



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

REPORT NO: 07-127

DATE ISSUED: July 25, 2007

ATTENTION: Council President and City Council

SUBJECT: Docket of July 31, 2007
Engineering Services Business Process Reengineering

REFERENCE: Engineering Business Process Reengineering Final Report Number 07-081REV, Dated April 26, 2007

REQUESTED ACTION:

1. Accept the recommendations of the Engineering Services Business Process Reengineering (BPR) Study.
2. Direct the City Attorney to prepare all necessary ordinances to implement the structural and budgetary changes presented in this report.

STAFF RECOMMENDATION

Accept the Report on Engineering BPR and authorize implementation of the organizational changes, including those incorporated in the FY08 Budget.

BACKGROUND

The Mayor of the City of San Diego has commenced BPR efforts to improve efficiencies, reduce the cost of City government and to maximize the services offered to our residents. To support the Mayor's BPR initiative, the Engineering BPR Study was started in July 2006 and included a comprehensive assessment of engineering core functions and processes spread among various departments. Over a six month period, the Engineering BPR team of more than 100 City employees and others examined the existing processes across the varied engineering functions performed throughout the City of San Diego. The detailed process review was completed for five major functions performed by engineering personnel (asset planning, design, construction, development support and operations & maintenance) over five asset classes (pipelines, buildings, parks/non-buildings, transportation/roadways, and process facilities like water and sewer treatment plants, pump stations, and reservoirs). They developed a new consolidated structure including an innovative matrix organization with a new project implementation and technical

services division, streamlined processes and key performance measures. Additionally, the team identified the implementation actions required to put the BPR recommendations into place.

Engineering BPR activities included business process mapping, process analysis, development of improvement ideas, benchmarking with other agencies, developing draft performance measures, and examination of best business practices. Along with employees, labor representatives from MEA participated and contributed to this comprehensive review.

As part of the FY08 budget process, the Engineering BPR was presented to the City Council's Budget and Finance Committee, and then again to the full City Council as part of the Engineering & Capital Projects (E&CP) Department's budget presentation. Additionally, the Department has since finalized the Meet and Confer process with San Diego Municipal Employees Association (MEA), and has reached agreement as part of partnering with the affected employee group.

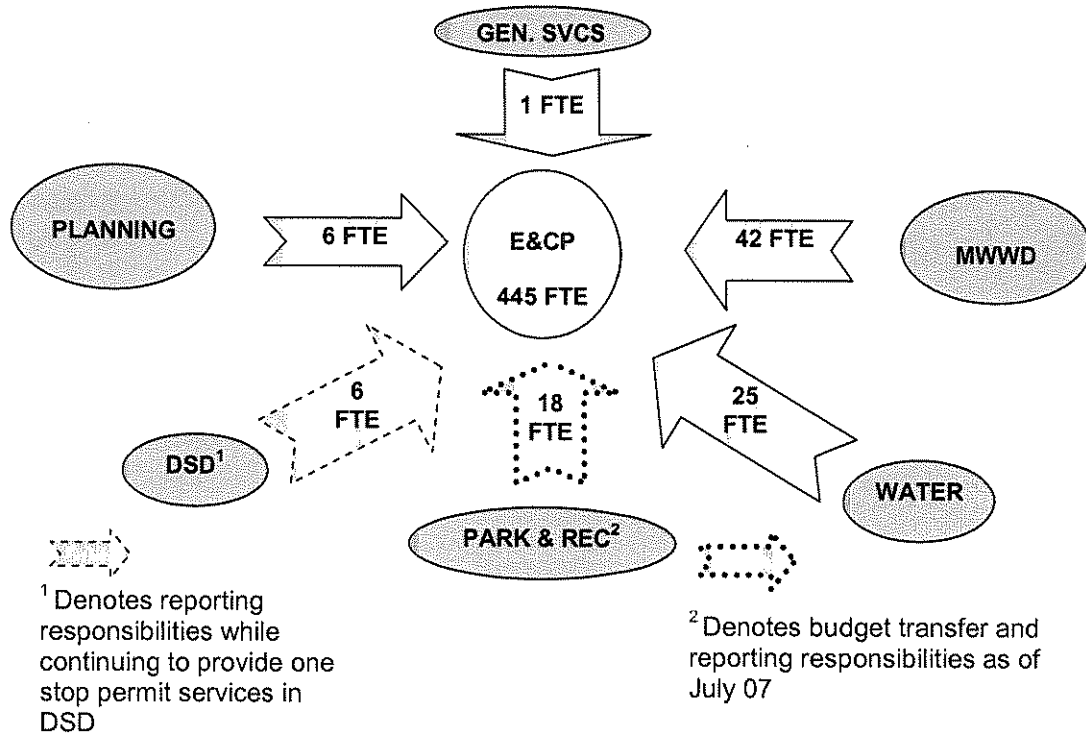
Full implementation of the BPR recommendations will result in a more effective and streamlined organization with centralized processes and enhanced service levels. The new organization will be poised to manage a widely varying workload level, without the staffing disruptions/turmoil experienced over the last few years due to decreases in CIP funding, and to provide improved control and coordination of projects in the City's right-of-way and enhanced transportation system engineering and operations.

Appendix A contains a list of the key recommendations from the Engineering BPR Study.

Proposed Staff Transfers to E&CP:

The Engineering BPR study has resulted in a reorganization plan that will consolidate most engineering services and support into E&CP. The consolidation will affect staff in five departments in addition to E&CP: General Services Department, Metropolitan Wastewater Department, Park & Recreation Department, Planning Department, and Water Department. As part of the FY08 budget, Park and Recreation Department's engineering staff now reports to E&CP. Upon Council approval, current engineering staff located in these other departments will transfer to E&CP. This will allow the elimination of redundant supervisory and support positions for CIP related engineering functions. Additionally, six senior engineering staff who serve as Deputy City Engineers are currently located/budgeted in Development Services Department. To increase the organizational and budgetary accountability of these personnel to the City Engineer, the six positions will be moved to the Engineering & Capital Projects Department. However, the six staff will continue to work in Development Services Department as part of the one-stop shop concept of operations.

The following depicts the planned transfers to E&CP, including the position cuts approved in the FY08 Budget:



Due to budget submittal deadlines, the full organizational changes of the BPR recommendations were not reflected in the proposed FY08 budget submittal. The remaining position reductions (11 positions) and transfers (2 positions to Purchasing & Contracting), along with changes to E&CP's organizational structure in the budget and budgetary transfers from other departments, will be part of the FY08 mid-year adjustment.

The following is a comprehensive list of the engineering positions being relocated to E&CP.

DEPARTMENT	CLASSIFICATION	FTE
MWWD	Account Clerk	1.00
	Administrative Aide II	1.00
	Assoc Engineer-Electrical	2.00
	Assoc Engineer-Civil	14.00
	Assoc Engineer-Mechanical	1.00
	Assoc Planner	2.00
	Asst Engineer-Civil	9.00
	Asst Engineer-Electrical	1.00
	Principal Engineering Aide	3.00
	Project Officer I	1.00
	Senior Engineer-Elect	1.00
	Senior Engineer-Mech	1.00
	Deputy Director	1.00
	Sr Civil Engineer	1.00
	Sr Clerk/Typist	2.00

DEPARTMENT	CLASSIFICATION	FTE
	Sr Planner	1.00
	Sr Structural Engineer	1.00
	Student Engineer	0.50
	Word Processor Operator	2.00
Water	Assoc Engineer-Civil	6.00
	Asst Engineer-Civil	9.00
	Principal Engineering Aide	2.00
	Sr Civil Engineer	2.00
	Word Processing Operator	2.00
	Multimedia Prod Coordinator	1.00
	Assoc Management Analyst	1.00
	Assoc Planner	1.00
	Public Info Officer	1.00
Park & Recreation	Project Officer II	3.00
	Project Officer I	2.00
	Assoc Engineer-Civil	6.00
	Park Designer	4.00
	Principal Engineering Aide	1.00
	Assoc Management Analyst	2.00
Development Services *	Sr Engineering Geologist	1.00
	Sr Land Surveyor	1.00
	Sr Traffic Engineer	2.00
	Sr Civil Engineer	2.00
Planning	Asst Engineer-Traffic	2.00
	Assoc Engineer-Traffic	2.00
	Sr Traffic Engineer	2.00
General Services	Sr Planner	1.00
	Assoc Planner	1.00
	Public Works Supervisor	1.00

* 6 FTE (deputized City Engineers) from DSD will have reporting responsibilities to E&CP while maintaining the one stop permitting process in DSD.

The approved FY08 budget incorporated the following actions:

1. Reductions of 78.5 vacant position savings as shown in Appendix B,
2. Transfer of one (1) Information Technology position to the Office of CIO, as part of centralization of Desktop support functions,
3. Transfer of one (1) position to the General Services Department, Facilities Maintenance Division (see Footnote in Appendix B), and
4. Transfer of 18 Park & Recreation positions to E&CP as identified in above table.

In addition to the above transfers and reduction of positions, 14 other positions will be reclassified to meet the staffing needs of the new organization. The following lists the positions to be reclassified:

CURRENT POSITION CLASSIFICATION	PROPOSED POSITION CLASSIFICATION
Asst Engineer-Civil	Asst Engineer-Traffic
Asst Engineer-Civil	Asst Engineer-Traffic
Asst Engineer-Civil	Asst Engineer-Traffic
Asst Engineer-Civil	Asst Engineer-Traffic
Asst Engineer-Civil	Assoc Engineer-Structural
Asst Engineer-Civil	Assoc Engineer-Traffic
Asst Engineer-Civil	Sr Drafting Aide
Asst Engineer-Civil	Sr Drafting Aide
Deputy Director	Assistant Director
Land Surveying Assistant	Senior Mgmt Analyst ¹
Project Assistant	Scheduler I
Project Officer I	Scheduler II (Assoc Engineer)
Sr Civil Engineer	Supervising Mgmt Analyst
Sr Planner	Senior Mgmt Analyst ¹

¹ These positions are proposed for transfer to Purchasing and Contracting Department's Contract Compliance section to augment and provide centralized Contract Compliance review for capital improvement projects.

The net result of the proposed recommendations is an engineering organization with enhanced processes and structure, and with 89.5 fewer positions than the pre-BPR engineering organizations. The additional eleven (11) positions that will be reduced with the rest of the organizational changes are shown in Appendix C, Table II. The proposed organization chart is shown in Appendix D.

Position Reductions & Annual Savings:

Vacant positions cut in FY08 Budget: 78.5 FTE (See Appendix B)

Annual savings beginning in FY08 will be as follows:

Baseline PE funding:	\$62,659,131/year
PE cuts :	\$ 6,608,775/year
Total Proposed PE funding:	\$56,050,356/year
Baseline NPE funding:	\$12,279,049/year
Proposed NPE cuts:	\$ 0/year
Total Proposed NPE funding:	\$12,279,049/year
TOTAL FY08 COST SAVINGS:	\$ 6,608,775/year

Additional position cuts (FY08 mid-year adjustment): 11.0 FTE (See Appendix C, Table II)

Additional annual savings to be realized upon full implementation of the BPR recommendations:

PE cuts/reclassifications/transfers:	\$ 1,348,063/year
<u>Proposed NPE cuts:</u>	<u>\$ 362,000/year*</u>
TOTAL ADDL COST SAVINGS:	\$ 1,710,063/year
GRAND TOTAL COST SAVINGS:	\$ 8,318,838/year

*Savings to be captured in FY 09

Performance Measures

During the BPR study, the team started the development of the Department Management Program for E&CP. During this effort, the team developed the re-engineered department's mission and vision statements and strategic goals and objectives. Data collection and analysis for E&CP's new key performance measures must be neither an end nor an activity in and of itself, but must be part of an integrated system for enhancing the Department's performance. The BPR Team spent considerable time and effort to identify key performance areas for the new engineering organization.

Following are key performance measures developed for the new organization:

1. Customer Satisfaction

Measure: Customer Satisfaction as measured through customer surveys

Standards:

- 80% of respondents giving rating of 4 or better (out of five)
- Increase by 2% per year until 90% of respondents give rating of 4 or better

2. Project Delivery - Cost

Measure: Percent deviation of actual cost as compared to estimated cost

Standards:

- For total project cost, less than 20% deviation
- For the project's soft costs (Design, CM and Project Delivery), less than 10% deviation

3. Project Delivery - Timeliness

Measure: Percent of projects delivered within the project's baseline schedule

Standard: 80% of actual project schedules meet or shorter than the baseline schedule

4. Project Quality

Measures:

- Planning Quality – Project scope changes during design
- Design Quality – Change orders during construction

Standard:

- No scope changes required during design
- Change order rate less than 5% of construction cost

SUMMARY

Upon the full Engineering BPR implementation, the proposed centralized engineering organization will be reduced by 89.5 full time equivalents (FTE) positions from the Fiscal Year 2007 budget. The staffing reductions, reclassifications, and transfers are accomplished while maintaining all core services and creating enhanced service levels in the areas of CIP preliminary and technical engineering services, transportation system engineering and operations, life cycle asset management, and centralized general requirements contracting among others.

Core engineering and management processes will be standardized across the department through the development of standard operating procedures, and improved project delivery methodology facilitating consistency and greater efficiencies with improved customer services delivered.

The functional consolidation of divisions and centralization of engineering functions enable the elimination of several supervisory and administrative support positions along with other positions identified as redundant or unnecessary based on projected baseline CIP workload in the proposed structure.

Reductions (includes all proposed eliminated positions):

➤ Senior Supervisory Positions	8.0 FTE	(9%)
➤ Mid-Level Supervisory Positions	12.5 FTE	(12%)
➤ All Other Positions	<u>69.0 FTE</u>	<u>(77%)</u>
➤ Total	89.5 FTE	

FISCAL CONSIDERATIONS:

Budgetary Impacts: The annualized savings in FY08 related to recommendations of this BPR is estimated at \$6,608,775. Additional annual savings of \$1,710,063 are expected upon full implementation of the BPR recommendations.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

On June 6, 2007, an informational BPR Study was presented to the Committee on Budget and Finance of the City Council of the City of San Diego.

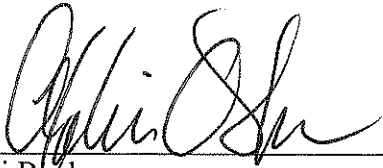
On June 11, 2007, the BPR Study was presented to the City Council along with the Engineering and Capital Projects Department FY08 Budget.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

The Departments included the labor union (MEA) in the BPR effort, 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 with other similar municipalities.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

The work related impacts of this BPR has been appropriately covered through the Meet and Confer process with MEA.



POK
Patti Boekamp
Engineering & Capital Projects Department Director



POK
R. F. Haas
Deputy Chief of Public Works

- Attachments:
- A. Summary of BPR Recommendations
 - B. Summary of Position Reductions in FY08 Budget
 - C. Summary of Mid-Year Position Adjustments (not in FY08 Budget)
 - D. E&CP Proposed Org. Chart