

FISCAL YEAR 2014 ADOPTED BUDGET



Reengineering and Competitive Government



City of San Diego

Reengineering and Competitive Government

Through the Reengineering Program, the Office of the Assistant Chief Operating Officer (ACOO) (formerly 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.

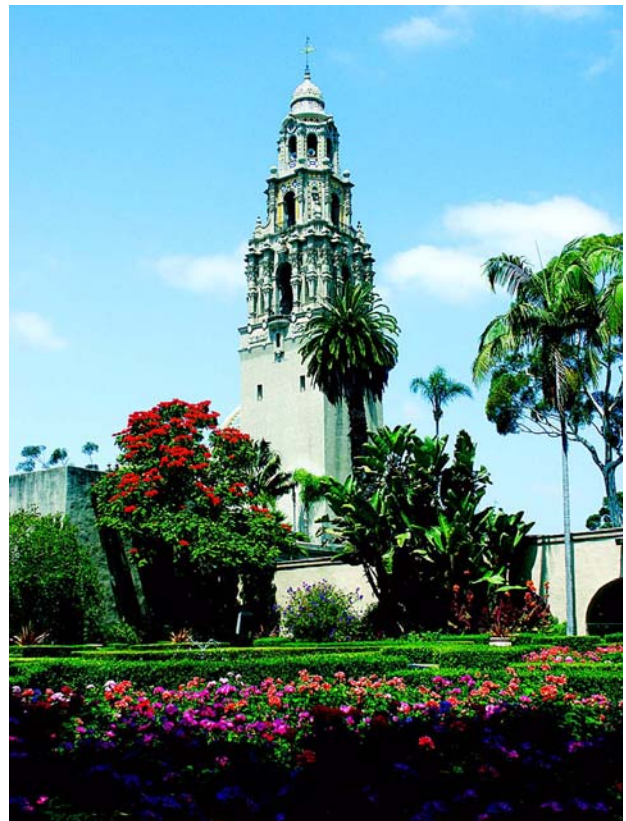
Business process reengineering studies involve the redesign of work processes (activities, services, or functions) for substantial improvement. In the City, these work processes occur within or between divisions and departments, and BPR studies are conducted in accordance with the BPR Guide. Business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

Accomplishments

The City has completed, or is in the process of completing, 27 BPR studies and 20 efficiency studies. From Fiscal Year 2007 to date, reengineering has resulted in reductions of over 415 full-time equivalent (FTE) positions and produced annually recurring savings of over \$40.3 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 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



Reengineering and Competitive Government

operations at 20th and B Streets. This BPR yielded several hundred thousands of dollars in annual savings starting in Fiscal Year 2013.

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

Publishing Services

The first competition was won by the Publishing Service Employee Proposal Team and was officially implemented on July 1, 2011. This competition has resulted in approximately \$1.0 million in annual savings starting in Fiscal Year 2012.

Fleet Maintenance

Fleet Maintenance Operations was awarded to the Fleet Maintenance Employee Proposal Team with an implementation date originally scheduled for January 1, 2012. Due to the time required to carry out mandated processes such as meet and confer, procurement, reduction-in-force, and other necessary processes to implement the proposal, the revised estimated completion date is September 1, 2013. Initial annual savings were projected to be up to \$5.3 million beginning in Fiscal Year 2013. As a result of a negotiated agreement with the impacted labor organizations in July 2012, 12.50 FTE positions and \$1.3 million in expenditures have been added back to the Fleet Services Fiscal Year 2014 Adopted Budget which may result in an updated annual savings of up to \$4.0 million as it relates to the Employee Proposal Team's Alternate Proposal. The processes stated above remain ongoing at the time of this publication and could impact the projected savings and will be revised appropriately.

Street Sweeping

The third competition was won by the Street Sweeping Employee Proposal Team. The implementation began December 1, 2012. The employees' proposal has already begun to result in cost savings for Fiscal Year 2013 and will continue to yield \$0.5 million in annual savings in subsequent years.

Reengineering and Competitive Government

Landfill Operations

The fourth competition was won by the Landfill Operations Employee Proposal Team. The implementation date is scheduled for July 1, 2013 pending the outcome of meet-and-confer. Upon completion of the transition, the employees' proposal may result in up to \$5.6 million in annual savings starting in Fiscal Year 2014.

Street & Sidewalk Maintenance

The fifth competition was won by the Street & Sidewalk Maintenance Employee Proposal Team. The likely implementation will be in Fiscal Year 2014 pending the outcome of meet-and-confer and may result in up to \$0.8 million in annual savings.

Future Expectations

As Fiscal Year 2013 drew to a close, the City has undertaken a thorough review of the Managed Competition process to ensure that lessons learned are incorporated into the process going forward. This review includes obtaining input from the labor organizations, the Independent Budget Analyst, the City Attorney Office, and management.

In Fiscal Year 2014 and beyond, the City looks forward to improving the efficiency of its Managed Competition process.



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