

The background is a complex, abstract composition of various geometric shapes, primarily triangles and quadrilaterals, in shades of blue, green, red, and orange. The shapes are layered and overlapping, creating a sense of depth and movement. The colors are vibrant and contrast sharply against the dark background.

Breakthrough Change Recommendations

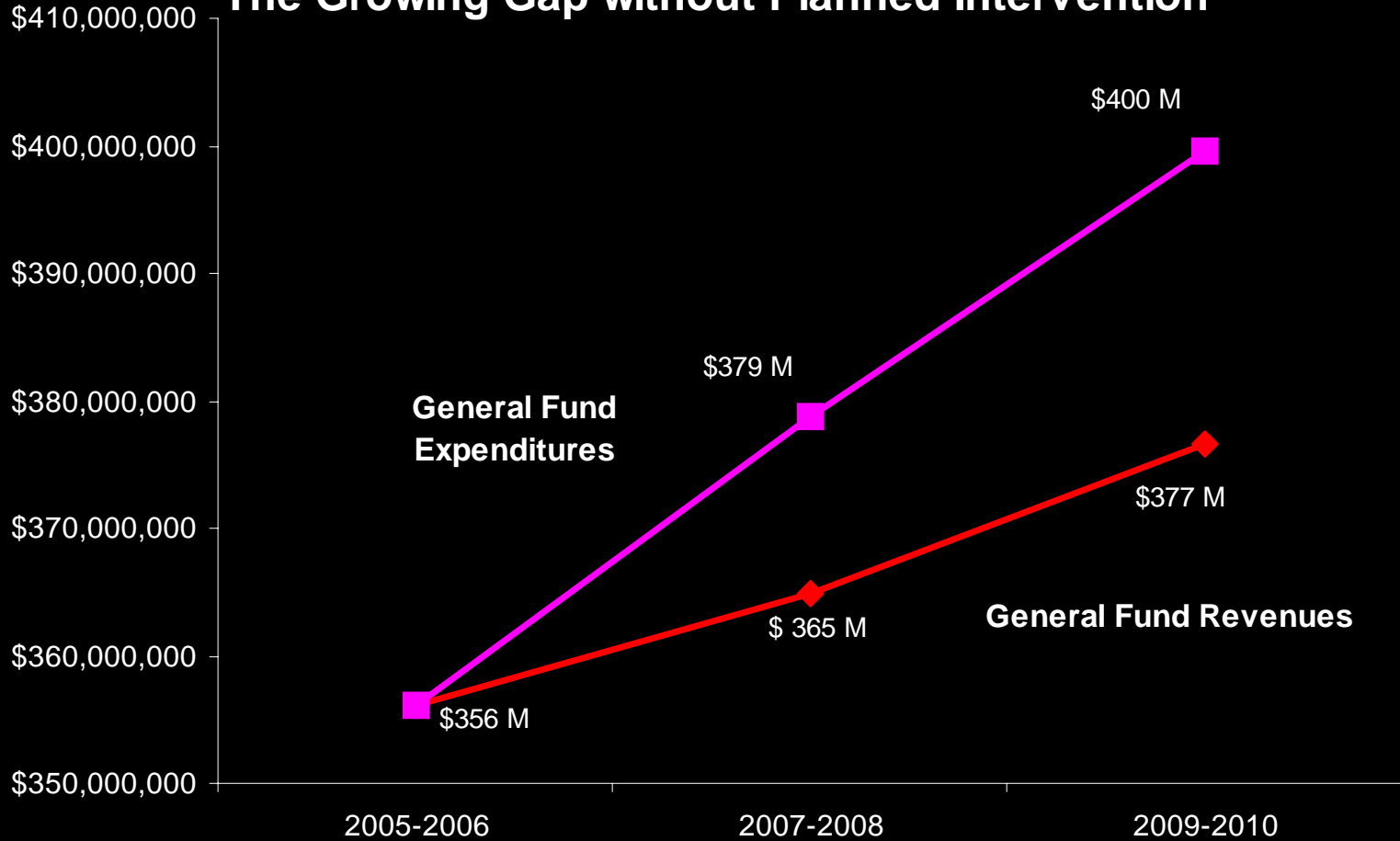
Part 2

Jim Walton

Why Breakthrough Change?

Structural Deficit

The Growing Gap without Planned Intervention



Why Breakthrough Change?

2003-2004 Biennial Budget was balanced by:

- Cuts to Metro Parks
- New revenues
- Department reductions
- One-time adjustments and cash reserves

There were no permanent reductions to service levels to mitigate future deficits.

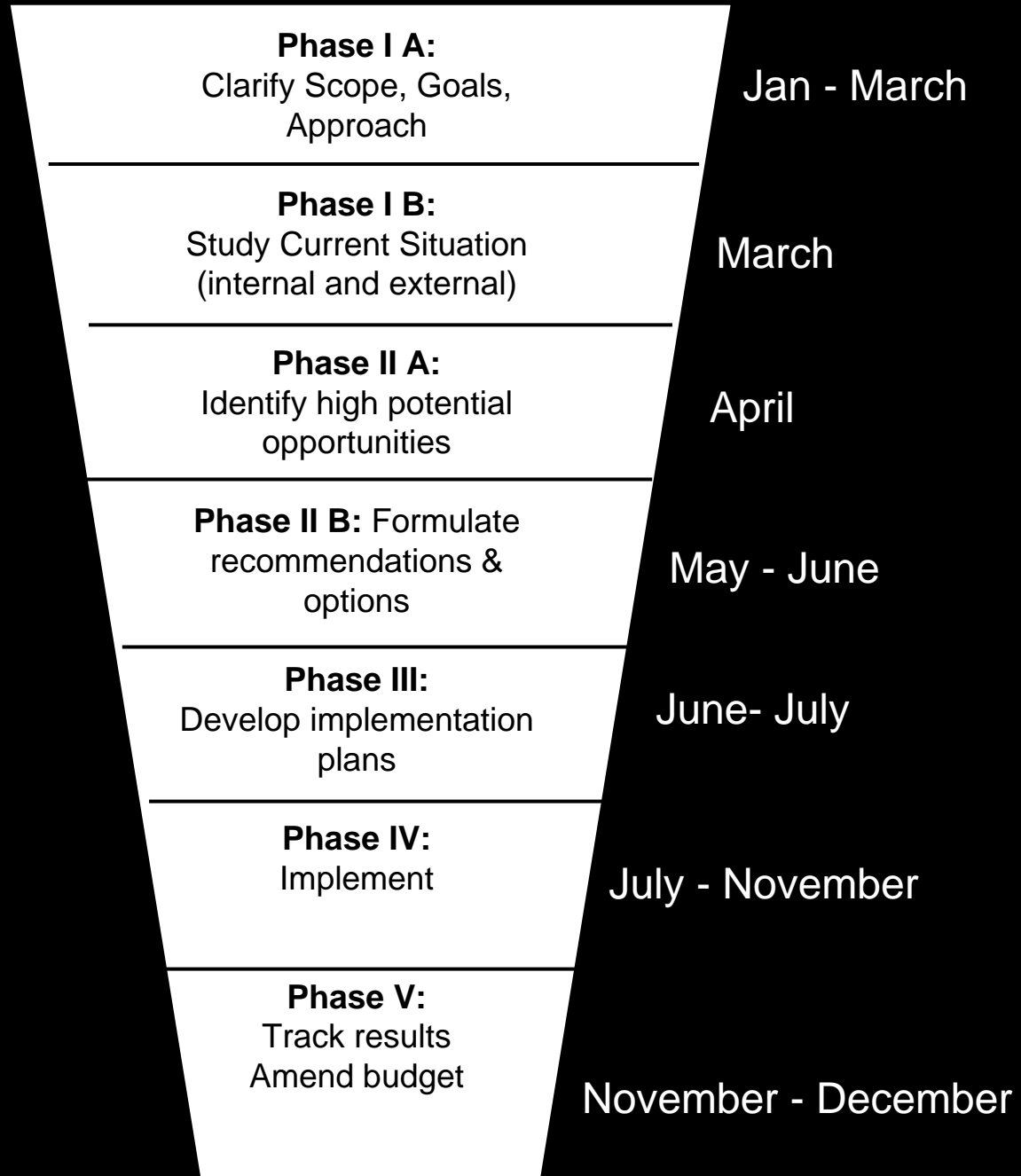
2005-2006 Biennial Budget was balanced by:

- \$10 million in cash reserves
- Department reductions
- Real estate sales

If we continue in 2006 with unfunded Council priorities for Police, Fire and the Family Justice Center, there will be a \$2.35 million budget gap.


Breakthrough Change - Process

Where we are today
→



What We Saw Last Week

Risk Management Team

- *Vehicle Accident Claims*
 - *Workers Compensation Claims*
 - *Employment Practice Claims*
 - *Claims Processing Efficiency*
- 

What We Saw Last Week

Compensation & Benefits Team

- *Compensation Policy*
 - *Employee Performance*
 - *Compensation Structure*
 - *Benefits Management*
 - *Medical Benefits*
 - *Post Retirement Benefits*
- 


What You'll See Today

- **Organizational Restructuring Team**

Goal: To provide a more efficient and effective organization for delivering services to citizens

- **Vehicles & Equipment Team**

Goal: To improve the efficiency and cost-effectiveness of providing fleet maintenance services, and in the purchase of City equipment and vehicles



What You'll See Today

- Some Opportunities were a “no go”
 - Too costly
 - Disruptive of service
 - Some Opportunities can move forward now (through implementation plans)
 - Some Opportunities are long-term
 - Major structural changes are long-term
- 

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Breakthrough Change

Organizational Restructuring/ Consolidation Team

Tacoma City Council
Breakthrough Change Initiative
Workshop

June 11, 2005



Agenda



- Team Goals & Process
- High Priority Opportunities
 - Span of Control/Layers
 - Functional Alignment
 - Summary of Cost Savings
- Next Steps

Team Goals



Primary Goal provided to team

- ▶ Target annual cost savings of \$1,166,000
 - ▶ Management efficiencies: \$750,000
 - ▶ Other savings: \$416,000

Team Goals



Team's Secondary Goals

- A more efficient and effective organization for delivering services
- Minimize impacts of organizational changes on providing City services
- Optimize span of control
- Provide functional alignment & acknowledge strategic priorities

Team Process Summary



- ▶ Two subcommittees
 - ▶ Span of Control/Layers
 - ▶ Management & supervisory structure
 - ▶ Ratio of supervisors to employees
 - ▶ Classifications
 - ▶ Functional Alignment
 - ▶ Functional Consolidation
 - ▶ Re-sourcing (out-sourcing, in-sourcing, alternative staffing)
 - ▶ Regionalization

Team Goals & Process



Key Assumptions

- ▶ The organization will shrink in the future: fewer services and employees
- ▶ Focus on delivering current services – service priorities from the budget process were not reassessed
- ▶ Structure depends on services – if services change structure should too

High Priority Opportunities



Span of Control/Layers sub-committee

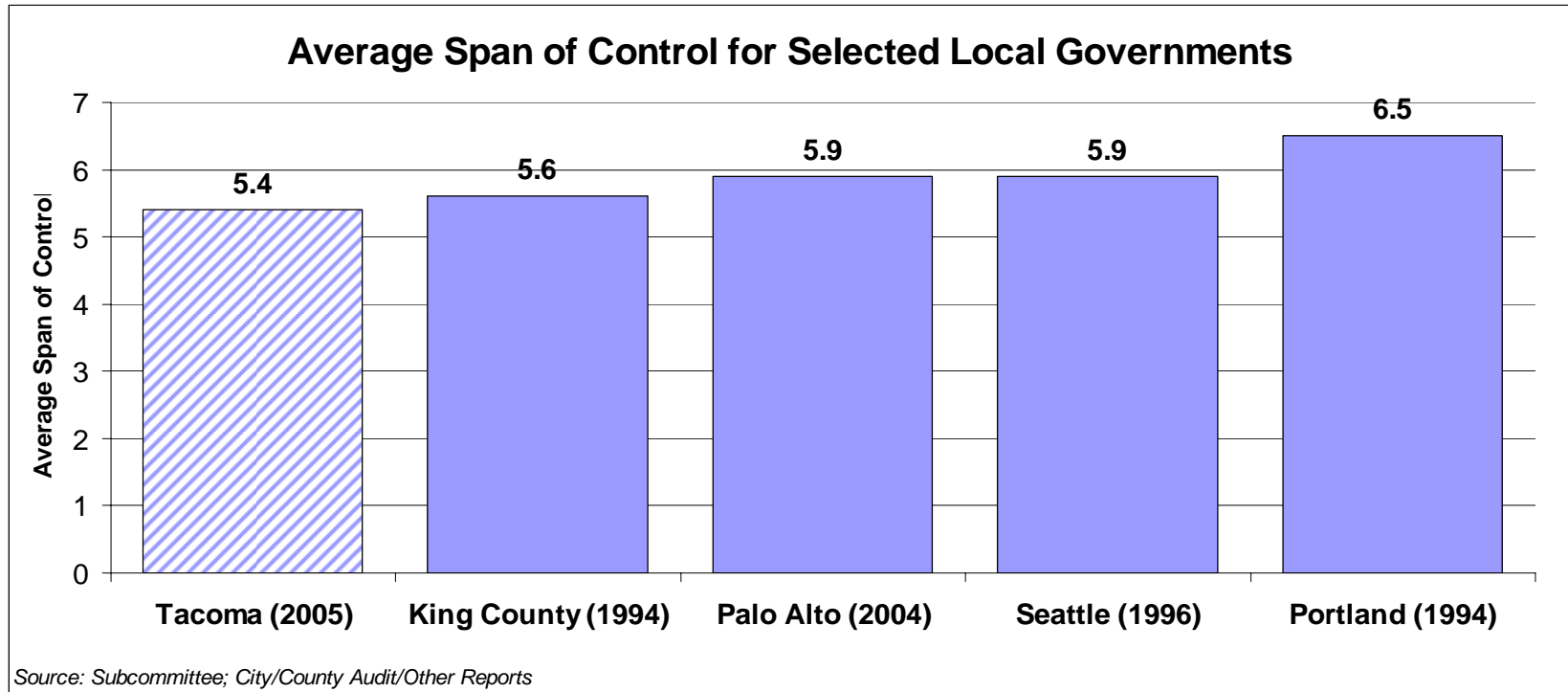
- Span of Control: # of persons supervised by one manager or supervisor
- City-wide 5.4:1 average span of control is slightly below other cities average span at the time they did their studies
- Supervisory span in departments range from 2 to 12
- 50 percent of supervisors have less than 5 direct reports

High Priority Opportunities

Span of Control/Layers sub-committee



Span of Control: Comparisons at time of studies

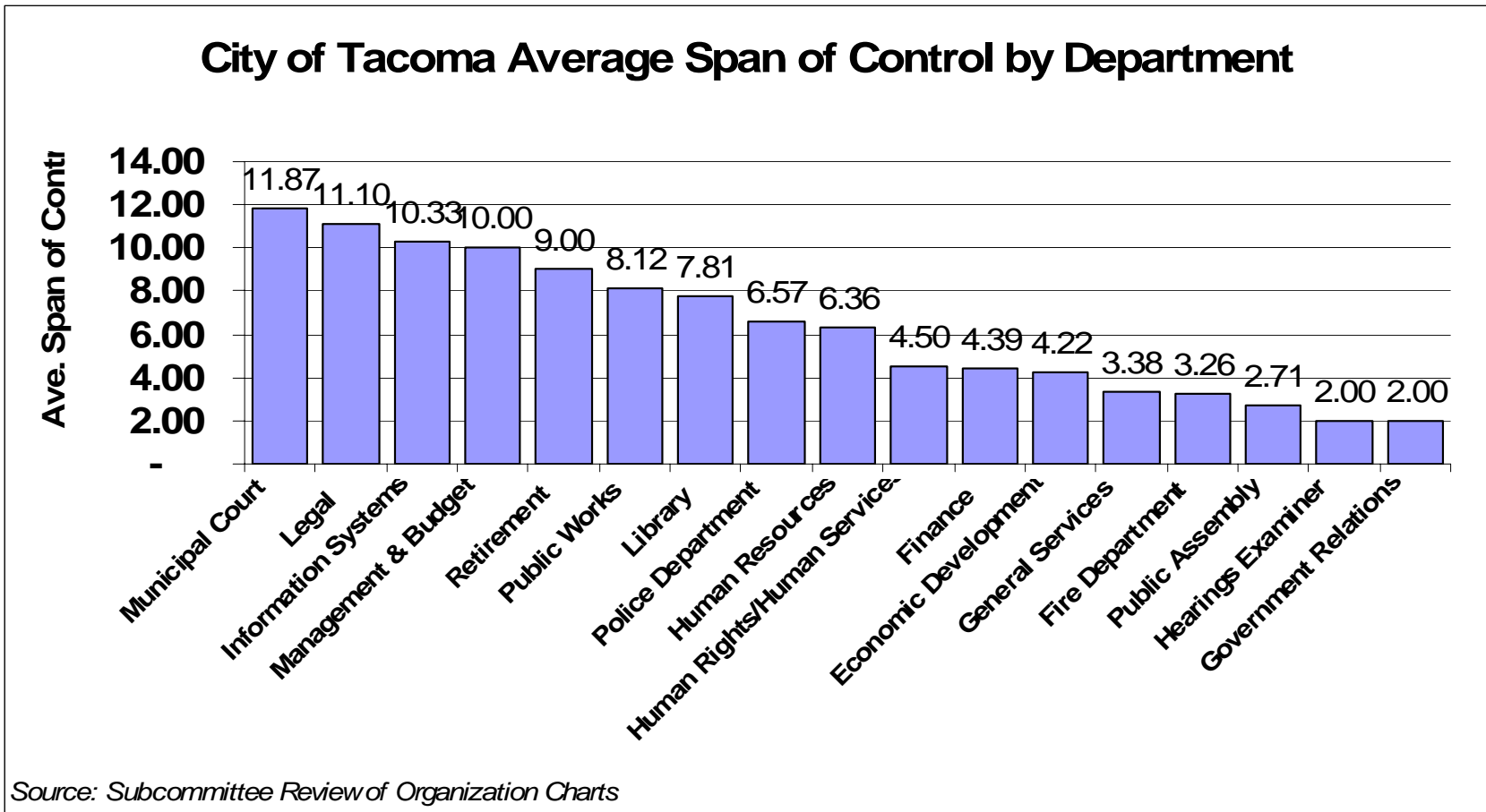


High Priority Opportunities

Span of Control/Layers sub-committee



Span of control: Average by department

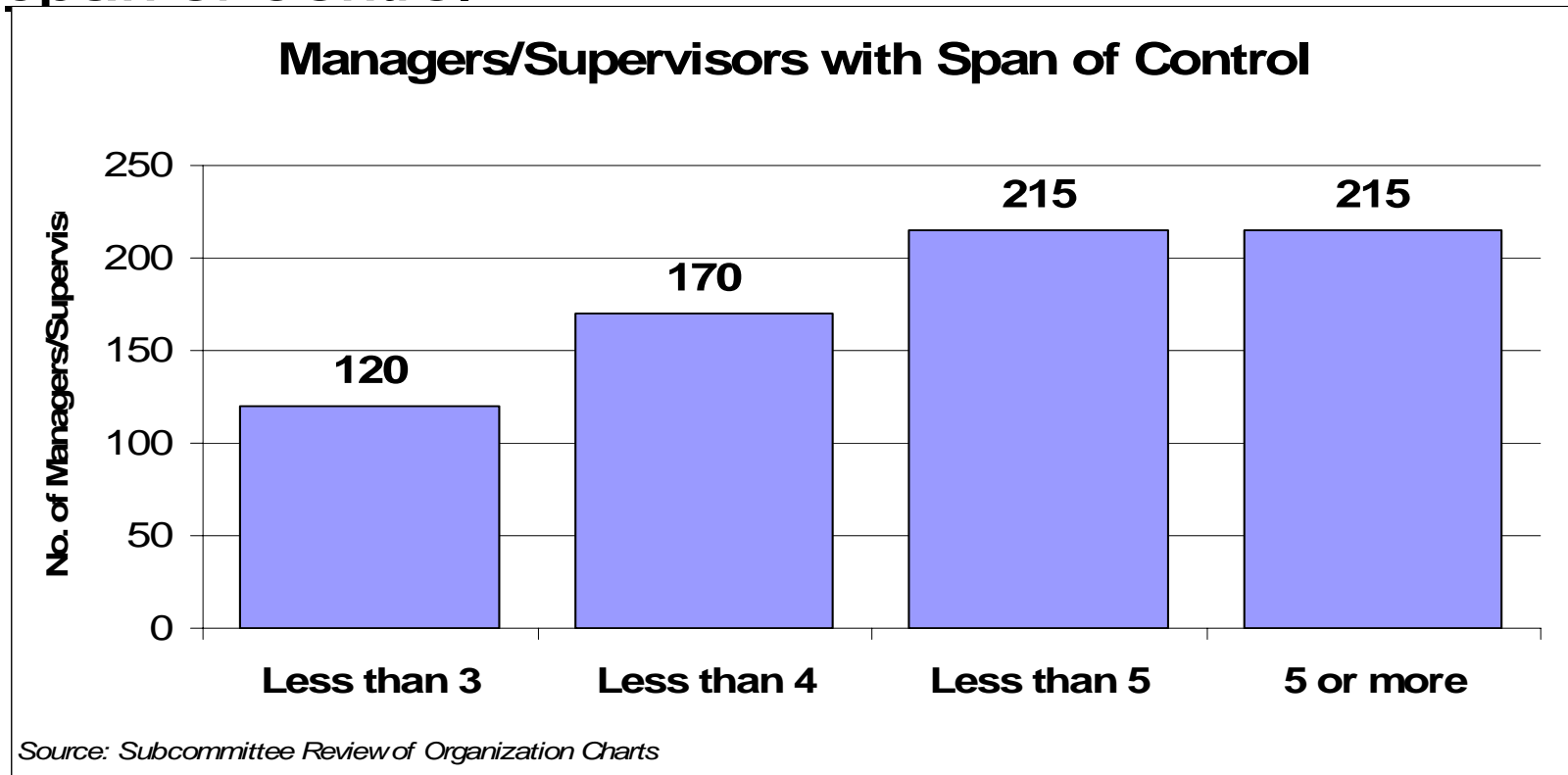


High Priority Opportunities

Span of Control/Layers sub-committee



Span of Control



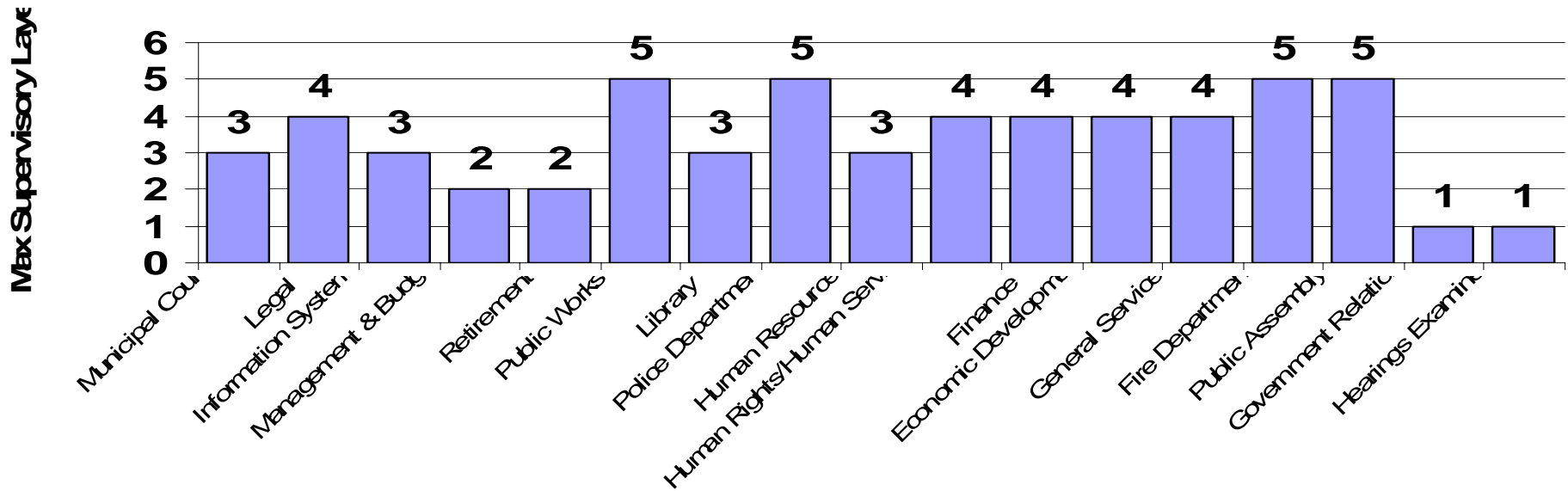
High Priority Opportunities

Span of Control/Layers sub-committee



Management Layers

City of Tacoma Maximum Supervisory Layers by Department



Source: Subcommittee Review of Organization Charts

High Priority Opportunities

Span of Control/Layers subcommittee



Recommendations

- ▶ Preferred Option: review supervisor positions that supervise less than 4 employees
 - ▶ Estimated savings of \$2,250,000/biennium
- ▶ Review will result in increased spans and fewer layers

High Priority Opportunities

Span of Control/Layers sub-committee



Classification

- High number of classifications not comparable to cities of similar size
- Issues in classification also identified by Compensation and Benefits Breakthrough team and 2004 Personnel Management System audit
- Recommend HR review and address classifications matters identified in span of control/layers work

High Priority Opportunities

Functional Alignment Sub-committee



Framework

- Universe of potential opportunities
 - Environmental scans (best practices, benchmarking, staff survey, City Council, team members and consultants)
 - Validate/Refine opportunities
-
- Specific analysis
 - Implementation planning

High Priority Opportunities

Functional Alignment Sub-committee



Assumptions

- All savings considered, both General Fund and non General Fund
- Continuation of existing services
- Efficiency improvements also considered
- All opportunities not created equal
- Further analysis of all high potential opportunities is required

High Priority Opportunities

Functional Alignment Sub-committee



Functional Alignment analysis

- Consolidation opportunities
- Re-Sourcing opportunities
- Regionalization opportunities

High Priority Opportunities

Functional Alignment Sub-committee



Consolidation option #1

Combine the Historically Underutilized Business program (HUB) with the Local Employment and Apprenticeship program (LEAP), both in Finance

- ▶ Savings based on reducing to one supervisor, making one position staff level
- ▶ Non GF Savings: \$21,000/year (approx)

High Priority Opportunities

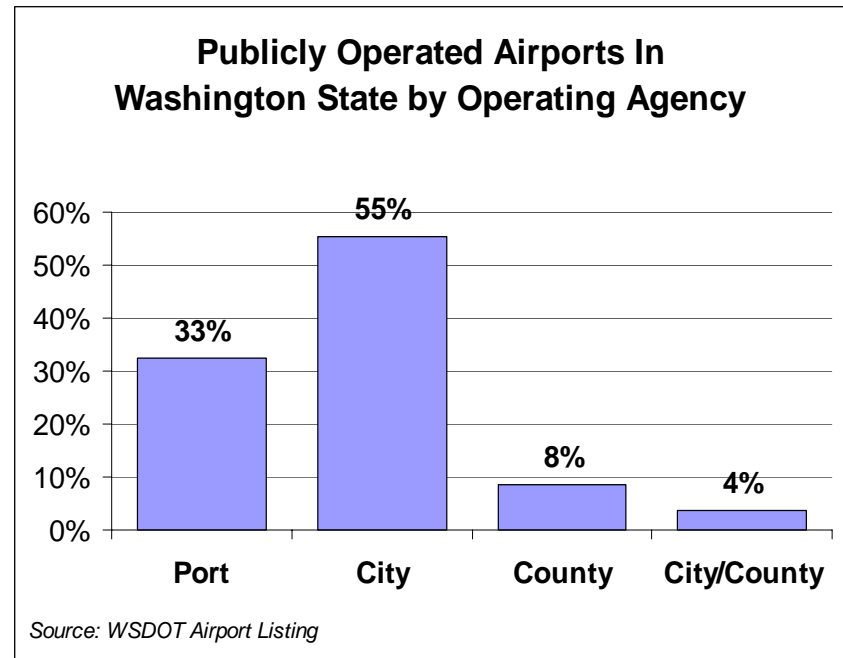
Functional Alignment Sub-committee



Consolidation option #2

Explore transferring ownership of Tacoma Airport to Port of Tacoma

- Eliminates potential liability by \$2.85 million, which would be GF obligation



Note: Some cities do not have a Port agency available

High Priority Opportunities

Functional Alignment Sub-committee



Consolidation option #3

Combine the City's Retirement Systems administration functions into one department/division

- City currently administers 4 retirement systems/plans
- Savings from combining and reclassifying positions
- GF savings: \$20,000/year

High Priority Opportunities

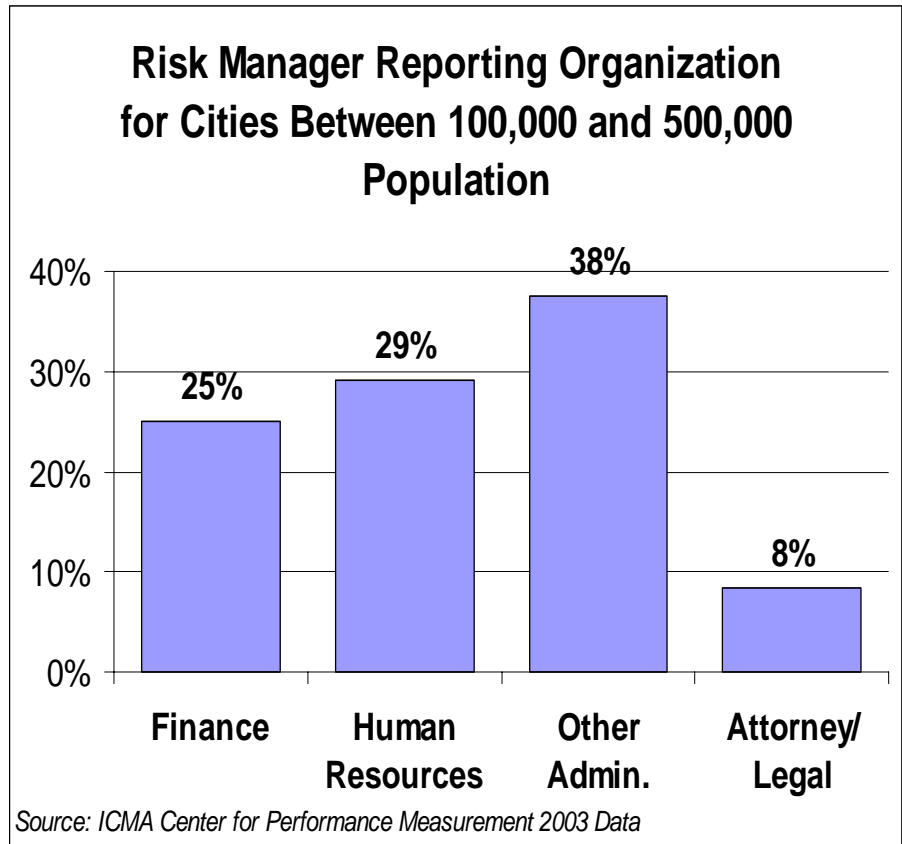
Functional Alignment Sub-committee



Consolidation option #4

Move the risk management function from Human Resources to Finance

- Requires systemic review: other groups also studying functions within Risk Management Division
- Unknown savings



High Priority Opportunities

Functional Alignment Sub-committee



Consolidation option #5

Consolidate Electrical Maintenance function in TFD and street light and traffic signals function in Public Works

- Requires additional analysis to determine if functions are compatible
- Savings from demoting supervisory position
- General Fund savings: \$28,800/year

High Priority Opportunities

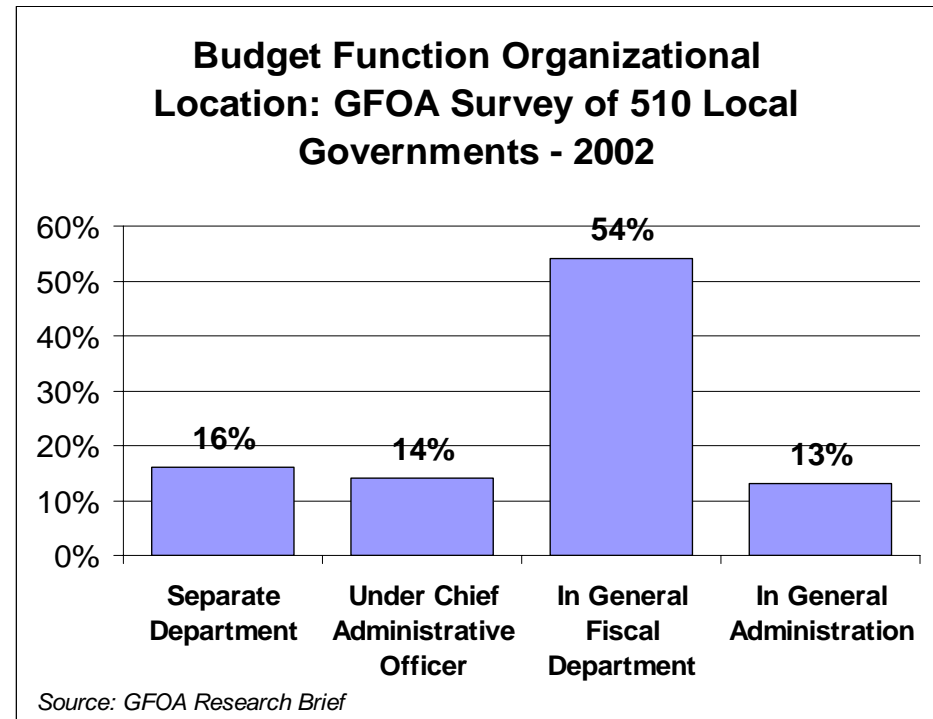
Functional Alignment Sub-committee



Consolidation option #6: Budget function in Finance

| Budget Function Organization Location | |
|--|-------------------|
| City | Department |
| Bellevue | Finance |
| Eugene | Finance |
| Everett | Separate |
| Gresham | Finance |
| Salem | Separate |
| Seattle | Finance |
| Spokane | Finance |
| Tacoma | Separate |
| Vancouver | Finance |

Source: City web sites; MRSC Web Site



High Priority Opportunities

Functional Alignment Sub-committee



Consolidation option #6: Budget function in Finance

Eliminate the Office of Management and Budget Analysis as a separate department and consolidate its budget function and personnel in Finance

- Savings based on classification/elimination of positions
- Savings ranges from \$78,100 to \$170,500/year
- GF savings: \$21,087 to \$46,035/year

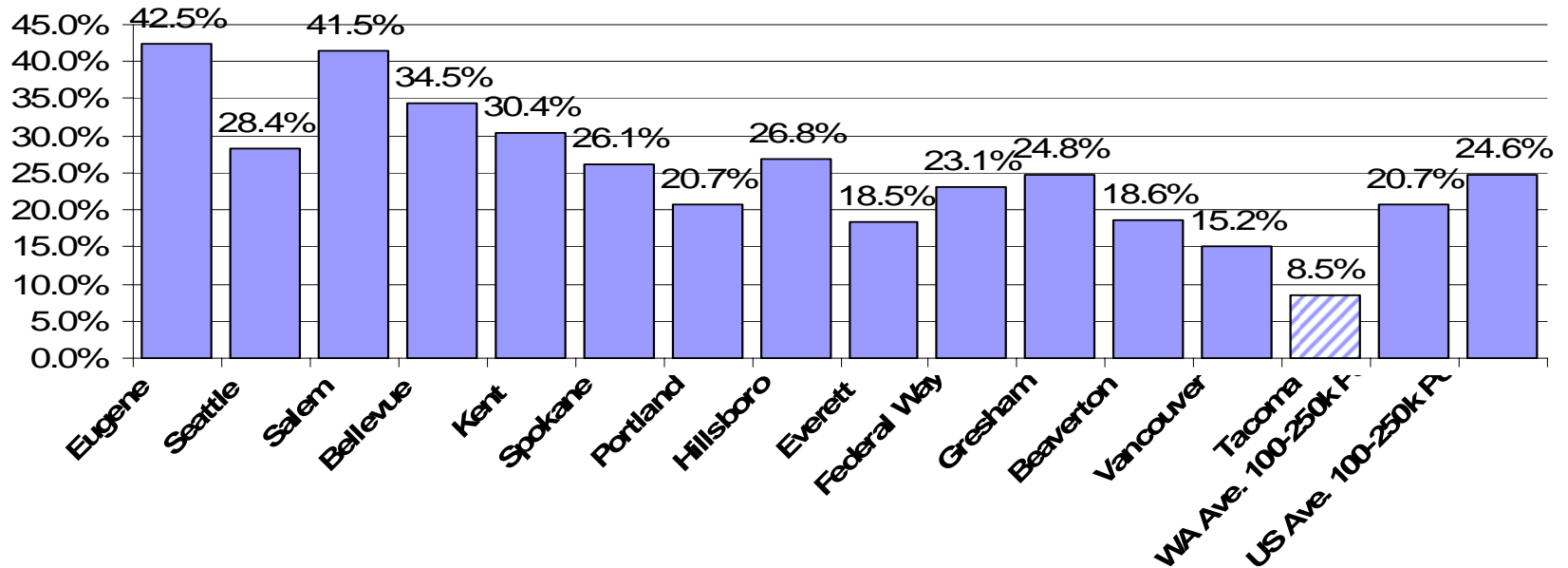
High Priority Opportunities

Functional Alignment Sub-committee



Re-Sourcing option #1

**2003 Police Department Staffing:
Civilian Staffing as a Percentage of Total Staffing**



High Priority Opportunities

Functional Alignment Sub-committee



Re-Sourcing option #1

Increase use of non-commissioned staff in Police Dept. to perform administrative functions not requiring commissioned staff

- Examples include future staffing of substations and reclassifying quartermaster and public information officer positions
- GF savings: \$140,568/year

High Priority Opportunities

Functional Alignment Sub-committee



Re-Sourcing option #2

Contract out grounds maintenance function to a private firm

- Pilot project for managed competition
- Estimated savings based on 5 percent savings through partial outsource
- GF savings: \$87,793/year

High Priority Opportunities

Functional Alignment Sub-committee



Regionalization option #1

With the agreement of Pierce County Library District (PCLD), Tacoma citizens could vote to annex library services to PCLD

- PCLD would be solely responsible for delivering library services, determining levels of service and policies
- Savings based on difference in between funding as part of PCLD vs. subsidy from GF
- GF savings: \$4.5 million/year

High Priority Opportunities

Functional Alignment Sub-committee



Regionalization option #2

Share regional animal control with adjacent urban municipalities

- Estimated cost for animal control is \$1.2 million for 2006
- RFP in preparation stage
- GF savings: unknown

High Priority Opportunities

Functional Alignment Sub-committee



Regionalization option #3

Create regional organization for arts support, both organizational and financial support

- The issue could be explored by the City of Tacoma Arts Commission
- GF savings: unknown

High Priority Opportunities



Total Cost Savings

| | | 2006 | 2007-2008 | 2009-2010 |
|------------------------|---------|-----------------|------------------|------------------|
| Span of Control/Layers | GF: | \$750,000 | \$2,250,000 | \$2,250,000 |
| Functional Alignment | GF: | \$157,680 | \$596,496 | \$596,496 |
| | Non GF: | <u>\$78,013</u> | <u>\$156,026</u> | <u>\$752,522</u> |
| Total | | \$985,693 | \$3,002,522 | \$3,002,522 |

Total of \$3,003,000 per biennium
(General Fund and Other)

Not including library

Next Steps



- Initiate review of supervisory positions now with changes starting in 2006
- Establish department goals for span of control and require departments to develop plans in 2005 for 2006
- Detailed analysis of business case for functional alignment opportunities

Thank You



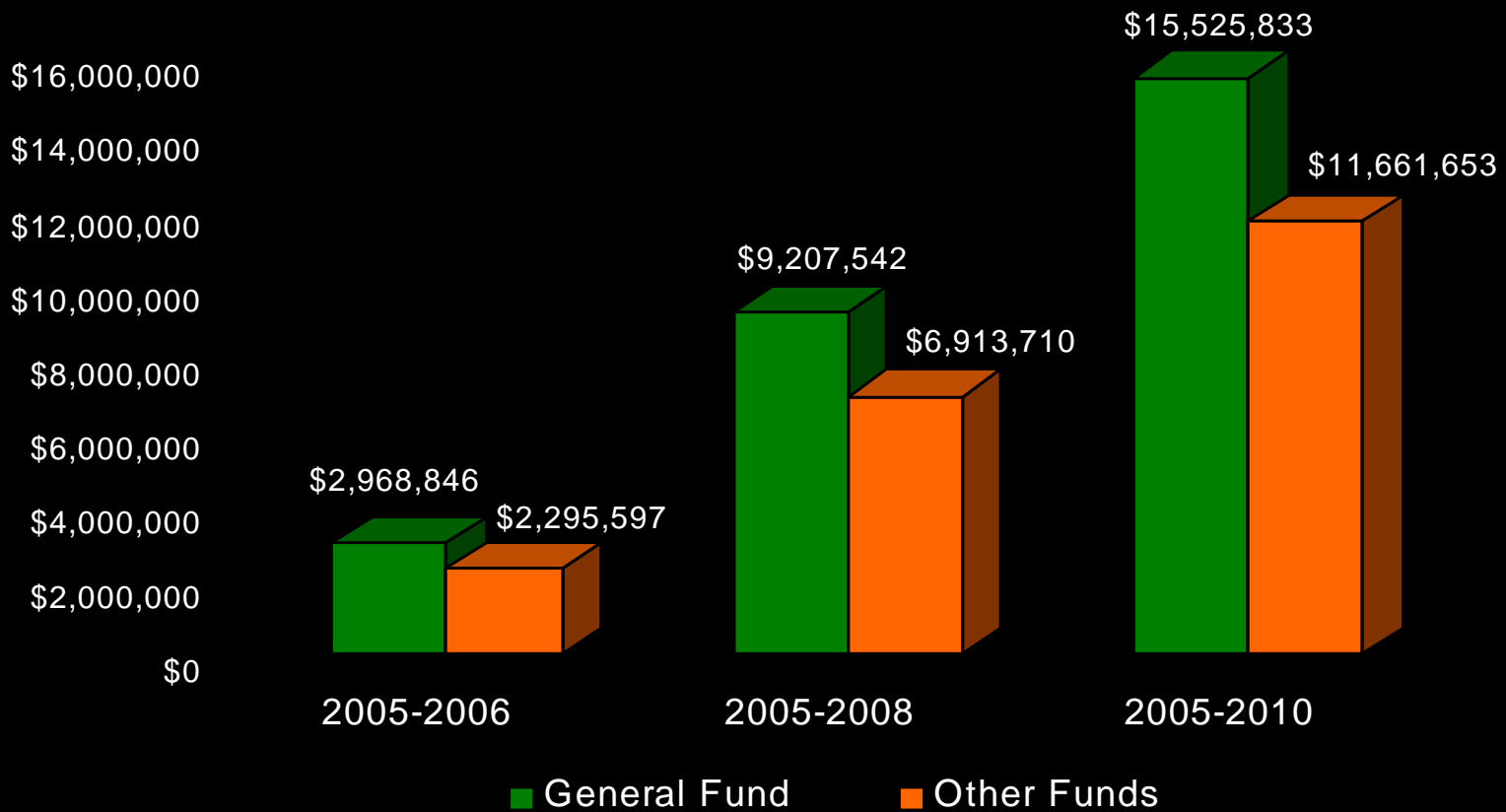
► Questions?

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Breakthrough Change

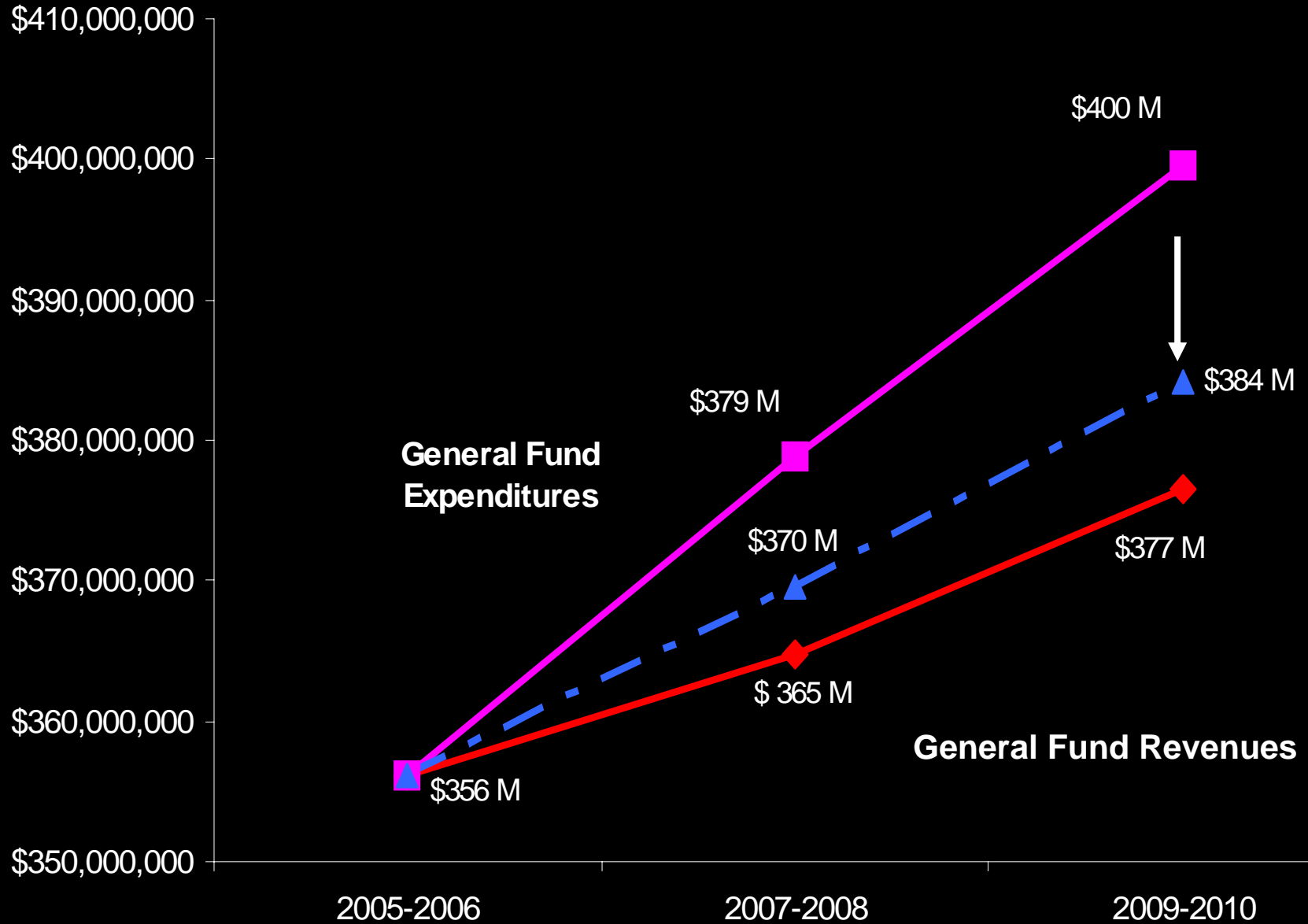
Breakthrough Change Initiative

Cumulative Savings - All Teams



Structural Deficit

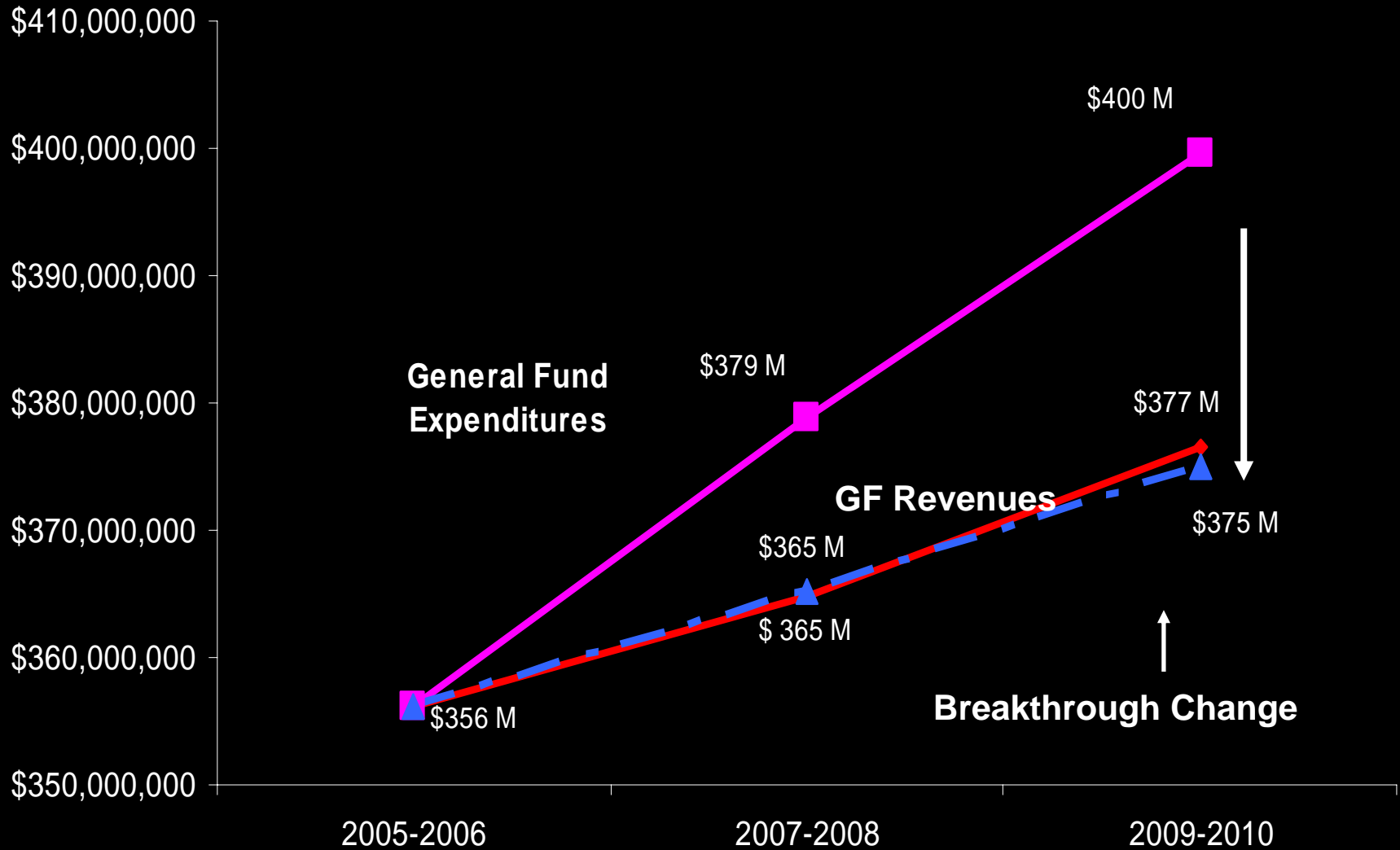
Breakthrough Change - without Regional Libraries



Breakthrough Change Impact: General Fund Expenditures drop to the level of the BLUE dashed line
Source: June 2005 General Fund Forecast


Structural Deficit

Breakthrough Change - with Regional Libraries




Breakthrough Change Impact: General Fund Expenditures drop to the level of the BLUE dashed line
Source: June 2005 General Fund Forecast

Next Steps

- **Council Direction:** What recommendations should move forward, what should we not pursue?
 - **Develop implementation plans (June/July)**
 - **Implement Breakthrough Changes (July/November)**
 - **Track results and amend budget (December forward)**
- 
- A decorative horizontal light streak with a purple-to-white gradient, consisting of several parallel lines, is located at the bottom of the slide.

Key Ingredients for Success

- **Political will**
 - **Courageous leadership**
 - **Transparency – informing public**
 - **Discipline to set clear targets...
and hold us to them**
- 

Breakthrough Change

What are our chances
of being successful?

50 – 50

75 – 25

100%



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Breakthrough Change