

**BOARD OF SUPERVISORS
FINANCE/GOVERNMENT OPERATIONS AND
ECONOMIC DEVELOPMENT COMMITTEE
INFORMATION ITEM**

SUBJECT: **FY 2018 Budget Development – Internal Operations and Administrative Support**

ELECTION DISTRICT: Countywide

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PURPOSE: The purpose of this item is to present service level concerns for the FY 2018 budget development process affected by the staffing levels in internal operations agencies as well as administrative support in some program departments.

BACKGROUND: This item is a part of a series of service level discussions being brought to the Finance/Government Operations and Economic Development Committee (Committee) as part of the FY 2018 budget development process. This item focuses on key internal operations functions and administrative support needed to support program departments in the maintenance of current service levels to the citizens of Loudoun County. This item is not intended to provide the Board of Supervisors (Board) with an exhaustive list of resource requests in this area, rather to highlight the areas in which staff believes critical resources may be needed. Staff will continue to explore this issue as the development of the FY 2018 Proposed Budget continues and as the service level request of departments are submitted through the internal budget process. Staff's goal in highlighting this issue is to: 1. Make the FGOEDC aware of certain service level concerns which may appear in the form of position requests; 2. Clarify issues and questions through discussion with the FGOEDC; and, 3. Gain insight on the FGOEDC's perspective, priorities and guidance in this area which will assist staff in prioritizing needs, especially as internal service and administrative needs are often competing with direct service requests.

ISSUES: Over the previous two budget cycles a clear theme has emerged around internal operations functions such as information technology, human resources, procurement, public affairs and communications, grants coordination and support, and budgeting and accounting. These internal operations functions are supported by whole County internal operations departments as well as staffing contingents of support staff within operating/program departments. As the organization and its programs and services have grown in size, complexity, and scope, the internal

operations functions that support the day-to-day requirements of operations have not grown at a comparable pace. This is not uncommon for a jurisdiction that has experienced such explosive growth and development as Loudoun has over the last 20 years. Explosive growth balanced against fiscal prudence often resulted in direct service positions and upper management positions being added without the accompanying support positions. Between the Adopted FY 2007 Budget and Adopted FY 2017 Budget, the County added a net of 471.96 FTE that are considered operational in nature and a net of 2.19 FTE considered internal support in nature¹. A significant amount of both types of positions were reduced in FY 2010 and FY 2011; however, since that time, significantly more operational positions have been added than internal support positions.

This trend occurring over time has had a compounding effect on the workload of internal support agencies. The following areas are those in which staff has seen the greatest effects of this workload. In these areas, increased demand is likely to effect, if it has not already, the ability of partner program agencies to effectively maintain their service levels.

Procurement – As presented to the FGOEDC at its June 14, 2016, meeting, the demands of absorbing the activities related to the procurement of the County’s increasingly complex and substantial Capital Improvement Program projects is impacting the Department of Finance and Procurement’s ability to execute procurement processes in a timely manner. The Procurement Division processed approximately \$193 million and \$203 million in purchases and 60 and 69 IFBs/RFPs for FY 2015 and FY 2016 respectively. These amounts are estimated to increase to 80 IFBs/RFPs and approximately \$210 million for FY 2017. If constant staffing remains, staff estimates that the average number of weeks to process IFBs/RFPs in FY 2018 will increase by more than two additional weeks on average (from 17 weeks to 19.2 weeks) per IFB/RFP, for a total of 160 weeks altogether and dependent upon the complexity of each issuance. Adding capacity to the contracts team is essential to continue to move procurement processes as efficiently as possible especially in the area of capital infrastructure.

Fiscal Support – During the past two budget cycles, staff has observed an increasing demand for operational departments to obtain their own fiscal support positions for the purposes of grants management, budget, accounting, and payroll. Staff has interpreted these requests as an indication that some County departments – including Fire and Rescue, General Services, Transportation and Capital Infrastructure, and Information Technology – have grown to the level of complexity that requires dedicated resources providing these functions internally. As departments become more adept at managing efficiencies in their programs, they are also demanding additional assistance with budget monitoring and measuring performance of programs and services.

Previously, grants coordination and grants writing was a centralized function in the former Department of Management and Financial Services but was reduced during the recession as pressure on resources grew; the need to reinstate these resources, rather than absorb the associated tasks, is clear.

¹ These totals do not include mid-year enhancements.

Human Resources – The County’s workforce continues to grow. The number of regular full-time and part-time employees grew from 3,199 in FY 2013 to 3,380 in FY 2016 (5.6% increase). This figure does not include temporary employees who also impact departmental workload demands. Currently the County has 1828 temporary employees.

	<i>FY 13</i>	<i>FY 14</i>	<i>FY 15</i>	<i>FY 16</i>
<i>Number of Regular Employees</i>	3199	3241	3314	3380
<i>Number of Regular New Hires</i>	356	395	439	450
<i>Turnover Rate</i>	8.6%	10.9%	11.1%	11.2%

The number of regular new hires on-boarded each year has also increased year over year from 356 in FY 2013 to 450 in FY 2016 (26.4%). The increase in the number of new hires is due to the addition of FTE through mid-year and annual enhancements as well as increasing turnover. The County’s turnover rate increased from 8.6 percent in FY 2013 to 11.2 percent in FY 2016 and is currently projected to reach 12.8 percent for FY 2017. As the workforce has grown and the turnover rate and number of new hires have increased, Human Resources has seen significant increases in the workload associated with almost all Human Resources functions; including increases in the volume of the recruitments, applications, personnel actions, reclassifications, benefit enrollments, employee relations issues, training needs, and Workers’ Compensation and Family Medical Leave claims. Moreover, the impending implementation of Phase 2 of Oracle and the new classification and compensation study will further increase the workload demands. The across board increase in the department’s workload has adversely impacted the service level to County departments causing significant delays in service delivery. These delays impair the ability of County departments to timely recruit for and fill vacant positions, reclassify positions and reorganize service models to meet operational needs, and handle personnel issues in an expedient manner. Moreover, the increase in workload has made it difficult to keep pace with the organization’s demand for more up-to-date, value-added human resources programs, to take on strategic initiatives to streamline processes, increase compliance, and achieve efficiencies, and to implement best practices in the County’s human resources programs. Over the last three years, 3.00 FTE have been added, including one Administrative Assistant position to replace a long-term temporary position and two specialist positions directly tied to the projected impacts of Phase 2 of Oracle implementation. The addition of these FTEs did not adequately address the department’s need to meet the ongoing increases in workload demands.

Payroll – The continued growth of the County’s workforce has generated an increase in personnel actions affecting employee pay. The payroll staff audits all employee changes entered by Human Resources and County departments such as new hire information, salary changes, benefits, and tax withholdings for accuracy and completeness. Payroll staff are also responsible for researching all questions regarding hours paid, leave accruals and deductions, processing any needed adjustments, providing technical guidance to departments on the County’s policies and procedures, and ensuring compliance with federal and state laws affecting pay. Additionally payroll staff provides review of workers compensation and disability calculations, processes garnishments and other payments such as deferred compensation and employment taxes.

Public Affairs and Communications – As the population grows, the requirements for engaging members of the public also increases. In addition, the number of channels through which the County is communicating has increased and diversified to now include the media, website, social media, Customer Relationship Management (CRM) tools (known in Loudoun as “LEX”), Alert Loudoun texts, face-to-face, phone, and more. Managing the increasing number of channels has become increasingly complex over the years. Currently, the Public Affairs and Communications Division includes 7.80 FTE. While existing positions have been reorganized and consolidated to form the current the Public Affairs and Communications Division, no new FTEs have been added to Division since the year 2000 at which time the County’s population was 169,599. Since 2000, the population has more than doubled in size to nearly 370,000. Compared to other jurisdictions in the metropolitan area and others that are similarly sized, Loudoun lacks a sufficient number of dedicated personnel who are trained communicators working within departments and at the countywide level in County Administration’s Public Affairs and Communications Division. This limits the County’s ability to meet the demand and communication services internally and externally, the quality and coordination of the County’s external and internal communication activities, and the County’s ability to respond to public inquiries in a timely fashion while also meeting the public affairs and communications workload. In FY 2016, for example, Division staff responded to more than 15,600 internal and external customer inquiries received by walk-in citizens, phone calls, emails, social media, and other communication channels. The number of customer inquiries documented increased 25 percent throughout FY 2016. In addition, Division staff accomplished more than 5,400 discreet communication services in FY 2016, which included publishing news releases, media relations, emergency communication, televising Board of Supervisors meetings, website edits, social media posts, strategic communication consulting and planning, coordinating ceremonial events, photography, video production, and a broad range of employee communication activities. The Division’s Accessibility Services section managed more than 270 requests for information and referrals in FY 2016, which included American Sign Language interpreting, foreign language phone interpretation, and written translation of documents. This amounted to an average of 8.7 percent increase in the number of ADA-related requests each quarter of FY 2016.

Administrative Support – Not unique to just internal operations, administrative support positions are being requested throughout the organization as workload grows. These positions are vital to the smooth operation of programs and consistent customer service to residents. These positions allow professional staff to focus on the delivery of services and on strategic planning of resources and programs. Over the years these positions have either not been requested and the work simply absorbed or they have been sacrificed for additional direct service positions. In the last few budget development cycles it has become apparent that in some areas the need for these positions is acute and departments will begin reallocating time of more costly management positions away from direct service and management functions to attempt to fill the gap. In addition, as departments grow in size and scope proper administrative staffing is essential. An example of this type of growth is the Department of Fire and Rescue (LCFR). Between FY 2008 and FY 2017, the Department grew by 29.5 percent, from 492.81 FTE to 638.13 FTE. Of the 145.32 FTE added during this timeframe, only 6.88 FTE, or 4.7 percent, were support-related position; 3.00 of the support-related positions are revenue-neutral positions added to oversee and support the EMS

Transport Reimbursement Program. LCFR's administrative staff has not grown at the same rate as the amount of stations, firefighters, and the size of the adopted budget. Currently, the department pulls firefighters from uniformed duty to provide additional support to the Management Services and Personnel and Asset Management divisions. In this situation, empty positions must then be filled by other firefighters, which may result in the use of overtime. Properly staffing LCFR's administrative divisions would help keep needed firefighters on the field and reduce overtime and increase the efficiency of the department's operations.

Department of Parks, Recreation and Community Services – The Department has grown in program and direct service positions at a greater pace than internal support. Over the last five years 44.39 FTE have been added to the Department, only 0.50 FTE of which provide support to its many growing programs. The Department has continued to increase the number of staff to support programs but is experiencing recruitment issues related to the points articulated in the Human Resources section of this item.

Department of Transportation and Capital Infrastructure – DTCI includes 60.0 FTE and is supported by 2.00 FTE from the County Attorney's Office. The Department has added the equivalent of fourteen FTE since FY 2014 for all programs within the Department, particularly to support the enhanced capital program. Currently four positions are listed on the organizational structure with a working title that would imply they provide administrative support. However, one of those positions is fully committed to the processing of requisitions and payment invoices for the Department's operating budget and the countywide capital budget. In FY 2016, DTCI processed 399 procurement requisitions. Another FTE offers only between 10 to 15 percent of her time to assist with administrative services such as payroll, HR liaison services, and inventorying of information technology equipment. This leaves only two staff members to provide the administrative services needed for the Department staff. The Department processes a large volume of staff reports for the Board Business meetings and the standing committees of the Board. During the period of FY 2014, FY 2015, and FY 2016, DTCI processed an average of 134 staff reports per year. This effort consumes the majority of the Administrative Manager's time to coordinate with staff and County Administration in a timely manner. The Department has also experienced a significant increase in the number of Freedom of Information Act requests relating to transportation projects which also requires administrative staff time to provide a timely and thorough response. To address the deficiency of administrative support, professional staff and upper management within the Department perform basic administrative functions taking away valuable time from completing higher level tasks.

DTCI has developed the need for more analytical support (both financial and policy) as workload continues to increase with the growing complexity of its operating budget, the number of capital projects already in development, and the forecast of new capital improvement projects at a high and complex level. Work tasks to be assigned to this position include analysis and research of financial and programmatic matters including completion of grant applications for Revenue Sharing, CMAQ, HSIP, as well we researching and applying for new grants to offset the use of LTF, ensuring compliance for funds received from regional organizations such as NVTC and NVTAA, preparation and monitoring of the operating budgets, participating in the development of

CIP proposals for the CIP process, review and preparation of Board Items for grants and CIP projects, CIP amendments.

Department of Information Technology – The Department of Information Technology has been undergoing significant transition and transformation over the past four years as the Department has lead the County’s modernization of six enterprise systems including the financial, payroll and benefits, tax, assessments, computer aided dispatch (CAD) and Emergency Communication Center systems. The modernization of these systems has directly impacted DIT’s operational budget as well as staffing. The majority if DIT’s staff had supported the previous enterprise systems for more than 20 years and the shift to newer technologies has presented a challenge in providing sufficient training and organizational support to ensure staff is developing the necessary skills to support these new systems. An additional component for the successful transition to these new systems is the need to retain consultants that allow DIT to flex staffing up and down depending upon expertise needed as staff continues to develop new skills and as the Department transitions to new models of providing technology services to County departments. As staff becomes more seasoned in their support of these new systems – and in conjunction with the recommendations of the Technology Staffing Analysis – the Department will analyze what FTE are most needed to support the newer technologies and what the mix of consultants versus FTE are needed for the most effective and efficient delivery of service to the organization.

FISCAL IMPACT: The Department of Management and Budget will continue to work with all County departments to assess the resources needed to maintain current service levels and present prioritized needs in the FY 2018 Proposed Budget.