OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: January 30, 2007 **IBA Report Number:** 07-19

To: Council President Peters and Members of the City Council

From: Andrea Tevlin, Independent Budget Analyst

Subject: Mayor's 1/24/07 Email to Unclassified Employees Regarding Business Process Reengineering

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Last week, the Mayor sent an email to unclassified employees in response to an IBA proposal outlined in IBA Report 07-13, entitled "Budget Authority." The substance of the email pertained to the section of the report that recommended repeal of the Business Process Reengineering (BPR) Ordinance. Based on the reaction in the email, the Mayor and his staff must not have read the actual proposal or if they read it, they did not understand it.

My proposal does not even come close to "effectively eliminating Business Process Reengineering" as stated in the email, nor would this office ever consider or support such a proposal. In fact, the Mayor needs no ordinance to give him the authority to undertake Business Process Reengineering, which is clearly an administrative function. The BPR process requires Council approval only in two specific ways:

- Approval of department reorganizations, which resides in Section 26 of the City Charter.
- Approval of budget changes between departments, which resides in the Annual Appropriation Ordinance.

To address this authority, the Mayor proposed the BPR Ordinance, which was adopted by the Council in August 2006 to establish a process for Council review per the Charter and the Appropriation Ordinance. The process outlined in this Ordinance, which currently exists, requires a maximum 60-day notice and review period before the Mayor can implement a completed BPR.

The existing ordinance has no effect whatsoever on the Mayor's authority to undertake Business Process Reengineering – as previously stated, the Mayor has that authority.

Repealing the ordinance would not change that authority; it would only address the existing Council review process and improve upon it. The ordinance as it stands provides for an unnecessarily lengthy maximum 60-day notice and review period for the City Council and the public prior to implementation of the BPRs. During this window, the Council President or four Council members must formally request that a BPR hearing be scheduled in order for the noticed BPR to be heard. The required Council action at this hearing, per the BPR Ordinance, is City Council approval or disapproval of the noticed BPR. A full sixty days must pass from the date of notice to allow the City Council to request a hearing before the BPR can be implemented. The IBA has proposed more streamlined processes for BPR since July 2006 (IBA Report 06-34), for the benefit of both the Mayor and the City Council.

The IBA's new proposal is to replace this process with a quarterly, date-certain review, either before the Budget & Finance Committee or City Council. A quarterly budget review process by the CFO is already in place for other budget changes that occur during the year. The BPR's proposed budget changes and policy issues would be wrapped into this existing process.

It should be noted that to date, the Council has requested to hear all of the noticed BPRs individually at a meeting of the full City Council as provided in the ordinance. When the item is docketed for hearing, the existing ordinance provides for Council review, approval or disapproval of the proposed changes. The Council has overwhelmingly approved three of four BPRs that have been docketed, and raised appropriate questions relative to certain policies and service levels.

The fourth BPR, for a portion of the Environmental Services Department, was discussed at the January 22 Council meeting. Several Council members had a number of questions regarding the service level impacts that could not be answered at the time. This BPR will return to Council for review on February 6. Similarly, our Office has recommended Council approval for all four of the BPRs to date, and we have served as a valuable resource to Rick Reynolds and the BPR teams in compiling their final BPR reports.

This proposal does not eliminate Business Process Reengineering, nor does it "tie the Mayor's hands in moving forward with the program," nor does it "restrict his ability to make City government more efficient." This proposal would streamline the existing Council review process; shorten the BPR implementation waiting period; and repeal an ordinance that is no longer necessary.

As reflected in our report on Budget Authority, we strongly recommend that the City Council adopt this proposal for the BPR process to eliminate what has become a cumbersome and confusing process, and enhance the City's ability to implement efficiencies in a transparent manner.

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Andrea Tevlin
Independent Budget Analyst