



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

DATE ISSUED: May 14, 2008 REPORT NO: 08-078  
ATTENTION: Council President and City Council  
Agenda of May 19, 2008  
SUBJECT: Water Department Business Process Reengineering  
REFERENCE: Water Department Business Process Reengineering Report

REQUESTED ACTION: Accept the recommendations of the Water Department Business Process Reengineering (BPR) Study.

STAFF RECOMMENDATION: Accept the Report.

SUMMARY:

BACKGROUND

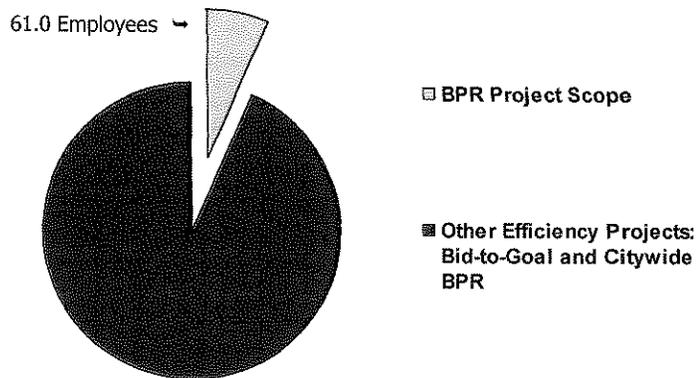
The Mayor has commenced BPR efforts to improve efficiencies, reduce cost of City government and to maximize the services offered to our residents. BPR focuses on optimizing the efficiency and effectiveness of operational processes and functional work groups. On July 31, 2006, the City Council adopted Ordinance O-19523, establishing a policy for the implementation of BPR results (Report to City Council No. 06-094).

The mission of the Water Department is to provide San Diego with safe, reliable, cost-effective water and outstanding customer service in an environmentally sensitive manner. It does so with the help of 851 full-time employees budgeted for FY 08 working under five Divisions:

Water Operations	484 employees
Customer Support	195 employees
Engineering and CIP Project Management	55 employees
Administration	79 employees
Water Policy and Strategic Planning	38 employees

The Department has a history of looking for ways to improve operations and customer service. In 1997, the Department completed an organization-wide reengineering effort that resulted in the restructuring of several functions and divisions. On October 2001, the consulting firm of Black and Veatch completed an independent management review of department operations. The department developed and published its Strategic Business Plan in July 2002 (subsequently updated in March 2006) which, among other efficiencies, implemented Balanced Scorecards as

metrics to measure and monitor progress on implementing initiatives and overall performance in an effort to become “Best-In-Class.”



Almost 80% of the Water Department is currently participating in the City's Bid-to-Goal Program (Operations Division is completing its fourth year of a five year contract and the Customer Support Division is finishing its second year of implementation.) So far, this program has achieved approximately \$30 million in savings for these two divisions.

The rest of the Department is covered either by this BPR Report or by Citywide BPR efforts. This BPR Report focuses on several processes within the smaller remaining divisions: Water Policy and Strategic Planning, and Business and Support Services. This effort covers a total of 61 employees or 7.1% of the Department's staff. However, the work functions selected for detailed analysis constitute only part of the workload for the staff of those Divisions. The Full Time Equivalent employees (FTE's) for the *As-Is* functions reviewed in this BPR total 12.50 which represents 1.5% of the department's budgeted staff.

### Functions Reviewed

The processes included in this BPR effort are as follows:

- Accounts Payable – Creating Requisitions
- Accounts Payable – Invoice Processing
- CIP Analyst Project Monitoring
- Interagency Contract Administration
- Grants Application and Administration
- Initial Recycled Water Cross-Connection Control
- Long Range Planning
- Legislative Policy Review and Policy Prioritization
- Mandated Training and Safety Program
- Curriculum Development, Scheduling and Enrollment

### Findings and Recommendations

Given that most of the Water Department was excluded from this BPR analysis because it was covered either by a Bid-to-Goal contract or subject to City-wide BPR efforts, the savings identified in the scope of this study is very narrow. While the total FTE's required to perform

the several, disparate work functions included in this BPR study could theoretically be reduced from 12.50 to 10.67, that potential savings of 1.83 FTE's represents numerous job classifications that all have other responsibilities than those studied here. Unfortunately, the savings cannot be consolidated into a single job classification or position. Therefore, this study cannot recommend the elimination of any positions.

Even so, the Department was able to identify some opportunities for increasing efficiency and effectiveness. Duplicate training classes were eliminated. The proposed automation of invoice processing and training enrollment would significantly cut process steps and wait time. While some recommendations would add positions, such proposed staffing increases are seen enhancing prospects for grant funding, meeting expectations of State and County regulators and improving service to both internal and external customers. However, existing positions were realigned to address these new staffing needs. A detailed description of the specific recommendations is outlined in the attached BPR Final Report.

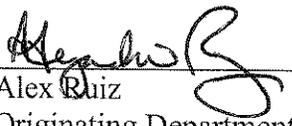
Peer reviews showed that current processes mirror those employed by other agencies and municipalities and those aspects that worked well for other agencies, along with valuable stakeholder input, were incorporated into the proposed To-Be processes. The BPR project allowed the Water Department the opportunity to learn from both stakeholders and other agencies.

FISCAL CONSIDERATIONS: None

PREVIOUS COUNCIL and/or COMMITTEE ACTION: City Council previously approved the Bid-to-Goal Programs for Water Operations and Customer Support and Citywide BPR Reports on Engineering, Information Technology, and Human Resources organizational efficiencies.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: Stakeholders were invited to meetings to discuss improvements they would like to see in current processes. Some of these meetings were held off-site (outside Downtown San Diego) to encourage stakeholder attendance. Stakeholders interviewed included actual customers and representatives from retail and wholesale water agencies, municipalities, the County of San Diego, regulatory agencies, and City of San Diego employees from the Water Department and other departments who take part in each of these processes under review.

KEY STAKEHOLDERS AND PROJECTED IMPACTS: All ratepayers benefit from reduced wasted time on invoice processing and scheduling of training classes. Recommended process improvements also enhance customer service and communications among City departments and other agencies.

  
Alex Ruiz  
Originating Department

3/24/08

  
Jim Barrett  
Director of Public Utilities

3/24/08

Attachments: A. Scope of BPR Review  
B. BPR Recommendation Matrix