



The City of San Diego

ADOPTED BUDGET

Fiscal Year

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Reengineering and Competitive Government

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Through the Reengineering Program, the Business Office provides the City of San Diego with internal consulting services that center on supporting management reforms and making efficiency improvements. This is primarily done by conducting efficiency and business process reengineering (BPR) studies.

Efficiency studies aim to improve efficiency and effectiveness, but are flexible in their approach to problem solving. The Reengineering Program staff serves as in-house consultants to review practices and policies to determine the most efficient way to conduct business, to help multiple departments determine how to consolidate the delivery of redundant services, and to realize the maximum potential of new technologies that the City has implemented.

Business process reengineering studies involve the redesign of work processes (activities, services, or functions) for substantial improvement. In the City, these work processes occur within or between divisions and departments, and BPR studies are conducted in accordance with the BPR Guide. Business process reengineering focuses on rethinking from the ground up, finding more efficient ways of working, and eliminating work that is unnecessary.

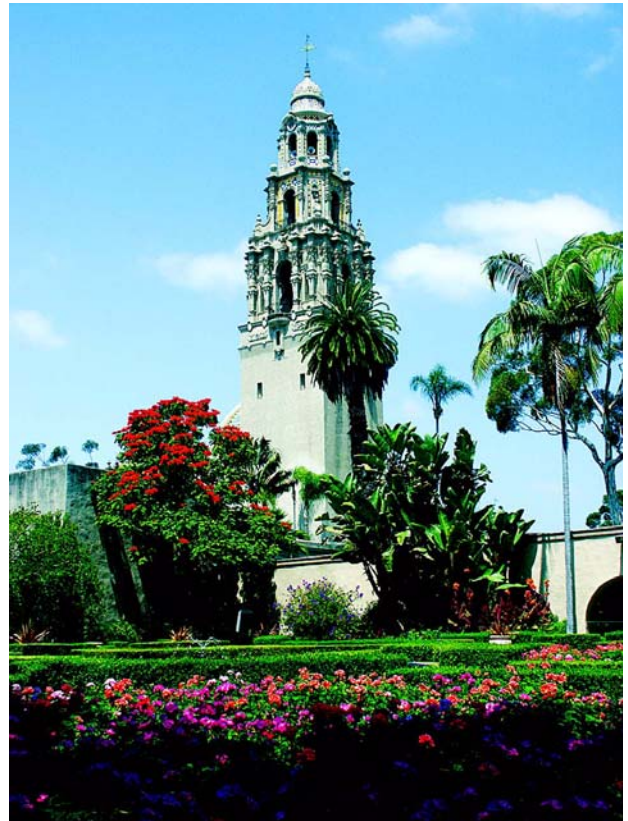
The Reengineering Program helps identify efficiency gains to maximize the level of services that can be provided with existing resources.

Accomplishments

The City has completed, or is in the process of completing, 25 BPR studies and 21 efficiency studies. From Fiscal Year 2007 to date, reengineering has resulted in reductions of over 400 full-time equivalent (FTE) positions and produced annually recurring savings of over \$40 million in personnel and non-personnel expenditures. In addition, reengineering has resulted in over \$6.1 million in cost avoidance (effectiveness savings), which - while not actual budget reductions - are efficiencies that permit staff to focus on other productive work.

In the course of conducting these studies, City employees have researched industry benchmarks, conducted internal and external customer surveys, mapped existing processes, and proposed organizational structures that streamline processes, deliver better service, and save money.

The following paragraphs describe a few of the more recent accomplishments that have resulted from the Reengineering Program:



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- The Delivery BPR examined departmentally-operated functions that deliver mail, library materials, and supplies throughout the City. Recently implemented, this BPR centralized the City's delivery functions from Central Stores/Mail Room, Fire-Rescue Department, Police Department, Library Department, and Publishing Services into a single delivery organization under Central Stores and co-located with the Central Stores operations at 20th and B Streets. This BPR will yield several hundred thousands of dollars in annual savings starting in Fiscal Year 2013.
- The Fleet Warehouse Efficiency Study examined state-of-the-art parts management practices and resulted in a confidential report that was provided to the Fleet Services Employee Proposal Team for its use during their Managed Competition.
- The Citywide Park Maintenance Efficiency Study brought together representatives from the Citywide Park Maintenance function and its internal Park and Recreation Department customers to review processes and procedures and to make recommendations for efficiency improvements.
- The Animal Services Study identified potential cost reductions and increases in offsetting fee revenues in the City's contract with the County for these services, if the County reduces their costs and raises their offsetting fees to benchmarked averages.

The above-mentioned reengineering efforts are intended to improve efficiencies, reduce the cost of City government, and maximize the services offered to residents and customers.

Future Expectations

In Fiscal Year 2013, the Reengineering group will continue to assist the City in developing efficient processes and organizational structures to deliver services in the most efficient and effective manner in accordance with the City's strategic goals and adopted budget. This is expected to realize additional cost savings and improve the services that the City provides to its residents in Fiscal Year 2013 and beyond.

Competitive Government

Competitive government is defined as a government with processes in place to validate that service quality and costs are as good as, or superior to, any legitimate provider available. This may be achieved via direct outsourcing, managed competition, and benchmarking. The voters expressed their enthusiasm for competitive government within the City through their approval of Proposition C in November 2006, which authorized a managed competition process. Accordingly, the City is committed to delivering quality services to taxpayers, residents, and visitors in the most economical and efficient way possible.

Managed competition is a process to determine when City services can be provided more economically and efficiently by an independent contractor than by persons employed in the Classified Service while maintaining service quality and protecting the public interest. This strategy recognizes the high quality and potential of public sector employees, and seeks to tap their creativity, experience, and resourcefulness by giving them the opportunity to structure organizations and processes in ways similar to best practices in competitive businesses, while still being compatible with public sector realities.

Accomplishments

Since 2006, the City negotiated with several labor unions regarding the Proposition C implementing ordinance and corresponding policies and procedures known as the Managed Competition Guide. In Fiscal Year 2011, the City and labor organizations reached agreement, and the City Council

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approved the Proposition C implementing ordinance and Managed Competition Guide which permitted the re-start of Managed Competition Activities.

During Fiscal Year 2008, the Managed Competition Independent Review Board (MCIRB) was established. The MCIRB reviews proposals received through competitive procurements and advises the Mayor on the proposal that will provide services economically and efficiently while maintaining service quality and protecting the public interest. The Mayor accepts or rejects the recommendation of the MCIRB; if it results in award to an outside contractor, the Mayor's recommendation will be taken to Council for its acceptance or rejection.

The first competition was won by the Publishing Service Employee Proposal Team; upon completion of the transition the employees' proposal is expected to result in approximately \$1.0 million in annual savings starting in Fiscal Year 2012. The second competition was won by the Fleet Maintenance Employee Proposal Team; upon completion of the transition, the employees' proposal is expected to result in up to \$4.4 million in annual savings starting during Fiscal Year 2013. The third competition was won by the Street Sweeping Employee Proposal Team; upon completion of the transition, the employees' proposal is expected to result in over \$0.5 million in annual savings starting in Fiscal Year 2013. The fourth competition was won by the Landfill Employee Proposal Team; upon completion of the transition, the employees' proposal is expected to result in over \$2.7 million in annual savings starting in Fiscal Year 2013.

Future Expectations

In Fiscal Year 2013 and beyond, the City looks forward to awarding at least six more Managed Competition contracts and to transitioning to contractual relationships that will yield significant savings for the City. The following functions are pending or are in process of undergoing Managed Competition:

- Public Utilities Customer Service
- Street and Sidewalk Maintenance
- CIP Delivery
- Storm Water Operations and Maintenance
- Transportation Engineering Operations
- Trash Collection



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