,000	
Facilities	Property management	250,000	1 FTE plus contract time		250,000	500,000	750,000	1,000,000	50%
	TOTAL	250,000			250,000	500,000	750,000	1,000,000	
Econ Dev	Proactive bus. attraction	250,000	contract time plus incentives		100,000	250,000	500,000	1,000,000	50%
	Improved processes for land use		contract time plus incentives						
	Bus. Retention efforts		contract time plus incentives						
	Improved coordination		contract time plus incentives						
	TOTAL	250,000			100,000	250,000	500,000	1,000,000	

Fin Ops	Improved standards	100,000	staff time plus EH					10,000,000	50%
	Dept accountability	included	staff time plus EH					included	
	Reduced duplication	included	staff time plus EH					included	
	TOTAL	100,000						10,000,000	
CAO	Proactive legislative actions	100,000	staff time plus contract					500,000	50%
	Internal communications	25,000	programs					250,000	50%
	External communications	25,000	programs					250,000	50%
	Strategic priorities	0	staff time	250,000	250,000	500,000	750,000	1,000,000	70%
	TOTAL	150,000		250,000	250,000	500,000	750,000	2,000,000	
TOTALS		18,235,000		1,035,000	2,737,750	4,130,883	5,625,309	37,620,000	
	Consensus Estimate of Department Heads on overall savings in FTEs is 20%							35,000,000	