

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM
2.4
(ID # 10257)

MEETING DATE:

Tuesday, June 25, 2019

FROM : EXECUTIVE OFFICE:

SUBJECT: EXECUTIVE OFFICE: Receive and File Final Report on the County Transformation Project

RECOMMENDED MOTION: That the Board of Supervisors:

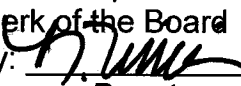
1. Receive and File the Final Report regarding the Transform RivCO Initiative.

ACTION:Consent

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Jeffries, seconded by Supervisor Perez and duly carried by unanimous vote, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt
Nays: None
Absent: None
Date: June 25, 2019
xc: E.O.

Kecia Harper
Clerk of the Board
By: 
Deputy

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FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$	\$	\$	\$
NET COUNTY COST	\$	\$	\$	\$
SOURCE OF FUNDS:			Budget Adjustment:	
			For Fiscal Year:	

C.E.O. RECOMMENDATION: Approved

BACKGROUND:

Summary

Reduced Spend

Over the past two fiscal years, the county has reduced projected spending by approximately \$100 million, against an approximate \$35 million-dollar investment, primarily in Public Safety workstreams. The Executive Office reorganization allowed for a transition of several consultant workstreams, which reduced the overall contract spend by \$ 6.2 million (\$3 million of which was transferred to contingency per Board M.O. 3.80 8/28/18). Per the Board's action, several workstreams were internalized or curtailed. Those workstreams include: Public Safety, Human Resources, Facilities Management, Fleet & Procurement, and ServiceNow.

Workstream	Total Contract	Expenditures To Date	Remaining Balance of Contract	Contract Savings to Contingencies	Remaining Contract Spend	Reduced Projected Spend to Date	Projected Annualized Reduction in Spend
Public Safety	20,391,600	16,957,811	3,433,789	1,400,000	2,033,789	89,000,000	-
Human Resources*	4,200,000	2,976,150	-	1,223,850	-	4,000,000	1,700,000
Facilities Management, Fleet & Procurement**	2,100,000	1,735,120	-	364,880	-	7,400,000	8,600,000
ServiceNow	300,000	237,212	-	62,788	-	-	-
Countywide Department Review***	4,898,700	4,898,700	-	-	-	512,400	1,200,000
Finance & Accounting	500,000	500,000	-	-	-	-	-
County Performance Unit	3,200,000	2,832,538	367,462	-	367,462	-	-
Cross-System Integration	5,900,000	5,071,114	828,886	-	828,886	-	-
Totals	41,490,300	35,208,645	4,630,137	3,051,518	3,230,137	100,912,400	11,500,000

* Reduced Costs dependent on expected staffing changes across the county

**Reduced spend is dependent on renegotiated contract terms and expected staffing changes across the county

***Included: HR, IT, Planning, Code Enforcement, EDA – FM, Purchasing and Fleet, DPSS, Animal Services, Inmate Health

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Contract Balance

The remaining contract balance from August 2018 was \$6.7 million and was focused on pilot program work in the Public Safety work streams, Cross-System Integration (CSI), Behavioral Health Transformation and the County Performance Unit (CPU). At the time of this writing the remaining contract balance is \$3.2 million. The agreement with KPMG terminates June 30, 2019.

The county partnered with a recognized expert, experienced in consulting with large organizations (both public and private), to provide in-depth data analysis, guidance and support while the county restructured to attain and sustain financial stability.

The main goal was to identify and implement more efficient, cost-effective ways to deliver services to constituents and departments.

Overall, the data analyzed by our consultants provided information needed to make difficult budget decisions, change spending patterns and reduce projected spending by tens of millions of dollars a year.

The county first hired KPMG on October 6, 2015, to assess the Criminal Justice System (CJS) organizational and operational performance and examine financial aspects of law enforcement's contract city rate. This evaluation was vital because the largest percentage of discretionary general fund budget is allocated to those departments. Expenses have followed an unsustainable path by continuing to exceed revenue growth. The assessment was also an opportunity to determine whether the county should be reimbursed for more of the sheriff's services provided under contracts, or if the cities were already paying more than their fair share. This review was meant to improve transparency for all contract partners.

On March 29, 2016, the Board approved Amendments No. 1 & 2 to the original contract. The purpose was to help implement recommendations identified in the initial assessment to improve and enhance the CJS. The county was also looking for greater efficiencies and savings in general government specifically including: Information Technology, Human Resources, Economic Development Agency, Facilities Management, Purchasing and Fleet Services, Public Social Services, Detention Health, Code Enforcement and Planning.

On December 13, 2016, the Board approved Amendment No. 3 to help implement initial recommendations from the general-government review.

On July 25, 2017, the Board approved Amendment No. 4 to help countywide initiatives that would accelerate operational improvements and cost containment identified earlier. Workstreams for Behavioral Health and creation of a data analytics team, the County Performance Unit, were created.

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The criminal justice recommendations were provided to the Board in March 2016, and the countywide recommendations (non-public safety), were provided to the Board in July 2017. Attached to this submittal are the recommendations provided by KPMG to the county, and a summary of the status of each.

Below is a brief summary of the workstreams (a detail of each one and status are included in the attached Countywide Strategic Review report):

Criminal Justice: Many of the recommendations have been completed, or are in progress. This workstream has yielded a significant reduction in projected spend in the last few fiscal years, approximately \$89M, which is due in large part to the Sheriff's Department. Additionally, as a result of greater collaboration between the Public Safety departments and the Executive Office, we were able to return \$3.4M from the consultant contract back to the county.

Information Technology: Completed 99% of the recommendations, some of which were in progress before KPMG's arrival.

Human Resources: With new leadership in the department, it was decided to absorb this workstream within the county, to be performed by county staff, which resulted in \$1.23M in contract savings reverting back to the county.

Economic Development Agency (Facilities Management): Of the 25 recommendations, seven have been completed, and the others are in progress. Recommendations included establishing service level agreements with departments, conducting quality control reviews, and enhancing customer services.

Purchasing and Fleet Services: Contract terms are continuously being re-negotiated, which is estimated to save county departments \$8.6M from contract savings. Other work by Purchasing has resulted in an additional \$4.2M in savings. Reduction of county fleet vehicles is in progress.

Public Social Services: The department has undergone a leadership transition, and the recommendations are being evaluated in conformance with protecting the safety, well-being and health of vulnerable children, adults and families. Many recommendations are in progress or completed.

Animal Services: Cost recovery rates are in review by the Auditor-Controller, with further direction on implementation from the Board. Many of the recommendations are in progress or complete.

Detention Services: Many of the recommendations are in progress or complete.

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TLMA: KPMG assisted TLMA, working cooperatively to explore and develop several development process improvements and progress monitoring tools. Code Enforcement has implemented a flat fee structure which may potentially increase estimated revenue of \$1M-\$2M.

Behavioral Health: Work in this area optimized staff utilization to allow for better access for services through: increased additional annual direct service hours; and an increase in the number of unique consumers served per week. Several opportunity areas were advanced to achieve the goal of ensuring better utilization of resources. Productivity levels increased in every major area: psychiatry (up 17%), clinical therapy (up 16.4%), behavioral health specialist (up 13.5%), and licensed vocational nursing (up 21.5%).

Cross-County Observations (County Performance Unit): The FY 18/19 and FY 19/20 county budget book were reduced in volume, while at the same time including strategic objectives, annual goals and targets, and insights from each department that communicate more effectively to the public. Initially envisioned as a separate unit within the Executive Office, existing analysts within the department will be doing the work to data mine analytics, as trained by KPMG. The Executive Office experienced loss of staff, which has been refilled. With the procurement of a new countywide budget system, performance measurements and ad hoc reporting will improve accountability. Additionally, for the first time, the Executive Office will present a Year End Status Report for FY 18/19, which will summarize how the year ended and provide an accurate update of year-end revenues and expenses.

Executive Office: The Executive Office reorganized in August 2017, aided by information generated from the partnership. The change improved support for Board initiatives and for county departments. Under the new and more robust structure, Assistant County Executive Officers (ACEOs) coordinate strategy through department portfolios and countywide transformation initiatives, which increased accountability and efficiency.

The portfolios consist of departments organized in the following categories: public safety, human (social) services, public works, economic and community development, internal services, human resources, health system and finance and general government. In response, the Executive Office and departments are modernizing operations, increasing efficiencies and basing more decisions on hard data. This include quickly implementing the recommendations to reduce overall spending where possible.

Under the new Executive Office structure, ACEOs are working on the Transformation initiatives. Most initiatives have been operationalized, while others are in the process of being implemented.

IMPACT ON RESIDENTS AND BUSINESSES:

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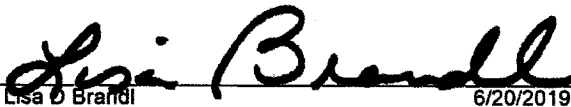
In addition to this work, many departments implemented their own initiatives, such as LEAN transformation for Probation and RUHS-Medical Center, eProcurement for Purchasing and online appointment setting for Veteran's Services and several TLMA process improvements. Increased budget challenges require a focus toward combining resources, maximizing revenue, co-locating and maximizing customer services.

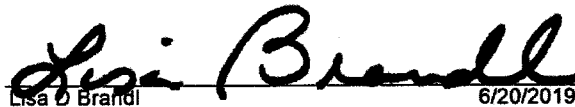
Attachments:

Countywide Strategic Review by KPMG As of June 2019

Contract History and Price Reasonableness

Minute Order 3-53	10/6/15	\$ 761,600	Criminal Justice Assessment
Minute Order 16-3	03/29/16	\$15,730,000	Criminal Justice Project
Implementation			
Minute Order 16-4	03/29/16	\$ 2,700,100	Countywide Department Review
Minute Order 3-7	12/13/16	\$ 1,998,600	Implementing Countywide Department Review (IT, HR, Planning)
Minute Order 18.3	07/25/17	\$20,300,000	Implementing Initial Recommendations from Countywide Department Review (CSI, HR Transformation, CPU, Procurement/Fleet/Facilities, TLMA, Public Safety Monitoring)


Lisa O Brandl 6/20/2019


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