



Strategic Operating Plan Fiscal Year 2011

**Charles Robinson, Key Business Executive
July 2010**

CONTENT

EXECUTIVE SUMMARY	1
STRATEGY AND PLANNING	11
SERVICE DELIVERY	19
BALANCED SCORECARD	21
CONCLUSION	26

I. EXECUTIVE SUMMARY

Introduction

Business Support Services (BSS) is the shared services organization for the City of Charlotte and is responsible for providing many of the *corporately shared services* and much of the service infrastructure necessary for the success of the City. BSS is a corporate-wide provider of equipment and fleet maintenance, information technology, procurement and public safety communication services, all of which are vital to business units in providing their core services and meeting their business goals. In addition to our internal customers, we also provide these services and infrastructures to other municipal, county, state, and federal government agencies.

BSS currently has an authorized staff of **223** employees who provide products and services in four different functional areas. The organization is led by its key business executive (KBE), deputy KBE for Technology Operations, and three division managers (reference organization chart on page 11). These leaders come together with representatives from the Offices of Resource Management and Business Process Improvement to form the BSS Leadership Team. The Leadership Team provides the strategic and tactical direction and decision support necessary for the organization's day-to-day operational success.

Resource Summary	FY 2009 Actual	FY 2010 Actual	FY 2011 Budget
Positions	238	223	223
Personnel	16,678,389	17,022,158	17,660,656
Operating	16,523,703	11,726,738	13,170,928
Other (debt service, capitalized tools, etc)	2,540,989	4,117,889	4,061,088
Internal Chargebacks	(14,499,781)	(14,759,730)	(15,382,099)
Prior Year Obligations	956,239	388,714	1,682,252
subtotal	22,199,538	18,495,770	21,192,825
External Chargebacks	(4,586,726)	(4,745,988)	(5,245,529)
Enterprise Fund CAP	(5,662,949)	(6,085,593)	(6,503,129)
Revenues Co Shared Services	(437,835)	(493,223)	(507,471)
Revenues Other (Contracts, Salvage Sale & Fees)	(10,070,218)	(9,170,089)	(9,161,260)
subtotal	(20,757,728)	(20,494,893)	(21,417,389)
Total Net General Fund Appropriation	1,441,810	(1,999,123)	(224,564)
Capital Investment Projects	9,230,454	4,681,343	4,699,472
TOTAL	10,672,264	2,682,220	4,474,908

Mission Statement

Advancing the Business of Public Service

The purpose of the City's shared services organization is to deliver and continuously simplify and optimize designated enterprise support functions in a manner that meets the business units' operational requirements, focusing on:

- Quality
- Transparency
- Flexibility
- Customer Service
- Cost Reduction

Vision

Business Support Services is a provider of Fleet, Technology, Procurement and Public Safety Communication Services. In supporting the City's focus of *Comprehensive Citizen Service*, we partner with the City's business units and other governmental customers with the goal of being:

Recognized as the national leader in delivering public sector shared services.

Core Values

Trustworthiness: This value is demonstrated by being honest, telling the truth, keeping promises, and being loyal so people can trust you. It requires us, individually and as an organization, to be open and transparent in all we do so that our motives and actions can be clearly understood.

Integrity: This value has two components as it relates to being a BSS value.

1. BSS demonstrates Integrity as an **organization** through its unity in accomplishing its vision and mission and by focusing on delivering complete services, not on just accomplishing service related tasks.
2. Integrity is demonstrated by **individuals** within BSS through their adherence to our core values and dedication to our mission and vision.

Discipline: This value is demonstrated organizationally and individually in three ways: Disciplined People, Disciplined Thought and Disciplined Action.

1. **People** demonstrate discipline through their controlled and calm behavior even in difficult or stressful situations by having the mental self-control to direct or change their behavior. They are

rigorous, not ruthless; constructive, not combative; and focused, not narrow minded.

2. People and organizations demonstrate disciplined **thought** by being able to confront the brutal facts of reality while exhibiting unwavering faith in their ability to prevail through a simple, yet deeply insightful, frame of reference for all their decisions. That frame of reference for BSS is our purpose and core values.
3. Organizations demonstrate disciplined **action** by developing a consistent system with clear parameters (our purpose and core values) and giving people the freedom and responsibility to act within the framework of the system. People demonstrate disciplined **action** by exercising innovation and creativity fanatically consistent with the vision, mission and objectives of the organization.

Accountability: Is the willingness to accept responsibility for our individual actions, the actions of those we supervise and for the outcomes of the organizations (work teams, sections, shifts, shops, divisions, business unit and City) in which we participate. It is the obligation of individuals and the organization to account for its activities, accept responsibility for them, and to disclose the results in a transparent manner.

Forward

Thinking: People and organizations thinking about, planning for, or considering not just the immediate present but the future. It is thinking about past data (financial, performance, relationship, etc), the current environment (operational, relational, and political) and best practices in a way that leads to the changes necessary to ensure future success.

Dedication: Being wholly committed to a particular course of thought, action, or purpose. For the BSS staff, it is serving the citizens of Charlotte by being wholly committed to success of the City organization, the individual business units, our customers, BSS and our work groups. It is the alignment of personal and organizational purpose.

Strategic Goals

Moving forward with our mission toward achievement of our vision, we actively pursue the following **Strategic Goals** ensuring everything we do is in line with our core values.

- **Build and effectively manage the service infrastructure** (process, people, systems and facilities) for Fleet, IT, Radio, and Procurement.
 - *People – trained, ready to work, mission focused*
 - *Process – streamlined and document and data centric*

- *Systems – corporately solidifying standards and change management practices for the enterprise infrastructure.*
- *Facilities - adequate and properly equipped physical plants*
- **Leverage partnerships** to more efficiently and reliably provide integrated services through sharing of resources.
 - *Service Level Agreements*
 - *Inter-local Agreements*
 - *Memorandum of Agreement (compliance & regulatory requirements)*
 - *Effective use of vendor services*
- **Build customer trust and loyalty** providing best value, customer-centric services.
 - *Develop transparent reporting and tracking tools that match customer need*
 - *Provide compliance and guidance*
 - *Provide responsive feedback and quality service*
 - *Excel at team approach to asset management*
 - *Actively seek winning solutions*
- **Grow the Business** by demonstrating and communicating the value of our services to existing and potential customers.
 - *Optimize use of resources to provide lowest cost service offerings*
 - *Streamline and standardize transactional functions*
 - *Develop and communicate service catalogue and fully loaded costing structure for our services*

Key Issues and Challenges

In order to achieve our mission and vision, BSS has several key issues and challenges, specific issues and challenges are identified below within context of our strategic goals.

Service Infrastructure

While BSS has always focused on delivering best value service and finding savings opportunities for all its customers, this will be even more critical over the next year. BSS' role as corporate shared services provider means that the quality, efficiency and timeliness of its services have a direct impact on the ability of the operational business units to serve the citizen.

Whether it is managing and maintaining over 7,000 pieces of fleet related equipment, 15,200 pieces of radio and safety electronic equipment; providing the communications infrastructure for over 18,000 subscribers in one of the nation's top five consolidated

radio systems; managing and supporting over 5,000 personal computers, 487 data center servers, 550 network devices, 100 data circuits and thousands of technology service requests; or providing the procurement services and procurement oversight that ensure effective and proper use of City and County funds, BSS is a necessary and critical partner in *advancing the business of public service*.

As is true for any system, whether transportation, banking or manufacturing, the limiting factor in successfully delivering services or products is the system's supporting infrastructure (roads, rails, facilities, and transmission lines). This is why the top strategic goal for BSS is *providing a service infrastructure (processes, people, systems and facilities) that effectively and efficiently meets the shared service needs of its customers*. This strategic goal establishes our fundamental approach in responding to the significant challenges in the current economic environment.

Service Infrastructure

- IT Infrastructure Consolidation. The City Manager has directed BSS to undertake management of the corporate information technology infrastructure by consolidating the infrastructure under BSS. This consolidation will impact every element of the service infrastructure (processes, people, systems and facilities). The purpose of consolidating the infrastructure is to achieve operational savings, reduce risks, and to strengthen the infrastructure to be the foundation for future technology advancements. These goals will be achieved through equipment standardization, resource leveraging, standardizing procedures and economies of scale. While the consolidation project will be very challenging and consume many resources, the transformational efforts and overall result will strengthen the technology backbone of the City and place the City in the best position to leverage its technology investments. To achieve these benefits, there are a number of risks that will have to be proactively managed along the way.

Service Infrastructure – Processes

- Implementing Enterprise Configuration and Change Management Processes. City business is increasingly dependent on highly integrated technology. The technology environment that supports the business has become increasingly complex due to ongoing advancements in business strategies and requirements, technology innovation, security threats, and the reliance on automation to grow capacity. Change in the IT environment is unavoidable, even necessary. A challenge for the city will be to remain flexible to service enhancements and changing business requirements while ensuring the integrity and reliability of the systems, data and work flows. A plan to implement an enterprise-wide change management process is in progress. This process is critical to the protection of the infrastructure and to minimize impact of service disruptions to customers. By requiring documentation, testing and approval of changes before they are made, risks to the

infrastructure can be identified and mitigated prior to implementation. The process that is now in place will be reengineered using industry best practices and implemented in BMC Remedy, however the current challenge is in creating a culture throughout the City where people know and understand the expectations of using the process and comply with it willingly.

- Shared Services Framework. Development and improvement of processes that support the shared services model is the infrastructure element that holds the greatest possibility for efficiency and savings. BSS is dedicated to working to improve both corporate wide and discrete service processes. This effort has already brought significant improvement to the equipment procurement, commissioning and decommissioning processes and we are currently working on several other key practices. Defining and streamlining our processes will remain a top priority for BSS, the challenge will be finding the staff time to pull away from daily service provisioning to focus on these initiatives.
- Implementation of Communications Equipment Asset Management. The City Manager has asked BSS/Network Technology Services (NTS) to centralize the management of corporate communication assets and standardize radio equipment and purchasing procedures to achieve equipment and asset management cost savings. This activity will require significant collaboration with business units on processes and procedures to ensure a smooth and effective transition of responsibilities.
- Vehicle Asset Management Processes. The City Manager has asked BSS to further improve the City's fleet and motorized equipment asset management in three ways:
 - First, implement purchasing control that will identify all options and equipment associated with the purchase of assets prior to the asset being ordered. This will clearly identify the total asset cost.
 - Second, implement standard specifications and option packages for as many vehicle classifications as practical. This will drive down the diversity of the fleet (driving down overall maintenance costs), simplify the procurement process and control asset base costs.
 - Third, develop and implement a system to consolidate management and use of administrative pool vehicles. The efficiencies targeted in this area are a greater asset utilization and asset reduction.

Service Infrastructure – People

- Technology Staff Resources. A study was conducted by Gartner in the spring of 2010 to assess BSS/IT staffing levels in selected functional areas as compared to peer organizations with equivalent workloads. The results of this study showed that BSS/IT is staffed 30% below the 25th percentile overall and is severely understaffed in several key infrastructure areas such as network and server management. While the finding of understaffing was not unexpected, the extent of the gap as compared to peers was larger than anticipated. This explains why the BSS/IT staff is consumed by keeping

systems running and has little time for proactive tasks and planning. Not taking steps to effectively manage this constrained environment will lead to customer dissatisfaction and employee burnout. Key to managing with these constraints will be to maximize the efficiency of our processes, simplify our management tools portfolio and mature our skills with these processes and tools.

- Procurement Staffing Levels. In addition to the shortage of staff resources in our technology service areas, BSS/Procurement Services Division (PSD) continues to experience issues related to having an appropriately sized staff to manage the City's ever-increasing procurement needs. Compared to other procurement entities across the nation handling similar workloads based on procurement volumes, BSS/PSD has roughly only one-third of the staff that other entities have. Entities similar to the City of Charlotte, and not necessarily City/County consolidated, often have between 30-40 staff members performing procurement, whereas BSS/PSD currently only has 11 FTE staff members and 2 contractors managing the procurement workload. This is particularly challenging since we have seen requests for procurement support increase significantly, as opposed to decrease with budget cuts. Less money to spend has not resulted in less procurements or a decreased workload. BSS/PSD is required to work more creatively to assist departments in procurements that have less money to spend, yet have the same citizen services to deliver. Processing and cycle times are also significantly lengthened due to low staff availability which causes customer frustration and hampers our ability to be as responsive to the procurement needs of the City.

Because BSS/PSD is functionally understaffed, losing any of our staff throughout the fiscal year is particularly challenging. In large part due to significant staff turnover during FY10, we suffered some serious breaches in our processes and a downturn in our performance which inevitably caused not only our customers some significant problems but also impacted the trust that the organization places in BSS/PSD. While BSS/PSD has put additional checks and balances in place to ensure procurement processes are followed, in order to meet the future needs of the City to the level and at the capacity needed, additional buyers and contracting officers along with legal support positions will be essential.

Service Infrastructure – Systems

Several advancements we are working toward and challenges we are trying to overcome revolve around optimizing the use of our current systems, implementing new systems and systems enhancements. We are also working on driving down costs and improving efficiencies in systems and related business processes.

- Optimize the City's Procurement Activities. Little can be done to improve the City's procurement processes without employing a current generation procurement system. The lack of expenditure data, along with the loss of opportunities to examine and analyze historical trend data and understand

cross departmental needs, puts the City at a distinct disadvantage. The lack of data and trend information creates a real challenge for using economies of scale to impact cost, reducing administrative burden, and operating from a position of strength in negotiating terms and conditions with vendors. As the City moves forward towards a new Enterprise Resource Planning (ERP) financial system, BSS will focus on defining and prioritizing the functionality required in a new system. We will also work with the other business units to establish the needed specifications, and define the business processes to procure and implement a system that will ultimately transform procurement within the City.

Optimizing Data Networking and Related Capabilities--Developing a Strategic Fiber Optic Plan. Understanding the true enterprise fiber plant and its usability will allow the City to create a strategic fiber optic plan. By utilizing fiber optics rather than provisioned circuits, corporate technology can optimize the use and functionality of data communications. Using owned fiber allows corporate technology to shape traffic and prioritize applications based on the needs of the organization. There are potential savings in excess of \$500K per year for data connectivity and \$200K per year for voice communications. This plan will be the start to migrating voice and data connectivity off of costly provisioned circuits thus providing better flexibility, functionality, and financial benefits.

Enhancing Information Sharing and Collaborations – Developing an Extranet. BSS/IT has received requests for solutions from a number of KBUs and offices regarding the need for an Extranet environment to facilitate collaboration between vendors, external customers and City staff. BSS will be exploring options and funding sources for the discovery of business requirements, and cost analysis of implementation and ongoing support for an Extranet. Benefits of an Extranet facilitate collaboration and improve productivity with external customers and partners in service provision.

Service Infrastructure – Facilities

BSS currently provides services to its customers from 11 different locations. A key component of the BSS service strategy is to provide as many of our services as possible in the operational KBUs' service districts. This reduces customer windshield time, increases operational readiness, improves service efficiencies, and saves tax payer dollars. There are several facilities in various stages of development/transition that are important to providing the service capacity to meet the ever growing demand. These are:

- Asset Recovery & Disposal (ARD) and Equipment Commissioning /Decommissioning (CDC) facilities. The facilities currently being used for ARD and CDC services are separately leased facilities. These leases will expire in FY11. BSS has validated the value of combining these functions into a single facility because of the natural synergies between these two functions. We are currently partnering with E&PM to determine viable options for a

facility that will accommodate the business needs. The ultimate solution to this service issue may be the development of a capital plan for the building of a dedicated facility.

- Northeast Equipment Maintenance Facility. We are in desperate need of a vehicle maintenance facility off of Orr Road in northeast Charlotte. The proposed city-owned site is located between two City operational yards – CDOT- Street Maintenance and CMU-Water and Sewer. The facility is needed to reduce operational costs associated with transporting equipment to the Central or Sweden Road Yards and would result in less crew downtime. Currently, 500 pieces of equipment are located at Orr Road, with each piece needing service approximately 10 times per year. This equates to 90,000 vehicle miles and 3,600 crew hours for travel to and from maintenance sites.
- Seigle Avenue Light Vehicle Maintenance Facility replacement is currently underway. For FY11, a challenge will be transition to the new shop while ensuring no down turns in current service levels over the transition period. BSS is closely collaborating with Budget, E&PM, and its customers to ensure the project stays on the current schedule and that service transfers are as seamless as possible.

Leveraging Partnerships

We are working diligently to *expand BSS service capacity by leveraging City and external resources in joint service partnerships*. A great example of this is the Service Level Agreement established with the City of Gastonia for radio infrastructure services. As part of this agreement, City of Gastonia staff are providing routine maintenance support for the City's infrastructure in Gaston County, which has reduced their overall service cost and our need for additional staff.

In addition to the expansion of partnerships for service provision, we are focusing on working with all customers to optimize business processes. These efforts on the retooling of business processes will serve to reduce time and ultimately costs associated with various tasks. The goal being to increase efficiencies, produce capacity gains and free up resources to focus on more value added services.

These types of partnerships will be key to growing BSS service capacity, while minimizing costs. Creative approaches to cost and return on investment models as well as budgeting will also be required. An area of focus for FY2011 will be on growing revenue associated with vendor services and winning support for fee models that support the Shared Service Infrastructure strategies critical to BSS' core services.

Customer Trust and Service Value

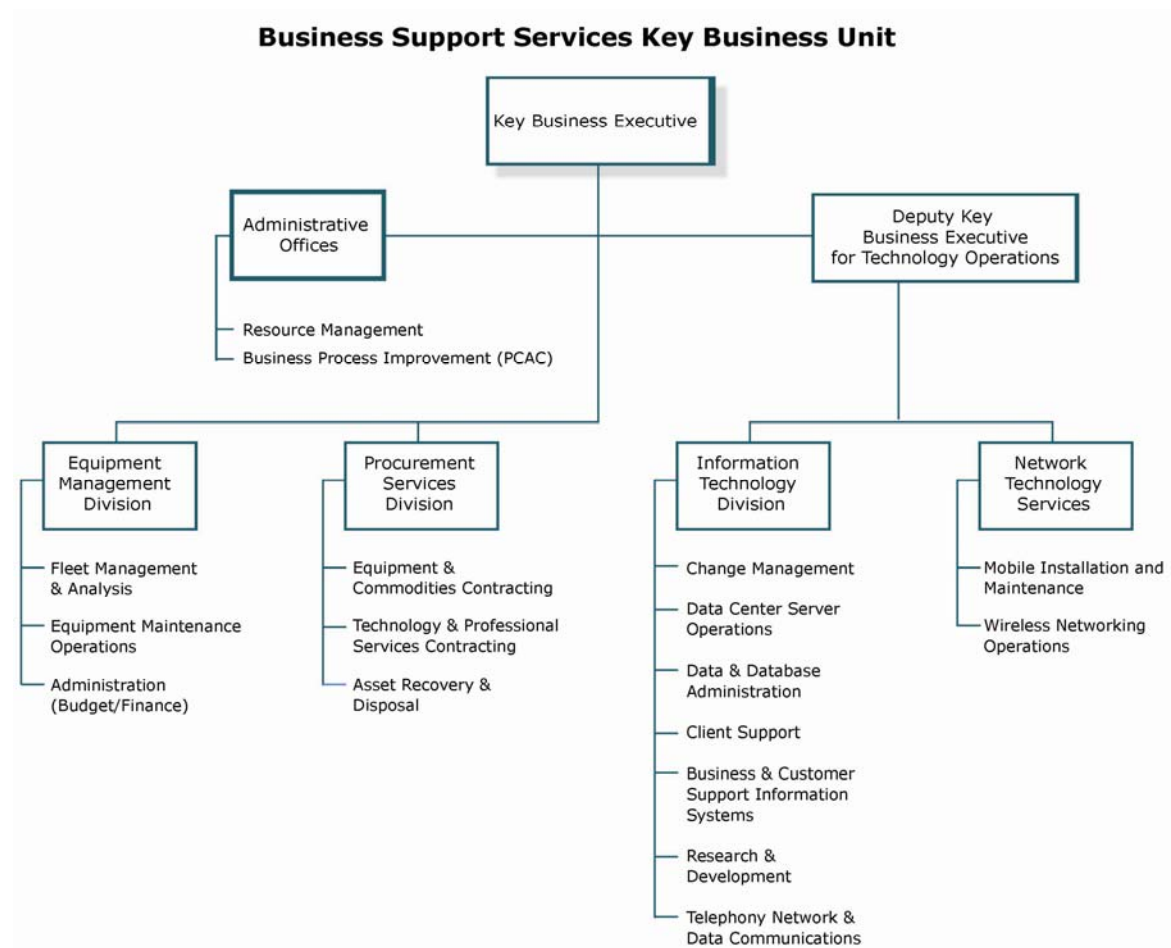
Several of the initiatives described in the Service Infrastructure, particularly on the process and systems infrastructure, will also advance BSS' ability build customer trust and value. Within *Processes*, a consistent focus is *building customer trust and service value by quantifying service quality, accurately and appropriately costing services, and effectively forecasting resource use and availability*. One of the foundational components of building customer trust and demonstrating service value is increasing transparency within our business processes. Throughout FY2011 and the coming years, BSS will be capitalizing on current City assets such as SharePoint and Remedy to establish the processes and workflows necessary to build customer trust and value.

Growing the Business

Successfully working through the service infrastructure challenges above is positioning BSS for future growth. Our development of service models and focus on building trust and value with our customers will allow us to continue to strategically grow our business in areas that we can provide the best service packages. We are focused on building a solid foundation from which to grow our business into other core service areas where we may be able to provide additional shared services to the City. It is our aspiration to provide the most effective shared services possible and allow our customers to focus on their core services to citizens. By optimizing our services and expanding our customer base, BSS will be able to achieve further efficiencies for our customers, spread the costs of our services further and create winning partnerships throughout the region.

Organizational Structure

While the organization chart in Figure 2 below depicts a traditional hierarchical structure, BSS views its operational divisions more as “centers of expertise” than traditional “stove pipes.” Meeting the service expectations of our customers requires a matrix approach in developing and maintaining the corporate services infrastructure. This management approach enables BSS to demonstrate the corporate value of collaboration.



II. STRATEGY AND PLANNING

Key Accomplishments

Throughout the past few fiscal years, BSS has improved many of our services. Even with the economic downturn, BSS has pushed forward with a continued focus to increase our value to customers. Many of our achievements are highlighted below by service area.

General Business Services

- The Procurement Services Division (PSD) has accomplished much in its support of corporate-wide purchasing. This includes:
 - **US Communities Contracting Partnerships** - Utilization of cooperative purchasing contracts available through U.S. Communities Governmental Purchasing Alliance has become a strategic tool for PSD to accomplish the mission of providing the right product, at the right time, for the right price. This allows PSD to re-align priorities and resources to have the capacity to bring value-added solutions and services to our customers. Combining the volumes of government agencies nationwide achieves cost effective pricing and reduces the administrative and overhead costs of suppliers and government agencies alike. All suppliers awarded contracts must sign a commitment that the U.S. Communities pricing is the lowest available to local agencies nationwide and a further commitment that, if an agency is eligible for lower pricing through a state, regional or local contract, the supplier will match the pricing under U.S. Communities. Most recently, PSD has identified opportunities to consolidate citywide expenditures for electrical supplies, MRO supplies, technology goods and services, cleaning supplies and furniture through the U.S. Communities Purchasing Alliance to achieve overall cost savings to the City.
 - **Citywide Contract Opportunities** - PSD continues to work collaboratively with Internal Audit to identify contract opportunities that will have the greatest impact across the City. Contracts that have been completed, or are currently in progress include rental equipment, cell phone services, office supplies, IT Umbrella contracts and safety supplies and services. In addition, a complete list of all commodities, services, and technology contracts administered by PSD has been posted on CNet in an effort to help positively impact procurement on a citywide basis, ensure stronger fiduciary governance and maximize all possible economies of scale through the use of citywide contracts.
 - **Auction Services** - The Asset Recovery and Disposal (ARD) section of PSD achieved a 10-year net revenue from auction proceeds for gross sales for all entities is \$15,431,162 with \$6,939,685 returned to the General Fund as revenue. Over the past three fiscal years, ARD has returned 1,170,350 to enterprise funds from auction proceeds. In addition to auction revenues, each year ARD staff have reallocated items and produce cost avoidance.
 - **Sustained Professional Purchasing Award** - PSD has been awarded the Sustained Professional Purchasing Award for eight consecutive years. This award is presented annually by the Carolinas Association of Governmental Purchasing (CAGP) and recognizes agencies in North and South Carolina who have demonstrated sustained excellence in purchasing standards during the calendar year. Procurement staff members must meet and maintain high standards in professional development, education, continuous improvement programs, ethics,

environmental awareness and electronic commerce to be eligible for this prestigious award.

Green Spending. Procurement is very involved in working with our customers to promote green spending options.

- **Environmental Purchasing Initiatives** – PSD, in support of the City’s commitment to promote environmental best practices, continues to actively seek opportunities to incorporate environmentally friendly goods and services to meet the City’s needs. PSD also hosts Environmental Vendor Fairs to allow City and County employees the opportunity to learn more about environmentally friendly products and services available for consideration in making daily purchasing decisions.

Technology Services

- NTS has accomplished much in its support of corporate technology infrastructure. This includes:
 - **Radio Service Interlocal Agreements** – During FY08, Network Technology Services (NTS) completed negotiations and inter-local agreements with Union County, Gastonia, Belmont and Mount Holly to join the Charlotte - Mecklenburg radio system and formed a truly regional 800 MHZ radio system. These agreements have continued as successful partnerships throughout FY10 and new partnerships are continuing to form. As we conclude FY10, we are finalizing an interlocal agreement with Cabarrus County and entering into negotiations with Catawba County to join the regional radio system. These agreements will further enhance the collaboration capabilities and interoperability of the Public Safety agencies throughout the region. An additional benefit achieved is for the reduction in operating costs to the City and other participating entities due to the sharing of the expenses associated with the network.

Overall, our joint agreements allow for entities to capitalize on reduced overhead, economies of scale and improved efficiencies while most importantly promoting community safety by providing a more reliable and seamless radio system for use by public safety officials. Our Public Safety Radio Network in the Charlotte area continues to be recognized as one of the very best in the country.

- IT continues its pursuit of excellence and some key achievements include:
 - **Best Practices in Information Technology Service Management (ITSM)** – Progress was made in FY10 in the implementation of ITSM processes, particularly in the areas of incident management and change management. The new service desk provider completed a successful first year as evidenced by positive customer feedback and performance metrics. A health check was

recently completed on the Remedy software configuration and some changes were recommended that will make the system more robust. Moving forward, Remedy is the toolset that will be used to manage most of the business processes in BSS/IT, to manage the lifecycle management of the City's IT assets, and to ensure the effective operation and management of the consolidated IT infrastructure.

- **CNet Advances** - CNet continues to advance into facilitating everyday business processes and informational needs and has become a collaborative hub for work throughout the City. Many work groups and committees are relying on CNet as a means to compile, update and work through information. The capabilities, efficiencies and utility of the CNet will continue to be developed over the coming years.

Equipment & Fleet Services

- EMD continues to meet service level agreements and provide customers with best value fleet services. Highlights include:
 - **Continued focus to recruit and hire skilled technicians has allowed for more work to be performed in house at less cost than through external sublet work.** - Sublet expenses continued to decline during FY-10 as EMD carries on the implementation and practices of performing more work internally and increasing the diagnostic skill-sets in the heavy truck and equipment areas. EMD has continued to increase availability while decreasing down and windshield time for our customers. Realizing a three year reduction of \$2,219,578 in costs.
Using the FY-07 expenditure of \$4,529,158 as a baseline:

Fiscal Year	Sublet Expenditures	Reduction over FY07
FY10	\$2,309, 580	49.0%
FY09	\$2,859,207	36.9%
FY08	\$3,159,762	30.2%

This achievement also speaks to our development of trust within our customer relationships.

- **Parts Management Processes Improvements** – Parts management process improvements continued throughout the fiscal year in all areas of performance highlights include:
 - Parts Management included a focus on cycle counting the complete inventory in all five stockrooms quarterly
 - Tracking of parts warranty and core returns yielded a return of \$96,399 to customers
 - Annual physical inventory of all stock rooms presented a 0.15% variance or \$4,358 on a total stock issued of \$2,864,437
 - Increased number of formal purchase contracts with additional commodities

and service requirements from vendors – allowing a reduction in stock shelf value, without compromising service delivery for our customers

The table below reflects the continued focus to reduce the value of our shelf inventory.

Fiscal Year	Inventory Value	Dollar Change	% Change	Total Parts on Shelf	Quantity Reduction	% Change
FY-08	\$875,122			107,772		
FY-09	\$797,572	\$77,550	9%	100,090	7,682	7%
FY-10	\$685,272	\$112,300	14%	94,114	5,976	6%
Change from FY-08		\$189,850	22%		13,658	13%

- **On-site Oil Analysis** – For FY11 EMD is implementing on-site oil analysis based on findings from a recent fuel reduction study. This program will allow for increased intervals between oil changes and thus is reducing equipment downtime due to less frequent trips to the shop and is reducing costs associated with oil, filters and related materials.
- **Automotive Service Excellence (ASE) awards** - ASE Blue Seal awards have been achieved at three EMD shops. This is a testament to the skill and certifications achieved by staff.
- **Building Customer Relationships** – During FY10, EMD moved forward with several initiatives to promote customer trust and best value services. EMD conducted quarterly customer service meetings with a focus on customer needs. The meetings provided customers a forum to ask questions, meet all EMD management staff, and hear from other customers with similar needs. EMD uses the meetings as one of many communications tool designed to get updates and current issues out to customers and to gain valuable feedback on EMD services.

In addition to the meetings another critical focus is on providing timely and detailed information. EMD has developed and continued to enhance dashboards that give customers up to date information on their equipment assets and trends. This type of approach was also essential to the successes achieved with the revised Vehicle replacement process. Through EMD partnering with customers to thoroughly review equipment needs and trends, the City is able to achieve more standardization within its equipment assets and therefore reduce maintenance costs further.

Regulatory & Governance Services

- **Consolidation of City Cellular Service Contracting** – BSS successfully worked with vendors and stakeholders citywide to consolidate cellular service agreements into three corporate agreements with pooled minute plans and centralized account management. As part of this initiative an automated service request form was developed that captures all information needed to expedite

orders, allows for order tracking and provides data to easily determine trends. This was a transformational step in attaining corporate consistency and improved efficiency in provision of a shared service.

- **Citywide Policies** - BSS, in collaboration with broad stakeholder teams, is responsible for development and revisions to many citywide policies. Most recently, BSS and stakeholders completed development of the City new Restricted Data Policy and a revision of the City's Vehicle Use Policy.

Links to Corporate Strategy

The BSS business strategy is designed to achieve our vision by accomplishing our mission as guided by the strategic goals and measured by the BSS Balanced Scorecard. Our core values serve as the foundation for all we do. This relationship is demonstrated in the Strategy Map (Figure 3) below.

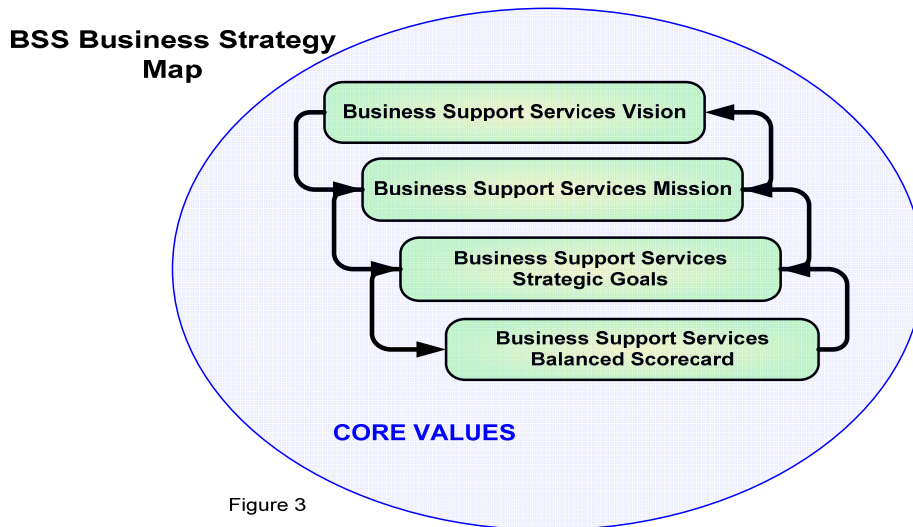


Figure 3

Unlike most of the business units we support, the vast majority of the services provided by BSS are not to citizens directly. Our connection to the citizen is through the business units we support and that connection is described in our Mission Statement.

Our unique organizational role has led to a slightly different view of corporate strategy and the corporate balanced scorecard. The Corporate Strategic Vision, Focus Areas and Principles are the basis for the BSS Vision statement. Since our business is helping the other business units to deliver services to the citizen, our Mission Statement, purpose and Strategic Goals focus on most effectively supporting the core services of our customers. With the exception of our promotion of green spending opportunities and reporting role in the *Safeguard the Environment* objective, the BSS Balanced Scorecard establishes and measures the *Run the Business*, *Manage Resources* and *Develop Employees* objectives critical to providing the core shared services infrastructure for the other business units. This linkage to the Corporate Strategy is depicted in Figure 4.



Figure 4

Strategic Initiatives

In addition to meeting performance objectives associated with our support of the corporate balanced scorecard, BSS is undertaking several initiatives that will be important to our strategic success. These include:

- Streamlining and automating transactional workflows (*Optimize Business Processes*)
- Increasing self service offerings (*Enhance Customer Service*)
- Documenting and optimizing business processes (*Deliver Competitive Services*)
- Standardization on technology tools sets (*Optimize Business Processes*)

III. SERVICE DELIVERY

With emphasis on strategic planning, maintaining mobility, enabling technology and streamlining procurement, BSS is focused on obtaining the best shared services value for our customers. The primary role of BSS is to support the City through providing all customers access to the tools and information necessary to serve the citizens.

Core services provided by Business Support Services are:

General Business Services:

City key businesses and County departments rely on BSS for a variety of General Business Services. These include:

- The acquisition of goods and services through competitive bid processes. BSS also facilitates cost savings through identifying and pursuing opportunities for pooling resources in procurement activities. Support is available to all City KBUs and County Departments for consulting, contract development, and administration and monitoring.
- Providing support for the City's Privatization and Competition Program, including the City Council's Privatization/Competition Advisory Committee, that focuses on the appropriate use of private and public sectors in the delivery of government services. Internal customers are provided important guidance for development of competition plans, preparation of requests for proposals, and responding to competitive bids for services.
- Accounts Management services for all land and cellular telecom services.
- Services provided through the BSS Asset Recovery & Disposal program, which support property disposal for the City, County, School System, Charlotte Housing Authority, and other entities.

Technology Services:

Our focus is on ensuring that the City receives the most reliable and best value technology infrastructure available to enable the effective delivery of city services. Services include planning, design and implementation of the City's information technology infrastructure in support of the enterprise architecture; management of the corporate computing environment including office productivity environments; telecommunications technology; and application and database services. Our support for the desktop and mobility related applications allow our customers to focus on their missions. Support for corporate enterprise or KBU level technology initiatives is provided through project consulting, reengineering, software development and quality assurance services.

These services also support public safety and service delivery initiatives for the City and County through management of the radio communications systems. Through establishing an enterprise-focused technology planning effort, BSS will facilitate the City's collaborative approach to matching business needs with available technology advancements.

Equipment & Fleet Services:

Multiple services are offered to our internal and external customers to ensure that their equipment and fleet assets yield the highest return on investment. This is accomplished through providing equipment specification assistance to ensure acquisition of the right equipment, combined with an aggressive program of predictable and preventative equipment maintenance focused on achieving the peak operating efficiency at the lowest cost.

Regulatory & Governance Services:

These services include a variety of activities from monitoring compliance with Federal and State regulation and Contract Compliance, to the development of City policies, processes and practices in support of corporate common business functions.

As the provider of corporate shared services to the City organization and beyond, the Operating Plan for Business Support Services Key Business is focused on tailoring services to most effectively meet the corporate business needs of our customers. All core service areas described above are actively involved in supporting the following Corporate Balanced Scorecard Objectives: *Safeguard the Environment, Develop Collaborative Solutions, Enhance Customer Service, Optimize Business Processes, and Deliver Competitive Services.*

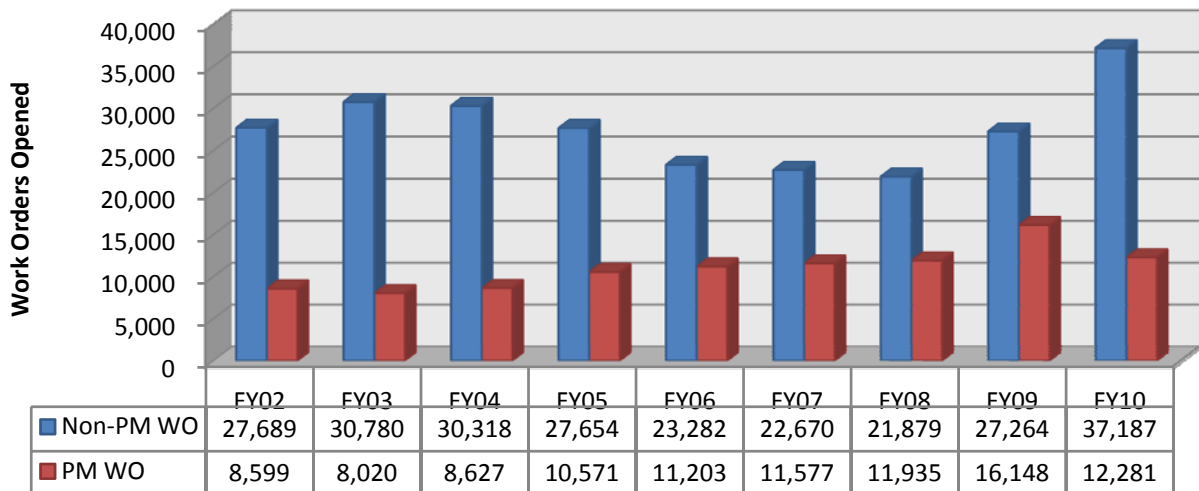
Service History and Trends

KEY TREND DATA AND SERVICE INDICATORS

Equipment Management. FY10 is the second fiscal year of the consolidated City and County Equipment Management services. Indicators include 99.4% of preventive maintenance services performed on time and only 0.09% of work orders being for repeat repairs.

For FY10 new categorization of work orders moved from the previous “target” and “non-target” to newly defined “conventional and non-conventional” work orders. For this initial year 17.0% of the total work orders were non conventional and 83.0% conventional. This helps to identify how much of our work is routine and/or predictable vs. exception based. For FY10 the percentage of PM work orders decreased for the first year in several years, from 37.2% in FY09 to 24.8% for FY10. Although there is a continued focus on PM work, the length of time between scheduled PMs have been increased in accordance with new manufacture requirements and due to the use on synthetic oils.

Work Order Totals (Type & Fiscal Year)

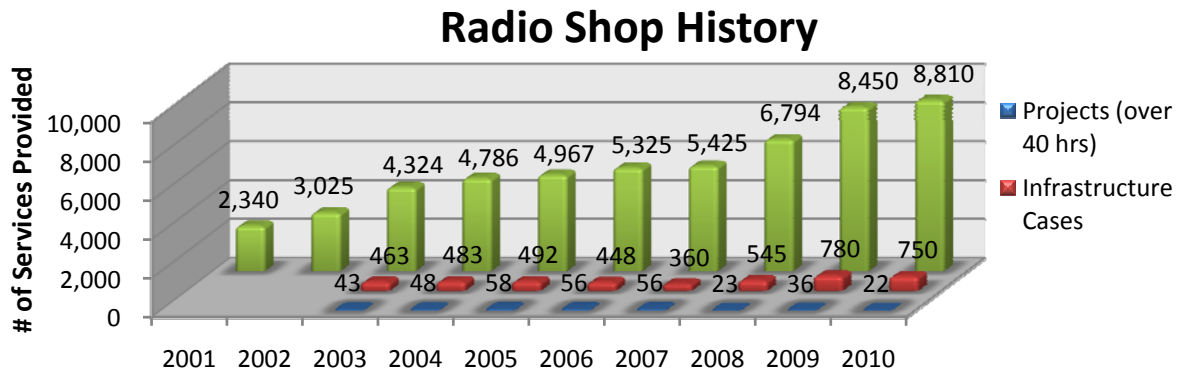


Radio Communications. The Public Safety radio network in Charlotte is recognized as one of the very best in the country. The reasons for this success include:

- The integrated nature of the network, which includes all the services (City, County, School Board, Police, Fire, Medical, etc.) that our citizens rely on day-to-day and in emergency situations.
- The system supports all State and Federal Agencies operating in this region.
- The addition of radio sites and services into Gastonia, Belmont and Mt Holly during the FY2009 period.

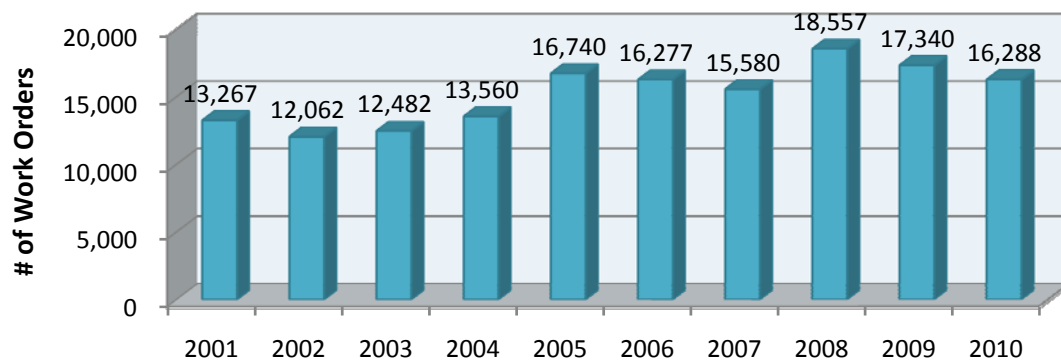
- The construction of the Regional Master Site, Char/Meck P25 digital radio system, the Union County P25 digital radio system, and the full integration of with the existing Motorola radio system.

This does, however, place a high demand on the Network Technology Services Division since we are the only agency in this area with technicians certified to support these technologies. The growth in these services over the last year, as demonstrated by the workload indicators below, is a reflection of the demand. We continue to work with additional Counties that have requested to begin negotiation and design work on the expansion of the Regional System, which will require us to find ways to support those systems.



Information Technology. The number of Service Desk tickets decreased by 6% for FY10. This was the first year of service being provided by a new vendor, and opportunities exist to expand the usage to areas not currently being served.

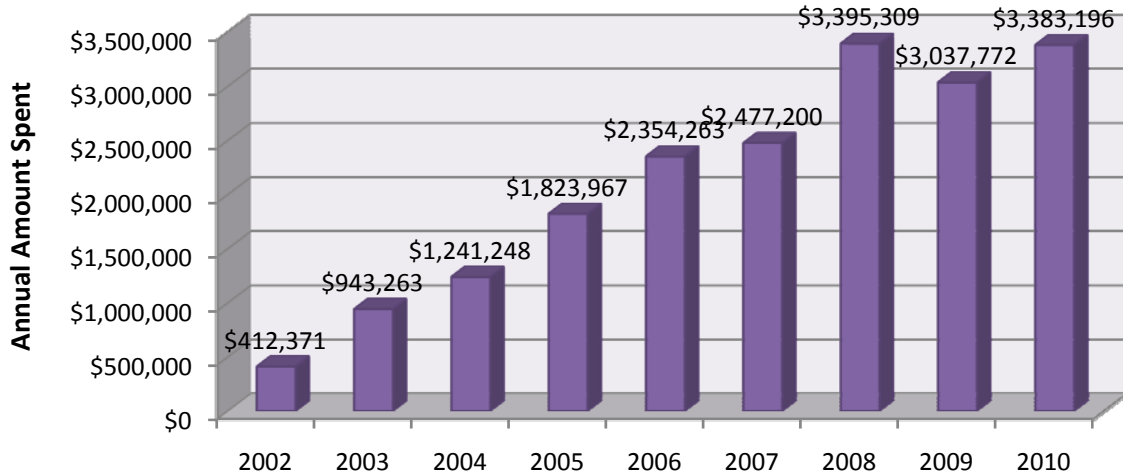
IT Help Desk Work Orders



Procurement Card (P-Card) Program. The City of Charlotte corporate P-Card Program, administered through Bank of America, continues to grow and provide all users with an efficient and timely payment tool for routine or recurring purchases, particularly for low dollar purchases. Use of a procurement card, which requires the appropriate and legal application of procurement processes, allows a cardholder to buy goods and services, necessary for the City's business by doing work faster and with less paperwork than a traditional purchase order. Similar to a credit card, an imprinted City of Charlotte

procurement card is for business use with billing consolidated on one monthly billing statement that is paid to Bank of America utilizing an ACH debit for the total payment of the City's corporate statement.

Annual Procurement Card Spending



The City P-Card Program has shown steady growth since its inception in August 2001. The FY09 budget cuts affected procurement card spending during the second half of that fiscal year, but FY10 spend held steady with the second highest spend in the history of the program. The current program includes four hundred and thirty (430) cardholders across twelve (12) Key Business Units and the City Manager's Office including 311, OCIO, the City Attorney's Office and the City Clerk. The City Procurement Card Program also allows users to book and pay for travel expenses.

Industry surveys suggest that cost avoidance can be estimated between \$40-\$60 per transaction by using a procurement card rather than the traditional PO/invoice/check. Procurement Services is using \$50 as the cost avoidance standard and can estimate that the City realized \$676,600 in FY10 cost avoidance by utilizing the City Procurement Card Program. Additionally, the City's P-Card Program has generated approximately \$100,000 in revenue over the past five years based on consolidated spending volume.

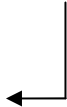
IV. BALANCED SCORECARD

Business Support Services uses performance measures to direct and monitor progress toward established goals and objectives in support of City's corporate strategy. To follow is the complete BSS FY2011 Balanced Scorecard.

Balanced Scorecard FY2011 – Business Support Services

Performance plan proposal July 1, 2010 – June 30, 2011

Perspective	Corporate Objective	KBU Initiative	Measure (Lead Division) <i>' * ' Indicates direct linkage to City of Charlotte FY2011 Strategic Focus Area Plan</i>	Prior Fiscal Yr Actual	Lead/Lag	Target <i>'\$' Indicates incentive pay</i>
Serve the Customer	Safe Guard the Environment	Promote use of environmentally friendly products	Number of alternative Fuel or Hybrid vehicles and number of vehicles outfitted with emissions reducing technology in City Fleet (less CATS fixed bus route fleet and Aviation) EMD *	676 vehicles	Lag	Semiannual report on number of alternative fuel vehicles and vehicles outfitted emission reduction technology
			Incorporate environmentally responsible elements in the design, construction, and operations of City facilities (PSD)*	Policy under review with implementation schedule for 1 st quarter FY2011	Lead	Implement Environmental Purchasing Policy
Run the Business	Develop Collaborative Solutions	Continue collaboration and actively participate in public and private sector partnership's environmental and visioning initiatives.	Implement the City's Energy Efficiency and Conservation Block Grant projects for energy investments in revitalization areas, the neighborhood energy challenge, and catalyst projects. * - Virtual Computing - <i>Implementation</i> (IT) - Electrical Vehicle - <i>Specifications and Procurement</i> (PSD/EMD)		Lead	Successfully complete the Energy Efficient Co... 3/31/10 Support the successful completion of the Elec... Stations and Vehicles Project by 8/31/11
	Enhance Customer Service	Optimize value services	BSS Customer Surveys Average rating on 10pt scale	FY10 (<i>based on a 5pt scale</i>) Quality:4.5 Responsive: 4.6 Expertise: 4.6 Communications: 4.3 Professionalism: 4.5	Lag	7.0 (Stretch Target)
	Optimize Business Processes	Provide timely, reliable high-value services	% of time the 800 MHz Public Safety Radio System is available (NTS)	99.9928%	Lag	99.9% (\$)
			Percent of Contract award recommendations to City Council and Board of County Commissioners that are accepted as recommended (PSD)	99% 93 – City 13 - County	Lead	98%

Perspective	Corporate Objective	KBU Initiative	Measure (Lead Division) <i>' * ' Indicates direct linkage to City of Charlotte FY2011 Strategic Focus Area Plan</i>	Prior Fiscal Yr Actual	Lead/Lag	Target <i>'\$' Indicates incentive pay</i>								
Manage Resources	Deliver Competitive Services	Provide the most reliable and cost effective services possible	Ensure fleet maintenance service quality by minimizing repeat repairs (repairs necessitated by improper repairs or poor technician workmanship) -- (EMD)	0.09%	Lead	%age to be below prior year.								
			Cost per asset managed		Lead	Year-over-year reduction in cost per asset managed - Cost per desktop --Cost per fleet asset maintained - Cost per radio - Cost per GB SAN storage *FY11 focus: Obtain approval of measurement Governance (SSG) committee								
			Reporting of cost savings/avoidance based on FY11 budget reduction initiatives:		Lead	-Technology Infrastructure Consolidation: \$100,000 -Fleet & Motorized Equipment Standardization: \$222,952 - Fleet Fluid Testing: \$222,952 -Two-way Radio Asset Management Consolidation: \$110,000 - US Communities Purchasing Contract and Other Programs: \$110,000								
Develop Employees	Achieve Positive Employee Climate	Provide a productive and satisfying work environment	Employee perception Rating on BSS Employee Opinion Survey for: <table><tr><th>MEASURE</th><th>FY10 Score</th></tr><tr><td>Employee Participation</td><td>7.9</td></tr><tr><td>Supervisor Communication</td><td>8</td></tr><tr><td>Employee Evaluation and Recognition</td><td>6.8</td></tr></table>	MEASURE	FY10 Score	Employee Participation	7.9	Supervisor Communication	8	Employee Evaluation and Recognition	6.8	See FY10 	Lag	Rating of 7 or greater for each of the categories decrease: (Stretch target)
			MEASURE	FY10 Score										
			Employee Participation	7.9										
			Supervisor Communication	8										
Employee Evaluation and Recognition	6.8													
Employee Opinion Survey results for the statement "I would recommend City as a good place to work"		Lag	Rating of 7 or greater											
Participation in Corporate Sponsored Wellness Activities		Lag	BSS Employee Participation higher than other divisions											
BSS will host two (2) wellness events during the year for staff.			A combination of 90% of BSS active staff											

VI. CONCLUSION

Business Support Services is committed to *advancing the business of public service* and is building a stronger foundation through our new shared services model. Throughout FY2011, Business Support Services will continue moving forward with implementation of the Shared Services approach. This new approach to service delivery will help ensure we are responsive to customer needs while focusing on corporate priorities. BSS is confident we will have continued success by implementing a more holistic approach to meeting the core business needs of the City.