


10/19/2010

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AGENDA REPORT

TO: Mayor and City Council
FROM: Capistrano Organizational Review Effort (CORE) Team 
SUBJECT: Status Update from Capistrano Organizational Review Effort (CORE)
Team Phase 2

RECOMMENDATION:

Receive, provide direction if any, and file.

SITUATION:

Due to the continuing economic challenges faced by municipal governments and special districts, the CORE team was asked by the City Manager to evaluate functional work areas of City government and provide feedback to the City Council relating to services provided by City staff to residents and the general public. This information was presented to the City Council in August 2010, at which time the City Council directed the CORE team to review the entire list of identified functions and to return to the City Council with a prioritized recommendation list.

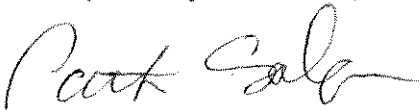
NOTIFICATION:

None.

RECOMMENDATION:

Receive, provide direction if any, and file.

Respectfully submitted,



Cathy Salcedo
Vice-chair

Attachment:

1. Update Memorandum and Attachments

MEMORANDUM

October 19, 2010

TO: Joe Tait, City Manager
FROM: CORE Team
SUBJECT: Update on CORE Committee Phase 2

Attached are the finalized in-sourcing / outsourcing recommendations in order of priority as recommended by the CORE Team. The attachments reflect the City's functional areas presented to council on August 17, 2010 for council's consideration for delivering those identified services to the public.

The CORE team reviewed costs, quality, and delivery of services associated with each function during the review process. The staffing compliments or outsourced hours estimated was either actual headcounts for the present delivery of service or best estimates by the CORE Team if the City were to determine an alternate delivery practice is warranted.

When considering the probable costs of any contracted firms for delivery of services or project-related tasks, it was necessary to consider averages among several potential / proposed contracts as each service task or project cost is determined by any proposed or individual scope of work. Cost comparisons for ongoing function outsourcing were determined by comparisons of like municipalities' existing agreements that had similar scopes of work and expectations of services rendered.

Phase 3 of the reorganization will commence on November 3, 2010, and will focus on implementation of identified organizational and business process and practice changes.

Exhibits: 1. Prioritized List of Current Functions for Consideration
 2. Additional Functions Considered by CORE Team

**Prioritized List of Current Functions
Considered for Change by CORE Team**

Traffic Engineering	Most of these functions are currently performed by consultants whose scope of work could be expanded.
Historic Preservation	Most of these functions are currently performed by consultants whose scope of work could be expanded.
Payroll/Vendor Payments	Cost savings and efficient and best use of staff's time is needed elsewhere in the organization. Technology, combined with outsourced processing, will alleviate much of this inefficiency.
Environmental regulatory Compliance/Specialized inspections	Some of this work is currently outsourced. The City currently uses consultants for all project-related services.
Grant Writing	Many staff members currently dedicate a percentage of their time to grant writing and tracking. Effective use of a qualified grant specialist would return the City any costs of outsourcing many times over.
Graffiti Removal	Partnering with adjoining cities would save significant costs and qualify the City for available grant funding.
Code Enforcement	Enhancing staff efforts with outside or part-time personnel would return significant, uncaptured revenue to the City.
Housing	Expand and return position duties back to Development Services which could preclude us from hiring additional staff. Many of the housing duties are currently outsourced.
Admin Assistance in Finance / Customer Svc.	Relocate staff to permit counter to avoid additional personnel costs and cross-train existing staff
Engineering	Many cities outsource some or most of these functions and tasks. CORE Team concludes that the department size and scope requires further study.

Insourcing vs. Outsourcing

Areas Considered for Change as Reviewed by CORE Team

Administrative Assistance	For operational continuity in departments and throughout the City, this function should remain in-house.
Building Inspection	Concern for quality control coupled with outsourced cost was not deemed advantageous to the City.
Business Licensing	Identified during Phase 1 for program expansion, to remain in house and be grouped with Code Enforcement in Development Services Department.
City Attorney	Not within the purview of the CORE Team.
City Clerk	Not within the purview of the CORE Team.
Public Service Counter	The "one stop shop" service counter, once implemented, would improve the delivery of service to the public. Remodel / construction on hold.
Engineering	Due to the large nature of potentially outsourcing a department, this area requires further cost benefit analysis.
Fire	Not within the purview of the CORE Team.
Human Resources	Many services are already outsourced; remaining services related to labor negotiations, personnel actions, studies and programs, administration/HRIS, and employee relations are better suited for minimal, in-house personnel.
Information Technology	Majority already outsourced; it would not be cost effective to in-source this area due to cost of equipment and program purchases.
Meter Reading	This program is recommended for AMR/AMI automation.

Parking Permits	This area requires further cost and delivery of service analysis. Currently, partially outsourced.
Police	Not within the purview of the CORE Team.
Printing and noticing	An all-inclusive printing and noticing contract has already been approved by the City Council.
Public Lands Management	This function was identified in Phase 1 as a future function to be performed in house. Job description and cost is being formulated.
PR, marketing, and branding	A portion of this remains in house and portions already outsourced for cost savings and better availability of professional services. The Council has included branding as a priority in the Strategic Business Plan.
Recreation/Special Events	More cost effective to remain in house. Some special events are already outsourced to contracted firms.
Risk Management	Training and insurance (general liability, special event, and property) are currently outsourced. Program administration is performed by in-house personnel.
Street, Sewer, Field and Facility Maintenance	Some major maintenance functions are currently outsourced. Future outsourcing of facility maintenance would partially be dependent upon any city hall relocation.
Utilities operation, production and inspections	A cost/benefit/delivery-of-service analysis was previously conducted on this area. A portion of maintenance is already outsourced.