



REPORT TO COUNCIL

City of Sacramento

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Public Hearing
June 1, 2010

**Honorable Mayor and
Members of the City Council**

Title: Overview of Internal and External Consolidation Efforts

Location/Council District: Citywide

Recommendation: Information and discussion.

Contact: Patti Bisharat, Interim Assistant City Manager, (916) 808-8197

Presenter: Patti Bisharat, Interim Assistant City Manager, (916) 808-8197

Department: City Manager's Office

Division: N/A

Organization No: 02001011

Description/Analysis

Issue: Over the past several years, the City has implemented budget cuts that have resulted in the loss of programs, service reductions and employees. As part of the development of the Fiscal Year 2010/11 budget, we have taken the approach of rightsizing the organization versus continued across the board reductions.

Part of this rightsizing includes evaluating opportunities to consolidate functions to achieve cost savings and efficiencies. The result will be a flatter organization with increased spans of control and reduced levels of management and mid-management positions. This informational report provides: information on planned internal consolidations which will be triggered in July 2010; an overview of additional internal consolidation opportunities that will be further studied; and an update on external consolidation opportunities staff is currently studying and evaluating.

More detailed information on the consolidations which will be triggered in July will be presented during the June 10 budget hearing.

Policy Considerations: Functionally consolidating select services is consistent with the City's efforts to identify cost saving efficiencies and right-size the organization to meet reduced revenue trends. In view of the current decline in local government revenues due to the economy and also the actions of the State to capture and redirect various revenues, it is now more important than ever for local

governments to examine and implement measures to continue to provide high quality services in the most efficient manner.

Environmental Considerations: The recommendation does not constitute a "project" and therefore is exempt from the California Environmental Quality Act (CEQA) according to Section 15061(b)(1) and 15378(b)(3) of the CEQA guidelines.

Commission/Committee Action: Not applicable

Sustainability Considerations: Not applicable

Rationale for Recommendation: The City is committed to continual improvement and regularly exploring strategies that improve the efficient and affordable delivery of services to the community. As a result, several internal consolidations to reduce costs and improve alignment of services will be triggered in July 2010 with continued refinement for the first part of FY10/11. During FY10/11, other internal and external consolidation opportunities have been identified and will be evaluated for possible implementation.

Financial Considerations: The consolidations proposed for July 1 will result in savings and reduced FTE to achieve rightsizing. Implementation of these consolidations will result in the elimination of four director positions, elimination of up to 25 additional positions and savings of approximately \$2.7 million inclusive of the POD reductions.

Emerging Small Business Development (ESBD): Not applicable

Respectfully Submitted by: 
Patti Bisharat, Assistant City Manager

Recommendation Approved:

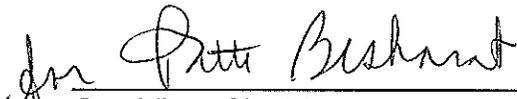

Gus Vina, City Manager

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Background

The City is committed to continual improvement and regularly exploring strategies that improve the efficiency and affordable delivery of services to the community. As part of this effort, the City Council engaged Management Partners, Inc., a national consulting firm specializing in local government, to provide an independent Financial and Operational Review of city services. The final report included 49 distinct recommendations, many of which are being incorporated into Fiscal Year 2010/2011 budget proposal and contributed to the consolidation strategies presented in this report.

Staff has evaluated where there are opportunities to consolidate to achieve savings and efficiencies while mitigating reductions in services. Benefits of these consolidations include a flatter more streamlined organization structure, improved alignment of services and common/complimentary functions, elimination of redundancies, leveraging opportunities for economies of scale, cross training and better coordination of services.

Internal Department Consolidations – July 2010

The City Manager will be triggering four department consolidations in July 2010 with implementation and further refinement through the first quarter of FY10/11. Implementation of these consolidations will include the elimination of four director positions and up to 25 additional positions at all levels resulting in savings of approximately \$2.7 million inclusive of the POD reductions.

More detailed information on these efforts will be presented during the June 10 budget hearing. Additional phases of these consolidations will be explored during FY10/11.

- Labor Relations Department merged into Human Resources Department
 - Improved coordination of functions that cross both departments
 - Eliminate redundancies
 - Efficiencies and cost savings through merged staffing and cross training of employees
- Office of Youth Development and Neighborhood Services Department merged into Parks and Recreation Department
 - Improved coordination of services
 - Integration and elimination of redundant efforts
- Merge Code Enforcement Department and Community Development Departments
 - Improved coordination of functions that cross both departments
 - Integration of complementary functions
 - Eliminate redundancies
 - Efficiencies and cost savings through merged staffing and cross training of employees

- Centralizing public information efforts under an Office of Communications in the City Manager's Office
 - Elimination of redundant efforts
 - Improved coordination of services
 - Proactive and improved communications

Potential Internal Consolidations Requiring Additional Analysis

The City Manager's Office has identified several other potential internal consolidations including some identified in the Management Partners' recommendations that have the greatest potential but are more complex requiring further study. As with any potential consolidation, staff will evaluate the potential consolidation by considering several factors including:

- Opportunity for cost savings
- Opportunity for leveraging resources to preserve or improve level of service
- Current level of organizational redundancy/service alignment
- Best practices for local governmental functional consolidation

The following programs and services have been identified as candidates for further analysis and possible implementation during FY10/11:

- Establishing a "Maintenance Department" by consolidating maintenance functions in General Services, Parks, Utilities and Transportation
- Establishing a Community Relations and Services Department by consolidating the 311 Call Center, Neighborhood Services and E-Government/web efforts
- Merging Police and Fire Dispatch

External Functional Consolidation Opportunities

The City and County each currently provide a range of municipal services to the residents and businesses within their respective jurisdictions. Over the years, many of these services have been functionally consolidated with the County of Sacramento or via Joint Powers Authorities (JPAs).

Considering the proximity of the unincorporated area of Sacramento County to the City of Sacramento and the common interest of the jurisdictions to provide effective and efficient high quality services, there may be opportunities to functionally consolidate additional select services and maintain or improve the quality of service at a lower cost.

Accordingly, in December 2009 the City Council directed staff to review city programs and services to identify the "best candidates" for possible functional consolidation with the County of Sacramento.

As part of the city's budget development process, staff completed an internal macro-level review of its programs and services to identify programs and services offering the most opportunity for functional consolidation. As a result of this analysis, the following external programs and services were identified as potential opportunities for functional consolidation and have been shared with the County Executive:

- Animal licensing, care and shelter, animal control (animal services)
- Parking fare collection services
- Vehicle abatement services
- Consolidation of law enforcement evidence storage
- Building inspections

The next step in evaluating the above potential functional consolidation opportunities is to develop Draft Functional Consolidation Implementation Plans for City Council and Board consideration. Each plan will include:

- An overview of existing operations and services for the City and County
- An overview of existing staffing levels and costs
- A consolidated services plan
- A consolidated staffing plan and budget
- A draft implementation schedule
- A definition of performance measures

To support this effort, a designee of the City Manager and County Executive will serve as the lead staff for the development of the draft plans. These individuals will report directly to the County Executive and the City Manager and will provide the leadership and continuity for functional consolidation analyses. Senior level and other appropriate staff from departments under review will be direct participants in the preparation of the draft plan.

A Draft Functional Consolidation Implementation Plan will be developed with the highest intent of respecting all City and County employees. Any Draft Functional Consolidation Implementation Plan will be presented by the City Manager and County Executive to the City Council and Board of Supervisors for approval prior to implementation.