

THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: January 17, 2007 REPORT NO: 07-019
ATTENTION: Council President and City Council
Docket of Jan. 22, 2007
SUBJECT: Environmental Services Department Business Process Reengineering
REFERENCE: Environmental Services Department Business Process Reengineering
Final Report

REQUESTED ACTION:

1. Accept the Report from the Mayor on the Environmental Services Department Reengineering (BPR) Study.
2. Authorize the City Auditor and Comptroller and the City Attorney to prepare the necessary documents to implement the BPR recommended organizational changes
3. Authorize the City Auditor and Comptroller pursuant to the BPR Ordinance, to adjust expenditure and revenue appropriations on a prorated basis to reflect the Business Process Reengineering of the Environmental Services Department as defined on the full-year basis in summary form Detail of Budget Impacts "Crosswalk" document.
4. Authorize the City Auditor and Comptroller, with the assistance of the City Attorney, to prepare an ordinance amending the FY 2007 Appropriations Ordinance, as and if necessary, in accordance with the Mayor's Report to Council and for the approval of the City Council.

STAFF RECOMMENDATION

1. Accept the Report on Environmental Services Department Reengineering and authorize implementation of the organizational changes described therein.

BACKGROUND

The Mayor has commenced BPR efforts to improve efficiencies, reduce the cost of City government and to maximize the services offered to our residents. BPR focuses on optimizing the efficiency and effectiveness of operational processes and functional work groups. 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 Environmental Services Department Business Process Reengineering Study

The ESD BPR Study was a comprehensive assessment of Department operations that included twenty-four business processes spread over the Department's six divisions. Some 106 ESD

employees participated in the process. Activities included business process mapping, process cost analysis, development of improvement ideas, and benchmarking with other agencies. Along with employees, labor representatives from MEA and AFMCSE Local 127 participated and contributed to this comprehensive review.

The BPR Study has resulted in a reorganization plan that will consolidate, the Department's six divisions into three operating divisions with centralized administrative functions. Thirty-four¹ positions are being eliminated and the span of control for managers and supervisors is being increased by eliminating unnecessary management overhead and obsolete or inefficient processes. Customer Service and work order management processes are being standardized across the department, enabling transition to new technologies to produce even greater efficiencies with work orders going forward. The BPR will also result in reduced requirements for non-personnel expenses, including motive equipment and reductions to the heavy class disposal fleet. A summary of the BPR recommendations is provided in Appendix A.

¹ Of the 34 positions planned for elimination at ESD, 31 are planned for elimination in FY 2007. The remaining three positions are planned for elimination in subsequent years. This BPR will also result in the elimination of 1 position from the Library Department - see page four.

Possibility of Managed Competition

This BPR proposal reflects significant cost reduction and operational improvement for the Department that will be implemented, upon approval, and is not dependent on managed competition. This proposal, however, only covers about one-half of the Department's operations. It does not provide full details on the Department's operations. It does not provide full details on the Department's "Most Efficient Organization" (MEO) as it does not include significant additional operational changes that have been identified for the Department's Collection Services Division. Should the Department participate in managed competition, the Department will produce a bid reflective of a comprehensive MEO.

Affected Positions and Service Level Impacts

The BPR Proposal eliminates 31.00 full time equivalents (FTE) positions from the FY 2007 (this will be prorated based on City Council approval date and the actual implementation date these changes take effect) budget, 1.00 FTE in the FY 2008, 1.00 FTE in FY 2009 and 1.00 FTE in 2010 for a total of 34.00 FTE. Additionally, eleven positions are being relocated within ESD as part of the consolidation of divisions and centralization of administrative staff. As described below, the staffing reductions are accomplished while maintaining all core services with minimum impact to service levels.

The consolidation of divisions and centralization of administrative functions enables the elimination of several administrative support positions, including:

- 1.00 Administrative Aide I – limited (vacant). With the consolidation of the Environmental Protection and Sustainability and Energy Divisions, the merged administrative staff will be able to perform these grant supported activities.
- .50 Clerical Assistant II (vacant). These duties have been successfully integrated into the duties performed by existing staff.

- 3.00 Management Interns. Budgeted intern positions will be eliminated and subsequent hiring of interns will be done based on program need and available resources.
- 1.00 Public Information Clerk (PIC) (vacant). These duties have been successfully integrated into the duties performed by phone room PICs.
- 1.00 Senior Account Clerk. Departmental need is for 1.00 FTE and there are currently 2.00 FTE budgeted.
- 3.00 Word Processing Operators. The consolidation from 6 divisions to 3 divisions enables the elimination of these positions. Additionally, some of the existing WPO tasks will be assigned to the centralized administrative functions in the business office.

The functional consolidation of divisions allows the reduction in the levels of management and supervisory overhead, and the reduction of staff resources through consolidated operational activities:

- 1.00 Associate Management Analyst from the Miramar Landfill Fee Booth. The duties of this position are being maintained by transferring a Senior Management Analyst from the business office to the Refuse Disposal Division. Landfill customer-focused responsibilities including fee booth operations and franchise systems will be consolidated under one program.
- 1.00 Associate Management Analyst – limited (vacant). With the consolidation of the Environmental Protection and Sustainability and Energy Divisions, the merged administrative staff will be able to perform these grant supported activities.
- 1.00 Biologist II (vacant). These duties will be integrated into the newly formed Strategic Planning group.
- 1.00 Code Compliance Officer (CCO) (vacant). These duties have been successfully integrated in the duties performed by existing staff. Additionally, the consolidation of all CCO's into one division provides increased efficiency and ability to leverage resources based on demand.
- 1.00 Equipment Operator II (vacant). These duties will be transferred to Collection Services Division with the Zone Recycling Collection Program.
- 1.00 Deputy Director and 1.00 Associate Civil Engineer. After a period of transition, the consolidation of the Refuse Disposal and Waste Reduction and Enforcement Divisions enables the elimination of these positions in FY 2009 and 2010 respectively.
- 1.00 Hazardous Materials Program Manager. The consolidation of the Environmental Protection and Sustainability and Energy Divisions enables the elimination of this position. These duties will be integrated into the responsibilities of the existing Environmental Protection and Sustainability Division Chief, who will function as a

Program Manager. The Deputy Director for this newly combined division will handle the administrative and management responsibilities, and along with a Division Chief will serve as the technical experts.

- 1.00 Principal Utility Supervisor (vacant). Duties are being integrated into the duties performed by existing staff.
- 3.00 Utility Supervisors. Duties will be integrated into the duties of the existing staff in conjunction with the elimination of non-core functions, transfer of some functions to the Collection Services Division and changes in operations.
- 1.00 Public Works Superintendent – Field duties for ground water and landfill gas will be performed by filling the vacant Lab Technician position.

It was identified that ten positions have been vacant for an extended period of time. Further evaluation determined that the Department could operate effectively without the following vacant positions:

- 1.00 Account Clerk
- 1.00 Custodian II
- 1.00 Equipment Service Writer
- 1.00 Hazardous Materials Inspector
- 1.00 Laborer
- 2.00 Landfill Equipment Operators
- 1.00 Organizational Effectiveness Specialist II
- 1.00 Recycling Specialist II
- 1.00 Supervising Public Information Officer

The Department proposal does eliminate the following functions, based on the determination of the functions to be non-core:

- .50 Recycling Specialist II – Binational Program. BPR determined this activity to be non-core for ESD. Historically, this initiative was aimed at promoting waste reduction among businesses on both sides of the San Diego-Tijuana border. With border activities for the city being centralized, the Department will integrate any involvement for border activity assistance into the duties of existing staff.
- Environmental Library. Under a service agreement with the Library Department the library is currently located at ESD's Ridgehaven facility. BPR determined that this activity is non-core and could better serve our customers if the resource materials were relocated to the downtown library. ESD will continue to provide \$15K annually to the Library Department to purchase current environmentally-related resource materials. The agreement with the Library Department provides a Librarian II. The position is presently vacant and has been identified for elimination in the FY 08 Budget.

This action will have the following estimated budgetary impact on the Library Department (General Fund), effective in Fiscal Year 2008:

FTE	Personnel Expense	Non Personnel Expense	Revenue	Net Impact to General Fund
-1.00	-\$83,656	\$0	\$-83,656	\$0

Note: All costs associated with the elimination of this position will be eliminated to offset the loss of revenue and to keep the impact neutral to the General Fund.

- 1.00 Heavy Truck Driver I – Mulch Deliveries. The Department has provided delivery service of mulch and compost to the public for a fee. BPR determined that this activity is non-core and could be eliminated as there is sufficient delivery capability in the private sector. Annual staff time associated with this activity is approximately 1.3 FTE. Approximately, 0.3 FTE will return to field Operations activities.
- Special Events Program. The Department has been a resource for renting traffic cones, barricades and No Parking signs for Special Event Permit applicants. BPR determined that this activity is non-core and could be eliminated as the services are readily available from the private sector at competitive rates. Annual staff time associated with this activity is approximately 0.5 FTE which will return to Field Operations activities.

FISCAL CONSIDERATIONS:

Budgetary Impacts

Environmental Services Department

The full year impact of this BPR proposal on the FY 2007 Environmental Services Department budget is \$3,066,301. A detail of this impact by budget department and fund is provided in Appendix B. The actual impact will depend on a variety of factors, including implementation dates of the various mid-year staffing and NPE reductions. The actual impact for this fiscal year is currently estimated at \$2,500,000.

Library Department

As stated above, the closure of the Environmental Library at Ridgheaven will reduce revenue and expenditures of the Library department for a **net-zero impact** to the General Fund.

PREVIOUS COUNCIL and/or COMMITTEE ACTION: None

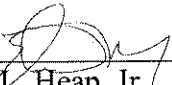
COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

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

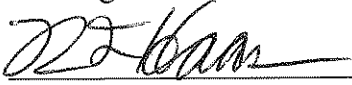
KEY STAKEHOLDERS AND PROJECTED IMPACTS:

As this BPR involves position reductions and changes in working conditions, this proposal went through Meet and Confer with MEA and Local 127 for all portions of the Department with the exception of Collection Services Division. The BPR proposal is therefore final in all aspects and tentative and subject to the outcome of Meet and Confer for Collection Services Division.

City residents and constituents will experience the maintaining of all core services with minimum impact to service levels. The resulting cost savings will benefit the City.



Elmer L. Heap, Jr.
Environmental Services Director



R. F. Haas
Deputy Chief of Public Works

- Attachments: A. Summary of Budget Impacts
B. Summary of BPR Recommendations