



THE CITY OF SAN DIEGO  
**REPORT TO THE CITY COUNCIL**

DATE ISSUED: December 20, 2006  
ATTENTION: Council President and City Council  
SUBJECT: Fleet Services Business Process Reengineering  
REFERENCE: Fleet Services Business Process Reengineering Final Report

REPORT NO: 06-196  
(Report previously distributed with incorrect report number)

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

**BACKGROUND:**

The Mayor has commenced Business Process Reengineering (BPR) efforts to improve efficiencies, reduce the cost of City government and to maximize the services offered to our residents. BPR focuses on significantly streamlining work processes (activities, services or functions) for substantial improvement and reorganizing functional work groups and positions. On July 31, 2006, the City Council adopted Ordinance O-19523, establishing a policy for the implementation of Business Process Reengineering Results (Report to City Council No. 06-094).

**The Fleet Services Reengineering Study**

With the General Services Department as the project sponsor, the Fleet Services Reengineering Study was a comprehensive assessment of the fleet operations within the three separate departments of General Services, Police and Fire-Rescue. Representatives from all three of the current fleets participated in the process, both at the Team and Committee levels. Activities included business process mapping, benchmarking with other agencies, and development of improvement ideas. Along with employees, labor representatives from MEA and AFSCME Local 127, plus representatives from customers and support departments, participated and contributed to this comprehensive review.

The BPR has resulted in a plan that will consolidate the City's three fleet organizations into one Fleet Services Division within the General Services Department (a summary of positions to be transferred is provided below). A variety of specialized expertise will be expanded to the public safety fleets: acquisition and fitting, management information system, parts management, safety and budgeting. In addition, the structured vehicle replacement program will be expanded to include the public safety fleets. The consolidation will also result in a more efficient repair/maintenance process (see Attachment 1 "Summary of Recommendations").

## Summary of Positions to be Transferred to the Consolidated Fleet

Position Categories	GS/ Equipment	Police	Fire- Rescue	Total
Repair Shop	116	69	21	207
Fabrication Shop	21	6		27
Parts	16	2	2.5	20.5
Acquisition & Fitting	8			8
Administration Support	5.5	2	1	8.5
Management	3	2	1	6
Information Systems	2.75			2.75
Fuel System Management	1.25			1.25
Hauling	3			3
Rental Pool	2			2
Safety	1			1
Equipment Trainer	1			1
<b>Total</b>	<b>179.5</b>	<b>81.0</b>	<b>25.5</b>	<b>286.0</b>

### FISCAL CONSIDERATIONS:

#### **Elimination of Non-Core Functions**

The General Services/Equipment Division Hauling program and the Police Vehicle Wash/Clean/Fuel service have been determined to be *non-core* functions and are proposed for elimination. The Hauling function has been absorbed by the Water Department's Operations Division and the General Services Department's Street Division. The proposal assumes that Police Officers will fuel their own vehicles and drive them through the automated vehicle washers, as indicated by the Police Chief in a recent meeting on the Fleet BPR recommendations. Rationale include the following: (1) Current Police Department Procedure 1.12 stipulates that drivers have vehicle fuel and trash removal duties, (2) Two-thirds of the SDPD Officers fuel/wash their vehicles now, (3) Automated fueling and washing are quick processes, (4) Adequate time is available to fuel/wash during or at the end of shifts, and (5) Benchmarking included information that all San Diego County Sheriffs do their own fueling/washing.

#### **Possibility of Managed Competition**

This BPR proposal reflects significant cost reductions and operational improvements for Fleet Services. The proposal however provides only limited detail on operating requirements and assumptions and intentionally does not provide full details on Fleet Services' "most efficient organization" (MEO) proposal. This is in recognition of the fact Fleet Services may be selected for managed competition and the legitimate need to protect City employees against unfair advantage from competing firms. Should Fleet Services be requested to participate in managed competition, Fleet Services will produce a bid reflective of a comprehensive MEO. In the event the Mayor exempts Fleet Services from managed competition as the means to optimize service

delivery, Fleet Services will submit a revision to the BPR proposal reflective of a comprehensive MEO.

**Affected Positions**

The BPR proposal eliminates 14.00 full time equivalent (FTE) positions from the budget: 3.0 positions related to the Equipment Division’s Hauling program and 11.00 positions related to the Police Vehicle Wash/Clean/Fuel service.

**Meet and Confer**

As this BPR involves position reductions and changes in working conditions, this proposal is subject to *Meet and Confer* with MEA, Local 127, and POA. The BPR proposal is therefore *tentative* and subject to the outcome of Meet and Confer. Meet and Confer discussions are presently underway.

**Budgetary Impact**

The annualized impact of this BPR proposal on the budget is a reduction of approximately \$1.0M related to the salary and fringe of the 14.00 staff positions to be reduced. The actual impact will depend on a variety of factors, including the exact implementation date and Meet and Confer. In addition, the consolidation will merge the three fleets and their budgets into one organization (see Attachment 2 “Summary of Budget Impacts”) upon passage of the Third Quarter Adjustment. Between Council approval of the proposal and the Third Quarter Adjustment, the supervisory duties will be adjusted while the three fleets continue to utilize their current accounting lines.


PREVIOUS COUNCIL and/or COMMITTEE ACTION: None


COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

In order to assure a level playing field for Fleet Services employees in the event of a managed competition, there was limited external participation in the BPR. Fleet Services, however, did involve the participation of MEA and AFSCME Local 127, as well as a number of external stakeholders with background and familiarity with Fleet Services operations. Fleet Services also conducted benchmarking on many aspects of operations.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

City customer departments will have improved and more efficient service delivery. The resulting cost savings will benefit the City.

  
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Mario X. Sierra  
General Services Director

  
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R. F. Haas  
Deputy Chief of Public Works

- Attachments: 1. Summary of BPR Recommendations  
2. Summary of Budget Impacts

# ATTACHMENT 1

## Fleet Services Business Process Reengineering

Summary of Recommendations	
1	<u>Consolidation</u> – the current fleet operations at Police, Fire-Rescue and General Services will be consolidated into one organization under General Services.
2	<u>Vehicle Replacement Fund</u> - Expand current General Fund Replacement Fund based on Assignment Fees to Customer Departments to include all fleet motive equipment with goal of replacement based on life cycle (and condition); Develop a 10 year replacement program for all General Fund motive equipment based on lease-purchase financing.
3	<u>Internal Service Fund</u> / Customer Billing for Operational Expenses - Expand Internal Service Fund to include all fleets and all fleet services.
4	<u>Expansion of the Procurement Card</u> use by public safety fleets for parts acquisition.
5	<u>Parts Procurement and Management</u> - Consolidation of all parts procurement activities under Fleet Parts Buyer Supervisor; Expand use of Procurement Card to facilitate expansion of “Just-in-Time” procurement to all fleets for efficiencies and cost reductions.
6	<u>Fleet MIS / Analysis &amp; Reporting</u> - Consolidation of all FleetFocus monitoring, analysis and reporting under ISA II; Utilize existing 3 IT staff for all consolidated FleetFocus needs; Merge two currently separate FleetFocus databases into one consolidated system for uniform monitoring, analysis and reporting; Standardize FleetFocus database procedures and work order management procedures.
7	<u>Acquisition, Fitting &amp; Disposal</u> - Consolidation of all acquisition, fitting, disposal and related duties under Motive Engineer; Appropriate staffing will temporarily transfer to direction of Motive Engineer when motive equipment is delivered and in fitting process.
8	<u>Financial Duties</u> - Consolidation of all budget development, monitoring, and reporting duties under Senior Management Analyst.
9	<u>Safety Program</u> - Consolidation of all safety duties under Safety Officer.
10	<u>Discontinuance</u> of the Hauling Program at General Services due to diminished workload and revenues.
11	<u>Discontinuance</u> of the Police Customer Service of Vehicle Wash, Wax, Clean & Fuel.

Fleet Services  
 Business Process Reengineering  
**Summary of Budget Impacts - FY 2007**  
 November 21, 2006

Consolidation Impacts by Department								
Dept #	Budget Department	Fund #	Fund Name	Positions (FTE)	Personnel Expense	Non Personnel Expense*	Total Expense	Revenue
820	Equipment Division	50030	Equipment Operations	-179.50	\$ (13,487,395)	\$ (14,794,086)	\$ (28,281,481)	\$ (28,795,587)
110	Police Department	100	General Fund	-81.00	\$ (6,208,066)	\$ 6,208,066	\$ -	\$ (50,000)
120	Fire Department	100	General Fund	-25.50	\$ (1,920,460)	\$ 1,920,460	\$ -	\$ (2,000)
820	Fleet Services (new consolidated division)	50030	Fleet Operations	286.00	\$ 21,615,921	\$ 29,402,673	\$ 51,018,594	\$ 51,584,700
<b>Consolidation Impacts (by Department)</b>				<b>0.00</b>	<b>\$ -</b>	<b>\$ 22,737,113</b>	<b>\$ 22,737,113</b>	<b>\$ 22,737,113</b>

Reductions & Efficiency Impacts								
Dept #	Budget Department	Fund #	Fund Name	Positions (FTE)	Personnel Expense	Non Personnel Expense	Total Expense	Revenue
	Fleet Services (new consolidated division)			-14.00	\$ (899,368)	\$ (127,961)	\$ (1,027,329)	\$ (125,000)
<b>Reductions &amp; Efficiency Impacts</b>				<b>-14.00</b>	<b>\$ (899,368)</b>	<b>\$ (127,961)</b>	<b>\$ (1,027,329)</b>	<b>\$ (125,000)</b>

Total Impacts by Department (post consolidation)								
Dept #	Budget Department	Fund #	Fund Name	Positions (FTE)	Personnel Expense	Non Personnel Expense*	Total Expense	Revenue
820	Equipment Division	50030	Equipment Operations	-179.50	\$ (13,487,395)	\$ (14,794,086)	\$ (28,281,481)	\$ (28,920,587)
110	Police Department	100	General Fund	-81.00	\$ (6,208,066)	\$ 6,208,066	\$ -	\$ (50,000)
120	Fire Department	100	General Fund	-25.50	\$ (1,920,460)	\$ 1,920,460	\$ -	\$ (2,000)
820	Fleet Services (new consolidated division)	50030	Fleet Operations	272.00	\$ 20,716,553	\$ 29,274,712	\$ 49,991,265	\$ 51,584,700
<b>Total BPR Impacts (by Department)</b>				<b>-14.00</b>	<b>\$ (899,368)</b>	<b>\$ 22,609,152</b>	<b>\$ 21,709,784</b>	<b>\$ 22,612,113</b>

Net Impacts by Fund						
Fund #	Fund	Positions (FTE)	Personnel Expense	Non Personnel Expense*	Total Expense	Revenue
100	General Fund	-11.00	\$ (685,289)	\$ (9,900)	\$ (695,189)	\$ (52,000)
50030	Equipment Division Operating Fund	-3.00	\$ (214,079)	\$ (118,061)	\$ (332,140)	\$ (125,000)
<b>Total BPR Impacts (by Fund)</b>		<b>-14.00</b>	<b>\$ (899,368)</b>	<b>\$ (127,961)</b>	<b>\$ (1,027,329)</b>	<b>\$ (177,000)</b>

\* Due to Equipment Division's Internal Service Fund structure, consolidation appears to double the Police & Fire fleet budgets (\$22,737,113); however, the consolidation impacts as shown above have no net fiscal increase. Police & Fire will be assessed usage and assignment fees to cover operating and replacement costs; respectively.

\*\* Actual savings occurring in FY 2007 will vary, based on mid-year implementation. Impacts shown are for a full year.