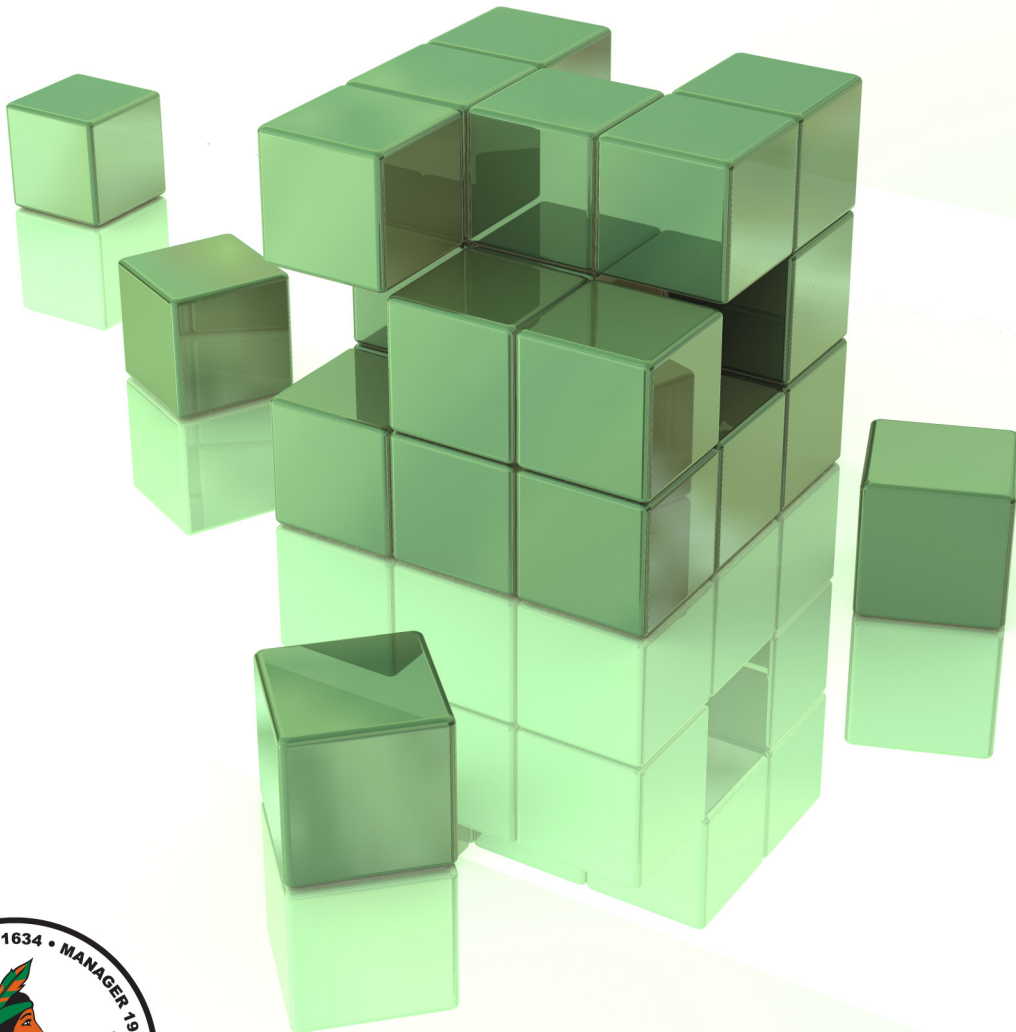


CHANGING THE WAY HENRICO COUNTY DOES BUSINESS



April, 2011



COMMONWEALTH OF VIRGINIA
COUNTY OF HENRICO

Virgil R. Hazelett, P.E.
County Manager

April 26, 2011

The Honorable Board of Supervisors
County of Henrico
Virginia

Honorable Members of the Board:

During the development of the FY2010-11 and FY2011-12 budgets, you have heard me talk about how Henrico must change the way we do business going forward. Each County agency, including Henrico County Public Schools, presented to you their individual efforts during the FY2011-12 Legislative Budget Reviews. This effort has been necessary due to the loss of \$91.5 million in General Fund revenues since FY2008-09. The Board asked that these efforts/initiatives be compiled into a single document for you to reference, and the Office of Management and Budget has prepared this document. It outlines all of the ways County agencies have changed the way Henrico does business.

The result of these changes across all County agencies, including Education, is significant in they account for a total of \$56.5 million in savings. This total consists of one-time savings of \$5.5 million, annual savings totaling \$33.3 million, and savings of \$17.7 million in debt service costs. The measures taken have occurred in almost every facet of the County's operations.

Personnel savings of \$21.6 million is the result of the elimination of vacant positions within General Government and Schools without any layoffs as well as continuing the hiring freeze. In addition, operating and capital outlay savings of \$17.2 million, of which \$11.7 million is annual savings, has been achieved through renegotiating contracts and leases, examining how agencies utilized vehicles and communication devices, utilizing more energy efficient options whenever possible, and increasing other efficiencies wherever they could be achieved. All of these changes have been made without impacting the level of service provided to the County's citizens.

While this represents a comprehensive list of all of the actions taken to change the way Henrico does business, this is a list that will continue to grow as we move forward. There are several areas where savings are currently being explored and agency heads and their staff will continue to identify savings within their operations. As always, the staff and I stand ready to answer any questions you may have as a result of reviewing this information.

Sincerely,

Virgil R. Hazelett, P.E.
County Manager

Changing the Way Henrico County Does Business

Cost Savings Initiatives for General Government and Schools - \$56,500,861 identified

One-time savings of \$5,465,532, annual savings of \$33,305,329, and

Debt service savings of \$17,730,000

General Government - \$34,991,100 identified

One-time savings of \$2,280,000, annual savings of \$14,981,100, and

Debt service savings of \$17,730,000

Schools - \$21,509,761 identified

One-time savings of \$3,185,532 and annual savings of \$18,324,229

Personnel - \$21,606,634 identified – annual savings

General Government

- A total of 101 vacant positions were eliminated in FY2009-10. Beginning in FY2010-11, yearly savings of \$4,800,000 have been projected for salaries and associated benefits.
- Human Resources has a volunteer/internship program. In FY2009-10, HR utilized an average of 1,144 volunteers per month which equated to approximately 106 full-time employees. This initiative conservatively saved the County \$4,600,000 in FY2009-10.
- In FY2011-12, a total of 21 positions will be removed from the individual departments and placed in the HR hold complement. These “unfunded” positions will save the County approximately \$1,200,000.
- Using two “rover” positions to help cover peak times in the Finance department and cross-train to allow staff to work in different areas to help balance workloads during slow and peak times.
- Electronic class program for Police Officers instead of training in the classroom. Savings projected total \$100,000 in officer and instructor salaries.

Schools

- A total of 98.25 instructional positions were eliminated in FY2010-11 resulting in an annual savings of \$6,218,930.
- A total of 21.75 central office positions were eliminated by reassignment of responsibilities in FY2010-11 resulting in an annual savings of \$1,385,809.
- In FY2011-12, a total of 36.5 positions will be eliminated resulting in an annual savings of \$1,704,985. Of these, 27.5 positions are from central office and 9.0 are school staff positions.
- Elimination of all permanent substitutes over FY2010-11 and FY2011-12 generated a savings of \$426,910.
- Restructuring the substitute usage by increasing the number of PREP days and ensuring that 80% of the available days are devoted to substituting significantly reduces the need for paid substitutes from the regular substitute pool. This generated an annual savings of \$450,000.
- Use the standard rate of pay for substitutes for all assignments regardless of school location. A separate scale had been implemented for substitutes working at challenge schools. The substitute pool has continued to expand over the last few years. As more substitutes have become available, the need for differential pay has diminished. This generated an annual savings of \$150,000.
- Restructuring temporary positions in FY2011-12 will generate a savings of \$570,000.

Operating - \$14,924,333 identified – One-time savings of \$3,707,532 and annual savings of \$11,216,801

Contractual Services - \$2,686,776 identified – One-time savings of \$1,200,000 and annual savings of \$1,486,776

General Government

- Negotiated revenue for rebanding of the County's radios and radio system generated one-time savings of \$1,200,000. The rebanding to a different frequency was required due to the sale of the existing Public Safety frequency by the FCC to Sprint.
- Shifted prescribing responsibilities to nurse practitioners and psychiatric-level staff where appropriate for MHDS - \$200,000.
- Renegotiated IT contracts - \$80,000 annual savings.
- Reduction in size of newspaper ads - \$37,900.
- Altered the day of the week Planning's legal notices are published in the newspaper – \$11,600.
- Placement of fewer classified ads.
- Decreased the size and length of HR's training catalog - \$7,400.
- Eliminated printed pay plan.
- Creation of an E newsletter for Libraries reduced printing budget - \$65,000.
- On-line HR employee newsletter and annual report.
- Limited use of outside trainers for classes.
- Use of inmate labor for landscaping services.
- Improved efficiency of the leaf collection program with a new routing system.
- Utilizing internal staff instead of outside contractors for turf renovation projects, irrigation repairs, construction projects, and acting as the general contractor on some Recreation and Parks projects.
- Restructured the contract with the County's external auditor to audit the County's financial statements and express an opinion on the financial statements - \$65,000.

Schools

- Eliminated contract with Visiting International Faculty - \$313,750.
- Renegotiated contract for Excel Academy. The Excel Academy is a contractual service to educate high school students with extreme discipline problems - \$232,824.
- Reduced the number of toner cartridges in contract for student printers - \$450,000.
- Reduction in number of school publications - \$23,302.

Maintenance and Repairs - \$591,100 identified – annual savings

General Government

- Restructured maintenance contract for the radio communications system - \$53,900.
- Reduction of maintenance service contracts for Planning's plotter and printers - \$7,200.
- Use of inmate labor for painting.
- Opening of a fire extinguisher repair shop.

Schools

- Reduction in frequency of routine maintenance (grounds keeping, painting, carpet replacement) - \$530,000.

Leases - \$1,477,400 identified – annual savings

General Government

- Creation of County-wide copier contract - \$225,000 annual savings estimated.
- Contracted for new printer for large bill runs and eliminated the use of more expensive color cartridges by printing bills in black and white - \$133,000 per year.
- Renegotiated four current facility leases - \$99,400.

Schools

- Extended four year laptop lease in elementary schools to six years - \$1,000,000.
- Renegotiated building lease on Carolina Avenue - \$20,000.

Internal Services - \$2,404,770 identified – one-time savings of \$930,000 and annual savings of \$1,474,770

General Government

- During the period from March 2010 to February 2011, a total of 22 “underutilized” vehicles were turned in by a number of departments. The estimated one time savings is \$448,000.
- During the three fiscal years: FY2008-09; FY2009-10; and FY2010-11, a total of 152 vehicles were replaced. Of the 152 vehicles, 73 (48%) were “downsized” (the number of cylinders reduced). The estimated savings as a result of downsizing these 73 vehicles is \$482,000. That savings is made up of two components: capital savings (lesser cost for the initial acquisition cost) - \$266,000; and a calculated savings in fuel (lower cylinders consume less fuel per mile) over the life of the vehicles - \$216,000.
- Reduction of Technology Replacement funding in FY2009-10 and FY2010-11 as a result of extending the life of computer equipment - \$1,222,100.

Schools

- Reduction in number of take home vehicles for school employees - \$252,670.

Utilities - \$953,800 identified – annual savings

General Government

- Utilized non-potable in lieu of potable water sources for treatment process systems - \$100,000.
- Utilized methane landfill gas to generate revenue from an electric power vendor - \$150,000.
- Increased use of methane digester gas to provide space and domestic water heating - \$10,000.
- Participation with a third party company (Energy Connect) to take portions of the County’s electricity use off the electric grid during peak demand periods (usually between June and August). To make up for this, the County runs generators to power the buildings and facilities taken off the electric grid. The County receives a payment for taking facilities off the grid which is greater than the cost of running generators - \$161,600.
- Central Automotive Maintenance (CAM) utilizes used motor oil to heat their facility - \$16,200.

- The Water Reclamation Facility reduced electricity cost using automatic control systems to maintain desired oxygen levels in the biological reactors, which eliminates the potential to over feed oxygen during low flow periods - estimated annual savings of \$200,000. Also, it was determined that the same level of nutrient removal performance could be achieved with six recycle pumps instead of twelve.
- Server virtualization – reduced actual servers from 100 to 7, savings in cooling and energy costs.
- Ensuring interior lights are off when employees leave.
- Changing to more energy efficient light bulbs and LED lighting where available County-wide.
- Replaced most of the traffic signals incandescent bulbs with LEDs – \$100,000. This initiative also reduced overtime costs because LED bulbs in traffic signals are replaced less often.
- Added computerized temperature control HVAC systems in buildings that do not currently have them.
- Making consistent operating hours for temperature control setting and reduced temperature in fire apparatus bays during winter months.
- Checked timers on fire bay doors to ensure closure after three minutes and encouraged use of remote control door closers when the fire apparatus leaves the station.
- Installation of rain sensors on 98% of Recreation and Parks irrigation systems to better regulate the water used based on need. This action also saved fuel costs and equipment usage costs.
- Applied an application to slow growth of the turf at both the Golf Course and in Park Services which reduced how often the grass needs to be cut. This action saved fuel costs as well as equipment needs.

Schools

- Ensuring interior lights are off when employees leave.
- Changing to more energy efficient light bulbs and LED lighting where available School-wide.
- Adjusted temperature control settings in all buildings with computerized temperature control HVAC system - \$216,000.

Communications - \$614,920 – annual savings

General Government

- Implementation of changes to Utilities' data circuits. In the Water Treatment Facility, the number of data circuits has been reduced from six circuits to two circuits. The two data circuits provide more capacity than the six data circuits. The estimated saving is \$43,000 per year.
- Changed data connection at Water Reclamation Facility, more bandwidth, less cost - \$38,000 per year.
- Eliminated unused phone and data circuits as well as reviewed all communication bills to achieve optimal savings - \$215,000 per year.
- Doubled Internet bandwidth at the same annual cost by renegotiating contracts.
- Electronic delivery of building permits and inspection reports in lieu of USPS.
- All envelopes sent out by Social Services are now stamped "do not forward" to minimize repeated mailings to inaccurate addresses; thereby reducing the cost of postage.

- Implemented use of a County credit card to make payments to Verizon which eliminated late charges. Anticipate adding more payment types such as Virginia Power in FY2011-12.
- Discontinuation of Fire's pager notification system - \$41,000.
- Downgrade of Blackberry services where possible or elimination of all services.
- Elimination of cell phones and moving some cell phones to pay as you go plans.
- Elimination of pagers.

Schools

- Renegotiated contract on telecommunications resulted in savings from County lease on TLS circuits - \$260,000.
- Decreased number of blackberries - \$7,920.
- Reduction in Advertising - \$10,000.

Travel and Tuition - \$1,407,000 identified – annual savings

General Government

- Centralization of travel County-wide - \$420,000.
- Centralization of tuition County-wide - \$140,000.
- Utilization of educational webinars and various training via the Internet for continuing education.
- Reduction of vehicle mileage by utilizing on-line meeting software for staff training and to conduct regular meetings.
- Conference calls instead of travel and car pool when travel is necessary.
- Cancelled or merged low enrollment HR training classes.
- Applying for specialized training only as required by State code to maintain certifications.

Schools

- Reduction in organizational memberships school-wide - \$16,000.
- Limit payment for summer institute courses to required only - \$275,000.
- Reduced staff development tuition reimbursement - \$500,000.
- Deferred new Masters and Postmasters leadership cohorts - \$56,000.
- Utilization of educational webinars and various training via the Internet for continuing education.

Materials and Supplies - \$4,589,967 identified – one-time savings of \$1,577,532 and annual savings of \$3,012,435

General Government

- Development of a training bulletin system to disseminate information to the Division of Police's personnel. This system eliminated the need to print training bulletins, produce training rosters to submit to the Training Unit, and saved man hours in the process.
- More reliance on electronic delivery internally rather than paper files.
- Scanning initiative created to have electronic copies of accounts payable invoices into Oracle which reduced copying efforts.
- Eliminating the need for fax machines by using the fax feature on the copier.
- Office supply round-up initiatives were conducted by many departments which allowed the return of a large amount of office supplies for placement back into rotation.

- Created an on-line supplies requisition system in Police which helped eliminate over ordering and stock piling.
- Re-evaluating suppliers and what they offer in order to reduce costs.
- Electronic order forms for supplies were initiated.
- Two-sided copying whenever possible.
- Use only color printers when necessary to save on color toners.
- Began utilizing a printer/copier software monitoring system in Police which helped reduce the number of toner cartridges being exchanged.
- New supplier for toner cartridges.
- Reallocated copiers to more effectively utilize current equipment.
- Discontinued use of specialized cleaners and sanitizers and began using a universal sanitizer.
- Elimination of food in most training classes.
- Reduced the type of food and the amount of food served at Recreation programs.
- Streamlined Leadership Development and Customer Service Award Programs - \$6,100.
- Retired the Excellence in Public Service program - \$5,100.
- Restructured the Employee Service Awards Program - \$25,000.
- Reduced the number of legal publications for the County Attorney's Office.
- Reduction of books and subscriptions.
- Buying replacement supplies and filling first aid kits with existing items instead of using an outside contractor or purchasing new kits.
- Reduced the number of Police uniforms being issued - \$197,700 and purchased less expensive uniform clothing for the Support Technicians - \$6,300.
- Reduced the number of uniforms provided to Utilities staff to an as needed basis after receiving uniform allotments for three years.
- Provided training for fire companies close to their home station to reduce the use of fuel and save on vehicle maintenance.
- Changed the fire run assignment for single-family residential fires from two fire engines and two special service units to three fire engines and one special service unit. This action cut the response of a more costly special service unit from traveling farther distances at a greater expense.

Schools

- Reduction in all supply lines across the board - \$2,722,235.
- Eliminate facility rentals for meetings - \$40,000.
- Restructure the Retirement Luncheon to an evening reception - \$10,000.
- Increased internal electronic communication thereby reducing paper cost.
- Eliminating the need for fax machines by using the fax feature on the copier.
- Two-sided copying whenever possible.
- Use color printers only when necessary to save on color toners.
- Elimination of food in most training classes.
- Defer purchase of textbooks - \$1,577,532 (one-time).

Mental Health and Developmental Services Payments - \$198,600 identified – annual savings

General Government

- Renegotiated Day Support rates with private providers - \$198,600. Clients with greater needs are reimbursed at a higher rate and clients with lower level of needs are reimbursed at a lower rate. In addition, transportation was also renegotiated to be consistent across providers.

Capital - \$2,239,894 identified – one-time savings of \$1,758,000 and annual savings of \$481,894

General Government

- Negotiations with outside law enforcement agency to replace Police's electronic target system - \$150,000 in savings.
- Moving away from desktop computers for those employees that have a laptop. Replacing desktop units with less expensive docking stations, utilizing the issued laptop as the CPU for these workstations.
- Networking printers in the office and replacing fewer individual printers.
- Reduction in purchase of replacement office furniture.
- Opening of a fire accountability shop saved on the purchase of safety equipment.

Schools

- Reduction in all equipment lines across the board - \$481,894.
- Defer replacement school bus purchases - \$1,608,000 (one-time).

IT Projects – Increased efficiencies

- Open enrollment and performance appraisals were completed on-line saving paper and man hours.
- Internal system to track telecommunications inventory, billing, and analysis.
- Automated Clearing House (ACH) payments for Real Estate interfaces with cashier system.
- New Improved Jury Management System.
- RIPS-Restitution system for Community Corrections – replaced an aging and expensive to change vendor system and increased staff efficiencies.
- An Internet Public Access Real Estate Assessment system was developed by the IT department versus purchasing a system. The system provides real estate assessment information on the County's website.
- Bankruptcy Tracking for County Attorneys.
- Police created Electronic Case files instead of paper files for the Commonwealth's Attorney review. This initiative increased staff efficiencies by eliminating the need to physically deliver paper case files to the Commonwealth's Attorney office.
- Document Management in DPW, Recreation & Parks and Finance - Accounts Payable
- Computer Aided Dispatch – Automatic Vehicle Location system – developed by the County's Information Technology department versus purchasing system. The in-house systems development cost significantly less and provides a more customized and updated system.
- Fire Mobile Data Terminal system created by IT in-house.

Debt Service - \$17,730,000 identified

- Beginning in February 2009, Henrico County initiated one of five debt refinancings, refunding a total of \$283.3 million in debt over a 15 month period and realizing substantial savings in the County's debt service requirements. In total, between February 2009 and May 2010, these efforts resulted in savings of \$17,730,000. This savings was targeted to fiscal years 2010, 2011, and 2012 to assist in the County's efforts to reduce expenditures during the height of the economic downturn.



*Proud of our progress;
Excited about our future.*