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January 20, 2004

City Council
Sacramento, California

Honorable Members in Session

SUBJECT: PROPOSED 2004-05 REORGANIZATION

LOCATION/COUNCIL DISTRICT: Citywide

RECOMMENDATION:

The City Manager recommends Council approval of the following reorganization policies to be included in the FY 04-05 Proposed Budget:

1. Creation of a Planning/Development Services Department (final name to be determined)
2. Creation of a Transportation Department (final name to be determined)
3. Scope of services change for the Public Works/General Services Department (final name to be determined)
4. Reorganizations to be accomplished at a savings to the General Fund.

CONTACT PERSON: Robert P. Thomas, City Manager, 808-5704

FOR COUNCIL MEETING OF: January 20, 2004 (afternoon)

SUMMARY:

Several months ago, the City Manager established the SOAP (Sacramento Organizational Assessment Project) to address the City's budget imbalance from three approaches: savings through efficiencies, increased revenue through fee adjustments, and savings through program reductions. As part of the efficiency effort, staff was directed to look at reorganizations that would increase efficiency and/or service delivery but at a reduced cost to the General Fund. See Attachment D for a summary of the SOAP strategy. This report addresses the recommended reorganizations.

Reorganization Recommendation. The major reorganization changes are:

1. Creation of a Development Services Department which will include the former Planning and Building; and Economic Development Departments as well as the private development functions from Public Works and possibly other departments.
2. Creation of a Transportation Department.
3. Reduction in scope of the Public Works Department.

The details around these reorganizations are still being formulated for eventual inclusion in the FY 04-05 Proposed Budget at which time the City Council will be asked to take final action on the reorganizations. More details can be found in Attachment C.

COMMITTEE/COMMISSION ACTION:

The reorganization proposal has not been reviewed by any council committees, but it has been reviewed with the Development Oversight Commission. In addition the Downtown Partnership Executive Committee, and the Metro Chamber have been briefed.

BACKGROUND INFORMATION:

Problem Statement. The major problems or issues that are being taken into consideration with the proposed reorganizations are:

- a) The City is facing a budget imbalance of about \$25 million excluding any funding losses due to loss of VLF (Vehicle License Fee) revenue from the State. Reorganizations are one tool to consolidate and reduce General Fund costs but at the same time minimize service impacts.
- b) The City is facing record setting development in North Natomas which is straining service delivery capabilities such as park maintenance, patrol, etc.
- c) Despite efforts to keep up with record setting workloads and to streamline the development processing through the efforts of the DOC (Development Oversight Commission) the development process is still viewed as broken and in need of improvement, particularly as it relates to infill.
- d) There is confusion over what the role of the Economic Development Department is and how it relates to other departments and organizations such as Planning, Downtown Redevelopment, and SHRA, and how it relates to other major policies of the City such as the General Plan.
- e) Public Works is seen as having too many different types of responsibility areas resulting in an over-extended span of control.
- f) There continues to be a need to focus on improvements in the ability to deliver public projects in a timely and cost effective manner.

- g) There needs to be more focus on both City and regional level transportation planning and policies and coordination of these policies with SMART Growth.
- h) There are a myriad of workable organization alternatives and approaches, but the emphasis of the proposed reorganizations will be to focus on system improvements in a prioritized fashion. Therefore, the current restructuring will focus on the development systems. (Past reorganizations have focused on community outreach and communication systems, future reorganizations may address other areas.)
- i) There will be a significant number of managers retiring in the next five years which demands more attention to succession planning.

Goals for Restructuring. As the departments finalize the restructuring proposals for inclusion in the Proposed Budget, they will be directed to maximize the following:

- a) Reduce General Fund costs
- b) Increase accountability and reduce layers of decision making
- c) Increase efficiency and service delivery
- d) Organize to support critical systems
- e) Address the need for succession planning and sustainable organization

Timeline. The proposed timeframe for implementing the recommended changes are:

Nov-Dec 2003:	Department teams were formed to address the interim reorganization structure in terms of what operations should be in which department.
January 20, 2004	Council approval of the reorganization policies at which time the City Manager will assign the heads of the new departments.
Now thru July 04: May 04:	Implement incremental changes as appropriate. Include the major department changes to implement the interim reorganization in the Proposed Budget.
July 04:	Major department changes to be formally in place.
July 05:	Finalize the physical reorganizations coincident with moving into the new city hall.

FINANCIAL CONSIDERATIONS

The reorganizations will be structured to reduce costs to the General Fund. The final savings will not be determined until the Proposed Budget is submitted on May 1, 2004.

POLICY CONSIDERATIONS

The proposed reorganizations are being made in support of Council policy and direction to reduce General Fund expenditures and to place a high priority on the development process, project delivery and transportation planning.

ESBD CONSIDERATIONS

Not applicable.

Respectfully Submitted,



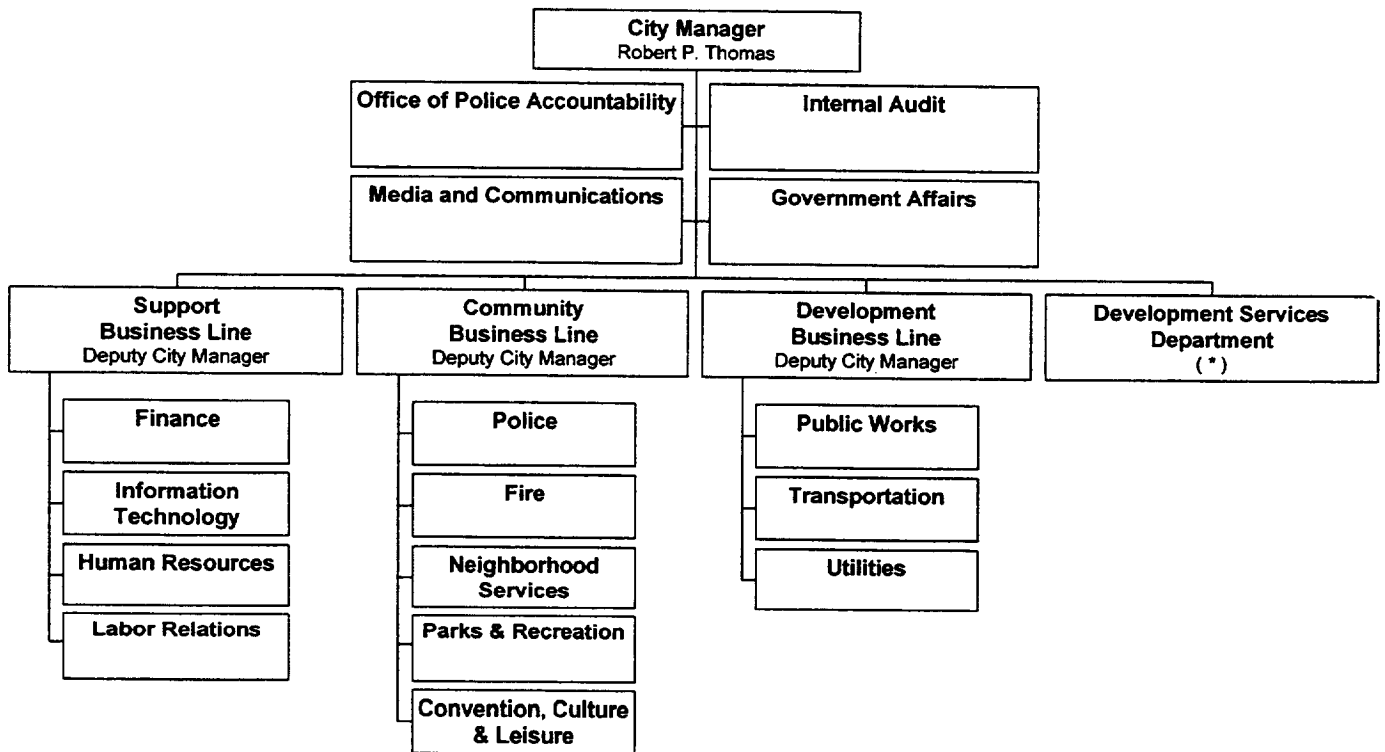
ROBERT P. THOMAS
City Manager

Attachments:

Attachment A:	Recommended (Interim) Reorganization Structure..	page 5
Attachment B:	Future Organizational Structure	page 6
Attachment C:	Reorganization Concepts	page 7
	Community Services	page 7
	Development Services	page 8
	Support Services	page 9
Attachment D:	SOAP Overview	page 10

The interim organizational structure assigns the Assistant City Manager to the newly created Development Services Department and removes that position from the chain of command within the City Manager's Office. The City Manager and Deputies will absorb the responsibilities of the Assistant as it relates to internal coordination of City operation and policies. This streamlining is proposed as a cost cutting measure as well as an efficiency measure in terms of flattening the organization.

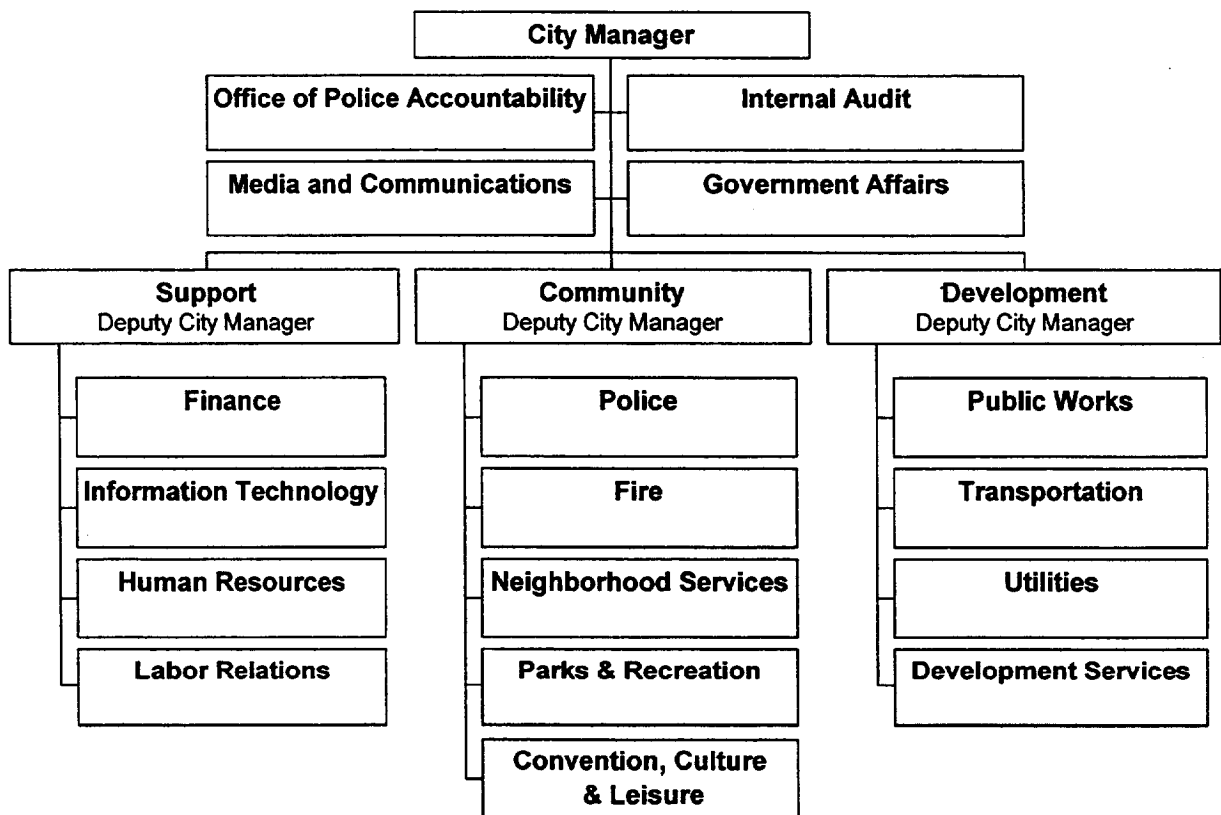
One of the Deputy City Managers will be assigned as interim Director for the Public Works and Transportation Departments, as well as head up the Development Business Line. This action is recommended as an interim cost savings measure as well as to allow time to put these two departments together prior to recruiting for the department head positions.



(*) The Development Services Department will include: Planning and Building Department, Economic Development Department, and parts of other current departments that are involved in the development process.

The City Manager proposes to continue with a Business Line reporting structure, each headed by a Deputy City Manager. The Deputies will report directly to the City Manager and the Assistant City Manager position will be eliminated. This organizational structure will be achieved in a phased in process. The first (interim) phase is depicted on Attachment A.

The final implementation of the organizational structure below will most likely take several years as the City works its way out of the current budget uncertainties.



This attachment summarizes the major functions of each department within the three business lines and also highlights the major changes proposed to be added (+) or eliminated (-) from the various departments. The final configurations and staffing will be presented to the Council in the FY04-05 Proposed Budget.

<p>CONVENTION CULTURE AND LEISURE</p> <p>(210 fte)</p>	<p>Convention Center Crocker Art Museum Discovery Museum Science & Space Center Fairytale Town History & Science Division City Cemetery Metro Arts Old Sacramento Sacramento Zoo (-) Off-Street Parking (to new Transportation Department)</p>	<p>Marina Golf</p>
<p>FIRE DEPARTMENT</p> <p>(580 fte)</p>	<p>Fire/ALS Operations Admin Services • Emergency Services Joint Task Force (Joint Operation)</p>	
<p>NEIGHBORHOOD SERVICES DEPARTMENT</p> <p>(80 fte)</p>	<p>Community Building Code/Zoning Enforcement Nuisance Abatement (-) Sacramento START (to Parks & Rec)</p>	
<p>PARKS AND RECREATION DEPARTMENT</p> <p>(834 fte)</p>	<p>Parks and Tree Services Recreation and Human Services Park Planning, Design and Development Marketing and Public Affairs Administrative Services (+) START</p>	
<p>POLICE DEPARTMENT</p> <p>(1,109 fte)</p>	<p>Technical Services Investigations Operations • Emergency Services Joint Task Force (joint Operation)</p>	

<p>DEVELOPMENT SERVICES DEPARTMENT</p> <p>(243 fte)</p>	<ul style="list-style-type: none"> (+) Planning & Building Dept (+) Development Services – Special Districts, etc. (from Public Works) (+) Downtown Redevelopment (from former Economic Development Department) (+) Citywide Economic Development (from former Economic Development Department) (+) Transportation Planning (new Org.) (+) Infill Coordinator (from CMO)
<p>PUBLIC WORKS DEPARTMENT</p> <p>(548 fte)</p>	<ul style="list-style-type: none"> Office of the Director Project Delivery Solid Waste Animal Care Services Fleet Management Facilities Construction/Design/Maintenance Real Estate/Asset Management (new Org.) (-) Contracts Compliance (to Finance along with ESD/Procurement) (-) Development Services (to new Development Department) (-) On-Street Parking (to new Transportation Department) (-) Traffic Engineering (to new Transportation Department) (-) Transportation Planning/Design/Funding/Construction (to new Transportation Department) (-) Street Maintenance (to new Transportation Department)
<p>TRANSPORTATION DEPARTMENT</p> <p>(254 fte)</p>	<ul style="list-style-type: none"> (+) Administrative Support (from Public Works) (+) Traffic Engineering (from Public Works) (+) Transportation Design & Funding (from Public Works) (+) Transportation Construction (from Public Works) (+) Street Maintenance (from Public Works) (+) On-Street Parking (from Public Works) (+) Off-Street Parking (from Convention, Culture & Leisure)
<p>UTILITIES DEPARTMENT</p> <p>(481 fte)</p>	<ul style="list-style-type: none"> Plant Services Engineering Services Field Services Business Services Public Plan Review (coordinate with Dev Serv Dept)
<p>Economic Dev DEPARTMENT</p>	<ul style="list-style-type: none"> (-) Department to new Dev. Services Department

<p>Finance Department</p> <p>(93 fte)</p>	<p>Accounting Budgeting Residential and Commercial Utility Bill Services Customer Service Public Counter (business license, fee collection, payment of parking citations) Centralized Copying, Interoffice, and Outbound Mail Law & Legislative Support Budget & Policy Analysis (+) Contract Compliance (from PW) Procurement ESB</p>
<p>Human Resources Department</p> <p>(76 fte)</p>	<p>City Employment Employee Development Programs Support Programs to City Department Americans with Disabilities Act (ADA) Administration Citywide Volunteer Coordination Safety Risk Management Equal Opportunity</p>
<p>Information Technology Department</p> <p>(62 fte)</p>	<p>CityWide Information Systems Wide and Local Area Network Support Computer Operations and Programming CityWide Telecommunications Desktop Support Internet & Intranet Services Fiber Optic Network Telephones</p>
<p>Labor Relations Department</p> <p>(8 fte)</p>	<p>Negotiation of Labor Contracts Administrator Grievances Employee Discipline Implementation of Labor Contracts</p>

Two Year Strategy

