

Shared Services Feasibility Analysis
**WASHOE COUNTY AND THE CITY OF RENO,
NEVADA**

DRAFT REPORT



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TABLE OF CONTENTS

	Section	Page
1.	INTRODUCTION TO THE PROJECT	1
2.	INTRODUCTION TO SHARED GOVERNMENT SERVICES	11
3.	CURRENT SERVICE DELIVERY IN WASHOE COUNTY AND RENO	22
4.	ISSUES AND OPPORTUNITIES	35
5.	FEASIBILITY ANALYSIS	42
6.	OTHER OPPORTUNITIES	80



October 1, 2010

To: Shared Services Elected Officials Committee
From: Richard Brady, Project Manager – Matrix Consulting Group

The Matrix Consulting Group is very pleased to provide Washoe County and the City of Reno with this Shared Service Feasibility Study for Human Resources, Information Technology and Purchasing. This study provides a thorough assessment of a wide variety of approaches to sharing services ranging from increased cooperation to organizational consolidation for these important administrative services functions. The scope of the alternatives examined include opportunities to improve service delivery and/or cost effectiveness immediately or to begin planning for in the years to come.

This report is organized to provide a summary of the analysis conducted by the project team. This **draft** final report provides a summary of:

- Our research on the history and implementation of sharing services in local government locally as well as around the United States.
- The results of our understanding of how Human Resources, Information Technology and Purchasing services are provided in the County and City.
- The results of our outreach to internal customers of these services in the County and the City to understand perceptions about the quality and responsiveness of these services as well as views toward organizing them on a shared basis.
- The project team's analysis of the feasibility of sharing services between the City and the County in these administrative services areas.

In a companion document of Technical Appendices are provided detailed summaries of each of the tasks completed by the project team to reach the findings, conclusions and recommendations found in this report.

This contents of this report clearly show the following with respect to the feasibility of sharing services:

- **There is a long history of sharing governmental services across the United States among hundreds of entities in every region of the country.** The sharing of services includes the administrative services functions included in the scope of this study.
- **There is a long history of sharing services among governmental entities not only in Nevada in general but in the Washoe County region specifically.** This, too, includes administrative service functions and includes jurisdictions not participating in this study effort.
- **While the State Legislature has required this examination of the feasibility of sharing services staff have been open to these concepts and have conducted their own initial feasibility assessments.** These study efforts laid foundations for change internally as well as for this study.
- **While many internal customers and elected officials need assurances, overall, most are open to the concept of alternative service delivery.** This is particularly important to them as an approach to restore recently reduced service delivery capabilities.
- **This study has shown that each administrative service functions included in the scope of this study has short term as well as long range opportunities to share services.** These opportunities can clearly generate increased efficiency and customer service, and selectively, cost effectiveness.

This study also examined many opportunities to improve service efficiency, customer service and cost effectiveness if shared service delivery is not implemented.

* * *

We appreciate this opportunity to provide this **draft** report to Washoe County and the City of Reno. We look forward to continue to work with the City and the County to implement these important service delivery alternatives.

Richard P. Brady
President

Matrix Consulting Group

1. INTRODUCTION TO THE PROJECT

Matrix Consulting Group, was retained by Washoe County and the City of Reno to conduct a Shared Services Feasibility Study for Human Resources, Information Technology and Purchasing functions. The report, which follows, presents the **draft** results of this study.

1. THE PROJECT'S SCOPE OF WORK AND ITS METHODOLOGY

This study, which began late in the summer of 2010, was designed to provide a feasibility analysis of the efficiency, customer service and cost effectiveness of implementing some form of shared service delivery in County and City Human Resources, Information Technology and Purchasing services.

This project encompassed the following objectives:

- Development of an understanding of the requirements placed on the County and the City by the State Legislature, through AB 494, to evaluate the feasibility of sharing services.
- Development of an understanding of the delivery of Human Resources, Information Technology and Purchasing services in the County and the City in order to understand the full range of options available to improve service and cost effectiveness.
- Learn from other regions around the country which have implemented a shared services approach to delivering Human Resources, Information Technology and Purchasing services in a multi-agency environment.
- Development of an understanding of the views of internal customers of these administrative service functions in Washoe County and Reno relating to the quality of existing services and the desirability of alternative service delivery.
- Development of an analysis which summarizes the advantages and disadvantages of consolidating, integrating or sharing the various services relating to these three administrative services functions.
- Evaluation of the potential cost savings, economies of scale, and / or improving

service levels that may be achieved through a form of shared services, as well as any estimates of potential costs that may be incurred in order to share services, including start up and transitional costs.

In this project, the Matrix Consulting Group project team utilized a wide variety of data collection and analytical techniques. The project team conducted the following data collection and analytical activities:

- Because much work had already been conducted on this subject, the project team reviewed internal staff reports on the feasibility of shared services.
- The study team interviewed County and City management and selected elected officials (i.e., those on the Shared Services Elected Officials Committee) to develop an understanding of the issues and background which led to this study.
- The project team conducted extensive staff interviews in each County and City department included in the scope of this study. Members of the project team interviewed over 40 staff in the three departments in the County and the City.
- The project team collected a wide variety of data designed to document workloads, costs, service levels and operating practices. The project team developed descriptive summaries of each department being studied.
- In order to maximize the ‘customer’ input into this study, the project team conducted the following activities:
 - Individually interviewed key department managers in the County and City on their views on the quality and responsiveness of current services.
 - Developed an on line survey for a wider group of internal customers for similar quality and responsiveness views.
 - To gain a greater understanding of key issues, six customer focus group meetings were conducted.
- In order to make the assessments of operational strengths and improvement opportunities as well as opportunities to share services in some way, the project team developed a set of “best management practices” against which to evaluate current services, workloads and service levels in the County and the City.
- Finally, the project team surveyed other regions which have implemented some form of shared service delivery.

In summary, the project team evaluated internal and external data sources as well as staff and customer views in this assessment of the feasibility of sharing Human Resources, Information Technology and Purchasing services in Washoe County and the City of Reno.

2. AB 494 LEGISLATION

The Nevada State Assembly Bill 494 was reprinted with amendments adopted on May 30, 2009. The Bill came into effect on July 1, 2009. The Committee on Government Affairs developed this legislation, which requires the Board of County Commissioners of Clark and Washoe Counties to submit a report to the Legislature regarding consolidation or reorganization of functions. Specifically, the Assembly Bill 494 requires Board of County Commissioners of Clark and Washoe Counties to:

- Identify aspects of functions that are currently consolidated in whole or in part;
- Identify aspects of those functions that have been or are being considered for consolidation or reorganization;
- Identify aspects of those functions that are not consolidated and whether those aspects may be appropriate for consolidation or reorganization in the future;
- Analyze and make recommendations regarding the consolidation or reorganization of one or more aspects of those functions;
- Provide estimates of the costs of consolidation or reorganization of one or more aspects of those functions and to project any long-term cost savings, to the extent feasibility; and
- Analyze the benefits of the creation of a permanent committee of affected entities that would meet periodically to discuss and coordinate future efforts at consolidation or reorganization of those functions.

The Board of County Commissioners of Clark and Washoe Counties are required to submit a report on or before September 1, 2010 to the Director of the Legislative Council Bureau for presentation during the 76th Session of the Nevada Legislation.

In response to Assembly Bill 494, Washoe County and the City of Reno conducted internal studies reviewing shared services opportunities in a number of areas, including public safety, public works, building inspections, and general government services. The Matrix Consulting Group was retained to conduct a shared services study of administrative services, including human resources management, information technology and purchasing. Prior to this study, Washoe County and the City of Reno conducted internal studies of the administrative services functions. The sections, which follow, present a discussion of the internal studies.

(1) Human Resources Management

In June 2009, a multi-agency group assembled with the task of reviewing governmental structure, employee demographics and human resources and benefits administration and risk structure of each agency. Agencies that participated in review included: Washoe County, City of Reno, Reno Sparks Convention Visitors Authority (RSCVA), the Reno Transportation Commission (RTC), Washoe County School District (WCSD) and the City of Sparks. There has been a history of shared or cooperative delivery of human resources services in the region, including an inter-local agreement between Washoe County and the Cities of Reno and Sparks. This agreement has provided benefit through sharing of data and joint recruiting, such as: (1) making entry into the public sector less complicated; (2) automating application and recruiting processes; and (3) maximizing cost effectiveness of the recruiting process and the utilization of personnel and resources. The table, below, summarizes key points of discussion presented in the Human Resources Consolidation Analysis and Report, as well as highlights potential challenges for issues identified by the report committee.

Area	Discussion	Potential Challenges
Scope and diversity of human resources functions	This group represents six human resources organizations with over 100 HR employees and 66 distinct job titles. These human resources functions support over 15,000 employees and 35 collective bargaining agreements and 17 non-represented groups or resolutions.	<ul style="list-style-type: none"> • Diversity of practices, policies, procedures and services are provided. • Determining where to consolidate and / or merge policies, procedures and services versus administering different human resources functions to the various agencies. • Determining which systems to maintain independently and which to merge, such as performance appraisal and evaluation, job classification, etc.
Legal and operating constraints	As noted, this group represents six human resources organizations that are bound by different legal and operating constraints (i.e., collective bargaining agreements, civil service, merit systems).	<ul style="list-style-type: none"> • While HR functions have some shared legal requirements (federal and state), some may have different or conflicting charter or code requirements. • Developing a consolidated organization that can successfully operate under multiple legal guidelines.
Technology and information management	Six separate human resources functions with differing levels of automation and different technology systems, including recruiting software, Human Resources Information Management Systems (HRIS), payroll and timekeeping, testing software, etc.	<ul style="list-style-type: none"> • Balancing benefits of automation and technology systems with costs. • Determining relative value of each system and which system(s) provide the greatest value to a consolidated organization. • Addressing data integrity and integration issues.
Benefits administration	Six organizations with different benefit programs.	<ul style="list-style-type: none"> • Determining whether (or not) to continue with different benefit plans or to jointly negotiate with one (or more) providers. • Determine approaches for insurance (i.e., self-insurance funding, etc.)

While the report is a preliminary report on potential consolidation and did not present a plan for implementation (rather ideas to review going forward), the report committee did develop a number of assumptions, including: (1) through consolidation, create one, standalone service bureau providing core human resource services; (2) ensure fair and adequate representation for all agencies through a governing board; (3) integrate all current human resources employees into the new organization; and (4) develop a comprehensive strategy for change management and communication to support transition to and implementation of a consolidated organization.

In addition to the June 2009 report, Washoe County and the City of Reno issued a memorandum in August of 2009 regarding sharing learning and professional development services between the two agencies. Key elements of this memorandum are as follows:

- The City has experienced either stagnant or declining funds allocated to training and development over the last seven years. As a result, the City has to make choices with respect to the types of training and development services provided. This has resulted in training and professional development focused on line supervisors and mid-managers and customer service.
- Washoe County has developed a comprehensive curriculum to address a wide range of training and professional development needs relevant to the public sector. Washoe County has developed programs applicable to a number of municipalities, including Cities of Reno and Sparks, the Reno Sparks Convention Visitors Authority, Washoe County School District and Washoe County.
- The City utilizes external subject matter experts to instruct most City training programs. On the other hand, Washoe County utilizes internal trainers to instruct its wide range of professional development courses.

The City of Reno, in its memorandum, proposed to share resources dedicated to training and professional development in the following ways to:

- Create a new identity or image for the consolidated agency;
- Expand accessibility and outreach to internal customers (i.e., provide courses at multiple campuses / municipalities) by utilizing existing infrastructure and resources (i.e., City of Reno training classrooms);
- Develop standard of service and ability for instructors, as well as a centralized process and committee for recruiting and evaluating potential instructors, developing standards and monitoring ongoing effectiveness, performance and course outcomes;
- Develop an annual calendar of course offerings for courses applicable to multiple agencies;
- Centralize administrative work processes and tasks to include scheduling, marketing, registration, facility reservations, continuing education credits, certificates, etc.

- Share cost among agencies participating in the multi-jurisdictional training, including the cost of an administrator, as well as cost of courses based participation rates of each agency;

The City of Reno’s Human Resources Department recommended pursuing shared training and development services with Washoe County, as well as with other regional jurisdictions.

(2) Information Technology

In June 2009, a study examining the consolidation of information technology functions into a single information technologies service bureau for the Cities of Reno and Sparks, Washoe County, and Washoe County School District. The study identified the procedure for consolidating two or more agencies as follows:

- Determine an organizational structure, including a governance model;
- Identify a single set of operating policies and procedures;
- Identify inventories of hardware, software, and contractual relationships to develop a transition plan;
- Determine the customer service levels for end-user support and operations; and
- Determine resource requirements, current utilization and project time tables.

The report identified a number of areas of consideration for consolidation, including the following:

Discussion	Recommendation	Potential Challenges
<p>Organization of Services - Three of the entities (Reno, Sparks and Washoe County School District) operate a centralized information technology function. Washoe County operations are decentralized among departments of the executive branch.</p>	<p>N/A</p>	<ul style="list-style-type: none"> • Different philosophies towards the provision of services, as well as control over those services (i.e., autonomy of operating departments, etc.) • Ability to change organizational cultural with respect to delivery of services and perception of who “owns” the service.

WASHOE COUNTY AND THE CITY OF RENO, NEVADA
DRAFT Shared Services Feasibility Study

Discussion	Recommendation	Potential Challenges
Distribution of Cost - Agencies have different approaches to budgeting for information technology.	<ul style="list-style-type: none"> • Balanced Score Card (BSC) approach to allow customer departments to be charged for services in an open and upfront manner. • Ability to use BSC to maximize customer satisfaction. 	<ul style="list-style-type: none"> • Perception of being charged for a previously “free” service • Perception of a loss of control over information technology costs and / or funds. • Ensuring customers understand the service and benefits received for the “cost” of services received.
Personnel - Organizations have different approaches to staffing information technology, as well as services staff provide to end-users and customer departments.	No changes to the current personnel complement (i.e., no elimination, reduction or addition of personnel).	<ul style="list-style-type: none"> • Developing new labor agreements, as necessary. • Standardizing job classifications and developing a new plan of organization. • Ensuring an efficient and streamlined consolidated organization that maximizes the skills, knowledge and abilities of all staff.
Service Level Agreements - Standardizing and communicating service expectations are important steps to promoting customer satisfaction.	<ul style="list-style-type: none"> • Establish reasonable service level agreements based on individual department needs • Customers must define successful IT support, prioritize new or pending projects, and have a liaison to the new IT function. • IT staff will determine economies of scale with respect to IT needs. • Periodic meetings to review performance measures and outcomes 	<ul style="list-style-type: none"> • Managing different service level expectations and needs • Balancing customer service needs with available resources, as well as competing departmental priorities.
<p>Conclusion: The study resulted in the following conclusions: (1) Consolidation is possible, however, it requires the commitment from all agencies to the consolidated organization and its success; (2) a new governance model focused on gaining the greatest efficiencies must be put into place; (3) while immediate cost savings are not apparent, consolidation should focus on future operational opportunities and gains in efficiencies and economies of scale; and (4) the consolidated organization must be held accountable to its customers, with well defined service levels, as well as performance measures communicated to customer groups.</p>		

(3) Purchasing

In June 2009, Washoe County and the City of Reno issued a report titled Consolidation Project of the Purchasing Function, which resulted from shared services discussions among the following agencies: Cities of Reno and Sparks, Washoe County, and the Washoe County School District. While there has been historical cooperation among these agencies and others as part of the Northern Nevada Consortium for Cooperative Purchasing, this report focused specifically on issues related to

consolidating of procurement functions rather than continued ‘cooperation’ through joint procurement activities, ‘piggybacking’ on contracts, etc. The study presented a number of key elements for discussion with respect to sharing of procurement services. The table, which follows, presents a summary of the report.

Area	Discussion	Potential Challenges
Organizational approach to purchasing	Organizations included in this report approached the delivery and organization of purchasing services differently (i.e., centralized vs. decentralized approach, construction contracts)	<ul style="list-style-type: none"> • Challenges with respect to operating departments autonomy, control over purchasing activities, etc. • Balancing the need of individual departments’ purchasing needs with benefits to the ‘overall’ organization. • Ability to promote cost savings and efficiencies in purchasing activities (and reduce redundant purchasing activities).
Information technology / automated information systems	Each of the four agencies utilize unique information technology systems (i.e., no overlap of systems)	<ul style="list-style-type: none"> • Balancing benefits of automation and technology systems with costs. • Determining relative value of each system and which system provides the greatest value to a consolidated organization. • Transition to a new system, including data integration, staff training, integration with financial management systems (e.g., accounts payable, etc.). • Standardizing business processes to allow for integrated and full automation.
Creating a standalone agency with which other agencies contract	Potential to create a standalone agency with which other agencies contract for procurement services.	<ul style="list-style-type: none"> • Balancing service levels and expectations among customer groups. • Ensuring adherence to specific municipal requirements (i.e., spending authority). • Integration with municipal financial information management systems. • Developing interface and accountability systems with customers (i.e., municipalities). • Creating a new compensation structure and addressing any potential collective bargaining issues.
<p>Conclusion: Further areas of analysis of consolidation should include: (1) evaluation of information technology systems; (2) establishment of service levels and scope of services to be provided; (3) standardization of policies and procedures; (4) creation of funding model for consolidated agency; (5) establishment of a governance structure; (6) method to ensure input and representation from each agency; (7) development of performance measures to hold agency accountable; and (8) establishment of return of investment target.</p>		

While the 2009 report did not result in specific recommendations with respect to consolidation, the report did identify the following necessary areas for analysis, should the entities pursue consolidation. As with the human resources and information technology consolidation studies, this report committee stressed the importance of

commitment from each agency to move towards consolidation prior to conducting further, more detailed studies.

3. THE CURRENT ECONOMIC ENVIRONMENT IN WASHOE COUNTY AND THE CITY OF RENO.

Although the current economic recession has impacted the entire country, the State of Nevada has been especially hit by the downturn, including Washoe County and its major metropolitan areas (Reno / Sparks). These trends are summarized below:

- Washoe County experienced an 18% decrease in taxable sales in 2009.
- Both consolidated tax and property tax revenues (which experienced a 3% decrease in 2009), make up 80% of general fund revenue for the County.
- The Reno/Sparks metro area has the 32nd highest unemployment rate of the 372 Metropolitan Statistical Areas in the USA. The national unemployment rate is currently just under 10%, while that of the MSA in Washoe County and Reno/Sparks is over 13%.
- Washoe County ranks 8th out of all counties in the USA for home foreclosure rates, and Reno has the 9th highest rate of foreclosures for cities (80% higher than 2008 by the number of default notices, trustee sales or those that have been foreclosed upon and are now owned by a bank), while the national average is 1:136.
- Home prices in the Reno / Sparks area have fallen by over 45% since 2006, which is more than twice the decrease in the US average.

These challenges have impacted and will continue to impact the municipal services provided by Washoe County and its cities for years to come. The long-term prospects associated with these economic forecasts underscore the importance of agencies continuing to examine significant and even radical opportunities to enhance efficiency and effectiveness, including the sharing of resources.

2. INTRODUCTION TO SHARED GOVERNMENT SERVICES

In this chapter of the report is provided an overview of the concept of sharing government services, particularly in the administrative services functions under review in this project. Background and comparative data are brought into this discussion, as well as prior successes in shared services in the Washoe County region.

1. BACKGROUND TO SHARED SERVICES

Given the current economic environment, many local governments are exploring alternative methods of delivering services. An ever-emerging concept among local governments is 'shared services'. Shared services allow governments to focus their limited resources on value-added activities that are central to their missions, rather than on routine administrative and transactional functions. The end result is improved outcomes at a lower cost for public sector stakeholders, and ultimately, maximized public value. Shared services are:

- A collaborative effort in which common business functions are centralized into an organization focused on the delivery of core services to different groups within an organization or among multiple organizations.
- Organized around core competencies (concentrated on homogenous tasks).
- A service delivery model that allows local government to leverage economies of scale through automation of services common to multiple agencies and departments.
- A service delivery model that helps to standardize and streamline business processes, more effectively utilize resources (personnel, technology, funding, etc.), and improve services.
- Focused on enhancing the delivery of services, while reducing the bureaucracy and the cost of providing services (standardized and continually repeating

processes are more often improved and streamlined, saving time and reducing errors and costs).

- Seeks to achieve collaborative outcomes.
- Part of a customer driven organization, which is held accountable to delivering services tailored to its clients.

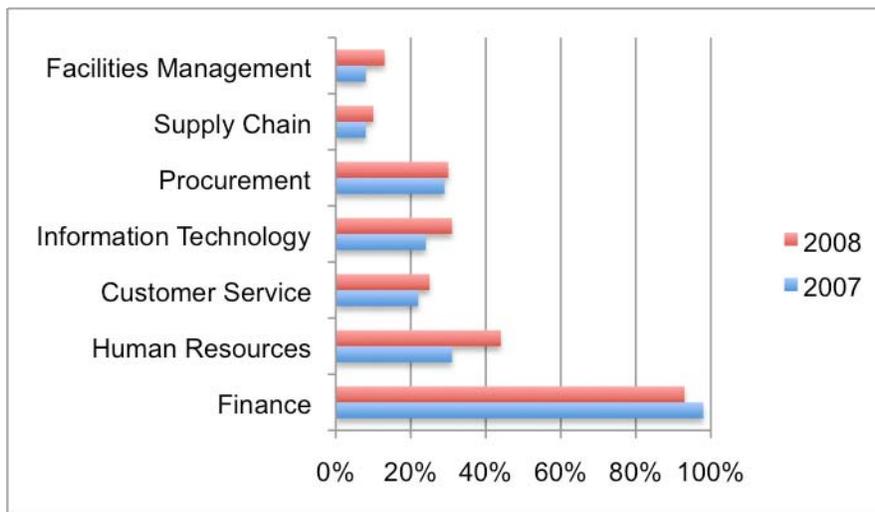
In essence, shared services promise to help local governments address rising service demands in a challenging economic environment, while improving the level of service provided to customers.

There are a number of functions that lend themselves more easily to shared services, including:

- Administrative services, such as human resources management, information technology, procurement, accounting, etc.;
- Public works and infrastructure management, such as fleet maintenance, facilities maintenance, parks and grounds maintenance, etc.;
- Social and cultural services, such as library services, recreation programming and facilities, and human services; and
- Public safety, such as fire, communications, and emergency preparedness.

According to an October 2009 report issued by the Hackett Group, there are a number of common functions typically included in a shared services organization. According to the results of their survey of nearly 200 organizations, administrative services such as finance, information technology, human resources and procurement were common candidates for shared services. The chart, below, shows the results indicating which functions are included within the shared services organizations surveyed.

Functions Included Within a Shared Services Organization



As shown in the above chart, in 2008, 93% of survey respondents included financial functions in their shared services organization. In 2008, 44% included human resources functions, 31% included information technology and 30% included procurement services.

There are a number of municipalities throughout the country that have implemented shared and / or consolidated services. The table, below, presents a few examples of municipalities that have implemented shared services.

Examples of Shared and Consolidated Services	
Burlington County & 11 towns, New Jersey	Kansas City and Wyandotte County, Kansas
Bergen County, New Jersey	Kirkland and Northshore Fire District, Washington
Chicago, Illinois	Massachusetts Area Planning Council
Denver, Colorado	Middlesex County, New Jersey
Douglas County, Nevada	Monroe County, Michigan
Elmira and Chemung County, New York	Nevada County, California
Erie County, New York	Pittsburgh and Allegheny County, Pennsylvania
Fauquier County, Virginia	Somerset County, New Jersey
Fort Collins, Colorado	State of California
Hoboken and Weehawken, New Jersey	State of Massachusetts
Indianapolis and Marion County, Indiana	State of Michigan

The points, which follow, present a brief summary of several of the examples of shared and consolidated services listed in the above table.

- **Denver, Colorado:** A 2010 report issued by the Center for Digital Government identified a number of benefits to Denver, Colorado's information technology consolidation efforts, which resulted in a consolidation of 60 systems into a common storage area network (SAN), streamlining of six email systems down to two, simplifying of multiple backup systems into one, a merger of three help desks into one, a savings of \$1.2 million on licensing costs alone, and an improvement in access for users and sharing of information.
- **Somerset County, New Jersey:** According to an IBM study issued in 2007, Somerset County, New Jersey began transitioning its municipal offices and school systems to a shared services model in 1993. Through this initiative, the County calculates that it saved over \$19.6 million in 2006 alone. For the same services targeted as shared service functions in 2005, the savings were \$13.6, an annual increase of 44%. The county's efforts are steered by a coordinating council working with county, city and school officials. In many areas the biggest savings were in purchasing and IT.
- **City of Chicago, Illinois:** According to a report issued by BEA Systems, Inc., in 2006, the City of Chicago, Illinois implemented a Shared Services platform within its Public Building Commission (PBC) to join several agencies' "back office" services. The PBC garnered data from four disparate systems and needed to both link these data sources and provide a unified, consistent view into project information for PBC executives, project managers, contractors, architects, and other internal and external personnel. By providing visibility to all data using a web-based portal, the PBC improved planning, reduced its overhead, increased efficiencies, and expedited problem resolution.
- **State of Michigan:** An article issued by Government Technology's Public CIO in April of 2010 discussed steps the State of Michigan is taking with respect to shared services. As part of a statewide effort to reduce state agencies from 18 to 8, Michigan's information technology department is leading the consolidation of two departments: Department of Technology and Management and Budget. The new Department of Information Technology will be responsible for budgeting, human resources, information technology, and administrative support (i.e., facilities, travel, and purchasing).
- **Fauquier County, Virginia:** In the 1990s, Fauquier County, Virginia consolidated the School District and County's administrative services, which included financial reporting, purchasing, accounts payable, payroll, human resources and management information systems. The new department was created under a common administrative authority. Consolidation of the financial functions resulted in a \$200,000 savings in the first year, while also minimizing future staff increases. Consolidation of personnel functions resulted in a savings of \$60,000 in the first year. A number of additional benefits resulted from consolidation, including faster processing times, reduction in repetitive /

redundant work, standardization of policies, procedures and systems, pooling of insurance administration, and bidding (reducing annual increases).

- **City of Fort Collins, Colorado:** The City of Fort Collins, Colorado will begin to contract for services with the Poudre School District. The City will pay the School District a one-time fee of \$130,000 and then an ongoing fee of \$20 per 'seat' for the District to maintain e-mail and upgrade to a Microsoft Exchange system for its employees. The City expects to save \$100,000 over the next five years. The City and other local government officials are exploring other shared services opportunities, including cyber-security, code enforcement, fleet services, information technology management, purchasing, risk management, parks maintenance and dispatch.
- **Massachusetts Area Planning Council:** The Massachusetts Area Planning Council (MAPC) works with communities in eastern Massachusetts that share a geographic proximity and have interest in addressing common issues with collective action. By mid-2000, three Regional Services Consortia were operating in the South Shore, Northern, and MetroWest sectors of the MAPC region. Each Consortium is composed of clusters of 11 to 14 geographically proximal municipalities. MAPC estimates that the procurement consortium has bid out more than \$20 million, saving participant nearly \$2 million since its formation in 1998. Data collected by MAPC on office supplies procurement illustrate the benefits of collaborative purchasing. Before taking the Consortium approach, catalog discounts ranged from 20% to 55%. Discounts were all in proximity to 68%. For participants, cost savings increases ranged from 24% to 34%.

Shared services approaches are becoming increasingly popular among public sector agencies as they attempt to meet increasing service demands under tighter economic conditions.

2. THE HISTORY OF SHARED SERVICES IN WASHOE COUNTY AND THE CITY OF RENO

The interest in shared service delivery among Washoe County agencies has a history which could facilitate additional areas of resource sharing. Currently, there are approximately 60 functions / services which are shared by local agencies. The following table provides a summary of these shared areas (as of February 2008):

<p>800 MHz Regional Radio System – 17 partners Affordable Housing Consortium Auctions of Government Surplus Equipment Building Codes Standardized for Washoe County Central Truckee Meadows Remediation District Civil Protective Custody Facility Computer Technology: GIS, Criminal Justice Courts Delinquent Accounts (Sparks / County) Detention Facility (Consolidated Jail) Elections Employer Health Care Coalition Enhanced 911 Extraditions Facilities Management (selected facilities) Family Resource Center with WCSD at Sun Valley Fire Department – RFD / TMFPD at Sun Valley Forensics (Crime Lab) Graffiti Tracking and Abatement Homeless Shelter and Cold Weather Stations Human Services Consortium Internet Crimes Against Children Task Force Joint Terrorism Task Force Juvenile Detention Alternatives Initiative Kids and Senior Korner Project Living with Fire Partnership Mills Lane Center – Reno Muni and DA Building N NV Police Officers Law Enforcement Academy Open Space and Trailhead Management Park Maint. – maintenance to 4 schools in WCSD Partnership Libraries – WCSD Schools, TMCC.</p>	<p>Public Health – WCDHD Purchasing – Joint Bids and Joint RFPs RAVEN - Regional Aviation Enforcement by WCSO Recreation Programming Recruitment of Personnel Regional Animal Services Regional Emergency Communications Dispatch Regional Emergency Operations Center Regional Emergency Ordinance Disposal Team Regional Evaluation and Shelter Plan Regional Gang Unit Regional Road Impact Fees Regional Open Space Plan Regional Public Safety Training Center Regional Sex Offender Unit Regional Snow Response Plan Regional Special Enforcement Team Repeat Offender Program Road Maintenance Resource Sierra Nevada Community Access Television SWAT Search and Rescue Senior Centers and senior transportation services T-1 Technology Line (to Sparks by WC) Toxicology Lab Traffic Signals Maint. (Washoe County to Sparks) Truckee Meadows Wastewater Reclamation Truckee Meadows Water Authority Truckee River Flood Control Project Western Regional Water Commission</p>
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The depth and breadth of these examples should demonstrate the openness of the region's jurisdictions to additional areas in which to share governmental services.

3. A SHARED SERVICES COMPARATIVE PERSPECTIVE

As discussed in a previous section of this report, shared services organizations are becoming an important service delivery alternative for the public sector. The project team conducted a literature search, as well as a comparative survey of shared services functions.

The project team contacted several municipalities throughout the country that have organized shared services functions. Detailed descriptive information of the comparative agencies is provided in the technical appendix. The table, which follows,

provides a discussion of key areas in which the comparative agencies shared their “lessons learned” as they implemented a shared services organization. Following the table is a summary of the literature, which highlights some common themes identified by the comparative agencies and through the literature survey.

Agencies Included	Functions Included	How Structured and Operates	How Implemented / How Resistance Overcome
Douglas County, Nevada	Human Resources	Douglas County provides a variety of human resources services to four agencies: Gardnerville, Genoa, Minden and East Fork Fire and Paramedic Districts. Services include recruitment and selection, classification and compensation, employee benefits, training, worker’s compensation and labor relations.	<p>Services are provided through an intergovernmental agreement.</p> <p>The County has historically provided human resources services to these government entities.</p> <p>The County is responsible for setting service levels.</p> <p>Only the Districts pay the County for its services on a per FTE basis.</p> <p>Key elements to the success of this shared services arrangement have been communication, sharing in a common goal (high quality services), and working together.</p>
Kansas City & Wyandotte County, Kansas	Information Technology	In 1997, Kansas City and Wyandotte County completed the consolidation of their information technology function, as part of a consolidated city/county government. Services include IT training, desktop support, system services, telephone systems support, business application services, and GIS.	<p>The information technology function consolidation was led by a new Chief Information Officer that was brought in by the consolidated government’s management team.</p> <p>Strong leadership and a well developed implementation plan led the consolidation efforts.</p> <p>Implementation was challenged by staff (including management) resistance to change. This was overcome by providing clients with better service through new and improved ideas, as well as through sound project management (i.e., delivered what was promised).</p>

WASHOE COUNTY AND THE CITY OF RENO, NEVADA
DRAFT Shared Services Feasibility Study

Agencies Included	Functions Included	How Structured and Operates	How Implemented / How Resistance Overcome
Indianapolis & Marion County, Indiana	Human Resources	<p>In 2006, the City of Indianapolis and Marion County completed the consolidation of their human resources function. The consolidation of services was authorized under City and County ordinances. Services include recruitment and selection, classification and compensation, employee benefits, training, worker's compensation and labor relations.</p> <p>The Human Resources Department operates as a consolidated city/county department under the consolidated government.</p>	<p>The City and County phased in consolidation of services. Human resources management was consolidated in 2006. The Department faced major difficulties with respect to staff resistance to changes in operations, as well as challenges with respect to loss of control over various operational aspects. However, standardization of human resources practices, clear communication of service level targets and performance and change management have help facilitate the transition to a shared services organization.</p> <p>Consolidation resulted in improved services. Prior to consolidation, agencies were autonomous with respect to their HR decisions (hiring, firing, training, discipline, etc.) Consolidation centralized standard human resources processing and professional service. The type of services provided to agencies expanded. Ongoing communication with agencies helped to ensure proper and consistent utilization of the human resources function.</p>
Monroe County, Michigan	Information Technology	<p>In June of 2008, Monroe County began providing information technology services to other government entities including the City of Monroe, Monroe Township and the Village of South Rockwood.</p> <p>Services are provided by contract or through an intergovernmental agreement.</p> <p>Services include IT training, customer service, desktop support, system services, and business application services.</p>	<p>Through the contract with the City of Monroe and the intergovernmental agreements with the other municipalities, Monroe County has defined the services (and cost of those services) to be provided to the other agencies. Monroe County has established service level agreements with its client agencies.</p> <p>While Monroe County manages the information technology systems, each agency maintains its own autonomy over policies, standards, etc. Monroe County is in the early stages of shared services.</p>

WASHOE COUNTY AND THE CITY OF RENO, NEVADA
DRAFT Shared Services Feasibility Study

Agencies Included	Functions Included	How Structured and Operates	How Implemented / How Resistance Overcome
<p>Allegheny County & City of Pittsburgh, Pennsylvania</p>	<p>Purchasing</p>	<p>The City of Pittsburgh contracts with Allegheny County for limited purchasing services.</p> <p>The two governments entered into a formal agreement, which outlines the services to be provided, as well as costs. This agreement went into effect January 1, 2010 through December 31, 2010.</p> <p>Allegheny County provides formal bid management, including preparing, advertising, soliciting, tabulation and awarding invitations to bid and requests for proposals, as well as for request for quotes.</p>	<p>The City of Pittsburgh and Allegheny County entered into a formal contract for limited purchasing services. This contract outlines a number of elements, including:</p> <ul style="list-style-type: none"> • The City and County will have a Purchasing Advisory Committee led by the Allegheny County Chief Purchasing Officer and the City of Pittsburgh's Finance Director. • The Commission will assist in the implementation of the agreement and will address any issues, such as policies and procedures and dispute resolution. • The County will follow best practices in purchasing as set by the National Institute of Government Purchasing (NIGP). <p>The agreement between the County and City has: (1) well defined services provided by the County; (2) defined the role and support expected by the County of the City; (3) provided a formal method for ongoing and routine communication (the Commission); and (4) outlined a process for resolving issues.</p>

WASHOE COUNTY AND THE CITY OF RENO, NEVADA
DRAFT Shared Services Feasibility Study

Agencies Included	Functions Included	How Structured and Operates	How Implemented / How Resistance Overcome
Local Government Information Systems, Minnesota	Information Technology	<p>Local Government Information Systems (LOGIS) provides information technology services to 35 cities, 3 counties and 4 government agencies.</p> <p>Created in 1972, LOGIS is governed by a joint powers state statute, as well as intergovernmental agreements. LOGIS is governed by its members. Each client agency is a member and has one vote in operational decisions for LOGIS.</p> <p>Services provided include IT training, customer service, desktop support, system services, telephone systems support, business application services, and GIS.</p>	<p>The governance structure of LOGIS is an essential component of its success. All member agencies are equally represented on key decisions impacting operations. LOGIS has an annual strategic planning session during which members prioritize the organization's services, expenditures and activities for the planning period.</p> <p>LOGIS has developed a basic/standard service level at which agencies can 'buy in' (i.e., become a member), as well as offering a cafeteria of services for those agencies desiring a higher or different level of service.</p> <p>In addition to having voting rights (one agency, one vote), LOGIS has a number of key user groups that provide input into a number of areas, such as system upgrades, security, hardware standards, policies, etc. Staff at all levels of all organizations are able to provide input into the organization to assist in the prioritization of resources.</p>

As with the input received from the comparative agencies, results of the literature search indicate several common themes among the various agencies, including:

- Common functions to organize into a single shared services organization are those functions that reach across multiple departments and agencies, such as internal services like human resources management, purchasing, information technology, payroll, accounts receivable, accounts payable, group self-insurance, etc.
- When consolidating or sharing services, the shared service to be provided must be equal to or better than the existing service (i.e., expectations are not just focused on cost savings in shared organizations but also on improved quality and level of services provided)
- A number of factors that could hinder the success of a shared services organization should be addressed, both at the planning and implementation stages, as well as throughout the existence of the shared services organization. Hindrance factors can include perceptions relating to:

- Loss of control over services and a reduced level of responsiveness by those providing the service;
- Loss of municipal identity and visibility to the public;
- A drop in service levels from uniformity of services, rather than rising to a common level;
- Staff resistance to change; and
- Loss of control with respect to setting priorities, service level objects and managing costs.

According to the report issued by the Hackett Group in October 2009, the main reasons organizations choose to create a shared services organization is to: (1) improve service, quality, accuracy and timeliness; (2) standardize services; (3) reduce administrative costs; (4) reduce personnel costs; and (5) group similar tasks and expertise for critical mass. This survey also documented the impact of implementing a shared services organization on the overall performance of the organization, as discussed in the points below:

- Shared services organizations (SSOs) are realizing actual savings based on the shared services model. While over 70% of SSOs planned to save at least 20% of costs, 61% of SSOs actually saved 20% or more of their costs.
- With respect to productivity, 83% of the shared services organizations experienced a minimum increase in productivity of 10%.
- Similarly, 79% of SSOs saw more than a 10% improvement in the quality of services.
- Finally, 75% of SSOs saw customer service improvements of at least 10%.

Overall, the 2009 Hackett Group survey illustrates that shared services organizations are realizing improvements to the quality and levels of services, while seeing an impact in savings to the organization.

3. CURRENT SERVICE DELIVERY

This chapter summarizes the overall information technology, human resources, and purchasing service level approaches for Washoe County and the City of Reno, as well as provides a general comparison and contrasting of those approaches. For the project team to conduct this initial feasibility study, it is important to understand the key similarities and / or differences of how services are provided, organized, supported, etc.

1. INFORMATION TECHNOLOGY

The following table summarizes how Washoe County and the City of Reno approach the delivery and support for key information technology areas:

Key Area	Washoe County	City of Reno	Key Similarities / Differences
Management	<p>Allocates 1 Chief Information Management Officer and 5 IT Managers to provide overall day to day management and leadership of the department, also receiving input and guidance from various technology committees, including ITAC, ITSC, SAP Executive Committee, and the Internet Working Group.</p> <p>Operations are guided by various documented policies and procedures, technology standards, etc., as well as defined performance goals, objectives, and measures as part of its budgeting processes.</p>	<p>Allocates 1 Director of Communications and Technology and 3 Managers to provide overall day to day management and leadership of the department, also receiving input from an Information Technology committee which meets monthly to discuss business and technology-related issues.</p> <p>Operations are guided by various documented policies and procedures, technology standards, etc., as well as defined performance goals, objectives, and measures as part of its budgeting process.</p>	<p>Both jurisdictions have a steering committee in place, along with documented policies, procedures, and technology standards to guide the development, operations, and maintenance of technology utilization.</p> <p>The key difference is the overall spans of control between the County and the City. Excluding the Director positions, the County has between 18 – 19 line staff positions per Manager position, while the City has between 5 – 6 staff positions per Manager position (excluding the dispatch center).</p>

WASHOE COUNTY AND THE CITY OF RENO, NEVADA
DRAFT Shared Services Feasibility Study

Key Area	Washoe County	City of Reno	Key Similarities / Differences
<p>Help Desk</p>	<p>Allocates up to 11 individuals serving under Technical Services to provide front-line help desk and field support, supported by a web-based help desk application and telephone inquiries.</p> <p>During FY 2009 / 2010, the County employees generated 11,191 help desk inquiries (via web-site and telephone), equating to approx. 4 – 5 help desk inquiries per County FTE per year.</p> <p>On a per workstation basis, the County experienced approx. 3 help desk tickets per workstation.</p> <p>Approximately 57% of help desk tickets were addressed within 1 business day.</p>	<p>Allocates a fully electronic based help desk function (employee inquiries are processed electronically), which is checked regularly by staff to triage and address issues.</p> <p>During FY 2009 / 2010, the City employees generated 4,078 help desk inquiries, equating to approximately 2 – 3 help desk inquiries per City FTE during the year.</p> <p>On a per workstation basis, the City experienced approximately 3 help desk tickets per workstation.</p> <p>Approximately 60% of the help desk tickets were addressed within 1 business day.</p>	<p>Both jurisdictions utilize an application to track help desk inquiries, including date of entry, when completed, etc., but while the County generated more help desk tickets on a per FTE basis, the City and County are experiencing approximately the same number of help desk tickets on a per workstation basis.</p> <p>The key difference is that the City does not allocate dedicated staffing resources for technical field services and help desk support.</p>
<p>Software – Applications / ERP</p>	<p>Allocates approx. 10 staff dedicated to SAP support (including its separate applications) and approx. 14 staff dedicated to software solutions, development, and support.</p> <p>The County departments utilize 455 unique applications (including the multiple SAP applications), with over 40 being customized applications and the remaining as package applications – representing nearly 10% of total applications utilized being customized.</p>	<p>Allocates approximately 4 staff dedicated to software systems support (including the New World Systems applications).</p> <p>The City departments utilize 116 unique applications, in addition to 2 custom developed in-house software applications supported by the IT Department – representing nearly 2% of total applications.</p>	<p>Both jurisdictions utilize enterprise-wide software applications for financials, payroll, human resources, etc. – with the key difference being that the County utilizes SAP while the City utilizes New World Systems.</p> <p>Overall, the County utilizes more customized and open-source / configurable applications than the City, thus requiring more staff to develop, maintain, and support the respective applications.</p>

WASHOE COUNTY AND THE CITY OF RENO, NEVADA
DRAFT Shared Services Feasibility Study

Key Area	Washoe County	City of Reno	Key Similarities / Differences
<p>Hardware – Network Infrastructure / Equipment</p>	<p>IT staff support 3,627 workstations across 148 separate buildings, including 198 physical servers, 13,852 square feet of data center space, and over 15,000 other assets (radios, phones, printers, etc.).</p> <p>Excluding staffing for imaging and records, WCRCS, and GIS – there are approximately 50 workstations supported per IT full-time equivalent.</p> <p>Specifically for hardware support and maintenance, the County allocates approximately 27 staff to maintain and support hardware assets, including 4 positions for WCRCS, 8 positions for security and electronics, and 15 positions for enterprise infrastructure.</p>	<p>IT staff support 1,427 workstations across 54 separate buildings, including 75 physical servers, 1,100 square feet of data center space, and over 5,000 other assets (phones, printers, radios, etc.).</p> <p>Excluding staffing for GIS, there are approximately 90 workstations supported per IT full-time equivalent.</p> <p>Specifically for hardware support and maintenance, the City allocates approximately 7 staff to maintain and support hardware assets.</p>	<p>The key difference is that City resources are supporting a higher number of physical assets (i.e., workstations) per FTE basis.</p>
<p>Geographic Information Systems</p>	<p>Allocates 7 GIS staff for development and maintenance, including 1 IT Manager and 1 Technology Project Coordinator (also managing Permits).</p>	<p>Allocates 3 GIS staff for development and maintenance, including 1 dedicated GIS Manager.</p>	<p>Both jurisdictions provide GIS support to their respective operating departments and utilize the same base data, as well as make available GIS data to the public via the respective websites.</p> <p>Additionally, both jurisdictions have narrow spans of control between managers and staff resources.</p>

Key Area	Washoe County	City of Reno	Key Similarities / Differences
Other Services	The department provides imaging and records services, and regional radio support services.	The department also includes the communications (dispatch) center.	The key difference is that the County also provides imaging and records services, while City's services include the dispatch center (excluded from this study).

The following points highlight the key similarities and differences in service approaches between Washoe County and the City of Reno:

- Both jurisdictions provide a wide breadth and depth of information technology services, including business and strategic planning, development, design, and / or implementation of technology projects, technical and help desk support, hardware and software application support, GIS services, etc.
- Both jurisdictions utilize respective information technology steering committees for insights, as well as have published policies, procedures, standards, and performance measures in place as part of the budgeting process.
- Both jurisdictions are experiencing similar levels of help desk tickets, as evidenced by approximately 3 per workstation on an annual basis.
- Some key differences include:
 - Although both the County and the City have an application to support help desk ticket tracking, the County has a staffed help desk, while the City utilizes primarily electronic communication to triage issues.
 - The County has a higher proportion of centralized information technology staffing resources, measured as a percentage of total staffing (approximately 3% of total staffing versus approximately 1% for the City).
 - The County utilizes more open-source and configurable software applications versus the City (which utilizes more off-the-shelf applications). The County also utilizes a higher proportion of unique applications versus the City.
 - The County has some unique services, including imaging and records resources, while the City has the dispatch center.

Finally, in regards to management spans of control, the City has more narrow spans of control between managers and staff level staff positions (1 Manager to between 2 – 5 direct reports) than the County (1 Manager to between 5 – 12 direct reports).

2. HUMAN RESOURCES

The following table summarizes how Washoe County and the City of Reno approach the delivery and support for key human resources areas:

Key Area	Washoe County	City of Reno	Key Similarities / Differences
Management	<p>The Human Resources Department is overseen by one Human Resources Director, supported by three “Division Heads” – HR Manager (Technical), HR Manager (Talent), and Sr. Analyst (Benefits & Recruitment).</p> <p>The County has an adopted personnel manual, strategic plan, and performance measures to guide operations.</p>	<p>The Human Resources Department is overseen by one Director of Human Resources, supported by Managers and Administrators in each specific functional area.</p> <p>The City has adopted personnel rules and regulations, and performance measures to guide operations.</p>	<p>Both entities have standard approaches to management of the Human Resources function. The City’s HR Director has more day-to-day functional job duties allocated and a smaller span of control than the County HR Director. This is principally due to the difference in allocated staff.</p> <p>Both entities have established policies and procedures to guide the Human Resources function within their organization. The County has a more formally adopted strategic plan.</p>

WASHOE COUNTY AND THE CITY OF RENO, NEVADA
DRAFT Shared Services Feasibility Study

Key Area	Washoe County	City of Reno	Key Similarities / Differences
<p>Labor Relations</p>	<p>Labor Relations for the County are currently supported by a contracted Labor Relations Consultant position that has responsibility for conducting labor negotiations (10 collective bargaining agreements), contract interpretation, and supervisor support (related to contract interpretation). The County is considering the hiring of a full-time labor relations manager to have this function conducted by full-time staff. The Human Resources Director has some day-to-day responsibility for administration of the labor relations functions.</p>	<p>Labor Relations for the City of Reno are principally conducted by the Human Resources Director. The Director is responsible for conducting labor negotiations (10 collective bargaining agreements), supervisor support on contract administration and contract interpretation.</p>	<p>While both jurisdictions have a similar number of collective bargaining agreements to negotiate and administer, the approaches utilized to do so vary. The County has a dedicated position (contractual) focused on providing labor relations support with the HR Director handling some day-to-day questions and supervisor support. The City's Human Resources Director in addition to handling day-to-day labor relations issues, is also responsible for the overall collective bargaining effort.</p>
<p>Classification and Compensation</p>	<p>The County utilizes a traditional "point count" classification system for establishing appropriate classification for each position within the County.</p>	<p>The City utilizes a classification system involving a comparison between positions based upon key functions and competencies. Classification decisions and allocations to pay ranges are based upon an evaluation of internal and external comparability rather than a strict point count approach.</p>	<p>Both entities have formalized approaches to developing position classifications (based upon job duty questionnaires completed by the employee / supervisor) and a systematic method.</p>

WASHOE COUNTY AND THE CITY OF RENO, NEVADA
DRAFT Shared Services Feasibility Study

Key Area	Washoe County	City of Reno	Key Similarities / Differences
Recruitment and Selection	<p>The County allocates several positions on either a full-time or part time basis to recruitment. Up to 5 FTEs are allocated to the recruitment function depending upon workload.</p> <p>The County conducts all recruitment and selection processes for all County Departments. The County utilizes a merit system approach and has implemented an entirely electronic system from application through processing.</p>	<p>The City allocates one position to the recruitment function (this position also performs other HR functions / duties).</p> <p>The City utilizes an electronic recruitment process. The City HR Department is responsible for all merit-based recruitments for positions exempt from the Civil Service system. The City also conducts entry-level recruitments on behalf of the civil service commission. The civil service commission is responsible for development of all testing instruments, test applications and for developing qualified lists for all promotional testing.</p>	<p>The major difference between the two entities relates to the organizational approach to conducting recruitment. The County is based principally on a merit-based system; whereas the City has a large percentage of positions covered under Civil Service.</p> <p>Similar recruitment methodologies and application processing approaches are utilized with both entities making use of electronic application acceptance and processing.</p>
Training	<p>The County has allocated approximately 2.5 FTEs to talent management functions related to employee training, including course development, providing and evaluating training efforts, and training administration.</p> <p>The County develops and provides a variety of workforce development and training programs for all County employees (with specialized position-specific training handled by individual departments).</p>	<p>The City has one position principally responsible for employee training. This position also has other functions to perform, unrelated to training.</p> <p>Given recent fiscal constraints, approximately \$30,000 is allocated annually for all training courses. Training is principally provided through contracted services and is focused on core / mandated training programs.</p>	<p>Both entities have maintained a focus on the provision of core / required training for their employees (such as Sexual Harassment, Diversity, Workplace Violence). However, the County has maintained an overall higher level of training opportunities for staff than the City. The City has limited funds and staff available to dedicate to the employee training function.</p>

WASHOE COUNTY AND THE CITY OF RENO, NEVADA
DRAFT Shared Services Feasibility Study

Key Area	Washoe County	City of Reno	Key Similarities / Differences
Benefits	<p>Approximately 2.5 employees are directly allocated to Benefits Administration and employee support including the Sr. Analyst (1/2 time), Benefits Analyst, and Benefits Specialist.</p> <p>The County HR Department administers the County's self-insured health plan, as well as all other benefit programs on behalf of county employees. The health benefits budget has been established as an Internal Service fund.</p>	<p>The City has two positions that are primarily focused on benefits programs. The Worker's Compensation Administrator handles the City's WC program including case coordination, claims review, employee interaction, and management of TPA and physician interaction. The Management Assistant is principally focused on other health benefits programs, including enrollments, changes and support of approximately 1,500 employee and 600 retirees.</p>	<p>While Worker's Compensation is handled by the City's HR Department, this function is allocated to the County's Finance Department.</p> <p>Both entities are responsible for administration of the health insurance program, EAP, and other similar benefit programs for all employees of their organization.</p>
Payroll	<p>The County HR Department is not responsible for payroll administration. Its role is limited to entering pay rates / data into the HRIS for each employee.</p>	<p>The City of Reno HR Department has recently assumed responsibility for the administration of the City's Payroll Function. This function is under the supervision of the Management Assistant position.</p>	<p>Unlike the City of Reno, the Payroll function is not performed by the County HR Department – it is handled by the County's Finance Department.</p>

The following points highlight the key similarities and differences in service approaches between Washoe County and the City of Reno:

- Both jurisdictions provide a wide range of typical Human Resources functions, including recruitment / selection, labor relations, employee classification and compensation, training, benefits administration, supervisory support, etc.
- Both entities have in place a formal HRIS system: SAP for Washoe County; and NewWorld for the City of Reno. Both entities have implemented electronic employment applications and processing.

- Both entities are responsible for collective bargaining with employee groups and each entity has approximately ten individual collective bargaining agreements to administer.
- Key differences in the services provided:
 - The City of Reno Human Resources Department is responsible for the City's Payroll function. At Washoe County, the payroll function is performed by the Finance Department.
 - The County has maintained a more robust training program / effort for staff in recent years than is present at the City of Reno. Both entities have a primary focus on mandated training (i.e., sexual harassment, diversity, workplace violence).
 - While both entities are responsible for handling employee benefits, the City of Reno has direct responsibility for Worker's Compensation Administration. At Washoe County, this function is performed by the Risk Management Division of the Finance Department.
 - While both entities are responsible for employee recruitment and selection, Washoe County operates under a merit system. The City of Reno has both a merit system and, for most positions, a civil service commission approach.
 - The County currently has more dedicated resources for Labor Relations, with the HR Director handling day-to-day activities, supported by a contractual position of Labor Relations Manager that handles most negotiation and grievance processing activities. At the City of Reno, these duties are handled entirely by the Human Resources Director.

Finally, given the difference in staff sizes – 17 employees at Washoe County HR and 8 positions (including payroll) at the City of Reno, the City's HR positions are typically allocated to several functional areas for performance. HR Staff at the County are generally more narrowly assigned to specific areas of responsibility and have greater opportunity to focus on areas of specialization.

3. PURCHASING

The following table summarizes how Washoe County and the City of Reno approach the delivery and support for key purchasing areas:

WASHOE COUNTY AND THE CITY OF RENO, NEVADA
DRAFT Shared Services Feasibility Study

Key Area	Washoe County	City of Reno	Key Similarities / Differences
Management	<p>The Washoe County purchasing division is overseen by the Purchasing Manager, who reports to the Finance Director. This position is responsible for overall day-to-day management and oversight of the County's Purchasing Division.</p> <p>The County has implemented a centralized purchasing function where the Purchasing Division is responsible for supporting all other County Departments (with the exception of Public Works contracts) in the purchasing of goods, services, and supplies.</p>	<p>The City of Reno purchasing function is overseen by the Purchasing Program Manager, who reports to the Finance Director. This position is responsible for the day-to-day management and oversight of the City's purchasing activities.</p> <p>The City has a decentralized purchasing function where the majority of the effort for sourcing good / services and complying with relevant purchasing policies is placed at the Departmental level. The Purchasing Program Manager (or designee) is responsible for reviewing all purchase orders for compliance / appropriateness prior to issuance.</p>	<p>Both the City and County require all purchase orders to be issued by the appropriate Purchasing Professional within their organization.</p> <p>The primary difference in the approach utilized between these two entities is that the County has a centralized purchasing function; whereas, the City has implemented a decentralized approach to purchasing. At the City of Reno, departmental staff have a greater responsibility (and accountability) for ensuring that appropriate sourcing, cost evaluation, and applicable research has been conducted on each purchase.</p>
Purchasing Contracts	<p>All purchasing contracts (for services and supplies) entered into by Washoe County are maintained and administered by the Purchasing Division. Contracting and contracts administration for public works projects are handled by the Washoe County Public Works Department.</p>	<p>The Purchasing Program Manager maintains all City-wide purchasing contracts entered into by the City of Reno.</p>	<p>All contracts for organization-wide services / goods are maintained by the respective Purchasing functions in both entities.</p>

WASHOE COUNTY AND THE CITY OF RENO, NEVADA
DRAFT Shared Services Feasibility Study

Key Area	Washoe County	City of Reno	Key Similarities / Differences
Goods and Services	<p>Four staff members (three Buyers and one Assistant Buyer) are allocated to support the purchasing functions. Buyers are assigned to specific commodity codes and typically handle all requests for purchases within their assigned commodity codes. Staff are cross-trained to support each other during absences.</p> <p>The Washoe County purchasing function is conducted in accordance with the established policies, procedures, and regulations of Washoe County and the State of Nevada that include: Washoe County Code Chapter 15 and NRS Chapters 332, 338 and 354.</p>	<p>Given the City's decentralized approach to purchasing, the majority of the work effort on purchasing activities has been delegated to departmental staff. The Purchasing Program Manager is supported by a half-time Office Assistant.</p> <p>The City's Purchasing function is conducted in accordance with applicable City ordinances and NRS Chapters 332, 338, and 354.</p>	<p>Both entities follow formally adopted purchasing policies enacted by their respective governing body. Additionally, both are responsible for ensuring that applicable state statutes are followed.</p> <p>The City has only 1.5 dedicated staff to the Purchasing function, versus 5 dedicated staff at the County.</p>
Fixed Asset Inventory	<p>Washoe County Purchasing is responsible for administration and oversight of the County's fixed asset inventory program including adding and deleting assets as appropriate.</p>	<p>Fixed asset reporting is not handled by the Purchasing function at the City of Reno. This responsibility is allocated elsewhere within the Finance Department.</p>	<p>The County Purchasing Division has responsibility for maintaining the fixed asset inventory of the County. This function is not a responsibility of the City of Reno Purchasing staff.</p>
Surplus Property Program	<p>The Washoe County Purchasing Division oversees and administers the County's surplus property disposal program through periodic auctions.</p>	<p>The Purchasing Program Manager is responsible for the administration of the City's surplus property disposal program through periodic auctions.</p>	<p>The Purchasing staff in both entities are responsible for the appropriate disposal of surplus property.</p>

Key Area	Washoe County	City of Reno	Key Similarities / Differences
Purchasing Card Administration	The Purchasing Division is responsible for the administration of the County’s purchasing card program.	Purchasing card administration is not a responsibility of the Purchasing Program Manager. This responsibility is allocated elsewhere within the Finance Department.	Washoe County Purchasing staff are responsible for the administration of the County’s purchasing card program. At the City of Reno, this function is performed by other Finance Department staff.
Vendor Administration / Insurance	Staff in the Purchasing Division are responsible for ensuring that all vendors doing business with Washoe County are appropriately registered / licensed and have insurance coverage meeting the County’s requirements.	Purchasing staff are responsible for ensuring that all vendors are complying with City requirements regarding insurance coverage and business licensing requirements.	Both Purchasing functions are responsible for ensuring that the insurance and registration / licensing requirements are met by vendors conducting business with their entities.

The following points highlight the key similarities and differences in service approaches for the Purchasing function between Washoe County and the City of Reno:

- Both entities utilize a centralized approach to the issuance of purchase orders for the purchase of goods and services within their organizations.
- Both Washoe County and the City of Reno purchasing staff are responsible for the maintenance and administration of organization-wide contracts and for the disposal of surplus property.
- At both Washoe County and the City of Reno, the purchasing professionals are responsible for ensuring that all vendors doing business with their organizations are in compliance with insurance and registration / licensing requirements established by their respective purchasing policies.
- Some key differences in the services approaches utilized in these two organizations include:
 - At Washoe County, the Purchasing staff have been organized as a centralized Purchasing function responsible for supporting all County Departments. The only exception to this approach is that Public Works contracts are handled by the Washoe County Public Works Department. At the City of Reno, the Purchasing function is more decentralized with the

operating departments having greater responsibility and accountability for sourcing and researching vendors and pricing.

- Fixed asset inventory is a function performed by the Washoe County Purchasing staff. At the City of Reno, this function is performed by other staff in the Finance Department.
- The administration of the purchasing card program is a responsibility of the Washoe County Purchasing staff. At the City of Reno, this function is handled by other staff in the Finance Department.

Finally, given the difference in approach to Purchasing organization and allocation of responsibility, the staff allocations between the City and County are different. Washoe County has five dedicated Purchasing professionals to support the allocated duties and responsibilities. At the City of Reno, the Purchasing function is performed by one full-time Purchasing Program Manager supported by an Office Assistant I, who allocates approximately 50% of her time to purchasing support.

4. ISSUES AND OPPORTUNITIES

This chapter provides a general discussion and brief overview of the major approaches that are utilized in providing shared services. It also outlines the major potential opportunities for sharing of services between the City of Reno and Washoe County for each of the functional areas under review (Human Resources, Information Technology, and Procurement).

There are a variety of models that can be utilized when designing shared services models for local government services. These are described in general in the following section.

1. ALTERNATIVE MODELS FOR SHARING OF SERVICES.

The alternatives for sharing of governmental services range from maintaining current organizational structures and sharing only selected service to a full integration and consolidation of the services into a single organizational unit providing services to both entities. In between these two extremes, there are a variety of alternatives. The following list outlines the principal alternative approaches for providing shared services – the alternatives are generally presented from least to greatest level of integration (and also generally in order of the level of effort required to implement):

- **Informal Sharing of Services:** Under this approach, the main functions of each entity remain independent entities and organizational units of their respective government. These types of shared services are usually implemented through an informal verbal agreement or a memorandum of understanding between the parties. The governmental units conduct informal sharing of services without any merger or consolidation of staff, policies, procedures, etc. This arrangement may provide for a cost sharing mechanism to cover the costs of services provided / received. In some cases, these services are provided simply as a token of “goodwill” between the organizations. This approach is generally best suited for limited or infrequent shared efforts.

- **Intergovernmental Contracting / Inter-local Agreement:** One governmental entity contracts with the other for a set of defined services. The services are then provided by the contracted entity to the contracting entity in accordance with a defined contractual agreement outlining the services to be provided and the method for paying for services received. This approach typically includes the development of a format contract / intergovernmental agreement between the parties that includes, at a minimum, the following: (1) identification of service to be provided; (2) performance measures / expectations for service to be provided; (3) cost to be paid for receipt of the service (or outline of cost sharing agreement); (4) term of agreement and options for renewal / early termination; (5) procedure for addressing service issues that may arise. This approach is generally best suited for governmental services that: (1) are clearly defined and quantified; (2) have similar service expectation or service levels between both entities; (3) have measurable performance goals established; and (4) enable incremental costs to be established.
- **Partial Consolidation of a Service Area:** Under this approach, the two entities would agree to provide / procure selected services jointly and continue to provide the remaining services in the specific functional area independent of the other. The jointly provided services could be done under any of the models listed ranging from informal agreement through contracted services. This approach is most commonly utilized when two entities do not believe a full consolidation is feasible (for example, due to different policies / procedures or service approaches that cannot be easily changed) but where certain selected services are extremely similar; or where other considerations (such as control, dissimilarity of services, legal requirements, etc.) prevent one party or both from ceding direct or complete control over certain service areas.
- **Complete Consolidation of a Service Area:** The full consolidation of a functional area between the two entities with both parties receiving services from a new “entity” or “organization”. This approach is similar to the complete merger of two distinct governmental agencies (the “Unigov” approach) into a single entity to provide services to the public. In this case, rather than the merger of two entities, only a distinct functional area would be merged (such as Procurement, IT, or Human Resources) with the resulting entity providing services to both of the creating jurisdictions (in this case the City of Reno and Washoe County). Unlike a Unigov approach where duplicate system are eliminated over time, the consolidation of a single functional area may require maintenance of duplicate system since each of the creating jurisdictions is still providing other direct services to the public (i.e. – separate Parks & Recreation, Public Safety, Building Permitting & Inspections, Planning, Finance functions). This approach, when applied to a single functional area would require the creation of a distinct entity such as a joint powers authority, special district, etc. to serve the needs of both entities. This independent entity would be funded from all participants and governed by a board with representatives from each participating governmental

entity. This approach is best suited for functions where both entities are seeking to receive the same or similar service levels under similar operating practices from the new entity. Another benefit of this approach is the easy scalability of the approach to easily incorporate additional entities over time.

- **Contracting for Services from the Private Sector:** Under this approach, the two entities (or one of the entities) would contract for the services from a vendor in the private sector. This approach requires the issuance of a formal request for proposals (defining the services to be provided) and selection of the most qualified / suitable vendor. The resulting contract for service would cover similar contractual items as those discussed under the Intergovernmental Contracting bullet point above. One variation of this approach would include the use of a Managed Competition Program to enable existing staff within the governmental agency to bid on the provision of these services. This approach is discussed in the following section. Contracting for service is most applicable for those services where there are established vendors of the service available in the market place providing the desired service. For the areas under review, this would be most applicable for Information Technology and less suitable for Human Resources and Procurement.
- **Managed Competition Approach:** This approach is a variation of the prior alternative – contracting for services from the public sector. The major difference is that the process is designed to allow current staff providing the service an opportunity (under a level playing field) to bid on the continued provision of services. Care must be taken in the drafting of the RFP to enable public sector employees to fairly compete with proposals from the private sector. Special enabling legislation may be required and / or side-letter of agreement with employee unions, to enable this to occur. Under managed competition, the full cost of providing services (including benefit costs, administrative overhead, etc.) must be considered when comparing proposals from public sector responses to those of from the private sector to ensure an “apples to apples” comparison. Regardless of who is selected, a contract is developed and entered into outlining the terms of the service provision, performance levels, costs of service provision, etc. The selected vendor, whether a private company or the public proposal, is treated as a third-party vendor, held to the same standards and managed similarly.

Each of these approaches are more appropriate for certain services, based upon the identified needs of the governmental agency. Additionally, different approaches can be utilized for different services within the organization at the same time. A single approach does not have to be utilized across the organization.

2. THERE ARE OTHER APPROACHES THAT CAN BE UTILIZED TO SUCCESSFULLY IMPLEMENT AND TRANSITION INTO SHARED SERVICES.

To address transitional issues related to implementation of shared services between the City of Reno and Washoe County, the Elected Officials Shared Services committee may require the assistance of external resources to assist them in moving the implementation forward. It is unlikely that the Elected Officials Shared Services committee will have the necessary time and/or resources to conduct the daily implementation effort without assistance in handling the multitude of details and obstacles that will arise. There are several approaches the Committee could utilize in securing these resources:

- **Internal Staff Committee:** The Committee could create a working committee of staff from both the City of Reno and Washoe County that are responsible for implementation of decisions made by the Elected Officials Shared Services Committee. This approach provides individuals most knowledgeable of the services provided and operational practices of the two entities. However, it may be more difficult for staff to overcome internal resistance against the desired change. Additionally, with day-to-day operational duties that must be completed, it may be difficult for existing staff to find sufficient time to dedicate to the implementation of a the new shared services approach.
- **Shared Services Coordinator:** The Committee could hire an employee, reporting directly to them, to serve as their day to day coordinator of the implementation of shared services approaches. This individual would work closely with staff from both the City and County in implementation of the policy decisions made regarding shared service but would operate under the direction of the Elected Officials Shared Services Committee. This approach could be expected to provide a more objective resource with no perceived biases toward one entity or the other. An annual commitment in the range of \$75,000 to \$100,000 should be expected in order to attract an individual with suitable skills to accomplish this effort. This approach will require clear expectations and a good working relationship between the selected individual and the top administration from both the City and County.

If only limited efforts in the sharing of services are going to be implemented, the internal staff committee is the best approach to utilize. However, if decisions are made

to pursue full consolidation of selected functions, a dedicated staff resource is more likely to provide the needed resources to accomplish the required duties in a more timely and effective manner.

3. THERE ARE SEVERAL KEY SERVICE AREAS WITHIN EACH SERVICE AREA THAT ARE LIKELY CANDIDATES FOR PROVISION THROUGH A SHARED SERVICE APPROACH.

Within each of the functional areas under review, several specific areas have been identified as primary candidates for provision of shared services, either in the short or long term, through one of the shared services approaches. These specific areas have been identified through the totality of our efforts to date, including our evaluation of the current service delivery approaches, feedback received from customers, and our research into other shared services approaches throughout the nation. The following tables identifies the functional area under discussion, the service(s) suitable to be provided through a shared services approach, the most suitable shared service approach to be utilized, and the primary benefits to be achieved from implementation.

Functional Area	Service to be Provided Through Shared Service Approach (time horizon)	Shared Service Approach to be Utilized	Primary Benefits
Information Technology	Partial IT consolidation of selected functions (such as GIS, Help Desk, Servers, email, Telephone systems, etc.). (12 to 18 months per function)	Inter-local agreement.	<ul style="list-style-type: none"> • Elimination of duplicative systems, services. • Economies of scale. • Future cost avoidance on replacement of multiple systems. • Ability for staff to further specialize in areas of expertise.

WASHOE COUNTY AND THE CITY OF RENO, NEVADA
DRAFT Shared Services Feasibility Study

Functional Area	Service to be Provided Through Shared Service Approach (time horizon)	Shared Service Approach to be Utilized	Primary Benefits
Information Technology	Full consolidation (24+ months)	Single entity providing services to both entities. Greatest opportunity to be achieved from conducting full managed competition resulting in contract for services with selected proposers.	<ul style="list-style-type: none"> • In addition to benefits listed above, potential for further economies of scale on large system purchases (such as ERPs). • Additional cost reduction / avoidance through maximization of available technology and hardware. • More effective use of allocated staff.
Human Resources	Employee Training (within 12 months)	Inter-Local Government Agreement	<ul style="list-style-type: none"> • Enhanced training programs (quality / variety) for both entities. • More effective utilization of training time / resources.
Human Resources	Benefits Administration (12 to 24 months)	Worker's Compensation & Health Insurance	<ul style="list-style-type: none"> • Reduced administrative costs through selection of single TPA, physicians, etc. for program administration and support. • Great specialization of staff assigned to manage program for governments. • Potential cost avoidance through plan design changes for larger employee base.

WASHOE COUNTY AND THE CITY OF RENO, NEVADA
DRAFT Shared Services Feasibility Study

Functional Area	Service to be Provided Through Shared Service Approach (time horizon)	Shared Service Approach to be Utilized	Primary Benefits
Human Resources	Full consolidation including labor relations, compensation / classification, etc. (24+ months)	Structured either as a separate functional entity or through an inter-local service agreement).	<ul style="list-style-type: none"> • Single location for applicants to access jobs with either entity. • Potential for greater specialization among assigned staff (increase service to customers). • Easier ability to conduct joint recruitments. • Consistent approaches to labor negotiations and classifications decisions among both governmental entities.
Purchasing	All procurement functions. (within 12 to 18 months)	Inter-local service agreement.	<ul style="list-style-type: none"> • Potential for larger number of joint purchases and volume discounts. • Increased professionalism of procurement function overall. • Single entity for vendors to interact with for providing goods / services.

The detailed initial feasibility analysis for each of these identified shared services is contained in the following chapter.

5. INITIAL FEASIBILITY ANALYSIS

This chapter provides the initial feasibility analysis regarding the potential consolidation and / or sharing of services and resources for information technology, human resources, and purchasing between Washoe County and the City of Reno. For the various consolidation and / or shared service alternatives within these functional areas, the project team focuses on the following:

- How a decision should be arrived at
- How to address general concerns about alternative service delivery
- How each could be created, operate and governed
- Cost effectiveness, efficiency and customer service advantages and disadvantages to each approach
- A schedule for decisions and implementation

This initial feasibility analysis provides the respective jurisdictions various options on moving forward with implementing the potential alternatives, and is based on the project team's experience with other jurisdictions regarding shared service implementation, our assessment of current service levels and organizational structures of the respective functional areas, comparisons to general industry practices, and the feedback received from Washoe County and the City of Reno through individual interviews, customer surveys, and focus groups regarding consolidation and shared services.

1. INFORMATION TECHNOLOGY

The sub-sections below provide the initial feasibility analysis for the range of consolidation / shared service options between Washoe County and the City of Reno.

(1) There Are Varying Levels of Consolidation to Be Considered in Order to Move Forward.

In order to begin further analysis and implementation of any consolidation or shared service option, there are a number of decisions which need to be made by the respective organizations, as follows:

Level of Consolidation / Shared Service	Roles for Elected Officials	Roles for Staff	Criteria to Utilize
<p>Partial IT Consolidation:</p> <ul style="list-style-type: none"> - Help Desk - GIS - Servers - Email - Telephones - Radios - Others 	<p>At a minimum, there are opportunities to share / consolidate specific technologies, services, and / or functions between the County and the City. Toward this, the respective elected officials must confirm the following:</p> <ul style="list-style-type: none"> • Selection and prioritization of the selected shared service • Assignment of responsible parties to implement the shared service • Implementation schedule • Organizational, governing, and financial approaches • Service level objectives and agreements • Performance metrics to measure success <p>Overall, the role must be leadership and commitment to the process.</p>	<p>The primary roles of assigned staff for partial consolidation would include the following:</p> <ul style="list-style-type: none"> • Analysis of current staff resources and respective skill sets • Analysis of workload and definition of service delivery expectations • Inventory of affected software / hardware assets • Technical implementation plan for the selected shared service • Implementation of the selected shared service • Ongoing measurement and assessment <p>Overall, the role of staff is to plan for and implement the selected shared service.</p>	<p>To assist with the selection of this level of consolidation / shared service approach, the following criteria should be utilized:</p> <ul style="list-style-type: none"> • Is the infrastructure already in place? • Can it be implemented with primarily technical changes? • Can it be implemented in a shorter period of time? • Will implementation require a minimal impact on staff resources? • Will implementation eliminate service redundancy? • Will implementation promote better communication between County and City employees? <p>Overall, can there be any efficiency gains in services and / or costs.</p>

WASHOE COUNTY AND THE CITY OF RENO, NEVADA
DRAFT Shared Services Feasibility Study

Level of Consolidation / Shared Service	Roles for Elected Officials	Roles for Staff	Criteria to Utilize
<p>Customer Department Consolidation to Impact IT:</p> <ul style="list-style-type: none"> - Financials - Human Resources - Maintenance - Planning & Bldg - Others 	<p>To continue moving toward a consolidated information technology environment, the merging of major functions or departments between the County and City are options. Toward this, the role of the elected officials are as follows (in addition to the above roles):</p> <ul style="list-style-type: none"> • Meet with executive managers and respective department heads to prioritize options. • Determine which selected functions / departments have the most common business practices. • Determine which selected functions' / departments' customer-facing services would be impacted most <p>The primary role of the elected officials is to obtain buy-in from the impacted departments for the potential changes in respective business practices.</p>	<p>The primary roles of assigned staff for functional / departmental consolidation would include the following:</p> <ul style="list-style-type: none"> • Analysis of workload and business processes • Inventory of associated software applications / hardware • Determination of the best technology solution (either existing or through enhancement). • Design, development, and implementation plan to technically support the consolidated functions / departments. <p>Overall, both departmental and IT-based staff would collaborate on the planning and implementation of a new business / technology environment.</p>	<p>To assist with the selection of this level of consolidation approach, the following criteria should be utilized:</p> <ul style="list-style-type: none"> • Which areas have the most common business processes and practices? • Which areas have the most common types of software applications? • Are existing IT staff resources capable of designing, development, implementing and / or maintaining the new business environment? • Can economies of scale for IT resources be leveraged through business consolidations? <p>Overall, can there be both public facing and internal-customer efficiency gains in services and / or costs.</p>

WASHOE COUNTY AND THE CITY OF RENO, NEVADA
DRAFT Shared Services Feasibility Study

Level of Consolidation / Shared Service	Roles for Elected Officials	Roles for Staff	Criteria to Utilize
Full IT Consolidation	In addition to the above types of roles, the primary role of the elected officials for this approach is the development of a long-term vision which ultimately impacts the level and extent of information technology consolidation.	Overall, the role of IT staff for both the County and City is the development of organizational structure, operating procedures, taking inventory, etc.	<p>The primary criteria in this decision is the following:</p> <ul style="list-style-type: none"> • Can it improve public services? • Are there any cost efficiency gains (resource re-allocations, system maintenance, etc.)? • Are there any service delivery efficiency gains (standards, etc.)?

As shown in the table above, there are multiple levels of consolidation approaches available to Washoe County and the City of Reno, from more immediate partial consolidation of selected services, to full long-term consolidation of not only information technology staffing resources, but also the merging of information technologies (software and hardware) utilized by customer departments. The latter will require changes in how public services, in general, are provided by the separate jurisdictions (i.e., a need for consolidating business processes and practices). However, depending on the desire for partial consolidation or full consolidation, taking the immediate steps to show successes regarding shared information technology service, and also to gain momentum for further shared services, Washoe County and the City of Reno should prioritize the selected services to be shared.

Recommendation: The elected officials should prioritize which selected services should be shared (e.g., help desk delivery, email and telephone systems, servers, GIS, etc.) and direct staff to begin implementation planning.

(2) There Are a Number of General Concerns to Be Addressed including Loss of Service Levels and Control.

For the implementation of any level of consolidation or shared service, there are various types of issues and challenges to be addressed (e.g., related to organizational culture, finance and budget, political buy-in, etc.), as follows:

Issue Area	Objection	Options to Address Objection(s)
Degradation of service levels	In a consolidated technology service environment, both the County and City have the potential to experience a degradation in service delivery (e.g., longer response times for PC installation, limited resources for customized projects, longer response times for the help desk, etc.).	Development of well defined service level agreements based on collaborative meetings among respective elected officials, executive managers, department managers and supervisors, and key staff to determine appropriate service levels.
Integration of business processes and technology systems	For any level of technology integration, there is the potential for a change in how a certain function or department delivers its services to the public – which also impacts how staff has been conducting their job historically. Additionally, in a consolidated environment, the respective parties may have to give up a certain level of control and power over the types of technologies, applications, etc., which have been historically utilized.	Collaboration with all impacted parties on the mapping of as-is processes, and the development of new consolidated business processes supported by current technology capabilities.
Governance, control, and issue resolution	In a consolidated technology service environment, there is significant concern regarding how the service will be governed, organized, financially supported, etc., including how issues and problems are prioritized, and how long term strategies are developed and implemented.	Utilization of contracts, inter-local service agreements, or a separate third-party entity such as a service bureau / joint powers authority, etc. Any governing board would consist of an appropriate mix of appointed officials from the respective jurisdictions.

Washoe County and the City of Reno share many of the general concerns regarding consolidation as other shared service agencies across the country. Additionally, based on feedback from individual interviews, focus groups, and customer surveys, the primary issues related to potential loss of control, governance, and the difficulties in integrating business processes. However, as shown in consolidation examples from across the country, these issues can be overcome by including all key stakeholders, collaboration, transparency in planning and implementation, and having well defined service level agreements and operating policies and procedures in place.

Recommendation: The development of service level agreements and operating policies and procedures in a shared service environment should include all key stakeholders, including managers, staff, and impacted constituents.

(3) The Utilization of Contractual / Service Level Agreements Should Be in Place for Partial IT Consolidation.

Based on the decisions regarding the level, breadth, and depth of potential consolidation, the following table summarizes the potential governing, organizational, and operational approaches of the shared service environment:

Level of Consolidation / Shared Service	Operational Parameters	Governance
<p>Partial IT Consolidation:</p> <ul style="list-style-type: none"> - Help Desk - GIS - Servers - Email - Telephone Systems - Radios - Others 	<p>The overall scope of any partial shared service would be limited and targeted in nature, however, could serve as successful building blocks for the future.</p> <p>For the staff intensive services (Help Desk, GIS, Radio Repair and Maintenance), economies of scale can be achieved by leveraging staffing resources, including the possible re-allocation / reduction of a GIS Manager position. For the technical focused services (servers, email, telephone systems), the respective County and City IT staff would collaborate on an integration and operational plan (i.e., identifying duplicative servers and databases).</p>	<p>Partial shared service options would be governed by contractual / service level agreement approaches. This could include an annual fees paid to the contract provider, a fee for service approach, etc.</p>
<p>Customer Department Consolidation to Impact IT:</p> <ul style="list-style-type: none"> - Financials - Human Resources - Maintenance - Planning and Building - Others 	<p>These levels of consolidation or sharing of software applications, platforms, and architecture are focused on the respective functional departments. The merging of technologies between the County and City in any functional area would be driven by the business practice needs, and result in pooled IT resources between the County and City to maintain and support the chosen applications.</p>	<p>Support of any merged applications between respective County and City functional areas or departments would be governed by an inter-local agreement approach.</p>

Level of Consolidation / Shared Service	Operational Parameters	Governance
Full IT Consolidation	<p>Taken together, the County and City information technology departments provide services with a total staff allocation of approximately 110 full-time equivalents and a budget of approximately \$15 Million (including \$11 Million for personnel wages and benefits and \$4 Million for operations), excluding the operations of the City's dispatch center.</p> <p>Given the total employee base of approximately 4,500 employees between the County and City, the ratio of consolidated IT staff is approximately 2.5% of total staffing (within the guiding practice of between 2% to 3%).</p> <p>Although overall staffing numbers are appropriate, there will be an opportunity to consolidate management positions within the consolidated organization, consisting of the primary functions: Management and Administration; Help Desk and Technical Support; Infrastructure (servers, databases, communications, security, etc.); Applications (enterprise-wide and software applications); and GIS</p>	<p>A regionalized / centralized information technology service organization would be a third-party entity whose governing board consists of the appropriate mix of elected officials from the representative jurisdictions.</p>

As shown above, there are various governing approaches depending on the level of consolidation desired by Washoe County and the City of Reno. Given the recommendation to begin partial consolidation of selected information technology services, the respective parties should begin development of service level agreements.

Recommendation: Begin development of service level agreements for the selected shared service functions.

(4) There Are Many Long-Term Advantages to Sharing or Consolidating Information Technology.

The following table summarizes the cost and service efficiency and effectiveness impacts resulting in the potential implementation of a consolidated and / or shared service environment:

Level of Consolidation / Shared Service	Indicators of Improved Customer Service and Cost Efficiency	Advantages	Disadvantages to Address
Partial IT Consolidation: - Help Desk - GIS - Servers - Email - Telephone Systems - Radios - Others	The indicators may include: <ul style="list-style-type: none"> • Higher utilization of available capacity (i.e., for servers) • Fewer machines from server consolidations • Centralized management of services and resources • Standard database schemas • Flexibility of information technology • Streamlined communications and increased collaboration (i.e., phone and email systems) 	The advantages would include: reduction of costs and improved efficiency, standardization and centralization, reduction in any overhead costs related to any licenses, overall IT agility to address future technical and business needs,	The disadvantages would include: potential loss of service response times if the help desk was serving a larger population, potential loss of investments made in email or telephone systems if merged together

WASHOE COUNTY AND THE CITY OF RENO, NEVADA
DRAFT Shared Services Feasibility Study

Level of Consolidation / Shared Service	Indicators of Improved Customer Service and Cost Efficiency	Advantages	Disadvantages to Address
<p>Customer Department Consolidation to Impact IT:</p> <ul style="list-style-type: none"> - Financials - Human Resources - Maintenance - Planning and Building - Others 	<p>The indicators may include:</p> <ul style="list-style-type: none"> • Leveraging of IT staff resources to support merged technologies • Standardization of service delivery to the public • Increased staff utilization with more integrated systems • Cross-training opportunities between County and City IT staff. 	<p>The advantages of assessing opportunities to consolidate or merge information technology systems between the respective County and City functions and departments include: 1) improving public services by standardizing business processes such as building permit processing or recreation facility scheduling; and 2) leveraging IT staff resources and gaining economies of scale that avoids duplicative or overlapping support services.</p>	<p>The disadvantages would include: potential loss of investment made in enterprise-wide systems if merged together (i.e., SAP vs. New World Systems) and potential loss of power / control of certain functional services for the respective jurisdictions.</p>
<p>Full IT Consolidation</p>	<p>The indicators will be similar to the above, but also reduction of long-term personnel costs, annual operational and maintenance costs, and equipment costs.</p>	<p>The advantages of a full consolidation are similar to those listed above, and also the overall facilitation of standardized processes and technologies, and increased utilization of equipment and staffing resources.</p>	<p>The disadvantages would include the potentially one-time increase in costs for system integration activities, the potential change in service level performance, the potential loss of control, governance, and prioritization of tasks.</p>

Although there can be challenges and disadvantages for any time change occurs in an organization, government agencies should always be innovating and seeking opportunities to be more efficient, effective, and planning for the future. As shown above, there are numerous performance indicators that can be utilized to measure the success of the shared service. These indicators should be defined in collaboration with all key stakeholders.

Recommendation: The County and City should adopt formal performance indicators to measure the success of the selected shared service.

(5) The Implementation of Selected IT Services Could Take up to 6 Months.

The following table summarizes the implementation steps, responsible parties, and the overall implementation schedule of the various consolidation and / or shared service options.

Level of Consolidation / Shared Service	Summary of Implementation Steps and Owners	Implementation Schedule
Partial IT Consolidation: - Help Desk - GIS - Servers - Email - Telephone Systems - Radios - Others	To implement these levels of consolidation, the primary tasks should include the following: 1. Prioritize the list of potential consolidation / shared services (elected officials) 2. Confirm the technical inventory of the impacted service (IT managers and staff) 3. Develop the technical implementation plan (IT managers and staff) 4. Develop the service delivery and operational support plan (IT managers and staff) 5. Develop the organizational structure and staff roles and responsibilities (IT managers and staff) 6. Confirm the financial and cost structure (elected officials and IT managers) 7. Assign staff roles and responsibilities for implementation (IT managers) 8. Conduct implementation (IT staff) 9. Project monitoring (all)	To implement any of the selected shared services would take at a minimum 6 months, as follows: Task 1 – 2: 30 Days Task 3 – 5: 30 Days Task 6 - 7: 30 Days Task 8 - 9: 90 - 120 Days

WASHOE COUNTY AND THE CITY OF RENO, NEVADA
DRAFT Shared Services Feasibility Study

Level of Consolidation / Shared Service	Summary of Implementation Steps and Owners	Implementation Schedule
<p>Customer Department Consolidation to Impact IT:</p> <ul style="list-style-type: none"> - Financials - Human Resources - Maintenance - Planning and Building - Others 	<p>To implement these levels of consolidation, the primary tasks should include the following:</p> <ol style="list-style-type: none"> 1. Prioritize the list of potential functional / departmental consolidations (elected officials and executive managers) 2. Confirm the technical inventory of the selected function / department (IT managers and departmental managers) 3. Confirm the business process activities (managers and staff) 4. Develop the re-engineered business processes based on the consolidated technology application (managers and staff) 5. Develop the technical consolidation plan (IT managers and staff) 6. Develop the IT service delivery and operational support plan (IT managers and staff) 7. Develop the IT organizational structure and staff roles and responsibilities (IT managers and staff) 8. Confirm the financial and cost structure (elected officials and managers) 9. Assign staff roles and responsibilities for implementation (IT managers) 10. Conduct consolidation (managers and staff) 11. Project monitoring (all) 	<p>To implement any of the functional / department consolidation selected shared would take at a minimum 12 months, as follows:</p> <p>Task 1 – 2: 30 Days</p> <p>Task 3 – 5: 90 Days</p> <p>Task 6 - 7: 30 Days</p> <p>Task 8 - 9: 30 Days</p> <p>Task 10: 180 Days</p>
<p>Full IT Consolidation</p>	<p>Tasks would include above, and also follow the “Draft” project plan per the June 2009 Consolidation Report.</p>	<p>360 days for implementation planning, full IT consolidation could be completed within 2 – 3 years.</p>

The implementation of any level of shared service may take between 6 months to several years. As recommended earlier, the project team suggests selecting and prioritizing certain shared services in order to gain initial successes to build a model toward potential longer-term and more full consolidation.

Recommendation: The County and City should develop a 6-month schedule for the implementation of the selected IT shared service(s).

2. HUMAN RESOURCES

The sub-sections below provide the initial feasibility analysis for the range of consolidation / shared service options for the human resources functions between Washoe County and the City of Reno.

(1) There Are Varying Levels of Consolidation to Be Considered in Order to Move Forward.

In order to begin further analysis and implementation of any consolidation or shared service option, there are a number of decisions, which need to be made by the respective organizations, as follows:

Level of Consolidation / Shared Service	Roles for Elected Officials	Roles for Staff	Criteria to Utilize
<p>Partial Consolidation of Selected Services</p> <ul style="list-style-type: none"> - Employee Training - Benefits - Joint Recruitment 	<p>To achieve the consolidation of selected services in the Human Resources operations between the County and City, the elected officials need to set parameters addressing operating requirements. To begin, elected officials should:</p> <ul style="list-style-type: none"> • Select and Prioritize specific selected services for implementation; • Choose a shared services approach that best suits the services to be shared (for selected services identified – recommendation is an inter-local agreement); • Choose lead entity that will provide the service on behalf of both entities This lead entity does not need to be consistent for each service area (i.e. – County could be lead on training provision; City on benefits administration). 	<p>The primary role for staff in achieving a partial consolidation of services in the areas identified include:</p> <ul style="list-style-type: none"> • Clearly defining service needs for each selected service (i.e. – required training course, desired training courses, timing of when training provided, etc.). • Drafting performance measures for use by the Elected Officials in determining success of the effort. • Preparing staff to assume a new role and culture of service that focused on both organizations and not a single entity. • Detailed analysis of existing workload in the service area, and estimation of workload that will exist after implementation of shared service approach. 	<p>The primary criteria to be considered in this area include the following:</p> <ul style="list-style-type: none"> • Can clear performance guidelines be developed to measure success of the effort? • Are existing HR staff capable of expanding service provision to multiple agencies? • What specific changes in service delivery approaches must be modified to enable shared services to be implemented?

WASHOE COUNTY AND THE CITY OF RENO, NEVADA
DRAFT Shared Services Feasibility Study

Level of Consolidation / Shared Service	Roles for Elected Officials	Roles for Staff	Criteria to Utilize
<p>Partial Consolidation of Selected Services (continued)</p>	<ul style="list-style-type: none"> • Draft overall organizational, service levels and financial cost sharing approach. • Establish performance measures for evaluation of success of the effort and establishing key goals to be achieved from the implementation. • Establish timeframe for implementation and allocate responsibility for leading the implementation effort. <p>The elected officials must set a clear policy goal and objective, along with a clear timeframe and assignment of responsibility for implementation.</p>	<ul style="list-style-type: none"> • Complete inventory of existing services in each service area under review to identify areas of duplication / overlap and critical differences that must be addressed. For example, core training courses such as Sexual Harassment, Workplace Violence, and Diversity should be developed that are suitable for both organizations and consistent with both entities adopted policies. • Identifying technology needs for data sharing / integration (i.e. – must financial data regarding benefits be reported to both entities? How can this be accomplished under current constraints (i.e. – maintenance of two unique financial service). <p>HR staff will primarily be responsible for ensuring each entity clearly identifies specific service needs in each area, so that the implementation approach and agreement reached addresses these in the inter-local agreement.</p>	<ul style="list-style-type: none"> • For selecting which agency to serve as lead in providing the shared service, the elected officials should consider: <ul style="list-style-type: none"> - Which of the two entities has the higher level of skill in the service area? - Which entity has more specialized staff in place to lead the effort? - Which entity currently has the more developed service level?

WASHOE COUNTY AND THE CITY OF RENO, NEVADA
DRAFT Shared Services Feasibility Study

Level of Consolidation / Shared Service	Roles for Elected Officials	Roles for Staff	Criteria to Utilize
<p>Full Consolidation of HR Functions</p>	<p>In addition to the issues outlined for the partial consolidation, the review and decision regarding a full consolidation of HR services required the elected officials to address other issues.</p> <p>Since City and County operational departments are not being consolidated, there remains two unique organizations to support with independent personnel rules, collective bargaining agreements, etc. This will require the elected officials to consider:</p> <ul style="list-style-type: none"> • Whether longer-term consolidation of operational areas is likely. If so, full consolidation could occur in HR earlier with staff allocated initially to support either the City/County and overtime, as unique systems are eliminated, transition to consolidated HR support. • Develop a process to bring the personnel rules, regulations, compensation and benefit systems, and collective bargaining approaches into alignment through greater consistency. • Determine appropriate organization approach. This could expand the inter-local agreement utilized during partial consolidation or transition to a stand alone entity. 	<p>In addition to the staff roles identified above, under a full consolidation staff will also need to:</p> <ul style="list-style-type: none"> • Develop a staffing plan that enables staff to be allocated to support specific City of Reno and County of Washoe systems that have not been integrated (i.e.- with two sets of personnel rules, HR staff will either need to be proficient in both sets of rules or staff will need to be allocated as primary support for each entity). • Develop a communication plan to employees to inform them how to access critical HR services areas / staff under the new approach. One of the greatest concern expressed from customers was the potential for service levels to decline due to loss of access / timely response from staff. • Identification of specific policies / procedures that should be modified to increase the level of consistency between the two entities to simplify administration. 	<p>In addition to the criteria listed in the prior alternative, under a full consolidation the following must be considered:</p> <ul style="list-style-type: none"> • Is this level of change warranted if other governmental services are not going to be consolidated? • Should this level of consolidation of Human Resources be an initial area of focus for the committee or should it occur after other consolidations / shared services approaches are implemented in other areas? • Do the potential operational efficiencies and cost avoidance estimated to be achieved outweigh the potential difficulties / operational issues that may arise from changing service delivery approaches on a core support service?

Based upon our analysis of the services provided, service levels, and areas of similarity and dissimilarity between the two organizations, the project team recommends that the Shared Services Committee initially focus on a partial consolidation of Human Resources for selected service areas. These service areas are ones that are of similar scope, approach, and operate under similar regulatory constraints. The full consolidation of Human Resources functions will require that critical human resources systems and services be modified for greater consistency between the two organizations to enable an effective shared service approach to be utilized. These systems changes will be difficult to implement without further integration and consolidation of operational areas (i.e. – department directly providing services to the public) between the City and County occurring.

Recommendation: The elected officials should immediate pursue limited consolidation of selected human resources functions through a shared services approach. These areas include employee training, benefit administration, and selected recruitment efforts.

(2) There Are a Number of General Concerns to Be Addressed including Loss of Service Levels and Control.

For the implementation of any level of consolidation or shared service, there are various types of issues and challenges to be addressed (e.g., related to organizational culture, finance and budget, political buy-in, etc.), as follows:

Issue Area	Objection	Options to Address Objection(s)
<p>Degradation of Service Levels provided by HR</p>	<p>Under a consolidated approach, the major issue to be faced from operating departments is access to services at a level at least comparable with what is currently in place.</p> <p>Additionally, concerns were raised that guidance and assistance provided by HR might be less specific after consolidation as staff attempt to address, administer and enforce differing policies and procedures.</p>	<ul style="list-style-type: none"> • Clear performance guidelines regarding performance expectations for the provision of service. • Comprehensive communication effort to inform employees of the new service approach, what it means to them, and how to access service. • During initial transition, HR Directors should provide frequent updates to Department Heads regarding progress, and solicit input regarding problems encountered. • Operating Departments should have multiple opportunities for input into the process including: before the final shared service plan is developed, at time of implementation, and a six-month assessment after implementation to ensure that concerns of operating departments are clearly understood and addressed. • A detailed training plan should be developed for all staff that will be providing services under a shared services approach to ensure they fully understand the similarity and differences of the two governmental entities.

Issue Area	Objection	Options to Address Objection(s)
<p>Integration of Business Processes and technology systems.</p>	<p>With the consolidation of services such as benefits administration, there will remain a need to maintain integration and utilization of different software systems. Concerns will be expressed that this makes it unfeasible to accomplish.</p> <p>Additionally, for the implementation of shared services in the benefits administration arena, obstacles may arise regarding timing or terms of existing contracts with TPAs.</p>	<ul style="list-style-type: none"> • Staff allocated to provide services to both entities should be trained in both systems (at least for short-term while both are in place). • IT staff must work closely with HR staff (and other staff in the entities) to determine if one of the ERPs can be utilized as the primary system for service delivery, with batch or live transfers of data from that primary system to the other ERP system so that both entities maintain required data / financial records that are required. • Staff must distinguish between “required data” that must be maintained in a specific software system and “desirable” information to enable IT to provide adequate assistance in determining technological solutions. • Staff should determine whether they have the ability to modify current agreements / or cancel them early to implement a new service delivery approach.
<p>Governance, control and issue resolution</p>	<p>The consolidation of HR services, even selected services, will raise issue regarding who is responsible for making key decisions, who establishes policies regarding service delivery, and how issues where the City and County have differing perspectives are resolved.</p>	<ul style="list-style-type: none"> • Each issue must be addressed prior to the implementation in the service agreement. • Issues related to decision making should be clearly defined based on contracted levels of service. This should be clearly delineated. • Both HR Directors should meet regularly, along with the City Manager and County Manager, to discuss operational or policy issues. • Periodically (at least annually) the base agreement should be reviewed to determine modifications needed.

Washoe County and Reno share many of the general concerns regarding human resources consolidation as other shared service agencies across the country. Additionally, based on feedback from individual interviews, focus groups, and customer surveys, the primary issues related to potential loss of control, governance, and the difficulties in integrating business processes. However, as shown across the country, these issues can be overcome by including stakeholders, collaboration, transparency in planning and implementation, and having well defined service agreements in place.

Recommendation: The development of service level agreements and operating policies and procedures in a shared service environment impacting human resources should include all key stakeholders, including managers, staff, and impacted constituents.

(3) The Use of Contractual/Service Agreements Exist for Partial Consolidation.

Based on the decisions regarding the level, breadth, and depth of potential consolidation, the following table summarizes the potential governing, organizational, and operational approaches of the shared service environment for the recommended option (in the short term) of selected consolidation of Human Resources functions:

Level of Consolidation / Shared Service	Operational Parameters	Governance
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Level of Consolidation / Shared Service	Operational Parameters	Governance
<p><u>Partial Consolidation:</u> The recommended level of shared services for the Human Resources function, in the short term, is the selected consolidation of specific and discrete services within the HR function that are similar between the two entities, including:</p> <ul style="list-style-type: none"> • Provision of Training • Benefits Administration • Selected Recruitments 	<ul style="list-style-type: none"> • Discrete functional areas of HR including employee training, benefits administration, and selected joint recruitment should be initial efforts at implementing shared services in HR. • All other areas of HR would remain as currently structured with each entity responsible for their individual needs / services. • Under each of these shared service approaches, it is recommended that one entity serve as lead provider of services and contract with the other entity for a defined level of service. • Costs of providing the services should be shared between the entities based upon the total cost of providing the service. For example, for training provision, a per course fee could be established for each attendee or alternatively and preferably, an annual lump sum payment would be provided for access to a defined number of training programs and slots per session based upon an agreed upon training plan. • Costs for shared recruitments should be shared on a per recruitment basis equally. • The cost sharing of joint administration of the benefits program administration should be based: (1) on the proportion of total covered lives each agency represents; (2) should cover full cost of staff allocations and TPA costs to provide the service. 	<ul style="list-style-type: none"> • The provision of selected services through a shared service approach should be achieved through an inter-local government agreement between the City of Reno and Washoe County. • To simplify the process, and enable unique aspects of each service to be more clearly addressed / defined, each service should be addressed through a separate inter-local agreement (i.e. – one agreement for Training, one for benefits administration, and one for shared recruitment efforts). • Based upon a review of current staff allocations, expertise, and operational considerations, it would appear that the following entities are more suited for taking the lead role: <ul style="list-style-type: none"> - Training: Washoe County; - Benefits Administration: Washoe County (health); Reno (Workers Compensation). - Recruitment: Washoe County (though either is capable of performing). • The inter-local agreement should provide for quarterly meetings of both HR Directors, Reno City Manager, and Washoe County Manager for contract administration, evaluation, and problem resolution.

Level of Consolidation / Shared Service	Operational Parameters	Governance
<p><u>Full Consolidation:</u> Over a longer term, especially if the two entities consolidate additional service areas, the opportunity will develop for a full consolidation of the Human Resources function.</p>	<ul style="list-style-type: none"> • Taken together, the City and County human resources departments represent a total staff allocation of 23 positions and an annual operating budget of over \$5 million. • With an estimated employee base of 4,500 between both entities, the current HR staff represent .5% of the total workforce or 1 HR staff member for every 195 employees. This level is generally in line with industry benchmarks. • To achieve a full consolidation of HR without each entity changing their personnel rules, collective bargaining agreements, compensation and classification approaches and other major systems that are unique to each entity, will require that staff within a consolidated entity be assigned to support one agency primarily (similar to the HR approach utilized by the County with the Sheriff's Office) for the near term. • Longer term, the two entities would need to work to consolidate all major systems into ones that are compatible, if not necessarily, entirely consistent. 	<ul style="list-style-type: none"> • For a full consolidation of HR, the most effective governance structure would be the establishment of a Human Resources Service that operates independent of both entities in providing service to them. • This entity would be governed by a joint shared services oversight committee that will establish policy, develop annual budget, establish service levels and program areas, and provide problem resolution. • Members of the oversight committee could include representatives from management and elected officials of both the City and County.

As previously noted, the recommended short-term approach is to utilize an inter-local agreement between the City and County to establish selected services for provision in a shared services approach. Longer-term, and ideally after other operational areas are provided jointly, the full consolidation of Human Resources should be considered.

Recommendation: The City and County should develop an inter-local agreement(s) to implement joint provision of selected human resources services. Separate agreements should be established for each of the specific functions to be provided through a shared services approach.

(4) There Are Many Short and Long-Term Advantages to Sharing or Consolidating Human Resources.

The following table summarizes the cost and service efficiency and effectiveness impacts resulting in the potential implementation of a consolidated and / or shared service environment related to human resources:

Level of Consolidation / Shared Service	Indicators of Improved Customer Service and Cost Efficiency	Advantages	Disadvantages to Address
Partial Consolidation: Training	Key indicators of improvement / efficiency would include: <ul style="list-style-type: none"> • Number of courses offered; • Percentage of courses with high attendance; • Reduced average cost per attendee per course; • Increase in percentage of employees attending training sessions Given recent reductions in training staff and budgets, the consolidation of this function is not anticipated to achieve a cost reduction. Benefits are principally related to future cost avoidance, and more effective use of existing staff and contracted resources.	Key advantages include: <ul style="list-style-type: none"> • Reduced cost to both entities to provide required (mandated) training; • Increased number of course offerings; • Increased seat utilization (full classes); • Creation of more advanced courses; • Exposure to alternative views when interacting with employees from another entity. • Ability to fill classes for historically under-utilized course offerings. 	Key disadvantages include: <ul style="list-style-type: none"> • Decreased ability to “customize” classes for unique needs of each entity / employee group. • Scheduling / location of training at suitable location for participants. • Potential decrease in ability to develop course offerings quickly to meet unique needs that develop after an annual training plan developed and agreed upon.

WASHOE COUNTY AND THE CITY OF RENO, NEVADA
DRAFT Shared Services Feasibility Study

Level of Consolidation / Shared Service	Indicators of Improved Customer Service and Cost Efficiency	Advantages	Disadvantages to Address
<p>Partial Consolidation: Benefits Administration</p>	<p>Key indicators of improvement / efficiency would include:</p> <ul style="list-style-type: none"> • Reduced contractual TPA costs; • Increased implementation of cost-containment approaches / strategies; • Dedicated staff focused on benefits administration / specialization. <p>Because the principal cost associated with the consolidation related to third party administration, the cost saving achievable through utilizing a single provider for benefits administration, claims processing, etc. will not be known until bidding occurs. The entities will also achieve intangible staff efficiencies.</p>	<p>Key advantages include:</p> <ul style="list-style-type: none"> • Reduced costs for TPA administration; • Access to additional cost-containment approaches; • Volume discounts from vendors due to larger employee base. 	<p>Key disadvantages include:</p> <ul style="list-style-type: none"> • Potential loss of independence by each entity in handling benefits decisions independently. • Claims resolution / settlement approaches will need to be consistent among the two entities (potential loss of control for decision makers).

WASHOE COUNTY AND THE CITY OF RENO, NEVADA
DRAFT Shared Services Feasibility Study

Level of Consolidation / Shared Service	Indicators of Improved Customer Service and Cost Efficiency	Advantages	Disadvantages to Address
<p>Partial Consolidation: Recruiting</p>	<p>Key indicators of improvement / efficiency would include:</p> <ul style="list-style-type: none"> • Coordination of recruitment on similar / like positions. • Potential to reduce competition among entities for applicants. • More efficient use of staff time. • Larger applicant pools of qualified candidates. <p>Consolidation of this effort is not anticipated to reduce costs between the entities, but achieve more effective staff utilization.</p>	<p>Key advantages include:</p> <ul style="list-style-type: none"> • Reduction in competition between two agencies for similar applicants. • Applicants have single contact point for both City / County jobs. • Small cost savings from elimination of duplicate services (i.e. – internet job posting services). 	<p>Key disadvantages include:</p> <ul style="list-style-type: none"> • Need to utilize a single applicant processing system may create difficulties in transferring data to ERPs. • With Reno Civil Service, opportunities limited (absent charter change) to fully implement this approach.
<p>Full Consolidation</p>	<p>Key indicators would include each of those listed above but could be supplemented with the following:</p> <ul style="list-style-type: none"> • Future staff cost avoidance through more effective utilization of existing staff; • Increased specialization of staff increasing services / service levels provided; • Elimination of duplicate HR functions (technology cost avoidance). 	<p>Key advantages of full consolidation include all items listed above and would also include:</p> <ul style="list-style-type: none"> • Standardization of employment policies and programs. • Single point of contact for public / employees to access HR services. 	<p>Key disadvantages could also include:</p> <ul style="list-style-type: none"> • Future technology costs for a single HR system if one of existing systems not utilized; • Technology costs to integrate data with existing ERP systems. • Loss of service focus due to differences in service expectations / approaches of employee from City and County. • Loss of control by governing boards over some HR actions / services.

Although there can be challenges and disadvantages for changing service delivery approaches for core “back office” services such as human resources, local governments must maintain a focus on efficient and effective service delivery approaches and implement solutions that enable services to be provided more cost effectively or efficiently. As shown above, there are numerous performance indicators that can be utilized to measure the success of the shared service in the Human Resources area.. These indicators should be defined in collaboration with all key stakeholders.

Recommendation: The County and City should adopt formal performance indicators to measure the success of the selected shared service.

(5) The Implementation of Selected HR Services Could Take up to 9 Months.

The following table summarizes the implementation steps, responsibilities, and the implementation schedule of the various consolidation and/or shared service options.

Level of Consolidation / Shared Service	Summary of Implementation Steps and Owners	Implementation Schedule
Partial Consolidation of selected services: - Training - Benefits Administration - Recruiting	To implement this level of consolidation, the primary tasks accomplished should include: 1. Prioritize implementation (elected officials). 2. Assess approach utilized currently (HR Directors). 3. Determine lead entity to provide service (elected officials with staff input) 4. Establish levels needed by each entity (HR Directors and City / County Managers). 5. Determine cost sharing approach (elected officials and HR Managers). 6. Develop service delivery plan (Managers and staff). 7. Assign implementation (elected officials). 8. Implementation (Staff). 9. Project Monitoring (staff reporting to elected officials).	Of the three service areas identified for initial consideration, they would all follow a similar time frame with the exception of Benefits Administration. Existing contracts with benefit providers (TPA) may require that implementation not begin until contractually eligible. The implementation of these limited areas, is accomplishable within 9 months as follows: Task 1 – 2: 45 Days Task 3 – 5: 45 Days Task 6 - 7: 45 Days Task 8 - 9: 90 - 120 Days

The implementation of any level of shared service may take between 6 months to several years. As recommended earlier, the project team suggests selecting and prioritizing certain shared services in order to gain initial successes to build a model toward potential longer-term and more full consolidation. We estimate that the identified services are feasible to achieve in a nine-month period (with the exception of contractual limitation on benefit TPAs which may impact when the consolidation can begin).

Recommendation: The County and City should develop a 9-month schedule for the implementation of the selected Human Resources services.

3. PURCHASING

The sub-sections below provide the initial feasibility analysis for the range of consolidation / shared service options between Washoe County and the City of Reno.

(1) There Are Varying Levels of Consolidation to Be Considered in Order to Move Forward.

In evaluating the procurement functions performed by the City and County, our analysis determined there is little benefit to be achieved from any consolidation short of a full consolidation. This is principally due to the current efforts of these two entities (often in conjunction with other local governmental agencies) in conducting joint bidding for common commodities / services; and the existing use of jointers for access to contracts established by other entities. These efforts can continue, and be increased, without any formal action other than policy direction that this is desirable.

In order to begin further analysis and implementation of any consolidation or shared service option, there are a number of decisions which need to be made by the respective organizations, as follows:

Level of Consolidation / Shared Service	Roles for Elected Officials	Roles for Staff	Criteria to Utilize
<p>Full Consolidation of Procurement Functions</p>	<p>To achieve full consolidation of the procurement functions between the County and City, the elected officials need to set parameters addressing operating requirements. To begin, elected officials should:</p> <ul style="list-style-type: none"> • Choose a shared services approach that best suits the services to be shared (for full consolidation recommendation is for an inter-local agreement); • Choose lead entity that will provide the service on behalf of both entities. • Draft overall organizational, service levels and financial cost sharing approach. • Establish performance measures for evaluation of success of the effort and establishing key goals to be achieved from the implementation. • Establish timeframe for implementation and allocate responsibility for leading the implementation effort. 	<p>The primary role for staff in achieving a partial consolidation of services in the areas identified include:</p> <ul style="list-style-type: none"> • Clearly defining service needs for each selected service (i.e. – processing time for purchase requisitions, financial reporting needs, integration of financial data). • Drafting performance measures for use by the Elected Officials in determining success of the effort. • Preparing staff to assume a new role and culture of service that focused on both organizations and not a single entity. • Detailed analysis of existing workload in the service area, and estimation of workload that will exist after implementation of shared service approach. • Identifying technology needs for data sharing / integration (i.e. – must financial data regarding benefits be reported to both entities? How can this be accomplished under current constraints (i.e. – maintenance of two unique financial service). 	<p>The primary criteria to be considered in this area include the following:</p> <ul style="list-style-type: none"> • Can clear performance guidelines be developed to measure success of the effort? • Are existing Procurement staff capable of expanding service provision to multiple agencies? • What specific changes in service delivery approaches must be modified to enable shared services to be implemented? • For selecting which agency to serve as lead in providing the shared service, the elected officials should consider: <ul style="list-style-type: none"> - Which of the two entities has the higher level of skill / staff resources in the service area? - Which entity has more specialized staff in place to lead the effort? - Which entity currently has the more developed service level?

WASHOE COUNTY AND THE CITY OF RENO, NEVADA
DRAFT Shared Services Feasibility Study

Level of Consolidation / Shared Service	Roles for Elected Officials	Roles for Staff	Criteria to Utilize
<p>Full Consolidation of Procurement Functions (continued)</p>	<p>The elected officials must set a clear policy goal and objective, along with a clear timeframe and assignment of responsibility for implementation.</p> <p>Since City and County operational departments are not being consolidated, there remain two unique organizations to support with independent policy regulations related to procurement, two difference approaches (Washoe County – centralized; and City of Reno – decentralized) and two financial systems utilized.</p> <p>These issues will require the elected officials to consider:</p> <ul style="list-style-type: none"> • Develop a process to bring the procurement rules and regulations into alignment in terms of approval and authority • Whether one of the existing ERP software systems is the best solution long-term for both entities financial and reporting needs. 	<ul style="list-style-type: none"> • Develop a staffing plan that enables staff to be allocated to support specific City of Reno and County of Washoe systems that have not been integrated (i.e.- if both financial systems must be utilized). • Develop a communication plan to employees to inform them how to access purchasing services / staff under the new approach. 	

Based upon our analysis of the services provided, service levels, and areas of similarity and dissimilarity between the two organizations, the project team recommends that the Shared Services Committee pursue the full consolidation of the procurement

functions in Washoe County and the City of Reno. While the current service approach is different in the two areas (centralized versus decentralized), the core processes and needs are very similar and easily expanded to accommodate multiple agencies.

Recommendation: The elected officials should pursue the full consolidation of the procurement functions for Washoe County and the City of Reno.

(2) There Are a Number of General Concerns to Be Addressed including Loss of Service Levels and Control.

For the implementation of any level of consolidation or shared service, there are various types of issues and challenges to be addressed (e.g., related to organizational culture, finance and budget, political buy-in, etc.), as follows:

Issue Area	Objection	Options to Address Objection(s)
<p>Degradation of Service Levels provided by Purchasing</p>	<p>Under a consolidated approach, operating department have expressed concern regarding responsiveness under a shared services approach (i.e. – longer response time to questions, purchase requisition processing, etc.).</p>	<ul style="list-style-type: none"> • Clear performance guidelines regarding performance expectations for the provision of service. • Comprehensive communication effort to inform employees of the new service approach, what it means to them, and how to access service. • During initial transition, Procurement Manager should provide frequent updates to Department Heads of both entities regarding progress, and solicit input regarding problems encountered. • Operating Departments should have multiple opportunities for input into the process including: before the final shared service plan is developed, at time of implementation, and a six-month assessment after implementation to ensure that concerns of operating departments are clearly understood and addressed. • A detailed training plan should be developed for all staff that will be providing services under a shared services approach to ensure they fully understand the similarity and differences of the two governmental entities.

Issue Area	Objection	Options to Address Objection(s)
<p>Integration of Business Processes and technology systems.</p>	<p>Primary concern raised is the need for both entities financial services departments to have data from the purchase order processing integrated into their ERP for other financial processes (i.e. – accounts payable).</p> <p>Additionally, currently processes vary considerably regarding role of professional purchasing staff versus role / responsibility of operating departments.</p> <p>Reno operates under a decentralized procurement approach versus the centralized approach utilized by Washoe County.</p>	<ul style="list-style-type: none"> • Staff allocated to provide services to both entities should be trained in both systems (at least for short-term while both are in place). • Alternatively, if the City of Reno maintains a decentralized approach, one position in the merged organization could be allocated to service the “Reno Account” and perform services as currently provided. • Consideration should be given to centralizing the Reno procurement function prior to consolidation. While this will increase workload for procurement staff, anticipated savings should cover the cost of an additional position. • IT staff must work closely with Procurement staff (and other staff in the entities) to determine if one of the ERPs can be utilized as the primary system for procurement, with batch or live transfers of data from that primary system to the other ERP system so that both entities maintain required data / financial records that are required. • Staff must distinguish between “required data” that must be maintained in a specific software system and “desirable” information to enable IT to provide adequate assistance in determining technological solutions.

Issue Area	Objection	Options to Address Objection(s)
Governance, control and issue resolution	The consolidation of procurement functions will raise concerns regarding policy making, decision authority, service delivery levels, and how issues are resolved between the City and County when differing operational issues arise.	<ul style="list-style-type: none"> • Each of these issues must be addressed prior to the implementation of the shared service approach in the service agreement or inter-local agreement. • Issues related to decision making should be clearly defined based upon the contracted levels of services to be provided. This should be clearly delineated in any agreement. • The Procurement Manager should meet regularly, along with the City Manager and County Manager, to discuss operational issues or policy issues not anticipated or addressed in the implementation agreement. • Periodically (at least annually for the first several years) the base agreement between the parties should be reviewed to determine modifications necessary to clarify the service arrangement.

Washoe County and the City of Reno share many of the general concerns and objections raised elsewhere in the country when shared services of procurement functions are under consideration. It was clear, based on feedback from individual interviews, focus groups, and customer surveys, that the primary issues related to potential loss of control, governance, and the difficulties in integrating business processes. However, as shown in consolidation examples from across the country, these issues can be overcome by including all key stakeholders, collaboration, transparency in planning and implementation, and having well defined service level agreements and operating policies and procedures in place.

Recommendation: The development of service level agreements and operating policies and procedures in a shared service environment impacting procurement should include all key stakeholders, including managers, staff, and impacted constituents.

(3) The Utilization of Contractual / Service Level Agreements Should Be in Place for Purchasing Consolidation.

Based on the decisions regarding the level, breadth, and depth of potential consolidation, the following table summarizes the potential governing, organizational, and operational approaches of the shared service environment:

Level of Consolidation / Shared Service	Operational Parameters	Governance
<p>Full consolidation of the purchasing function.</p>	<p>This approach would provide a single department providing full purchasing functions for both entities.</p> <p>As currently operated, the combined purchasing functions of the City and County are composed of 6.5 staff with a total budget of approximately \$700,000.</p> <p>If the two services are merged, with no change in service approach by the City of Reno, this level of staffing should remain sufficient to maintain existing service levels. If the City were to centralize their procurement function, an additional buyer position would be recommended.</p> <p>Under the recommended inter-governmental contract approach, the costs of service would be split based upon a pro-rated share of time spent on each agencies procurement functions.</p>	<p>The most effective, and simplest to implement, governance approach is an inter-local agreement between Washoe County and the City of Reno.</p> <p>Based upon a review of existing staff allocations, operational practices, and the service approaches, it would be recommended that Washoe County serve as the lead entity providing service to the City of Reno. This also makes sense due to the fact that the County purchasing division is also responsible for handling service areas (fixed inventory, procurement card administration) that are not assigned to Reno purchasing staff.</p> <p>As recommended for HR, the Purchasing Manager should meet at least quarterly (for the initial year of the contract) to discuss operational issues, problem resolution, contract administration, etc.</p> <p>The inter-local agreement should clearly outline procedures for joint policy making and problem resolution.</p>

As shown above, the recommended governing approach for the consolidation of the procurement function is through the establishment of an inter-local agreement between Washoe County and the City of Reno. Given the recommendation to provide procurement service through a consolidated approach, the respective parties should begin development of service level agreements.

Recommendation: Begin development of an inter-local service agreements for the procurement function.

(4) There Are Many Short and Long-Term Advantages to Consolidating Purchasing.

The following table summarizes the cost and service efficiency and effectiveness impacts resulting in the potential implementation of a consolidated and / or shared service environment:

Level of Consolidation / Shared Service	Indicators of Improved Customer Service and Cost Efficiency	Advantages	Disadvantages to Address
<p>Full Consolidation of Procurement Function</p>	<p>Key indicators of improvement / efficiency would include:</p> <ul style="list-style-type: none"> • Increased percentage of annual spend occurring under established contract; • Reduced per unit price for commodities jointly procured; • Greater understanding in both entities; • Larger staff for servicing customers; <p>The cost for consolidation and maintaining current service levels and approaches should be neutral in comparison to existing budgetary allocations. There will be some transitional costs for providing access to the City system at the County facility and/or providing a “bridge” for data sharing between the two financial systems.</p> <p>It could be expected that Reno may experience an increased initial cost of \$80,000 due to centralization (and the need for an additional buyer) This amount should be offset (estimated at \$534,000 based on 5% cost avoidance) by cost savings achieved from greater oversight.</p>	<p>Key advantages to be achieved from implementation include:</p> <ul style="list-style-type: none"> • Cost reduction for purchase of common good / services; • Increased joint bidding opportunities; • Single location for vendors to contact to sell to the City / County. 	<p>Key disadvantages to address include:</p> <ul style="list-style-type: none"> • Two ERP financial systems that must have access to procurement data. • Employee confusion during transition of procedures to follow. • Difference in current service approaches – centralized versus decentralized. • A process for handling accounts payable (which remains separate and controlled by each entity) will need to be implemented so that vendors are paid timely. • City of Reno departments may experience greatest transitional impact due to changing processes.

The successful consolidation / sharing of services in procurement functions is well documented by other public entities in the nation. Any time different service level approaches are undertaken, there are many challenges that must be overcome. However, as shown above, there are numerous performance indicators that can be utilized to measure the success of the shared service. These indicators should be defined in collaboration with all key stakeholders.

Recommendation: The County and City should adopt formal performance indicators to measure the success of the selected shared service.

(5) The Implementation of a Consolidated Purchasing Effort Could Take up to 12 Months.

The following table summarizes the implementation steps, responsible parties, and the overall implementation schedule of the various consolidation and / or shared service options.

Level of Consolidation / Shared Service	Summary of Implementation Steps and Owners	Implementation Schedule
Full Consolidation of Procurement Function	<p>To implement this level of consolidation, the primary tasks accomplished should include:</p> <ol style="list-style-type: none"> 1. Make decision to pursue consolidation (elected officials). 2. Complete inventory / assessment current service delivery approaches. (Purchasing Managers). 3. Determine lead entity to provide service (elected officials with staff input) 4. Establish service levels needed by each entity (Procurement Managers and City / County Managers). Additionally, Reno would determine whether to maintain decentralized approach or pursue centralization (City Manager). 5. Determine technological solutions needed to consolidate (i.e. maintain both systems or bridge to share data between systems) (IT Managers/Procurement Staff). 6. Determine cost sharing approach for defined service levels (elected officials and Procurement Managers). 7. Develop service delivery plan and inter-local agreement (Managers and staff). 8. Assign responsibility for implementation (elected officials). 9. Implementation (Staff). 10. Project Monitoring (staff reporting to elected officials). 	<p>The implementation of these limited areas, is accomplishable within 12 months as follows:</p> <p>Task 1 – 2: 30 Days</p> <p>Task 3 – 4: 60 Days</p> <p>Task 5: 60 Days</p> <p>Task 6 - 7: 30 Days</p> <p>Task 8 - 9: 90 - 120 Days</p>

The implementation of any level of shared service may take between 6 months to several years. We have estimated that twelve months should be sufficient to fully develop and implement a consolidated procurement service.

Recommendation: The County and City should develop a 12-month schedule for the implementation of procurement services.

6. OTHER OPPORTUNITIES

While this shared service evaluation has been primarily focused on the opportunities for improving / maintaining services under some shared services approach with a goal of reducing (or avoiding) costs relative to service provision, the project team has also identified during the best management practices evaluation of each functional area several opportunities for improving existing services even if no shared services approach is utilized. While some of these opportunities can be implemented immediately, others may be dependent on a change in the current fiscal conditions.

In evaluating each functional areas, the project team compared the City of Reno and Washoe County's operations, policies and practices against recognized best management practices. In order to make assessments of operational strengths and improvement opportunities, the project team developed a set of performance measures called "best management practices" against which to evaluate each of the departments under review. These performance measures comprise the main thrust of this diagnostic assessment and assisted the project team in identifying existing strengths and opportunities for improvement in each of the functional areas.

The measures utilized have been derived from the project team's collective experience and represent the following ways to identify departmental strengths as well as improvement opportunities:

- Statements of "effective practices" based on the study team's experience in evaluating operations in other agencies or "industry standards" from other research organizations.
- Identification of whether and how each department / function meets the identified performance target.

- A brief description of potential improvement opportunities to current practice.

The purpose of the diagnostic assessment was to develop an overall assessment of the effectiveness and efficiency of each department's operations. The detailed narrative for each of the best management practices is contained as one of the documents included with the Technical Appendix section of this report. The following sections highlight the current strengths and opportunities for improvement for each of the service areas as they are currently structured.

1. CITY OF RENO BEST MANAGEMENT PRACTICES EVALUATION.

This section summarizes the strengths and major opportunities for improvement within each of the functional areas for the City of Reno.

(1) Information Technology.

The City of Reno Information technology department has many strengths that can serve as a solid base for improvement. These strengths include:

- High levels of customer satisfaction, with over 73% of City employees feeling "valued" when dealing with IT, 81% feeling "listened to" by IT staff, and over 93% perceiving IT staff to have high levels of technical competence.
- Program goals and strategies, program service objectives, and performance measures are published as part of the budgeting process.
- There are established policies and procedures for IT and customer department staff to follow regarding computer usage, cell phones and pagers, email best practices, electronic data transmission, etc.
- There are technology standards in place for applications, data, network, computer equipment, security, etc.
- Helpdesk tracking software is utilized to automate helpdesk tracking, including the usage of remote desktop software.

- The data center is deployed with physical and environmental controls with a back-up system in place, as well as located on the higher floor of City Hall to avoid flooding.
- The Department utilizes project tracking software to monitor and manage the implementation of technology projects.
- The Department has documented Service Level Catalogs for GIS, Network, and Operations outlining the service name, service description, service users, service hours, service level, etc.,
- The Department has published service level agreements to document hours of help desk operation, contact methods, service and support standards, departmental goals and end-user responsibilities, including “Response Severity Levels and Parameters” for incidents and expected response times (emergency, high, medium, and low).

Additionally, the project team identified primary opportunities for improvement that would improve the service levels currently provided to internal customers. For each improvement opportunity, we have provided a brief description of the recommended change, an indication of how it should be implemented, and the cost and service impacts that could be expected from implementation. These are summarized in the following table:

Other Opportunity	Description	How Implement	Cost and Service Impacts
Help Desk Staffing	<p>Currently, the IT Department does not have a designated live help desk (there is no phone number), but instead utilizes an electronic-based request and tracking application.</p> <p>On a weekly basis, there are approximately 80 help desk inquiries, which are triaged and prioritized accordingly.</p> <p>Based on actual performance data, IT addressed approximately 60% of issues within the same business day (lower than the best industry practice of 70%), and according to individual interviews and customer survey results, the lack of a dedicated help-desk was a primary customer service issue.</p>	<p>To fill the Help Desk gap, the City should allocate / authorize a position dedicated to answering the Help Desk phone, addressing issues immediately over the phone, and / or prioritizing, tracking, and assigning help desk tickets / work orders.</p> <p>Having at least one dedicated position to serve as the help desk will improve customer services, and alleviate workload on existing personnel.</p>	<p>The cost of an addition position (Information Systems Technician) would be approximately \$55,735 + benefits.</p> <p>This would provide a higher level of customer support throughout the City.</p>
Management Structure	<p>To measure the extent for which an organization is “top-heavy”, the best practice span of control is typically 1 Manager to 7 – 10 Staff.</p> <p>For the City of Reno, these ranges are 1:6 in Network Ops, 1:6 in Systems and Programming, and 1:3 in GIS – for an average span of control of 1:5.</p>	<p>In order to streamline management structure and address the narrow spans of control, the City of Reno should re-allocate / reduce the GIS Manager position, and shift the reporting relationship of the impacted resources to an existing manager.</p>	<p>The reallocation / reduction of the GIS Manager through attrition could result in savings of approximately \$98,000 + benefits.</p>

Other Opportunity	Description	How Implement	Cost and Service Impacts
Contracting for GIS	<p>The GIS program develops and supports geographic based data within the City and provides GIS maps, data, and applications to both City staff and the public, including support of emergency communications and dispatching -</p> <p>Toward this, the City allocates 4 full-time equivalents, as well as utilizes data which comes from and is maintained by the County.</p>	<p>In order to avoid unnecessary duplication of effort, improve access to mapping information, centralize mapping personnel in the County, and result in more centralized mapping data management for the County, the City should contract out GIS services to Washoe County.</p>	<p>Currently, the City allocates nearly \$900,000 annually for GIS personnel and services. Based on average savings of approximately 20% in other contractual arrangements, this may equate to cost savings of \$180,000 under a contractual arrangement.</p>

(2) Human Resources.

The City of Reno Human Resources department has many strengths that can serve as a solid base for future improvement. These strengths include:

- The Department has established a series of performance measures and targets, published in the annual budget document, to evaluate service levels.
- The City has an adopted employee policy and procedure manual.
- The City utilizes standard and accepted recruitment practices for the development of a qualified pool / list from which to select new employees. Positions are posted online and through appropriate external websites to ensure visibility and to attract qualified candidates.
- The City has recently completed and implemented a comprehensive compensation and classification system to provide internal and external equity of its positions.
- The City employs a variety of cost-containment approaches to manage health and other benefit costs including the use of third party administrators, and external claims review. The City provides wellness programs, including an annual health fair, to educate employees and to assist in managing costs.

- Benefit costs are reviewed annually during the budget process so that policy makers are aware of costs. Plan design and benefit changes are employed, as needed, to manage total benefit costs.
- Collective bargaining is done on a centralized basis with the Human Resources Department taking the lead on this effort with input and direction provided from the City Manager's Office and, as appropriate, operating departments.
- New employee orientations are conducted with all new hires.
- Training is required and provided for all employees on key topics (i.e. – sexual harassment, diversity, workplace violence) to ensure employees are aware of the City's policies and to manage risk / liability to the City.

Additionally, the project team identified several opportunities for improvement that would improve the service levels currently provided to internal customers. For each improvement opportunity, we have provided a brief description of the recommended change, an indication of how it should be implemented, and the cost and service impacts that could be expected from implementation. These are summarized in the following table:

Other Opportunity	Description	How Implement	Cost and Service Impacts
Labor Relations Staff	<p>Given the size and complexity of the City's organization, and the number of collective bargaining agreements, the City should have at least a ½ time position devoted exclusively to Labor Relations.</p> <p>Given the variety of duties assigned, it is difficult for the HR Director to devote the necessary time and effort to this critical function without neglecting other assigned functions. This was identified by customers as an area where additional effort would be beneficial.</p>	<p>Position of Labor Relations Manager should be established when funding permits. The position could initially be implemented as an Employee Relations Manager with time split 50%-50% between typical labor relations functions and other HR duties.</p> <p>Given the limited staff currently in place, it does not appear feasible to implement by allocating these duties to an existing position.</p>	<p>Cost of this position would be approximately \$50,000 including benefits for a half-time position. Implementation would be dependant on the ability of the organization to support the addition of new staff positions.</p> <p>Service levels to the operating departments will be improved with additional supervisor support, guidance, and time dedicated to the administration of the City's ten collective bargaining agreements.</p>
Succession Planning	<p>To effectively manage and minimize operational impacts resulting from the loss of key positions, the City should implement a succession planning program. Key positions should be identified and plans developed for ensuring continuity of operations and development of internal candidates to provide back-up services during critical periods.</p>	<p>The City HR Staff should conduct an assessment of key positions within the organization that if vacated provide a risk to the City's ability to continual to operate effectively. Plans should be developed internally to identify potential "back-up" positions that could be trained to ensure critical functions continue on a short-term basis until position is filled. Areas to be identified include necessary training that should be provided to existing staff to enable them to fill, at least on a short-term basis, the position that would be vacated.</p>	<p>No direct financial costs; however, it is estimated that staff would need to devote approximately 400 hours to assessment and development of a plan of action.</p> <p>Conducting this effort will provide a plan for the City to continue operations with minimal impact even with the loss of key staff members.</p>

WASHOE COUNTY AND THE CITY OF RENO, NEVADA
DRAFT Shared Services Feasibility Study

<p>Training Courses Should be Expanded</p>	<p>The level of training support provided by Human Resources to operating Departments has declined significantly given fiscal constraints. HR should survey operating units to determine the most critical training programs needed throughout the organization so that limited funding is best utilized.</p>	<p>The HR Department should conduct an training assessment with operating departments to identify the most desired training sessions. Given limited funding availability, courses should be applicable to multiple departments and focus on critical / core training areas – such as supervisory training, managing multiple projects, etc.</p>	<p>No additional cost are necessarily incurred. The goal is to ensure that limited training funds are utilized in a manner that maximizes the benefits to the entire City organization.</p> <p>With staff reduction and reallocation of duties, staff training becomes more critical to the organization during tight times as staff are adjusting to both potentially increased work loads, and fewer resources.</p> <p>Additionally, training will provide greater support to the City's workforce.</p>
<p>A more comprehensive strategic plan for HR should be developed.</p>	<p>Similar to the approach taken by the County, the City should develop a more comprehensive strategic plan to guide Human Resources services over the next several years and to ensure that limited staff time is devoted to those efforts that will have the greatest impact on the organization, as a whole.</p>	<p>The HR Director and staff should develop a strategic plan to guide their efforts over the next several years. This plan should be developed after the solicitation of input / feedback from their customers so that priority is placed on the areas of greatest need / value to the organization.</p>	<p>Costs are limited to staff time being devoted to this effort. Given daily work requirements, this may be difficult to accomplish without careful planning and priority.</p> <p>A successfully developed strategic plan will ensure that the HR staff is focusing their efforts on the areas of greatest need within the City's organization and on improving areas of support most useful to operating departments.</p>

These suggested changes were developed based upon the project teams best management practices assessment and the feedback received from customers through the focus groups and customer survey regarding desired human resources services /

service levels. Recommendations have been given for those areas that can be most easily addressed in the short-term, that require the fewest resources to implement, and which appear to have the greatest potential to improve service provided to internal and external customers.

(3) Purchasing.

The City of Reno purchasing function has many strengths that can serve as a solid base for improvement. These strengths include:

- The City has an adopted procurement policy to guide procurement activities and the policy has clear authority levels designated.
- All source sources purchases must comply with the adopted policy and are reviewed by the Purchasing Program Manager for approval.
- All contracts entered into are based upon City templates / approved contracts. The City utilizes standard terms and conditions for all contracts and purchases.
- Purchase requisitions are entered electronically into New World by individual departments and reviewed and approved electronically by department representatives and the Purchasing Program Manager.
- Purchasing cards (p-cards) are utilized for direct purchase of commodities by departments within the established dollar limits; eliminating the number of small dollar purchase orders required.
- Departments are able to receipt ordered goods / commodities in the New World system.
- The financial system will not enable payments to be made that exceed the amount listed on the purchase order.
- All purchase orders are reviewed by the Purchasing Program Manager prior to issuance for compliance with purchasing policy.

Additionally, the project team identified several opportunities for improvement that would improve the service levels currently provided to internal customers. For each improvement opportunity, we have provided a brief description of the recommended

change, an indication of how it should be implemented, and the cost and service impacts that could be expected from implementation. These are summarized in the following table:

Other Opportunity	Description	How Implement	Cost and Service Impacts
Development of a vendor guide to doing Business with the City.	To improve communication with vendors and acquaint them with how to do business with the City of Reno, a comprehensive vendor guide should be developed and posted on the City's website outlining major procurement policies, procedures, and detailing how to register to do business with the City of Reno.	Procurement staff should develop a vendor guide for posting on the City's website. The guide should be focused on answering common questions regarding how to do business with the City of Reno.	No cost for manual development other than staff time. Implementation will improve vendor interaction and outreach and serve as an educational tool for entities interested in doing business with the City.
Online registration for vendors.	The City should implement an online registration capability for vendors in addition to the current provision of the paper form for registration.	The Purchasing Program Manager should work with IT staff to implement an on-line registration capability either directly through NewWorld or through an integrated third party application.	Costs will depend upon the approach taken and whether NewWorld has on-line capability in this area. Service to vendors will be improved by enabling immediate online registration. Staff processing of registrations will decrease once implemented.
Bid tabulations should be posted online.	Following receipt of bids, the City should develop a matrix showing all responses by vendor and listing bid prices. The bid tabulation should be posted online once compiled.	Bid tabulation are currently prepared to assist staff in evaluating responses. They should be developed in a format for posting to the City's website.	No cost for implementation. The posting of bid tabulations provides additional information to vendors regarding bids received, reduces the numbers of calls to staff regarding bid results, and increases transparency of the procurement process.

WASHOE COUNTY AND THE CITY OF RENO, NEVADA
DRAFT Shared Services Feasibility Study

Other Opportunity	Description	How Implement	Cost and Service Impacts
<p>Spend analysis should be conducted to determine additional contracts that should be established for city-wide use.</p>	<p>At least annually, the City should conduct a high-level spend analysis on procurement spend to identify additional opportunities for coordinated sourcing for commodity purchases. Utilizing common contracts typically results in lower per unit costs and enables departments to buy off established contracts.</p>	<p>A spend analysis of dollars spent during the prior year, enables procurement to determine common commodities / services that are utilized by several departments. If these items are not currently covered by a city-wide contract, a single bidding effort to establish a contract can be implemented.</p>	<p>No cost other than staff time to implement.</p> <p>Service improvements can be expected in reducing total costs for procurement of common goods / services. Additionally, departments can acquire these items faster when a contract is in place, as no additional bidding will be required.</p>
<p>Centralization of the purchasing function.</p>	<p>The City of Reno could implement a more centralized procurement function, to enhance the level of effort and control placed on procurement activities. Common guidelines for anticipated cost savings from a centralized procurement approach range from 10% to 20% of annual spend. Given the current approach utilized in Reno (with a central Purchasing Program Manager overseeing the procurement function), it is likely that savings would be at the lower end of this range.</p>	<p>To implement would require the centralization of procurement into a single office, and the reduction in departmental responsibility for some procurement activities. This approach would require that the City increase staff in a Purchasing Office.</p>	<p>Estimated savings on annual spend at a conservative 5% cost savings could equate to cost reductions of up to \$536,000 based upon the average spend over the last three years.</p> <p>It is estimated that no more than 1 full time staff (in addition to the current 1.5 staff allocation) would be required to handle the current volume of 1,506 (three year average) purchase orders issued annually. Estimated cost for this position would be \$80,000.</p> <p>Additional benefits to the organization is the elimination of procurement duties from departmental staff that could be focused on core work activities.</p>

These suggested changes were developed based upon the project teams best management practices assessment and the feedback received from customers through

the focus groups and customer survey regarding desired procurement services / service levels. Recommendations have been given for those areas that can be most easily addressed in the short-term, that require the fewest resources to implement, and which appear to have the greatest potential to improve service provided to internal and external customers.

2. WASHOE COUNTY BEST MANAGEMENT PRACTICES EVALUATION.

This section summarizes the strengths and major opportunities for improvement within each of the functional areas for Washoe County.

(1) Information Technology.

The Washoe County Information technology department has many strengths that can serve as a solid base for improvement. These strengths include:

- High levels of customer satisfaction, with 82% of County employees feeling “valued” when dealing with IT, 90% feeling “listened to” by IT staff, over 88% perceiving IT staff to have high levels of technical competence, and nearly 92% perceived the Help Desk as working well.
- The County also publishes long-term and annual goals and performance measures within its budget document, including a strategic plan consisting of various performance measures for operations and projects.
- Policies and procedures are in place for internet usage, information security, technology replacement, document imaging, etc.
- High levels of collaboration and input from the Information Technology Advisory Committee, the Information Technology Standards Committee, the SAP Executive Committee and the Internet Working Group.
- Technology standards exist for applications, programming environments, data, network and switches, computer equipment, security, etc.
- Helpdesk tracking software is utilized to automate helpdesk tracking, including the usage of remote desktop software.

- The County offers online transactional capabilities on its web site to provide customer services, including being in the top 10 counties of similar size from the Digital County Survey in 2008 and 2009.
- Each customer department has a designated Relationship and Communication Facilitator (RCF) to serve as the point of contact, facilitator of meetings, translating between department business needs and Technology Services, and serving as a balance between business processes and technology feasibility.

Additionally, the project team identified primary opportunities for improvement that would improve organizational cost and service efficiencies. For each improvement opportunity, we have provided a brief description of the recommended change, an indication of how it should be implemented, and the cost and service impacts that could be expected from implementation. These are summarized in the following table:

Other Opportunity	Description	How Implement	Cost and Service Impacts
<p>Re-Organization of GIS and Permits</p>	<p>Currently, GIS is a separate organizational unit with 1 dedicated IT Manager and 1 Technology Project Coordinator, which manages the 7 full-time equivalents for GIS, and 3 full-time equivalents for permit application support – for a total of 11 FTEs under this organizational unit IT Manager.</p> <p>In comparison, the other organizational units have the following number of FTEs under the IT Manager:</p> <p>Communications and Security – 12 Customer and Enterprise Solutions – 27 Enterprise Infrastructure – 22 SSS - 14</p>	<p>To streamline the management structure and provide more resource balance under the IT Managers, the GIS and Permits resources should be re-allocated under the Software Solutions and Services unit, which also provides the opportunity to go from 5 IT Manager position to 4 IT Manager positions.</p>	<p>The reduction of one IT Manager through attrition results in a cost savings of approximately \$97,000 + benefits.</p> <p>This may also provide cross-training and resource leveraging opportunities be better integrating staffing resources.</p>

Other Opportunity	Description	How Implement	Cost and Service Impacts
Staffing Levels	<p>Currently, the County allocates 91 full-time equivalents to delivery technology services in support of approximately 2,700 employees. Compared to other IT organizations, industry benchmarks, and surrounding jurisdictions (as indicated by the 2009 Consolidation Report), the County has proportionally higher number of personnel.</p> <p>Typically, centralized IT makes up between 2% to 3% of total staff – if the County were to meet the mid-point of this range, that would equate to approximately 23 – 24 less IT positions.</p> <p>Further, in comparison to Reno – there are 86 full-time equivalents per IT FTE, versus the County which has 30 full-time equivalents per IT FTE.</p>	<p>Although the comparative information suggests over-staffing in the IT Department, the project team does not recommend mass reductions in personnel, but rather, suggests that there is capacity for the County to enhance their utilization and leverage resources through more regionalization and shared service efforts.</p>	<p>In total, the County allocates approximately \$11 Million for technology services.</p> <p>Given the staffing resources, the County should aggressively explore opportunities to offset these costs to some extent through contracting services out to surrounding jurisdictions (i.e., GIS, help desk support, email and telephone systems support, etc.).</p>

(2) Human Resources.

The Washoe County Human Resources department has many strengths that can serve as a solid base for improvement. These strengths include:

- Washoe County has an adopted strategic plan designed to focus and guide Human Resources services and activities on the most critical issues facing the organization. Additionally, the annual budget document contains information on specific performance measures related to workload and level of performance in key human resources functions.

- The County has a formal employee manual outlining major policies and procedures related to human resources activities. This is supplemented with County Code and policies.
- The County has implemented a formal Strategic Talent Planning Process and Guide that is being implemented on an ad hoc basis with requesting departments.
- The County utilizes an entirely electronic recruitment process from initial application through application processing and selection. Historical processing times for recruitment activities fall within standard timeframes.
- The County utilizes its own website and selected external recruitment sources during the recruitment phase to maximize outreach and applicant pool development.
- The County utilizes a comprehensive classification and compensation system (HAY System) designed to ensure internal and external equity for all positions. The classification system is based upon a point-count factor approach where all positions are evaluated on a consistent set of job factors. All job classifications and salary schedules are available on the City's website.
- Washoe County has adopted a compensation philosophy of maintaining salary schedules at "market average". Salaries comparisons with other entities are routinely conducted for both classification / compensation plan maintenance and for use during collective bargaining.
- The County employs a variety of cost containment approaches to manage benefit costs including use of third party administrator and claims review (for health insurance). Health care benefit costs are monitored monthly.
- Educational efforts are undertaken to ensure employees are aware of available benefit programs including Section 125 plan, vision care, life insurance, etc.
- Washoe County conducts employee orientations for all new employees bi-monthly. Employees are informed on County's vision, mission, values, policies, benefits, etc.
- Washoe County has maintained a well-developed training program for employee principally through in-house developed programs and selected contracted courses.
- Washoe County provides access to a variety of wellness programs including a wellness website, educational sessions, and an annual health fair.

Additionally, the project team identified several opportunities for improvement that would improve the service levels currently provided to internal customers. For each improvement opportunity, we have provided a brief description of the recommended change, an indication of how it should be implemented, and the cost and service impacts that could be expected from implementation. These are summarized in the following table:

Other Opportunity	Description	How Implement	Cost and Service Impacts
Provision of Labor Relations with in-house staff.	While the current approach to provision of labor relations (collective bargaining) has provided adequate service, due to the critical nature of this function to the overall operation of the County and support to supervisors, the County should bring this service back in-house when feasible. Concerns were expressed from customers that day-to-day supervisor support is not at the desired level.	The County should implement a Labor Relations Manager position staffed with a full-time employee reporting to the Human Resources Director. This approach is currently in the process of being implemented.	This position is currently being advertised at a salary range of \$86,465 to \$112,424. Service impacts will include greater support to supervisors on a daily basis in handling labor relations issues, increased ability for proactive involvement in addressing employee issues at the informal level, a higher level of effort / focus on labor issues, and reduction in the day-to-day effort required of the Human Resources Director in this functional area.

Other Opportunity	Description	How Implement	Cost and Service Impacts
<p>Greater supervisor support and education.</p>	<p>Feedback received from the focus groups and customer survey indicated a desire for a higher level of support to supervisors in proactively dealing with employee issues and investigations.</p>	<p>Supervisors should be periodically surveyed to find out the top issues facing them that they assistance with. Despite staff reductions, HR should place a priority on ensuring a prompt response to supervisor concerns and increasing the level of training provided to them including informal training / assistance that can be provided one on one.</p> <p>Consideration should be given to implementation of training sessions such as Quarterly Supervisor Roundtables. These should be designed to provide practical assistance on specific topics relevant to all fist line supervisors. A specific supervisor e-newsletter should be developed to provide more frequent interaction and information with supervisors.</p>	<p>No direct cost to provide additional in-house supervisor training sessions such as the Quarterly Supervisor Roundtables. Topics should be established based upon needs identified by supervisory staff in the operating departments.</p> <p>Efforts such as a periodic supervisor e-newsletter can be developed in-house at no cost other than reallocation of existing staff time.</p> <p>Supervisors have identified a desire for greater support and input from HR to assist them in handling their supervisory responsibilities. Minor service level changes such as this will further improve the working relationship between HR and supervisors.</p>

Other Opportunity	Description	How Implement	Cost and Service Impacts
Greater support on training throughout organization.	Customers recognized the limitations HR is facing due to staffing and funding in the area of training provision. However, customers expressed a strong desire for greater assistant and leadership in driving a “culture of training” through out the organization especially as it related to developing staff and supervisors.	An annual training survey should be conducted to assist in allocated limited staff and financial resources toward the highest priority needs of customers. Additional educational efforts should be undertaken to ensure all staff in the County are aware of available training courses / resources currently provided.	No cost for internally conducted survey. Results should be utilized to prioritize training programs that best meet the internal customer’s identified needs.

These suggested changes were developed based upon the project teams best management practices assessment and the feedback received from customers through the focus groups and customer survey regarding desired human resources services / service levels. Recommendations have been given for those areas that can be most easily addressed in the short-term, that require the fewest resources to implement, and which appear to have the greatest potential to improve service provided to internal and external customers.

(3) Purchasing.

The Washoe County Purchasing Department has many strengths that can serve as a solid base for improvement. These strengths include:

- The County has a centralized procurement function responsible for supporting all County Departments.’
- A comprehensive procurement policy is in place that outlines procurement practices to be followed and establishes authority levels for approval of purchases and outlines the specific procurement process to be utilized.
- The County has a “Suppliers Guide to Washoe County Purchasing and Doing Business Guide with Washoe County” posted on its website.

- A sole source policy has been established that outlines acceptable use of sole source purchases and the required documentation and approvals necessary for approval. All sole source purchases are approved by purchasing staff.
- A centralized supplier / vendor registration system is available on the County's website enabling vendors to register online and receive notification of bidding opportunities.
- All contracts entered into by Washoe County for the purchase of good / services are prepared and/or reviewed by appropriate legal counsel. The County utilizes standard terms and conditions for all purchases.
- All purchase requisitions and approvals are done electronically through SAP. Departments are able to electronically receipt items once received.
- Washoe County has online posting of all opportunities for formal bids and proposals and the ability to receive bid responses electronically. Bid tabulations are posted online after compilation.
- The County establishes county-wide contracts on commonly purchases good and services to achieve cost savings. These contracts reduce transaction time for departments to acquire contracted good and services since no additional bidding is necessary.
- The financial system will not allow payments to be made to vendors that would exceed the amount encumbered on the purchase order.

Additionally, the project team identified several opportunities for improvement that would improve the service levels currently provided to internal customers. For each improvement opportunity, we have provided a brief description of the recommended change, an indication of how it should be implemented, and the cost and service impacts that could be expected from implementation. These are summarized in the following table:

Other Opportunity	Description	How Implement	Cost and Service Impacts
Procurement Training for Departmental Staff.	A greater focus on training employees regarding procurement practices should be implemented. Concerns were raised regarding training provided to new employees, and a desire for more frequent interaction between Purchasing and existing employees regarding procurement activities.	Purchasing should make available quarterly training session for County employees. Agendas for the training sessions should include: changes in procurement policies, new contracts available for utilization, general review of procurement practices / policies, and a Q&A session.	No cost to implement other than staff time to develop and conduct training. Service impacts includes increased dialogue and interaction between purchasing and operating departments and additional training of departmental staff.
Additional educational efforts should be undertaken to inform Departments of available contracts.	Some departments indicated during focus groups / interviews a lack of understanding of existing established contracts. Increased educationally opportunities should be implemented to ensure departments are aware of the sourcing opportunities already available through Purchasing.	This could be included as part of the quarterly training session discussed above. Period emails should also be distributed to all Departmental representatives outlining new contracts entered into by the County.	No cost to implement other than staff time to present during quarterly training sessions and to distribute email notifications to all staff. Service impacts includes greater awareness among staff of existing contracted services that be utilized to acquire good / services immediately without the need for bidding.
Additional spend analysis should be conducted to determine additional contracts that should be established for county-wide use.	At least annually, the County should conduct a high-level spend analysis on procurement spend to identify additional opportunities for coordinated sourcing for commodity purchases. Utilizing common contracts typically results in lower per unit costs and enables departments to buy off established contracts.	A spend analysis of dollars spent during the prior year, enables procurement to determine common commodities / services that are utilized by several departments. If these items are not currently covered by a county-wide contract, a single bidding effort to establish a contract can be implemented.	No cost other than staff time to implement. Service improvements can be expected in reducing total costs for procurement of common goods / services. Additionally, departments can acquire these items faster when a contract is in place, as no additional bidding will be required.

Other Opportunity	Description	How Implement	Cost and Service Impacts
Allocation of Buyers to individual departments.	Some concerns were expressed by operating departments regarding the consistency among buyers and the level of customer support received.	<p>Buyers could be assigned responsibility for servicing specific departments rather than being allocated specific commodity groups.</p> <p>Under this approach, certain commodities may still be allocated directly to a single buyer where technical knowledge or complexity warrant a single individual within the organization conducting the procurement.</p>	<p>This approach requires a greater level of cross-training among buyers. No costs are associated with this change if implemented.</p> <p>The benefits of this approach is that individual departments have a single point of contact within Purchasing to deal with and a specific individual to address on any issues / concerns that arise.</p>

These suggested changes were developed based upon the project teams best management practices assessment and the feedback received from customers through the focus groups and customer survey regarding desired procurement services / service levels. Recommendations have been given for those areas that can be most easily addressed in the short-term, that require the fewest resources to implement, and which appear to have the greatest potential to improve service provided to internal and external customers.