AGENDA

Meeting Type:	W
Date:	07-13-1992
SUBJECT	

City of Charlotte, City Clerk's Office

7-13-92 WORK SHOP

Mayer	✓		
Campbell	✓	X	
Clodfelter	✓	X	
Hammond	✓	X	
McCrory	✓	X	
Majeed	✓	X	
Manzione			
Martin	✓	X	
Patterson			
Reid	✓		
Scarborough	✓	X	
Wheeler	✓	X	

5:20 P.M.

Hammond
Seifert
Clodfelter / Wheeler
Hammond
McCrory / Martin - of course Ann Hammond
Clodfelter / Martin - approve Resolution
Clodfelter.
Hammond
Clodfelter
Hammond
Freeze (add to agenda)
Clodfelter / Martin - Lease.

Chal / Wheeler resume
Hammond
— Right sizing — White
— Sypert
Dave Cooke
Boyd Cauble — Retirement incentives
Anna Ellis — " "
Martin Cronton — Organization Team
Wayne Pearson — Innovation Team
Nancy Elliott — Customer Service
Dave Cooke — Right sizing Technology
— Dunwhite
— Mayer
Stan
Mayer
White
Mayer
Dinner Break 6:25
Resume 6:40
Mayer
Majeed —
Pam Sypert
Dave Cooke
Mayer Vinnedt
Don Reid
Pam Sypert

Reid . . . go to new computer

Pam

Reid

Pam - no obligation to Ontario

Reid - how are overpurchased?

Dave Cole

Reid

Cooke

Reid why Gateway failed to respond

Cooke

Reid

Cooke

Pam Syfert

Reid

Pam Syfert

Reid

Pam - Ella arrived here 6:50

Reid

Pam

Campbell

Dave Cooke

Wolfetter

Mike Boyd

Mayor

Wolfetter

Cooke
Syfert

McCoy
Cooke
Sypert
White
Sypert
Hammond – adv. to leasing?
Sybert
Possine
Ella Scarbrough
Possine
Scarbrough
Possine
McCoy
Cooke
White
Cooke
McCoy
Pam Sypert
McCoy
Cooke
McCoy
Sypert
McCoy
Sypert

McCrary
Hammond
White
Hammond
Hammond / Scarborough — 6 to 3
Oral factor - Reid - Campbell (oppose)
Mayer
Scarborough
Seffert
Scarborough
Seffert
Scarborough
Seffert
Scarborough
Mayer
Scarborough
Seffert
Scarborough
White
Mayer
McCrary
Seffert — lopsiding costs
Mayer
Lyon / Scarborough
Reid
Nancy Elliott

Reed
Pan Sypert
Reid
White-Tucs' ir
Reid

Sypert
White

Mayer
White
McCarty
Sypert
McCarty
Hammond

Mayer
Martin

Mayer - (Lerner. vote)
Sypert - sewer cavanty sewer.
Mayer -
Scarborough
McCarty
White

McCarty
Hammond
McCarty
Hammond

Mayor
Martin
Hammond
Martin
white that right
Campbell
Scarborough
Mayor
Reid
McCrory - Conflict of interest
Reid
Mayor
Reid
Mayor
Reid
Pearson
Reid
Pearson
w: alexander
Reid
Mayor
Reid
Anna Ellis
Reid
Seifert

White
Syfert
Reid
Syfert
White
Syfert
Anna Ellis
Syfert
Mazor
Majerus
Martin
Syfert
Martin
Syfert Placement process
Martin
Syfert
Martin real vacancies?
Syfert
White
Syfert
motion Vinkout
Scarborough
Reid
Scarborough
Mazor
Reid

Cooke
Reid
Cooke
Reid
Cooke
White
Reid
White
Mayor
Hammond - motion Ham / Whe
Whaley - Second
second - Pat McCrory
address concerns re - consultant
Mayor -
Martin
Mayor
Scarborough - levels of management
White
Sypert
Scarborough
Reid
Stan Caplan
Mayor
White call for ? unanimous Listen here for
Hammond - motion - Mildred - second - 3rd so Elect on
Scarborough second the third Reid -
NO

Majoed -
Mayor
Hammond - motion Next agenda item
Martin - Second
White
EIA - Shelter - National Bank
Move to adjourn -
Reid / Martin

Adjourn 7:55

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July 13, 1992

DR-034-071392-City Council

Mayor Richard Vinroot and Members of the City Council
City of Charlotte
CMGC
600 East Fourth Street
Charlotte, NC 28202

Mayor and Members of Council.

Re: Downsize first, Rightsize later

Ref: (A) Article in "GOVERNING", July 1992 titled, "Tailoring Local Government to the 1990's" furnished to us by the Manager's office.
(B) My memo, DR-025-061792-Vinroot, re organization structure.
(C) My memo, DR-031-071392-City Council, re work measurement.
(D) My memo, DR-032-071392-City Council, re organization structure.

Quoting from Reference A, page 31, sidebar, **SEVEN STEPS TO RIGHTSIZING**, "1. **Downsize:** Make across-the-board cuts that shrink the size of government and democratize the pain of an initial round of cuts."

I congratulate Wendell for not replacing his secretary, Nancy Gilbert. In my view he is setting an example for the entire organization.

Since I have been on City Council I have called for a significant "downsizing" of our City Government The City Manager on the other hand has called for a "rightsizing" of City Government The problem is that "downsizing" means immediate reductions with significantly fewer employees and according to the Manager's proposal "rightsizing" means, "There will be no layoffs as a result of rightsizing." DOWNSIZING can be characterized as immediate actions while RIGHTSIZING is a continuing process.

Charlotte can no longer afford the current government structure Let's "downsize" first and then "rightsize" it In Reference C it is recommended that the Manager engage a work measurement consultant to start from the bottom up and measure every job where work is performed In Reference D it is recommended that City Council engage an organization consultant to recommend to us an organization structure that eliminates significant levels of management. Both of these recommendations will result in the need for fewer people to accomplish the task

Let's work on this downsizing together with the staff Let's face the realities of the 90's now If we delay, the pain will be even worse in the future

Sincerely,

Don Reid

CC Wendell White

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July 13, 1992
DR-032-071392-City Council

Mayor Richard Vinroot and Members of the City Council
City of Charlotte
CMGC
600 East Fourth Street
Charlotte, NC 28202

Mayor and Members of Council:

Re: Selection of a management consultant to study our organization.

Ref: (A) This item in our agenda for the July 13, 1992 Workshop.
(B) My memo, DR-025-061792-Vinroot, re same subject.
(C) My memo, DR-031-071392-City Council, re work measurement

In reference (B) I said.

"Most importantly, the City Charter says, **"The City Council may by ordinance create, combine, consolidate, and abolish such offices, positions, and departments as it may from time to time deem best for the operation of the city government..."** I believe that, unless you want to change the City Charter, it is quite clear that the organization structure of City Government is our responsibility and not the City Manager's."

With all due respect for the City Manager and without diminishing his authority or responsibility in any way I believe that it is the City Council's responsibility to decide what the organization of the city will be. Further I believe that we need an organization consultant, reporting to us, to recommend how we can streamline our organization and significantly reduce the superstructure of management which has been created in times of plenty. We no longer have that luxury of such an organization.

I believe it is our responsibility to recreate, if you will, the "organization" and the Manager's responsibility to find the most efficient way to accomplish the work to deliver the services we direct, see reference C

Let me make it clear that it is not necessary to, nor do I, criticize the Manager for creating an organization such as he has over the twelve years he has been here Bureaucracies in both the public and private sector got out of hand in the 1980's We have seen literally hundreds of corporations go through the process of downsizing while continuing to maintain the same or higher levels of sales and service The

public sector is no different. Not only are our revenues peaking out, in some cities, counties and states they are declining. We simply have to figure out how to deliver our services in the most cost effective way possible. The intelligent way to accomplish this is through organization structure changes and work measurement, from the top down and from the bottom up.

These actions are not just for other organizations, they are things that have to be done by us, now or later. If we choose to take these steps then we will be on the leading edge of change in the management of medium sized cities. If we choose not to take these steps, then we are just putting off the inevitable to a later date and laying it on some future city council to manage. It is an absolute truism that the longer an organization waits to implement change the more explosive the change is when it finally comes. We can do this in an orderly fashion today or we can wait for the explosion in two or three, maybe even five, years.

Therefore, I am going to make the following motion during the discussion about an organization consultant:

"I move that the City Council employs a management consultant whose experience is consulting on organization structure, effectiveness and change. This consultant will report to a committee of council consisting of several members of Council and the City Manager. The assignment to the consultant will be to recommend an organization structure that will significantly reduce the levels of management in the City."

This effort need not interfere in any way with all of the efforts of the Manager, his staff and department heads who are working on this project or the work measurement project recommended in Reference C.

I ask you to support this motion.

Sincerely,

Don

Don Reid

CC Wendell White
Media

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July 13, 1992
DR-033-071392-City Council

Mayor Richard Vinroot and Members of the City Council
City of Charlotte
CMGC
600 East Fourth Street
Charlotte, NC 28202

Mayor and Members of Council.

Re: Proposed lease of GATEWAY microcomputers

Ref: (A) My letter, DR-026-062392-City Council, to you regarding same subject
(B) My letter, DR-029-062992-City Council, re same subject.
(C) Request for approval of Lease Agreement in Workshop Agenda.

In the material we just received from the Manager there is no indication that he has taken any action to try to acquire these microcomputers at a lower cost The newspaper articles in USA Today and the Wall Street Journal sent to you in References A and B indicated that after the purchasing department went out for quotes on these machines a significant price war developed

In Reference A and B it was suggested that in light of these new conditions the purchasing department go out for new bids. Also knowledgeable people tell me that a Gateway 2000 is not a mutually exclusive machine. There are "clones" which are its equal. If, on the other hand, it is a mutually exclusive machine we should not be tying ourselves to only one vendor. To do so will simply increase our current and future costs

It would seem to me that Ontario Investments could negotiate a significantly lower price for these machines today than they did back at the time we asked them for a quote Why didn't Purchasing go back to Ontario Investments again after we delayed our authorization and the price war began?

One thing for sure is, if we ask Ontario Investments to come back with a new price based on the current market price our costs will not go up We have nothing to lose and everything to gain by going through this process.

When the appropriate time comes I intend to make the following motion:

"I move that we reject the current quote from Ontario Investments to buy 232 microcomputers and the attendant peripheral equipment and further that we ask them to submit a new quote for exactly the same equipment based on changed conditions."

The second problem I want to discuss regarding this matter, is that this situation is a perfect example of getting us to approve the purchase of items that have no utility alone, but are only of use when combined with something we have already approved or something we will be asked to approve.

Here is my question, "How many items have we already approved for acquisition and when did we approve them or when will we be asked to approve yet other items for acquisition, all of which will be included in the overall LAN system?"

Why should we be asked to approve, at different times, bits and pieces of a large system? These are complicated systems. The systems analysts know exactly what is going to be required, or at least should know, before we ever buy one piece of the system. From now on for every capital item we are asked to approve I intend to inquire as to whether or not the item being considered is a "stand alone" item or part of a bigger system.

I object, in the strongest terms possible, to statements such as, "Delay in the lease of these microcomputers will postpone the full implementation and utilization of the NetFRAME local area network approved by City Council on May 26, 1992." Why didn't the Manager tell us when we approved the NetFRAME on May 26, 1992 that we had already approved or would be asked to approve rewiring of CMGC, LAN software and the purchase of 232 microcomputers and peripheral equipment. We should not allow the manager and/or the staff to get us to approve part of a system at one time and then later say to us, "Well you can't delay these things you are considering now because two months ago you approved some other things that have no use except to be combined with the things you are considering now."

Sincerely,

Don

Don Reid

CC Wendell White
Media

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July 13, 1992
DR-031-071392-City Council

Mayor Richard Vinroot and Members of the City Council
City of Charlotte
CMGC
600 East Fourth Street
Charlotte, NC 28202

Mayor and Members of Council·

Re: The Manager's continued insistence that we review and prioritize city services Implementation of Work Measurement Programs

Ref: (A) All material he has given us to date on his "rightsizing "
(B) Specifically an item in our agenda for the July 13, 1992 Workshop

Our Manager, for the years I have been observing the budget process, continually guides the City Council to consider things like, "roll out garbage", "eliminating police escorts for funerals", etc The result is that the council spends hours considering trite matters when we should be considering the real problems in this bureaucracy

I suggest that before we cut even one service we direct the Manager to establish a work measurement program in every department in the city starting at the level where the "work" of the department is performed The establishment of a work measurement program is not a criticism of the employees doing the work It is an acknowledgement of the fact that there are accepted work measurement principles and accepted techniques which can be implemented so that work will be done more efficiently

The idea of us sitting as a group and deciding to reduce or eliminate some services to our citizens and then next year voting for a big tax increase, before using modern management techniques to learn how to work more efficiently, just doesn't make sense to me

Therefore, I am going to make the following motion during the "review and priority setting of services."

"I move that the City Manager be directed herewith to take the appropriate steps to select and engage a management consulting organization which specializes in work measurement This selection process should go through the normal

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procurement process, however, only those consultants whose main thrust is work measurement shall be considered. This work measurement process will eventually include all manual and clerical jobs within the city. The process should begin in the most labor intensive department in the city. The consultants selected should begin no later than October 1, 1992."

This is the most reasonable way for us, the City Council, to intelligently determine whether or not we have to reduce services to our citizens.

I ask you to support this motion.

Sincerely,

Don Reid

CC Wendell White
Media

RETIREMENT INCENTIVE PROGRAM

Number of Employees Eligible	345
Number of Employees Electing to Participate	179

Cost of program will exceed budgeted amounts by $500,000 assuming we fill up to 60 front-line positions immediately upon retirement. We have been able to encumber some of the program's one-time costs with FY92 departmental savings.

The program will pay for itself six times over with savings that will be generated in FY94 and beyond.

Annual Savings Beginning FY94 (assumes permanent reduction of 50 positions)	**$3,000,000**

M E M O R A N D U M

DATE: July 13, 1992

TO: City Councilmembers

FROM: Mayor Richard Vinroot

SUBJECT: Downsizing, Rightsizing, Restructuring City Government

Tonight we will hear from Wendell and his staff about our "rightsizing" efforts. As a component of that, the staff is prepared to employ a consultant right away whose job will be to "develop a new organizational model focusing on principles for structure and management" (according to our agenda), which the staff will then implement. I believe this is appropriate and support Wendell's desire to proceed with this effort as soon as possible. However, I also believe there is considerable merit to having someone "outside" City government involved to insure that we are, in fact, and (equally importantly) are perceived to be, looking at ourselves "objectively". Accordingly, I would like to suggest that we appoint an "Organizational Structure Task Force" of 7-9 people from our community (of the same calibre serving on our "Compensation" and "Privatization" Task Forces) to review the work Wendell and his staff have begun, and work with them as they proceed hereafter.

I do not believe this will interfere with what has been done thus far, and am satisfied it has been done extremely well. Nor do I believe this will unnecessarily complicate what will be done by the leadership within (headed by Martin Cramton). However, I do feel that a lot can be gained from having a blue-ribbon panel from without look over our shoulders along the way to advise Wendell and us how we're doing, and how we might do this all-important job best. And, in the end, I am convinced we will have a better product, and one which has a stamp of independence that will otherwise be missing.

I hope you agree. If so, give me some suggestions as to prospective members and I'll sure consider them. My goal is that we put in place the best possible committee of "organizational" experts in this field to work with us.

mds

MAYOR AND CITY COUNCIL
WORKSHOP AGENDA
JULY 13, 1992

5:00 pm Resolution Requested by Mayor of Huntersville (This item came in after the June 22 City Council meeting and cannot wait until July 27.)

5:10 pm Rightsizing Update: Staff Presentations

6:00 pm Dinner

6:10 pm Council Discussion and Decisions

- Computer Acquisition
- Approval to Proceed with Customer Service Center
- Process for City Council Review and Priority of Services
- Council Oversight of Rightsizing

NOTE: The location of the transit shelter in front of NationsBank is not on the Workshop agenda.

A RESOLUTION ENDORSING EXTENDED AREA TELEPHONE SERVICE BETWEEN THE HUNTERSVILLE AREA EXCHANGE (875) AND THE MOORESVILLE AREA EXCHANGES (663 and 664)

WHEREAS, the five North Carolina municipalities of Charlotte, Huntersville, Cornelius, Davidson, and Mooresville occupy contiguous locations along the Interstate 77 North corridor, with Huntersville situated midway between Charlotte and Mooresville; and

WHEREAS, the Interstate 77 corridor forms the North-South axis for commerce and trade, ongoing economic development, and civic, social and governmental interaction in the Charlotte metropolitan area; and

WHEREAS, the successful practice of commerce and trade relies upon convenient, effective communications capabilities; and

WHEREAS, the citizens and businesses of Charlotte, Cornelius, Davidson, and Mooresville benefit from mutually available extended area telephone service (toll free calling); but the citizens and businesses of Huntersville and Mooresville remain disadvantaged by the absence of toll free calling;

NOW THEREFORE BE IT RESOLVED THAT the Mayor and City Council of the City of Charlotte urges the North Carolina Utilities Commission to accept the request for extended area service between the telephone exchanges of Mooresville and Huntersville, to evaluate evidence of the community of interest, to acknowledge special considerations related to the pursuit of economic development, and thereafter approve the request as submitted.

Adopted this 13th day of July, 1992.

Mayor Richard Vinroot

Ann Hammond, Mayor Pro Tem

Stan Campbell	Dan Clodfelter
Nasif Majeed	Tom Mangum
Hoyle Martin	Pat McCrory
Cyndee Patterson	Don Reid
Ella Scarborough	Lynn Wheeler

TOWN OF HUNTERSVILLE

PO BOX 664 PHONE 875-6541
HUNTERSVILLE NORTH CAROLINA 28078

June 25, 1992

Mayor Richard Vinroot
City of Charlotte
Charlotte-Mecklenburg Government Center
600 East Fourth Street
Charlotte, NC 28202

Dear Richard:

Thanks so very much for your assistance with our request for Extended Area Service (EAS) toll-free calling to Mooresville/ South Iredell County.

Enclosed are the fact sheet and the draft resolution that the steering committee has devised. Ann Hammond, our Town Planner, is serving as the staff person and liaison for Huntersville.

A call or note to Larry Cobb in support of our cause, and a resolution adopted by the Charlotte City Council would be a terrific help

We are in the process of collecting endorsements and letters of support and will be going to the North Carolina Utilities Commission sometime after Monday, July 13. The Mecklenburg County Commission will be adopting a resolution at that time.

If you need further information please feel to contact me at home (875-6810) or call Ann Hammond at Town Hall. Thanks again.

Best wishes,

Bobbie

Bobbie Ross
Mayor
Town of Huntersville

RIGHTSIZING UPDATE

BACKGROUND.

- City Council approved a rightsizing process in February, 1992
- City Manager approved "Blueprint for Rightsizing" in March, 1992
- Blueprint sets direction for internal efforts:

  1. Reduce layers of management
  2. Develop a new organizational model that is flatter, empowered and more responsive
  3. Increase use of technology.
  4. Develop retirement incentive program.
  5. Focus on improved customer service
  6. Emphasize innovations, improved methods of doing work

WORKSHOP PURPOSE·

- Up-date City Council on status of rightsizing efforts Information in this notebook summarizes activities and direction that have taken place throughout city government since March, 1992 Staff presentations will supplement this information.
- Provide guidance and direction to the City Manager on rightsizing efforts to-date
- Decide on the process for City Council review and priority setting of city services
- Make decisions on customer service center and computer acquisition
- Decide on future direction

Are we on the right track?
How does City Council want to provide oversight of the rightsizing process?

M E M O R A N D U M

July 9, 1992

TO: Mayor and City Council

FROM: O. Wendell White
City Manager

RE: Article on Rightsizing

The July edition of GOVERNING magazine has an article on rightsizing which I thought you might be interested in reading. Charlotte is mentioned several times in the article.

cgm

Attachment

Tailoring Local Government To the 1990s

Overwhelmed by budget pressures? The odds are there is a buzzword in public management these days aimed at helping you deal with your worries. It probably begins with an "R": restructuring, reorganizing, reinventing. Or most likely of all, rightsizing.

Learning to speak the R language will not guarantee you immediate relief from a looming shortfall in your local government treasury. But it might make you more popular as a speaker the next time you attend a convention of local government officials. At seminars and conferences all over the country this year, managers and officeholders fluent in rightsizing have been much sought after to explain how they are tailoring the nature of their governments to the lower budget expectations of the 1990s.

At their worst, trendy concepts like rightsizing are nothing more than mantras, slogans that managers can use in place of the hard decisions that change inevitably will require. Used with care, though, rightsizing and all the other R-words are serious business. They are tools that local government, caught in the frenzy of the fiscal crisis and anticipating little revenue growth in the future, can employ to permanently and reasonably refit their budgets to their expectations.

One thing the R-words have definitely done is dethrone some of the D words that have been prominent in management circles in the recent past. There is less talk of deficit reduction via downsizing. Those conversant in rightsizing rhetoric make clear their belief that downsizing and rightsizing are two very different concepts.

To them, downsizing is crisis management, a means of simply balancing the city or county budget during hard times. Downsizing usually means across-the board spending cuts. Every department takes its share of hits—personnel may be furloughed, early retirement offered, vehicle and road maintenance deferred, bill-paying delayed. But while the levels of service may be trimmed, the downsized government keeps on delivering the same menu of services. Once the crisis is over, the budget balloons back up and life goes on as before.

There's only so much you can accomplish with meat-axe budget cuts. At some point, the hard job of setting priorities needs to begin.

Rightsizing, in the view of its adherents, means shifting resources strategically. An inventory is made of all the programs and services the government provides, complete with an outline of whom the program serves, what it does, what it costs and whether it's mandated. The programs are ranked by their importance and value to the community.

This ranking is the key to the process. Money is funneled to high-priority items at the expense of low-priority programs. Agencies may be consolidated, management tiers flattened, programs compacted, services dropped. The government stops doing some things altogether. And changes are made with the expectation that they will be permanent.

BY PENELOPE LEMOV

Departmental budgets shrink—but they can also grow, in accordance with what the rightsizing process has determined to be the appropriate priorities for the community. The government is literally restructured; it takes on a shape it did not have before.

Gerald Seals, who has been working with these ideas for the past four years as city manager of Corvallis, Oregon, says the litmus test is this: "If there's a business we should no longer be in, rightsizing says, Let's get out of it. Downsizing doesn't get out of a business." Corvallis has used the rightsizing process to shrink its animal control office to a part-time function, cease funding a theater commission and shut down its entire vehicle maintenance operation. (It contracted with the county to repair its fleet at a savings it hopes will be at least 20 per cent on the $200,000 that maintenance had cost.)

Seals admits that the distinction among the concepts isn't always clear to everyone. When Corvallis first started its rightsizing program, he says, "folks thought it was downsizing

sheep s clothing After four years he insists the differences are apparent

Corvallis has been at this in a serious way longer than perhaps any other community in the country it is also unusual in that it started the process in relatively prosperous times For most local governments the driving force behind the current interest in rightsizing restructuring and all their companion concepts is an even more powerful R-word recession

It is that fact more than anything else that leads critics to complain that the R word fad amounts to little more than crisis driven momentum for change—that this too shall pass when revenues rise

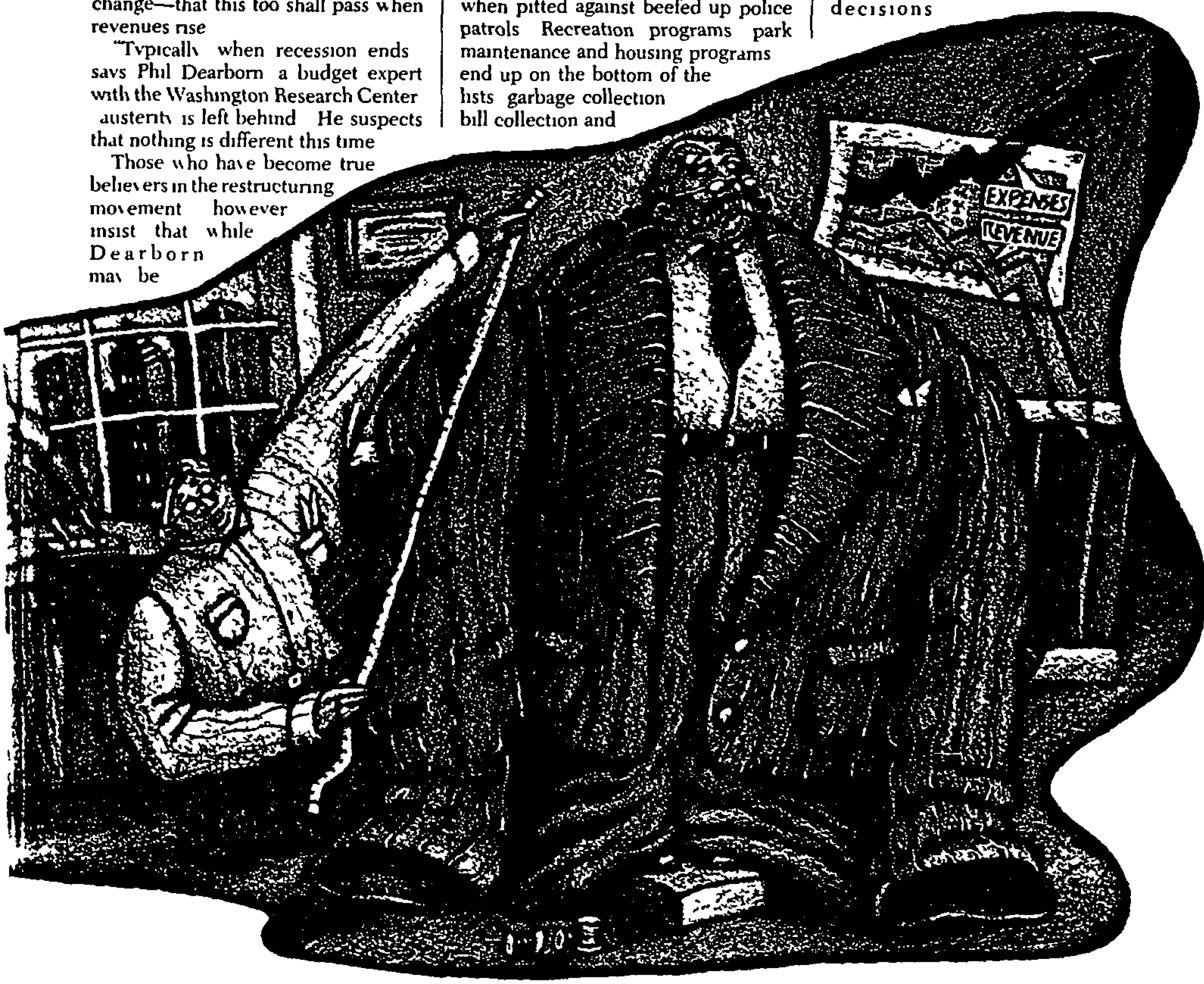
"Typically when recession ends says Phil Dearborn a budget expert with the Washington Research Center austerity is left behind He suspects that nothing is different this time

Those who have become true believers in the restructuring movement however insist that while Dearborn may be right about the past the future will be different This time they insist the motivation runs deeper than the recession "The 1990s just aren t going to be like the 1980s says David Cooke who is managing the rightsizing process for Charlotte North Carolina We re not going to keep growing at the pace we did We see a long-term problem He is echoed by counterparts in some big jurisdictions—the city of San Antonio in Texas and the counties of Palm Beach in Florida and Prince William in Virginia, to name a few

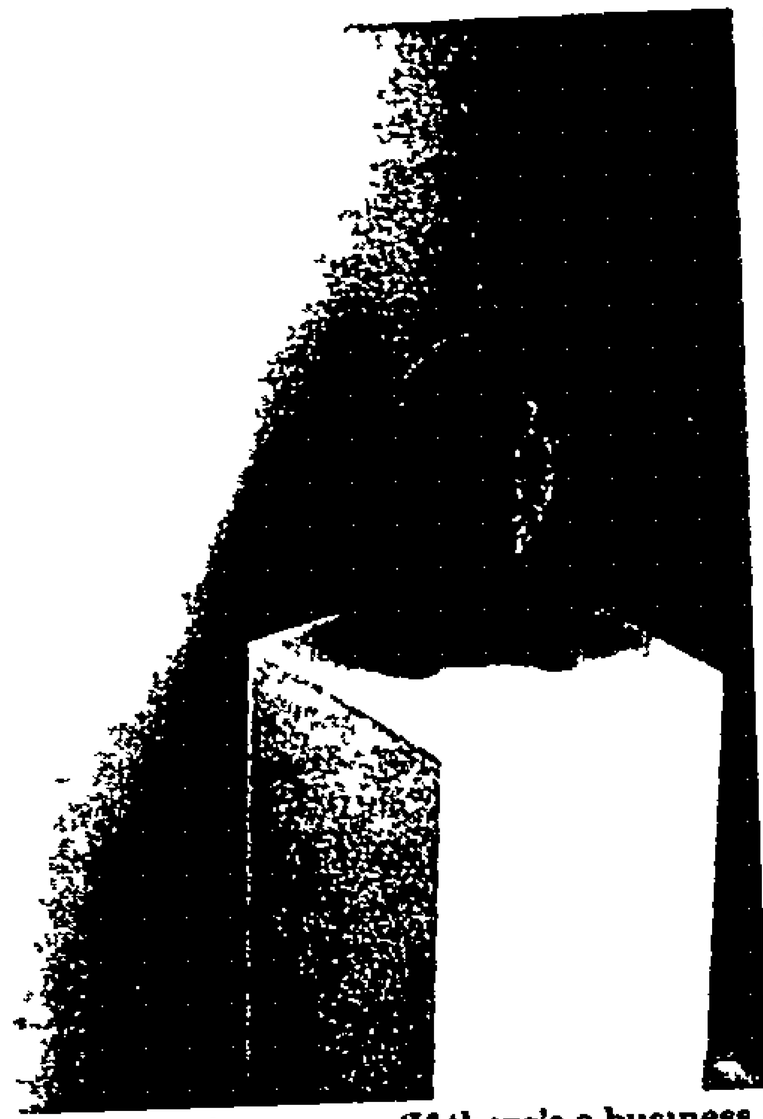
The results of the ranking exercise are interesting in themselves A clear pattern of priorities is emerging Funding for the arts tends to suffer when pitted against beefed up police patrols Recreation programs park maintenance and housing programs end up on the bottom of the lists garbage collection bill collection and of course police and fire services dominate the top

What has yet to be proven in any large jurisdiction is whether the managers who believe in restructuring will be successful at persuading the politicians who have to take the heat for it No matter how appealing it may be in principle restructuring puts city council members and county commissioners in the hot seat They are the ones who vote to rank programs so that they will or will not continue to be funded at current levels—or at all

Whether local governments can actually pull off such a touchy feat is a big question It is hard to imagine elected officials showing much enthusiasm for decisions



Tim Lee illustration



Corvallis, Oregon, has been restructuring its government for four years 'If there's a business we should no longer be in,' says City Manager Gerald Seals, 'let's get out of it.'

that might lop a service from a city s agenda or funnel more money into say water purification at the expense of athletic programs or senior citizens housing Across-the-board cuts don t pose the same threat to political survival

The fragility of the whole process became clear in Winston-Salem North Carolina when city council members went on a retreat aimed at targeting the city programs most in need of attention The exercise was not directly related to budget writing but there was immediate political fallout nevertheless After votes were taken to rank programs in order of importance city council members used the results against other members newspaper stories highlighted votes that undermined the interests of particular constituencies making council members wary of repeating the ranking process in the future let alone using it to restructure the entire government

Such a reaction reinforces the idea that people are for reforming government only until their favorite programs are reformed away "Priority-setting can be divisive if it s not handled properly says Herbert Marlowe who studies this process at the University of Florida And what if it is handled properly? Maybe a tad less divisive Marlowe reports

Having said all that however it is also true that restructuring has some important fiscal and political realities on its side Fiscally, there is the realization that revenues will shrink in this decade not just because growth will be slower than it was before, but also because federal aid has dried up and states won t be making up the difference the way they used to According to the National Association of State Budget Officers at least 18 states have reconsidered or actually reduced aid to their localities in order to eliminate gaps in the fiscal 1992 budget Fiscal 1993 doesn t look brighter

When Mike Hargett the budget officer in Wilmington North Carolina ticks off the situation his city is in he notes that there s no expected revenue growth from federal or state sources that the city s own property evaluation is much lower than it was before the recession and that growth forecasts have been whittled down from 6 percent to 1 percent "In a political climate that won t allow for tax increases we have to look at the expenditure side" he says "So we're taking the tack of rightsizing"

This past January Wilmington s council went through the formal process of listing priorities Police patrols fire fighting water treatment and waste collection came out on top athletic programs, senior recreation services the arts center and outdoor recreation were at the bottom and may face steep reductions or even elimination as the fiscal 1992 93 budget is put together

In the next year Wilmington has an opportunity to prove that those who are skeptical about the restructuring process are wrong It also has a chance to prove them right—if it settles for across the-board cuts instead of eliminating the programs that ranked at the bottom of the priority list

The skeptics are getting no satisfaction from Palm Beach County In June the county made selective as well as across-the-board cuts in coming to terms with a $20 million budget deficit The priority list was used The only budget areas that grew in size were the sheriff s office fire and rescue, and the judicial system Cuts in other county departments made these increases possible

The idea of restructuring comes straight out of corporate America The public sector has a long history of looking to the management of private business to define what is progressive and cutting edge

The current enthusiasm in government for customer service and entrepreneurialism owes a great deal to the influence of *In Search of Excellence* the 1982 best-seller by Thomas J Peters and Robert H Waterman Jr that traced those ideas in the private sector In a similar way, the restructuring wave parallels the process that companies like IBM and General Motors have been going through very publicly and painfully "We try real hard to make the approaches that are in vogue in business organizations fit our public organizations notes Ruth Ann Bramson a public management consultant and former administrator in Tampa

To date, some 35 states have set up commissions to plan how to reconfigure their governments along restructured

Robert W Palmer photograph

and more cost-efficient lines Meanwhile a diverse collection of local governments are plunging ahead even though for most of them it is one shallow jump at a time

The first immersion is easy Downsizing it turns out is the politically (and managerially) correct precursor to restructuring With cuts that reach all departments divisions and agencies downsizing makes sure that even the sacred cows of government such as police and fire departments participate in the pain of shrinkage Without imposing at least a token downsizing hit at first on every agency in a government it is hard to build much of a constituency for the much more painful restructuring process that follows

Downsizing also helps create vacancies within agencies a necessary component for restructuring Charlotte for instance has been stockpiling vacancies that have been created by downsizing and by a citywide effort to flatten out layers of management When the city finishes the job of ranking its programs in priority order it hopes to use the vacancies that have been created to transfer employees from the programs being phased out to the high-priority ones being maintained or even boosted

Prince William County Virginia believes it is possible to practice downsizing and rightsizing at the same time This year Prince William slashed its budget 15 percent across the board to meet a $14 million deficit— We sliced with an axe to meet a crisis," says Craig Gerhart the county budget officer "Now that we've gotten smaller we can fine-tune with a stiletto cutting things out that ought not to be in the budget and putting money into things that ought to be " The county has done the requisite ranking of its programs, and says it will be using the priority list to craft a fiscal 1994 budget

SEVEN STEPS TO RIGHTSIZING

1. Downsize: Make across-the-board cuts that shrink the size of government and democratize the pain of an initial round of cuts

2. Bank vacancies: Hold for the future any job slots freed up through early retirement hiring freezes or the like

3. Inventory programs: Make a list of all programs in the government s repertoire—how much each one costs whom it serves, what it does whether it s mandated

4. Set priorities: Legislative bodies assign rankings to programs so that budgets can be crafted accordingly

5. Shift funds: Take money out of low-priority programs and put it into high-priority programs

6. Establish a training program: Personnel dislocated by restructuring are retrained for openings in programs where funding is being increased

7. Consolidate services or functions: Look for horizontal ways of consolidating or compacting services across agency lines or even across jurisdictional lines

The inventory-making priority-ranking process is still only a prelude to real restructuring But it can be extremely cumbersome in itself The city of San Antonio spent three full years on it The first year according to Skip Noe the city s director of management services was given over to "basic strategic planning stuff what would we like the city to be like what s the city s mission The following year, the council was given a list of 88 service categories that covered everything the city did Those categories were ranked in priority order Controlling youth crime was in the upper quarter affordable housing fell to the bottom one-fourth creating a set of ultimate instructions for where to suggest that cuts be made and where to funnel additional funds

Four years after they began the process San Antonio officials say they remain committed to it and that it is the basis of their budget making effort But it is hard to tell how much significance the whole process has had no service has yet been lopped off no matter how far down the list it ranked The program that ranked 88th—the death-knell bottom of the list—was one that was not yet in existence It wasn t that tough a decision to resist funding it

But even if cities like San Antonio prove bold enough to start lopping existing programs off they will still face a problem common to every community in the restructuring business mandates "Many officials in Maine would relish the opportunity to make some of those choices " says Christopher Lockwood executive director of the Maine Municipal Association The ability to use the rational process of

WILMINGTON, NORTH CAROLINA: ONE CITY'S PRIORITY LIST

Near the Top	Near the Bottom
Police Patrols	Affordable Multi Family Rentals
Fire Suppression	Affordable Single-Family Housing
Water Treatment	Community Development
Investigative Services	Landscaping
Waste Collection	Golf Course Clubhouse
Waste Disposal	Tree Trimming
Property Tax Collection	Athletic Programs
Zoning Administration	Senior Services
Fire Code Enforcement	Arts Center
Land Use Planning	Outdoor Recreation

Source City of Wilmington

RESOURCES FOR RESTRUCTURING

Associations with strategic restructuring information

International City/County Management Association
777 N Capitol St N E
Washington DC 20002-4201
202 962-5659
MIS Inquiries Service $60 fee

Government Finance Officers Association
180 N Michigan Ave Suite 800
Chicago IL 60601 7476
312-977-9700
Contact Jeffrey Esser director

American Planning Association
1313 E 60th St
Chicago IL 60637 2891
312 955 9100
Contact Bill Klein research director

Locality contacts

Gerald Seals
City Manager
P O Box 1083
Corvallis OR 97339 1083
503-757-6901

David Cooke
Internal Consulting Manager
City Manager s Office
600 E 4th St
Charlotte NC 28202-2840
704 336-4323

Steven Bordelon
Budget Director
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P O Box 1989
West Palm Beach FL 33402 1989
407 355 2587

Mike Hargett
Budget Director
P O Box 1810
Wilmington NC 28402
919-341 7827

Skip Noe
Director of Management Services
P O Box 839966
San Antonio TX 78283 3966
512 299 8360

listing priorities he points out is limited by the statutory requirements of state and federal government "Setting priorities is a good government technique Lockwood says but it s hard to use

Lockwood points to Lewiston Maine s second largest city In order to meet federally imposed clean-water mandates Lewiston must build a water filtration plant The price tag $12 million If Lewiston had its druthers Lockwood says it would dig up pipes that have been in the ground for 60 years and are so rusted that barely a trickle of brown water comes out when people turn on their faucets But Lewiston s priority setters are not free to put pipe replacement at the top of the list and water filtration at the bottom The federal government has made that decision for them

Services that do end up at the bottom of a city s priority list won t necessarily disappear even if the city takes the list seriously Wilmington North Carolina for example is actively looking for other governments or private parties who could take over its low ranking programs Wilmington has no department of aging if senior recreation services were to be cut the city might try to transfer its program to surrounding New Hanover County which has a more appropriate structure for it Of course taking on the city program won t help the county government s efforts to restructure and streamline its own services

If there is a place to look to for lessons learned so far in this area it is Corvallis one of the few actually to have come through several cycles of the restructuring process The Oregon city is now at work trying to consolidate services across jurisdictional lines—becoming partners and cost sharers with the county and school districts in providing such things as maintenance for government vehicles and bus service for area residents

But even as the city marches ahead it is in a sense getting left behind Last year s state ballot measure limiting property tax revenues will take a severe toll on all local government in Oregon one greater than the recession has had on most communities so far Most of Corvallis neighboring localities are laying off personnel and taking the steps to shrink their budgets that Corvallis started taking four years ago

That has left Corvallis with some explaining to do People in our city see what s going on in neighboring cities and they wonder Why aren t we doing it? says city manager Seals We have to remind them where we are and what we've already done Our big issue now is P R

Whether many localities will follow where Corvallis is leading is hard to tell Certainly interest is heightened At a recent seminar on the topic held in Charlotte budget directors and managers from a dozen localities in the Carolinas eagerly listened to David Cooke recount Charlotte s experiences so far and asked him and other speakers pointed and relevant questions about how to deal with both technical and political problems The enthusiasm for change—for this "good government approach to writing a budget—was almost palpable

It is a long way from there—or even from the making of a priority list—to the decision by a government that it will simply stop performing a service that it had considered part of its mission But there is an obvious willingness to try the idea on for size

Right now taxpayers want lots of things done but they don t want their governments to spend their money to do it notes Robert Behn a Duke University political scientist The only choice is to cut back on what they re doing Or Behn adds convince the public to spend more money To do that though they have to convince the public that its money is being well spent

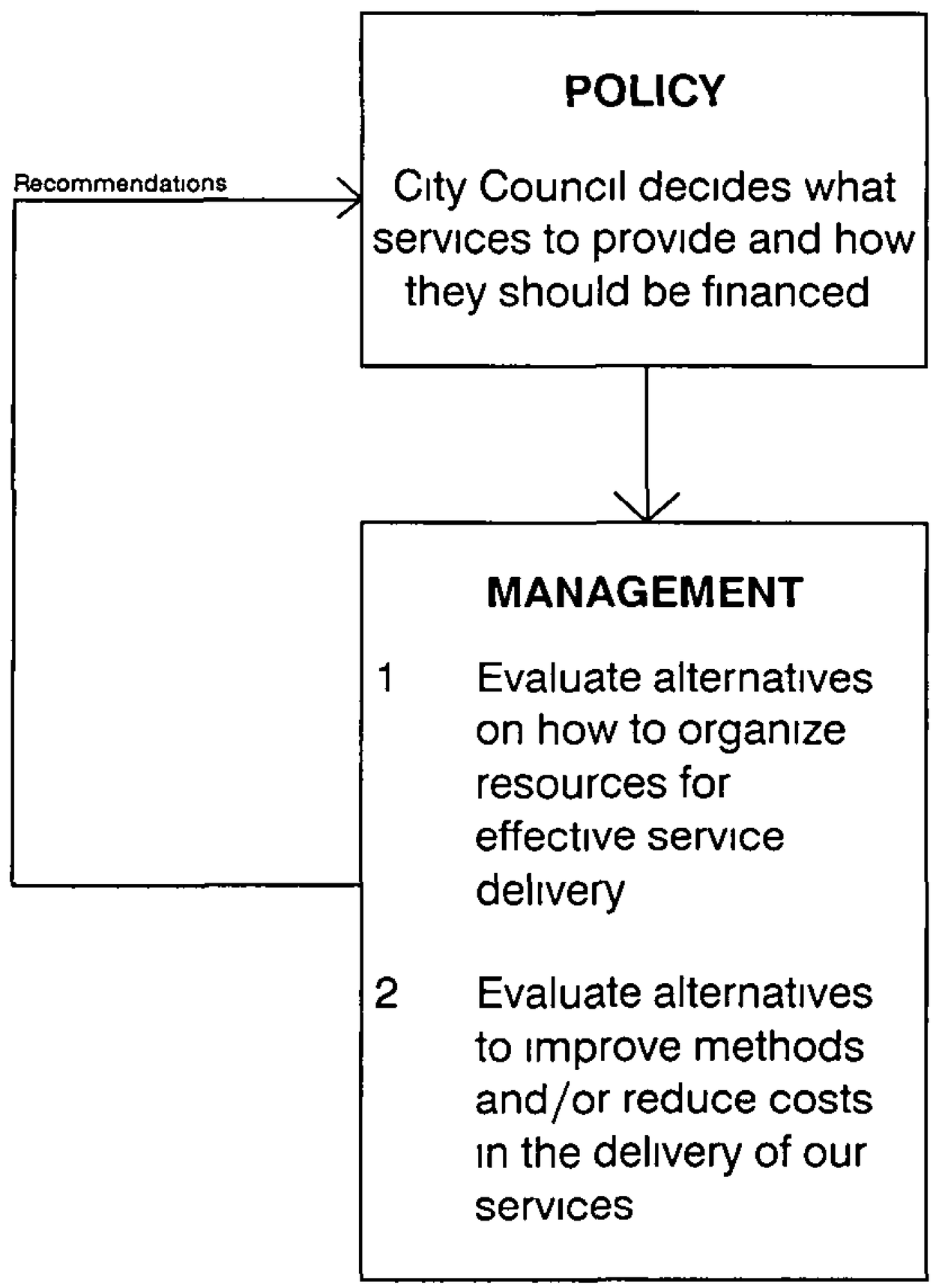
There is no evidence so far from anywhere in the country that citizens change their mind and learn to love local government when they find out it is being restructured But there is considerable evidence that local officials battered by voter hostility and desperate for solutions to point to find restructuring—or rightsizing or reinventing—to be a politically appealing notion at least in the abstract When the public asks why government can t be run like a business public officials can say they are doing exactly what businesses are doing right now—they are returning to the drawing board and doing it all again from scratch

BLUEPRINT FOR RIGHTSIZING

March 1992

BLUEPRINT FOR RIGHTSIZING

TWO TRACKS FOR RIGHTSIZING: POLICY & MANAGEMENT



BLUEPRINT FOR RIGHTSIZING

PRINCIPLES & GUIDELINES

Accountability

-The City Council will be responsible for assessing the need for City services and how they should be financed

-The City Manager will be responsible for organizing resources for effective and efficient service delivery

-Each City employee is accountable for doing his/her job as productively as possible Employees will be empowered to make decisions at the lowest appropriate level

Quality & Excellence

-City services will be determined by the values and priorities of the community, not the organization

-The highest priority will be given to those services which serve customers directly

-Our goal is to achieve 100% of established customer service objectives

BLUEPRINT FOR RIGHTSIZING

PRINCIPLES & GUIDELINES

Productivity

-We will continue to use a managed vacancy program for reassigning employees Under rightsizing, any filled positions identified for elimination will be handled by offering these employees retraining and reassignment to positions in high priority service areas. There will be no layoffs as a result of rightsizing

-We want our employees to be motivated, well-trained and compensated fairly in order to provide the highest level of service to the public

-We are open to and use a variety of ways to streamline services and reduce costs Strategies include ongoing analyses of operations, consolidation, privatization and application of latest technologies

Teamwork

-We value and emphasize teamwork We encourage employee communications up, down and across organizational lines.

-We expect the team concept to result in a flatter organizational structure, inverting the traditional hierarchy and emphasizing bottom-up communication

Openness

-We desire and expect all employees to challenge the traditional ways of providing services in an open, non-threatening environment.

-We will keep all employees fully informed of the process and decisions made on rightsizing

BLUEPRINT FOR RIGHTSIZING: THE MANAGEMENT SIDE

A. Introduction

Rightsizing is more than reducing costs, budgets and employees. Rightsizing provides the opportunity to reshape all City departments and services to better reflect the realities of the '90's.

The current hierarchical structure is characterized by layers of supervisors, centralized controls, and policies that supposedly cover all situations and were developed over time in response to legitimate needs and circumstances. But those circumstances have changed significantly. A few highlights of those changes are outlined below.

THE PAST

1 Limited access to information

2. Information dispersed slowly to outlying locations

3. Limited use of technology

4. Relatively uneducated work force

5. Need for centralized decision making

THE FUTURE

1. Massive amounts of information available

2. Rapid communication is possible throughout an organization and throughout society

3. Technology innovations occurring constantly

4. Existence of a well-educated work force

5. A greater need for decentralized decision making in order to respond quickly

6 A more demanding customer and citizenry

7 Constantly changing expectations for government

The following outline provides a framework for initiating changes leading to a "rightsized" organization. There is a short-term plan and a long-term plan; the short-term covers March-April and the long-term covers March-February, 1993.

This plan will continually be refined and changed as we begin the rightsizing process and adapt to new realities and new information.

B. What do we want the City organization to look like a year from now?

1. Customer focused

2. Decentralized

3. Competitive with private services

4. Many decisions made by self-managed work teams

5 Ability to respond quickly to innovation and technology, new program development or changes in services

6. Results oriented and innovative at solving problems

7. Flexible in dealing with citizens

8. More emphasis on leadership as opposed to supervision and management

C. What are the strengths of the organization that need to be nurtured and enhanced during the rightsizing?

1. The City has a committed, experienced work force, and we want to keep the next generation of leaders.

2 The organization has talented, educated, knowledgeable professionals at all levels.

3. The organization has a strong tradition of quality service delivery to the community.

4. The organization has modern up-to-date equipment and good, basic knowledge of changes and technology.

D. What are the weaknesses we need to overcome and strengthen during rightsizing?

1. We have some well established traditions of how to organize and manage that make change difficult.

2. There is a control orientation which is typical of government.

3. Departments are at different levels of being able to adapt to change· a generic City-wide approach will have to be tailored to departmental needs.

4. Technology solutions have been applied inconsistently across the organization.

5. We need more training

6. There are literacy problems in key field personnel areas.

E. Short-Term Action Plan: Immediate steps that can take place March-April.

1 Establish internal priorities and transfer resources to give those areas priority.

a. Training: Beginning immediately, the Training Team will report directly to the City Manager. Four to five positions in other departments will be identified to work in training through February, 1993 The focus will be on skills; handling change; how to work in teams; and literacy.

b. Communication/Information: Effective immediately, a team will be established, reporting to the City Manager, that is responsible for documenting and communicating to a number of different audiences what is happening with rightsizing.

NEED ASAP:

1. The Video Division, PS&I personnel and CIS personnel will form the core of the team.

2. A LAN bulletin board will be set up for all implementation team members to use to communicate.

3. A "Focus on Rightsizing" presentation will be developed to show Council, the business community and the community at large how we have changed. The first chapter is due April 25.

c. Customer Service Set up the Customer Service Center by August 1992, using existing personnel. The center will be the lead group for helping citizens access city government, identifying customer service training needs and helping departments solve customer service problems.

d. Technology/Innovation: Transfer two/three people to Internal Consulting, beefing up their efforts for rightsizing, and identifying new ideas for rightsizing

Technology (PC's, LAN terminals, cellular phones, etc.) will be employed to accommodate reducing layers of management and rightsizing. A technology financing plan for FY92 will be developed by April 15.

2. Begin to downsize workload· As we begin to reduce our number of positions, we have to reduce workload. That means first reducing paper flow, procedures, and internal requirements.

3. By June, 1, 1992, each department will have a plan for reducing layers of management. Those departments with more than 125 employees will have a goal of 5 layers or less; 50 to 125 employees, 3 or less; less than 50 employees, 2 or less.

4. By June 15, we will have developed a new organizational model emphasizing self-managed teams and fewer layers of supervision.

5. By March 30, an early retirement policy will be developed.

6. A rightsizing budget of $50,000 will be set up from pooled departmental savings

F Long-Term Organization for Rightsizing

1. The strategic staff will provide oversight, guidance, and evaluation of the rightsizing progress.

2. There will be a City-wide Innovations Team to encourage new ideas and to work with consultants and citizen committees.

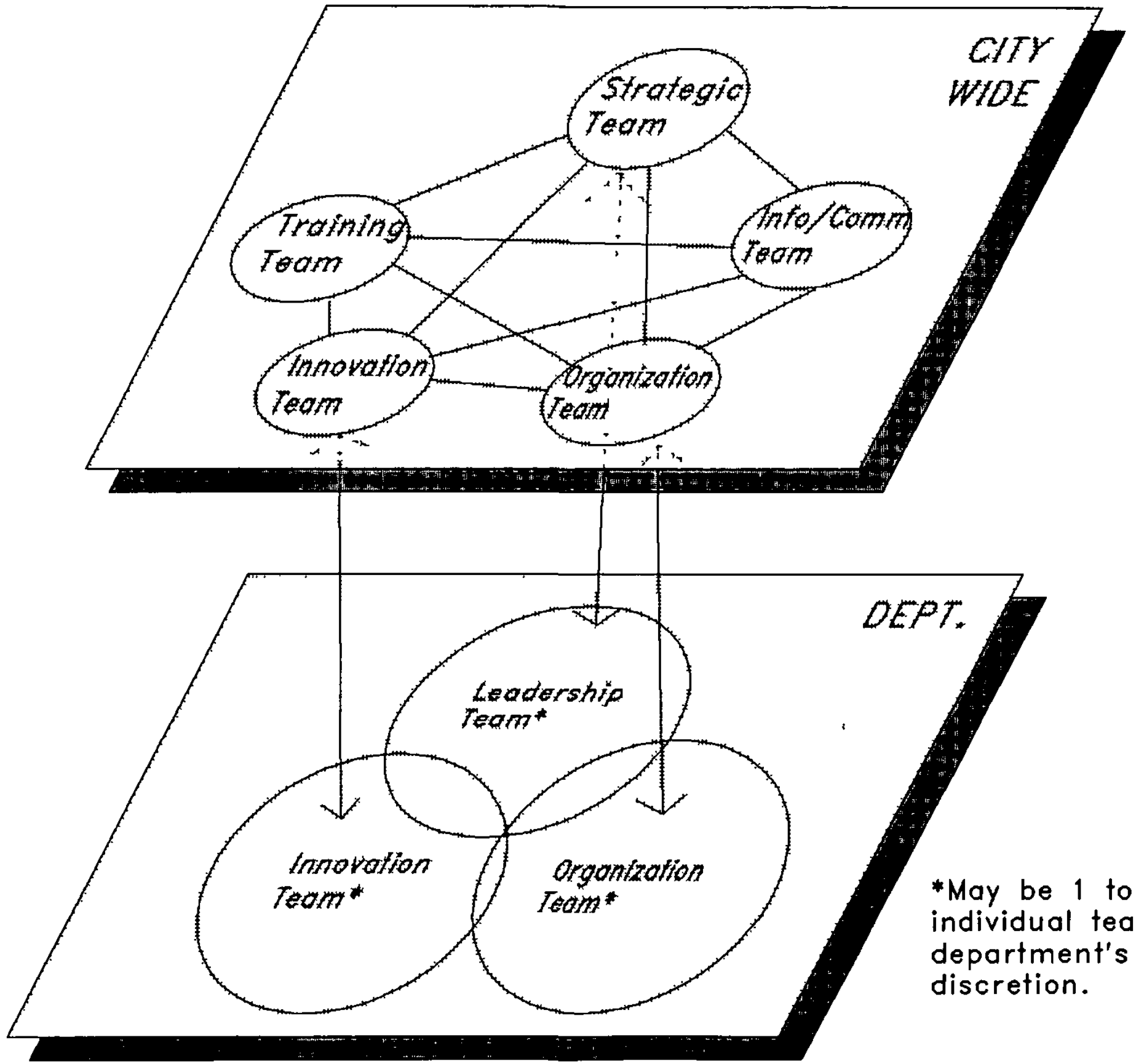
3. A City-wide Organization Team will be established to work with a consultant on developing a new organizational model.

4. Several consultants will be used to provide expertise and outside ideas but will not be hired to manage this process.

5. Departments will also set up teams to service three functions: 1) Leadership for the departmental rightsizing effort; 2) Re-organizing to have more self-managed teams and fewer layers of supervision; and 3) Innovative ideas for service delivery, productivity, etc. Each department will decide whether to have three teams, one for each function, or to combine functions into one or two teams.

   (See attached visuals of the team organization for rightsizing.)

ORGANIZING FOR RIGHTSIZING



*May be 1 to 3 individual teams, at department's discretion.

CHANGES TO LAYERS OF MANAGEMENT

Goals for Rightsizing	Number of Employees	Layers
	Less than 50	2 or less
	50 to 125	3 or less
	More than 125	5 or less

DEPARTMENT	NUMBER OF EMPLOYEES	LAYERS OF MANAGEMENT	
		BEFORE	AFTER*
Airport	226 00	6	5
Animal Control	60 75	3	3
Budget & Evaluation	13 25	3	2
CDOT	472 25	6	5
CIS	86 00	3	3
City Clerk	6 00	2	2
Community Development	57 00	3	3
Community Relations	12 25	2	2
CMUD	686 00	8	5
Customer Service	2 00	--	--
Economic Development	4 00	1	1
Employment & Training	26 00	2	2
Engineering	173 00	6	5
Finance	142 00	5	4
Fire	809 50	5	5
General Services	284 75	6	5
Human Resources	32 25	3	2
Legal	15 50	2	2
Mayor & City Council	18 00	--	--
City Manager	24 75	2	2
Neighborhood Centers	25 00	2	2
Planning	44 50	2	2
Police	1,211 00	6	5
PS&I	19 00	3	2
Purchasing	18 75	2	2
Solid Waste	451 00	5	4

TOTAL POSITIONS 4,920 50

*Changes may be pending Manager's approval of plan

CITY OF CHARLOTTE
RIGHTSIZING GUIDELINES
June 1, 1992

1. Department submits plan to Manager's office. Plan should include:
   a. How layers of management are reduced.
   b. What positions are affected - are they filled or vacant?
   c. Plans for internal placement of department employees.
   d. If employee(s) cannot be internally placed, department submits a profile of affected employee(s).
   e. List current vacancy count and allocations by class if organizational structure is changed.

2. Employees on initial probation may not be placed.

3. The Manager's office will make final decision regarding approval of department plans.

4. Manager's office will notify the departments and Human Resources when plans are approved.

5. Human Resources and Departments meet with affected employees to inform them of their placement status and to answer questions regarding the placement process.

6. Human Resources and Training conduct assessment of displaced individuals to determine skills, education, background and abilities.

7. Human Resources Department identifies possible placement options for individuals. Identified positions <u>may</u> or <u>may not</u> be comparable to the employee's current position, but employee's salary will remain unaffected from 1 year after date of new assignment.

8. If training is not feasible disposition of the employee will be determined.

9. Departments will have the opportunity to talk with individuals prior to placement about an identified vacancy.

10. Departments must have <u>sound</u> job-related justification for rejecting an employee whose job has been rightsized.

11. Departments will fill all vacancies from the pool of employees whose jobs have been eliminated, unless an exception is granted by Human Resources Department.

12. Departments have the option of rotating assignments (without a competitive process) within their organizational structure in order to accomplish their rightsizing plan.

13. An employee's refusal of placement, whether in a comparable position or not, will result in the employee forfeiting his right for future placement options.

14. Employees with documented (or known) performance/attendance problems will remain in the department. Any employee with a performance rating within the past 1 year period which is below expected or anyone who has been on performance probation within the past 1 year period will not be placed outside of his/her current department.

15. Departments with employees affected by rightsizing will <u>not</u> be able to fill any related vacancies until the affected employees have been placed, unless an exception is granted by the Human Resources Department.

16. Placements are <u>not</u> grievable.

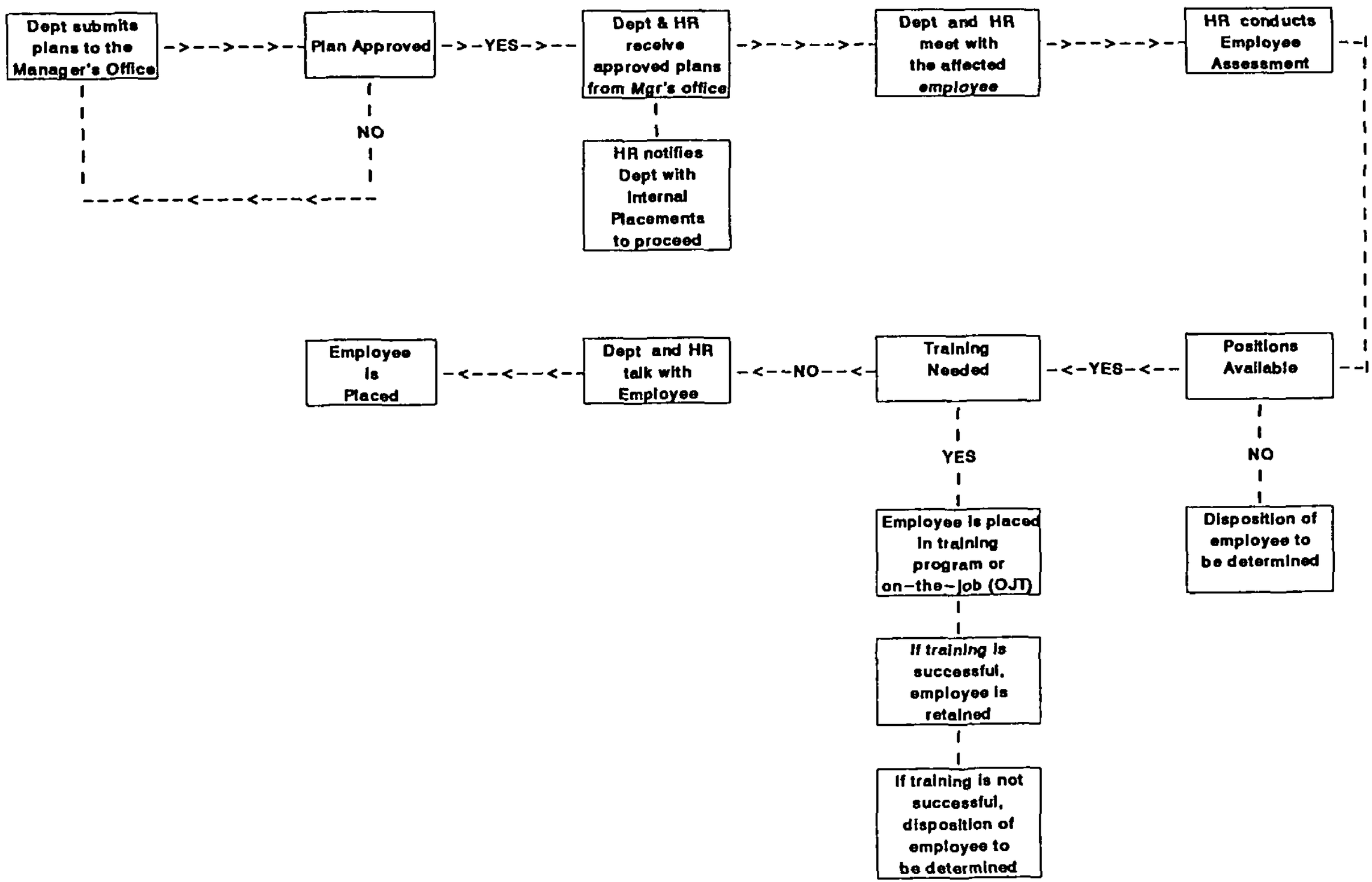
17. Departments should assess training needs for employees who are placed internally, if needed.

18. No temporary employee will be retained in a position that a rightsized employee can suitably fill.

19. Employees on initial probation whose jobs have been rightsized may not be placed. Disposition of employee to be determined.

PROCESS FOR PLACEMENT OF EMPLOYEES AFFECTED BY RIGHTSIZING

June 1, 1992



City Of Charlotte
Human Resources Department

Retirement Incentives Program

One of the tools for Rightsizing is the early retirement incentives program. More than 300 eligible employees were offered this option; 175 have indicated their interest in retiring before the end of 1992.

Because the State Retirement System has introduced a bill in the North Carolina Legislature that will penalize cities that provide retirement incentives to its employees, the program has been put on hold pending the results in Raleigh. More should be known about the situation by the week of July 13.

blueprint for rightsizing

ORGANIZATION TEAM

CHARGE

20 member team composed of a cross-section of departments and job classes established

RESPONSIBILITIES

- Assisted by a consultant develop a new organization model focusing on principles for structure and management
- Assist in Departmental and City-wide implementation of the model
- Assist Human Resources Department in development of a new personnel classification system

PROGRESS

A NEW MODEL

The team has met four times. It has defined the consultant selection process and scope of work as well as reviewed literature on organization change over the past decade in the private sector

CONSULTANT SELECTION COMMITTEE

May 26, 1992

Request for proposals sent to eleven firms

Five firms responded and were scheduled for an interview

June 11, 1992

Interviews completed over the period of 8 00 a.m to 4 30 p m.

June 22, 1992

Recommendation prepared

TEAM BUILDING

The Organization Team has held discussions and reviewed organization change literature in order to develop its knowledge of concepts, trends and possibilities

TRAINING SESSION

A one day education session is scheduled for the Team and it will focus on the context and principals for change

SCOPE OF WORK

MODEL CHARACTERISTICS

The Blueprint to Rightsizing specifies that a new organization model is to be:

- Decentralized
- Flexible
- Flat
- Empowered
- Able to Move Quickly
- Competitive

SCOPE OF WORK

- Generate options and choices together with pro and con commentary on varying models
- Review Departmental Organizations
- Identify interference factors that could inhibit completion of Rightsizing Plan
- Identify support factors that can foster success
- Define principles and "how to" for action

SCHEDULE

July 13 Council Decision on Next Steps for Rightsizing

INNOVATIVE IDEAS

Department of Transportation:

o Equipment purchased such as large concrete saw, asphalt curb machine and extra buckets for backhoes have resulted in improved productivity by reducing downtime for employees working on street maintenance crews.

o Transportation Operations has purchased a distiller that recaptures 90% of a toxic chemical used in the painting process. This chemical is reused.

o Transportation Engineering devised a computer program to track the status of designs, traffic studies and state approvals. This program will generate reports which use to be compiled by hand.

o A sidewalk inventory on thoroughfares was completed which will guide construction of thoroughfares over the next few years.

Solid Waste Services:

o A change in the type of Sanitation vehicle will save approximately $918,438 during FY92-FY93 in cost and cost avoidance, aa well as eliminate 52 positions. To date, the department has been able to eliminate 37 positions with 15 more to be eliminated as new vehicles are acquired. Based on this change in technology, the department has been able to reduce crew size from three to two.

o Community Improvement Division no longer sends mail certified unless litigation is involved. This has resulted in a savings of $4,050 annually.

o The department is committed to a Neighborhood Investment program that identifies special clean-up needs of a community and finds solutions to problems. This effort has resulted in the reduction of the need to repeatedly clean-up illegal dumps etc.

Purchasing Department:

o The department has written annual contracts for items such as computer paper, uniforms, leases of copier, computers etc. that has resulted in lowering the per unit cost of each item.

o The department recommended a way to standardize Police patrol cars to solid white vehicles. This will result in a savings of $70,000 for 1992. This includes a lower purchase price and a higher resale value at auction.

o Warehouse inventory is being evaluated. This will result in lower costs per items since slow moving items will be eliminated.

Employment & Training Department:

o The department decreased the number of subcontracted programs from 13 to three. Of the 10 eliminated, seven are now provided in-house. Savings have been realized through reorganization and retraining to meet customer needs internally and without an increase in staff.

o The department has implemented a reorganization to create self-directed work teams, reduce the span of control of supervisory personnel and to eliminate "downtime" associated with some positions. This effort has resulted in a savings of approximately $60,000.

Communications & Information Systems Department (CIS):

o The department developed a pager contract that has resulted in reducing costs from $10-$32 to $6.95 a month each. This represents approximately $2,000 a month in savings.

o The department developed a cellular telephone contract that resulted in eliminating a $300 - $1,000 one-time cost.

Planning Department:

o The department has begun to use desktop publishing (computer generated) to the preparation of documents. This has enabled the department to eliminate one graphic artist position.

o Through 187 computerized base and zoning maps of the entire County, the department has built a system that will reduce the amount of time require to update maps and zoning changes. This system will also be the base for a geographic information system (GIS) which links information to geographic areas.

Community Development Department:

o The department, in cooperation with Finance, has taken over the servicing and collecting of 645 loans totaling $13 million. This was formerly contracted out.

o Computer technology is being used by the department to prepare complex reports on socioeconomic characteristics by census tract used for reports to federal and state agencies and to prepare cost estimates for rental rehabilitation inspectors.

o The department has developed a client tracking system for each major function of the department (code enforcement, rehabilitation, economic development loans, acquisition/disposition program, relocation, innovative housing and rent subsidies). This system tracks actions to ensure that no cases are overlooked.

Human Resource Department:

o The department has changed its approach to information systems management which resulted in the elimination of a analyst position with a savings of $38,000.

o The department was responsible for administering the employee group insurance program. Changes implemented in July will result in a projected savings of over $2 million.

o The department has also implemented changes in the employee "injury leave" program. These changes should result in a savings of approximately $157,000.

Public Service & Information Department:

o Through the use of computers for the department's information specialists, the department has been able to eliminate one clerical position.

o The department has provided 35mm computer generated slide capability that not only has cut the cost for producing graphs and word slides, but has also reduced the turn-around time.

o The department operates a discrete training channel on cable television for all City departments. The channel permits the Fire Department, for example, to distribute training information to its 30 locations without trainers visiting the sites. Information can be seen by all shifts in a three day period rather than requiring 90 individual visits.

Engineering Department:

o The department has utilized phone mail to include department-wide distribution. This has resulted in a cost savings of $2,100 in copier costs for the estimated 35,000 copies of memos now distributed through phone mail.

o The department has created a work team to handle blueprinting, manual and CIS drafting, map storage and Powell Bill mileage. This has resulted in the elimination of the Map Room supervisor for a savings of $11,400 annually. There will be future savings incurred from using a smaller, more inexpensive blueprinting machine. Large blueprinting jobs are now contracted.

o The department has implemented an automated sign-out board which has resulted in the elimination of one receptionist position.

Charlotte-Mecklenburg Utility Department:

o Begun to use canvas covers for wastewater treatment dump trucks. This will result in an annual savings of $2,400. The canvas covers loads from the treatment plants adequately, and eliminates the need for an additional employee to accompany the driver to the landfill.

o Developed a stationary lift for gate of clarifiers at McDowell Creek Wastewater Treatment Plant. Presently the one operator on duty cannot open gates to prevent spillage. The lift eliminates the need for another person to be brought in from home to help the one operator on duty.

o The department is beginning to use a new sludge judge which is made in-house saving $41 per unit.

Budget & Evaluation Department:

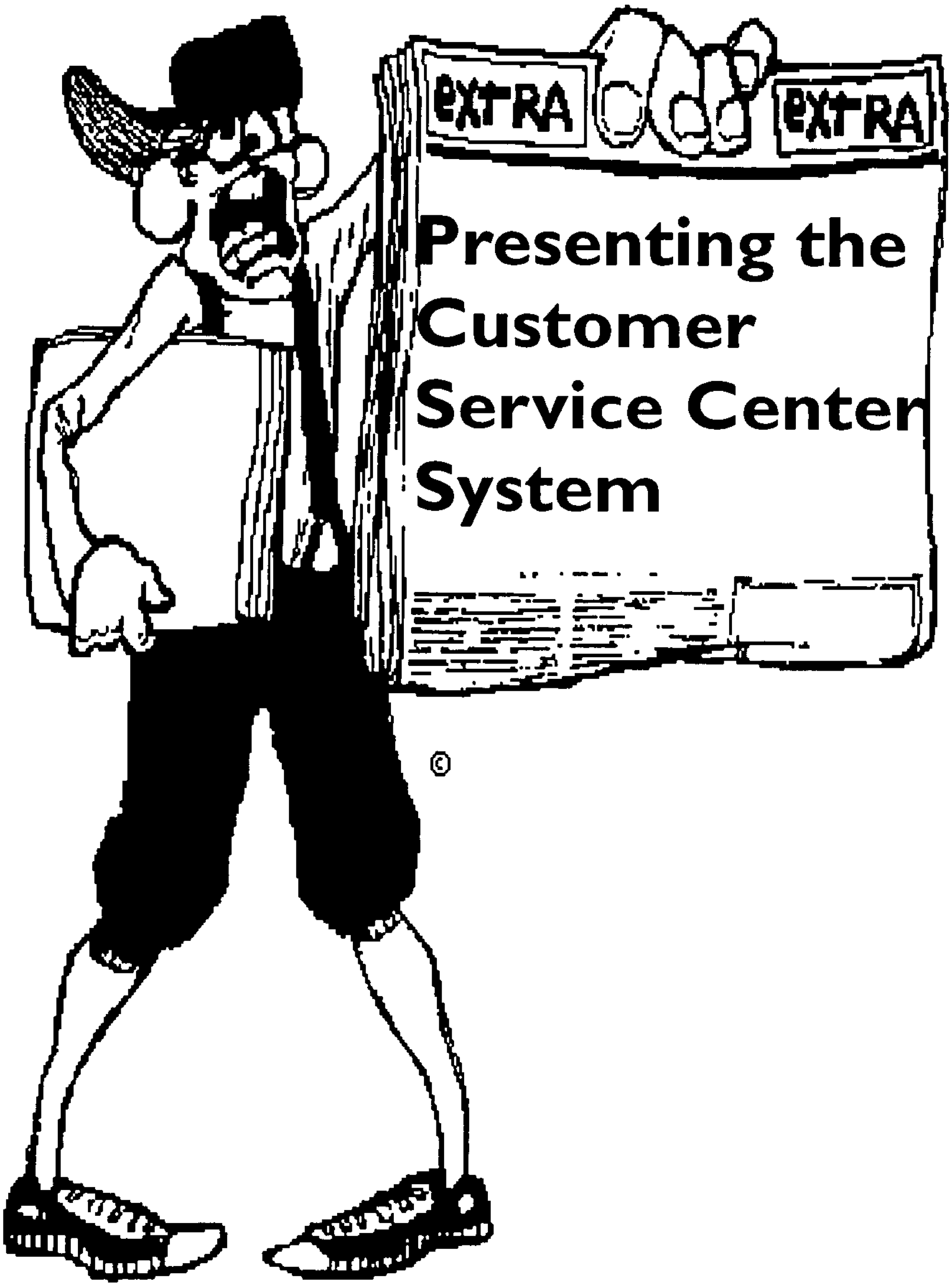
o The department participated along with Planning and CIS in the development of an automated CIP system. This has resulted in a significant reduction of paperwork and time to produce this document.

o Developed position control system to cut down time involved in tracking position counts, projecting salaries and vacancies and salary savings. The department initiated the concept of the position bank as a way of conceptualizing how Rightsizing would work in coordination with the hiring freeze.

General Services:

o As a result of timely replacement of older trucks and on-going cost cutting efforts Equipment Services has reduced the lease rate for refuse trucks by $1,500 per truck for FY93.

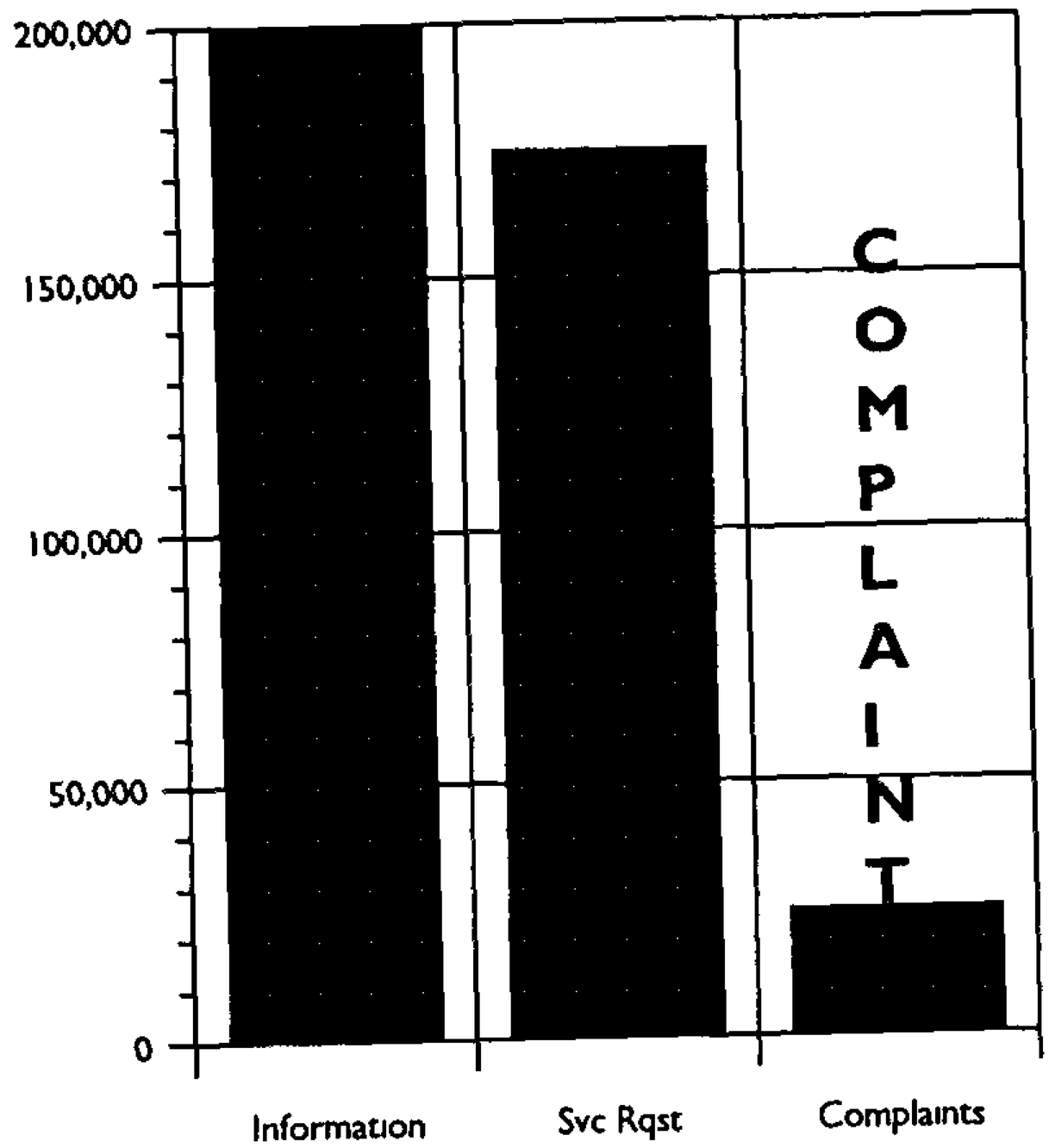
o Equipment Services recommended issuing rental uniforms in anticipation of a possible Federal mandate regulating hazardous material contaminated uniforms.



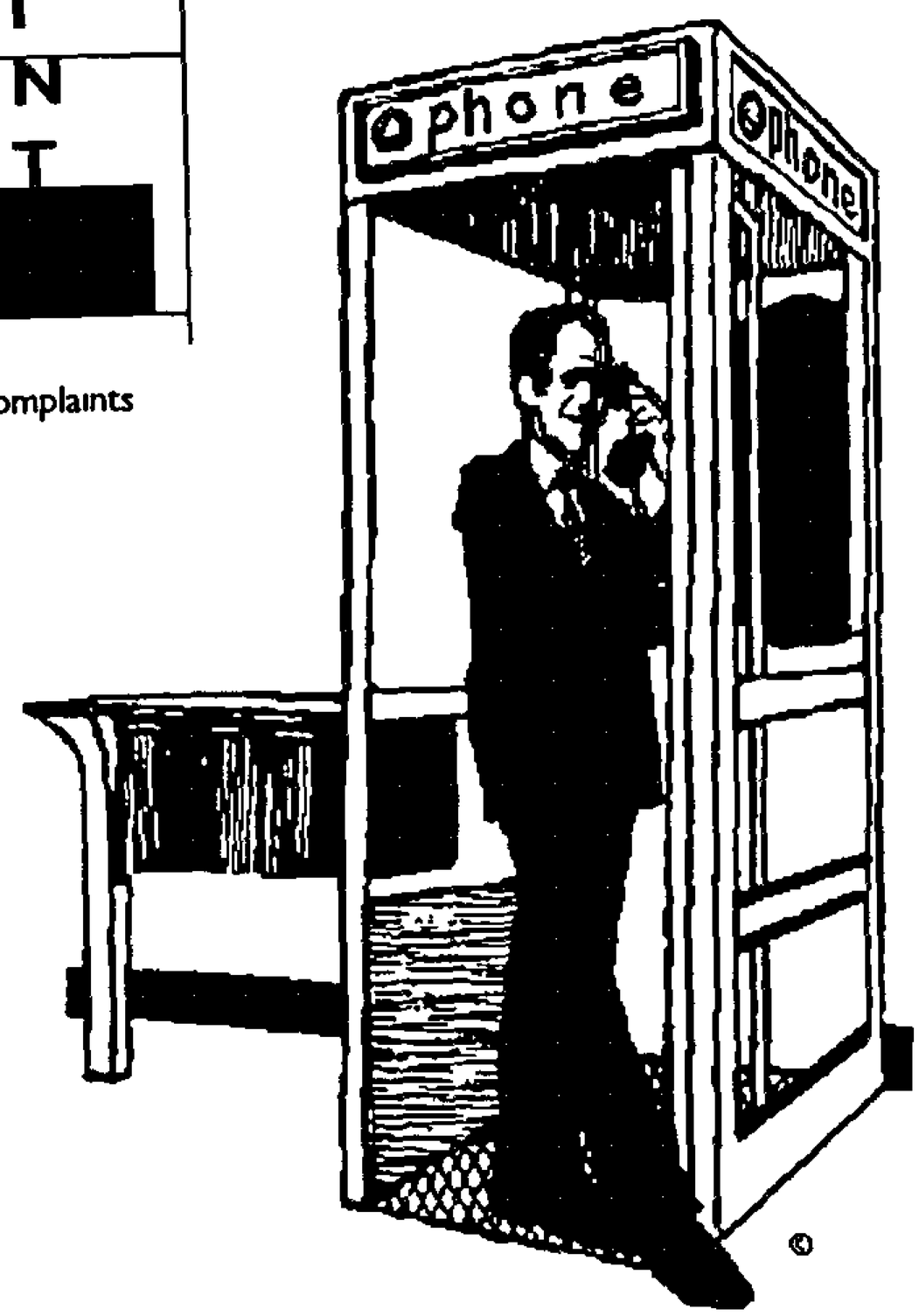
Presenting the Customer Service Center System

©

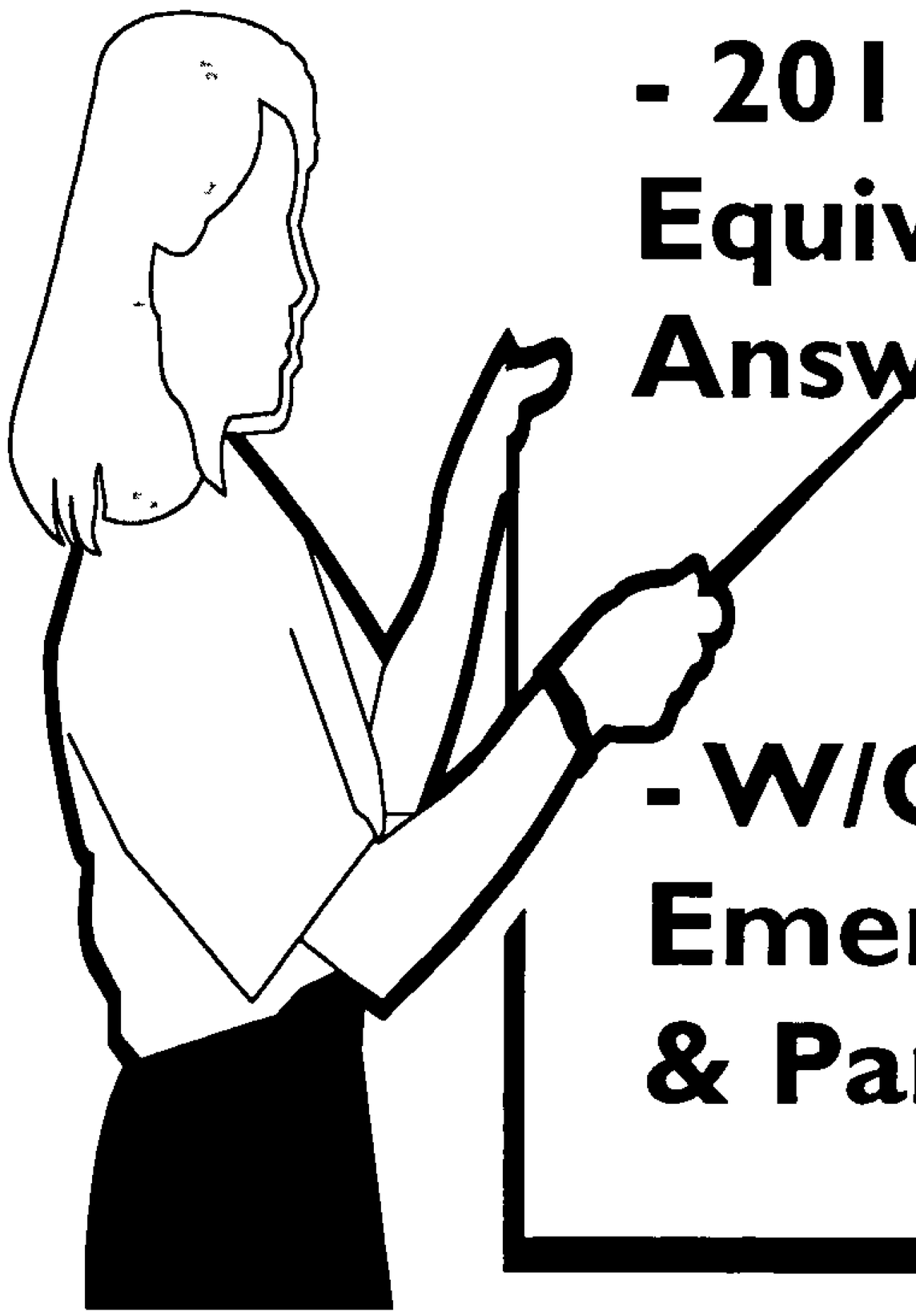
Total Calls/Year = 400,000



Every City and County Department Receives Calls



Citizen Interaction Survey

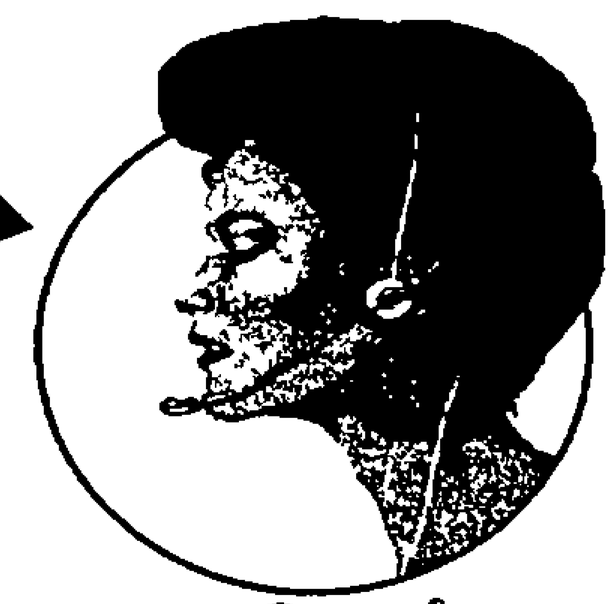


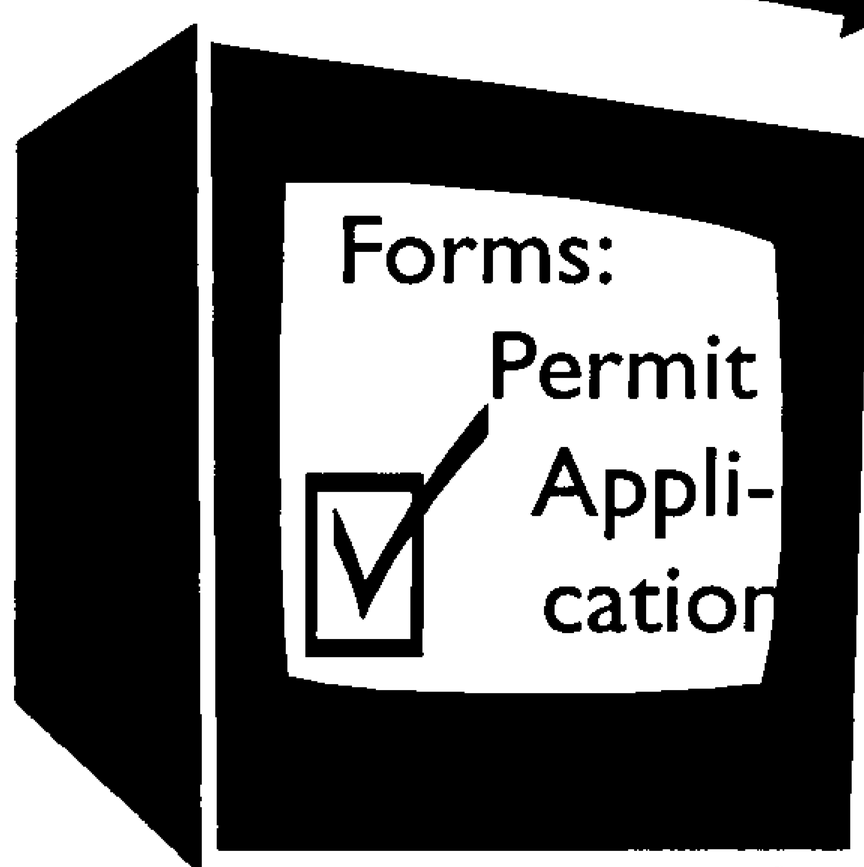
- 201 Full-Time Equivalents Answer Calls

- W/O Emergency & Parks = 73

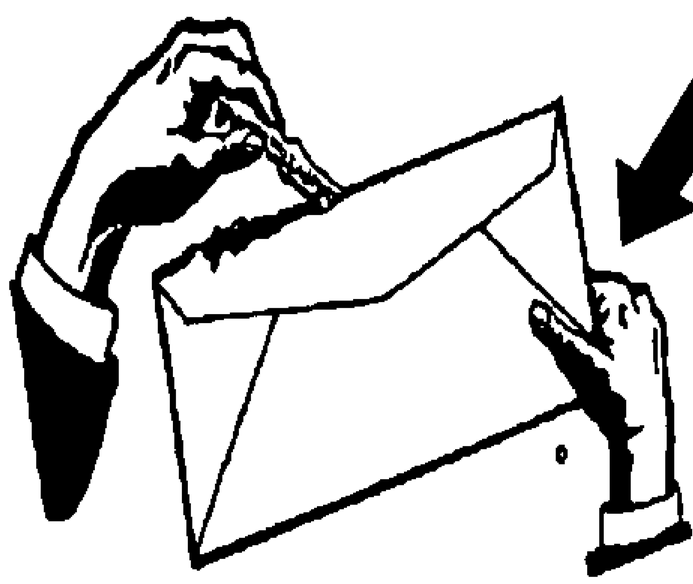
How Do I? Information

Get an animal license
Register to vote
Schedule garbage pickup
Get a parade permit
Get a sidewalk





Customer Service Specialist



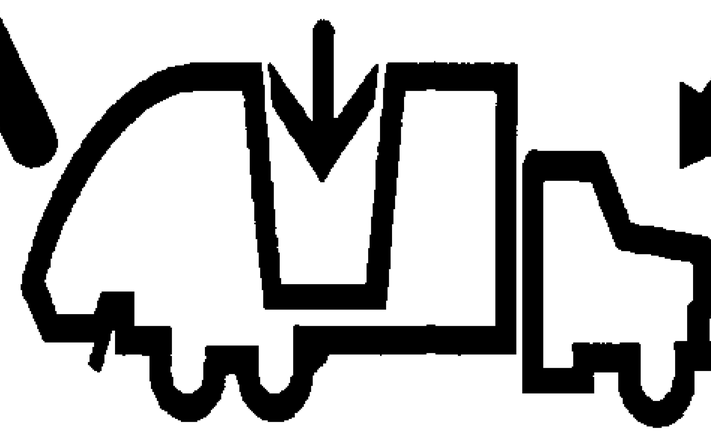
Central/Shared Forms and Policies Database

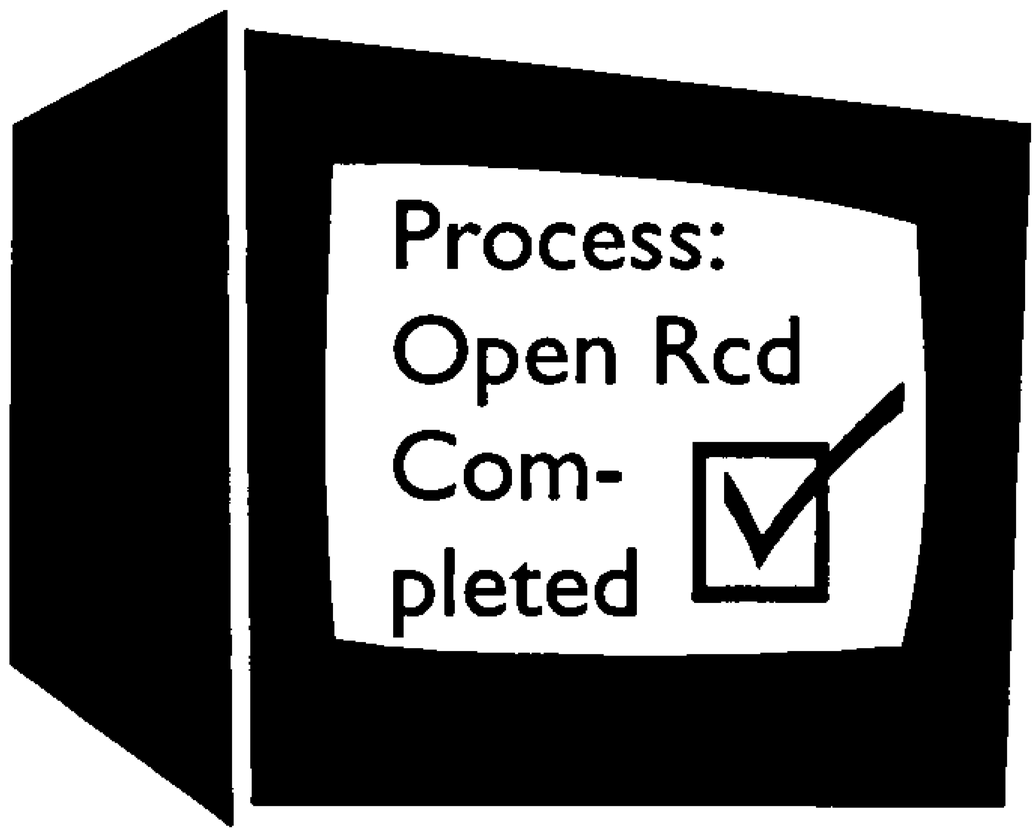
Request entered on LAN in CMGC is automatically transmitted to service provider (e.g., Sanitation)

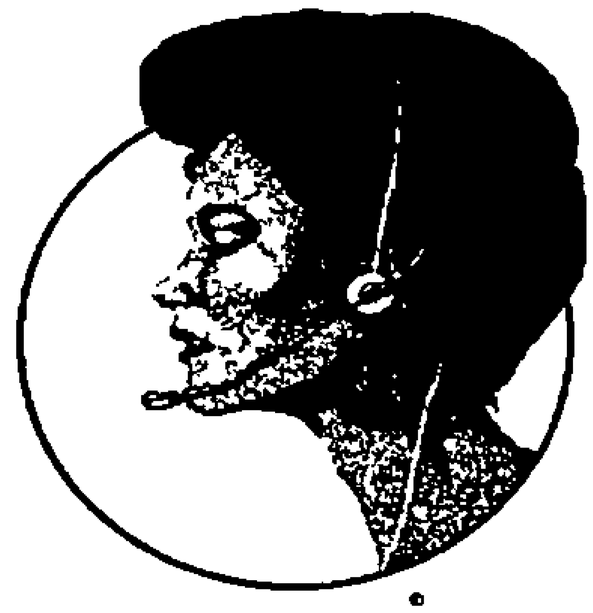
Service Provider's Offices

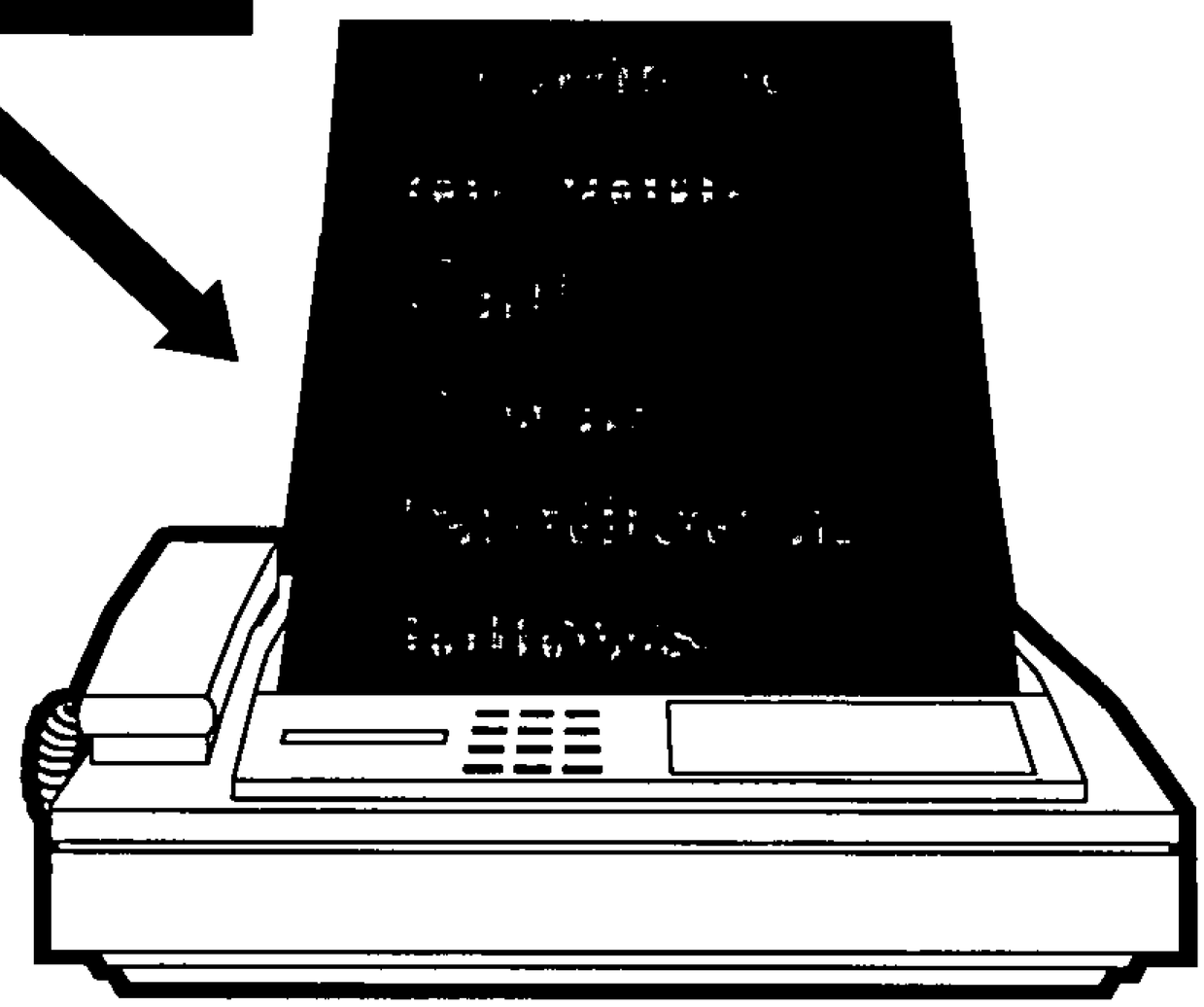
Resolution is entered into system at service provider's site

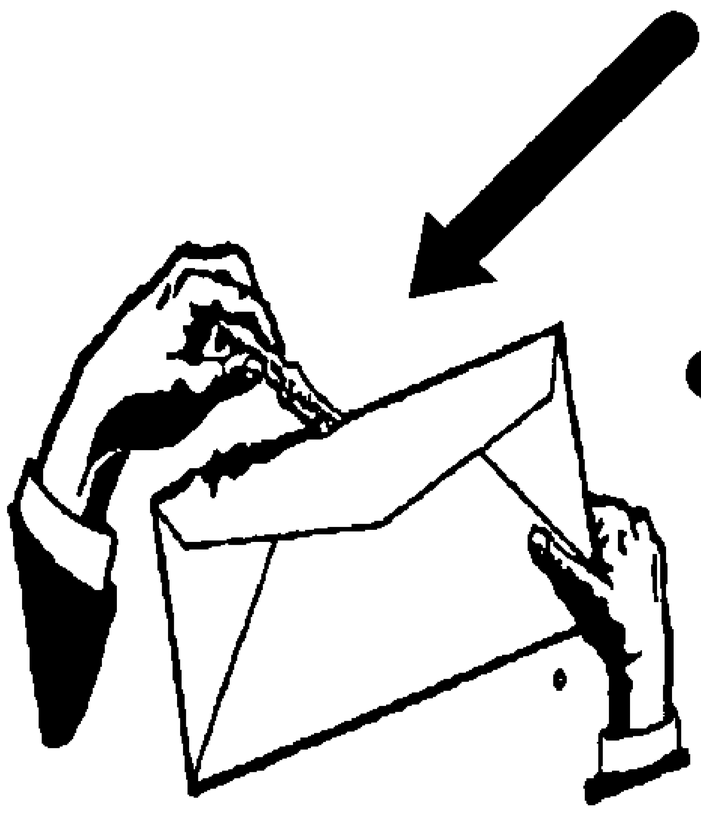
Request is assigned to a crew for handling



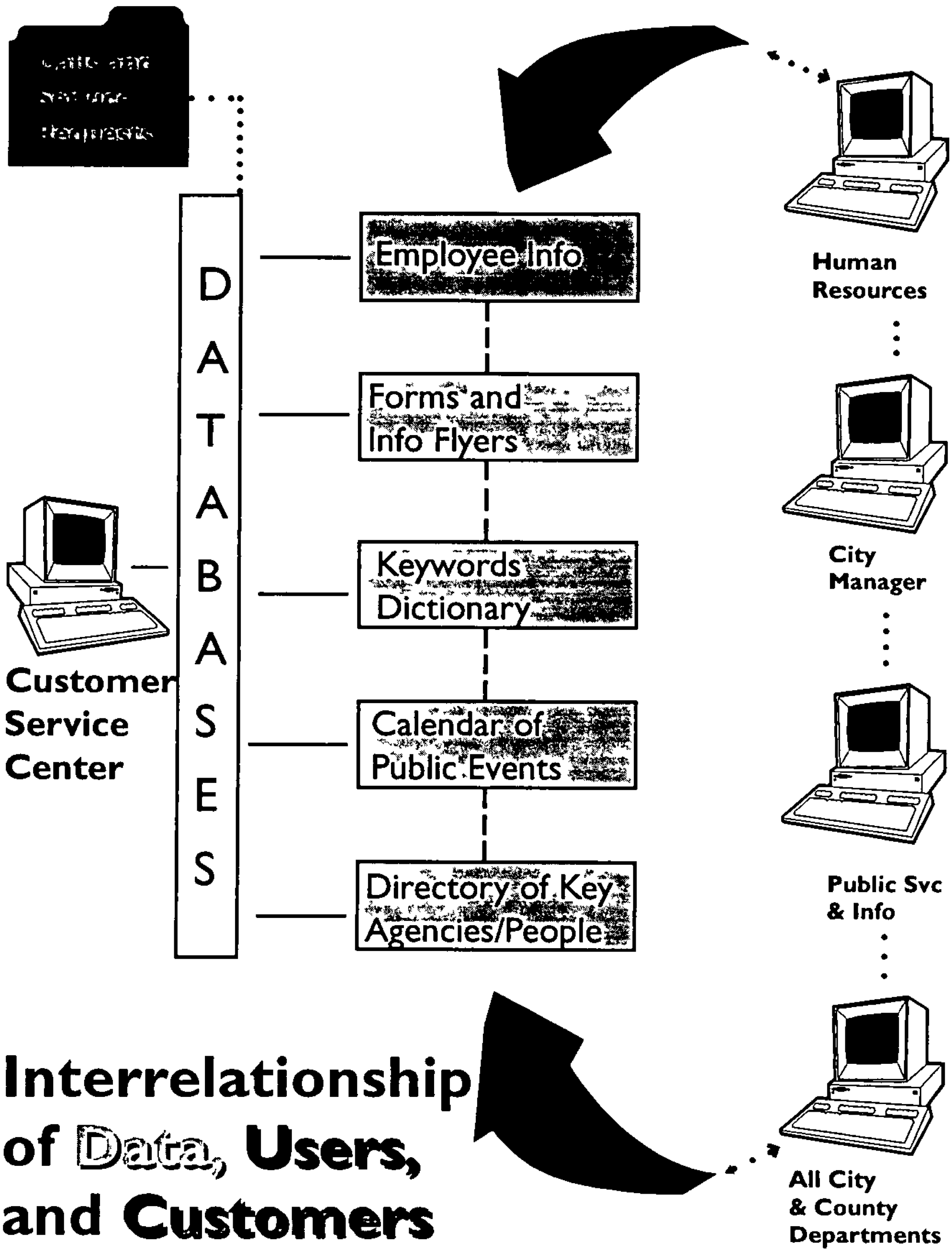






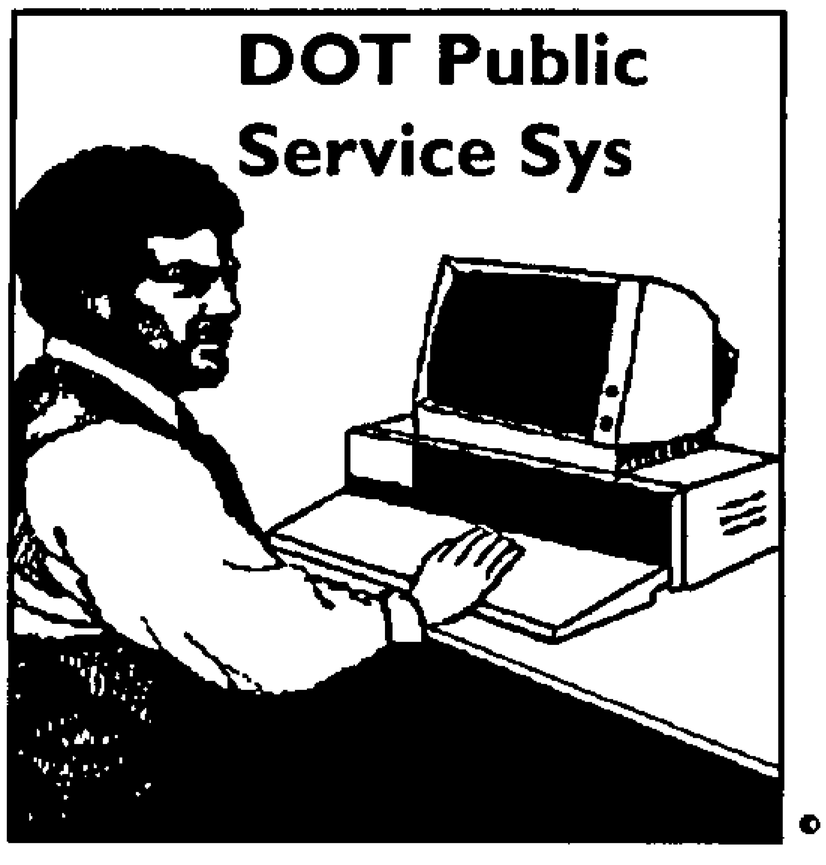


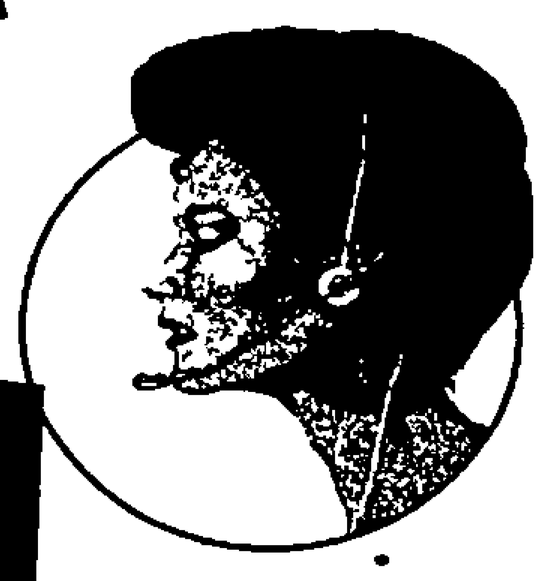
Original
Caller

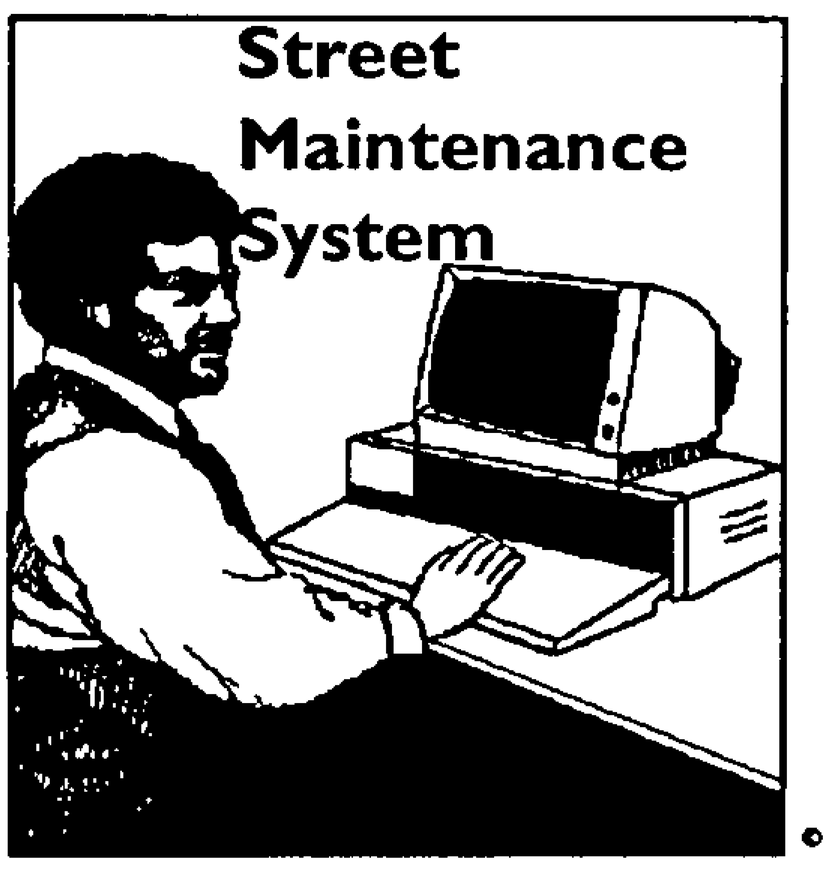


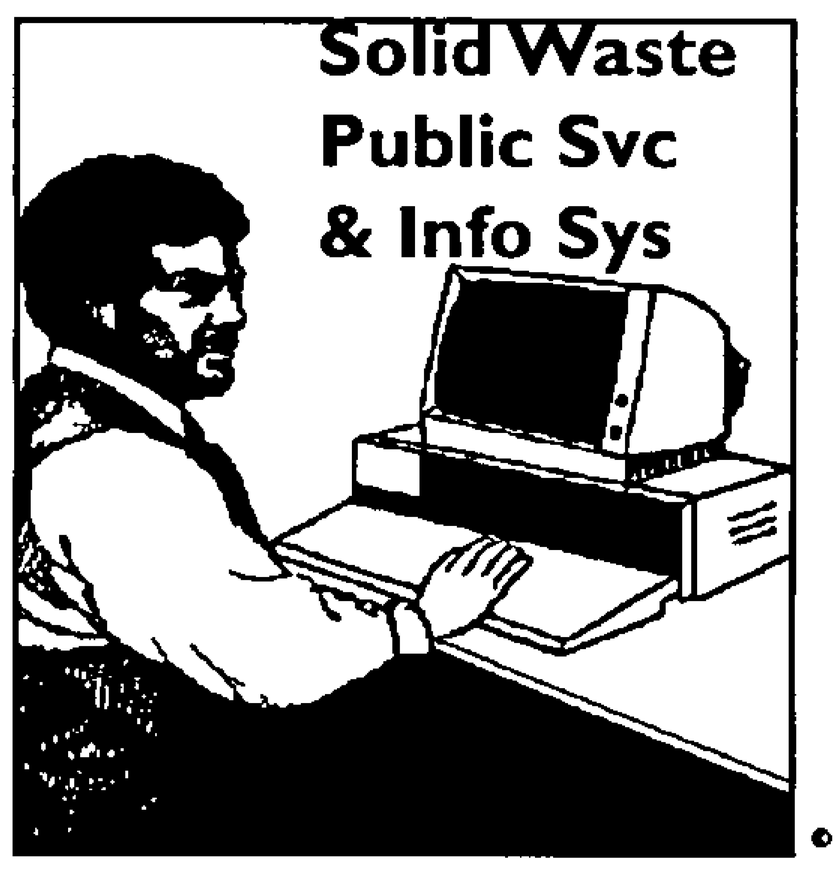
Interrelationship of Data, Users, and Customers

One Major System With Multiple, Interrelated Applications

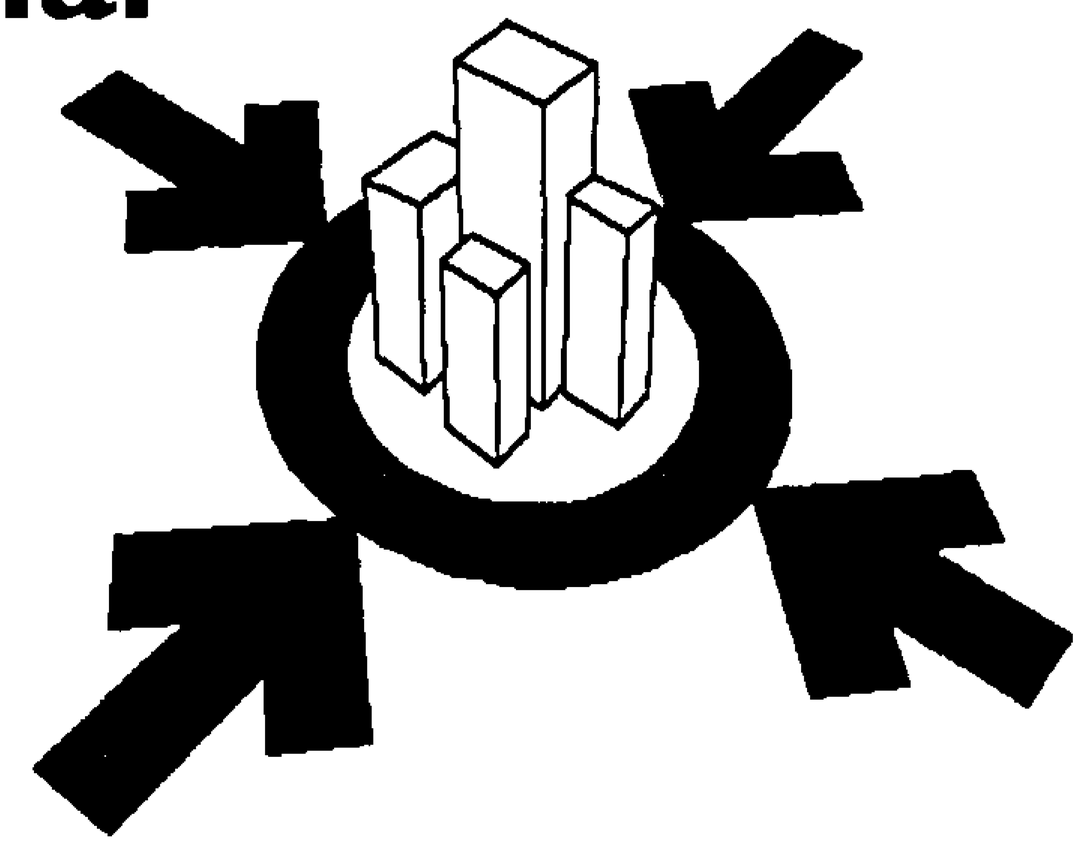








Organizational Structure

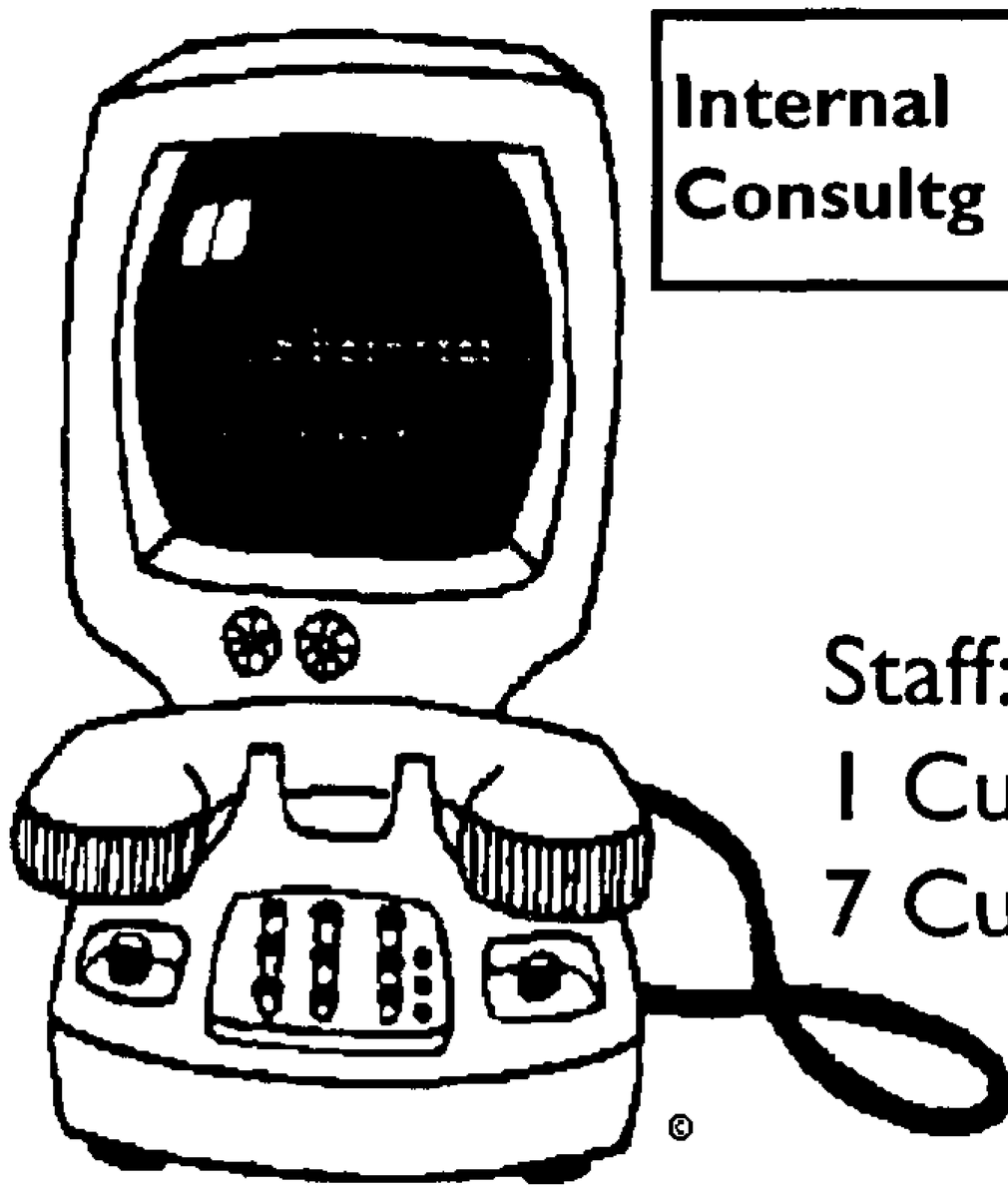


City Manager's Office

Internal Consultg

Training

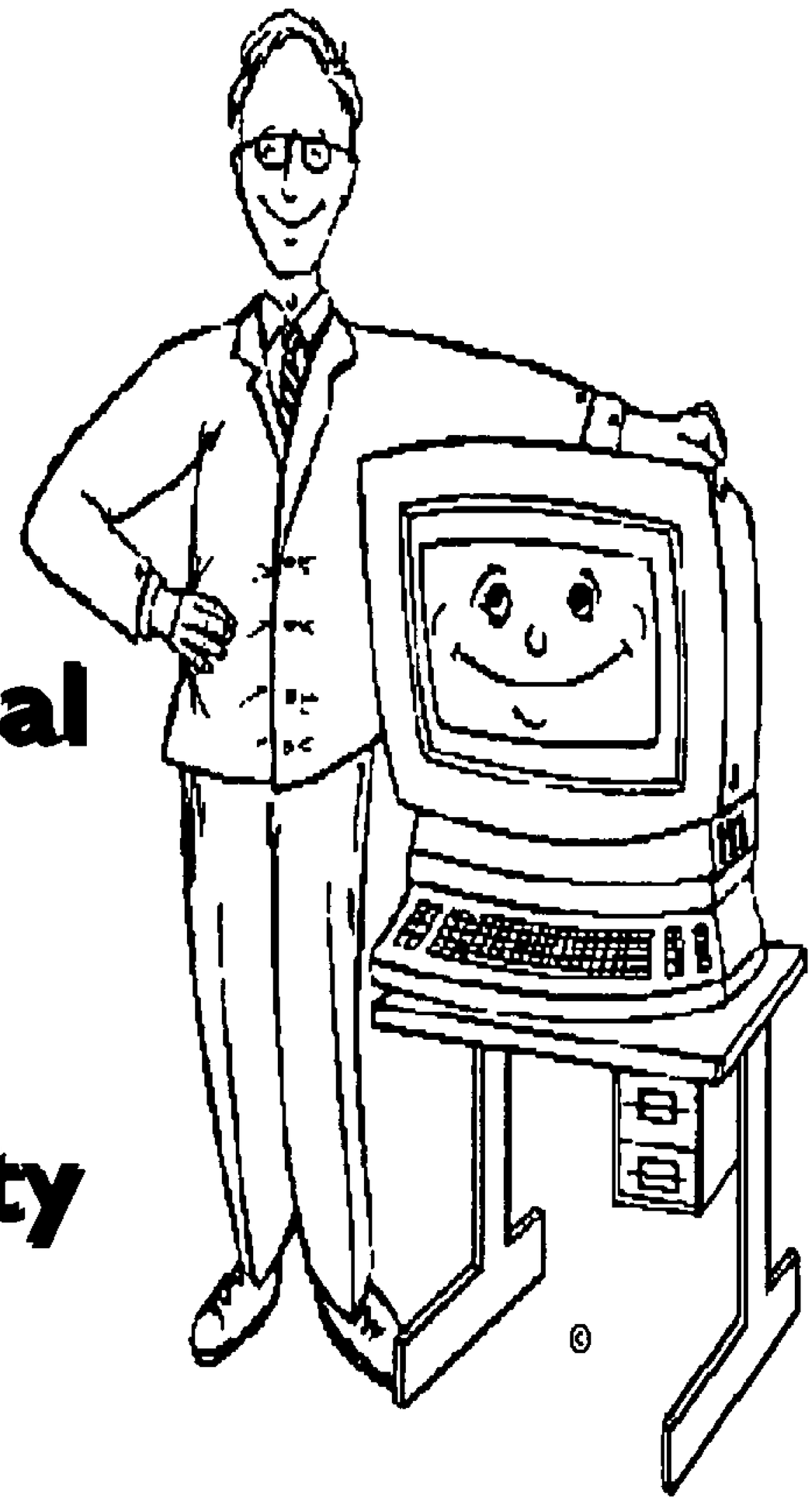
Performance Management

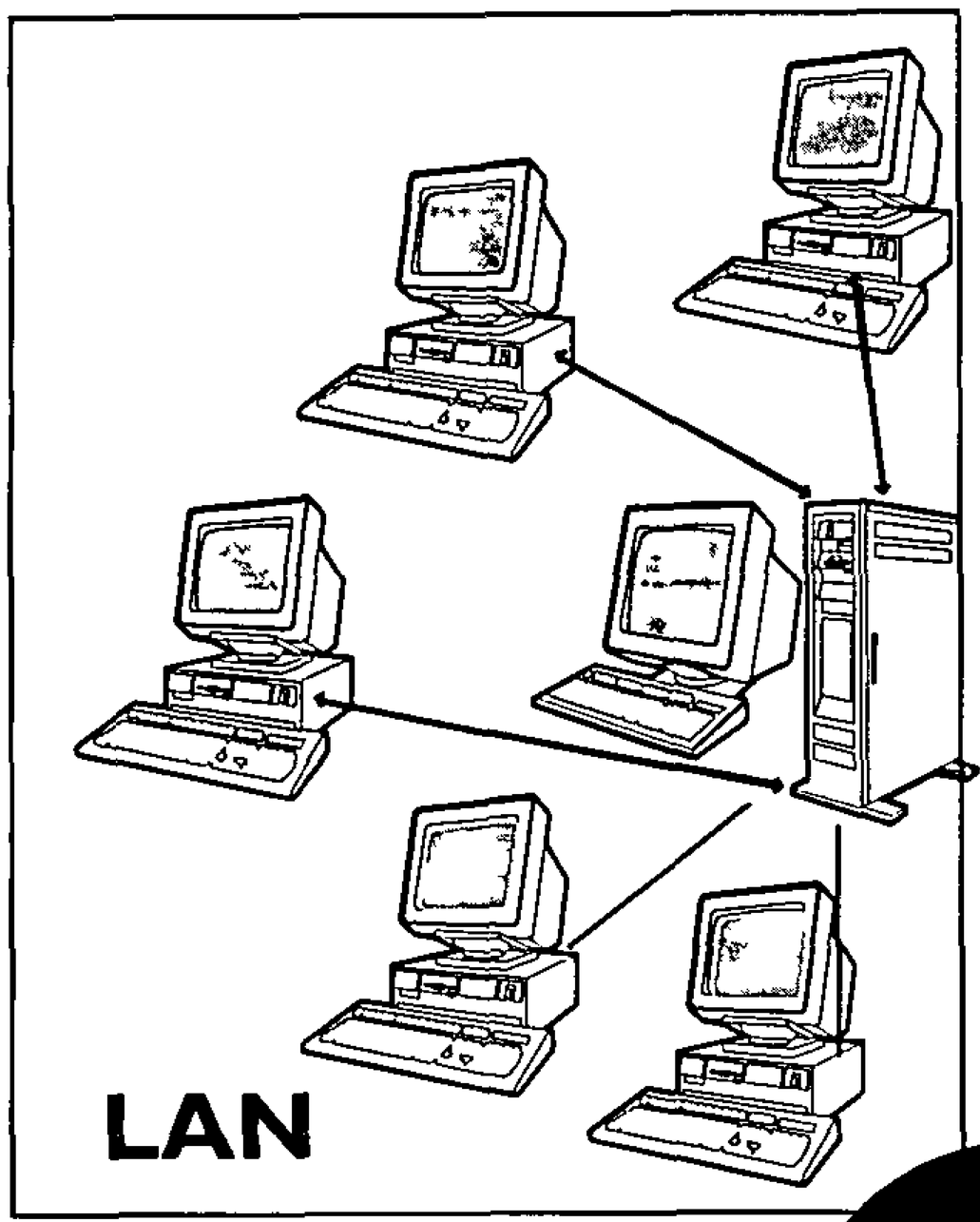


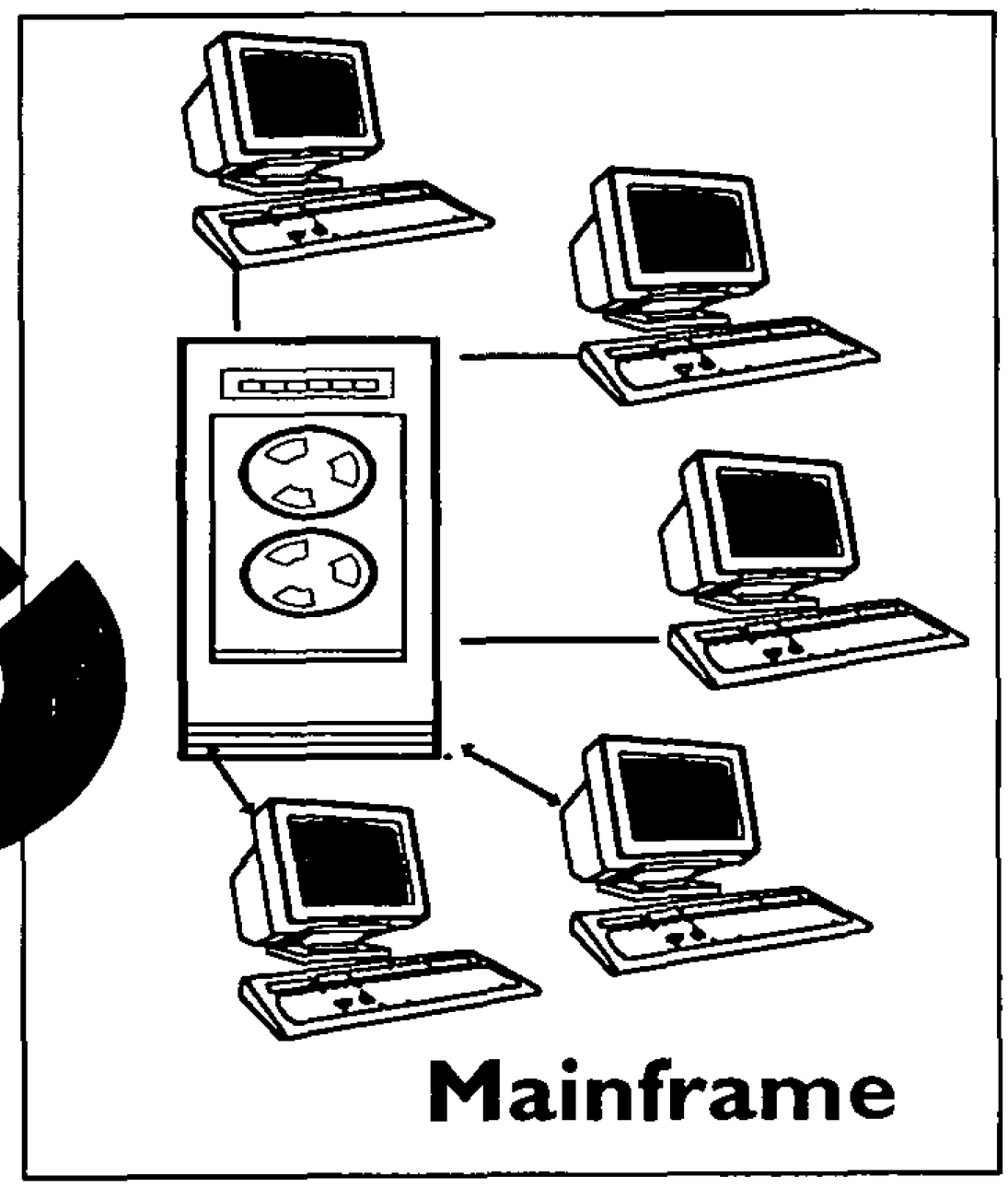
Staff:
1 Customer Service Mgr
7 Customer Service Rep

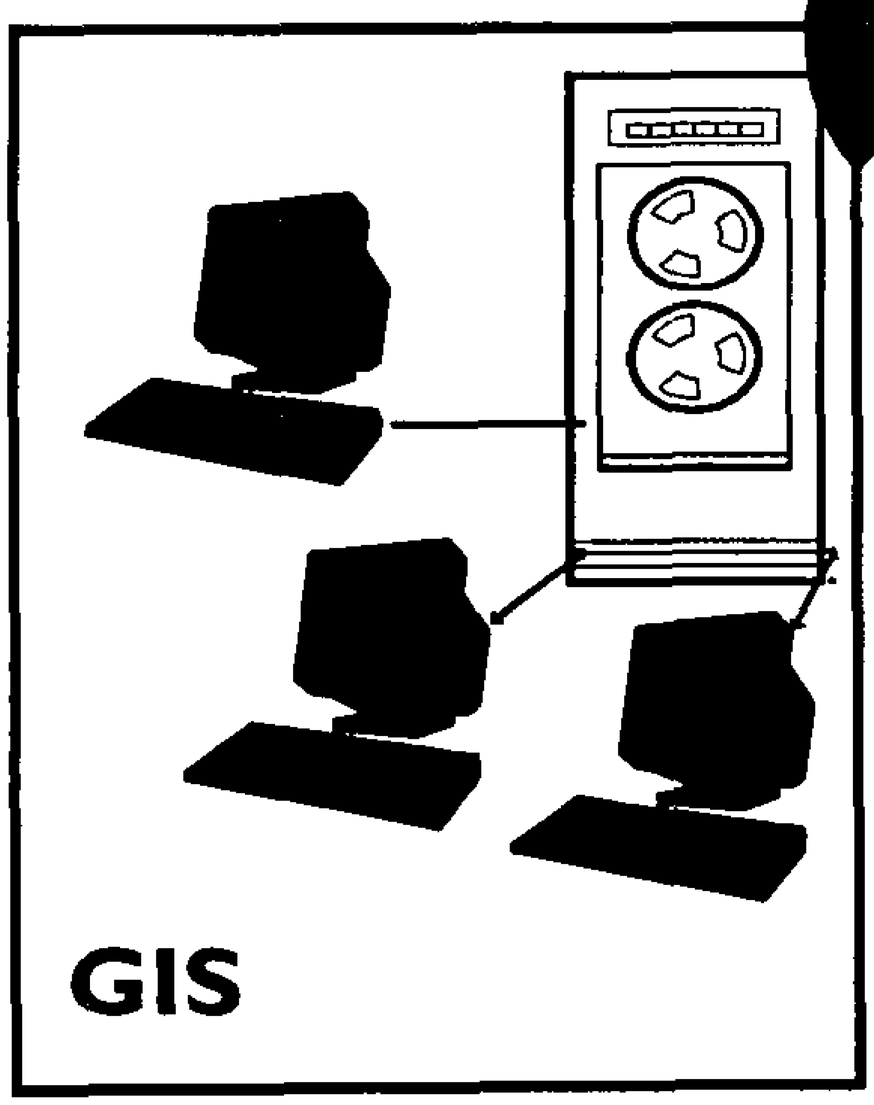
Benefits

- Easy Citizen Access
- Better Tools
- Individual Departmental Applications
- Follow-Up
- Improved City Image
- Improved "Paper Flow"
- Standardized Message



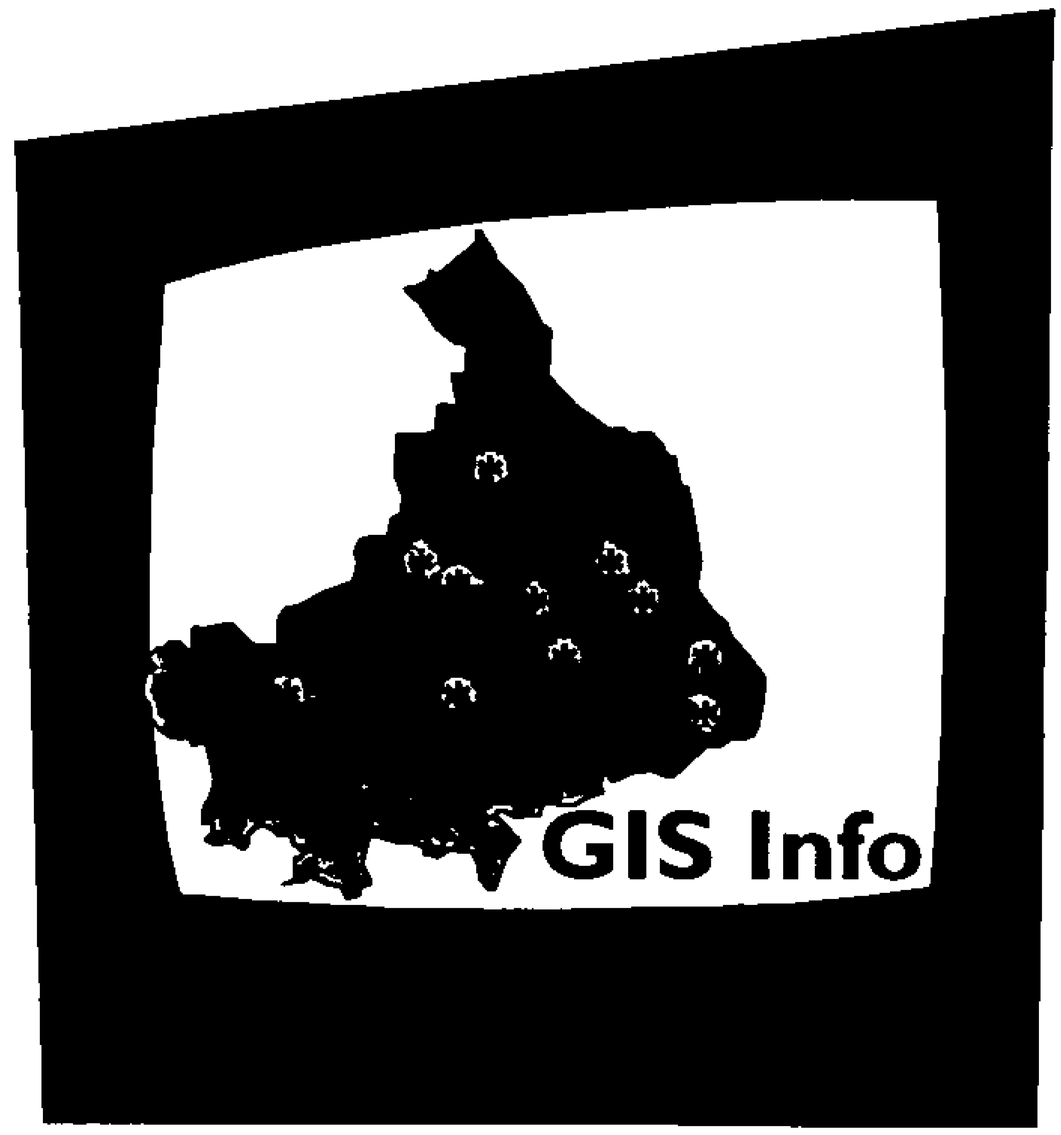






System Interconnectivity

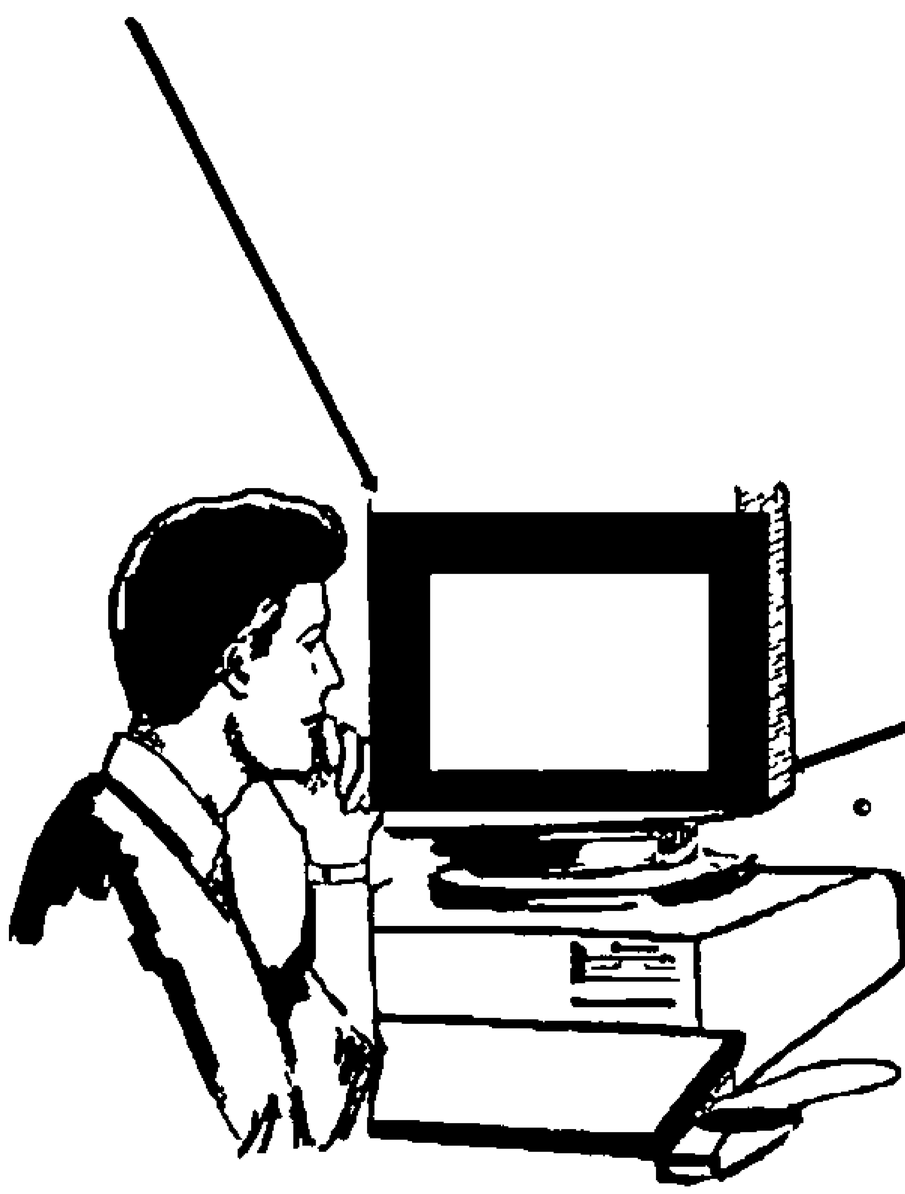
Outstanding Svc Rqsts



Crew Assignments

* Work Sites
* Outstanding Calls

Complaint Summary Report



Access from any LAN Workstation

USING TECHNOLOGY FOR RIGHTSIZING

RIGHTSIZING STRATEGIES

(March 1992)

REDUCE LAYERS OF MANAGEMENT

RETIREMENT INCENTIVE PROGRAM

ORGANIZATION TEAM

INNOVATION TEAM

CUSTOMER SERVICE CENTER

RESULTS

FLATTER ORGANIZATION

BETTER CUSTOMER SERVICE

CREATE VACANCIES/ SMALLER WORKFORCE

$5 MILLION REDUCTION IN FY93 BUDGET

CONTINUING THE CITY'S AUTOMATION PLAN

Goals of Automation Plan:

- -Eliminate positions through technology improvements and eliminating work
- -Achieve long-term strategy for LAN-based platform City-wide
- -Ability to connect remote sites to CMGC LAN
- -Meet rightsizing goals (reduce additional positions, reduce layers of management)

May, 1992

LAN UPGRADE

Slow LAN Response Time
Requests for additional users exceeded capacity

June, 1992

LEASE 232 WORKSTATIONS

Begin transition from AS400 to LAN based workstations
Automate/eliminate work for rightsizing
Upgrade existing computers
Replace mainframe only terminals

September, 1992

AS400 CONVERSION

Realize cost savings by eliminating duplicate platforms

HISTORY OF COMPUTER ACQUISITION

Since the City began acquiring personal computers for its Local Area Network (LAN) system, the focus has always been to purchase compatible and reliable equipment. For this reason, the City has extensively tested any equipment it considers for purchase. For personal computers, this means approximately 120 person-hours of testing for each type brand of computer. Compatibility and consistency of parts simplifies and reduces cost of maintenance and repair. Failure of any hardware to work in a LAN system simply wastes the City's money and defeats the purpose of an integrated system.

In 1987, the City began purchasing personal computers from the State of North Carolina contract, so specific models and vendors that were known to be both adequate and compatible could be selected. For many years this meant buying IBM equipment. But in 1990, the City considered purchasing "clones" based on price and performance advantages. The decision was made for the City in the summer of 1991 when the State, due to financial constraints, canceled the State bid process. In FY91 funds were generally unavailable to purchase additional workstations in any quantity, so the City had the opportunity to evaluate other brands of personal computers.

The City tested several different brands of IBM "clones". Computers made by Gateway 2000 offered the best price and performance, and were the most compatible with the existing network. In early FY92, a small quantity of the Gateway 2000 computers were purchased. However, since the need for workstations was increasing, the Purchasing Department recommended the City obtain bids from which items could be purchased over the next year, to avoid having repetitive bids each time a user identified the need for a workstation purchase. In April, 1992, the City requested bids for computers, printers, software and network connection equipment.

First Round of Bidding

The first round of bids included computers and supporting equipment. (Gateway 2000 did not qualify for this bid because they failed to post a bid bond.) Results were:

Vendor	Per Unit Bid
FSI Fortress Systems International	$2,235.00
Sears	$2,491.49
Automated Office Systems	$3,149.60
Compucom Systems	$3,208.20
Memorex Telex	$3,349.40
Entre of Charlotte	$3,431.00
JWP Businessland	$3,984.00
Dell Marketing Corporation	$4,403.40

CIS tested the two lowest bid personal computers. These were rejected due to incompatibility with existing equipment, poor construction quality, failure to pass appropriate software tests, and vendor failure to provide most recent software releases. Testing was discontinued after this point, since the price level of the equipment for the remaining bids exceeded the budgeted amount. The City decided to rebid the equipment, based on a higher number of user requests. The City also anticipated lower per unit costs.

Second Round of Bidding

A second bid was sent out in May, 1992, for the computers only. The results were as follows:

Vendor	Per Unit Bid
DP Connections	$2,008.17
FSI Fortress Systems International	$2,241.67
Slayton, Incorporated	$2,327.00
AEG Olympia	$2,355.50
The Computer Group	$2,539.97
Automated Office Systems	$2,731.20
CompuCom Systems	$2,906.33
Memorex Telex	$3,075.00
Dell Computer Corporation	$3,591.00

Again, CIS tested the lowest (DP Connections' PIONEX PC's) bid, but rejected this bid based on incompatibility with the City's existing systems, failure to comply with bid specifications (i.e., references not using 50 or more of this type PC in a networked environment using Novell), and actual equipment malfunctions of the PC's themselves. The next two lowest bids were also rejected because of inconsistency in internal components and failure to furnish references using 50 or more of their PC's in Novell networked environments.

Conclusions

As a result of the failure to successfully bid the CPU's, and in order to acquire the technology necessary to begin meeting our rightsizing goals, the lease option with Ontairio Investments was investigated and recommended. Page 5 identifies the options the City considered for acquiring the workstations. The lease option provides the City with the opportunity to acquire 232 compatible workstations at or below the budgeted cost, and to fulfill a short-term need without additional re-bidding and testing. Also, the lease provides a unique option for the City in that the lessor will relinquish ownership of the equipment at the end of the lease, will allow the City to sell the equipment and retain 100% of market value, or will sell the equipment for the City and reimburse 100% of market value to the City. Again, this provided the City with the best solution for the short-term.

OPTIONS REVIEWED

1. **Purchase Workstations Through Federal Government Contract**

   Disadvantages

   - Federal Government contract did not contain any personal computers that would be compatible with the City's network. Also, the contract contained quality constraints that leaned towards larger rather than smaller units.

2. **Purchase Workstations Directly From Lowest Bid Received**

   Disadvantages

   - The lowest bids failed to pass testing and specification requirements. All other bids were higher cost than that proposed by the lease option.

3. **Lease/Purchase Workstations**

   Disadvantages

   - This process is governed by the same State laws as direct purchases, requiring bids. Even if this option were selected, the cost would have been greater than that presented in the lease option.

4. **Lease Workstations from Ontario Investments**

   Advantages

   - Lowest possible cost to obtain work stations at this time.

DISTRIBUTION OF LEASED WORKSTATIONS

DEPARTMENT	DIVISION	NUMBER OF WORKSTATIONS	FUNDING SOURCE
Aviation		35	Aviation Operating Fund
Budget & Evaluation		6	General Fund
CIS		1	General Fund
City Clerk		2	General Fund
CMUD	Engineering	3	Utilities Capital Projects Fund
	Industrial Waste	7	Water & Sewer Operating Fund
Community Development		3	Community Development Fund
Customer Service		9	General Fund
Economic Development		1	General Fund
Employment & Training		19	Employment & Training Fund
Engineering		39	General Capital Projects Fund
Finance		13	General Fund
Fire		15	General Fund
General Services		7	General Fund
Human Resources		10	General Fund
Planning		7	General Fund
Police		4	General Fund
Purchasing		2	General Fund
Solid Waste		13	General Fund
Transportation (CDOT)	Administration	9	General Fund
	Engineering–Design	5	General Fund
	Orr Road	1	General Fund
	Planning	5	General Fund
	Public Service	4	General Fund
	Special Transportation	4	General Fund
	Street Maintenance	8	General Fund
TOTAL		232	

Summary by Fund	Aviation Operating Fund	$63,665 00
	Community Development Fund	5,457.00
	Employment & Training Fund	39,273 00
	General Capital Projects Fund	98,045 00
	General Fund	274,624 00
	Utilities Capital Projects Fund	9,153 00
	Water & Sewer Operating Fund	12,733 00
	Total Cost	$502,950.00

TECHNOLOGY STATISTICS FOR OTHER CITIES/COUNTIES

City/County	Employees	Total PC's	PC's Per 100 Employees	Total Mainframe Terminals	Mainframe Terminals Per 100 Employees
Mecklenburg County	3,700	1,200 *	32	400	11
Jacksonville	20,000	5,000	25	4,500	23
Wake County	2,300	550	24	600	26
Wilmington	700	150	21	250	36
Asheville	900	175	19	75	8
Durham	1,500	250	17	200	13
Greensville, SC	750	120	16	150	20
Richmond	4,500	609	14	350	8
Winston Salem	2,900	300	10	250	9
Jefferson County, AL	3,000	300	10	800	27
Charlotte	**4,700**	**360**	**8**	**270**	**6**
Greensboro	2,500	186	7	115	5
Raleigh	2,700	200	7	174	6

*Mecklenburg County will acquire an additional 400 personal computers within 45 days

LEASE AGREEMENT

39. Recommend approval of an agreement with Ontario Investments, Inc. of New York for the lease of Gateway 2000 microcomputers at a rate of $20,955 per month for 24-months. The total obligation under this agreement will be $502,920.

Lease Recommended

- The lowest quotation of ten firms responding to the request for quotation for purchase of the microcomputers was received from the firm of Gateway, Inc., at a cost of $454,945. Because of the rapidly changing technology in the microcomputer environment, however, it was subsequently determined that a leasing arrangement would better serve the interests of the City.

- Ontario Investments, Inc., an incumbent City lessor, offered to buy the equipment from Gateway, Inc. and lease it back to the City for $502,920, or $47,975 more than the purchase price.

- Although purchase-lease back is the normal arrangement under third-party leasing agreements, Ontario added a unique option that will allow the City continued use of the Gateway microcomputers beyond the 24-month leasing term without additional cost.

- Delay in the lease of these microcomputers will postpone the full implementation and utilization of the NetFRAME local area network approved by City Council on May 26, 1992.

Funding: CIS Operating budget.

MAYOR'S PRIVATIZATION TASK FORCE

- On July 7, the Mayor's Privatization Task Force held its first meeting.
- The Task Force has been charged with evaluating the services and facilities provided by the City to determine whether there are areas which may be more efficiently and effectively provided by the private sector.
- The Task Force will begin by reviewing the City's current and past experiences with privatization, and by reviewing an inventory of the City's services.
- City staff has presented a brief report to the Task Force which includes current privatization initiatives.
- The Task Force plans to complete its work and make recommendations to the Mayor and City Council by January 1993.
- Members include: Stan Vaughn (chairman) , Bobby Lowery, Dale Halton, D.J. Klauss, Barney Lawson, John McArthur Jr., Randall Arthur, Dick Sahile and Herb Watkins.

MAYOR'S COMPENSATION TASK FORCE

- The Mayor's Compensation Task Force has met twice.
- The Task Force has been charged with the evaluation of the City of Charlotte's levels of compensation and range of benefits for employees.
- The Task Force will determine if the City's compensation is competitive and consistent with compensation provided by other employers locally, and by other like employers regionally and nationally.
- City staff has presented a brief report to the Task Force which includes current compensation levels.
- The Task Force plans to complete its work and make recommendations to the Mayor and City Council by January 1993.
- Members include: Don Johnson (chairman), Jan Wilkinson (vice-chairman), Kristy Blackman, David Burkhalter, Charles D. Loring, Henry Federal, Rick Kipp, Tom Philson and Ed Wadsworth.

SERVICES INVENTORY REVIEW

IN FEBRUARY, COUNCIL APPROVED THE RIGHTSIZING PROCESS, WHICH INCLUDED:

<u>What</u> services should City government provide?

UNDERSTAND CURRENT CITY SERVICES

1. Develop detailed inventory of services.

   OUTCOME: City Services Inventory Handbook

2. Develop assessment process for Council using the Rightsizing Principles & Guidelines.

3. Assess services.

   OUTCOME: City Services Value Assessment

COUNCIL WAS PRESENTED WITH THE FOLLOWING OPTIONS TO REVIEW AND ASSESS CITY SERVICES:

OPTIONS FOR ASSESSING CITY SERVICES

OPTION #1: Assign service reviews to Council Committees using Council-approved criteria.

OPTION #2: Employ a consultant to develop criteria/process for Council review.

OPTION #3: Conduct a comprehensive citizen survey to determine relative value of City services.

OPTION #4: Utilize citizen focus groups.

OPTION #5: A combination of the above.

RECOMMENDED PROCESS FOR ASSESSING CITY SERVICES

STEP	COMPLETED BY
Personnel & Finance Committee selects a consultant	August
Consultant and Committee develop criteria and review services inventory - Divide departments and assess services	September/ October
Bring changes to full Council for approval	October/ November

WHAT'S NEXT?

AREA	NEXT STEP
Layers of Management/ Organizational Changes	Continue to review and approve reorganization plans which reduce layers of management.
	Transfer employees under guidelines of established Placement Policy. Begin deleting existing vacancies to create permanent reductions.
Retirement Incentive	Start implementation of retirement incentive program. Create vacancies for permanent reductions.
Organization Team	Select a consultant to identify organizational model, assist departments in implementing model.
Innovations Team	Continue to identify and implement innovative and cost effective methods of providing services
Technology Team	Replace AS400 system (office automation) with LAN workstations.
	Reviewing City-wide processes (Purchasing system, Human Resources system) for improvement.
Services Inventory	Council to assess and prioritize City services.
	Internal Consulting will cost services for Council's and Privatization Task Force's use.
Customer Support Center	Staff customer support center through rightsizing vacancies.