

MEMORANDUM
OFFICE OF THE
COUNTY EXECUTIVE
COUNTY OF PLACER

TO: Honorable Board of Supervisors
FROM: Thomas M. Miller, County Executive Officer
DATE: August 10, 2010
SUBJECT: Update on Service Delivery Options and Recommendations

Action Requested

Your Board is requested to:

Receive an update on county service delivery options and authorize department specific steps as follows:

- 1) Facility Services – Parks and Custodial Services:
 - a) Solicit competitive bids and expand use of temporary resources for park maintenance services in response to staff attrition or for new facilities;
 - b) Utilize current contracts and use of temporary resources for custodial services in response to staff attrition or for new facilities;

- 2) Department of Public Works – Placer Commuter Express:
Solicit competitive bids for bus drivers;

- 3) Administrative Services – Telecom:
Solicit competitive bids for two-way radio installations;

- 4) Health and Human Services – Dental Services (Auburn):
 - a) Provide public notice of Beilenson hearing to propose a reduction in scope of dental services to align with federal standards;
 - b) Solicit competitive bids for provision of dental services;

- 5) CDRA - Engineering and Surveying Contract Service:
Continue revenue generating contracts to preserve existing employees where feasible.

Conducting these competitive bids will enable said departments to obtain industry specific cost quotes for further comparative analysis and for any necessary labor discussions.

Background

Placer County continues to grapple with the impacts of the most significant fiscal crisis since the 1930's. Now termed the Great Recession, the economic decline that began in

late 2007 and steadily gathered momentum in 2008 has resulted in the steepest decline in state and local tax receipts on record. With the conclusion of ARRA federal stimulus funding, unemployment at ten percent and the impact of the housing decline on property tax and consumer spending, economists expect the economic recovery to be protracted and state and local budget gaps to continue for several years.

However, even before the dramatic decline in the economy, Placer County was experiencing a number of expenditure pressures that posed challenges to continuity of staffing and service levels into the future:

- Rapid population growth and increased demand for infrastructure and services;
- Workforce nearing retirement age and the costs associated with hiring new employees;
- Accelerated shifting of under-funded state and federal mandates to local government;
- Cost increases in all areas of government, most notably in employee-related costs.

Recognizing the unsustainable nature of rising expenditures within a severe economic decline, your Board took a number of measures to mitigate projected funding gaps. These measures included hiring restrictions, office closures, re-aligning existing resources to areas of increased workload, reducing one time and ongoing operating costs, prudent use of reserves, and implementing employee generated Cost Savings Task Force recommendations. These measures have positioned Placer County to avoid having to make many of the severe staffing and service reductions occurring in other jurisdictions. However, as the magnitude of the economic decline increased, your Board recognized the need for taking additional action to insure the continued fiscal integrity of the County.

At the February 23, 2010 Strategic Budget and Policy Briefing your Board authorized the County Executive Officer to return with concepts for long term structural changes to county service delivery. While reducing long term costs was a key consideration in the development of these concepts, several other factors were considered:

- Insuring cost effective and high quality services;
- Valuing existing employees;
- Maintaining flexibility in responding to service needs;
- Insuring service delivery methods are sustainable;
- Recognizing benefits of competition for service delivery.

On April 27, 2010 staff returned to your Board with a presentation on service delivery concepts, differing models and recent utilization trends in local government. Staff also reviewed the various delivery approaches utilized by Placer County over the years to meet

fluctuating service needs in a cost effective manner. These approaches have included use of:

- Public employees;
- Contract employees;
- Contracts with other government agencies;
- Contracts with for-profit and not-for-profit entities;
- Use of Extra Help and retired annuitants.

Your Board also reviewed three service delivery options for the provision of grounds maintenance at the new Dry Creek Park in western Placer County. Utilizing consistent service level criteria staff estimated annual costs for public, intergovernmental and private service delivery models. Based on results of the cost comparisons, your Board authorized the development of private contracts for service provision at this site.

With the interest in replicating the cost savings potential demonstrated in the Dry Creek Park analysis, your Board authorized the County Executive to evaluate and recommend use of service model options for other county services. This direction is consistent with the provisions in the Charter of Placer County that allows for contract utilization "... to provide any services required of, or performed by, the county if it is deemed more economical to do so."

Current Service Assessments and Next Step Recommendations

County Executive and Department staffs have developed recommendations for five additional areas of county service for review and direction by your Board. The following assessments consider current and historical service delivery models, legal and regulatory frameworks for the service, policy and labor implications, cost and financial structures, and requirements for long term service sustainability for each of the service areas.

Consistent with the findings from the April 27, 2010 presentation on Dry Creek Park, the following program assessments also conclude that use of new or expanded contracts with the private sector, or with other government entities, would be the most cost-effective option for delivering high quality and sustainable services in these areas.

Your Board is requested to authorize a series of actions that will enable departments to obtain industry specific cost quotes necessary for further analysis of service delivery options and for labor discussions.

Parks/Squaw Valley Park

Presenter: Jim Durfee

Next Step Recommendation

Solicit competitive bids to inform cost comparison analysis and expand use of temporary resources for park maintenance services based on attrition or for new facilities.

Summary

During the summer season, staff travels from Auburn to Squaw Valley Park one day per week to perform routine maintenance, requiring an expensive three hour round trip. Given the remote location, commercial contract services are not readily available, therefore the Department recommends pursuing intergovernmental contracting with a local government agency to perform routine maintenance. The Department would solicit bids from the Squaw Valley Public Services District, the Tahoe City Public Utility District, the North Tahoe Public Utility District and any other qualified local service provider. The Department estimates that contracting with a local agency could save as much as 30-35% of the current maintenance cost by simply eliminating the drive time.

Background

Description/History of Service in Placer County

Facility Services provides parks and grounds maintenance at all County parks and facilities. Facility inventories continue to grow with the addition of Hidden Falls Regional Park and Trail and open space in the Dry Creek Community Plan Area.

Regulatory Requirements and Background

The County is obligated to maintain and operate the facilities in Community Service Area/Lighting and Landscape Areas where development pays mitigation fees/assessments. While there is no legal obligation, the County General Fund does support some community parks, such as Loomis and Foresthill.

Key Objectives

Objectives include: maintenance of current acreage, provision of safe facilities for public use, and protection of investment in high-value landscaping. With this in mind, the challenge becomes how to sustainably fund and structure workforce resources to provide adequate service levels.

Current Industry Trends in Delivering this Service

Alternatives employed by other jurisdictions include: privatization, intergovernmental contracting, budget subsidization, reduction in service levels, and closure of facilities. Local research indicates that the cost for some contract services, such as turf mowing and edging, hardscape and bedding maintenance, restroom cleaning and weed control is as

much as 35% lower than the cost of performing these tasks in-house, including contract administration. Board of Supervisor direction supporting review and consideration of these service delivery options was affirmed at their April 27th meeting.

Assessment

Approach

Implementation would occur with attrition or as new facilities are brought on line. Incrementally, specific tasks could be offered out to commercial private contractors or as intergovernmental contracting.

General Parks Service Concepts

Commercial landscape maintenance services are readily available in the Auburn area and the southern parts of the County, such as turf maintenance, including mowing and edging turf areas, hardscape maintenance, bedding maintenance, weed control and restroom cleaning. By contracting these labor-intensive tasks, in-house staff can focus on the more skilled tasks, such as safety inspections, chemical application, irrigation system maintenance, pruning and tree maintenance, minor building maintenance, and small improvement projects. Staff would also perform contract inspections. Due to highly seasonal variations and workload inherent in grounds maintenance, consideration for using temporary workforce to augment in-house resources is important.

Summary of Current Service Delivered

Currently parks and grounds maintenance is predominantly performed by County staff. Labor is by far the largest cost center within the Parks Division budget. In FY 2009/10, labor costs totaled \$3.27 million dollars out of a gross budget of \$4.3 million dollars, or approximately 76% of the budget.

Additional Analyses

Sustainability of any service model will be dependent on the selection of contractors and managing contract services. Sufficient thought must be given to contingencies such as contract disputes and private business failures. Contracting in general requires maintenance of relationships, with elements of oversight, recognizing reduced direct public contact with County staff.

Custodial Services

Presenter: Jim Durfee

Next Step Recommendation

Utilize current contracts and use of temporary resources for custodial services in response to staff attrition or for new facilities.

Summary

Facility Services provides custodial services throughout the County and has historically done so through the utilization of County staff, with exceptions for some leased facilities. Due to staff attrition and the need to provide sustainable, cost effective custodial services, a service delivery option that includes an expansion of contract labor for the provision of service has been explored and provides a framework for long range service delivery.

Background

Description/History of Service in Placer County

Facility Services provides full service custodial services to all County owned and occupied buildings. Historically, custodial services have been provided primarily through the County staff, with exceptions for some leased facilities where the lease included landlord-provided custodial services. A more recent exception is Building B in the Bill Santucci Justice Center, where Facility Services manages a contract with Pride Industries for custodial service.

Regulatory Requirements and Background

CalOSHA establishes standards for various building occupant safety issues.

Key Objectives

To provide adequate custodial services countywide while recognizing constraints of our county resources and acknowledging that past service models are not sustainable.

Current Industry Trends in Delivering this Service

Standards range from full in-house service to fully contracted systems. Factors include cost, building security, facility occupant scheduling, size and other factors.

Assessment

Approach

Implementation of contract services would occur as attrition occurs, or to fill existing gaps in coverage needed to maintain county facilities at an adequate level.

Summary of Current Service Delivered

Workforce structure: In FY 2009-10 Facility Services had 41 funded custodial positions providing services in three main areas: Auburn, South Placer, and Lake Tahoe. In the FY 2010-11 Budget, the number of custodians has dropped from 41 to 34 funded, a 17%

reduction, due to attrition. Attrition has been particularly difficult to weather in custodial services, where a history of high staff turnover has been a problem for years.

Levels of Service / Fiscal and Structural Sustainability

Facility Services provides custodial services to all County owned/occupied buildings. Attrition and turnover has resulted in reduced service levels and an inability to cover employee absences or leave. Facility Services recommends augmenting existing staff with 4 FTE (the average number on leave at any one time), which is required to maintain approximately 135,000 square feet of space (8% of the overall square footage), and recommends use of commercial contract services in lieu of hiring staff to fill this gap.

Service Models Considered/Workforce Structure

The primary alternative for custodial services is private or commercial contracts, and commercial custodial service is readily available countywide. The tasks required are standardized and easily tracked for contract compliance. Current staff could be reassigned to cover high priority areas and to cover absences and leaves.

Fiscal and Structural Sustainability into the Future

Experiences at Building B indicate that the current Pride Industries' costs to provide equivalent service are approximately 45% lower than in-house service. In the current County service model, Pride Industries provides security cleared personnel, and has provided a full range of excellent custodial service at Building B. We believe this model and level of service could be replicated at other County campuses.

Additional Analyses

Sustainability of Alternative Service Models

With the wide availability of custodial service in the County, this model should be sustainable into the future.

Work Force Issues

Facility Services is facing labor shortages that would be addressed by the influx of contract service labor into areas where there is current deficiency. In the long term, expansion of contract services would ultimately reduce the number of County employees and costs associated with providing custodial services in County buildings.

Intergovernmental and Community Relations

The existing contract services with Pride Industries have to date met with favorable reactions both in the community and from county management.

Placer Commuter Express

Presenter: Ken Grehm

Next Step Recommendation

Solicit competitive bids to inform cost comparisons analysis for bus drivers.

Summary

Placer Commuter Express is operated by the Department of Public Works (DPW) under Placer County Transit (PCT). The service is popular and is widely supported by the cities in Placer County. Currently, the County contracts with Amador Stage Lines to operate three of the four routes. Given recent grant funding for new commuter buses, the objective is to evaluate how best to provide the service. DPW seeks authorization to release a Request for Proposal (RFP) to implement a new contract for bus drivers for Placer Commuter Express.

Background

Description/History of Service In Placer County

Placer Commuter Express is a commuter bus service running along I-80 between Colfax and downtown Sacramento, with four round trips on weekdays. The service started in 2004 with two morning and afternoon runs and has grown to four runs to accommodate the demand. There is steady growth in ridership; 62% growth per bus average ridership between June 2005 and June 2010. Beginning 2010, PCT purchased 5 new buses with grant funds (3 currently operated and maintained by Amador Stage Lines, 1 operated by PCT and one spare). Staff expects about \$128,500 annual savings.

Key Objectives

Maintain current levels of service, safety and reliability. The current annual cost of Placer Commuter Express is \$585,000.

Current Industry Trends in Delivering Transit Service

Service delivery examples vary: Roseville Transit, Yuba-Sutter Transit, and Yolo Transit District all contract entirely for operations. Administration and customer service is accomplished with in-house staff. El Dorado Transit Authority, Nevada County and Folsom all provide services with in-house employees.

Assessment

Approach

The new contract concept is to keep the buses based in Auburn, maintained by County Fleet Services and fueled at the County. The proposed RFP calls for contractor employed drivers to be under the supervision and direction of Placer County Transit supervision staff. The contractor would perform all personnel and payroll functions for the drivers, provide basic bus driver training and provide drug & alcohol testing.

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Key Stakeholders

Key stakeholders include: passengers, jurisdictions that contribute funding for the service and provide multimodal stations for the commuter bus stops, and the Federal Transit Administration which provided most of the funding for the buses and provides oversight on our administration of transit services.

Summary of Current Service Delivered

Placer Commuter Express is one of five contracted services provided by Placer County DPW. The dial-a-ride, vanpool, seasonal Tahoe Area Regional Transit (TART) drivers and TART Americans with Disabilities Act (ADA) Taxi program are the others. In all, approximately 35% of transit services are operated by a contractor. Placer Commuter Express represents 8% of the transit services operated by Placer County in terms of service hours and represents approximately 4 bus driver FTEs. County transit staff will continue to handle the route planning, coordination with jurisdictions, customer service, ticket sales, marketing and general administration.

Alternative Service Models Considered

One alternative would be to have the contractor store, maintain and fuel the County owned buses. Another alternative would be to run the service entirely with County employed bus drivers. This will be evaluated as an option once RFP proposals are received and a cost comparison can be conducted.

Fiscal Sustainability

Local Transportation Funds (LTF) are dedicated to transit and the subsidized portion is not subject to the State budgeting process. The program is expected to achieve at least a 65% fare box recovery ratio, maintain LTF subsidy, and city contributions. A full cost comparison of contracting will be presented to the Board with a recommendation after proposals are received.

Findings and Conclusions

The Placer Commuter Express service has proven to be a successful transit program. With the County acquiring buses through grant funds and the existing contract running out in FY 2010/11, there is a need to put a new contract in place. County Fleet Services will assume full responsibility for maintaining and providing fuel for the commuter buses. Existing Placer County Transit operational staff will assume the role of dispatching and supervising contractor employed drivers.

Telecommunications - Radio Installations

Presenter: Clark Moots

Next Step Recommendation

Solicit competitive bids to inform cost comparison analysis for two-way radio vehicle installation.

Summary

The Administrative Services Department's Telecommunications Division maintains the County's voice, data and two-way radio networks. During the past several years two-way radio technologies have migrated from an analog to digital platform. The migration of radio technologies onto a digital platform have provided the Department with a unique opportunity to analyze the management and completion of lower level two-way radio vehicle installations currently performed by the Telecommunications Technician classification series. Currently the Department relies on 2 FTE positions to perform these duties.

Background

Description/History of Service in Placer County

The Telecommunications Division provides all two-way radio vehicle installation services for the Sheriff, Public Works, Probation, Office of Emergency Services, Health and Human Services, Facility Services, District Attorney, Building, County Fire Departments and Independent Fire Districts. Installations vary in complexity by type of vehicle and/or heavy equipment being purchased, replaced or removed from service. Approximately 1,300 two-way radios are supported through the Telecommunications Division's Radio Services Group.

Regulatory Requirements and Background

No legal obligation exists to perform these services internally and requesting departments are responsible for all charges incurred whether performed by County staff or support vendors.

Key Objectives

Implement plans to utilize support vendor contracts for the completion of lower level duties currently performed by Telecommunications Technicians as attrition occurs and/or as new technologies are implemented. Initial Department assessments indicate that the cost savings associated with contracting out lower level functions, such as two-way radio vehicle installations vary between 25-40% lower than the cost of performing these tasks in-house.

Assessment

Approach

The Administrative Services Department recommends that the Board approve the use of support vendor contracts for lower level duties currently performed by the Telecommunications Technicians as attrition occurs and/or as new technologies are implemented. Two-way radio vehicle installations would be contracted out to qualified local support vendors. Local communications companies specializing in government and public safety grade installations including the installation of two-way radios, antennas, and scanners are readily available in the Auburn and Lake Tahoe (Reno) areas of the County.

Additional Analyses

Sustainability of any long term structural changes associated with the completion of two-way radio vehicle installations will be dependent upon the selection of qualified support vendors specializing in public safety grade installations and properly managing contract services that include Department oversight to ensure program metrics are fully met.

HHS – Dental Services (Auburn)

Presenter: Dr. Burton

Next Step Recommendation

- a) Provide public notice of Beilenson hearing to propose a reduction in scope of dental services to align with federal standards;
- b) Solicit competitive bids for provision of dental services;

Summary

The County currently provides a broad scope of dental services to eligible Placer County medically indigent adults (MIA). Due to State funding reductions, Health and Human Services (HHS) proposes to reduce the scope of services offered to those needed to prevent serious illness or disability in patients. In addition, HHS proposes to explore alternative service delivery options to provide the revised scope of services.

Background

Description/History of Service in Placer County

Dental care has been provided in Auburn and Tahoe County Dental Clinics to Medical Care Services Program clients, Denti-Cal, and private pay patients.

Regulatory Requirements and Background

The provision of medical care to MIAs has been the responsibility of counties since 1982. In 1988, as a result of legal action, the Placer County Board of Supervisors (BOS) established guidelines in a resolution that identified the scope of dental services as those provided in the Denti-Cal program. In July 2009, the State reduced Denti-Cal services to just those needed to prevent serious illness or disability in patients. This level of services is called the Federally Required Adult Dental Services (FRADS).

Key Objectives in Assessing this Service/Program

Align dental services to those federally required, and explore alternative service delivery options to provide MIA care in Auburn and South County. The Tahoe region will continue to be served by the Kings Beach Dental Clinic.

Current Industry Trends in Delivering this Service

Counties provide a range of services from no service to necessary service to prevent a serious medical condition. The State has reduced the covered scope of services for the Denti-Cal program which has historically been used to set MIA service levels.

Assessment

Approach

HHS recommends for BOS consideration aligning the scope of dental services provided to MIAs, to only those federally required to prevent serious illness or disability in patients (known as FRADS). In addition, HHS recommends letting of a bid to evaluate alternative service delivery models including community dentists serving MIA patients in Auburn and South County.

Key stakeholders

Patients, dentists, physicians, hospitals, community service organizations, and schools.

Summary of Current Service

The Auburn Dental Clinic has been staffed by 1.8 FTE Dentists, 2.0 FTE Dental Assistants, and 1 Clerk shared with the Medical Clinic and has provided over 4,500 patient visits each year to MIA, Denti-Cal, and private pay patients. Due to State funding reductions, dentists' hours have been reduced by 22% (.4 FTE) in July 2010, with an additional 22% reduction (.4 FTE) reduction effective August 2010. Denti-Cal and private pay patients are now referred to other providers as needed. Auburn and Tahoe Dental Clinics provide an average of 175 MIA patient visits to individuals each month, or about 2,100 visits to 450 people each year. Approximately 35% of these visits will no longer be provided if services are aligned to the federally required scope of services.

Alternative Service Models Considered

One alternative is to continue to provide services in the County Clinic with reduced staffing. However, due to economies of scale, this approach would result in higher marginal service costs and would yield far lower savings.

Fiscal Sustainability

The proposed alternative service delivery model would result in an estimated net savings of \$273,000. The County would monitor contract implementation, process requests for costly care, and perform quality assurance, review of utilization, patient noticing, and grievance procedures.

Findings and Conclusions

Aligning services to those federally required would continue to meet Federal/State required safety net service levels to eligible MIA patients. Contracting with community dentists to provide MIA care would provide sustainable services in the greater Auburn, Roseville, and Lincoln communities. The County has no obligation to serve Denti-Cal and private pay patients and would refer current patients from this region to other providers.

CDRA/Engineering and Surveying

Presenter: Wes Zicker

Next Step Recommendation

Continue revenue generating contracts to preserve existing employees where feasible.

Summary

With the downturn in land development activity, the Engineering and Surveying Department (ESD) has experienced a reduced work load for engineers and surveyors. At the same time land related activities are declining and affecting many jurisdictions; there is a general trend of reducing the number of qualified engineers and surveyors on a per capita basis, and there is a decline in educational enrollment for this profession.

The existing County staff is trained, experienced, and has technical expertise in multiple engineering and surveying disciplines, many with experience in private sector. Maintaining core functionality of that expertise within County service has sustained value to the citizens of the County. Recognizing our engineering and surveying staff as competitive in the market place, ESD has developed their existing program to contract their services to non-General Fund departments that have services needs and available funding.

Background

As part of an overall strategy for effective service delivery for public benefit, Placer County has, and continues to uncover opportunities to fully use resources in cost effective manner. While contracting services through intergovernmental collaboration, private for profits, or non- profits are popular, use of existing public sector employees as part of the competitive market force is important to recognize. ESD is maximizing upon this strategy for efficient use of resources/workforce and effective use of public delivery systems

Analysis

Historically, ESD has provided services to other County departments as part of its normal operation. Engineers and surveyors have performed design work for capital improvements, preparation of topographical plans and project layouts for Facility Services and construction inspection for County Public Works Department projects.

Using existing County staff to perform services for other departments is cost effective for the receiving department for several reasons:

- Little to no start up time/costs – ESD staff is familiar with the staff, procedures and processes of the other departments they are serving. This reduces the need for orientation of outside consultants and makes communication quicker and more productive.

- No contract management – ESD staff are County employees with no need for outside consultant management or accounting functions. Administrative service staff in each department is used to transferring costs between budget units and little or no management time is needed at ESD to coordinate the work.

ESD has taken steps in FY 2010/11 to reduce net County costs, generate additional revenue and assist other departments in meeting their needs through contracting: 4 staff to Public Works, 2 staff to RDA, 1 staff to Facility Services and conduct other miscellaneous services. In addition, to further reduce our expenditures while retaining the trained staff we have hired over the years, we have worked with other departments to transfer 1 associate engineer and 1 engineering technician to Facilities Services Environmental Engineering Division and 1 engineering technician to DPW for work in their Water Quality division.

Conclusion

To further maximize our workforce value we have had discussions with other jurisdictions regarding Placer County staff providing services notably surveying work, to assist them through intergovernmental contracting to meet their service delivery needs.

Recommendation

A. Receive an update on county service delivery options and authorize department specific steps as follows:

- 1) Facility Services – Parks and Custodial Services:
 - a) Solicit competitive bids and expand use of temporary resources for park maintenance services in response to staff attrition or for new facilities;
 - b) Utilize current contracts and use of temporary resources for custodial services in response to staff attrition or for new facilities;
- 2) Department of Public Works – Placer Commuter Express:
Solicit competitive bids for bus drivers;
- 3) Administrative Services – Telecom:
Solicit competitive bids for two-way radio installations;
- 4) Health and Human Services – Dental Services (Auburn):
 - a) Provide public notice of Beilenson hearing to propose a reduction in scope of dental services to align with federal standards;
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- 5) CDRA - Engineering and Surveying Contract Service:
Continue revenue generating contracts to preserve existing employees where feasible.

Conducting these competitive bids will enable said departments to obtain industry specific cost quotes for further comparative analysis and for any necessary labor discussions.