

**Priority:** Accountability  
**Program Offer Type:** Innovative/New Program  
**Related Programs:**  
**Program Characteristics:** One-Time-Only Request

**Lead Agency:** Chair  
**Program Contact:** Ted Wheeler

**Executive Summary**

Multnomah County is anticipating up to \$42 million shortfall in the general fund and potentially another \$20 million in state/federal supported programs for FY 2010. The County seeks to maximize service delivery and to manage expenses incurred for internal support costs, and understands that dollars spent in internal support costs come at the expense of direct service programs. In order to build a smarter foundation for County services, the Chief Operating Officer will lead a Business Process Re-engineering project to rethink and radically redesign internal support processes. The primary goal is to reduce ongoing County costs to help lessen the structural deficit. A consultant will be used to assess current services; identify areas with greatest potential to reduce costs and improve service quality; evaluate alternative delivery models; facilitate re-design and manage implementation. It is intended to also build capacity for developing a re-engineering tool and skills and for managing large organizational and cultural changes.

**Program Description**

The County seeks to maximize service delivery and to manage expenses incurred for internal support costs, and understands that dollars spent in internal support costs come at the expense of direct service programs. While seeking maximum support for direct services, the County recognizes that an inadequate internal foundation can increase risk and critically impact the County's capacity to provide direct services.

In order to build a smarter foundation for County services, the Chief Operating Officer will lead a Business Process Re-engineering project. The project is to be a fundamental rethinking and radical redesign of internal support processes. In light of the County's financial status, a significant goal is to reduce ongoing County costs to help lessen the structural deficit. But re-engineered processes should also be simple, lean (with little non-value-added work), results-focused, improve customer satisfaction, manage demand expectations, meet our legislative requirements, limit liability and mitigate risk and consciously be organized to achieve County strategic goals.

This project will first articulate County's strategic goals. Then a consultant will be used to assess current internal services; identify areas with the greatest potential to reduce costs and improve services and evaluate alternative strategic delivery models. An outside consultant can provide an objective analysis and can help introduce new best practices to the County. They would facilitate the re-engineering process and assist in managing implementation. The program offer's intent is to also help the County build capacity for developing re-engineering tools and skills and for managing large organizational and cultural changes.

**Program Justification**

Multnomah County uses internal service reimbursements to pay for internal service programs. Internal service pricing has become a very complex and sophisticated accounting process. Tracking delivery of internal services for accurate billing requires substantial accounting resources. Debate about who should pay what and on what basis has absorbed a remarkable amount of managerial time and energy. This project will address the questions: What is the County's total investment in support programs and what does that investment buy? Is the level of support costs consistent with the needs of the County? What is the best service delivery model?

**Performance Measures**

| Measure Type | Primary Measure                                                        | Previous Year Actual (FY07-08) | Current Year Purchased (FY08-09) | Current Year Estimate (FY08-09) | Next Year Offer (FY09-10) |
|--------------|------------------------------------------------------------------------|--------------------------------|----------------------------------|---------------------------------|---------------------------|
| Output       | Complete assessment of Facilities, FREDS & IT services by 9/09         | 0.0%                           | 0.0%                             | 0.0%                            | 100.0%                    |
| Outcome      | Annual reduction in ongoing costs built into five year budget forecast | 0.0%                           | 0.0%                             | 0.0%                            | 3.0%                      |

**Performance Measure - Description**

Output: Assessment of internal services should be complete by 9/2009 so that re-engineering/redesign can be completed in time to build new service delivery models into FY2011 budget. Outcome: The 3% goal of cost reduction each year in a 5-year forecast represents an average over several years. (Savings may take time & may be higher than 3%. Also sets a goal for continuous improvement for systems that cross between central services to depts(finance, human resource, budget, etc.)

**Legal/Contractual Obligation**

N/A

**Revenue/Expense Detail**

|                           | Proposed General Fund | Proposed Other Funds | Proposed General Fund | Proposed Other Funds |
|---------------------------|-----------------------|----------------------|-----------------------|----------------------|
| Program Expenses          | 2009                  | 2009                 | 2010                  | 2010                 |
| Contracts                 | \$0                   | \$0                  | \$150,000             | \$0                  |
| Subtotal: Direct Exps:    | <b>\$0</b>            | <b>\$0</b>           | <b>\$150,000</b>      | <b>\$0</b>           |
| Administration            | \$0                   | \$0                  | \$0                   | \$0                  |
| Program Support           | \$0                   | \$0                  | \$0                   | \$0                  |
| Subtotal: Other Exps:     | <b>\$0</b>            | <b>\$0</b>           | <b>\$0</b>            | <b>\$0</b>           |
| Total GF/non-GF:          | <b>\$0</b>            | <b>\$0</b>           | <b>\$150,000</b>      | <b>\$0</b>           |
| Program Total:            | <b>\$0</b>            |                      | <b>\$150,000</b>      |                      |
| Program FTE               | 0.00                  | 0.00                 | 0.00                  | 0.00                 |
| <b>Program Revenues</b>   |                       |                      |                       |                      |
| Program Revenue for Admin | \$0                   | \$0                  | \$0                   | \$0                  |
| <b>Total Revenue:</b>     | <b>\$0</b>            | <b>\$0</b>           | <b>\$0</b>            | <b>\$0</b>           |

**Explanation of Revenues**

N/A

**Significant Program Changes**

Last year this program was: