OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: March 18, 2008 **IBA Report Number:** 08-25

Budget and Finance Committee Agenda Date: March 26, 2008

Item Number: 3

Recommendations for Timely Implementation of Business Process Reengineering (BPR) and Provision of BPR Service Level Information to City Council

OVERVIEW

Implementation of BPR studies that have been completed over the past year are caught in a morass of process issues related to managed competition, including pre-competition assessments and concerns about procurement sensitive information, as well as the meet and confer processes. City Council review of BPR results has also been significantly delayed pending resolution of one or more of these issues. This report proposes recommendations that address the following:

- Timely implementation of BPR findings that demonstrate cost savings, efficiencies or service level enhancements can be achieved with no budgetary increases.
- Timely reporting to Council of service levels identified in BPR studies for functions involved in an active managed competition procurement process.
- Streamlined docketing of completed BPR's for Council review and approval.

POLICY/FISCAL DISCUSSION

Of the 26 BPR studies that have been completed over the past two years, seven studies have been fully implemented. All seven BPR's were completed early on in the program and the functions were not considered for managed competition. All items were docketed timely and the City Council approved all seven BPR's for implementation. No BPR's have been brought forward to Council since last July although 17 new studies have been completed. Delays in the BPR process started occurring last year when the BPR process and the managed competition process were linked together.

Rather than docketing completed BPR studies for Council review and implementation, the majority were announced for pre-competition assessment – the process which determines what activities will go on to managed competition. Sixteen were announced on November 16, 2007 and an additional ten were announced on February 5, 2008. The assessment is taking longer than envisioned and months have passed between study completion and assessment results.

BPR implementation has not taken place for the following functions due to pre-competition assessment, meet and confer schedules or both:

Department/Function	**Date Study Completed**
Facilities	November 06
Environmental Services- Collections	January 07
GSD- Streets	March 07
GSD- Publishing Services	May 07
Development Services	May 07
Libraries	November 07
Custodial Services	February 08
Park Maintenance	February 08
Reservoir Recreation	February 08

Police and Fire-Rescue BPR's, whose activities are exempt from managed competition, were also completed in February 2008 but have not yet been docketed for Council review or implemented.

Since BPR studies can demonstrate that cost savings, efficiencies and/or service level enhancements can be achieved with no budgetary increases, timely implementation is key. These improvements are often found to be possible through streamlining of existing processes, restructuring the organization and/or eliminating duplication in the organization. It can take several months to fully implement these changes and achieve cost savings and improvements, so implementation needs to occur as soon as possible. Knowing that cost savings, efficiencies and/or service enhancements can be achieved

> Knowing that cost savings, efficiencies and/or service enhancements can be achieved makes timely implementation of BPR's particularly important given the fiscal challenges facing the City.

makes timely implementation of BPR's particularly important given the fiscal challenges facing the City. While there is an informal policy that all BPR results will move to implementation no later than one year from the date of completion of the study, this has not been adhered to in order to allow for meet and confer and pre-competition assessments to take place.

Timely reporting to Council of service levels in BPR reports, for functions involved in the managed competition procurement process, is an issue as well. If BPR studies show that service level enhancements are possible, the Council should be apprised of this upon completion of the study. Currently, this information is being withheld as procurement sensitive to safeguard the City employee bid. We believe that service level information, not typically considered procurement sensitive, can be carved out for Council and public information without impairing the City employee bid.

In addition to providing insight for budget deliberations and decisions, this service level information is needed by the Council to fulfill their obligation under Proposition C (Managed Competition) to ensure that service quality is maintained. The service levels identified in the BPR's will form the basis of the Statement of Work in the Request for Proposal in managed competition. Without this information Council will not be able to fulfill its oversight role per Proposition C. Furthermore, if the City employee bid "wins" the managed competition, Council will not have seen the BPR and the assumed service levels until the very last step of the managed competition process when they either approve or disapprove the recommended service provider. This effectively diminishes the Council's oversight role in the BPR ordinance to review all BPR's prior to their implementation.

RECOMMENDATIONS

To address these issues, the following proposed amendments to the BPR Ordinance are presented for Committee consideration:

A. BPR Implementation

Proposed Amendment:
"Completed Business Process Reengineering studies which show that cost savings, efficiencies and/or increased service levels can be achieved upon implementation, with no budgetary increases, must be docketed for Council review to initiate implementation within six months of study completion. Meet and confer requirements, pre-competition assessments and Council approval must be completed within this six month time period. A function that is involved in an active managed competition procurement process is exempt from this requirement."

B. Reporting of BPR Service Level Information to Council

Proposed Amendment:
"For BPR studies that are completed and the function(s) has been chosen for pre-competition assessment, it is recognized that BPR's may contain procurement sensitive information in a managed competition process. In these cases, prior to beginning the pre-competition assessment and the meet and confer process, the Mayor will provide to the Council the following information from the completed BPR report(s) that is not considered procurement sensitive:

- Discussion of the BPR process that was undertaken, including the study's goals and objectives;
- Summary of the function's current process and identification of pre and post-BPR service levels/performance measures;
- Proposed enhancements in service levels including quality and timeliness; efficiencies; outputs and outcomes; cycle time; customer satisfaction goals; performance indicators; performance expectation as identified in the City Management Program (CMP);
- Discussion of core and non-core service if addressed; and
- External data comparison (e.g. benchmarking information, identification of industry best practices).

At the conclusion of the pre-competition assessment process, if the function(s) has not been chosen for managed competition, the Mayor will submit the complete BPR report to the Council including costing information and other procurement sensitive information that was withheld pending the outcome of the assessment process.

For BPR activities that are exempt from the pre-competition assessment, the complete report will be submitted to Council prior to implementation as indicated in Section 4 of this ordinance."

C. Streamlining the BPR Docket Process

Finally, we recommend that the BPR Ordinance be revised to provide for "direct docketing" of BPR studies to reflect the current practice. This would eliminate the 60-day posting period prior to BPR implementation and the related requirement that four Council members send a memo to the Council President requesting that the BPR be docketed. The Council President has waived this requirement in the past to respond to Council interest in the matter and to facilitate timely implementation of BPR's.

[SIGNED]

_____

Andrea Tevlin
Independent Budget Analyst