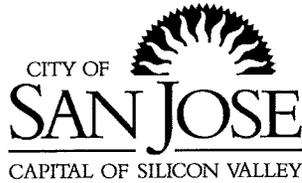


3.3/6)



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Ed Shikada

SUBJECT: SEE BELOW

DATE: November 8, 2010

Approved

Date

11/8/10

COUNCIL DISTRICT: Citywide

SUBJECT: POTENTIAL STRATEGIES TO ADDRESS THE 2011-12 GENERAL FUND SHORTFALL AND BEYOND: ORGANIZATIONAL AND SERVICE RESTRUCTURING

The actions approved to balance the 2010-2011 Budget followed several strategies designed to improve efficiency, ease the impacts of service reductions on residents wherever possible, and maximize appropriate revenue and cost recovery strategies. In a number of areas, new approaches to delivering services were developed that extend the City's ability to continue those services at a lower cost. Certain services such as Senior Nutrition, the Community Center strategy, and Events Coordination were funded one-time in 2010-2011 allowing for a transition period to alternative service providers. Additionally, the 2010-2011 Adopted Budget included initiatives to change existing service delivery models, in consultation with affected bargaining units.

The attached presentation for the City Council's November 18th Special Meeting provides an update on the status of current year service delivery model changes, other organizational restructuring implemented or under way in 2010-2011, and transitioning the 2010-2011 one-time funded services. Also identified in the attached presentation are preliminary 2011-2012 alternative service delivery candidates that the Administration is in the early stages of evaluating. This section of the Council Meeting concludes with a review of the City's Service Delivery Evaluation Policy (Council Policy 0-41) process requirements, baseline schedule for service delivery evaluations to be potentially considered as part of the development of the 2011-2012 Proposed Operating Budget, and identifies key policy issues to review.

/s/

ED SHIKADA
Assistant City Manager

For questions please contact Ed Shikada at (408) 535-8190.

Organizational & Service Restructuring

1. Review Current Year Service Delivery Model Changes
2. Update on Transitioning One-Time Funded Services
3. Preliminary 2011-12 Alternative Service Delivery Evaluation Candidates
4. Service Delivery Evaluation Process and Schedule
5. Policy Reform Issues

Status of Current Year (FY2010-11) Service Delivery Model Changes

1. Custodial Services

- Service Delivery Evaluation (Policy 0-41) completed
- Contracted services at Airport and City-wide facilities now implemented
- On-going savings of approximately \$4M

2. Police Warrants Unit

- Service Delivery Evaluation (Policy 0-41) completed
- Request for Proposals issued
- POA filed grievance
- In settlement discussions with POA
- On-going savings estimated at \$800,000

Status of Current Year (FY2010-11) Service Delivery Model Changes (cont.)

3. Workers Compensation Administration

- Service Delivery Evaluation (Policy 0-41) under way
- Industry “Request for Interest” issued
- Recommendations to PSFSS Committee in early 2011

4. Employee Health Services

- Service Delivery Evaluation (Policy 0-41) under way
- Industry “Request for Interest” issued
- Recommendations to PSFSS Committee in early 2011

Other FY2010-11 Organizational Restructuring Implemented/Under Way

1. Fire Dynamic Deployment

- Eliminated Four Engine Companies and One Truck Company
- Implementing flexible utilization of remaining Fire apparatus to optimize the redeployment of remaining resources on real time basis

2. Police Patrol Shift Changes

- Consultant study completed spring 2010
- Assessing report findings within context of current environment
- In discussions with POA

3. Development Services Integration

- Defined scope of work, reorganized staff, streamlined accounting functions
- Integrating administrative systems across departments (PBCE, PW, Fire)

Other FY2010-11 Organizational Restructuring Implemented/Under Way

4. Information Technology Consolidation

- Consolidation activities occurring under direction of Technology leadership Council
- Expected to span a minimum of three years; beginning in FY10-2011

5. CivicCenter Television

- Contracted for portion of Government Access operations
- On-going savings of approximately \$200,000

6. Departmental Consolidations

- Public Works & General Services – developing implementation model with budget actions proposed in FY11-12 Operating Budget
- Transitioning Real Estate to Economic Development in FY10-11

Transitioning One-Time Funded Services in FY2011-12

1. Community Centers

- 22 additional centers placed in Re-Use = 43 total
- 10 Council District Hubs, Edenvale and Grace remain

2. Senior Nutrition Program

- Program planned for elimination in July 2011
- Senior Nutrition Task Force established with County
- Evaluating alternative service delivery models and financing mechanisms; recommendations in early 2011

3. Special Event Reductions

- Eliminated PRNS Special Event Unit
- Eliminated support for Christmas in the Park/Holiday Parade effective January 2011
- Transition planning - working with Christmas in the Park CBO with goal of shifting 100% production to CBO in 2011

Transitioning One-Time Funded Services in FY2011-12 (con't)

4. Branch Libraries

- Facility Deferrals
 - Delay in the opening Seven Trees and Bascom Branch Libraries to September 2011
 - Generated one-time savings of \$2.3 million in 2010-11
- Branch Library Hours
 - FY2010-11 adopted budget included 4.5 days of branch library service of which \$1,356,000 in one-time funding for FY2010-11
 - Base budget for FY2011-12 will support 4 days of service and eliminate 27.3 positions

Potential 2011-12 Alternative Service Delivery Candidates

1. Garbage Utility Billing & Call Center (ESD)
2. Fleet Services (GS)
3. Landscape/restroom maintenance (PRNS/DOT)
4. Document Imaging (PBCE)
5. 911 & 311 Dispatch Operations (PD/Fire)
6. Crossing Guard Transfer (PD/DOT)
7. PD & Fire services (Airport)
8. Airport Terminal and Maintenance Services (Airport)

Service Delivery Policy Process Requirements

1. Identify proposed service delivery change
2. Business case analysis conducted if **service delivery change** may result in addition, deletion, or reclassification of four (4) or more City FTE positions
 - Exemptions include budget cuts, episodic, one-time, and temp work
3. Public release of service delivery evaluation proposals
4. Stakeholder, public and bargaining unit discussions
5. Council makes determination on whether to pursue managed competition during final budget adoption.
 - Applies – 6 months to conduct RFP & transition services
 - Does not apply – 18 months to conduct RFP & transition service

Baseline Schedule

| | | | | |
|--|---|----------------------------------|--|------------------------------------|
| Review Preliminary Candidate Services | Formalize Services Undergoing Service Evaluation | Preliminary Business Case | Stakeholder Input & Meet and Confer | Council Decision to Proceed |
| November 18, 2010 | February 2011 | March 2011 | April/May 2011 | Late June |
| | Information memo | | | Budget Adoption |

Key Policy Issues to Review

1. Application of Living/Prevailing Wage requirements under certain circumstances
2. Application of Civil Service layoff (bumping) process for specific classifications