

**Citywide Administrative Services Review
Summary of CAO Recommendations**

Office of Management and Finance

A. Communications and Networking Target \$406,280

Internal and external advisory teams were convened to assess cost reduction options for this service area. Through provider contract renegotiations costs for telephone services were reduced. Credits for Qwest over billing used to reduce IRNE costs.

- 1. Reduced long distance telephone rates \$ 16,987
Savings reflected in reduced interagency rates.
- 2. Reduced cell phone rates \$ 71,327
Savings reflected in reduced interagency rates.
- 3. Telecommunication franchise enforcement \$ 59,986
Net revenue from enhanced enforcement of telecommunications franchise requirements. Results in increased revenue from franchise fees and penalties. One position created in Cable and Franchise Management
- 4. Qwest refund/reduced rates for IRNE 112,396
Over billing refund from Qwest will be applied to buy-down debt for IRNE project. Net effect is an annual debt service reduction for IRNE users of \$112,396.
- 5. Fire BOEC Liaison Positions Not Recommended
Two positions from Fire that provide services to BOEC were recommended for elimination for a savings of \$145,738. CAO recommends further analysis of this issue and does not recommend reduction at this point.

A. Savings Total \$260,696

B. Facilities Management Target \$467,792

This team created a citywide inventory of all City buildings, identified operating and replacement costs and measured against industry-wide benchmarks. Recommendations were placed into tiers – from cost reductions resulting in improvements and no negative impacts to cost reductions with significant impacts in terms of deferred maintenance costs.

- 1. Create Dispatch Center \$ 75,000
A Dispatch Center would include central control and dispatch of maintenance employees which will reduce staff time devoted to building operations and maintenance activities. Interagency charges will be reduced to account for cost savings.
- 2. Adjust Rental Rates for Police \$150,000
Operating and maintenance costs at new police facilities are less than anticipated. Rental rates will be reduced to account for reduced costs.

- 3. **Reduced Building Hours on Weekends** \$ future
 Three primary downtown buildings will close midnight to six am Monday – Saturday and be open on Sunday from 7 am until 6 pm. Implementation of this recommendation requires investment in remote monitoring system; net savings accrues in second year and is estimated at \$52,000 annually.
- 4. **Reduce Major Maintenance Reserve** \$235,500
 Reducing major maintenance reserves for police facilities from 1.9% of replacement value to 1.45% helps achieve the cost reductions and equalizes reserve levels with other BGS facilities. Options for funding the maintenance reserve goal of 3% of replacement value will be evaluated in framework plan.
- 5. **Reduce Fire Facility Costs** \$ 7,500
 Maintenance costs for Fire facilities are expected to decrease due to major facilities renovations now underway.

B. Savings Total \$468,000

C. Financial Management **Revised** **Target** **\$343,206**

ASR team identified several long-range strategies to reduce systemwide costs. Implementation plans are expected as outcomes of the framework plan. Some examples include: cross utilization of staff; elimination of various process steps and control mechanisms; and electronic enhancements. Because the extent of cost savings that could result from these strategies is unclear without further study, the team opted to proceed with an across the board cost reduction strategy. System changes which achieve savings in FY01-02 may be substituted for across the board reductions later in budget process.

C. Savings Total \$343,206

D. Financial Planning **Target** **\$185,730**

This ASR Team concluded that short-term cost reductions would need to be accomplished through position reductions. Several long-term, sustainable service improvement possibilities were identified to be assessed in framework plan. Position reductions were discussed with bureaus considering reducing positions and, with the exception of the Bureau of Financial Planning, the recommended reductions are expected to have limited impact on financial services delivery.

- 1. **Reductions in Financial Positions** \$237,000
 One financial position in Water, Environmental Services and Office of Management & Finance will be eliminated plus part-time appropriations in Water.
- 2. **Water Bureau Efficiencies** \$ 17,000
 Savings in financial management functions achieved through technology improvements, process changes, workload redistribution and internal service reductions.
- 3. **Eliminate Support for Public Utilities Review Board** \$ 12,000
 Eliminates materials and support services costs for Public Utilities Review Board.

D. Savings Total \$266,000

E. Human Resources

Target

\$623,489

The Human Resources review process combined the cost reduction element with the long-term service delivery assessment called for in the framework plans. Recommendations are the result of an in-depth assessment of the City’s human resources system performed by an outside consultant and extensive deliberation by the ASR team which included external HR professionals, bureau managers, labor representation, internal HR staff and the HR Director.

A comprehensive reorganization of HR services within the City is being recommended. Key aspects of the reorganization plan are to centralize staff reporting and vest citywide authority over HR issues under the HR Director; organize HR professionals into service teams to serve like bureaus (e.g. public safety); deploy staff in a flexible manner – on-site and centrally – to best meet the service needs of bureau operations; update HR policies, procedures and practices; strengthen the service delivery capacity of the Bureau of Human Resources by creating a dedicated classification and compensation unit and through forming service teams.

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| 1. Reorganize HR Service System | \$172,576 |
| Implementation of reorganization of HR systems and staffing results in a net savings of \$172,576 and the reduction of four positions. | |
| 2. Service Improvement Initiative (SII) | \$304,000 |
| Central support for SII activities eliminated. Two positions reduced, plus \$156,111 in professional services. | |
| 3. Wellness Program | \$127,000 |
| Eliminates two vacant positions and associated materials and services appropriation. | |
| 4. Reduction in Printing & Distribution | \$ 19,913 |

E. Savings Total \$623,489

F. Information Technology

Revised Target

\$1,310,901

A phased, comprehensive reorganization of IT services is being recommended. The ASR Team identified several ways to reduce IT costs through system changes and across the board reductions. The target can be met by implementing practical recommendations from the ASR Team report and by implementing an initial phase of systemic changes. \$1,055,019 of the reduction target is met through a combination of ASR Team recommendations and across-the-board reductions. The balance will be achieved through the phased implementation of systemic efficiencies.

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| 1. IT Equipment Purchase, Repair and Maintenance | \$191,900 |
| Savings achieved through several bureaus reducing the purchase, repair and maintenance of equipment. | |
| 2. Lights Out Data Center | \$194,525 |
| Savings achieved through the automation of tasks related to the operation of the mainframe. Initial investment of \$240,000 is required for automation equipment. Four positions reduced as a result of automated processing. | |
| 3. Professional Services | \$83,773 |
| Savings achieved through reduced outsourcing of IT services in several bureaus. | |

H. Purchasing Target \$256,756

Over the past several years, extensive systems improvement work has already been accomplished in the Purchasing area to streamline policies and procedures. To achieve the target, the team worked to identify technology solutions that would reduce costs. There is an additional programmatic recommendation dealing with the apprenticeship program.

1. Use Procurement Cards Instead of LPOs \$ 62,992
The City started a Procurement Card Program in 1997. Those bureaus still making LPO transactions which are eligible for procurement card purchasing would start using the procurement card instead.
2. Implement Web-based Plans and Specifications \$ 63,000
Purchasing would put into service the ability for interested firms to download plans and specifications over the internet, eliminating the need to provide hard copies.
3. Changes in Internal Apprenticeship & Training Program \$101,619
The Internal Apprenticeship & Training Program has been in place two years and is used by only one City bureau. Current funds used by the participating bureau would be transferred to that bureau and any remaining program funds eliminated. This recommendation recognizes the need for a citywide Human Resources policy, which addresses the City's commitment to a diversified workforce and entry or training level employment access for underrepresented populations. This issue is referred to the Bureau of Human Resources for further exploration.
4. Annual Supply Contract for Recycled Toner Cartridges \$ 43,062
Purchasing will negotiate a competitively priced annual supply contract for all bureaus for recycled toner cartridges.

H. Savings Total \$270,673

I. Risk Management Target \$73,035

This ASR Team first reviewed core Risk Management functions of Workers' Compensation claims, liability claims and loss prevention services, but found no supportable cost cutting options in these areas. The following recommendations were consensus-based viewed as appropriate cost reductions which least impact services.

1. Change System for Medical Services \$ 35,000
Currently contract for blood borne pathogen testing. Bringing skilled staff into Risk to perform this work will save as compared to contracting for this service.
2. Reduction in Back Injury Prevention \$ 4,000
Minor reduction in program materials costs not expected to impact services.
3. Rent Reduction \$ 15,000
Risk has excess space due to transfer of benefits staff to HR. If another bureau can use the space, Risk saves \$15,000 annually. If the space can not be leased, alternative reductions will be identified by Risk.
4. Remaining Balance to Bureaus \$ 19,000
Remaining reduction distributed across six major bureaus involved in risk prevention activities.

