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CITY COUNCIL REPORT

POLICY AGENDA

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TO: Ed Zuercher
City Manager

AGENDA DATE: October 21, 2014

FROM: Milton Dohoney Jr.
Assistant City Manager

ITEM: 4

SUBJECT: RESULTS OF THE COMPREHENSIVE ORGANIZATIONAL REVIEW EVALUATION (CORE) – PART I

This report provides the Mayor and City Council information on the results of the Comprehensive Organizational Review Evaluation (CORE).

THE ISSUE

CORE, initiated under the direction of City Manager Ed Zuercher, is an in-depth analysis of City departments' operations, current environment, and future. The initial focus of CORE has been on General Fund departments; the Aviation Department also participated. CORE was a labor-intensive process involving the input of thousands of employees who contributed countless hours to the process throughout the summer in brainstorming sessions, frequent meetings, and all-day sessions. Despite interruptions for severe storms and other challenges, City staff spent hundreds of hours proposing ideas for improving the organization.

CORE was designed to examine:

- Who we are;
- How we do business;
- What we could do better;
- What prevents us from accomplishing that; and,
- How we measure success.

This work required staff to ignore the status quo and acknowledge that the current way we work will not be sufficient in the future.

With an organization the size of the City of Phoenix, there are certainly many issues that require attention at any given time. It may be tempting to use CORE to address issues that need attention. To ensure the effectiveness of the CORE process, however, it is important to recognize it cannot offer solutions to every problem the City has.

By itself, CORE cannot fix the budget challenges the City will continue to face, and it cannot solve the challenges posed by increasing pension costs. CORE is also not a strategic plan. On its own, CORE does not ask for changes to taxes or fees, and does not address issues of unsustainable service levels.

CORE does, however, require departments and City management to move away from any perceived complacency and CORE requires engagement from all levels of the organization. This process encourages creativity and opens the door to different ways of seeing the present.

OTHER INFORMATION

CORE challenges the current business model in an effort to save time, save money, and to create efficiencies within the organization. The following outlines the CORE process, what we learned, action plans and next steps.

What Did We Do?

As a part of CORE, each department had to complete a 10-page Assessment Tool (**Attachment A**). In addition to a discussion of the 98 questions posed in the assessment, department heads were also asked how they define success. An initial meeting was held with department and function heads in May 2014. Department directors were required to engage their staffs in the process, and many did this to significant success. Once the CORE document was completed from each Department, an individual meeting was held with each department head, the department's Deputy City Manager, and the Assistant City Manager.

In every CORE meeting with the Assistant City Manager, performance metrics were discussed. Overall, we are not where we need to be in establishing external facing metrics that describe how much we've moved the needle as a result of investing the public's money. For many departments, this represents a different level of transparency than what we've had. Refined metrics will not materialize immediately; however, staff will continue to identify metrics at the proper level to help us measure our success.

What Did We Learn?

The CORE process examined each participating department's organizational structure, stability, and long-term sustainability. This process also analyzed each department's current or short-term demands and realities to see if they matched the department's structure and resources.

Over the past several years, departments have lost a significant number of staff through budget cuts and attrition. During this time, however, departments have also added new programs, initiatives and special assignments. While staff should be lauded for these achievements, doing "more with less" also tends to lead to mediocrity across all of that work. When spread too thin, the City cannot necessarily be excellent at all activities.

In response to these challenges, one primary result of CORE is encouraging departments to reallocate positions to create better connections between talent and workload. CORE enabled some departments to make operational changes in positions, reporting relationships, or approach, yielding more efficient services and improved results. Some departments are working to increase their span of control and in some cases examining whether they are the in the best position to provide a particular service or perform a certain function.

Some examples of this kind of examination are:

- The Fire and Street Transportation departments acknowledged that their fleets were underutilized and are planning to remove some of their vehicles from service.
- Street Transportation is also working towards integrated project engineering teams that will provide project delivery from initiation to full completion.
- The Police and Law departments worked with the Information Technology Services Department to transfer functionality and personnel respectively enabling them to concentrate more on their central functions.
- To assist with e-Procurement and the proposed Procurement Code, the Law Department worked with the Finance and Street Transportation departments to restructure an existing position to establish an Assistant City Attorney devoted to procurement issues Citywide.
- The Police Department has committed to gradually expanding the use of body cameras to strengthen trust among Phoenix residents and to ensure accuracy in documenting encounters in tense situations.

What Are We Going to Do About It?

As expected, a significant amount of raw information and feedback was provided from departments. Analyzing and synthesizing this information was a labor-intensive and rewarding process. To help provide some structure to the wide variety of information that was analyzed, the following general categories were identified:

- **Silo Busting:** Integrated approaches to service delivery, opportunities to collaborate with another City department or function.

- **Roadblocks, Curveballs and Barriers:** Cumbersome processes, outdated ordinances, and administrative policies that decrease productivity.

- **Looking for Greener Pastures:** Ideas for green initiatives to help increase the City's sustainability efforts.

- **Crossing Boundaries:** Issues that affect the entire organization such as Shared Services models, improved and centralized collections, electronic signature processes, purchasing cards, and the establishment of a space committee to review space needs and leasing opportunities of City facilities.

- **Let There Be Less**: Options for overall improvements and efficiency enabling the City to function while using fewer resources. Budget and staffing cuts have had an impact on the City's ability to provide service to residents, even if those service levels have not actually been reduced. Those circumstances have required departments to prioritize their activities and focus on urgency more than long-term importance. Trying to maintain all service levels even after repeated resource reductions is not a sustainable or winning solution.

Let's Roll On – Next Steps

City employees understand that it will require dedicated, consistent and purpose-driven efforts to make progress and ultimately overcome challenges that have been on-going for the past several years. They are also aware the future will continue to bring uncertainty, instability, and resource challenges. Nevertheless, they look to the future with hope and aspiration and are encouraged by the CORE process and its potential to provide a more sustainable, realistic and attainable path forward.

The intent of this first report is to provide an overview of the process and begin discussion around some of the broad categories addressed in CORE. Recommendations for cost-saving measures and other items requiring City Council input and approval will be presented for Council consideration in November as a part of the CORE Assessment Review – Part II. In addition, City Management will develop a CORE Implementation Team of staff from multiple departments to move forward with process improvements within the organization. Throughout the on-going implementation process, the City Council will be provided updates on the achievements of the CORE process.

RECOMMENDATION

This report is for information and discussion.

Attachment A

CORE ASSESSMENT TOOL

Attachment A

Due back to the Assistant City Manager on July 10, 2014

DEPARTMENT NAME:

DIRECTOR'S NAME:

ORGANIZATIONAL PROFILE:

How many employees are currently in your department?

What is the dollar value of those?

How much is your proposed/approved budget for FY14/15?

How many vacancies do you currently have?

How many people are within two years of retirement?

How many of those do you estimate you will actually lose in the next 6-12 months?

Have you determined if you can relinquish any of them when they are vacated:

How many vacancies are managerial positions? Break your answer down by executives, middle managers or supervisors.

How many people in your department work under grant funds?

What percent of your budget is comprised of grant funds?

CORE ASSESSMENT TOOL

How many vacancies are non-supervisory?

How many people in your department have their time charged to a capital project?

<50% of their time

>50% of their time

Do any of your employees work remotely?

Which positions?

What is your average span of control?

Do you have staff in some level of supervisory capacity that has no direct reports?

Do any of them supervise only one person?

Does your department utilize interns?

Are there notable exceptions?

Describe typically how you use them:

Are there additional ways you would use interns if you had them?

How many employees do you have that possess certifications or licenses requiring annual renewal in order to maintain their professional status?

Does your department utilize volunteers for any administrative functions?

Are there roles that volunteers could play that they currently don't?

Does your department offer any Executive in Residence opportunities (allowing a college professor to be embedded for a semester or longer to help you with a project?)

Are there ways where this approach could help you?

If your current staffing levels were to essentially remain within 2-3% points over the next 5 years would you consider changing your organizational design?

PHYSICAL PLANT

Is your operation fully contained within City-owned facilities?

If no, explain:

If applicable how much do you pay annually in lease payments?

What is the duration of your lease?

Do you sublet a portion of your physical plant to other organizations?

If so, how much do they pay to the City annually?

Does your department have any vehicles assigned to it?

Are any City-owned vehicles kept for pool purposes?

If so, on average how many miles are they driven per month?

Do you have any leased vehicles assigned to your Department?

How much do you annually pay in lease payments?

Does your Department comfortably fit within your physical space or do you have space needs

How many PC's does your Department have?

Are they properly inventoried?

Were they purchased in coordination with IT?

How many software applications does your department have?

Are they all supported by IT?

Do any of your software applications serve other departments?

How many people in your Department would you characterize as being in an IT classification?

Do you have any hardware or software that was purchased by outside funds and therefore technically is the property of other agencies?

Do you have any hardware/software whose functionality is reliant upon the gray matter of a single employee?

What is your plan should they leave you?

Are you confident that you have the proper security measures in place to protect your IT investment?

Does your department own any land?

If so, what is the estimated value?

What is its purpose?

Does your department have video conferencing capabilities?

Does your department have any ideas on Green Initiatives that would help reduce our operating costs?

LOSS MANAGEMENT

On average how many injuries occur in your department annually?

What's the average number of employees out per month on Workers Comp injuries?

How many days of lost productivity do Workers Comp injuries cost you annually?

How much does your department incur in Workers Comp expenses annually?

How many employees do you average per year that are out on FMLA?

Does your department offer light duty assignments?

Do any of your employees perform light duty in another department?

Have you lost any employees in the past year due to medical separation?

Does your department collect revenue from the public?

What is your collection rate?

How much do you collect annually on average?

What is the size of your overtime budget?

Within the last three fiscal years has your department gone over the OT allotment?

By what percentage have you exceeded your OT budget?

What are the driving factors causing you to exceed your OT budget?

What is the value of your outstanding collectibles

?

Are collections pursued by your department or outside agencies?

Does your department get to keep any percentage of your collections efforts?

MISSION POSSIBLE/ MISSION CREEP

Have you added any new programs in the last three years?

What are they?

How many people work on them?

Do you administer any functions in concert with another department?

Does your department participate in any P3's (public, private partnerships?

Are there any existing ordinances that are so dated it hinders your departments from doing its work?

Have there been any efforts to repeal/amend them?

Are there functions you would stop performing altogether if you could?

Are there functions you currently perform that could be more appropriately handled by someone else?

Which of our work processes is most cumbersome and needs to be changed?

CORE ASSESSMENT TOOL

Is there a part of your service delivery that draws consistent adverse reaction from the public?

Is there collaboration with another department or agency that you have wanted to do business with but have not because you are too overwhelmed?

What is the single most important improvement that your department needs to make?

What would it take for that to occur?

Does your department have capital projects on the drawing board?

Do you have any capital projects underway that are slated to be completed spring of 2015?

Would you need a payment ordinance approval at that time?

How much money do you have encumbered to pay for professional service contracts (PSC)?

Are there any PSC's that you plan to do but have not executed?

Do you have any contractors on retainer?

What is the retainer amount?

In light of everything that has happened over the past few years, do you think your employees still believe this is a good place to work?

Does your department have some version of Crazy Talk Friday's? That is the day when you can bring forward the craziest idea known to humankind and wonder aloud why couldn't we?

Would employees like to see more of the "people at the top" or does it matter to them?

CLOSING

Anything additional you would like to add on any aspect of the assessment?

Thank you for your submittal. I look forward to meeting with you.

Milton Dohoney Jr., Assistant CityManager

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