



# Delivery Services Business Process Reengineering Overview

December 1, 2010

# Agenda

- Background
- Business Process Reengineering Overview
- Recommendations
- Financial Outcomes



# Background:

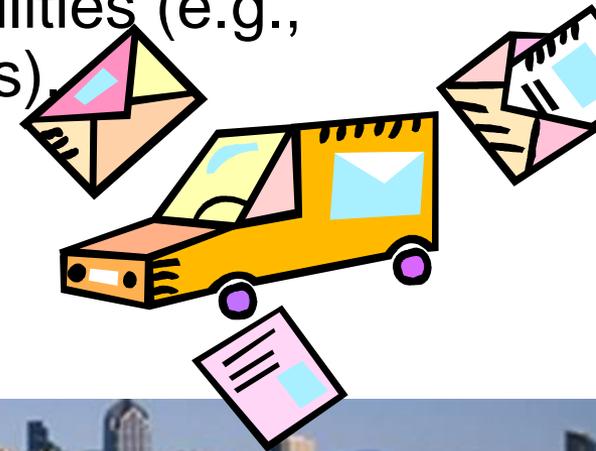
- From FY07 to present, 19 BPRs approved
- Annual savings of over \$39M
- Reductions of over 400 FTE positions
- Almost \$4.6M in cost avoidance
- Completed 7 other efficiency studies
- 10 efficiency studies underway
- 2 Managed Competitions initiated



# Delivery Services Background

The City's delivery function includes processing and delivering:

- U.S. Postal Service mail to or from City offices
- Providing interoffice correspondence pick-up and delivery between City facilities
- Moving other materials between City facilities (e.g., library books, supplies, Print Shop orders)
- Handling confidential material and cash



# Background

The BPR involved multiple departments that perform deliveries, at an estimated cost of \$1.2M, using 22.6 FTEs and 16 vehicles, including these with dedicated delivery functions:

Library

Police

Purchasing and Contracting

Publishing Services

Fire-Rescue Department



# BPR Objectives:

- Identify appropriate service levels for the delivery function
- Improve effectiveness and efficiency of service delivery and performance measurement by establishing or revising processes and/or making better use of technology
- Determine the Most Efficient Government Organization (MEGO) for delivery services, including an organization structure that documents necessary job duties, titles and reporting relationships.



# BPR Objectives

- Identify and clarify roles and responsibilities of City departments which perform work related to delivery services
- Reduce costs by at least 15%



# BPR Process Overview

The BPR team undertook the following tasks in order to meet the study objectives:

- Define the scope of work, including definition of core and non-core activities and services
- Delineate appropriate performance metrics to enable the group to monitor the impact of the study and the efficiency and effectiveness of service delivery after study completion



# BPR Process Overview

- Gather and analyze pertinent and relevant data (e.g., costs)
- Benchmark core functions with other comparable governments and private companies
- Identify best practices currently used by other organizations



# BPR Process Overview

- Conduct “As is” process analysis
- Determine “To be” processes
- Conduct gap analysis
- Develop MEGO recommendations
- Develop implementation plan
- Prepare report



# BPR Recommendations:

- Objective: Identify appropriate service levels
  - Result: **1 to 2 business days is an acceptable delivery interval for all City deliveries**
- Objective: Improve effectiveness and efficiency by establishing or revising processes and/or making better use of technology
  - Result: **Consolidates the separate delivery functions of several departments, using computer-based modeling analysis. Technological substitutes for delivering documents were also explored, and further study is recommended**

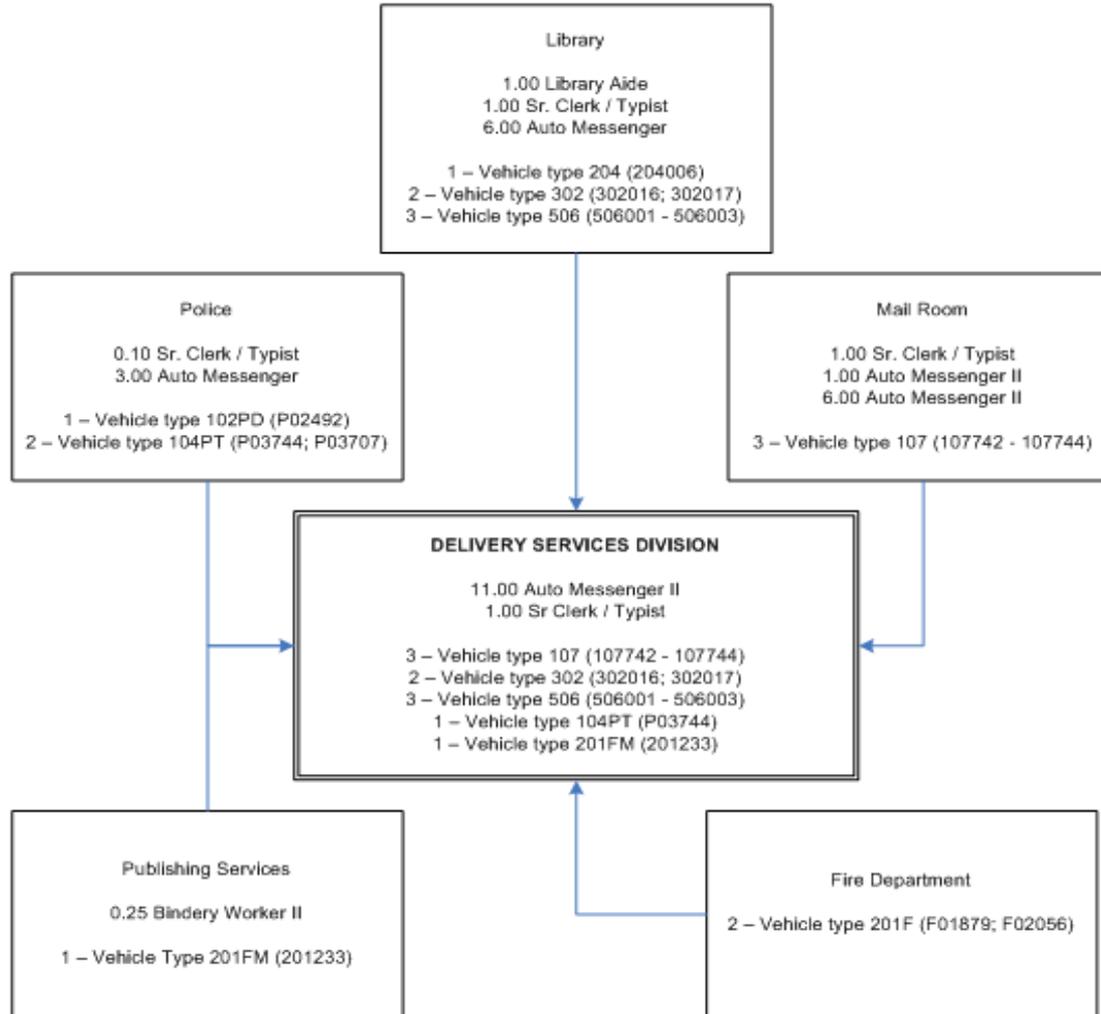


# BPR Process Overview (Cont.)

- Objective: Determine the Most Efficient Government Organization (MEGO) for delivery services, including an organization structure
  - **Result: Consolidates delivery functions of the Mail Room, Fire-Rescue, Library, Police, and Print Shop, which will permit the reduction of personnel and vehicles**
- Objective: Identify and clarify roles of City departments which perform delivery services.
  - **Result: The MEGO delineates responsibilities**



# Recommended Consolidation



# Recommendations

- Consolidates 19 FTEs in 5 departments with dedicated delivery functions to 12 FTEs in one dept
- Reduces 15 vehicles in depts with dedicated delivery functions to 10
- \* Creates new delivery hub at 20<sup>th</sup> and B bldg.
- Frees up space in CAB, Police, and Library sorting facility at Sandrock Rd.



# Financial Outcomes

- Projected annual savings of approximately \$280,000 or 23%
- Additional savings in utility costs associated with the current library sorting facility at 3440 Sandrock Road may be attainable if the facility is closed. The latest annual cost for the facility is approximately \$17,500
- Other Non-personnel expenditure cuts would need to be identified from the current department budgets and transferred to the future centralized Delivery Services division



# Financial Outcomes

## FISCAL CONSIDERATIONS:

<b>Fiscal Impact Summary (FY 2011 dollars)</b>					
		<b>FY 2011</b>		<b>FY 2012</b>	
	<b>FTE</b>	<b>One-Time costs</b>	<b>Savings</b>	<b>Budget</b>	<b>Delivery function savings</b>
FTE and Usage / Assignment NPE restructured into centralized delivery division	12.00	-	-	871,158	-
FTE and NPE budgetary reductions associated with the centralization of the delivery services	7.00	-	92,333*	-	277,047
PE and NPE departmental realignment of costs due to the centralization of the delivery services	0.15	-	-	-	4,666
Ongoing Police, Print Shop and Fire department delivery functions	0.20			22,560	
Facility / equipment improvement costs*	-	130,000*	-	-	-
Staff relocation costs*	-	5,500	-	-	-

\* Estimated figures.



# Recommended Action

- Forward the report to Council to consider recommendations, after completion of any meet and confer obligations with labor



# Questions?



**City of San Diego**

