

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: October 12, 2006

IBA Report Number: 06-46

City Council Agenda Date: October 16, 2006

Item Number: 200

Subject: Human Resources/Personnel Business Process Re-engineering (BPR).

OVERVIEW

On Monday, October 16 the City Council will hear the Human Resources (HR) Business Process Reengineering (BPR) study. The City Council has been asked by the Mayor's office to accept the HR BPR study and authorize the implementation of the organizational changes described in the report. These organizational changes include the addition of 3.00 Group Human Resources Manager positions in Public Safety, Public Works and Neighborhood and Customer Services. Discussion on how these positions will be funded is presented below.

The HR BPR was initiated as significant operational challenges were identified in the human resources structure of the City. Management was concerned with the lack of consistent application of procedures and policies as well as perceived duplication of processes across the organization. The IBA supports this effort that is intended to improve efficiencies, reduce costs and maximize services to our residents.

OUTCOMES

This BPR is only the first stage in reforming the human resources services in the City. This BPR reorganizes the HR structure of the City into a centralized/decentralized model. Subsequent to the implementation of this BPR, the Mayor's Office will be able to proceed with implementing process improvements that were identified by the BPR team.

FISCAL IMPACTS

This action seeks City Council approval of the creation of three HR Group Managers, a new position in the City that will effectuate the centralized/decentralized model by serving the Deputy Chiefs and departments, as well as working directly with the Human Resources Department. Along with the creation of these positions, the City Council is asked to approve the requisite appropriation and revenue changes. To understand why

the requested adjustments are necessary, it is necessary to learn how these new positions are being funded.

Each of the Group Managers will be funded in the General Fund, reporting to the appropriate Deputy Chief. The Group Manager for Neighborhood & Customer Services primarily serves General Fund departments. Thus, appropriations are reduced in the appropriate General Fund departments and increased in the Neighborhood & Customer Services group for a net zero impact to the General Fund. Allocation of those appropriations is done on an FTE basis. Therefore, department budgets are impacted according to the number of personnel that the Group HR Manager will serve. This Group HR Manager will also serve one Non-General Fund, the Commission for Arts and Culture, in the Transient Occupancy Tax Fund. Therefore, the appropriate appropriation and revenue changes are requested to effectuate this charge.

The Public Safety Group Manager will also primarily serve General Fund departments, and the allocations are allocated by FTE as described above. Appropriations are then reduced in the appropriate General Fund departments and increased in the Public Safety group for a net zero impact to the General Fund. One Non-General Fund, the EMS Fund, is also served and appropriate appropriations and revenue changes in the General Fund are requested to effectuate this charge. It should be noted that, in this instance, the EMS Fund will not be increasing their appropriations to accommodate this new expense. It is proposed that the EMS Fund absorb this expense of \$510 within their current budget. It is anticipated that this cost can be absorbed with no service impacts.

The Public Works Group Manager will serve some General Fund and some Non-General Fund departments. Again, expenses are allocated across all departments on an FTE basis, as above. For the General Fund, appropriations are reduced in the appropriate General Fund departments and increased in the Public Works group for a net zero impact to the General Fund. The Non-General Fund departments supported will pay the appropriate amount to the General Fund, but again, those costs will be absorbed within their current budget. However, the General Fund appropriations and revenues will be increased to accommodate the revenue from the Non-General Funds, and the total expense of this HR Group Manager.

Finally, 3.00 FTEs are reduced throughout the City, so there is a net zero FTE impact Citywide. The report describes possible impacts to the departments losing a position and the reassignments of workloads as necessary.

POLICY IMPACTS

The materials provided for Council review include a list of “Human Resources Business Process Reengineering Study Recommendations,” most of which are under development for future implementation and are organizational modifications that do not require City

Council action. This list is valuable in helping the City Council and public understand the long-term scope of the BPR and how it may reduce costs and maximize services. Item HR 4 calls for the realignment of centralized human resources departments such as Personnel, Risk Management, and Labor Relations under one Human Resources Director to be implemented under Mayoral direction. The IBA suggests that the Mayor's Office seek a City Attorney opinion to clarify whether this recommendation will require City Council action pursuant to Charter Section 26, since it appears to be rearranging or combining departments, which requires a 2/3 vote of the City Council.

RECOMMENDATION

This BPR is the first step in significant reform for one of the most critical support functions of our City government. The appropriations changes requested are proper to implement the BPR as described in the report and through further discussion with staff. It is the IBA's recommendation that this BPR be approved.

[SIGNED]

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