



THE CITY OF SAN DIEGO
MANAGER'S REPORT

DATE ISSUED: November 14, 2005 REPORT NO. 05-223

ATTENTION: Government Efficiency & Openness
Agenda of November 21, 2005

SUBJECT: Suggestion Awards Program

REFERENCE: San Diego Municipal Code §22.1007 - §22.1018
Administrative Regulation 95.95

SUMMARY

THIS IS AN INFORMATION ITEM ONLY. NO ACTION IS REQUIRED ON THE PART OF THE COMMITTEE OR THE CITY COUNCIL.

BACKGROUND

Established in 1962, the Suggestion Awards Program (SAP) is designed to encourage employees to develop ideas for improving workplace efficiency and productivity. A small monetary award is paid to employees if their suggestions are implemented and savings to the City are documented. The program has received varying levels of participation over the years and is currently being reconstituted by the Organization Effectiveness Program in the Risk Management Department in partnership with the Financial Management Department.

DISCUSSION

From 1997 to 2003 annual estimated savings from employee suggestions have ranged from \$113,224 to \$459,733. The total amount of awards paid to employees each year start at \$8,290 and go as high as \$55,530.

Over the years the program has been reviewed five times:

- In 1994 by the Performance Rewards Task Force
- In 1996 Risk Management was directed to coordinate the program with the Citywide STEP effort, an additional suggestions program administered by the City Manager's Office
- In 1998 by the Select Committee
- In 1999 the Suggestion Awards Committee revisited the 1994 suggestions by the Performance Rewards Task Force
- In 2001 issues regarding the program were raised in the Suggestion Awards Committee, with members representing the labor organizations stating they would bring the issue to their respective boards

A number of short-comings were identified in the reviews, some of which include: a bureaucratic and lengthy process, time-consuming calculations and cost analysis, and a lack of responsiveness to employees including untimely recognitions. Although these studies have resulted in a number of well thought-out recommendations, to date the program has remained substantially as it was originally designed in 1962.

Due to the fiscal crisis the City is currently facing, there has been a renewed interest from Council Members and City employees to look at ways to improve the efficiency of City's services.

Suggestion Awards Process

Eligible Employees

Eligible employees are divided into three different categories based on their job classification:

- Category I: Employees who are expected to develop cost savings ideas *in all areas of City operations as a natural extension of their normal job duties.*
- Category II: Employees who are expected to develop cost savings ideas *within their area of professional expertise and career development.*
- Category III: Employees who are expected to develop cost savings ideas *outside the area of their specific job assignment.*

Category I employees are eligible only for a 'recognition award' for ideas which are adopted. Employees from Categories II & III are eligible for monetary awards for implemented suggestions.

Submittal & Review Process

Using form RM-400 the employee writes a proposal that includes an estimate of both intangible benefits and monetary savings. There are certain restrictions to 'eligible ideas'

such as no increase in fees, duplication of a previous suggestion, or ideas concerning compensation and benefits, etc.). The following is a summary of the review process.

- The Suggestion Awards Administrator logs the suggestion and forwards eligible suggestions to the appropriate department.
- The department analyst does a comprehensive cost-benefit analysis (within 90 days) and validates whether the suggestion should be approved or not. The analyst documents his/her recommendation on form RM-401 and sends it to the coordinator.
- The Suggestion Awards Committee, which is comprised of the City Manager or his/her designee, four department directors or alternates, and one representative from each labor organization, meets to review suggestions and recommends to the City Council:
 - A recognition award be presented to a Category I suggester; or
 - A monetary award be presented to a Category II or III suggester (which can range from \$50 to \$5,000 depending on the savings amount and category the employee is in).
- For all monetary awards, there is a 12-month evaluation completed by the department using RM-402. For suggestions which have resulted in a net increase in revenue or a net savings, suggesters may be eligible for an additional award.

Suggestion Awards Administrator

Although the Municipal Code calls for a full-time coordinator, due to budget cuts the Suggestion Awards Program hasn't been consistently staffed for 10 years. Staffing has dwindled from 1.00 Associate Administrative Analyst position and 1.00 Clerical Assistant II position (together) to .5 of the Employee Savings Plans Employee Benefits Specialist I and an intern. Currently there is no staff dedicated to the program. The duties of the administrator include:

- Tracking and actively monitoring all suggestions
- Scheduling committee meetings, preparing appropriate documents and taking notes
- Notifying employees in writing on Committee actions
- Processing 1472s for suggestions which go to Council
- Process payments for suggestions receiving a monetary award

Short-Term Action Plan

Working within the confines of the Municipal Code the following actions steps will ensure the program continues in its current capacity:

Staffing: The responsibility of the Suggestion Awards Administration will move from Employee Benefits Division of the Risk Management Department to the Organization Effectiveness Program (OEP). An Administrative Assistant I position will be reallocated from the Diversity Program and serve as the SAP coordinator, with additional support provided by an Organization Effectiveness Specialist for revitalizing the committee, communicating to employees, and providing general assistance to the Administrator.

Management Support: Support for this program relies to a great degree on department directors and analysts. Directors will need to designate a liaison to actively monitor all suggestions forwarded to their department. The time period for evaluating suggestions will be reduced to 60 days, with additional time for complex or cross-department suggestions.

Communication: Forms for submitting suggestions will be updated and posted on the CityNet. The Employee Newsletter will announce the 're-opening' of the Program and advertise recipients of awards. Departments will be asked to include information in their newsletters.

Suggestion Awards Committee: The Committee will include representatives from Financial Management, Risk Management, at least two large operating departments, and representatives from the Labor Organizations.

Data Base: A Microsoft Access or similar database program will be created to monitor the status of suggestions. The back-log of suggestions from the past one-two years will be entered into an automated tracking process.

Long-Term Recommendations

The short-term actions will only address the immediate need of getting the program back into an active status. Long-term solutions are needed to revamp the program to match today's resources and expectations of involving employees to reduce costs and increase efficiencies throughout the City.

1. Direct the Organization Effectiveness Program to research programs from municipalities and private organizations, review past recommendations from previous studies, and present recommendations for improvements to the Suggestions Awards Committee. Emphasis will be placed on streamlining and simplifying the program and addressing issues not encountered in previous studies (e.g. Strong Mayor form of government; potential conflicts between Bid-to-Goal or Pay-for-Performance programs and the Suggestion Awards Program).
2. The Suggestion Awards Committee will review the recommendations and submit a proposal to the City Council. Recommendations will likely include the need to amend the San Diego Municipal Code and Administrative Regulation 95.95.

Respectfully submitted,

Bill Lopez
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Attachments: [1. San Diego Municipal Code §22.1007 - §22.1018](#)
 [2. Administrative Regulation 95.92](#)