



COUNCIL AGENDA: 02-28-12
ITEM: 3.3

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Dennis Hawkins, CMC
City Clerk

SUBJECT: SEE BELOW

DATE: 2-15-12

SUBJECT: IBM OPERATIONS EFFICIENCY DIAGNOSTIC REPORT

RECOMMENDATION

As recommended by the Rules and Open Government Committee on February 8, 2012 and outlined in the attached memo previously submitted to the Rules and Open Government Committee:

- (a) Refer the Operations Efficiency Diagnostic report from IBM to the City Auditor and City Manager for review, comment and development of recommendations to be brought to the Council through Council Committees;
- (b) Direct the City Auditor and City Manager to report back to the Rules and Open Government Committee in three weeks on a work plan to review the report and develop recommendations for the Council to consider with the IBM report at a future date.



Memorandum

**TO: RULES AND OPEN
GOVERNMENT COMMITTEE**

FROM: Mayor Chuck Reed

**SUBJECT: IBM OPERATIONS EFFICIENCY
DIAGNOSTIC REPORT**

DATE: February 7, 2012

Approved

Chuck Reed

Date

2/7/12

REPLACEMENT MEMORANDUM

I am dropping my request by memo dated 2-2-12 for the Rules Committee to consider the IBM Operations Efficiency Diagnostic Report on February 8, 2012, and request that the following recommendations be considered as part of the agenda for the February 28th Council meeting.

RECOMMENDATION

Agendize for Council action on February 28, 2012:

1. Refer the Operations Efficiency Diagnostic report from IBM to the City Auditor and City Manager for review, comment and development of recommendations to be brought to the Council through Council committees, as we usually do with City Auditor's reports.
2. Direct the City Auditor and City Manager to report back to the Rules Committee in three weeks on a work plan to review the report and develop recommendations for the Council to consider with the IBM report at a future date.

BACKGROUND

IBM's Public Sector Global Business Services has recently completed and Operations Efficiency Diagnostic report based on a review of data from San Jose's police, fire and parks departments. An electronic copy of the full report is available online at http://www.sanjoseca.gov/mayor/news/memos/12Feb/IBM_OperationsEfficiencyDiagnostic_final.pdf.

Before this report is considered by the City Council, our staff should have an opportunity to review it and prepare responses and recommendations, as typically happens with reports from our Auditor.

February 7, 2012

Subject: IBM OPERATIONS EFFICIENCY DIAGNOSTIC REPORT

Page 2

Some of the recommendations from IBM are similar to recommendations previously made by the City Auditor so it would be helpful to have the Auditor's engaged in reviewing the report.

Some of the opportunities IBM identified may help us avoid reductions in services in the next fiscal year, and the Manager could bring forward those items she recommends in the budget process. Other opportunities are longer-term, and it would be helpful to have them discussed and developed into policy recommendations by the staff and brought to the Council through our committee process.

San José has been fortunate to have a decades-long relationship with IBM, one of the world's great companies. IBM employs thousands of people in San José and has long been one of our largest employers since before there was a Silicon Valley. IBM Global Services is the world's largest business and technology services provider and has extensive experience helping governments.

Last year, as IBM celebrated its 100th anniversary, I drew on San José's long relationship with IBM and asked CEO and Chairman Sam Palmisano to deploy an IBM Smarter Cities team to look at San José to see if there were ways we could save money, become more efficient, and restore services to our residents and taxpayers. That team has completed its work at no charge to the City. The team has invested many hours analyzing decades of data from our Police, Fire and PRNS departments and identified many potential cost-saving opportunities.

The scope of the data analysis is extraordinary and it identifies some significant opportunities to save money, generate revenues, and improve efficiency. The IBM analysis will be of great interest and value as we attempt to restore some of the services that have been cut over the last decade. In my review of the report, it is clear that, as we restore services, we should not assume that we will rebuild our organization exactly as it was before the cuts. IBM's excellent data analysis has identified many opportunities for us to improve services with our existing workforce and to rebuild our Police and Fire departments in a more efficient manner.