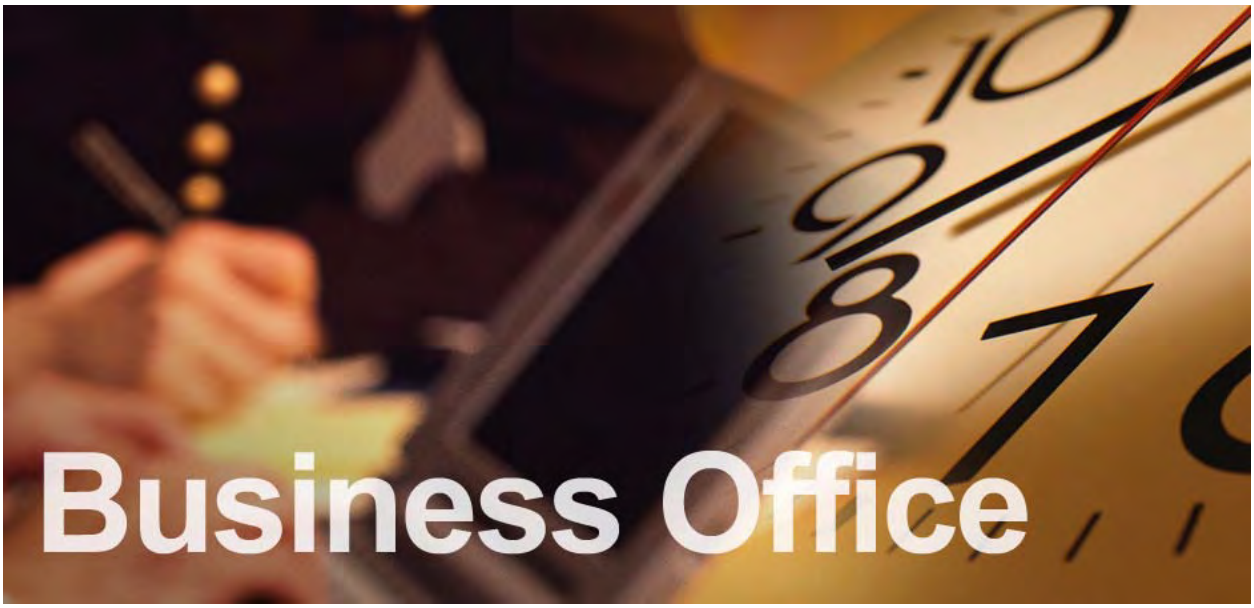

Department Description

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, 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 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.

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.

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 enthusiasm 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.

Business Office

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. Monitoring whether the City is achieving desired outcomes to empower leadership to make the necessary changes to achieve those outcomes is one of the tools used to do this. 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 City-wide

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

Service Efforts and Accomplishments

Reengineering Program

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.

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 Mayor's May revision to the Fiscal Year 2011 budget and has been implemented in Fiscal Year 2011. 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-and-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. 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 clearinghouse 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.

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 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.

Business Office

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 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 proposal 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

A 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.

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.

City Management Program

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

In July 2009, the International/City County Management Association (ICMA) recognized the City of San Diego for its performance management and measurement efforts with a Certificate of Achievement for the its effective, results-oriented management practices.

In September 2009, the City was recognized by the Association of Government Accountants (AGA) with its award of the Bronze Certificate of Achievement in Service Efforts and Accomplishments (SEA) Reporting to the City of San Diego for its Fiscal Year 2008 SEA Report. Attainment of the Bronze Certificate represents an important accomplishment in the area of performance reporting by a state or local government entity and its management.

In November 2010, updates were made to the City Strategic Plan by the Mayor's Executive Team resulting in more refined strategic goals and objectives. With the updated City Strategic Plan in place, efforts to work with departments in developing new tactical plans can be planned for future fiscal years.

For Fiscal Year 2012, Volume II of the Proposed Budget contains a new section entitled 'Key Performance Indicators'. These performance measures were handpicked by each department based on one or more of the following reasons: it reflects the priorities of the department; it is considered useful in achieving the City's Strategic Plan goals and objectives; it shows department responsibilities highlighted as a result of Mayoral responses to audit

and Independent Budget Analyst (IBA) reports or Council action; or it best reflects the results or outcomes of the Department's primary responsibilities rather than workload or volume of work performed. Actual figures for Fiscal Year 2010 and estimates for Fiscal Year 2011 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.

Key Performance Indicators

Performance Measure	Actual FY2010	Estimated FY2011
Number of reengineering and efficiency studies completed	7	9
Results of internal customer satisfaction survey (on scale of 5.0)	4.67	4.67
Cumulative cost savings achieved from reengineering and efficiency studies and Managed Competition	$39M+	$39M+
Amount of cost savings resulting from Managed Competition	$0	$0

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Department Summary

		FY2011 Budget		FY2012 Proposed		FY2011–2012 Change
Positions		7.25		**7.25**		0.00
Personnel Expenditures	$	876,419	**$**	**870,682**	$	(5,737)
Non-Personnel Expenditures		281,264		**147,086**		(134,178)
Total Department Expenditures	**$**	**1,157,683**	**$**	**1,017,768**	**$**	**(139,915)**
Total Department Revenue	**$**	**-**	**$**	**-**	**$**	**-**

General Fund

Department Expenditures

		FY2011 Budget		FY2012 Proposed		FY2011–2012 Change
Business Office	$	1,157,683	**$**	**1,017,768**	$	(139,915)
Total	**$**	**1,157,683**	**$**	**1,017,768**	**$**	**(139,915)**

Department Personnel

	FY2011 Budget	FY2012 Proposed	FY2011–2012 Change
Business Office	7.25	**7.25**	0.00
Total	**7.25**	**7.25**	**0.00**

Significant Budget Adjustments

	FTE		Expenditures		Revenue
Non-Discretionary Adjustment Total 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	$	40,952	$	-
Equipment/Support for Information Technology Funding allocated according to a zero-based annual review of information technology funding requirements and priority analyses.	0.00		13,834		-
Reduction in Miscellaneous Professional and Technical Services Reduction of miscellaneous contract expenditures for consultant services that provide support to studies and research.	0.00		(142,832)		-
Total	**0.00**	**$**	**(88,046)**	**$**	**-**

Expenditures by Category

		FY2011 Budget		FY2012 Proposed		FY2011–2012 Change
PERSONNEL						
Salaries and Wages	$	519,850	**$**	**506,608**	$	(13,242)
Fringe Benefits		356,569		**364,074**		7,505
PERSONNEL SUBTOTAL	**$**	**876,419**	**$**	**870,682**	**$**	**(5,737)**
NON-PERSONNEL						
Supplies	$	10,158	**$**	**8,651**	$	(1,507)

Business Office

Expenditures by Category *(Cont'd)*

	FY2011 Budget	FY2012 Proposed	FY2011–2012 Change
Contracts	236,607	**107,094**	(129,513)
Information Technology	21,095	**13,834**	(7,261)
Energy and Utilities	13,404	**16,707**	3,303
Other	-	**800**	800
NON-PERSONNEL SUBTOTAL	**$ 281,264**	**$ 147,086**	**$ (134,178)**
Total	**$ 1,157,683**	**$ 1,017,768**	**$ (139,915)**

Personnel Expenditures

Job Number	Job Class	Job Title / Wages	FY2011 Budget	FY2012 Proposed	Salary Range	Total
Salaries and Wages						
20000119	1218	Associate Management Analyst	1.00	**2.00**	$54,059 - $65,333	$ 101,985
20000924	1876	Executive Secretary	0.50	**0.50**	43,555 - 52,666	25,668
20000634	1614	Organization Effectiveness Specialist 2	1.00	**0.00**	54,059 - 65,333	-
20001222	2270	Program Manager	2.00	**2.00**	46,966 - 172,744	179,451
20000015	1106	Senior Management Analyst	2.00	**2.00**	59,363 - 71,760	139,932
20000970	1917	Supervising Management Analyst	0.75	**0.75**	66,768 - 80,891	58,850
		Bilingual - Regular				722
Salaries and Wages Subtotal			**7.25**	**7.25**		**$ 506,608**
Fringe Benefits						
		Employee Offset Savings				$ 10,102
		Flexible Benefits				56,553
		Long-Term Disability				4,462
		Medicare				7,524
		Other Post-Employment Benefits				45,803
		Retirement ARC				194,643
		Retirement Offset Contribution				9,279
		Risk Management Administration				7,300
		Supplemental Pension Savings Plan				21,153
		Unemployment Insurance				1,086
		Workers' Compensation				6,169
Fringe Benefits Subtotal						**$ 364,074**
Total Personnel Expenditures						**$ 870,682**