

Smith County Opportunity Analysis

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1. INTRODUCTION

"All political power is inherent in the people, and all free governments are founded on their authority, and instituted for their benefit. The faith of the people of Texas stands pledged to the preservation of a republican form of government, and, subject to this limitation only, they have at all times the inalienable right to alter, reform or abolish their

government in such manner as they may think expedient.” [1]

This excerpt from the Texas State Constitution demonstrates that all levels of government must secure the blessings and consent of the governed. Given the increasing pressure placed upon taxpayers in recent years, the message has been clearly sent to government that it must be smaller, less intrusive, and operate more efficiently. Taxpayers are demanding improved financial performance and customer service. The voices of change are demanding that government seek out new means to reduce costs, reduce taxes, improve services and maximize the collection of non-tax revenues.

The word "government" is rooted from a Greek word, which means "to steer." The job of government is to steer, not to row the boat. Delivering services is rowing, and government is not very good at rowing. [2] Too often, government has developed the habit of not only wanting to be the captain of the ship, but also wanting to serve as the crew as well. In fact, government has been rowing the boat for so long that it has forgotten how to steer effectively.

"Taxpayers will tolerate some level of inefficiency and unresponsiveness from government, but as taxes continue to rise, their patience wears thin. Citizens demand better value from those they elect. These factors converge to force government officials to become better managers." [3]

In March of 1999 the Smith County Association of Taxpayers (SCAT) asked the Texas Public Policy Foundation (TPPF) to perform an Opportunity Analysis of Smith County Government. Thus, SCAT began raising the funds necessary for this analysis to take place. TPPF has established a clear policy with SCAT and all other organizations that TPPF will maintain its policy of being non-partisan, independent, and will not accept control or influence of its research from any outside sources. SCAT has emphatically agreed and has adhered to this policy. TPPF wishes to thank the SCAT and the many contributors in Smith County who made this research possible. Therefore, TPPF truly feels that this is a report by the people and for the people of Smith County, Texas.

2. COMPETITIVE GOVERNMENT

Government at all levels – federal, state and local – must be responsive to societal, technological, and financial changes to assure the continued consent of the governed. With this consent, government can then reasonably deliver appropriate services in the most efficient and cost-effective manner possible. Too often, today's government officials feel a mandate to not only provide certain services, but to be the sole producer or provider of all these services to the taxpayer. As with all monopolies, costs grow and customer service suffers.

The keys to efficient government can be found in good accounting systems, benchmarking government costs with the most efficient producers in both government and non-government sectors, and by applying competition to as much of government as possible. An overview on various federal, state and local approaches to securing “competitive government” is provided in Appendix A. Research has demonstrated two main approaches: those which focus on making government more efficient at what it currently does; and those which focus on defining what government should and should not do. Succinctly put, the difference in the two approaches is “doing more with less” or “doing less with less.”

As noted in Appendix A, the delivery of services through the public sector may offer a higher likelihood of stability, policy management, and regulatory enforcement. By contrast, service delivery through the private sector may offer a higher likelihood of innovation, responsiveness, and ability to capture economies of scale. Strengths related to the “third sector” (best defined as civic institutions, non-profit organizations, religious organizations, etc.) may include compassion, trust, promotion of community, and the ability to reach diverse populations. The essence of competitive government is to align essential services with the appropriate delivery mechanism – public sector, private sector, or “third sector.”

Smith County is at the pivotal point of changing from a mostly rural county to a mostly urban county. County population is exploding. With this change will come growing demands for services that cannot be supported by the current tax base. Bexar County made its change from a mostly rural county to a mostly urban county over a twenty to thirty year period and is still experiencing many related difficulties. Given the fast population influx, Smith County does not have the luxury of a twenty to thirty year period to make a change. It needs to act now! One fine example of government ending its service monopoly and the “urge to row” is the City of Tyler. Smith County government can learn a great deal from the endeavors of Tyler city leaders and the ventures of other communities across this State and nation.

3. OPPORTUNITY ANALYSIS [4]

An opportunity analysis is similar to, but different from, a performance audit. A performance audit methodically reviews virtually every internal function of an organization, usually making a long list of recommendations for improvement. Some of the recommendations may be significant, while others are not. Performance audits often compare results to a group of "peer" public agencies, which may or may not be performance leaders. Performance audits generally do not project the longer term financial impacts of the recommendations and sometimes fail to describe the gross short-term impacts. Finally, performance audits often limit their evaluation to results in relation to internally established objectives. Often the underlying question addressed by performance audits is "how good is the public agency compared to the average?"

An opportunity analysis is also different from "muckraking," which can engage in indiscriminate criticisms of the agency, board and management. Issues are selected based upon "headline" appeal rather than the potential to improve the accomplishment of public purposes. "Muckraking" can serve a legitimate purpose, especially in the rare cases where illegal activity is identified. More often than not, however, "muckraking" does not materially improve service delivery or financial performance.

On the other hand, an opportunity analysis involves a policy level review of the functions and issues most critical to performance of the entity under study, with an emphasis on outcomes rather than the processes. The purpose of this review is to identify opportunities to improve the performance of Smith County on behalf of its customers --- the taxpayers. In the course of the review, issues of superior performance are also analyzed with the intention of encouraging replication in similar public agencies. Finally, an opportunity analysis evaluates results both in relation to internally established objectives and externally established public purposes, both implicit and explicit. The underlying question addressed by the opportunity analysis is "how good is the public agency compared to what it could be?" The focus of an opportunity analysis is more on the future and less on the past, seeking to identify the means to better provide certain public services while minimizing cost to both users and taxpayers. Moreover, this opportunity analysis is independent --- it has not been commissioned by Smith County. Often performance audits are not independent --- they are commissioned and paid for by the public agencies that are themselves the subject of the audits.

4. STRUCTURE OF SMITH COUNTY GOVERNMENT

Empowered by the Texas Constitution of 1876 and many amendments thereafter, county government today is considered a sub-set of State government, which at best can be described as an odd assortment of governments forged together under the title of county government. Commonly referred to as a plural executive form of government in which each elected official has his/her own duties and responsibilities and is elected directly by the people with some overlaps. This format for county government offers both advantages and disadvantages. With few exceptions, such a decentralized governmental format exists in the same way in all 254 Texas

counties.

The advantages of such a form of government are as follows: it provides for a limited government both in authority and scope, has no zoning authority, has limited jurisdiction concerning ordinances, and features independence among elected officials.

One of the main reasons that Texas developed a plural executive form of government was to address the then-legitimate concerns expressed during the late 1800's over widespread corruption. During the Reconstruction Era (1865 through 1876), the Texas Constitution vested all power within county government between the County Judge and the County Sheriff, which engendered a major source of county corruption. The Constitution of 1876 effectively diluted the authority of the County Judge and the County Sheriff. The authority no longer vested within their offices was instead vested with other independently elected officials.

The disadvantages of such a form of government include duplication of root job functions (Sheriff & Constables; County Clerk & District Clerk) and disincentives to cooperate or consolidate services to maximize efficiencies and savings to taxpayers.

Although it is acknowledged that the Texas State Constitution specifically defines the duties for County elected officials, many of these elected officials unfortunately view this to mean that they will not be performing their duties if they were to employ many of the practical principals of competition, consolidating services, working together to eliminate duplication of overlapping duties and job functions, and consolidation of some staff.

The Mission Statement of Smith County explicitly defines the nexus between performance of constitutional duties and adherence to the principles of cost-effective service delivery, efficiency and cooperation among elected officials.

"It is the mission of the Elected Officials, Departments Heads, and employees of Smith County, Texas, to: 1) conduct the business of the County in the most efficient, friendly manner possible, 2) ensure that the citizens of Smith County are afforded nothing less than excellent management and services, 3) make use of public monies in the most cost-effective manner possible, and 4) accomplish this mission utilizing the utmost of moral and ethical standards in strict compliance with the Constitution of the State of Texas." [5]

Like most county governments in Texas, the Commissioners Court is the primary governing body in Smith County. Per the attached organizational chart (Chart 1), the Court does not possess direct managerial authority over independently elected officials, such as the Sheriff, District Attorney, Tax Assessor, and County Treasurer, among other important officials. However, the Commissioners Court does possess one critical function: the authority to adopt and monitor the County's annual budget. In the FY 99/00 budget, General Fund expenditures in Smith County were \$37.175 million (Table 1) with a fiscal year running from October 1 through September 30. The Commissioners Court also establishes the County tax rate, currently set at \$0.22947 per one hundred dollar valuation.

Smith County is the 20th largest of the 254 counties in Texas with a 1998 population estimate of 169,689. The County seat is the city of Tyler, with an estimated population of 82,509. According to census data provided by the U.S. Census Bureau and the Texas State Comptroller's Office (Appendix B), Smith County is experiencing rapid growth in population, ethnic diversity, and economic development.

5. SMITH COUNTY BUDGET OVERVIEW

Smith County's budget encompasses the following departmental functions:

- Administrative, including Commissioners Court, general operations, personnel, maintenance, etc.;
- Judicial, including district clerk, district court and justice of the peace functions;
- Public Safety and Law Enforcement, including constable, sheriff, and jail operations;
- Road and Bridge, including labor, material, equipment and administrative functions;
- Health and Welfare, encompassing the child welfare and public service functions; and
- Conservation, encompassing the Agriculture Extension program.

Collectively, total expenditures for these departments increased from \$30.887 million in FY 97/98 to the adopted \$37.175 million budget in FY 99/00, a 20.4% increase in total expenditures in three short fiscal years (Table 1). Budgetary growth during this period has been accommodated in substantial measure by eating into prior year carry-over balances. Indeed, as shown in Table 1, carry-over balances dropped from \$8.090 million in FY 97/98 to \$5.432 million in FY 99/00, a 32% drop in excess of \$2.5 million. Without these balances, a \$2.5 million tax and/or fee increase would have been necessary to meet escalating spending patterns.

TABLE 1
FISCAL OVERVIEW, 1998 – 2000
SMITH COUNTY EXPENDITURES BY DEPARTMENT

| | FY 97/98 Actual | FY 98/99 Estimate | FY 99/00 Adopted | % increase 97 - 00 |
|--|----------------------------|------------------------------|-----------------------------|-----------------------------------|
| Administrative | \$4,660,323 | \$4,980,186 | \$6,307,665 | 35.3% |
| Judicial | \$7,098,054 | \$7,360,165 | \$7,310,935 | 3.0% |
| Public Safety & Law Enforcement | \$11,247,734 | \$12,677,971 | \$13,789,720 | 22.6% |
| Road & Bridge | \$4,999,578 | \$5,316,335 | \$5,873,265 | 17.4% |
| Health & Welfare | \$2,740,266 | \$4,170,391 | \$3,719,525 | 35.7% |
| Conservation | \$141,184 | \$147,801 | \$174,230 | 23.4% |
| | | | | |
| Total Expenditures | \$30,887,139 | \$34,652,849 | \$37,175,340 | 20.4% |
| | | | | |
| | | | | |
| Carry Over Balance | \$8,090,998 | \$7,676,721 | \$5,432,075 | |

Each department in Smith County provides for a line itemization of individual expenditures within that department. For example, the Administrative Department includes budgetary line items for Commissioners Court, Record Service, Veterans Service, General Operations, Maintenance, and the like. Given the 20.4% increase in County expenditures during FY 97 – FY 00, certain line item expenditures within Smith County departments contributed disproportionately to this increase. In particular, the following operations contributed to the 20.4% growth in County spending:

- Administrative/general operations (line item 409) increase 51.3%
- Administrative/tax collector/assessor (line item 499) increase 21.8%
- Judicial/criminal district attorney (line item 475) increase 16.8%
- Public Safety/sheriff's department (line item 560) 21.2% increase
- Public Safety/jail operations (line item 561) increase 18.3%
- Public Safety/juvenile probation (line item 570) increase 57.5%
- Public Safety/juvenile boot camp (line item 575) 61.4% increase
- Road and Bridge/labor and material (line item 614) 21.9% increase
- Health and Welfare/public service operations (line item 515) increase 39.5%

It was not possible for TPPF to review all Smith County departments and operational budgets, nor was such a comprehensive analysis part of the scope of this work. Rather, focus was extended on the portions of Smith County highlighted in Table 2, which comprise FY 99/00 expenditures of \$24.804 million, or 67% of total Smith County expenditures for FY 99/00. As identified herein, substantial review was

placed on administrative/general operations, judicial, constable, sheriff and jail operations functions.

TABLE 2
PORTIONS OF THE SMITH COUNTY FY 99/00 BUDGET REVIEWED
DURING THE OPPORTUNITY ANALYSIS [6]

| Expenses | Department's Annual Adopted | Department Totals | Total Annual Adopted |
|---|-----------------------------------|-------------------------|----------------------------|
| Administrative | | | \$ 6,307,665.00 |
| Commissioners Court | \$ 425,735.00 | | |
| Record Service | \$ 107,450.00 | | |
| General Operations | \$ 3,212,755.00 | | |
| County Auditor | \$ 509,275.00 | | |
| County Treasurer | \$ 92,670.00 | | |
| Tax Assessor/Collector | \$ 929,980.00 | | |
| Total Administrative Reviewed | | \$ 5,277,865.00 | |
| Judicial | | | \$ 7,310,935.00 |
| County Clerk | \$ 969,750.00 | | |
| District Clerk | \$ 791,365.00 | | |
| Justice of the Peace, Pct. 1 | \$ 130,475.00 | | |
| Justice of the Peace, Pct. 2 | \$ 133,930.00 | | |
| Justice of the Peace, Pct. 3 | \$ 125,100.00 | | |
| Justice of the Peace, Pct. 4 | \$ 127,940.00 | | |
| Justice of the Peace, Pct. 5 | \$ 136,600.00 | | |
| Total Judicial Reviewed | | \$ 2,415,160.00 | |
| Public Safety/Law Enforcement | | | \$13,789,720.00 |
| Constable, Pct. 1 | \$ 91,740.00 | | |
| Constable, Pct. 2 | \$ 94,885.00 | | |
| Constable, Pct. 3 | \$ 96,995.00 | | |
| Constable, Pct. 4 | \$ 88,655.00 | | |
| Constable, Pct. 5 | \$ 117,165.00 | | |
| Sheriff's Department | \$ 4,158,220.00 | | |
| Jail Operations | \$ 6,589,705.00 | | |
| Total Public Safety/Law Enforcement Reviewed | | \$ 11,237,365.00 | |
| Road & Bridge | | | \$ 5,873,265.00 |
| General Administrative | \$ 304,035.00 | | |
| Labor & Material | \$ 4,776,820.00 | | |
| Equipment Division | \$ 792,410.00 | | |
| Total Road & Bridge Reviewed | | \$ 5,873,265.00 | |
| Total Expenses Reviewed | | \$ 24,803,655.00 | \$33,281,585.00 |
| Total Smith County FY 99/00 Expenditures | | \$ 37,175,340.00 | |
| Total Reviewed Smith County FY 99/00 Budget | | \$ 24,803,655.00 | |
| Total Percent of Expenditures Reviewed | | 67% | |

6. FINDINGS

TPPF's review of Smith County operations encompassed the following County departments and specific operations thereunder:

| | |
|---------------------------|--|
| Section 6.1 Department | Smith County Information Technology – Administrative |
| Section 6.2 | Smith County Records Management – Administrative Department and Public Safety and Law Enforcement Department |
| Section 6.3 | Smith County Jail Operations – Public Safety and Law Enforcement Department |
| Section 6.4 | Smith County Constables and Sheriff Department – Public Safety and Law Enforcement Department |
| Section 6.5 | Smith County Road and Bridge Department |
| Section 6.6 | Smith County Treasurer's Office – Administrative Department |

Collectively, County operations reviewed for the purposes of this report totaled \$24.803 million in FY 99/00, or 67% of the total county expenditures for FY 99/00. In each Section, Smith County operations are reviewed with policy or other recommendations for improvement identified.

6.1 SMITH COUNTY INFORMATION TECHNOLOGY

The findings on the Information Technology (IT) efforts of Smith County offer a good case study of how *not* to outsource government activities. The Smith County IT experience shows a lack of competition with excessive cost resulting, and a lack of internal controls on the contractor.

Smith County outsources a good deal of its IT needs. The principal argument for competitive outsourcing of the IT function is that the resources necessary to maintain an in-house IT department are often insurmountable for government agencies, because the government cannot compete effectively with the private sector in the areas of experience, salaries, and skills for a full IT professional staff. Competitive outsourcing of Smith County IT services, also referred to as "Seat Management," if done correctly, can provide cost savings to taxpayers, increased services, and more efficient use and delivery of county resources using technology. Through competitive outsourcing, more superior IT skills and technologies can be deployed, retained, and utilized more efficiently, and the County can ensure its currency. Additional benefits that may be derived from the competitive outsourcing of IT with a well developed countywide IT strategic plan and well-defined request for proposal (RFP) include the following:

- Provide a wider array of IT-related services to taxpayers faster and at lower cost compared to delivery of the same services through human-based/centralized offices;
- Maintain or reduce the cost of labor;

- Provide more decentralized services to taxpayers and service them in multiple more accessible locations;
- Provide access and delivery of County services through the Internet; and
- Increase earnings and savings through increased efficiencies, such as using the Internet for sale of public information such as deeds and legal data.

Smith County has had the advantage of not having a full-fledged IT department and by having the privilege of inventing its IT strategic plan from ground up and making competitive outsourcing and interlocal governmental agreements its primary component.

There have been numerous recent ventures by governmental agencies across the United States that have accepted the challenge of outsourcing their information technology needs either in part or in whole. The largest effort to date has been demonstrated in the State of Connecticut. Plagued with the problems of poor IT infrastructure, equipment problems, and lack of database planning, Connecticut Governor John G. Rowland vowed to rectify this problem. In the mid-1990s, Governor Rowland transitioned nearly all of the state's IT systems over to the private sector through competitive outsourcing. A true pioneer, such a wide-sweeping competitive outsourcing project was a great leap into the unknown that no other state had undertaken.

Fortunately, there have been county and local governments that have taken the view that IT is a key driver of the efficiency of its overall operations and have instituted measures to ensure success in future IT strategic planning. Smith County taxpayers don't have to search far to see a great example of innovation, proper IT strategic planning, and implementation – they need only look at the City of Tyler. Although Tyler's IT strategic plan employs a combination of in-house and competitively outsourced resources, this municipality has learned lessons from the failures of others while employing true competition for services. Under the leadership of Tyler's mayor, city council, city manager, and a chief information officer/contract manager, Tyler has successfully developed and is implementing an aggressive IT strategic plan. [7]

Smith County IT Experience: In June of 1993, Smith County entered a five-year contract with Business Records Corporation (BRC) to handle the County's data processing needs. [8]

The main reason cited by County officials for choosing BRC was their extensive experience in dealing with County governments, as follows:

"For more than twenty years, Business Records Corporation has been devoted to helping county governments find appropriate information processing solutions. Founded originally to provide records management and microfilming services to counties, Business Records Corporation has expanded to become a nationwide provider of specialized information systems and services to all offices of county government.

Throughout its history, Business Records Corporation has provided unique and accurate information processing solutions to the records management, election management, public protection, tax assessment, courthouse and financial management to over 1,500 counties throughout the United States." [9]

The nature of the contract was an all-encompassing contract covering the purchase of hardware/software, programming services, records management, and user support. The contractual monthly fee incurred by the County payable to BRC was \$47,177 per month plus certain additional expenses.

In our request for public information, TPPF requested a copy of the County's strategic plan for Information Technology. TPPF was told to refer to the BRC contract for such a plan. No such plan exists. TPPF interviewed Mr. Don Crawford, Government Records Service (GRS), the contractual successor to BRC, and inquired as to the existence of such a strategic plan. Mr. Crawford responded, "That's not a Master Plan. All they (Smith County) did was to incorporate BRC literature, RFP responses and brochures into the contract package."

On or about September 1995, the BRC contract with Smith County was purchased by Government Records Services (GRS), who for nearly three years attempted unsuccessfully to bring Smith County on-line and operational with the Collin County Judicial Management and Database computer program. This integration was a major task of the earlier BRC contract.

During 1998, Smith County assembled an Information Management Task Force comprised of members with appropriate experience within the IT industry. Members of this task force were:

1. Kevin Bogue, Coordinator, Data Processing, Tyler ISD
2. Randy Brown, V.P., Electronic Data Processing, Southside Bank
3. Jim Plummer, President, U-Fix-It, Inc. (diversified retailer)
4. Paul Gasparro, Director, Computer Science, Tyler Junior College
5. Venu Rao, Leader, Enterprise Systems, Trinity Mother Frances Health System

This task force released several reports related to the status of Smith County's IT contract with GRS/BRC.

The first report focused on analyzing and reviewing the proposed changes to the County's criminal justice data processing system as recommended by GRS. Its conclusions and findings included the following:

"The time allowed for this report was rather short. There was insufficient time for the Task Force to make independent inquiries to substantiate the various claims, representations and conclusions. For the purpose of this report, the Task Force did not challenge the representations and accepted most statements at face value."

"Smith County pays GRS approximately \$48,000 per month for computer services. GRS has a staff of 6 people, including two programmers and two

computer technicians, dedicated to servicing Smith County's computer needs. It is not clear what GRS is contractually required to do for this monthly fee. The general understanding seems to be that GRS will assume the role of an in-house Data Processing department and do whatever is asked of them in terms of computer work."

"The Criminal Justice Computer Systems are made up of nearly 2,000 individual (smaller) programs that make up these 15 (large) departmental computer systems. On average, these 2,000 programs have about 100 lines long."

"The programs in general do not have any documentation, either for users or for programmers."

"The computer programs in use are not Year 2000 compliant."

After review of the County's data processing contract and numerous interviews with County officials, TPPF agrees with these conclusions and findings. There are insufficient performance objectives, deliverables, and accountabilities in this contract.

The second report focused on analyzing and reviewing the current County data processing system and contract. The Task Force explicitly stated that the GRS contract is not a good arrangement for Smith County (excerpts of the report are provided in Appendix D). The most striking findings were as follows:

- *There is insufficient understanding of and accountability for GRS services under the current contract.*
- *There are substantial costs incurred to the County by GRS beyond the \$48,000 monthly fee.*
- *Smith County is held hostage to the GRS contract and relationship because GRS has become the de facto computer department for the County.*
- *Accordingly, Smith County must revisit the need to "in-house" some of the functions disproportionately outsourced to GRS. Specifically, Smith County should have an in-house Director of Information Systems. Other staffing modifications would either reduce County IT costs or add additional in-house programming and processing staff.*
- *Develop and execute new IT contracts that include specific measurable goals, project plans with timelines and deliverables, and a specific listing of all appropriate contractor responsibilities, including, but not limited to, software application and maintenance, hardware maintenance, operating systems maintenance, upgrade requirements, equipment installation requirements, and user support and training responsibilities.*

"The conversion to the Collin County software by GRS, has not gone as planned. The conversion has taken much longer than originally scheduled and is still not complete. The Collin County software did not come with any user or programmer manuals. Some of the Collin County programs are not

To date, there are continued problems associated with GRS and the effective implementation of automation within Smith County. [10] Problems include, but are not limited to, poor user training, inadequate user support, insufficient generation

of reports, difficulty with integration/transferability of data for end users, and excessive cost to implement and operate the system. In addition, the County has failed to adequately address many of the conclusions and findings raised by their own Information Management Task Force in 1998.

Smith County spent \$7.6 million from 1993 - 1999 paid exclusively to contractors BRC and GRS (Table 3) and has little to show for this expenditure by way of increased performance and efficiencies.^[11] Much of the \$7.6 million was wasted. In particular, \$2.8 million was spent on a software package that has never been fully operable and has been plagued with frequent problems. Smith County entered into a poorly negotiated contract, wrongly choosing the Collin County software, and not having the proper mechanisms in place to allow the County the flexibility to effectively alter course.

| TABLE 3 | | |
|--|--|-----------------------|
| Total Amounts Paid To BRC and GRS | | |
| YEAR | CONTRACTOR | AMOUNT PAID |
| 1999 | GRS | \$1,538,353.01 |
| 1998 | BRC (\$6,273.70) & GRS (\$1,221,437.56) | \$1,227,711.26 |
| 1997 | BRC (\$9,764.02) & GRS (\$1,638,859.26) | \$1,648,623.28 |
| 1996 | BRC (\$11,669.57) & GRS (\$1,178,921.79) | \$1,190,591.36 |
| 1995 | BRC | \$661,884.05 |
| 1994 | BRC | \$1,247,864.65 |
| 1993 | BRC | \$176,641.30 |
| TOTAL | BRC (\$2,114,097.29) & GRS (\$5,577,571.62) | \$7,691,668.91 |

ISSUE 1: The County currently lacks a strategic plan and an adequate records management system for the information technology function.

Smith County lacks a comprehensive plan that coordinates and standardizes the dissemination, gathering, storage and retrieval of documents, data, and public information. Included throughout the gathering of research data and material, TPPF had requested copies of the County's strategic plans as they relate to information technology and records management. TPPF was told that the County did not have any written plans available and that the strategic plan for the County's data processing was contained within the data processing contract. After review of the data processing contract no such plan was found representing the IT goals and objectives for Smith County.

Recommendation(s): The County should initiate a strategic planning process immediately to address the County's IT needs before any additional IT systems are brought online or implemented.

The current IT contractor must not direct the strategic planning process other than to provide information as to the County's current IT status. After the strategic plan has been developed, the current GRS contract should be canceled or re-negotiated and executed consistent with the goals and objectives as defined within the strategic plan. The County should also retain a competent lawyer in the area of IT contracts and retain a competent IT professional(s) representing the County's interest from

start to finish. The County should consider looking to the city of Tyler, the State's Department of Information Resources (DIR), and to the private sector to assist them in this effort. A Blueprint Plan for implementing such a strategic planning and competitive outsourcing process has been developed by the City of Tyler to include IT and other operational needs. Smith County should emulate the City of Tyler experience, as documented in Appendix E.

Additionally, Smith County Commissioners' Court should play the lead role toward the immediate development of a complete and comprehensive strategic plan for the entire County's records management operations, to include disaster relief. A comprehensive disaster recovery plan for records management, as noted among the State Comptroller's findings during their 1998 evaluation of Smith County, should be completed. This plan must include written disaster recovery and action plans for items such as off-site computer data recovery, a remote disaster command post, storage of critical files, and designating a single responsible person as an emergency management coordinator.^[12] All other County political officials must be strongly encouraged to participate in this process as a budgetary requirement.

Fiscal Impact: The actual cost savings to the County associated with the wasted IT and records management man-hours are immeasurable because it would be difficult at best to calculate the amount associated with current inefficiencies. A good faith estimate based upon the areas observed, (e.g., Justice of the Peace and Constable's offices) would be savings of \$3 million in extra man-hours over a ten-year period. This is based upon a pro-rated average share hourly salary multiplied by the estimated number of hours County staff spent dealing with automation inefficiencies or \$300,000 annually.

ISSUE 2: The Commissioners Court is not enforcing adequate performance measurements upon its information technology contractor.

Finding(s): On May 5, 1998, the Commissioners Court approved a data processing contract amendment that was to affect the following changes to the original contract:

1. Officially recognize that GRS has taken-over the contract from BRC as the County's total facilities manager for data processing service and support.
2. Accepting GRS' recommendation to change the criminal justice software (CJS) from Collin County to *The Software Group* (TSG) package, based upon "GRS' expertise and contractual relationship" with the County.
3. "GRS will provide Smith County with a comprehensive and fully integrated Criminal Justice software package from TSG."
4. All hardware and related system software is to be purchased in the name of Smith County, to be located within the County, and upon contract termination all hardware/software items shall become the property of Smith County.
5. GRS will install and implement the TSG CJS and all other hardware/software items, to include full data conversion, no later than July 31, 1999.
6. Should GRS fail to meet **any** of the agreed requirements as set out within the amendment, GRS shall be penalized at the rate of \$10,000 a month if upon the first day of that month GRS fails to meet **any** of the conditions of this amendment.
7. The term of the contract will end June 30, 2000, and shall automatically renew

each year on July 1, unless either party notifies the other at least 30 days before July 1 of that year.

As of the last visit to Smith County, January 19-20, 2000, during which TPPF met with County officials and employees, problems remain associated with GRS and the effective implementation of automation within Smith County noted previously herein.

[13]

The fully integrated and operational installation and implementation of the TSG CJS software and newly acquired hardware to date has not been achieved. According to a timeline agreed to with Smith County as part of an amendment to the GRS contract, seven of nineteen scheduled items have not been fulfilled by GRS and are ten to fifteen months overdue. Although it appears that GRS has not met the prescribed deadline and conditions imposed by this contract amendment, Commissioners Court has chosen to give GRS **a 25% increase in their monthly fee** and failed to affect penalties as prescribed.

Item #14 of the contract amendment: "Smith County shall continue to pay GRS the negotiated price of \$47,166.66 per month for facilities management until June 30, 1999. On July 1, 1999, if GRS installs and make operational the TSG software and related hardware listed in paragraph (4) of this amendment to the satisfaction of the Smith County Commissioners Court upon the recommendation of the Smith County Data Processing Steering Committee, the Negotiated price shall increase to \$58,958.33 per month for facilities management, and shall remain thereafter."

TPPF submitted numerous requests for complete information as it pertains to the County's data processing contract, committees, spending, etc. The TPPF requests were purposely duplicative because each time that we requested **any and all information**, we always had discovered from other sources that there was more information available, i.e., Data Processing Steering Committee meeting reports, tapes, and minutes, GRS contract amendment addendums A & B (system implementation timetables), complete memos and correspondence between GRS and County officials, etc. TPPF sent these Public Information Act requests to Smith County on June 21, October 7, November 5, and December 13, 1999.

Recommendation(s): The County should fully enforce the terms agreed to within this contract amendment, to include the consideration of retroactively assessing nonperformance penalties on GRS. The County must also activate the proper measures that will ensure full compliance with the Public Information Act.

Fiscal Impact: Smith County has spent over \$7.6 million since the inception of this data processing contract and is largely unclear as to what had been done to improve the strategic direction in which they are headed while continuing to spend taxpayer resources. Had Smith County Commissioners Court imposed penalties upon GRS as outlined within the contract amendment, the County Taxpayers would have saved at least \$11,792 per month of GRS' noncompliance. That savings would total \$141,504 annually.

6.2 SMITH COUNTY RECORDS MANAGEMENT

Smith County has been plagued with problems managing the proper storage, retrieval and dissemination of documents, such as records, warrants, computer data, public information, the Victims Restitution Fund's collections and disbursements, jail safety, civil processing, and tracking of jail inmates. In general, these problems are associated with the failure of County officials to execute adequate control measures, to adhere to the law and adopt adequate operational procedures. A major contributor to the County's records management problems is the improper management and implementation of the County's data processing systems as discussed above.

ISSUE 3: The Sheriff's record management system is unsatisfactory and is incapable of providing jail safety information.

Smith County Experience: TPPF requested data in June 1999 encompassing Smith County jail safety relating to staff, inmates and visitors. When requesting a listing of inmate injuries during the period between 1996 and 1998, TPPF was told that it would be too time consuming to retrieve the requested information from each individual inmate record and that no method for maintaining the requested information existed.^[14] TPPF was told by Chief Deputy Johnny Beddingfield, "It would take two people two years to look all that up. They would have to go through 45,000 files by hand," further documented in local newspaper articles.

Recommendation(s): Generally, this is a problem associated with the lack of proper automation of records for the entire department. Under the current system of maintaining records for the jail it is too costly and time consuming to retrieve safety data. Prompt and effective implementation of records automation will resolve this problem.

In addition, the automation of jail safety data would allow the Sheriff's department to track trends and to identify potential problem areas that require additional safety focus to reduce or eliminate incidents and to prevent potential litigation. Having as much safety information as possible would allow the department to quickly identify and establish appropriate safety and accident prevention measures for the future.

Fiscal Impact: Implementing an effective automated records management program will allow the department to effectively track and develop programs to lower or eliminate safety risks. Costs associated with safety-related losses of productivity and lawsuits are estimated to cost taxpayers about \$46,000 annually or \$460,000 over ten years within counties of this size.

ISSUE 4: The Sheriff's Department, District Attorney, and Judges are unable to adequately track inmate incarceration. As discovered by TPPF in August 1999 and subsequently reported by the Tyler news media, Judges must release accused jailed inmates on a personal recognizance bond if they have been detained without charges filed by the State within 90 days.

As reported in the *Tyler Morning Telegraph* in late 1999, felony and misdemeanor judges became increasingly concerned with the inability of Smith County's computer

system to track the length of incarceration for individual inmates.^[15] As excerpted from the article:

"Judges must release accused criminals who have been in jail longer than 30 days on their personal recognizance if the state hasn't filed charges against them. But if judges don't know who's in jail and how long they've been there, they don't release them."

"There are some people in there who've not been charged and they sit and they sit and they sit," District Judge Louis Gohmert said at a council of judges meeting. "That's just not right."

"Letting jail inmates slip through the computer system could result in lawsuits against the county, Gohmert said. It's against the law to keep someone accused of a crime in jail for longer than 90 days if they have not been officially charged or if prosecutors are not ready for trial..."

Beyond lawsuits against the County, this information management problem could further lead to criminals being released on technicalities due to lack of a speedy trial or illegal incarceration. Additionally, officials reported that, "The county's insurance rates might increase because of lawsuit settlements the insurance company has paid for Smith County this year."^[16]

Recommendation(s): The County must initiate a functioning automated system that will track these inmates throughout the entire judicial system and account for all inmate incarceration time. The proposed solution of distributing additional inmate lists among the affected County departments promotes continued inefficiencies, wasted labor, and legal risk.

Fiscal Impact: The impact could not be determined because the relevant data was not made available to TPPF. However, Smith County Commissioners Court recently authorized a settlement payment of \$180,000 through their insurance policy to an active duty US Army enlisted man who was falsely arrested and held in jail for a month due to mistaken identity, unnecessarily.^[17]

ISSUE 5: Smith County government, as a whole, lacks the proper methods for the efficient dissemination, gathering, storage and retrieval of documents, data, and public information.

Finding(s): In the area of records management, the county is often unable to coordinate and standardize the dissemination, gathering, storage and retrieval of documents, data, and public information. Smith County officials were unable to process requests for public information, to demonstrate responsiveness to the Public Information Act, or to retrieve information and respond to certain requests, as highlighted by the following examples:

1. TPPF submitted a second request for copies of any and all correspondence between Smith County and all data processing contractors, i.e., BRC and GRS. This information should have been readily accessible within a central file in order

to facilitate better communications between County officials and the contractors.

This practice simply represents good contract management principles. It should also be noted that each time that TPPF submitted requests for information concerning the County's data processing contract, the County asked for an extension of time to honor the requests.

County officials told TPPF that this information was not available in a convenient and centralized fashion. Thus, they stated that they would have to request the information from GRS and charge TPPF the GRS hourly rate of \$50 in order to honor the request. TPPF never received any of the requested records from the County related to BRC.

2. As part of TPPF's initial requests for information, Smith County was asked to provide information in relation to County owned real property, i.e., buildings and land. Some County officials expressed concern after duplicate requests for information were sent out individually to each County elected officer rather than to a single point of contact for the County. According to the law, the "Officer for Public Information" must receive the request for public information, i.e., each elected County official or each department head, responsible for the information requested. [\[18\]](#)

At the onset of its research, TPPF was told there would be no central point of contact for requests for information (possibly influenced by the fact that the County has inadequate central information systems).

The law allows for communication between the officer for public information and the requestor to clear up ambiguities, misunderstandings, or for the government to suggest more efficient ways for the requests to be honored. County officials receiving information requests in accordance with the law obviously may or may not be the repository of this information. In cases where the information requested was not directed to the proper department or official, these individuals, such as the District Clerk and many County judges, responded properly and timely in writing to TPPF that they were not the custodian of the information or did not have the information requested. In those instances TPPF ceased further inquiries from their offices for this information.

However, TPPF encountered numerous examples and patterns of ignoring data requests, stonewalling such requests, and outright noncompliance with the Public Information Act. One district court judge knowingly sent and charged TPPF for three boxes of duplicative material previously provided by the Office of the County Auditor. [\[19\]](#) This incident occurred following a meeting of the district court judges in which it was decided that the district courts were not the custodian for the information requested and that TPPF's request was more appropriately directed to the Office of the County Auditor.

3. The Smith County Appraisal District (SCAD) has been attempting unsuccessfully over the past three years to collect the accurately updated data necessary from the County Clerk's office to perform the task of appraising the proper value to real property subject to tax within the County. What has started out over the

three years as simple attempts to request deed records verbally, then in writing, has escalated to multiple requests made via Public Information Act, to correspondence with the Attorney General's office, and finally, to numerous attempts at securing an interlocal-governmental agreement so the County Clerk would provide the information requested. SCAD had been bounced between the County Clerk, the County's Legal Counsel, GRS, and Commissioners Court over a number of years to obtain this requested information. The lack of this information provided to SCAD in a timely fashion places all of the County's taxing entities at a disadvantage when it comes to the proper appraisal of real property values. TPPF met with the Chief Appraiser on two occasions related to this issue. As of this publication, the matter remains unresolved.

Recommendation(s): Smith County should either appoint a single person, such as the County's legal counsel, or appoint a small countywide committee that will serve as the central focal point for the prompt, coordinated, timely, and complete dissemination of information to the public and the other county officials. This appointment will assist the County in preventing unnecessary duplications, facilitate better communications between the County and the requestor, save on expenses, and ensure that the County more effectively complies with the mandates of the law.

It should never be considered a waste of time, resources, or personnel for Smith County officials to assure that its taxpayers have an "open government" by honoring the State's Public Information Act. Improved communications will solve County officials' perceived problems associated with the dissemination of public information. Calls for revisions to the Act are premature. ^[20]

6.3 SMITH COUNTY JAIL OPERATIONS

Smith County Experience: ^[21] The Smith County Sheriff's Department maintains four detention facilities and a 150-acre "work farm." The Smith County Jail System is the 10th largest county jail system in Texas, with a maximum number of prisoner beds at 756. In the early 1990's, due to a backlog and overcrowding problem with the state penitentiary system, the Smith County jails temporarily housed up to 950 prisoners on any given day.

The purpose of the Smith County Jail system is to house those persons accused of criminal offenses that are pending trial and also to incarcerate those persons convicted of misdemeanor crimes. The Smith County Jail system also houses inmates awaiting transfer to the State's prison system and inmates from other counties from time to time. The system also detains State parole violators until judicial disposition and/or transfer to the Texas Department of Corrections.

Besides housing prisoners, the jail system has two full kitchens which serve some 2,300 meals a day; a laundry service that cleans inmate related items; and a complete on-site medical staff, providing medical aid to those prisoners that require treatment. The jail also provides a law library where inmates have access to various law books and materials.

The Sheriff's Department also utilizes the skills of approximately 45 inmates referred to as "trustees." These inmates are considered "low risk" inmates, in that they are in

jail for non-violent offenses, but are supervised by officers from the department. "Trustees" save the citizens of Smith County thousands of dollars each year in labor costs while being used to work with the County's Road and Bridge Department, Maintenance Department, and also on the Sheriff Department's 105-acre work farm near Winona, Texas.

Central Jail Facility: The current main jail was constructed and opened in 1986 and replaced the "old jail" located in the County Courthouse. The new facility was built to hold 276 prisoners. It did not take very long to reach its capacity level and another facility, the Low Risk Facility, was soon constructed.

Trustee Jail Facility: Located in the "old jail" in the County Courthouse, this facility houses those prisoners designated as "trustees." This facility has a capacity of approximately 47 prisoners.

Low and Medium Risk Facilities: Due to rising numbers of inmate populations, Smith County built a second detention facility to house those prisoners that were considered to be "low risk" prisoners. These types of prisoners include misdemeanor and/or non-violent offenders. The "Low Risk" Facility opened in 1990 and houses a maximum of 192 prisoners.

Medium Risk Facility: In 1994, another facility was built adjacent to the low risk facility. This detention center, referred to as the "Medium Risk" Facility, houses a maximum of 240 prisoners.

Prisoner Transportation: Another duty of the Detention Division of the Sheriff's Department is the transportation and movement of prisoners that are in custody of the Sheriff's Department or wanted by the Sheriff's Department. Each year, the Smith County Sheriff's Department transports hundreds of wanted persons back to Smith County from all over the state of Texas for all types of criminal charges and from the 48 contiguous states for felony criminal offenses. These deputies travel over 100,000 miles each year in transporting these people back to Smith County, so they can stand trial for their crimes.

Prisoner transport also includes the logistics of moving hundreds of prisoners each month from the various detention facilities to their respective courts.

Budgetary Experience: During the FY 99/00, Smith County Sheriff's department operations, including the Jail, comprised \$10.159 million, or 27.3% of the County's total expenditures of \$37.175 million. Of the \$10.159 million expenditure, jail operations necessitated an expenditure of \$6.59 million, or 17% of the County's total FY 99/00 expenditures. During the three-year fiscal period from FY 97/98 to FY 99/00, jail expenditures rose from \$5.57 million to \$6.59 million, an 18.3% increase. These expenditures do not include any capital expenditures that the Jail or Sheriff's department may require because the County places these types of expenditures into a special budgeted account not itemized for any County department. Such itemization would be required under an Activity Based Cost Accounting (ABC) method discussed below.

ISSUE 6: Competitively price and bid all jail operations. [\[22\]](#)

The Sheriff and Commissioners Court should introduce competition to the entire jail operation to stave off escalating costs. Numerous studies comparing the cost between private and publicly operated jail facilities have shown either a cost savings in overall jail operations at privatized facilities or that costs have not escalated following privatization. Given the size of the Smith County Jail system, taxpayers would benefit if the jail system were to at least maintain current costs at current levels.

Several privatization models warrant study and consideration in Smith County. It is important to remember that the term “privatization of corrections” has several meanings. There are a variety of ways for the private sector to be involved in corrections, including the following models:

- **Private Management Systems** in which private firms have total responsibility for the operation of a facility. This is the most common use of the term “privatization.”
- **Private Sector Development Systems** in which the private sector develops, designs, and finances or arranges for the financing of jail facilities. This often involves owning the facility and leasing it back to the jurisdiction through a lease/purchase contract, which serves as an alternative to a public bond issue or outright tax expenditure.
- **Private Services Provision Systems** in which jails commonly contract with private vendors to run specific services such as medical, food, training, and education.
- **Public/Private Competition** in which government departments and employee groups compete with private bidders to provide government services. The low bidder wins without any predetermination to outsource or keep the work in-house; the goal for government is to pay the market price rather than to change management.

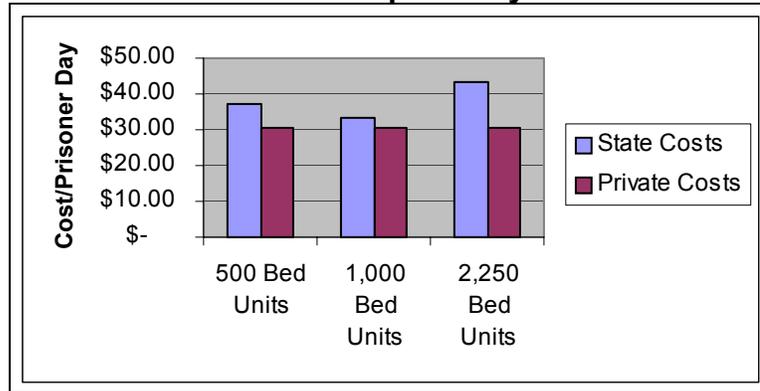
Texas is leading the nation with about twenty-two competitively contracted jail facilities. Additionally, the counties of Limestone, Pecos, Starr, San Saba, Zavala, Swisher, Falls, and Angelina contract with eight of the twenty-two private jail facilities. There are also facilities competitively operated on behalf of the State.

A regional jail facility concept should be explored similar to the two contracted jail facilities within Texas that are multi-jurisdictional. Both are mid- to medium- security facilities operated by Pricor, Inc., and located in Swisher and Falls counties.

Recommendation(s): The competitive contracting of 500 - 600 bed jail facilities has become commonplace. The Sheriff and Commissioners Court should begin the development of a plan of action that will incorporate the principles of maximum public safety and corrections processes consistent with competition and minimum taxpayer cost. Some areas that should be considered for immediate action for competition are food services, laundry service, training, and better competitive bidding for inmate medical services. As competition takes root in one or more services, more public/private competition opportunities will likely emerge. Strong

consideration should be given toward moving to a regionalized jail concept, in which several surrounding counties can take advantage of their combined strengths in order to enact a more effective and competitive incarceration system.

**FIGURE 2
COST OF JAIL OPERATIONS
Government vs. Competitively Outsourced**



Source: Texas Performance Review and Sunset Advisory Commission

**TABLE 4
Comparing Private and Texas Department of Criminal Justice Costs^[23]**

| Unit Size | State Costs* | Private Costs* |
|-----------------|-------------------------|-------------------------|
| 500-bed units | \$36.70 to \$37.13 | \$30.62 ^[24] |
| 1,000-bed units | \$33.55 ^[25] | \$30.62 ^[26] |
| 2,250-bed units | \$43.43 ^[27] | \$30.62 ^[28] |

* Operational costs only.

Fiscal Impact: Analysis of the per-unit costs of Texas confinement relative to those of privatized facilities demonstrates opportunity for substantial savings. In units greater than 500 beds, state costs range from \$33.52 per day to \$43.43 per day. By comparison, documented costs at privatized facilities are as low as \$30.62 per unit per day. The costs for Jail operations in Smith County have increased at about a 7% average over the past three years.^[29] Per unit costs for Smith County jail operations could not be determined because the County does not use ABC. If competition for jail services were to be initiated only to maintain current budgetary levels, the savings to the County are estimated at \$740,000 over the next ten years.

Competition of Jail services is cost effective. Governmental entities can experience an average saving of between 5% to 15% based on numerous studies performed across the nation. Private entities bring the benefits of being faster at responding to any need to either construct new or expand existing facilities than government can. If the private entity constructs, owns, and operates the jail facility, local communities will realize additional "spin-off" benefits, including community service projects, increased sales tax revenue and increased local property taxes. Increased property

taxes have helped fund the local school districts, as well as municipal and county governments. Additionally, private facilities often fulfill governmental requests to hire locally and to buy locally.

Should Smith County choose to undertake the concept of a regionalized privately operated jail, the cost savings to taxpayers of Smith County noted above would be even greater. Such a facility could receive not only Smith County inmates but also jail inmates from other jurisdictions.

ISSUE 7: Smith County is incapable of securing appropriate reimbursement for “Blue Warrant” violator expenses without a functioning automated system.

“Blue Warrant” Experience: When the State of Texas issues warrants to reincarcerate suspected parole violators it is commonly referred to as a "blue warrant." Blue warrant suspects are already part of the Texas Department of Criminal Justice (TDCJ) system. A blue warrant is included in the release packet sent to the parole officer responsible for supervising an inmate conditionally released from prison. If the parolee doesn't report to the officer, fails a drug test or commits another violation, the blue warrant is pulled and the parolee must be arrested by county law enforcement officials. When such suspects are rearrested, they are placed into county jails until the disposition of their case, after such time they are then transported to a TDCJ facility to serve their time. During the time these inmates are within the county jail system, the taxpayers of the county must absorb all costs of incarceration. Current State law only provides for reimbursement of some costs after the inmate has been incarcerated over 70 days in county jails and only if certain conditions have been met.

There was an attempt during the 75th Texas Legislative session, led by Senator Robert Duncan, to mandate reimbursement to Texas counties after the tenth day of incarceration associated with a blue warrant. However, the Legislature deemed the change too costly to the State. ^[30]

Recommendation(s): Obviously, Smith County cannot be criticized for assuming a financial burden that should otherwise be assumed by State taxpayers. However, Smith County must initiate a functioning automated system that will track these inmates and account for all costs associated with their incarceration in order to maximize on State reimbursements currently allowed. In essence, Smith County is unable to track blue warrant inmates because their systems are not sufficiently automated. This lack of automation and the attendant losses to County accounts receivables persists to the date of this publication.

Fiscal Impact: Currently, Smith County taxpayers have paid over \$1.362 million ^[31] for the incarceration of blue warrant inmates from 1996 through 1998 (Table 5). ^[32] Taxpayers are paying an estimated \$453,937 per year in these costs that are not reimbursed, either by law or by inadequate tracking mechanisms within Smith County. Over a ten-year period this would mean that the County might lose in excess of \$4.5 million. The actual losses and potential savings are believed to be higher but are impossible to determine because the County does not adequately

track this information to include overhead costs and capital expenditures. However, the TDCJ's own estimates show total inmate costs to be \$40.00 per day.^[33]

| TABLE 5 | | |
|---|----------------------|-----------------------|
| Smith County Jail Blue Warrant Information | | |
| Year | Total Inmates | Total Costs |
| 1998 | 562 | \$536,779.95 |
| 1997 | 491 | \$508,211.40 |
| 1996 | 372 | \$316,820.00 |
| Total | 1,425 | \$1,361,811.35 |

6.4 SMITH COUNTY CONSTABLES AND SHERIFF DEPARTMENTS

The Public Safety and Law Enforcement Department of Smith County represents 37% of Smith County's total FY 99/00 expenditures of \$37.175 million (Table 1). This department includes expenditures for constable, sheriff and jail operations, which total \$11.237 million in FY 99/00. Because expenditures from the Public Safety and Law Enforcement Department have grown in excess of 22% over the past three fiscal years, and now consume more than one third of County expenditures, it is critical to address key expenditures such as jail operations (Section 6.3), sheriff operations, and constable operations. Public safety is dependent upon the judicious use of tax dollars, particularly in the face of escalating law enforcement needs.

Both the constable and sheriff are independently elected County peace officers. Their departments have the responsibility for law enforcement within Smith County. These departments have overlapping jurisdictions in the areas of public safety, traffic enforcement, crime prevention, criminal investigations, court security, patrol, community policing, and criminal and civil process services. As with most Texas counties, Smith County has one Sheriff and five Constables.^[34]

In order to reduce duplication of effort, promote effective law enforcement and maximize limited taxpayer resources, Harris County, encompassing the city of Houston, has instituted competitive contracting in the unincorporated areas of the County since the mid-1980s. Competitive contracting between the eight Constable precincts and the Sheriff's department in Harris County is demanded by the taxpayers in order to provide increased and more dedicated patrols and community policing within subdivisions. Harris County is the third largest county in the United States with a population of over three million people and land area of 1788 square miles. The County has experienced phenomenal population growth and new housing subdivision growth as a consequence.

Using the Kingwood subdivision outside Houston as an example, which was annexed by the City of Houston a year ago, competitive contracting has eased multiplicity of effort between the constable and sheriff departments, an opportunity analogous to portions of Smith County. In Kingwood, residents decided to have additional patrol officers within their subdivision. They then approached each

County Constable and the Sheriff's department to determine their cost of service and benefits. Kingwood residents chose their precinct four Constable as the contractor. They then proceeded to Commissioners Court with their selection for contract approval and implemented their service preference.

Harris County Commissioners Court implemented this method of competitive contract competition in order to address the urgent need to provide additional law enforcement services to its growing County. The Sheriff's department at that time freely reported that the department was unable to hire enough deputies to do the job. With slight modifications, Harris County has operated in this fashion ever since.

ISSUE 8: Overlapping areas that exist between the Constables and Sheriffs Departments are a costly and inefficient burden to Smith County taxpayers causing overlapping investigations, patrol jurisdictions, etc.

Recommendation(s): Commissioners Court should play the lead role through their control over the budget to ensure that funding be given only to either the Sheriff's Department or apportioned among the Constable's Departments within the County to address the excessive cost and inefficiencies that taxpayers currently face. Reconciliation must be made among the services that will be provided by the Sheriff and those of the Constables. As noted, Harris County has an excellent competitive contracting model to follow.

The optimal solution for Smith County is to develop and implement activity based cost accounting, to determine the unit cost of each law enforcement agency in performing countywide services such as patrol, courthouse security, and traffic enforcement. Once the lowest unit cost has been identified, a contract should be executed with the more efficient service provider. This solution allows the County to only purchase the services necessary to protect the public and helps to eliminate wasteful overhead. A more in-depth discussion of the utility of ABC is provided in Section 8 herein. Reports indicate that patrol coverage from the Sheriff's department in Smith County is inadequate. Due to this inadequacy, there have been serious safety concerns raised affecting both law enforcement officers and the citizens.

Fiscal Impact: By eliminating unwarranted duplication between the Sheriff and the Constable law enforcement departments, Smith County could save an estimated \$6.415 million over a ten-year period while increasing revenues from services to offset many future increases in costs. ^[35]

The optimum savings for Smith County can be achieved through intergovernmental contracting of law enforcement. Studies have shown that in comparisons between in-house monopolies versus intergovernmental contracted law enforcement, the intergovernmental contracted law enforcement saved an average 42% of total costs. ^[36]

Costs in counties that sell their police services to other jurisdictions are estimated to be 9% to 20% lower than those that do not contract. ^[37] With this evidence, it becomes evident to conclude that competition among law enforcement groups will tend to keep costs lower.

ISSUE 9: The Sheriff and the Constables serve many types of civil and criminal processes to include District and County Court orders. The Sheriff department's performance in the area of civil processing is below standards.

Smith County Experience: The Smith County Sheriff's department, on average, serves only ten of the twenty processes received each day. Civil process data encompassing the years 1995 through 1998 were requested for this analysis by TPPF in 1999 (Section 6.2). The Sheriff's department could not locate roughly 50% of the data over the four-year requested period, again demonstrating the need for better information management. Therefore, determining the actual success rate for civil processing is difficult at best. However, the figure given is the figure quoted to TPPF by the Deputy Chief of the Sheriff's department. The overlap that exists within the area of civil and criminal processing between these two law enforcement bodies is a costly and inefficient burden to Smith County taxpayers.

Constables and the Sheriff are required by State law to serve civil processes that are "delivered by a lawful office." It is difficult to discern whether the higher fees that are charged for service exceed the actual cost of process service. The low rate of processes served, an average ten out of twenty received each day, indicates that the Sheriff's productivity is lower than average.^[38] It is clear with the Sheriff's 50% performance rate that civil litigants are charged more for service by the Sheriff than by private servers. There is an opportunity for both the Constables and Sheriff to reduce fees and costs through "public-private competition" under which private process servers along with Constables and the Sheriff would compete to provide civil process service.^[39]

Recommendations: Criminal process administration should be competitively contracted to one of the County's law enforcement agencies through a competitive bidding process. In the area of civil process administration, Smith County should not only consider contracting with the two existing law enforcement agencies, but also with entities in the private sector who have demonstrated competencies in this task. Thereafter, contracts/funding should only be awarded to successful bidders who will complete the task of civil processing for the County and address any remaining inefficiencies.

Even without outsourcing, an example of an effective delivery system within the County is the Constable's office of precinct two, which has shown dramatic increases in process serving revenues during 1996 – 1998 (from 441 processes served to 618). The "Smith County Constable Offices Combined Civil Process Proposal" would be unnecessary if the county were to use a competitive bidding process. Should the successful bidder be a constable's office, they have access to volunteer deputies that could serve papers at no cost to taxpayers. Further, this office uses only the two full-time positions, the Constable and the Chief Deputy, to deliver all legal papers received.

Fiscal Impact: Initiating the competitive process in this area could save an estimated \$383,518 annually and \$3,835,180 over a ten year period. The financial savings the County would receive through the elimination of duplication and the implementation of competition are derived from the Sheriff's and Constables' "Smith

County Constable Offices Combined Civil Process Proposal." The annual savings of \$383,518 cited does not include the savings from employee benefits or support services such as computers, equipment, and maintenance.

Again, studies have shown that in comparisons between in-house monopolies relative to intergovernmental contracted law enforcement, the intergovernmental contracted law enforcement saved an average 42% of total costs.^[40] Costs in counties that competitively outsource their police services to other jurisdictions are estimated to range from 9% to 20% lower.^[41]

In addition to the stated projections above there will be an additional savings of \$400,000^[42] annually – and perhaps \$4 million^[43] over a ten-year period compared to the cost of adding four new patrol officers to the Sheriff's Department. Therefore, cumulative savings to Smith County taxpayers attendant to these operations are estimated at \$7.835 million over ten years.

ISSUE 10: Unlike the Sheriff's Department, the Constables office is not automated to access law enforcement information and produce financial reports. These inefficiencies lead to communications voids throughout County law enforcement and cause wasteful uses of deputy constables to process paperwork necessary for financial reporting.

Recommendation(s): Commissioners Court should play the lead role in authorizing the leverage and transfer of the same automation opportunities available to the Sheriff's department to the Constables offices. This would allow for speedy access to warrant and other criminal data and serve to improve the flow of communications between the Constables, the Sheriff, the court system, and the County's other criminal justice systems.

Fiscal Impact: Cost efficiencies can be achieved and realized by allowing the Constable's office access to the best technologies available for increased job performance, better use of available staffing, and other efficiencies. Computerized record keeping would also enable the Constables to better collect and monitor accounts receivable. County revenues would increase by an undetermined amount.

6.5 SMITH COUNTY ROAD AND BRIDGE OPERATIONS

Smith County's Road and Bridge Department maintains an estimated 1,100 miles of County roadway. The FY 99/00 budget for this department is \$5.873 million or roughly 16% of Smith County's total FY 99/00 budget. During the FY 97/98 – FY 99/00, expenditures for this department grew by 17.4% (Table 1). Of the total \$5.873 million spent in FY 99/00 on road and bridge operations, labor and material consumed 81% of expenditures, equipment 14%, and administration 5%. The County operates this department under an appointed engineer who is a licensed professional engineer with experience in road construction and maintenance. The engineer is charged with executing the duties and policies set forward by Commissioners Court in conformance with the minimum requirement established by the Texas Department of Transportation (TxDOT).

The functions performed by the County's Road and Bridge Department are as follows:

- Road construction and maintenance
- Traffic lights and road signs
- Road width and width of right of way
- Road resurfacing
- Maintenance right of way, i.e., mowing, etc.

ISSUE 11: Smith County needs to introduce the principals of public/private competition to the functions of the Road and Bridge Department in order to contain and potentially reduce costs.

The introduction of public/private competition of road and bridge works has been proven successful in governments across the country. Smith County's experience with competition in the area of bridge and road transportation has been limited. Although the County has taken initial steps to contract with private firms for the services of mowing, prime and seal coating, and shop labor, expansion of competition is warranted to maximize taxpayer resources dedicated to road and bridge operations. During 1998, Smith County only chose to experiment with the privatization of a two-mile stretch of County roadway, one by a private entity and the other performed in-house. They then planned to use a third party to determine if standards had been met. At that time the County said it would have the data necessary to determine whether privatization is more cost effective. ^[44]

By comparison, the City of Tyler within Smith County has contracted their total residential street asphalt overlay needs to a private vendor, encompassing about 62 miles of road, and expects to save \$170,286 during FY 99/00. Additionally, the City of Tyler has implemented its three-year competitive/contractual service delivery strategic plan for this area and has projected a total savings of \$252,626 to be realized at the end of FY 99/00. ^[45] Tyler's cost savings were derived from competition within engineering, street repair, labor crew support for street asphalt overlay, and reduced equipment amortization and maintenance costs.

Recommendation(s): Smith County Commissioners' Court should aggressively pursue a policy for its Road and Bridge Department that ultimately leads, in phased approach, to full public/private competition. Studies have shown several beneficial results. First, governments that have chosen intergovernmental contracts for this service have experienced savings estimated at 30% of budget relative to the continuance of in-house models. ^[46] Second, governmental agencies that have chosen to contract for the services of asphalt overlay and traffic maintenance experienced savings of about 36% of budget relative to continuance of in-house models. ^[47] Neither study showed any degradation in either quality or services rendered.

Fiscal Impact: The adopted FY 99/00 budget for this department is \$5.873 million. Based on the City of Tyler's experience with cost containment and competitive

contracting, in which asphaltic overlay expenditures fell 5% between FY 98/99 and FY 99/00, extrapolated saving to Smith County are estimated at \$293,000 annually or \$2.93 million over a ten year period.

As discussed further in Section 7 below, the development and implementation of activity based cost (ABC) accounting in the Road and Bridge Department would allow the County to address the actual costs to deliver related services of this function as a unit-based cost for the service provided. Because Smith County does not use ABC, it has no real method of determining the true cost effectiveness of in-house operations versus outsourced contracting, nor was TPPF able to determine a unit-based cost for these services. However, hypothetical savings generated from implementation of an ABC process would be in addition to the true competition savings noted above.

6.6 SMITH COUNTY TREASURER'S OFFICE

ISSUE 12: Smith County is not maximizing on the potential interest that could be earned by the County because deposits of tax and fee revenues are not being made in a timely manner.

Finding(s): Various offices throughout Smith County receive revenue for deposit, including Justice of the Peace offices, Constables, Tax Assessor, County and District Clerks, and the like. County funds are not deposited in the most timely manner under the current system employed for funds accounting and deposits. Currently the County Treasurer makes deposits after the following steps have been accomplished:

1. The Justice of the Peace collects fees owed and makes copies of checks received.
2. The Justice of the Peace makes a daily deposit into his/her officeholder's bank account.
3. On a weekly basis the Justice of the Peace writes a check to the County to hand carry along with the check copies made to the Treasurer.
4. A financial report of the funds received is given to the Auditor's office.
5. Once the Auditor has certified the financial report it is then given to the Treasurer.
6. The Treasurer then matches the auditor's report with the check received from the Justice of the Peace.
7. The Treasurer then makes bank deposits of funds received.

The report received from the Auditor's office that lists the individual transactions with transaction type demands too much additional time for the Treasurer's office to review for deposits processing. This time-consuming and labor-intensive process used to deposit revenues is wasteful and not reflective of good management practices.

Recommendations: Fee and revenue deposits in Smith County require a more streamlined process. This entire process is wanting for more automation among all parties involved, i.e., the Auditor, the Treasurer, and the source of the revenue received. [48] Increased automation will not detract from the use of sound accounting safeguards and control measures. Increased automation would, however, delete the necessity to make copies of checks and hand carry them to the Treasurer. This would speed-up report processing time between offices and the County's General Fund would receive funds faster, thus eliminating the need for the Treasurer to make deposits. This is a prime example of the people working for the process instead of the process working for the taxpayers.

The Treasurer should investigate the combined use of account wire transfers and bank account transfers made either by telephone or by computer. If there are associated bank charges and fees for these services, these charges and fees should be negotiated with the ultimate goal of either being waved or reduced by the financial institution chosen as the County's depository.

The current format of the transaction report received from the Auditor's office may be satisfactory for the Auditor and the other departments using it. However, to meet the needs in a more efficient manner, the Treasurer should receive a report that will "batch" or group like transactions either together or as one consolidated total.

Fiscal Impact: The faster monies are deposited and credited to the correct County accounts, the sooner taxpayer's money will start earning interest. The combined use of account wire transfers and bank account transfers made either by telephone or by computer will speed up the process of accounting for revenue received. Further, the time saved by instituting this process instead of the old method will free employees in the Treasurer's office and other elected officials to perform other tasks.

7. STATE COMPTROLLER'S REPORT OF SMITH COUNTY OPERATIONS [49]

In a comprehensive study conducted in 1998, the Texas Comptroller of Public Accounts John Sharp reviewed Smith County operations to identify opportunities for taxpayer savings and more efficient government. The Comptroller's report, issued in August 1998, addressed only Smith County departments under the direct control and supervision of Commissioners Court. For reasons still unclear, none of the other elected officials in Smith County participated in this process.

The Comptroller's report offered "over 125 recommendations for improving the organization and financial operations of county departments that report to the Commissioners Court. The potential savings from recommendations contained in the report totaled \$435,000 in the first year and \$2.25 million over the next five years. These savings would allow Smith County to make other changes that require some expenditure, but would also make its operations more efficient and effective, and limit some of its liability. If all the proposed changes were implemented, the net savings realized by the county would be an estimated \$349,000 in the first year and \$2 million over the next five years. Several of the proposed changes would continue

to save money in future years..."[50]

In an effort to maintain objectivity, TPPF researchers did not review the Comptroller's report until it had formulated its own factual assessment of Smith County government operations. Clearly, the Comptroller's recommendations align with TPPF findings in a number of operations including implementation of an IT and broader strategic planning process, records management, and road and bridge operations.

To date, the County has apparently ignored or dismissed essentially all of the Comptroller's recommendations, with the exception of outsourcing **one mile** of road repair. Furthermore, no timelines or deliverables were established for implementation of the issues raised. The following is a summary of the Comptroller's report findings:[51]

STRATEGIC PLANNING

By design, county government is extremely decentralized. Taxpayers, however, expect their county leaders to operate efficiently within those constraints. Clearly defined organizational structure is the key to consistent communication and adequate oversight. The Smith County Commissioners Court requested my office to analyze several areas of the county's operation where they believe services can be maintained or improved while reducing overall costs.

Expand and coordinate oversight of all county health care programs.

Counties provide a variety of health care programs for their residents. Effective and efficient programs must comply with state and federal law while providing accessible, quality care at reasonable costs. An expanded oversight board encompassing all county-funded health care programs could effectively develop cost control measures and ensure adequate health care delivery.

Develop and implement a strategic planning process.

A county government must determine how it can best serve the interests of its citizens. It is important to seek community involvement in this process from the beginning. The Smith County Commissioners Court has used citizen task forces in the past to resolve complex and politically sensitive issues. Selecting members for representation on this task force is the key to its success. It should represent all segments of Smith County society as well as its educational and business entities. Perhaps most importantly, it should include not only the major players normally involved but also those who have felt disenfranchised in the past.

Develop a uniform system to classify all county jobs.

A comprehensive classification system should be based on the current and future needs of the county and take into account the local job market. This system can result in improved morale while increasing productivity and customer service.

Develop a regular employee evaluation process.

Annual evaluations can justify salary increases and document poor performance. Evaluations can also improve employee development and indicate training needs.

Encourage individual employee performance.

Productivity gains could offset much of the cost of a program to reward employees for exceptional work. Successful implementation of this proposal would more likely occur if suggestions concerning regular evaluations and uniform job classification are also adopted.

Develop and produce a procedures manual detailing all functions of each department.

Lack of procedures manuals can ultimately cost departments, and therefore taxpayers, money. Well-documented procedures reduce the time needed to train new employees and set job performance standards for individual employees.

Identify critical functions and data that must be restored or remain accessible in the event of a disaster.

Disaster planning assigns responsibilities for actions necessary to carry on essential government functions and protect lives and property. Every department should be prepared for emergency situations with a well-documented and fully-considered recovery plan.

Secure federal funding to recover costs for many county services.

Many federal programs administered by counties can often require the use of local funds, with the expectation that an indirect cost allocation plan will recover the overhead expense.

INDIVIDUAL DEPARTMENTS

Establish and Update Procedures

There are many positive results expressed in the detail of individual department recommendations. Effectively combining budgetary restraint with a clear and well-planned approach, the commissioners court will be able to: improve cash management and increase revenue; streamline efforts to clear up communication problems; process and analyze information for identifying underserved areas and needs; and better match resources with duties and workload.

Fire Marshal/Emergency Management Agency

Reinvesting a small amount of the savings from other recommendations into fire safety and prevention will produce very important benefits. Using technology to reduce demands on staff allows more time for essential emergency functions and training.

Personnel Department

Long-term positive effects from further centralization of county personnel functions include better matching of employee skills with required tasks, reducing the need for hiring extra help, and properly training employees to accomplish their goals.

Physical Plant Department

The backbone of the county's facilities and equipment needs depends on this department effectiveness in a wide variety of maintenance and building management areas. Planning for unforeseen contingencies while developing processes for managing and maintaining facilities will save several thousand dollars at the outset, and head off the possibility of spending tens of thousands more in the future for avoidable expenses.

Pre-Trial Release and Bail Bond Department

Improving communication with the commissioners court, boosting the security of the office, and increasing the productivity of investigators would all result from a minimal expenditure of funds and the development and coordination of consistent department procedures.

Records Service Bureau

Establishing and maintaining a master countywide plan for records management procedures will keep important historical county information secure and accessible. The records management officer is responsible for the preservation of these records, and has authority to see that all county offices comply with the plan.

Road and Bridge Department

Its main responsibility is county road repair and maintenance, which requires a fleet of vehicles and motorized equipment. The Road and Bridge Department can include all county vehicles in a comprehensive inventory, maintenance, repair and replacement program establishing cost-saving policies. As the department reorganizes and streamlines its operation, vacated facilities can generate sale or lease revenue.

Veterans Service Office

Many of the county's military veterans depend on counseling and access to health services provided by this office. In planning for the future, accreditation by the Veterans Administration will greatly increase effectiveness. The Texas Veterans Commission offers training to county offices at little or no cost.

Projected Savings:

Gross Savings: \$435,000 first year
\$2.25 million over five years

**Reinvestment of
20% of Savings:** (\$250,000)

Net Savings: \$349,000 first year
\$391,000 each of next four years

Total: \$2 million over the next five years

Smith County Commissioners' Court should take prompt management actions to address and/or implement the recommendations outlined in the 1998 Comptroller report. Failure to do so would represent a disservice to County and state taxpayers alike.

8. ACTIVITY BASED COST ACCOUNTING AND BUDGETING

Not Knowing: The Quarter Million Dollar Garbage Truck

The City of Indianapolis adopted Activity Based Cost Accounting in the early 1990s, which improved cost performance. For example, it was found that \$252,000 had been spent over four years to repair a garbage truck. A new garbage truck could have been purchased for \$90,000. A well managed Activity Based Cost Accounting would have avoided these excess costs, which were incurred before Activity Based Cost Accounting was implemented. Under the old accounting system, costs were not managed in an integrated and comprehensive manner. There was no coordination of budgetary expenditures between the maintenance department and the waste management department.

Source: Stephen Goldsmith, *The Twenty-First Century City*.

Activity Based Cost Accounting (ABC)

Activity Based Cost Accounting (ABC) (also called fully allocated cost accounting) is the process of allocating all costs to the particular outputs produced by an organization. An output is an end product or service produced for or on behalf of customers (the populace or taxpayers in the case of government). ABC is used in the private sector as a management tool to evaluate the revenues and costs related to individual products and services. This makes it possible to identify opportunities for cost reduction and overall improved financial performance.

ABC has become routine in the private sector for many years. In the increasingly competitive global environment, businesses have had to improve their control over costs and their ability to determine the genuine costs attributable to end products. Data processing advances have facilitated much more precise cost estimation.

ABC is relatively new in government. Without ABC, public sector managers have been largely unable to judge the genuine costs of service outputs. They have been further unable to make accurate

comparisons of activity costs compared to other government units and private vendors performing the same functions. Without ABC, most analysis is limited to the departmental level, which comprises multiple activities. Even where performance measures are tracked, the lack of ABC precludes the availability of reliable and crucial financial performance indicators. The Smith County budget includes performance measures for offices and departments. A Constable's office, for example, reports the number of civil processes served, but no estimate is provided of the fully allocated cost per service process or for the Sheriff department's daily cost for incarcerating prisoners at County jails. ABC allows a much greater degree of accountability to taxpayers through application of the latest public financial management techniques and technologies.

The first step in ABC is to identify all of the activities (end products or outputs) of the organization. At Smith County, examples of such activities include jail housing, service of legal processes, hours of law enforcement patrols, miles of roads paved and other services. The costs of support services, such as data processing and overhead, are allocated to the particular end services. Support services and overhead are not end products or services because they are not services to the public; rather, they are services to county departments or offices. Every dollar of county spending is allocated to a particular output activity in order to derive a unit cost. The process of ABC also provides the opportunity for managers to review and standardize service and quality standards, to ensure that the public receives consistent and effective services.

Unit costs are then estimated by dividing the costs allocated to a particular activity by the volume of that activity. For example, the unit cost of jail housing --- the cost per prisoner per day --- is calculated by dividing the total (fully allocated) cost of jail housing by the number of prisoner days provided.

The ABC process produces unit costs that contain two components:

- Direct costs, which includes the personnel, equipment and capital costs required to produce a service; and,
- Indirect costs, which include overhead cost and the cost of support services (services that are provided to county offices or departments rather than to the public).

Once unit costs are known, office heads and departmental managers have access to much more effective financial management tools. As a result:

- Unit costs can be compared with those of other governmental units or private vendors in order to provide an "apples to apples" comparison;
- Year to year trend analysis can be performed to ensure that cost growth is less than the inflation rate; and
- More favorable terms can be negotiated with support services because their unit costs can be compared to the cost of using outside vendors. This subjects support services to competition, and improved cost performance results.

Government should be as accountable to the taxpayers as current technologies and techniques allow. Without ABC, governments simply do not know the extent to which their costs vary from benchmarks established by the most efficient public and private providers. It can be expected that where unit costs are not being managed, they are higher than necessary. To effectively perform their fiduciary responsibilities over the budgeting process, the Commissioners Court and Budget Officer could require all budget submittals to be based upon ABC. It is recommended that the Budget Officer (the County Judge) and the Commissioners Court should redesign the budgeting process to require all future Smith County budget requests be

submitted in an ABC format.

Activity Based Budgeting

While ABC should be required for all budget submissions by County departments, Activity Based *Budgeting* would extend the process to the budget approval process. Activity Based Budgeting would require budget requests to be stated in service volume and unit cost terms. The Commissioners Court would then “purchase” a given amount of each service from the corresponding department or office. The Commissioners Court would budget based upon unit costs. For instance, the Sheriff might be budgeted \$1,697,000 for annual operating costs at the proposed work release facility to provide an average of 300 beds per night (a unit cost of \$15.50 per night per prisoner).

If the Sheriff’s unit costs are shown to be \$15.50 per prisoner day but market research shows that other public or privately run facilities have unit costs of only \$14.00 per prisoner day, then this benchmark will become the goal for cost reduction by the Sheriff. The Commissioners Court has several options: 1) they can continue appropriating funds for prisoner incarceration at an above market rate; 2) they can establish a policy of appropriating funds to the Sheriff that follow a glidepath of unit cost reduction whereby the market-based unit cost will determine the County’s payment but with phased reductions over a three or five year period; 3) the Commissioners Court can determine that taxpayers should not pay more than market and can base their appropriations on the market cost immediately. The Sheriff has several options: 1) he can bring his own costs into line with the best in the industry through his own internal management directives; 2) he can bid out all or part of his operation to the private sector or to other jail operators in the state; 3) he can find new sources of revenue to offset his above-market costs.

Activity Based Budgeting establishes “taxpayer sovereignty” --- a market-based mechanism by which the Commissioners Court, on behalf of the taxpayers, ensures that full value is obtained in return for tax revenues. Taxpayer sovereignty is akin to “consumer sovereignty” in private markets, where consumers choose which products are successful and unsuccessful and determine the prices of products through their purchasing behavior. For example, under normal circumstances, the rational consumer would not knowingly pay more at one retailer for a product, such as a television set, if the same product could be purchased for less from another retailer. Until ABC, governments had insufficient knowledge of service costs. Activity Based Budgeting provides the mechanism by which government can perform the role of a knowledgeable consumer (purchaser) of public services. Future budgets would be lower and consequently the demand for higher taxes would be diminished. Activity Based Budgeting would position the County to more effectively comply with the intent of state law with respect to accurate budgeting:

"The County Judge shall itemize the budget to allow as clear a comparison as practicable between expenditures included in the proposed budget and actual expenditures for the same or similar purposes that were made for the preceding fiscal year. The budget must show as definitely as possible each of the projects for which an appropriation is established in the budget and the estimated amount of money carried in the budget for each project."^[52]

The transition to Activity Based Budgeting would require some time. The implementation steps could be as follows:

- The Commissioners Court and Budget Officer^[53] (the County Judge) would announce their intention to transition to Activity Based Budgeting over a two year period, fully in effect by the FY 2002-2003 annual budget.
- Offices and departments would be given considerable time to establish the ABC data required under Activity Based Budgeting. The FY 2000-2001 budget submittals would require provisional ABC information, which would provide valuable experience for offices and departments in anticipation of full implementation. Actual ABC data would be used for the budgeting purposes beginning with the FY 2001-2002 budget submittals. The Budget Officer could require this information under the Texas Local Government Code.^[54]
 - (a) *In preparing the budget, the County Judge may require any county officer to furnish existing information necessary for the judge to properly prepare the budget.*
 - (b) *If a county officer fails to provide the information as required by the county judge, the county judge may request the commissioners court to issue an order:*
 - (1) *directing the county officer to produce the required information; and*
 - (2) *prescribing the form in which the county officer must produce the information.*

In preparing or monitoring the budget, the budget officer may require the county auditor or any other district, county, or precinct officer of the county to provide any information necessary for the budget officer to properly prepare or monitor the budget.

- The Budget Officer should offer independent offices and departments with technical assistance, using both internal and external expertise, to establish their ABC systems.
- The Budget Officer should require quarterly reports on progress in a specified format, consistent with its authority to require information necessary to *monitor the budget*.
- The Budget Officer should conduct independent studies of public and private sector costs to establish benchmarks for use in evaluating unit costs established through ABC. This information would assist the Budget Officer in preparing the budget and assist the Commissioners Court in the performance of the court's duties relating to the efficiency and effectiveness of County operations.
- The Commissioners Court would use Activity Based Budgeting beginning with the FY 2000-2001 budget. In the event that the Commissioners Court budgets at a lower unit cost rate than requested, it would provide the subject office with a

description of its rationale as a part of the budget. Studies supplied by the Budget Officer could provide the rationale for budget appropriations that are sufficient, but below levels requested by independent offices and departments.

- At no point in the process would the Commissioners Court intrude upon the constitutional or statutory rights of independently elected offices with respect to the manner in which they produce their authorized services. For example, the Commissioners Court could not order an independent office to subject a particular service to public-private competition. Through its budgetary power, however, the Commissioners Court could pay for any particular service, an amount no higher than it judged the service would cost if provided by the most efficient government or private sector provider. The interpretation of state law that does not permit the Commissioners Court to require performance reviews of independent offices does not preclude the Commissioners Court from taking effective action through the budgetary process to ensure that taxpayers and the community receive full value in exchange for their taxes.

The Smith County Commissioners Court should implement an Activity Based Budgeting system, with full transition to be completed by the FY 02/03 budget.

APPENDIX A

COMPETITIVE GOVERNMENT

Consistent with the constitutional principle of federalism, efforts are underway at federal, state, and local levels to reexamine the appropriate scope of government services and the most efficient means of delivering those services.

Efforts focusing exclusively on making government more efficient – embodied in the Clinton/Gore approach to “reinventing government” – are doomed to failure because they focus only on making government more efficient at whatever it does without examining the underlying basis of what government should or should not do.

More successful state and local government reforms focus on defining the core mission of government and how to do it well. The difference in the two approaches may be characterized as “doing more with less” or “doing less with less,” respectively. Successful state and local government reform plans seek to eliminate or privatize functions that are not essential. Where privatization is not practical, competition is introduced by contracting appropriate services. Finally, performance standards are adopted and management practices measure and benchmark performance.

An example of “doing more” is Visalia, California. Its city manager was Ted Gaebler, co-author of the book *Reinventing Government*, which inspired the Administration’s National Performance Review. Gaebler and his successor restructured local government to make it efficient. By 1993, the city had purchased everything from a minor league baseball team to a Radisson Hotel as “investments” in economic development. But in 1994, the city lost millions and voters elected a new city council.

On the other hand, the city of Indianapolis is doing “less with less.” Since 1992, more than 60 services have been put up for competitive bids, saving residents an estimated \$123 million. The budget was balanced and reduced by \$10 million, and the city staff, other than police, was reduced by one-third. With the savings, Indianapolis has undertaken a large infrastructure improvement program and put 100 more police officers on the streets -- without increasing taxes.

When government employs methods that encourage competition for the delivery of public services, not only do they experience lower costs of operations, but they also experience higher tax revenues collected at lower rates and a more vibrant economy. When government ends its monopoly and allows delivery of its services through competitive public, private, or third sector enterprises taxpayers will reap the benefits.

The decision to introduce competition and/or privatization at any level of government must recognize the obvious attributes associated with public, private, and “third sector” (non-profit, charitable and civic institutions) models. Tables A-1 and A-2 below highlight the respective attributes of and tasks best related to each delivery model.

Public sector strengths include stability, law enforcement and perceived immunity to favoritism. Private sector strengths include innovation, capital formation, profit and wealth creation, and willingness to abandon failed processes. “Third sector” strengths include trust generation, personal commitment, and holistic problem management.

Table A-1
Qualities Desired In Service Producers ^[55]
(H = high, L = low, M = moderate levels)

| | Public | Private | Third |
|---|--------|---------|-------|
| Public Sector Strengths | | | |
| • Stability | H | L | M |
| • Ability to handle issues outside central mission (e.g., affirmative action) | H | L | M |
| • Immunity to favoritism | H | M | L |
| | | | |
| Private Sector Strengths | | | |
| • Ability to respond rapidly to changing circumstances | L | H | M |
| • Ability to innovate | M | H | M |
| • Tendency to replicate success | L | H | M |
| • Tendency to abandon the obsolete or failed | L | H | M |
| • Willingness to take risks | L | H | M |
| • Ability to generate capital | M | H | L |
| • Professional expertise | M | H | M |
| • Ability to capture economies of scale | M | H | L |
| | | | |
| Third Sector Strengths* | | | |
| • Ability to reach diverse populations | L | M | H |
| • Compassion and commitment | M | L | H |
| • Holistic treatment of problems | L | L | H |
| • Ability to generate trust | M | L | H |
| | | | |

TABLE A-2
Tasks Best Suited To Each Sector ^[56]
(E = effective, I = ineffective, D = depends on context)

| | Public | Private | Third |
|--|---------------|----------------|--------------|
| Best Suited to Public Sector | | | |
| • Policy management | E | I | D |
| • Regulation | E | I | D |
| • Enforcement of equity | E | I | E |
| • Prevention of discrimination | E | D | D |
| • Prevention of exploitation | E | I | E |
| • Promotion of social cohesion | E | I | E |
| Best Suited to Private Sector | | | |
| • Economic tasks | I | E | D |
| • Investment tasks | I | E | D |
| • Profit generation | I | E | I |
| • Promotion of self-sufficiency | I | E | D |
| Best Suited to Third Sector* | | | |
| • Social tasks | D | I | E |
| • Tasks that require volunteer labor | D | I | E |
| • Tasks that generate little profit | D | I | E |
| • Promotion of individual responsibility | I | D | E |
| • Promotion of community | D | I | E |
| • Promotion of commitment to welfare of others | D | I | E |

Bidding or Status Quo For City Services^[57]

A comparison of private bidding practices in two cities -- and the lack of bidding in another -- illustrates how taxpayers lose when city councils refuse to let the private sector perform civic functions more efficiently and for profit.

An analysis from the Buckeye Institute provides some details.

- Indianapolis -- the acknowledged leader in competitive bidding -- now saves taxpayers some \$30 million per year, or a projected \$200 million saving over 13 years, by bidding out city services formerly provided by city employees.
- Cleveland allowed private vendors to compete for some city contracts in 1994 -- saving more than \$2 million per year -- with another \$1 million saving forecast once the city opens up management of city-owned golf courses and parking lots to competitive bidding as well.
- Conversely, Cincinnati's city council -- rejecting recommendations of some council members and the city staff -- turned down a private bid on parking lot management that would have saved taxpayers 45 percent of costs, as well as a bid by city employees that would have resulted in 34 percent savings.

Competitively bid services are still a small part of overall municipal services, even in Indianapolis and Cleveland, however. Savings amount to about 7 percent of Indianapolis' city budget and less than 1 percent in Cleveland.

Some contracting and privatization experiences across local government in the U.S. are briefly highlighted below:

Indianapolis, IN

Mayor Stephen Goldsmith of Indianapolis shaved the city's operating budget by \$26 million in the 1990s, while investing more money in public safety and infrastructure improvements.^[58] City officials prefer the term competition rather than privatization, because their goal is continual competition to improve services and lower costs. Indianapolis outsourced the management of the city-owned wastewater treatment plant through competitive bidding, reducing costs to taxpayers by 44% or \$68 million. Other contracts competitively bid out reduced costs for trash collection by 25%, printing by 27%, microfilming by 61%, and street repair by 25%.

- Many of the cost savings and service improvements in Indianapolis have come from competitive outsourcing, but city employees are encouraged to bid for the contracts.
- In 1995, for example, city workers bested three national firms to win a three-year, \$16-million maintenance contract for city vehicles.
- The winning bid combined reductions in management costs, greater worker productivity, a reduced work force and benefit concessions.

Indianapolis' approach to privatization is one of many variations.

- The most common form is contracting out, in which the government hires a private supplier to provide a specific service, such as processing Medicaid claims or operating publicly owned recreational facilities.
- Another form is selling public assets, such as dams, schools and hospitals.
- Lease-back arrangements are also used, under which private parties buy or build public facilities that are then leased to government agencies.
- Vouchers are a form of privatization, in which consumers make purchases from private firms for food, housing, education or other needs.

Chicago, IL

By 1994, Chicago Mayor Richard Daley had overseen the introduction of competition to over 40 separate functions of government. [\[59\]](#)

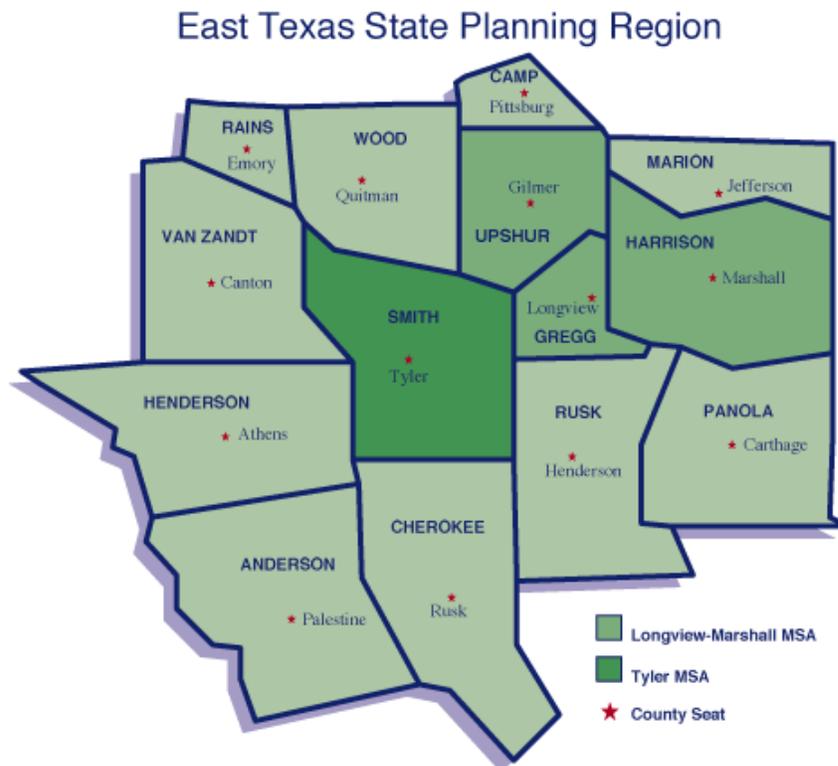
- Services now performed by private contractors saved Chicago taxpayers \$20 million -- including custodians, office-product purchases, tire collection and traffic signal design.
- Competitive bidding for towing of abandoned cars saved the city \$3 million and removed 180,000 cars from the streets in a dramatically shortened timeframe.
- Privatizing drug and alcohol addiction treatment improved service and reduced cost, with 200 more clients being helped at three sites instead of one for \$700,000 less per year.

Some 980 privatization projects with an aggregate value of almost \$700 billion are under active consideration in 95 countries, according to Robert Poole of the Reason Foundation. Most privatization efforts in the U.S. have occurred at state and local levels.

APPENDIX B SMITH COUNTY CENSUS INFORMATION

Smith County is the 20th largest of the 254 counties in Texas with a 1998 estimated population of 169,689. The county seat of Smith County is Tyler, near the center of the County. Tyler has an estimated 1998 population of 82,509. The next largest city is Lindale with an estimated population of 2,677 in 1998, located in the northwest sector of the County. Smith County is a metropolitan county which lies within the East Texas Job Training Partnership Authority (JTPA) service delivery area, a member of the East Texas Council of Governments, and the East Texas Quality Workforce Planning region, administered by the East Texas Quality Workforce Development Board. Counties that border Smith County are Cherokee, to the south; Rusk and Gregg, to the east; Upshur and Wood, to the north; Vanzandt and Henderson, to the west.

Smith County consists of 934 square miles with a 1990 census population density of 156.6 residents per square mile. By comparison, the average density in Texas at that time was 65.6 persons per square mile. Rainfall in the County averages just over 43 inches per year compared to the Texas average of 21 inches per year.



The average growing season in Smith County is 259 days with the average first freeze generally occurring around November 21. Texas is so climatically diverse that statewide averages are irrelevant as a means of comparison.

According to census data and population forecasts provided both by the US Census

Bureau and the Texas State Comptroller's office, Smith County is on a fast track for population growth, ethnic diversity, and economic development.

Table B-1 below compares age distribution from the 1990 census between Smith County and the Texas statewide data. Compared to national standards, Texas has a relatively young population, with roughly 25% of the population at 15 years of age or younger. Smith County population data generally track statewide data, although the percentage of Smith County's population greater than 45 years of age is slightly higher than statewide percentages.

Table B-1
The 1990 Census Smith County and Texas Population
Age Distribution^[60]

| Age | Smith County | Texas Statewide |
|------------|---------------------|------------------------|
| 0-4 | 7.19% | 8.13% |
| 5-15 | 16.69% | 17.36% |
| 16-24 | 12.95% | 13.81% |
| 25-44 | 30.35% | 33.36% |
| 45-64 | 19.16% | 17.28% |
| 65-Plus | 13.66% | 10.06% |

Table B-2 tracks race and ethnicity data and projections for the Smith County population for 1990 through 2010. The total Smith County population increase during the twenty year period is projected at 25%. The percentages of the total population in 1990 and 2010, respectively, are as follows for the various race/ethnic groups: non-Hispanic white, dropping from 73% to 69%; Hispanic, increasing from 5.9% to 10.6%; non-Hispanic black, dropping from 20.7% to 19.6%; and other, increasing from 0.7% to 1.3%.

TABLE B-2
Population Forecast for Smith County, Texas^[61]
by Race/Ethnicity: 1990-2010

| County | Year | Total | Non-Hispanic White | Hispanic | Non-Hispanic Black | Non-Hispanic Other |
|---------------|-------------|--------------|---------------------------|-----------------|---------------------------|---------------------------|
| Smith | 1990 | 151,309 | 109,909 | 8,974 | 31,313 | 1,113 |
| Smith | 1991 | 154,246 | 111,858 | 9,404 | 31,815 | 1,169 |
| Smith | 1992 | 156,592 | 113,355 | 9,814 | 32,212 | 1,211 |
| Smith | 1993 | 159,186 | 114,971 | 10,269 | 32,675 | 1,271 |
| Smith | 1994 | 161,719 | 116,689 | 10,732 | 32,986 | 1,312 |
| Smith | 1995 | 163,718 | 117,898 | 11,250 | 33,182 | 1,388 |
| Smith | 1996 | 165,599 | 118,978 | 11,746 | 33,432 | 1,443 |
| Smith | 1997 | 167,732 | 120,106 | 12,276 | 33,839 | 1,511 |
| Smith | 1998 | 169,689 | 121,134 | 12,819 | 34,164 | 1,572 |
| Smith | 1999 | 171,555 | 122,106 | 13,367 | 34,455 | 1,627 |
| Smith | 2000 | 173,468 | 123,082 | 13,951 | 34,734 | 1,701 |
| Smith | 2001 | 175,444 | 124,074 | 14,553 | 35,032 | 1,785 |
| Smith | 2002 | 177,393 | 124,985 | 15,171 | 35,366 | 1,871 |
| Smith | 2003 | 179,155 | 125,792 | 15,793 | 35,629 | 1,941 |
| Smith | 2004 | 180,795 | 126,528 | 16,390 | 35,871 | 2,006 |
| Smith | 2005 | 182,308 | 127,141 | 16,989 | 36,096 | 2,082 |
| Smith | 2006 | 183,809 | 127,719 | 17,596 | 36,344 | 2,150 |
| Smith | 2007 | 185,131 | 128,190 | 18,198 | 36,535 | 2,208 |
| Smith | 2008 | 186,428 | 128,612 | 18,809 | 36,730 | 2,277 |
| Smith | 2009 | 187,685 | 128,988 | 19,431 | 36,928 | 2,338 |
| Smith | 2010 | 188,846 | 129,296 | 20,069 | 37,075 | 2,406 |

APPENDIX C

CITY OF TYLER TECHNOLOGY OVERVIEW

Presented by:
John D'Anna
Technology Coordinator
Computer Services Department

I. WE'LL BE DISCUSSING....

- Where we are today...
- Where we want to be tomorrow...
- How do we get there...
- The Estimated Cost...

WHERE ARE WE TODAY... AN OVERVIEW OF INFORMATION TECHNOLOGY

THE CURRENT TECHNOLOGY HARDWARE ENVIRONMENT

- The current environment consists of mainframe, mid-range, and PC or LAN-based hardware platforms - all decentrally operated and managed.
- Most current hardware platforms are 5 to 10 years old and few are utilizing current operating system release levels.
- Current platforms and software is not Year 2000 compliant.
- Only the IBM 9375 mainframe (supporting financials, Water Utilities, Vehicle maintenance, Inventory, and Permit & Inspections) is somewhat accessible by most City departments. Remaining platforms are accessible only to the functions they directly support.
- 60% of workstations currently in use are mainframe type terminals, old IBM PS/2's, 286, or 386 P/C's. No standards exist related to the procurement and operation of PCs and related software.

THE CURRENT APPLICATION ENVIRONMENT

- Numerous islands of information exist; Completely decentralized IT decision making and relatively few interfaces between systems has resulted in significant data redundancy, manual data entry and reconciliation, and cumbersome operations.
- Few software applications are Year 2000 compliant. Custom built software will require significant rewrites to correct. Most vendor supplied applications will not support Year 2000 considerations in the currently installed versions.
- Current software environment does not support the City's new Blueprint of streamlined, efficient, accountable operations.

WHERE WE WANT TO BE TOMORROW...

BLUEPRINT KEY POINTS

- City employees responsive to citizens' needs.
- Organizational mindset for proaction, innovation, service excellence and

results

- All employees trained and quantifiably productive
- Postured with 21st century technology

WHERE WE WANT TO BE TOMORROW...

- Use of Integrated applications for efficient operation of the City's Day to Day activities.
- A Citywide Computer Network for fast response to present and future service demands by our citizens.
- New or upgraded P/C's on employees desk with standardized P/C software throughout the City.
- Appropriate training for City employees on new technology.
- Reduced paper flow and eliminate manual processes.
- Provide effective support for the City's Information Systems.
- Enable Public Access to appropriate City Information.
- Establish security to safeguard the integrity of City Information.
- Establish policies for appropriate use of new technology such as the Internet.

HOW DO WE GET THERE...

- 8 Point Technology Plan that will take the City of Tyler into the 21st Century.

HOW DO WE GET THERE...

1) CORE MUNICIPAL APPLICATIONS PROJECT

- Integrated System Platform
- Applications:
 - n Finance (including AP, AR, GL, FA, Budget, Payroll with time clocks)
 - n Fleet / Garage
 - n Inspections / Permits
 - n Water Billing
 - n Inventory System
 - n Courts
 - n Parks & Recreations
- Year 2000 compliant

HOW DO WE GET THERE...

1) CORE MUNICIPAL APPLICATIONS PROJECT

- Interface to P/C Local Area Network
- Potential Vendors
 - n Pentamation BI-Tech
 - n H T E S T W
 - n Incode S C T
 - n Harris Systems System & Software Inc.
 - n USTI J.D. Edwards
 - n SFG

HOW DO WE GET THERE...

2) CITYWIDE COMPUTER NETWORK PROJECT

- Wire Buildings for Voice and Data Networks
- Build Computer Wide Area & Local Area Networks
- Connect the following buildings with Fiber:

| | | |
|---|--------------|-------------------------------------|
| n | City Hall | Neighborhood Services |
| n | Police | TDC (Plan. & Zoning, Traffic, Eng.) |
| n | Water | Library |
| n | Parks Office | Solid Waste, Garage, Streets |
| n | Fire Admin. | Courts |

- Connect rest of buildings using Leased Lines.
- Provide instant access to data for employees.

HOW DO WE GET THERE...

3) WORKGROUP PROJECT

- Replace or Upgrade existing P/C's and workstations for Year 2000 Compliance
- Centralize P/C Purchasing (Buy or Lease)
- Consolidate Office P/C printing.
- Standardize P/C software
- Install the following workgroup products
 - n Electronic Mail
 - n Calendar/Scheduling
 - n Word Processing Spreadsheet
- Turn Maintenance Fund into replacement Fund

HOW DO WE GET THERE...

4) POLICE AND FIRE SYSTEMS PROJECT

- New or Upgraded Police/Fire System.
- Crime Scene Photography equipment.
- Document/Photo imaging System.
- New CAD Terminals & Software
- Automatic Vehicle Locators.
- Mobile Digital Terminals (Laptops) in Squad Cars & Fire Trucks.
- Property Bar Code System.

HOW DO WE GET THERE...

5) CENTRALIZED GIS PROJECT

Centralized single platform with access to the following groups:

- n Police & Fire
- n Engineering
- n Traffic

- n Streets
- n Water & Sewer
- n 911 District
- n Smith County Appraisal District (SCAD)
- n Planning & Zoning
- n Commercial
- n Citizens
- n Developers

HOW DO WE GET THERE...

6) INTERNET WEB PAGES & ACCESS PROJECT

- Redesign of Web Pages for departments and also include:
 - n City Council Agenda
 - n Forms for permits & Inspections
 - n Budget Information
 - n City Codes
 - n Job postings
 - n GIS information
- Centralize City employees access to Internet
- n Track time & usage
- n Prevent download of virus on to network.
- n Prevent unauthorized access to our network.

HOW DO WE GET THERE...

7) COMPUTERIZED LIBRARY PROJECT

- Check-in & out process needs to be computerized and utilize Bar coding on books.
- An Online Card Catalog for patrons to access via terminals.

HOW DO WE GET THERE...

8) YEAR 2000 PROJECT

- Form a committee to identify all possible Year 2000 problems.
- Committee to include:
 - City Manager
 - Technology Coordinator
 - Department Leaders
 - Computer Task Force Members

ESTIMATED INSTALLATION COST...

(COST SHOWN ARE IN THOUSANDS OF DOLLARS)

Low _____ High

| | | |
|-----------------------------|---------|---------|
| • Core Applications Project | \$500 | \$1,200 |
| • Police and Fire Systems | TBD | TBD |
| • City Wide Network | \$300 | \$ 400 |
| • GIS | TBD | TBD |
| • Workgroup | \$250 | \$ 350 |
| • Internet Access | \$ 10 | \$ 15 |
| • Computerized Library | \$100 | \$ 150 |
| • Totals 5 Year Cost | \$1,160 | \$2,115 |

WHAT WILL WE HAVE WHEN IT'S DONE...

- A Leaner, more efficient City Government.
- Fast and easy access to City information for employees, citizens, and business.
- 21st Century Technology to meet the demands of our citizens.

APPENDIX D

SMITH COUNTY TASK FORCE – REPORT ON GRS CONTRACT

The following excerpt is from the 1998 Smith County Information Management Task Force Report.

Smith County pays GRS a fee of \$48,000 per month (\$576,000 annually) to provide computer services. In essence, for \$48,000 a month, GRS is acting as the Data Processing department for Smith County. It is not clear what GRS is obligated to do, by contract for this fee.

GRS seems to be, for the most part, doing whatever Smith County users want, just like an in-house Data Processing department would do. However, it is not clear how GRS determines which services are included in the basic monthly fee and which ones are not. GRS seems to be making this decision at their sole discretion.

From what we can tell, for \$48,000 per month, here is what Smith County gets: (1) The services of 6 full-time GRS employees (1 manager, 2 programmers, 2 technicians and 1 operator/secretary), (2) Monthly maintenance for the BRC financial software (\$1,600 per month or \$19,200 per year), (3) Monthly maintenance for the AS/400 computer Systems, (4) Property tax statements printed and mailed to Smith County residences each year, and (5) Occasional additional programming and/or training help, for new software installations.

In our estimation, if Smith County employed the same number of people and paid the same bills, here is what it would cost the County each year: (1) Salaries \$252,000 (Manager \$50,000, 2 Programmers at \$45,000 each, 2 Technicians at \$25,000 each, 1 Operator/Secretary at \$20,000 + 20% for benefits), (2) BRC Financial Software Maintenance \$19,200, (3) IBM Maintenance for AS/400 Systems \$20,000, (4) Printing Property Statements \$10,000. This adds to \$301,200. If we allocated an additional \$100,000 for other expenses, such as contract programming, the total bill would be \$400,000. The other \$176,000 (576,000 - 400,000) can pay for 4 more programmers, effectively tripling the programming staff.

It is important to note that the Task Force, though made up of Information Systems Professionals, has no expertise on the needs of Smith County government. Without this expertise, our evaluation of the County's Information Systems is subject to criticism. However, there is no one employed by Smith County with Information Systems expertise (see later recommendation on hiring a Director of Information Systems.) We in the Task Force are attempting to fill this void, per our charge.

Temporary Extension to GRS Contract

At this time, Smith County cannot function without GRS because GRS is the computer department for Smith County. Without computers, the County cannot conduct its daily business or even process payroll. For all practical purposes, as it stands right now, GRS can dictate terms to Smith County and there is not much that Smith County can do. It will take Smith County some time to work itself out of this

predicament. The Task Force feels it is not in the County's best interest to be in a situation where it can be held hostage by any one vendor.

Given the fact Smith County cannot function without GRS, Smith County should immediately negotiate an extension to the current contract. The Commissioners may want to negotiate an extension that allows either side to cancel at any time with a 60-day notice. This will give the County some breathing room to consider other alternatives, including negotiating a better arrangement with GRS, without having to make a 12-month commitment.

Conversion to a New System

The Commissioners asked the Task Force if Smith County should install the Software Group software. The Task Force has elected to not answer that question because of time constraints. However, the Task Force would like to make some comments.

We are all being lead to believe the Collin County system is not Year 2000 ready but the Software Group system is. Switching to the Software Group software is very attractive to many users in Smith County because they are not happy with the current system. Conversion to the Software Group system is especially tempting because GRS is willing to provide the hardware and software for free!

In any computer project, the initial software and hardware costs are only a fraction of the total cost. Conversion, training and implementation are all major contributors to the total project cost.

Major conversions are not easy. There is new hardware to be installed, which may require room for two terminals on some desks. Additional cable may have to be pulled to support dual terminals. Users have to be trained. Data has to be converted. For a period of time there are two systems to maintain.

Even before the project begins, more fundamental questions have to be answered. In what sequence should the conversion be made? Which department goes first, second, third, etc. and why? How would the interfaces between systems be handled during the conversion? Some will be on the old system and some will be on the new system and temporary interface programs may have to be written to make the transition work.

Which data should be converted? Should a balance-forward approach or a detailed conversion approach be more appropriate? Why? If a balance-forward approach is chosen, where do users go for the detail when the old system goes away? How many months or years should the old system be maintained? All these questions must be answered for each system and for each department.

For a person that is already busy, conversion is additional work for which there is no time. Moreover, the average person does not like change; it is human nature. Conversions are no cakewalk. They are minefields. Even the most conservative

estimate on how long it will take to do a conversion often ends up taking longer. The decision to take on a major conversion should not be made lightly. Not with a Year 2000 deadline looming.

The last time Smith County attempted a major conversion was in 1994. The original project plan called for the conversion to be completed in 9 months. Four years later, that conversion is still not complete! Why will it be different this time?

What makes GRS or Smith County believe they can accomplish an even bigger conversion - it is bigger because *all* systems *have* to be changed to make them Year 2000 ready - in only 18 months? What assurances does the County have that the conversions will be complete? The very operation of Smith County is in jeopardy if the conversions are not complete. These are important questions that must be answered before decisions can be made.

Smith County should not launch a major conversion effort without knowing for sure if all the new systems can be installed and made operational before the Year 2000. If the implementation of the new software will take longer than 18 months, Smith County has no choice but to stay with the existing software and convert it to Year 2000. Converting the current programs is a smaller project because it involves only programmers and not users. It does not call for complex project plans with installation, conversion, training and implementation. It does not require the departments to change the way they conduct their business. It is a lot easier to manage.

Then, in the Year 2000, if users are still unhappy with the current software, a decision can be made to replace it. At that time, the County will not be facing an 18-month deadline and will be able to take more time to do the conversion.

Smith County Needs a Director of Information Systems (I/S)

The Task Force has had great difficulty obtaining accurate information about Information Systems in Smith County. No one employed by Smith County has significant technical skills or a "big-picture" view of the County's computer operations and needs. We have had to rely on GRS for most of the information. GRS obviously has vested interests.

In the opinion of this Task Force, Smith County needs a full-time Director of Information Systems. This person should be an Information Systems professional with Project Management and Systems Conversion experience.

The Director of I/S would be directly accountable to the Commissioner's Court and preferably be under a two-year contract.

The Director of I/S would have a "big picture" view of Smith County's Information Systems. The Director of I/S would

- 1) Know the County's computer wants and needs.

- 2) Know the features and limitations of the various programs in use.
- 3) Understand computer hardware, software and operating systems.
- 4) Understand the County's operational workflow.
- 5) Prioritize the County's needs and recommend a logical sequence for systems implementation.
- 6) Evaluate vendor proposals and negotiate contracts.
- 7) Administer the contract and evaluate compliance.
- 8) Chair the County's Information Systems Steering Committee.

It is important to note that currently Don Crawford, in addition to being the local GRS Account Manager, is acting as Smith County's Director of Information Systems. However, asking the contractor to be the Director of Information Systems leads to a potentially large conflict of interest. Who would administer the contract? Who would take the contractor to task for non-performance?

As it currently stands, Smith County does not have the professional resources to properly evaluate the performance of GRS or any other future Information Systems vendor.

The County Needs a Committee of "Super Users"

In addition to the Information Systems Steering Committee, Smith County needs a working committee of Super-users. The Director of I/S would chair this committee as well.

Super-users are employees with above average computer skills. They have a desire to employ new technologies in the workplace. They like answering questions and helping others. They know everything that goes on in their departments and consequently what their department needs. They understand what computers can and cannot do. Since they have an "in the trenches" view of computer systems, they are an invaluable resource. They are often the best evaluators of proposed software. They are critical to the success of any new software implementation.

The official formation of such a committee, with participation from each major department, can give everyone in the organization a voice in the prioritization of computer systems needs. The Super-users would represent their respective departments. They would be responsible for implementing the decisions of the committee. They would become the champions for Information Systems projects.

Conversion to a new computer system is always difficult. People in general do not embrace change. If the Super-user committee participates in the decision making process, then they will help sell the change to their users. They will also work hard to make the implementation an overall success because they were involved in the

decision making process.

Recommended Sequence of Events

At this time, the Task Force recommends the following course of action for Smith County:

- 1) Negotiate a month to month extension of the current contract with GRS with stipulations for either party to cancel the contract given reasonable notice (60 days).
- 2) Hire a Director of Information Systems to chair the 'I/S Steering Committee. This person would formulate the Information Systems Strategy for Smith County and administer the GRS contract. (Be aware that the salary needed to fill this position may be \$50,000 per year or more.)
- 3) Form a "working committee" of "Super-users". This committee will champion the I/S cause in Smith County.
- 4) Resolve the Year 2000 dilemma. The Director of I/S, along with the Super-user committee and GRS should resolve this as quickly as possible. Should Smith County convert to a new system or not?
- 5) Develop a Year 2000 Project Plan. The Project Plan should allow for Testing and Certification. Smith County should also have Contingency plans in place.
- 6) In conjunction with items 4 and 5 above, begin negotiations with the I/S Contractor for a new two-year contract. (A two-year term is required to adequately deal with the Year 2000 issue.) *It would not be advisable for the County to switch vendors in the middle of implementing a Year 2000 solution.*

Any new information systems contract should include the following:

- a) Specific Measurable Goals
- b) A Project Plan with a Timeline of Deliverables
- c) A specific listing of contractor responsibilities, including:
 - i) Application Software Maintenance requirements.
 - ii) Hardware Maintenance requirements.
 - iii) Operating Systems Maintenance/Support/Upgrade requirements.

iv) Equipment Installation requirements.

v) User Support and Training requirements.

d) A Year 2000 Warranty Statement.



APPENDIX E CITY OF TYLER CITY COUNCIL COMMUNICATION

Agenda Number:

Date: November 24, 1999

Subject: Consider An Update Of The City of Tyler Competitive/Contractual Services Delivery Blueprint

Page: 1 of 2

Item Reference: February, 1997 City Organization Restructure and Implementation of a Five (5) Year Business Plan For Structuring Better Services with Less Operating Costs to The Citizens of Tyler

In February of 1997, the City Council developed a business plan that assessed the City's then current staffing structure and service delivery posture; placed a premium on a **streamlined** staffing structure and a more **responsive** service delivery system; and focused the City organization on a **Blueprint Plan** for achieving those staffing and service delivery goals.

The City Council's adoption of the FY 1999-2000 Annual Operating Budget marked the halfway mark towards its goal of vastly improving the effectiveness, efficiency, and cost of doing business in the City of Tyler organization. FY 1999-2000 represents Phase III of the competitive/contractual potential review of every major unit of external service and internal process that make up the City's total service delivery system. Other **Blueprint** goals and standards have been measured or are in the process of being measured over three (3) fiscal years.

At the **Blueprint** halfway mark:

- ◆ **75** of 155 major service/support process units have been reviewed; resulting in,
- ◆ **\$2,911,750** of net dollar competitive improvements and **\$736,440** of net dollar contractual developments; resulting in,
- ◆ **\$3,648,190** in net reduced City overhead/operating costs.
- ◆ Overhead/operating costs reductions have allowed the redirection of tax dollars for:
 - a) Accelerated residential street asphalt overlay costs in excess of **\$3 Million**
 - b) Technology development projects costs in excess of **\$1.5 Million**
 - c) Parks capital projects funding of over **\$1 Million**
 - d) Additional funding for Police Officer and Firefighter positions; Police and Fire Department major equipment upgrades; and unprecedented pay increases for Tyler Police Officers and Firefighters

- ◆ Competitive benefits restructuring has resulted in a net reduction of over **\$1.3 million** in long term unfunded liabilities
- ◆ The City's management structure and overall non-civil service workforce have been streamlined by **sixty-five (65) positions** or eighteen percent (18%) through attrition, job re-structuring, and consolidation of work areas. Streamlining has included the elimination of over **\$435,000** in annual salaries and benefits of management positions.
- ◆ Tracking of citizens' complaints and requests for services and information have been shifted from one central position to all thirty (30) service points in the City for enhanced responsiveness.
- ◆ Total City property tax rate has been reduced by **32%** to **\$.29537 cents**.
- ◆ A Productivity Improvement Fund has been established to support an employee Productivity/Performance Pay system that rewards working smarter, faster, and at higher performance levels. The Productivity Improvement Fund has provided over **fifty percent (50%)** of the performance pay funding requirement (**\$600,000**) for non-civil service employees over three (3) fiscal years; and full funding (**\$384,000**) for the current fiscal year.

The City's Productivity/performance pay system has eliminated over **\$672,000** in compounded base salary and benefit costs to the City.

- ◆ Labor and Clerical/Support Services Pools have been established to absorb additional needs for general labor manpower, contract labor, and clerical/administrative support that previously carried an annual price tag of over **\$200,000**.

In order to sustain progress; stay the course of continuous improvement; and achieve bottom line **Blueprint** results of **better services with less overhead costs to the citizens of Tyler** beyond the half-way mark, the City of Tyler government will need to **refine its focus and vision; improve the look of service delivery** in all of its service points; and concentrate on **measurement of those things that will yield the right results**. As the City organization streamlines its staffing and operations, one dimensional and specialized jobs/tasks will need to yield to **broader spectrum duties; a new core service delivery structure** will need to be defined; and **pay/reward systems will need to be restructured** to support greater workload levels, leadership, and performance that make the right things happen.

Current Department Leaders are being challenged to develop and manage three (3) year **Service Point Blueprint Business Plans** that will assure the achievement of the City Council's service goals and priorities. The City Council's support of commensurate pay incentives and reward systems for employees' performance and contributions that drive the City forward in good business and continuous service improvement is respectfully appreciated and continually sought. The right things just do not happen, but instead happen because of the creative, innovative, and diligent **can-do** attitudes and efforts of **Blueprint employees** in the City organization.

After 2 ½ years of **Blueprint** direction and performance, and even with miles to go yet, the City of Tyler is 'On A New Horizon' as we approach the year 2000.

RECOMMENDATION: It is recommended that the City Council consider an update of the City of Tyler Competitive/Contractual Service Delivery Blueprint and provide input for staff.

-

-
Drafted/Recommended By:
Department Leader

Edited/Submitted By:
CITY MANAGER

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Managing Partner, The British Consortium of San Antonio (Established UK 1991).

An Import/Export Consulting Firm Specializing In international trade between the United States, United Kingdom, Mexico, and European Countries.

The Rockin Artists Performance Group (Established USA 1995).

An Entertainment Company Specializing in Rock Concerts, Comedy Shows, Talent, etc. Previous talent booked includes Rick Springfield, Eddie Money, Tone Loc, Howard Jones, The Outfield, Bad Company, Petshop Boys and others.

COO & General Partner, The Habit Control Center (In operation 1993 - 1996).

Offering behavioral modification smoking cessation programs.

Owner, Lovejoy's Cleaning Service (In operation 1983 - 1985 (Business Sold)).

Offering the three phase cleaning to new homebuilders and clients included RayCo, NPC, and Morton SW, and etc.

United States Air Force and while in service assignments also included Medical Systems Division:

As the Office Automation Manager for the more than 4500 personnel assigned to Wilford Hall USAF Medical Center responsibilities included: Full computer systems development, implementation, and operations on both mainframe and PC platforms, in the areas of programming, systems approval, purchasing, repair, management, troubleshooting, customer service and support operations, network/satellite/telephone communications and cabling, budgeting, networking and systems integration, information security, Air Force Computer Training Instructor, and cost management analysis as related to work area personnel management and resource utilization.

PUBLIC AND COMMUNITY SERVICE EXPERIENCE:

- Board of Directors, Bexar County Hospital District Board of Managers (Chair, Budget & Finance Committee)
- Northside Independent School District's Educational Improvement Council
- Board of Directors, Ella Austin Community Center
- Board of Directors, NW Area Council, GSACC
- Military Affairs Steering Committee, GSACC
- Governmental Affairs Steering Committee, GSACC

RELEVANT PREVIOUS PUBLIC AND COMMUNITY SERVICE EXPERIENCE:

- Board of Directors Alamo Area Council Of Governments, Bexar County Representative (1995-1999)
- Board of Directors Alamo Area Council Of Governments, Management Committee Chair (1998-1999)
- Board of Directors Alamo Area Council Of Governments, Legislative Committee Chair (1997-1999)

- Commissioner, City/County Government Commission (Chair, Public Safety)
- Bexar County Performance Review Task Force
- Vice Chair, Free Trade Alliance of SA, European Committee, (1995)
- Government Affairs and Education Steering Committee, GSACC (1992 - 1996)
- Member, Alamo Community College District's N.W. Vista College Campus Development Committee (1994)
- Small Business Steering Committee, GSACC (1993 - 1995)
- Board of Directors, San Antonians Against Lawsuit Abuse (1993 - 1995)
- Board of Directors, Arts San Antonio (1994)
- 1994 Chairman, Small Business Council, The Greater Chamber
- Vice President, Leon Valley Area Business and Professional Association (1989 - 1991/Now known as the Leon Valley Area Chamber of Commerce)

AUTHORED:

- The Basic ABC's of Managing Your Money (Copyright © 1988 - 1990)
- The White Paper on "How To Get Paid Now!" (Copyright © 1997)
- The White Paper on "New & Second Chance Credit!" (Copyright © 1998)

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- Board of Directors Alamo Area Council Of Governments, Legislative Committee Chair (1997-1999)
- Commissioner, City/County Government Commission (Chair, Public Safety)
- Bexar County Performance Review Task Force
- Vice Chair, Free Trade Alliance of SA, European Committee, (1995)
- Government Affairs and Education Steering Committee, GSACC (1992 - 1996)
- Member, Alamo Community College District's N.W. Vista College Campus Development Committee (1994)
- Small Business Steering Committee, GSACC (1993 - 1995)
- Board of Directors, San Antonians Against Lawsuit Abuse (1993 - 1995)
- Board of Directors, Arts San Antonio (1994)
- 1994 Chairman, Small Business Council, The Greater Chamber
- Vice President, Leon Valley Area Business and Professional Association (1989 - 1991/Now known as the Leon Valley Area Chamber of Commerce)

AUTHORED:

- The Basic ABC's of Managing Your Money (Copyright © 1988 - 1990)
- The White Paper on "How To Get Paid Now!" (Copyright © 1997)
- The White Paper on "New & Second Chance Credit!" (Copyright © 1998)

[1] An excerpt from the Texas State Constitution, Article I "THE BILL OF RIGHTS", Section 2, Section 2.

[2] E. S. Savas quoted in "Reinventing Government" by David Osborne and Ted Gaebler, Pg. 25.

[3] Mayor Stephen Goldsmith, "The Twenty-First Century City", Pg. 15.

[4] Texas Public Policy Foundation (TPPF), Bexar County Opportunity Analysis, Wendell Cox Consultancy, July 1998.

A modified explanation of the differences between an opportunity analysis and a performance review written in the 1998 Bexar County opportunity analysis with modifications by this author.

[5] Although this represents Smith County's Mission Statement, it has not been adopted by all County agencies and departments.

[6] TPPF derived all figures from the Smith County FY 99/00 Budget that was provided by the County Auditor.

[7] Appendix C.

[8] For the purposes of this report the Information Technology and the Records Management sections are related.

[9] BRC memorandum, addressed to Ms. Linda Parks, the County's Purchasing Agent, and signed by Mr. H. Lynn Moore, BRC Vice President, March 31, 1993.

[10] During on-site visits, TPPF observed County officials and employees experiencing problems while using the newly supplied GRS computerized program: 1) The improper pagination of printer reports, causing one officeholder to have his staff use a pair of scissors to cut forms from the printer. 2) The failure of GRS to provide users data in required formats and the required re-entry of data retrieved from the GRS system into user desktop programs such as word processing and spreadsheets. 3) The lack of an adequate duplicate records check that prevents the re-entering of the same person more than once.

[11] A figure provided by The Smith County Auditor to TPPF, January 2000.

[12] Texas State Comptroller of Public Accounts, "Financial Management Review of Smith County Government," August 1998.

[13] During on-site visits, TPPF observed County officials and employees experiencing problems while using the newly supplied GRS computerized program: 1) The improper pagination of printer reports, causing one officeholder to have his staff use a pair of scissors to cut forms from the printer. 2) The lack of GRS to provide/respond to users data in required formats. The observation of staff throughout the county's judicial system and law enforcement re-

entering data retrieved from the GRS system and then entered into user desktop programs such as word processing and spreadsheets. 3) The GRS program lacks an adequate duplicate records check that prevents the re-entering of the same person more than once.

[14] TPDF did receive limited information about the safety record of the staff and three routine inmate death reports.

[15] An excerpt from *the Tyler Morning Telegraph*, dated October 21, 1999, by Jennifer Brown, Staff Writer.

[16] *Tyler Morning Telegraph* article, "County OKs Settlement Over Arrest", dated December 21, 1999, by Jennifer Brown, Staff Writer.

[17] *Tyler Morning Telegraph* article, "County OKs Settlement Over Arrest", dated December 21, 1999, by Jennifer Brown, Staff Writer.

[18] Government Code Chapter 552, Public Information Act, Subchapter D, Section 552.201, Identity of Officer for Public Information (a) The chief administrative officer of a governmental body is the officer for public information, except as provided by Subsection (b). (b) Each elected county officer is the officer for public information and the custodian, as defined by Section 201.003, Local Government Code, of the information created or received by that county officer's office and Section 552.222, Permissible Inquiry by Governmental Body to Requestor (b) If what information is requested is unclear to the governmental body, the governmental body may ask the requestor to clarify the request. If a large amount of information has been requested, the governmental body may discuss with the requestor how the scope of a request might be narrowed, but the governmental body may not inquire into the purpose for which information will be used.

[19] Government Code Chapter 552, Public Information Act, Subchapter F, Section 552.268, Efficient Use of Public Resources, "a government body shall make reasonably efficient use of supplies and other resources to avoid excessive reproduction costs."

[20] *Tyler Morning Telegraph* article, "Smith Judges Say Open Records Act Should Be Revised", by Mary Edwards, Dated June 30, 1999.

[21] Background information obtained from the Smith County Sheriff's website at <http://smithco.tyler.com/jail.html>.

[22] Study performed by Samuel J. Brakel, a researcher for the American Bar Association Foundation, surveyed inmates at Silverdale, the Hamilton County (Chattanooga, Tennessee) Penal Farm.

Sunset Advisory Commission (SAC), Recommendations to the Governor of Texas and Members of the Seventy-Second Legislature, (Austin, Texas, March 1990)

S. B. 251, 70th Legislature, Regular Session, 1987.

Texas Department of Criminal Justice Institutional Division, 1990 Fiscal Year Statistical Report, (Huntsville, Texas, 1990)

Texas Public Policy Foundation (TPPF), Bexar County Opportunity Analysis, Wendell Cox Consultancy, July 1998.

Charles Thomas and Charles Logan, "The Development, Present Status, and Future Potential of Correctional Privatization in America," (March 1990)

Data from a survey conducted by the Texas Performance Review on April 17, 24, and 30.

John Sharp, Breaking the Mold: New Ways to Govern Texas, Texas Comptroller of Public Accounts Office, 1991.

Texas Department of Criminal Justice, "Summary of Operational Review of Wackenhut Corrections Corporation Private pre-release Centers," (Huntsville, Texas, September 1990); and Texas Department of Criminal Justice, "Summary of Operational Review of Corrections Corporation of America pre-release Centers," (Huntsville, Texas, September 1990).

The Privatization Council, Partnership Focus, "Use of Private Correctional Services," (March 1991).

National Institute of Justice, Contracting for the Operation of Prisons and Jails, (June 1987).

National Institute of Justice, Issues in Contracting for the Private Operation of Prisons and Jails, (October 1987).

[23] Source: Texas Performance Review and Sunset Advisory Commission. Locating Private Prisons Adjacent to Existing Units. An analysis prepared by TDCJ.

[24] Includes contract per diem, oversight and overhead costs associated with the contract and a reduction of cost for taxes paid.

[25] Based upon actual average cost of four new 1,000-bed TDCJ facilities.

[26] Assuming same costs associated with operation of 500-bed facility noted above.

[27] Based upon actual average of three new 2,250-bed TDCJ facilities.

[28] Assuming same costs associated with operation of 500-bed facility noted above.

- [29] A three-year average was calculated based upon the jail budgetary data made available to TPPF by Smith County.
- [30] SB 630 introduced by Senator Robert Duncan would have the State reimburse the County for every day a parole violator incarcerated in the County Jail after the 45th day. The original bill would have had the State reimbursement effective after the 10th day. The fiscal note to the State on the original language was around \$148 million for the biennium. The new language would reduce the fiscal note to \$25 million. To date, this bill remains in the Senate Finance Committee.
- [31] Letter, Smith County Sheriff's Department re: Public Information Act request, dated October 19, 1999, and signed by Gary Pinkerton, Jail Administrator. This letter also contains the total number of blue warrant inmates and costs for years 1996 - 1998.
- [32] 1999 figures were not available at the time of this publication.
- [33] Source: Texas Performance Review and Sunset Advisory Commission. Locating Private Prisons Adjacent to Existing Units. An analysis prepared by TDCJ.
- [34] Please note that some Texas Counties have less than five Constables due to lower populations and Harris County has eight.
- [35] Based upon the annual average rate of increase necessary to hire new officers, employee benefits, patrol cars, maintenance, etc. within Smith County law enforcement budget costs for fiscal years 1996 - 2000.
- [36] Robert T. Deacon, Professor of Economics and Public Finance, UC Santa Barbara, CA, "The Expenditure Effects of Alternative Public Supply Institutions," 1980.
- [37] Mehay & Gonzalez, "Economic Incentives Under Contract Supply of Local Government Services," 1985.
- [38] A reliable estimate of costs would require an Activity Based Cost Accounting system, which does not exist in Smith County. (See Section 8).
- [39] During an on-site interview, January 19, 2000, with a County Constable, TPPF was told the following as it related to the existing overlaps within process serving: "Just the other day I was serving a process at an apartment complex. I went to knock on the door and looked about 30 feet across the parking lot and saw a Sheriff's deputy doing the same thing at that apartment. And this happens all the time!"
- [40] Robert T. Deacon, Professor of Economics and Public Finance, UC Santa Barbara, CA, "The Expenditure Effects of Alternative Public Supply Institutions," 1980.
- [41] Mehay & Gonzalez, "Economic Incentives Under Contract Supply of Local Government Services," 1985.
- [42] This figure is derived from the Smith County Sheriff's FY 99/00 budgetary personnel request and comprises \$197,600 in salaries for new patrol deputies (not including fringe benefits), and \$202,400 in support equipment and services, i.e., employee fringe benefits, vehicles, maintenance, supplies, uniform allowance, etc.
- [43] This figure does not include inflation, employee pay increases due to promotion or longevity, etc.
- [44] Texas State Comptroller "Smith County Financial Review" August 1998.
- [45] Tyler's Competitive/Contractual Service Delivery Strategic Plan, provided to TPPF August 14, 1999.
- [46] Robert T. Deacon, Professor of Economics and Public Finance, UC Santa Barbara, CA, "The Expenditure Effects of Alternative Public Supply Institutions," 1980.
- [47] B. Stevens, "Delivering Municipal Services Efficiently," 1984.
- [48] *Tyler Morning Telegraph* article "Property Owners Swamp Tax Office", dated February 1, 2000 "Smith County citizens hit the tax office in swarms Monday, the last day to pay property taxes without late fees. Tax clerks waited on almost 2,000 customers and collected \$16 million in one day. By Monday afternoon, Tax Assessor Kay Smith had collected \$76 million, or 74 percent of the total tax levied on county property owners this year. That amount does not include hundreds of payments customers mailed to the tax office. Ms. Smith said it will take about ten days before she knows how many people paid their taxes on time..."
- NOTE: This article further illustrated the inefficiencies associated with the collections and deposits of County revenues. Collected funds by the Tax Assessor's office are deposited into her Tax Office account. It may take as long as a month before these collected amounts are reconciled and deposited into the County's General Fund Account.
- [49] The Comptroller's report, "Financial Management Review of Smith County Government", is recommended reading and may be obtained by contacting the Comptroller's website at www.cpa.state.tx.us for ordering information.
- [50] The Financial Management Review of Smith County Government's cover letter signed by John Sharp, Texas State Comptroller of Public Accounts, dated August 28, 1998, addressed to County Judge Larry Craig, and to the County Commissioners.
- [51] The State Comptroller's report on Smith County, "Financial Management Review of Smith County Government"

can be located at: <http://www.window.state.tx.us/lga/fmr/smith1.html>

[52] Texas Local Government Code, Title 4 Finances, Subtitle B County Finances, Chapter 111 County Budget.

[53] Texas Local Government Code, Title 4 Finances, Subtitle B County Finances, Chapter 111 County Budget., Sec. 111.002. County Judge as Budget Officer, The County Judge serves as the budget officer for the commissioners court of the county."

[54] Title 4 Finances, Subtitle B County Finances, Chapter 111 County Budget, Sec. 111.005 re: Information Furnished by County Officers.

[55] David Osborne and Ted Gaebler "Reinventing Government"

[56] David Osborne and Ted Gaebler "Reinventing Government"

[57] Source: Jeff Williams, "The Do's and Don'ts of Competitive Contracting: Cleveland, Cincinnati and Indianapolis"; Perspective, October 1997, Buckeye Institute for Public Policy Solutions, 131 N. Ludlow Street, Suite 317, Dayton, Ohio 45402, (937) 224-8352.

[58] Source: Richard L. Worsnop, "Privatizing Government Services," CQ Researcher (Congressional Quarterly), August 9, 1996.

[59] Source: William D. Eggers, ed., "Revitalizing Our Cities: Perspectives From America's New Breed of Mayors," February 7, 1996, Washington Institute for Policy Studies, P.O. Box 24645, Seattle, WA 98124, (206) 938-6300.

[60] Values for 1990 are actual values from the 1990 census and are as of April 1, 1990. Values for all other years are projections as of July 1 of each year. **Source:** Texas Comptroller of Public Accounts, *Winter 1997-98 County Forecast*; and the Texas State Data Center at Texas A&M University.

[61] Values for 1990 are actual values from the 1990 census and are as of April 1, 1990. Values for all other years are projections as of July 1 of each year. Source: Texas Comptroller of Public Accounts, *Winter 1997-98 County Forecast*; and the Texas State Data Center at Texas A&M University.

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