



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: October 22, 2013 **REPORT NO:** 13-076

ATTENTION: Members of the City Council

SUBJECT: Improvement of City of San Diego Governmental Operations

REFERENCE:

- Report #08-166: 'Fiscal Year 2009 Budget Amendment Report' REVISED
- Report #09-167: 'Fiscal Year 2010 Budget Amendment Report and Fiscal Year 2011 Proposed General Fund Budget'

REQUESTED ACTION:

This action is for approval of recommended improvements of the City's governmental operations and the establishment of the Department of Planning, Neighborhoods, and Economic Development.

STAFF RECOMMENDATION:

Approve recommended improvements of the City's governmental operations.

SUMMARY:

Overview

The City's greatest needs and priorities start at the top. For too long, the City has attempted to adequately manage one of the nation's largest municipalities without addressing a key management responsibility: oversight. The City of San Diego's governmental structure lacks adequate oversight required to effectively manage and implement the Mayor and City Council's goals and objectives. This deficiency was created by significant budget reductions in 2009 which were taken at all levels of the organization.

Senior management positions, in addition to training and professional development, were significantly impacted so that public service levels could be modestly maintained. The end result was a reactive organization lacking proper oversight to ensure that taxpayer dollars were being appropriately and effectively managed. This report proposes to address these deficiencies and improve governmental operations.

The governmental operations improvement effort is the City’s opportunity to make meaningful changes to the organization and its culture by instilling and promoting a politically and operationally sustainable structure bringing stability, accountability, transparency, efficiency, effectiveness, fiscal discipline, as well as a sense of collaboration and teamwork from the top down. It is an opportunity to communicate with internal and external stakeholders about the City’s future, and make much needed behavioral, structural, and technical improvements.

The governmental operations improvement effort includes the following:

1. A revised City management organizational structure;
2. The development of a training and professional development curriculum offered through customized culture and organizationally-based Management and Leadership Academies; and
3. The retention of consulting services to assist with identifying opportunities for efficiencies citywide.

Background

On January 1, 2006, the City of San Diego changed from a City Manager to Strong Mayor form of government. This change was adopted on a five-year trial basis and later became permanent in 2011, as approved by City voters.

Under this system, the Mayor is the City’s Chief Executive Officer, while the City Council is the legislative branch, providing checks and balances to the Mayor’s authority. The position of City Manager, whose operational title changed to Chief Operating Officer, reports directly to the Mayor, oversees the City’s daily operations, and implements the Mayor’s initiatives and objectives. The Assistant Chief Operating Officer position was established to support the Chief Operating Officer in overseeing City operations. In addition, the new structure established the position of Chief Financial Officer to oversee all financial activities.

To assist the Chief Operating Officer, the positions of Deputy Chief Operating Officers were created. These positions oversaw groups of departments focused within a specific functional area. They provided a vital layer of management which results in a strengthened, more defined reporting and communication structure, as well as increased oversight and accountability.

The following table compares the City’s City Manager and Strong Mayor forms of government structures over the past ten fiscal years. Since Fiscal Year 2005, the number of executive management responsible for managing the City’s day-to-day operations has gradually declined:

FY	Form of Government	# of FTEs	Title	# of City FTEs (budgeted)
2005	City Manager	1.00	City Manager	11,096.14
		1.00	Assistant City Manager	
		4.00	Deputy City Manager	
TOTAL:		6.00		
2006	City Manager	1.00	City Manager	10,857.77
		3.00	Deputy City Manager	
TOTAL:		4.00		
2007	Strong Mayor	1.00	Chief Operating Officer	11,416.35

FY	Form of Government	# of FTEs	Title	# of City FTEs (budgeted)
		1.00	Assistant Chief Operating Officer	
		1.00	Chief Financial Officer	
		6.00	Deputy Chief Operating Officer	
TOTAL:		9.00		
2008	Strong Mayor	1.00	Chief Operating Officer	10,786.64
		1.00	Chief Financial Officer	
		5.00	Deputy Chief Operating Officer	
TOTAL:		7.00		
2009	Strong Mayor	1.00	Chief Operating Officer	10,728.82
		1.00	Chief Financial Officer	
		7.00	Deputy Chief Operating Officer	
TOTAL:		9.00		
2010	Strong Mayor	1.00	Chief Operating Officer	10,571.64
		1.00	Assistant Chief Operating Officer	
		1.00	Chief Financial Officer	
		2.00	Deputy Chief Operating Officer	
TOTAL:		5.00		
2011	Strong Mayor	1.00	Chief Operating Officer	10,222.09
		1.00	Assistant Chief Operating Officer	
		1.00	Chief Financial Officer	
		2.00	Deputy Chief Operating Officer	
TOTAL:		5.00		
2012	Strong Mayor	1.00	Chief Operating Officer	10,108.26
		1.00	Assistant Chief Operating Officer	
		1.00	Chief Financial Officer	
TOTAL:		3.00		
2013	Strong Mayor	1.00	Chief Operating Officer	10,119.42
		1.00	Assistant Chief Operating Officer	
		1.00	Chief Financial Officer	
TOTAL:		3.00		
2014	Strong Mayor	1.00	Chief Operating Officer	10,157.31
		1.00	Assistant Chief Operating Officer	
		1.00	Chief Financial Officer	
TOTAL:		3.00		

The current management structure is a product of significant budget reductions made in Fiscal Year 2009, 2010, and 2011.

In November 2008, the Mayor recommended amendments to the Fiscal Year 2009 Adopted Budget due to a projected decline in revenues and anticipated increase in expenditures. To address the budget deficit and preserve public services as much as possible, the Mayor requested departments to identify 10 percent reductions to their Fiscal Year 2009 appropriations. In addition, the Mayor targeted administrative overhead and layers of management as an area for reduction. As a result, a managerial reorganization occurred, eliminating the Deputy Chief Operating Officers for the following business centers: Community Services, the Office of Ethics & Integrity, City Planning and Development, and Public Safety and Homeland Security. Departments that previously reported to Deputy Chief Operating Officers for these areas now reported to the Chief Operating Officer.

In November 2009, the Mayor recommended amendments to the Fiscal Year 2010 budget and approval of the Fiscal Year 2011 Proposed General Fund Budget in order to mitigate the projected Fiscal Year 2011 deficit of \$179.1 million identified in the Fiscal Year 2011-2015 Five-Year Financial Outlook. To help close the projected Fiscal Year 2011 budget gap, departments were asked to submit reduction proposals, including reductions in non-core programs, in an amount equal to 27 percent of their discretionary budget. These reductions in the second half of Fiscal Year 2010 and in Fiscal Year 2011 resulted in an 18-month savings of \$186.5 million for the General Fund.

By Fiscal Year 2012, the remaining Deputy Chief Operating Officer positions for the last two business centers, Public Utilities and Public Works, were eliminated. This left the Chief Operating Officer, Assistant Chief Operating Officer, and Chief Financial Officer to oversee all of the City's mayoral departments resulting in the management organizational structure seen today.

Current Organizational Structure

The current City management organizational structure is managed by both the Interim Chief Operating Officer and Assistant Chief Operating Officer. Together, these individuals oversee 19 different departments, functions, and programs which include: the Commission for Arts & Culture, Development Services, Environmental Services, Fire-Rescue, Human Resources, Library, the Office of ADA Compliance and Accessibility, the Office of the Assistant COO, the Office of the Chief Financial Officer, Park and Recreation, Police, Public Utilities, Public Works, Purchasing & Contracting, Real Estate Assets, Special Events, Transportation & Storm Water, Emergency Management Services, Managed Competition, and Performance Management.

As a result, the Interim Chief Operating Officer and Assistant Chief Operating Officer share a span of control of 1:19. These 19 direct reports include program managers, department directors, and the Chief Financial Officer. This wide span of control creates a "flat" organization which results in the following conditions:

- **Autonomous silos.** The City currently operates in "silos" with varying degrees of interaction between departments. Departments operate autonomously which can result in redundancy and duplication of effort citywide, inconsistent development and application of policies and procedures, and a general lack of awareness of what is occurring within the City.
- **Missed opportunities for greater operational efficiency.** Not being affiliated with a business unit where similarly-focused departments are grouped together does not easily allow for the sharing of resources in the delivery of services to the public. This lack of cohesion can hinder collaboration and the City's ability to solve problems and create better ways of doing business.
- **Delayed decision-making.** Because there is one individual responsible for key decision-making for the entire organization, there is a delay in response and/or action to key policy decisions. Having a high volume of direct staff reports, along with a limited number of hours in a typical work day, hampers the individual's ability to receive and act on critical information in a timely manner.

- **Reactive environment.** The way the City’s management organizational structure is currently configured results in a reactive environment that is unable to respond to time-sensitive policy issues and challenges in an effective manner.

For comparison purposes, the following tables compare the City of San Diego’s current management structure to other cities of similar size, as well as municipalities within the County of San Diego. Cities with similar populations (defined as 30% within San Diego’s population) reveal that they utilize more executive management positions to run city operations on a day-to-day basis than the City of San Diego:

City	Population	Executive Management Positions	Total # of Positions	FY2014 Budget
Philadelphia	1,526,006	Deputy Mayor (4.0) and Other Equivalents (5.0)	9.0	\$3.8 billion
Phoenix	1,445,632	City Manager (1.0), Assistant City Manager (1.0), Deputy City Manager (3.0) and Other Equivalents (4.0)	9.0	\$3.5 billion
San Antonio	1,327,407	City Manager (1.0), Deputy City Manager (2.0), Assistant City Manager (4.0) and Other Equivalents (1.0)	8.0	\$2.3 billion
San Diego	1,307,402	Chief Operating Officer (1.0) and Assistant Chief Operating Officer (1.0) and Other Equivalents (1.0)	3.0	\$2.8 billion
Dallas	1,197,816	City Manager (1.0), First Assistant City Manager (1.0), Assistant City Manager (5.0)	7.0	\$2.8 billion
San Jose	945,942	City Manager (1.0), Assistant City Manager (1.0), Deputy City Manager (3.0)	5.0	\$2.6 billion

Despite their significantly smaller population size, all 18 cities comprising San Diego County have a management structure that is similar to that of the City of San Diego:

City	Population	Executive Management Positions	Total # of Positions	FY2014 Budget
San Diego	1,307,402	Chief Operating Officer (1.0), Assistant Chief Operating Officer (1.0) and Other Equivalents	3.0	\$2.8 billion
Chula Vista	247,435	City Manager (1.0), Assistant City Manager (1.0), Deputy City Manager (1.0)	3.0	\$268.8 million
Oceanside	169,569	City Manager (1.0), Deputy City Manager (1.0)	2.0	\$340.7 million
Escondido	146,032	City Manager (1.0), Assistant City Manager (1.0)	2.0	\$174.2 million
Carlsbad	106,804	City Manager (1.0), Assistant City Manager (1.0), Deputy City Manager (1.0)	3.0	\$211.1 million
El Cajon	100,928	City Manager (1.0), Assistant City Manager (1.0), Deputy City Manager (1.0)	3.0	\$143.4 million
Vista	95,204	City Manager (1.0), Assistant City Manager (1.0)	2.0	\$180.8 million
Encinitas	60,400	City Manager (1.0), Deputy City Manager (1.0)	2.0	\$73.2 million
National City	59,369	City Manager (1.0), Assistant City Manager (1.0)	2.0	\$81.3 million
La Mesa	57,907	City Manager (1.0)	1.0	\$99.4 million

City	Population	Executive Management Positions	Total # of Positions	FY2014 Budget
Santee	54,197	City Manager (1.0), Deputy City Manager (1.0)	2.0	\$34.0 million ¹
Poway	48,518	City Manager (1.0), Assistant City Manager (1.0)	2.0	\$78.8 million
San Marcos	46,685	City Manager (1.0), Deputy City Manager (1.0)	2.0	\$84.5 million
Imperial Beach	26,845	City Manager (1.0), Assistant City Manager (1.0)	2.0	\$27.0 million
Lemon Grove	25,694	City Manager (1.0)	1.0	\$40.7 million
Coronado	19,167	City Manager (1.0), Assistant City Manager (1.0)	2.0	\$52.2 million
Solana Beach	13,060	City Manager (1.0), Deputy City Manager (1.0)	2.0	\$31.5 million
Del Mar	4,224	City Manager (1.0), Assistant City Manager (1.0)	2.0	\$19.2 million

Proposed Organizational Structure

The governmental operations improvement effort includes the following components:

- Restoration of 3.00 Deputy Chief Operating Officer positions which will lead the City’s key business units;
- Creation of three new departments (Planning, Communications, and Analytics and Performance Management);
- Development and delivery of Management and Leadership Academies; and
- Retention of a nationally-renowned public sector expert who will conduct efficiency studies in an effort to improve government operations and protect the taxpayer’s investment.

The proposed organizational structure was developed based on the following factors: an organizational assessment of strengths, weaknesses, and risks, organizational management best practices, other cities’ and counties’ management organizational structures, as well as lessons learned from previous administrations .

This new structure will provide the Mayor, regardless of when elected, with the necessary framework in which to develop, articulate, and successfully execute his/her priorities on behalf of the public.

Benefits

The proposed organizational structure would result in the following benefits:

- **Sustainable organizational model.** The proposed organizational model is designed to withstand key personnel changes without having a significant impact on City operations. It is a flexible structure that is equipped to handle ever-changing priorities and circumstances.
- **Improved span of control.** Creating a management layer between the Chief Operating Officer and Assistant Chief Operating Officer and departments will provide ample time for

¹ General Fund only

management to proactively manage throughout all levels of City operations, as well as ensure that policy decisions are not delayed due to any one position. It would further allow for greater professional growth and advancement, as well as enhanced communications.

- **Timely decision-making.** Deputy Chief Operating Officers would not only aid in narrowing the span of control held by the Chief Operating Officer and Assistant Chief Operating Officer, but they would also spread decision-making authority across executive management lines. These empowered positions can help expedite the review and approval process involved in City operations.
- **Proactive environment** Having Deputy Chief Operating Officers will enable the organization to be more proactive and better able to identify operational deficiencies in advance and address them. Being proactive includes adopting an active risk management approach which includes identifying and prioritizing risks, as well as developing strategies to mitigate them. This will enable the City to respond in a timely and effective manner to such things as key personnel changes, natural disasters, etc. which can potentially result in a loss of productivity, disruption to operations, confusion, and low employee morale.
- **Collaboration.** The proposed organizational structure would allow departments to be aligned under key business units and increase collaboration between departments, business units, the Mayor, as well as other key stakeholders such as the City Council, the City Attorney, and the Independent Budget Analyst. This would eliminate the “silo” environment the City currently operates in resulting in improved information-sharing and communication to City employees and the people they serve.
- **Greater operational efficiency.** Affiliation with a business unit where similarly-focused departments are grouped together will allow for sharing of knowledge and resources in the delivery of services to the public.
- **Increased responsiveness to the Mayor, City Council, and residents.** Having a properly aligned management structure not only increases employee awareness of the City’s mission, vision, goals, and what their role is in achieving them, but also helps in responding to the needs of elected officials and the public.
- **Greater accountability.** As a result of increased management oversight, all levels within the organization are subject to greater accountability. A sound organizational structure will make it inarguably clear what each function (and ultimately each person) is accountable for.

The proposed organizational structure will better support the City’s functions and its ability to meet its goals, and allow it to operate and fulfill its purpose effectively.

Two-Phased Approach to Implementation

To implement the proposed improvements to governmental operations, a two-phased approach will be taken. It will span over Fiscal Years 2014 and 2015 and allow for a measured, focused effort in implementing the new organizational structure, developing and providing important leadership training for City employees, formulating an improved strategy to achieve operational efficiencies and cost savings, as well as establishing a framework for the new Mayor to use upon taking office.

PHASE ONE:

The following table summarizes the activities occurring as part of Phase One:

PHASE ONE				
Phase	Date of Implementation	Action	Annual Cost	Estimated FY14 Cost
1	November 2013	<ul style="list-style-type: none"> ▪ Hiring of 3.00 Deputy Chief Operating Officers for the following business units: <ul style="list-style-type: none"> ○ Infrastructure/Public Works ○ Internal Operations ○ Neighborhood Services ▪ Hiring of 3.00 Executive Secretary positions to support the Deputy Chief Operating Officers responsible for Infrastructure/Public Works, Internal Operations, and Neighborhood Services 	\$811,326	\$901,473
		<ul style="list-style-type: none"> ▪ Reorganization of the current Development Services Department, which includes the City Planning function, into two departments – Development Services and the Department of Planning, Neighborhoods, and Economic Development (Planning Department); as a result, 1.00 Director and 1.00 Assistant Director positions will be added to the newly-created Planning Department 	\$452,298	\$301,352
		<ul style="list-style-type: none"> ▪ Development and delivery of management and leadership academies to train and develop current and future management 	\$130,000	\$130,000
		<ul style="list-style-type: none"> ▪ Retention of consulting services to assist with identifying opportunities for efficiencies citywide 	\$125,000	\$125,000
		<ul style="list-style-type: none"> ▪ Savings to offset expenditure increases (reduction of 3.00 existing positions: 1.00 Administration Department Director, 1.00 Program Manager, and 1.00 Mayor Representative II) 	-\$465,869	-\$465,869
TOTAL:			\$1,052,754	\$992,135

Deputy Chief Operating Officers

Annual Cost: \$811,326; Estimated FY2014 Cost: \$901,473

In order to effectively implement the proposed improvements to governmental operations, the City needs a more robust executive structure to ensure maximum organizational effectiveness. As part of the proposed organizational structure, there are 3.00 Deputy Chief Operating Officers who will be responsible for the following business units:

- Infrastructure/Public Works
- Internal Operations
- Neighborhood Services

All Mayoral departments will be aligned under a business unit and report to a Deputy Chief Operating Officer or equivalent. The 3.00 Deputy Chief Operating Officer positions will report directly to the Assistant Chief Operating Officer with the Chief Financial Officer, Assistant Chief Operating Officer, Fire Chief, and Police Chief reporting to the Chief Operating Officer.

Each Deputy Chief Operating Officer will be assisted by an Executive Secretary. This change will significantly reduce the current span of control held by the Chief Operating Officer and Assistant Chief Operating Officer.

These positions would form a new Executive Team that would meet on a regular and consistent basis to discuss and plan the City's day-to-day operations, as well as how to implement key mayoral and Council priorities. In addition, the Executive Team would meet with, and provide an update to, the Office of the Independent Budget Analyst and the Office of the City Attorney on current and upcoming issues. Having these venues will help increase collaboration between the Mayor, City Council, and the Office of the City Attorney.

Along with planning the City's day-to-day operations, the Executive Team would be responsible for managing the City's risk. This will be done by performing a comprehensive review of the City's risks, at all levels, and ensure that mitigation strategies are in place as needed. The Executive Team will help identify, monitor, and mitigate the City's significant risks involving legal, financial, contractual, and operational issues and advise the Mayor on them. Executive Team meetings provide a venue in which key management personnel can manage risk in a collaborative manner. Each Deputy Chief Operating Officer can discuss their respective groups and the issues that they face. This will provide a means for formulating a cohesive, unified, and coordinated approach to addressing the needs as defined by the Mayor and City Council.

The City's effectiveness would be dramatically enhanced with this additional level of executive leadership and oversight.

Department of Planning, Neighborhoods, and Economic Development
Annual Cost: \$452,298; Estimated FY2014 Cost: \$301,352

The Department of Planning, Neighborhoods, and Economic Development is charged with conducting long-range planning of San Diego's communities and neighborhoods and devising implementation tools so that other City departments, public agencies, and private-sector players can implement those long-range plans. In addition, this newly-created department will plan and implement economic development programs at both the citywide and neighborhood level. It should be noted that per Charter section 26, the City Council will need to create this new department which will be coming at a later date.

The new department will provide a mechanism for the City to focus on long-range planning efforts in order to lay the foundation for better, more expeditious and effective implementation of both public investments and private development projects. In the past, long-range planning functions have not received the attention they needed, leading to outdated plans and confusion about planning and development policies and strategies.

The Department will be organized into three main divisions: Long-Range Planning, Economic Development, and Environmental and Resource Analysis.

Long-Range Planning: The Long-Range Planning Division will be responsible for updating the General Plan and the City's 50 Community Plans and monitoring implementation of those plans.

Long-range planning will also plan for mobility and parks, review plan amendments, and administer close to \$20 million in planning grants.

Environmental and Resource Analysis: The Environmental and Resource Analysis Division will serve as the policy wheelhouse for all environmental policy in the City, including the California Environmental Quality Act (CEQA) (including updating significance thresholds), Historic Resources, and the Multiple Species Conservation Program (MSCP) sections. In addition, the Division will conduct plan-level CEQA reviews and project-level environmental review of City projects and historic and MSCP review of all projects.

Economic Development: The Economic Development Division will work collaboratively with the rest of the Department to ensure that all City programs and plans promote the City's goals for economic prosperity. The Division's duties will include writing and updating Public Facilities Financing Plans in conjunction with Community Plan; providing policy guidance and program implementation for neighborhood community and economic development programs, including the Small Business Enhancement Program and HUD-funded programs; and overseeing redevelopment wind-down activities performed by Civic San Diego.

Other Functions: In addition to the functions above, the Department will also be responsible for:

1. **Civic Innovation Lab.** The Civic Innovation Lab will be charged with identifying and "road-testing" innovative ideas for urban design, civic engagement, and other City-related activities. It will also include the new Civic Imagination Program and its diverse initiatives.
2. **Sustainability Planning.** The City's sustainability planning functions will be responsible for advancing policies and practices that support a more sustainable future. These functions will also be responsible for drafting the Climate Action Plan.
3. **Urban Design Studio.** The City's Urban Design Studio's role will be to help City departments, external applicants, and community groups think about urban design.

The Department will operate in Fiscal Year 2014 with 118.10 FTE and a total operating budget of \$24.3 million. It will be led by Mr. William Fulton who is considered to be an expert on urban planning in California and a leading advocate of the "Smart Growth" movement in urban planning.

Management/Leadership Academy

Annual Cost: \$130,000; Estimated FY2014 Cost: \$130,000

To be an efficient and effective municipal government, the City should identify and develop the next generation of City leaders and provide them with the skills necessary to effectively lead and manage the City in future years. While there are different methods to ensure organizational stability through identification of future leaders, all methods include a system-wide succession planning program, which the City has not done to date. To assist in this effort, it is proposed to create management and leadership academies. These academies are where the City's future leaders will receive the training and development they need to be successful. The Centre for

Organization Effectiveness is well-positioned to provide this training based on its established history of providing such efforts to governmental municipalities. With their assistance, the City will create customized City management and leadership academies for this purpose.

The Management Academy is a specially-customized, eight-day program which helps create a critical mass of leaders who begin to look more deeply at their responsibilities from an organization-wide perspective. The program includes such topics as leadership, strategic thinking, change management, team work, conflict resolution, critical thinking and problem-solving, ethics, and cultural awareness. The Management Academy will be offered twice a year to 25-35 participants nominated by their respective Deputy Chief Operating Officer and/or Department Directors. The Leadership Academy is a three-day program specifically tailored for the City of San Diego. This academy will center on leadership and teambuilding and is conducted in a retreat-focused atmosphere. The Leadership Academy will be offered once a year to 20 participants nominated by their respective Deputy Chief Operating Officer and/or Department Director. These academies will provide a foundation, as well as professional development opportunities for both current and future members of City management.

In addition to offering training programs to motivate employees and recognize excellent performance, the City also plans to focus on succession planning. As the workforce matures, there is a need to find qualified employees to replace those who are retiring. The City plan to address this by proactively tracking and monitoring the workforce to ensure no leadership gaps occur. Succession planning will facilitate a regular, ongoing exchange of information and training in order for employees with more seniority to provide on-the-job wisdom to newer, less experienced ones. This will result in the preparedness of more junior employees to promote and earn more for taking on additional responsibilities. As a result, the management staff will maintain an effective workforce.

All of the efforts described above are essential to the continuing, successful, and sustainable operation of City government.

Efficiency Study

Annual Cost: \$125,000; Estimated FY2014 Cost: \$125,000

Efficiency studies aim to improve the efficiency and effectiveness of a process or an organization. As part of the proposed governmental operations improvement effort, the City will retain a nationally-renowned, experienced public sector efficiency expert to evaluate and conduct efficiency studies to improve government operations and protect the taxpayer's investment. The expert will perform an initial, citywide assessment in order to identify areas of improvement and opportunities for efficiencies.

Once the citywide assessment is completed, the consultant will work with City staff in developing and implementing solutions to the areas that have been identified. The Office of the Assistant Chief Operating Officer currently has staff that serves as the City's in-house consultants. The staff reviews department practices and policies to determine the most efficient way to conduct business, help multiple departments determine how to consolidate the delivery of redundant services, and realize the maximum potential of new technologies that the City has

implemented. With the help of a consultant, City staff would identify efficiency gains to maximize the level of services that can be provided with existing resources.

PHASE TWO:

The following table summarizes the activities occurring as part of Phase Two scheduled for Fiscal Year 2015:

PHASE TWO				
Phase	Date of Implementation	Action	Annual Cost	Estimated FY14 Cost
2	July 1, 2014	<ul style="list-style-type: none"> ▪ Establishment of two newly-created departments (Communications and Department of Analytics and Performance Management) ▪ Hiring of department directors for new departments 	TBD	\$0

New Departments and Directors

Annual Cost: TBD; Estimated FY2014 Cost: \$0

Communications Department

The City of San Diego is perceived as lacking external transparency and ability to respond on a timely basis to information requests from the public. In addition, the City also suffers from a distinct lack of internal transparency as well. Changes are clearly necessary to properly deal with these issues. There is no cogent identification of the methods by which information can and should be disseminated. A City communications office with responsibility and authority over all City external and internal communications is one way to ensure consistent and effective management of information.

The proposed organization consolidates all of the communications-related functions into one department. These functions include Public Information, Internal Communications, Multimedia Services, and CityTV. Public Information Officers are assigned to different departments while Internal Communications and Multimedia Services are part of the Office of the Assistant Chief Operating Officer.

Public Information Officers (PIOs) are responsible for working on sensitive and high-profile public information programs in the City. They respond to some of the most difficult and sensitive inquiries and complaints from the public.

The City maintains a current staffing level of 22.00 PIOs (6.00 Public Information Officers, 11.00 Senior Public Information Officers, and 5.00 Supervising Public Information Officers) spread over seven departments:

- Development Services
- Engineering & Capital Projects
- Environmental Services
- Fire-Rescue
- Library

- Public Utilities
- Transportation & Storm Water

The current PIO staffing model is not designed in a way that best meets the City's internal and external communication needs. It leaves some departments, such as Park and Recreation, without dedicated communications staff resulting in either of the following: a department will utilize non-PIO staff to perform PIO-related duties or it will obtain a PIO "on loan" from another department. In addition, there are some PIOs who perform non-PIO-related duties. Some work on special projects and perform duties on behalf of their assigned departments that a Management Analyst would typically do. This is done to maintain productivity when communication needs in a PIO's assigned department are at a minimum.

Under the proposed organizational structure, all PIOs will be part of the new Communications Department. In the event of a continuous departmental need, such as police or fire, PIOs may continue to be embedded within a particular department, but will report to the Communications Department Director.

A centralized communications department will result in the following:

- Increased ability of the Mayor and City Council to reach the public and the workforce
- A primary point-of-contact for City employees and members of the public to request and receive information
- Better opportunities for the public to provide input to City staff using the Communications Department
- Access to communication professionals for those departments without a PIO
- Cross-trained PIOs that would continue to specialize in their assigned departments, but be knowledgeable about other City functions and programs
- Quicker and more efficient release of information
- Increased ability to execute a coordinated internal and external communications strategy
- Coordination of public information needs on a citywide basis which will result in a more efficient and effective deployment of the City's public information and communications staff
- Utilization of tools such as social media (e.g. Facebook, Twitter) to reach a broader audience in "real time"

This new department will also be responsible for developing a media relations training program for the City's management team and other employees having periodic contact with the media. All of these benefits will lead to a well-informed workforce and public.

Prior to the July 1st implementation date, an operational review will be done. Based on this review, decisions will be made as to which departments will have embedded PIOs. In addition, possible reductions may be considered as part of this effort. Efficiencies and additional savings for this new department will be realized in Fiscal Year 2015.

Department of Analytics and Performance Management

The Department of Analytics and Performance Management will be comprised of the former Business Office and continue to focus on strategic planning, performance management, efficiency studies, and Managed Competition. These functions currently reside in the Office of the Assistant Chief Operating Officer and will be removed to form a new department.

The Department of Analytics and Performance Management will provide additional citywide services focused on research, succession planning, and special projects.

Part of creating a culture of continuous improvement is to hold department directors accountable for performance. Directors should regularly identify areas of improvement in their respective departments, set goals and metrics for them, and monitor and report on their performance.

To aid in this effort, the Department of Analytics and Performance Management will help departments develop, track, monitor, and report on performance measures. Performance data results will be used to inform management of how well the City is doing in the delivery of services to the public and the running of City operations.

The City will enhance the use of performance measures as outcome-oriented indicators to show performance against expectations set by management. The performance measures will be a vital component of strategic planning at the City and department level. This information will continue to be shared with the public through the City's budget documents.

In addition, the Department of Analytics and Performance Management will help City management routinely review the City workforce to identify emerging workforce issues and needs so it can strategically design programs that develop the talents, skills, and resources necessary to achieve City goals and best serve the public.

An example of such a program is the development of contract management training. Contract management, the oversight and supervision of any city contract, is delegated to various personnel in numerous classifications throughout the City; yet no formal training delineating the responsibilities of a contract manager is provided. The City plans to develop a class that provides a base of knowledge that centers on the role and expectations of a contract manager, elements and types of contracts, as well as how to identify fraud and address it. Initiatives like these are based on principles of good government and will help the City operate more efficiently and effectively.

The Department's new and existing functions will help create more accountability and transparency in City government, as well as help the Mayor implement his/her priorities, citywide initiatives, and other specialized areas of focus.

Conclusion

These proposed improvements of the City's governmental operations will make the City of San Diego into a strong, accountable, proactive, responsive, and sustainable organization. It will

result in better alignment with key principles of a well-run organization that has the established framework to lead City operations and service delivery to residents, businesses, and visitors. The proposed organizational structure and supporting initiatives will help the organization operate efficiently, effectively, and ensure that taxpayer funds are expended appropriately.

FISCAL CONSIDERATIONS:

The total annual cost for Phase One is estimated to be \$1.1 million, while the total annual cost for Phase Two will be determined over the coming months. If approved, the positions and expenditures will be included in the Fiscal Year 2015 Proposed Budget.

The estimated expenditures of implementing Phase One of the proposed improvements of the City's governmental operations in Fiscal Year 2014 is \$992,135. These expenditures will be offset by projected additional revenue not anticipated in the Fiscal Year 2014 General Fund Budget including proceeds from the San Diego Data Processing Corporation dissolution and the Due Diligence Review (DDR) of the non-housing assets of the former Redevelopment Agency.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

None.

ENVIRONMENTAL REVIEW

Not applicable. This activity is not a project and is therefore not subject to CEQA pursuant to State CEQA Guidelines Section §15060(c)(3).

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

None.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Key stakeholders in this process are City employees, City Council, residents of, and visitors to, San Diego, including local businesses and those doing business with the City of San Diego.



Scott Chadwick
Assistant Chief Operating Officer

Attachments:

1. Current City of San Diego Organization Chart (All City functions)
2. Proposed City of San Diego Organization Chart
3. Improvement of Governmental Operations Costs