

2014

PROPOSED BUDGET



Reengineering and Competitive Government



City of San Diego

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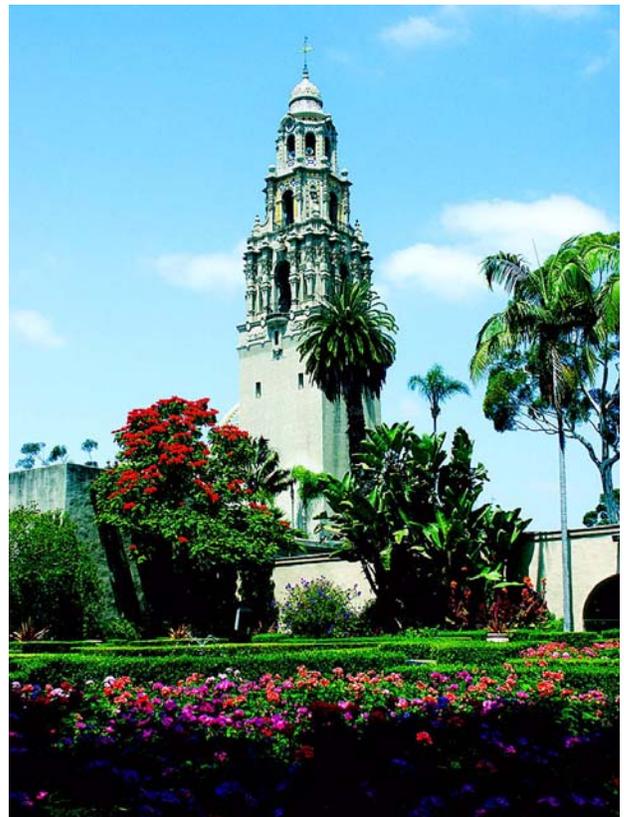
Through the Reengineering Program, the Business Office provides the City of San Diego with internal consulting services that center on supporting management reforms and making efficiency improvements. This is primarily done by conducting efficiency and business process reengineering (BPR) studies.

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 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

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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 yielded 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.
- The City-wide 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 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, 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.

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

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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 Services

Fleet Services Operations was awarded to the Fleet Services 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 Proposed Budget resulting in an updated annual savings of \$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.

Landfill Operations

Landfill Operations was awarded to the Landfill Operations Employee Proposal Team with an implementation date scheduled for July 1, 2013 pending the outcome of required processes such as the meet and confer obligations with the impacted labor organizations. Upon full implementation, the Employees' Proposal will result in \$3.5 million in annual savings planned to commence in Fiscal Year 2014.

Street & Sidewalk Maintenance

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

Future Expectations

The managed competition process as currently written and implemented by the previous administration is a decidedly slow process. In Fiscal Year 2014, the Mayor will be soliciting input on process improvements to the Managed Competition Guide from various stakeholders. Based on the results of the review, the Mayor will provide recommendations to the City Council which could lead to the renegotiation of the Managed Competition Guidebook. In addition to managed competition, Mayor Filner will be exploring other means to implement cost saving measures so that the taxpayer's monies are used appropriately and efficiently.



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