

Deloitte Sourcing Project Board Bulletin Summaries

September 10, 2010 Board Bulletin: Financial Management Process Consultant Selected

At its May 11, 2010 workshop, the Board received a report on the numerous key actions approved by the County Manager as a result of a lengthy assessment of the County's financial management services. Board members will recall that this comprehensive financial management services assessment was conducted over several months under the direction of the County Manager's Office, involving dozens of employees including department directors and financial management staff.

One of the key action steps from the assessment called for engaging a consulting firm to assist the County in evaluating the current business processes and service delivery model for financial management functions throughout the organization. In particular, the consultant would evaluate and make recommendations for cost savings and improved fiscal control in accounts payable, revenue recording and other accounting processes.

County staff solicited consulting firms to consider performing these services pro bono or at a discounted rate. Deloitte Consulting LLP offered the County the option to secure its services at a reduced cost to conduct the evaluation and provide recommendations. If the County chooses not to pursue the recommendations or opts to secure another consultant to pursue the recommendations, the County would pay Deloitte the full cost for its work on the evaluation and recommendations. However, if the County chooses to implement the recommendations with Deloitte's continued involvement, Deloitte's compensation would be based on actually achieving the cost savings and other projected results provided in its recommendations. In short, Deloitte would recover its investment in the project if its recommendations achieve the projected results.

Consistent with this value-based proposal, Deloitte is scheduled to begin its evaluation work on September 20. This first phase of the project is a five-week engagement that includes an assessment of the current state and developing recommendations for cost savings through changes in service delivery models, processes, or the use of new or existing technology. Deloitte also will develop a business case comprising the estimated costs, benefits and the levels of investment for the recommended changes.

Board members with questions should contact General Manager John McGillicuddy at John.McGillicuddy@MecklenburgCountyNC.Gov or 704-336-2661, or Finance Director Dena Diorio at Dena.Diorio@MecklenburgCountyNC.Gov or 704-336-2228.

May 27, 2011 Board Bulletin: Cost-Savings Purchasing Partnership Update

The purchasing partnership project with Deloitte Consulting is moving to the next stage that involves seeking bids from qualified vendors in three categories. In early June, the County will issue three Requests for Proposal (RFP) for facility and grounds maintenance, telecommunications, and DSS transportation services.

County and City of Charlotte procurement services staff are helping guide and shape the RFP process. Current vendors will receive a communication prior to the release of the RFPs and will be invited to respond to the RFPs, along with other qualified vendors.

Since the initial Deloitte presentation to the Board, the purchasing project has expanded to include the City of Charlotte, Charlotte-Mecklenburg Schools and Central Piedmont Community College, as well as the Public Library. To generate potential savings from economies of scale, all four organizations have joined the County and are participating in the RFP process in specific categories. The RFP portion of the purchasing process is targeting potential cost savings of \$1.2 million to \$1.9 million. Subsequent steps in the project will include construction and capital reserve cost saving initiatives. Those spending categories will receive the same diligence and strategic sourcing in the coming months, once the adopted FY2012 budget defines the spending plan for construction and capital projects.

Board members with questions should [email](#) General Manager John McGillicuddy or call 704-336-2661.

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September 30, 2011 Board Bulletin: Update on Service Contract Awards

At its October 4 meeting, the Board will be asked to approve the final set of contracts from the County's purchasing project in partnership with Deloitte Consulting. The agenda item will ask the Board to approve new contracts for grounds maintenance with five vendors at a cost of approximately \$1 million per year for three years. The new agreements for maintenance of County grounds will result in an estimated savings of \$190,686 annually or 15.3 percent of the total expended in FY2011. This savings extrapolates to \$572,058 over the three years of the contracts. The number of vendors will be reduced from 14 to five. Minority, Women, and Small Business Enterprise (MWSBE) participation is 80 percent (four of the five awarded vendors MWSBE certified).

Preliminary contract award notice announcements were communicated to vendors on August 26, 2011. The evaluation team and Deloitte Consulting suspended this announcement when a calculation error was found. Some vendors proposed reel mowing pricing (reel mowing is used for athletic fields rather than rotary mowing that is used for general property grounds maintenance) on a per field basis, while others submitted pricing for the entire park or site, which was preferred. Therefore, initial calculation comparisons made by the Deloitte staff assumed the "per field" pricing was intended as "per site" pricing. This resulted in some of the "per field" pricing proposals being evaluated as the lowest bid.

To rectify this situation, the evaluation team met on September 19 with all vendors that submitted proposals to explain the situation and to request written confirmation regarding the type of pricing each vendor submitted (i.e., per field or per site). Vendors were only allowed to clarify their pricing; they were not allowed to change their prices or proposals. The evaluation team used the clarified information to recalculate the awards and notified the vendors of the final awards on September 27.

Board members with questions should contact General Manager John McGillicuddy at 704-336-2661 or John.McGillicuddy@MecklenburgCountyNC.Gov.

August 19, 2011 Board Bulletin: Update on Procurement Project with Deloitte

A preliminary assessment of the first phase of the County's sourcing project partnership with Deloitte Consulting in purchasing goods and services shows favorable results. The assessment, slated for completion by the end of August, should reveal definitive information about the total projected savings.

The sourcing partnership with Deloitte came about as a result of the March 2010 Financial Management Services Assessment (FMSA) conducted by staff. The FMSA recommendations approved by the County Manager included engaging a consulting firm to help streamline and consolidate specific financial management business processes to improve fiscal controls and reduce costs. The partnership with Deloitte focuses on changes in procurement and contract management.

The first wave of the project explored more cost-effective service contracts for facilities maintenance, temporary labor and social services transportation. The process included issuing multiple Requests for Proposals (RFPs) using detailed service-level parameters. These RFPs have been received and reviewed by both Deloitte and County staff, and vendors will be notified of the award of contracts in most categories on August 26, 2011. The Board will be asked to approve the final contracts at upcoming regular meetings. The City of Charlotte, Central Piedmont Community College and Charlotte-Mecklenburg Schools participated with the County in some categories.

While the first wave of the project is being finalized, Deloitte and County staff will discuss the lessons learned and will evaluate the prospect of continuing with the second wave of the procurement project, based on projected savings opportunities available. Categories under consideration for the second wave include construction, vehicles, and PC hardware and software.

Board members with questions about the savings initiative should contact Finance Director Dena Diorio at Dena.Diorio@MecklenburgCountyNC.Gov or 704-336-2228.

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August 26, 2011 Board Bulletin: Vendor Contract Awards Announced for Cost-Savings Initiative

As follow up to the “Update on Procurement Project with Deloitte” in the August 19, *Board Bulletin*, preliminary contract award notice announcements were communicated today to vendors in the categories of facilities maintenance, temporary labor and social services transportation.

A [complete list of the selected vendors](#) is available online at the County’s website.

Overall projected annual savings will range from \$2 million to \$2.75 million, depending on the volume of services purchased in each category. This range represents approximately 19 percent savings on a combined spend total of \$14.3 million in these three categories. Once contracts are approved, staff will monitor and track actual spending to identify actual savings each month.

In addition to the projected savings, MWSBE participation was significant across the categories. Therefore, the County will be able to maintain and in some cases exceed the targeted percentage of MWSBE vendors.

Savings were driven through the following three strategic sourcing processes, in partnership with Deloitte Consulting:

- Aggregation of spending across departments and independent agencies (e.g., CMS, CPCC, Sheriff’s Office)
- A rigorous competitive bidding process with aligned specifications and standardized bid templates
- Dedicated resources and strong cross-departmental teams

In some cases, current vendors were able to lower their current price to retain the business. In other instances, the competitive process attracted new vendors that provided the lowest bid.

The Board will be asked to approve the final contracts at upcoming regular meetings.

Board members with questions about the savings initiative should contact General Manager John McGillicuddy at 704-336-2661 or Finance Director Dena Diorio 704-336-2228.