

# Reengineering and Competitive Government

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 effectiveness improvements. This is primarily done by conducting both efficiency and business process reengineering (BPR) studies.

Efficiency studies aim to improve efficiency and effectiveness, but are more 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.

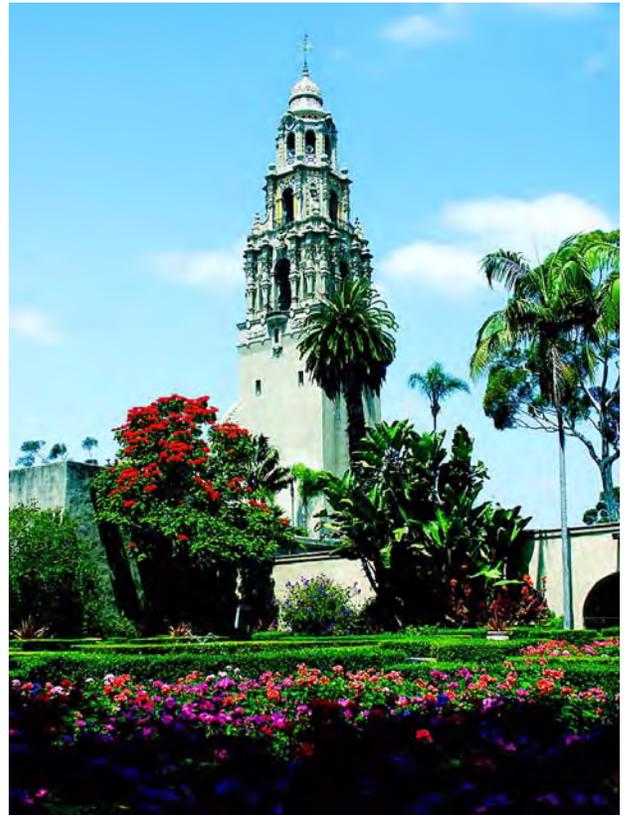
Business process reengineering studies involve the redesign of work processes (activities, services, or functions) for substantial improvement. In the City, these work processes occur within or between divisions and departments, and BPR studies are conducted in accordance with the BPR Guide. Business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

In this time of decreasing revenues, the Reengineering Program helps identify efficiency gains that can permit "smart" budget reduction proposals and works to improve efficiency to support organizational success, even in an environment of fewer resources.

## Accomplishments

The City has completed, or is in the process of completing, 25 BPR studies and 16 efficiency studies. From Fiscal Year 2007 to date, reengineering has resulted in reductions of over 400 full-time equivalent (FTE) positions and produced savings of nearly \$39.5 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.



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

The **Central Stores Efficiency Study** consolidated three departmentally-run satellite Central Stores storerooms into Central Stores 1 and 2, permitting greater control over inventory and a reduction of \$237,530 in personnel expenses. This study concluded meet and confer in time to be included in the Fiscal Year 2011 Adopted Budget. The consolidated Central Stores organization expects to be able to implement further efficiency savings in Fiscal Year 2012.

The Delivery BPR examines departmentally-operated functions that deliver mail, library materials, and supplies throughout the City. Currently in Meet & Confer with labor, this BPR recommends centralizing 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 Street. This BPR is expected to yield several hundred thousands of dollars in annual savings starting in Fiscal Year 2012.

The Contracting BPR was one of the City's first BPR studies completed in 2006. Since its implementation, a number of further possible improvements became apparent which caused the Business Office to convene a group to conduct a further **Contracting Efficiency Study**. The Study has yielded a number of recommendations for improvement that have already been implemented, others that are slated to be implemented, and yet others that will be presented to City Council for approval prior to implementation. Importantly, this set of improvement recommendations is expected to yield savings of 30 to 90 days in the duration of the process to place a contract.

The **Business Regulatory and Taxation Efficiency Study** examines the various separate efforts that businesses must undergo to obtain licenses and permits from the City Treasurer's Office, Development Services Department, Transportation Engineering group, Fire Prevention Bureau, and Police Department. The Study recommends a new streamlined method where the City Treasurer's Office serves as the application and payment clearing house for the other regulatory departments, freeing up their resources for other core duties, unifying the City's data collection and payment efforts, and making it simpler for businesses to obtain City approvals.

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

The Reengineering group is currently working on the following studies: Citywide fleet optimization study, Fire Prevention Bureau organization and fee study, Engineering & Capital Projects rates study, and Animal Control Services costs and fees study. These studies are expected to yield improved processes, increased efficiencies, and potential cost savings.

In Fiscal Year 2012, 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 2012 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

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achieved via direct outsourcing, managed competition, benchmarking, and bid-to-goal processes. The voters expressed their enthusiasm 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.

## Current Status

Since 2006, the City negotiated with several labor unions regarding a Proposition C implementing ordinance and a corresponding administrative regulation, known as a guidebook.

During Fiscal Year 2008, the Managed Competition Independent Review Board (MCIRB) was established. The MCIRB will review proposals received through competitive procurements and will advise the Mayor on the proposals that provide services more economically and efficiently while maintaining service quality and protecting the public interest. The Mayor will accept or reject the recommendation of the MCIRB; the Mayor's recommendation will be taken to Council for its acceptance or rejection.

In Fiscal Year 2011, the City and labor organizations reached agreement, and the City Council approved the Proposition C implementing ordinance and guidebook, which permitted the re-start of Managed Competition Activities. To date, the Mayor has announced that the following functions will undergo Managed Competition:

- Publishing Services
- Fleet Maintenance
- Street Sweeping
- Public Utilities Customer Service
- Street and Sidewalk Maintenance
- Landfill Operations

The Request for Proposals (RFP) has been issued for Publishing Services, with the first set of proposals received. RFPs for the other five functions will be issued in Fiscal Years 2011 and 2012.

## Future Expectations

In Fiscal Year 2012, the City looks forward to awarding the first several Managed Competition contracts and to transitioning to contractual relationships that will yield significant savings for the City.