

Business Office



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Department Description

The Business Office manages three major programs that support the Mayor's top reform initiatives: Reengineering, Competitive Government, and the City Management Program (CMP). As such, the Business Office works with all of the Mayoral departments within the City to improve the efficiency and effectiveness of the City's service delivery practices and management structures.

Through the Reengineering Program, the Business Office provides the City with internal consulting services that center on supporting management reforms and making effectiveness improvements. This is primarily done by conducting both efficiency and Business Process Reengineering (BPR) studies.

Efficiency studies aim to improve efficiency and effectiveness and are more flexible in their approach to problem solving. The Reengineering Program staff serves as in-house consultants to review department 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 of San Diego, 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.

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 processes. The voters expressed their support for competitive government within the City of San Diego through their approval of Proposition C in November 2006. Accordingly, the City of San Diego is committed to delivering quality services to taxpayers, residents, and visitors in the most economical and efficient way possible.

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Managed Competition is a structured process that allows public sector employees to compete openly and fairly with independent contractors (normally private sector firms) for the right to deliver services. 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.

The City Management Program is designed to integrate strategic planning, performance monitoring efforts, and decision-making processes in order to create more accountability for performance and transparency in City government.

The Department's mission is:

To achieve sustainable improvements in the fiscal soundness and effectiveness of City government and the responsiveness and innovativeness of its workforce

Goals and Objectives

The following goals and objectives represent the action plan for the Department:

Goal 1: Assist City groups in identifying opportunities for improvement and in implementing best business practices and business reform to move toward accomplishing the City's goal of a fiscally-sound, effective City government

As the City continues its management reform efforts, it must ensure that all opportunities for improvement are identified and that best business practices are utilized. This goal is vital to the improved efficiency and effectiveness of City services. The Department will move toward accomplishing this goal by focusing on the following objectives:

- Support the Mayor's top priorities in management reform
- Execute the City's Managed Competition program successfully
- Implement an impactful reengineering program
- Promote efficiencies through regional service delivery

Goal 2: Improve organizational effectiveness and cultivate a responsive and innovative workforce

Improving organizational effectiveness and workforce responsiveness are important goals in any organization. In order to be effective, the City must plan, budget, and hold personnel and departments accountable for performance. It is of the utmost importance to continually improve and strive to become the most efficient and effective organization possible. The Department will move toward accomplishing this goal by focusing on the following objectives:

- Consistently and reliably achieve results from the reengineering program to support continuous improvement in the City
- Assist in developing strategic direction for the City
- Institute accountability for performance citywide

Goal 3: Deliver quality support efficiently and effectively

As the Business Office focuses its efforts on management reform, it is important to recognize the internal needs of the Department. Investing its resources effectively and supporting its employees will ensure a high-performing Business Office team. The Department will move toward accomplishing this goal by focusing on the following objectives:

- Communicate programs and projects effectively
- Invest its resources effectively
- Set Business Office performance standards and evaluate for accountability
- Support training and professional growth to maintain a high-performing team

Key Performance Indicators

Performance Measure	Actual FY2011	Actual FY2012	Target FY2013
1. Number of reengineering and efficiency studies completed (G1/O3 and G1/O4)	9	6 ¹	3 ¹
2. Results of internal customer satisfaction survey (on scale of 1 to 5) (G3/O3)	4.41	4.72	4.72
3. Cumulative cost savings achieved from reengineering and efficiency studies (G1/O2 and G2/O1)	\$39M+	\$40M	\$40M
4. Amount of cost savings resulting from Managed Competition (G1/O2)	\$0	\$1M	\$6M ²

¹ Business Office staff are spending less time on studies due to an increased workload on Managed Competition.

² Savings should increase as Business Office staff spend more time on Managed Competitions efforts.

Service Efforts and Accomplishments

Reengineering Program

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 \$40.0 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:

- 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 effort.
- The Citywide Park Maintenance Efficiency Study brought together representatives from the Citywide Park Maintenance function and from its internal Park & 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. Any changes or potential savings would be based on the County reducing costs and raising 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.

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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, or benchmarking. The voters expressed their support for competitive government within the City through their approval of Proposition C in November 2006. 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.

Since 2006, the City negotiated with several labor unions regarding the Proposition C implementing ordinance and the 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.

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 the recommendation results in award to an outside contractor, it will be taken to Council for acceptance or rejection.

The first competition was won by the Publishing Service Employee Proposal Team and 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 Operations 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 2014.

In Fiscal Year 2013 and beyond, the City looks forward to completing at least six more Managed Competitions and to transitioning to 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

City Management Program

Through the City Management Program (CMP), the City has continued to move toward decision-making through strategic planning and performance management.

For Fiscal Year 2013, Volume II of the Proposed Budget continues to feature the section entitled 'Key Performance Indicators'. These performance measures include ones handpicked by each department based on one or more of the following reasons: they reflect the priorities of the department; they are considered useful in achieving the City's

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Strategic Plan goals and objectives; they demonstrate department responsibilities highlighted as a result of Mayoral responses to audit, Grand Jury, and Independent Budget Analyst (IBA) reports or Council action; or they best reflect the results or outcomes of the department's primary responsibilities rather than workload or volume of work performed.

In addition, there are Managed Competition-related measures that represent the performance standards outlined in the Preliminary Statements of Work (PSOWs) approved by City Council.

Actual figures for Fiscal Year 2011 and 2012, as well as targets for Fiscal Year 2013 have been included for each performance indicator. This performance data enables the reader to understand how each department is using the resources it has been given. Having this type of information available for budget readers is a result of the work achieved through the City Management Program.

All of the above-mentioned efforts have improved the transparency of the City's budget, the ease of communication around budget issues, and internal accountability.



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Department Summary

	FY2011 Actual	FY2012 Budget	FY2013 Adopted	FY2012-2013 Change
Positions (Budgeted)	7.25	7.25	7.75	0.50
Personnel Expenditures	\$ 799,532	\$ 866,299	\$ 888,419	\$ 22,120
Non-Personnel Expenditures	110,160	146,580	234,573	87,993
Total Department Expenditures	\$ 909,692	\$ 1,012,879	\$ 1,122,992	\$ 110,113
Total Department Revenue	\$ -	\$ -	\$ -	\$ -

General Fund

Department Expenditures

	FY2011 Actual	FY2012 Budget	FY2013 Adopted	FY2012-2013 Change
Business Office	\$ 909,692	\$ 1,012,879	\$ 1,122,992	\$ 110,113
Total	\$ 909,692	\$ 1,012,879	\$ 1,122,992	\$ 110,113

Department Personnel

	FY2011 Budget	FY2012 Budget	FY2013 Adopted	FY2012-2013 Change
Business Office	7.25	7.25	7.75	0.50
Total	7.25	7.25	7.75	0.50

Significant Budget Adjustments

	FTE	Expenditures	Revenue
Executive Secretary Transfer Transfer of 1.00 Executive Secretary from the Public Works - General Services Department to the Business Office to provide required administrative support.	1.00	\$ 91,337	\$ -
Addition in Professional Consultant Services Addition of professional consultant services expenditures to support studies and research related to the managed competition process.	0.00	80,000	-
Equipment/Support for Information Technology Adjustment to expenditure allocations according to a zero-based annual review of information technology funding requirements and priority analyses.	0.00	13,872	-
Copier Savings Adjustment to reflect savings resulting from the new convenience copier contract.	0.00	(2,337)	-
Non-Discretionary Adjustment Adjustment to expenditure allocations that are determined outside of the department's direct control. These allocations are generally based on prior year expenditure trends and examples of these include utilities, insurance, and rent.	0.00	(3,542)	-

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Significant Budget Adjustments (Cont'd)

	FTE	Expenditures	Revenue
Salary and Benefit Adjustments	0.00	(23,593)	-
Adjustments to reflect the annualization of the Fiscal Year 2012 negotiated salary compensation schedule, changes to savings resulting from positions to be vacant for any period of the fiscal year, retirement contributions, retiree health contributions, and labor negotiation adjustments.			
Executive Secretary Transfer	(0.50)	(45,624)	-
Transfer of 0.50 Executive Secretary from the Business Office to the Administration Department to provide required administrative support.			
Total	0.50	\$ 110,113	\$ -

Expenditures by Category

	FY2011 Actual	FY2012 Budget	FY2013 Adopted	FY2012-2013 Change
PERSONNEL				
Salaries and Wages	\$ 463,385	\$ 514,801	\$ 523,586	\$ 8,785
Fringe Benefits	336,147	351,498	364,833	13,335
PERSONNEL SUBTOTAL	\$ 799,532	\$ 866,299	\$ 888,419	\$ 22,120
NON-PERSONNEL				
Supplies	\$ 8,754	\$ 8,651	\$ 7,785	\$ (866)
Contracts	63,315	97,627	169,781	72,154
Information Technology	23,542	21,895	41,313	19,418
Energy and Utilities	14,156	16,707	12,987	(3,720)
Other	13	1,035	2,286	1,251
Transfers Out	381	665	421	(244)
NON-PERSONNEL SUBTOTAL	\$ 110,160	\$ 146,580	\$ 234,573	\$ 87,993
Total	\$ 909,692	\$ 1,012,879	\$ 1,122,992	\$ 110,113

Personnel Expenditures

Job Number	Job Title / Wages	FY2011 Budget	FY2012 Budget	FY2013 Adopted	Salary Range	Total
Salaries and Wages						
20000119	Associate Management Analyst	1.00	2.00	2.00	\$54,059 - \$65,333	\$ 99,909
20000924	Executive Secretary	0.50	0.50	1.00	43,555 - 52,666	51,349
20000634	Organization Effectiveness Specialist 2	1.00	0.00	0.00	54,059 - 65,333	-
20001222	Program Manager	2.00	2.00	2.00	46,966 - 172,744	185,001
20000015	Senior Management Analyst	2.00	2.00	2.00	59,363 - 71,760	137,251
20000970	Supervising Management Analyst	0.75	0.75	0.75	66,768 - 80,891	50,076
Salaries and Wages Subtotal		7.25	7.25	7.75		\$ 523,586

Fringe Benefits

Employee Offset Savings	\$ 9,996
Flexible Benefits	57,964
Long-Term Disability	3,019
Medicare	7,685
Other Post-Employment Benefits	49,034

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Personnel Expenditures (Cont'd)

Job Number	Job Title / Wages	FY2011 Budget	FY2012 Budget	FY2013 Adopted	Salary Range	Total
	Retirement ARC					196,985
	Retirement Offset Contribution					1,179
	Risk Management Administration					8,073
	Supplemental Pension Savings Plan					21,121
	Unemployment Insurance					1,535
	Workers' Compensation					8,242
Fringe Benefits Subtotal						\$ 364,833
Total Personnel Expenditures						\$ 888,419



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