

CITY OF SAN BERNARDINO
ORGANIZATIONAL REVIEW

March 2007



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March 6, 2007

Honorable Patrick J. Morris, Mayor
Mr. Frederick Wilson, City Manager
City of San Bernardino
300 North "D" Street
San Bernardino, CA 92418

Dear Mayor Morris and Mr. Wilson:

Enclosed is our project report on the Organizational and Management Review of the government of the City of San Bernardino. Work on this analysis was completed in early January 2007. After initial review by the City Manager, the report was provided in draft form to City management on January 29th. On February 1st and during the week of February 5th, Management Partners staff met with City management staff to go over and refine the report. Written comments from City management were received until February 20th, which Management Partners has incorporated as appropriate into this project report.

As you are well aware, there are a host of issues facing the City. This report can be used as a roadmap for prioritizing and addressing key items, as well as charting a path for the future.

Our review of the government had two primary objectives and one major limitation.

The first objective was to examine all of the operations of the government to identify opportunities for improvement, either in the way services are provided to the residents of the City, or in the efficiency of the government. We examined the operations of every department with this goal in mind.

The second objective of the review was to generate savings in operating costs. Such savings would be useful in paying for this review itself and in making available resources that the City could use to meet the many pressing demands that face San Bernardino City government.

The major limitation of this review is that it is an analysis of the overall operations of the entire government, an extremely complex entity with a general fund budget of \$134 million and a work force of more than 1,200 employees.

While this review was planned to cover the entirety of the government, it was not designed to provide focused, detailed analysis of specific, individual government functions. Some of the recommendations, therefore, identify areas where additional analysis will, in our professional opinion, provide significant opportunity for improvement on a cost-effective basis.

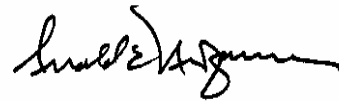
Based on the Project Report, and with your input, we are prepared to assist the City with implementation of tasks that should be completed prior to the next budget cycle. Since there are so many far-reaching and complex recommendations in the Report -- many of which contain policy implications -- we would suggest that a staff report to the Common Council recommend

priorities, appropriate milestones and the resources necessary to complete some of the most critical pieces in time for incorporation in the Fiscal Year 2007 Budget.

It has been a pleasure to work with you and the staff of the City of San Bernardino on this analysis, and we appreciate the extra work it took for you to support our analysis.

The City is in a unique position to address organizational and management issues crucial to the long-term financial health of the City and to provide for a future that is fiscally sound with an improving quality of life for San Bernardino residents.

Sincerely,

A handwritten signature in black ink, appearing to read "Gerald E. Newfarmer", written in a cursive style.

Gerald E. Newfarmer
President and CEO



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EXECUTIVE SUMMARY

In June of 2006, the Mayor and Common Council of the City of San Bernardino commissioned Management Partners to conduct a structured review of the City's government. Their goal was for Management Partners to identify and recommend ways that the City could improve its operations, providing essential tools and research to help operate more efficiently and save money. The impetus for this study was the implementation, via a Charter change, to a modified city manager form of government, a move intended to improve management accountability. As a first step in improving operations the City, under the leadership of a new Mayor and City Manager, determined to obtain an overall evaluation of the current functioning of the government.

After completing this analysis Management Partners believes the determination to move to the new form of governance will be seen as a watershed moment for the City, but it will take literally years of work to modernize operations so that the new approach can yield maximum benefits in improved effectiveness for the citizens of San Bernardino.

This review was conducted over a six-month period, from July through December 2006. The methodology of the review included interviews with elected and appointed officials, focus group, and individual interviews with employees, benchmarking comparisons with other jurisdictions, and a review of documents that included the City Charter, City Budget, City Comprehensive Financial Report (CAFR), various management studies that had been conducted previously, City Ordinances, and other materials provided by staff as needed.

This report details myriad findings and observations, and 187 recommendations for a collection of actions that, once implemented, will result in organizational efficiencies and cost savings across the City. These recommendations are specific and action-oriented.

The information presented in the report represents the observations and findings of the experts who worked as a team for this project. While the review of City operations and issues focus on management issues or practices where improvements can be realized, this report should *not* be read as a form of "report card" or assessment of the performance of the elected officials or staff.

Any human enterprise can be improved, and that truth applies to the operation of the government just as it does to every other organization, private or public.

The San Bernardino government performs well in many areas and it uses some best management practices. Management Partners found everyone eager to improve the performance of the government. The fact that the City decided to undertake this study represents a strong commitment to learning and improvement.

Those who may think that the City of San Bernardino government is full of wastefulness will be disappointed in the findings of this report. While abundant opportunities for increased efficiency exist, this does not reflect waste, ineptitude or laziness. Rather, the situation is the natural result of the historical development of a government that has outmoded information systems, inadequate management support and a multitude of convoluted low value processes.

If anything, in certain areas of government the City has taken cost cutting far beyond the point of diminishing returns. In other areas, innovation has been stifled by overly restrictive rules, outmoded bureaucratic systems, lack of investment capital or a culture that is very risk-averse.

Management studies sometimes speak of harvesting “low-hanging fruit” -- the idea being that some changes to save money or do things more efficiently can be made with little effort. In reality, most all changes are hard work, require a funding commitment and are resisted by those with an investment in the status quo.

This is true in the City of San Bernardino government. Years of cost cutting have pretty much stripped the orchard of any low-hanging fruit and the trees themselves are in bad shape. Indeed, a clear-eyed evaluation of the condition of the City leads to the conclusion that ongoing “business as usual” operations are not possible, at least for very long.

The primary findings of this report are that the San Bernardino City government must modernize, and that it must address its serious fiscal situation. The City must evolve from a jurisdiction rooted in old bureaucratic systems to one re-seeded with modern public sector management practices. An important implication of this finding is that the City has a substantial need for reinvestment in basic systems. In fact, the City has both booked liabilities and unrealized but real liabilities for which it does not have the funding to meet.

Therefore this report does not result in new spending money. It does offer the City a chance to make changes to allow it to reinvest in itself, so San Bernardino becomes capable of more efficient operations. In doing so, the City will be able to sustain improved long-term operations.

Modernization

While this report identifies specific, practical ways the City can become more efficient and save money, the overall theme of this report is that the City government needs to be modernized. The political and management superstructure needs to be streamlined. Its internal organizational infrastructure needs to be allocated so that sufficient resources are available to maintain City assets and provide adequate support for workers who serve residents. The financial systems of the City need to be robust enough to promote sound, sustainable fiscal management.

This report discusses this issue in more detail. While it offers numerous recommendations to improve efficiency and save money, Management Partners believes that modernizing business practices is far and away the most critical change that the City needs to make if it is to become a progressive, efficient and sustainable government.

City Finances

The need for modernization is underscored by the City's current financial circumstances. Healthy finances provide local governments with the means to achieve their strategic goals and encourage alignment. Conversely, poor finances often relegate governments to distress and infighting. The cause and effect of the reasons why governments have differing financial fortunes is complex and cannot be generalized, because they have to do with choices as well as circumstances.

San Bernardino is experiencing fiscal distress. The symptoms include:

- Significant and threatening unfunded liabilities
- Lack of resources for support services, building and equipment
- Internal competition for limited resources
- Unusually restrictive internal and external budgetary controls
- Lack of long-range financial planning
- Slow growth of tax revenues
- Dramatically shrinking resources available for non-public safety services
- A budget process in which Departments do not feel actively and meaningfully involved
- Lack of documented financial/budgeting policies
- Auto-pilot expenditure mandates
- A general belief among key staff that general fund resources are not available to work at a best practice level

Given the factors discussed in this summary, the reality is that the City's general fund finances are tenuous. Aside from public safety, it is questionable whether the City can maintain funding for existing program service levels, and there are unmet needs that are becoming critical. The

policy framework of the City's financial management system requires immediate attention.

This report includes a number of recommendations aimed directly at helping the City put its finances in order. Implementing them will present challenges to both elected officials and staff.

City Support Services, Facilities and Equipment

Exacerbating the financial concern is the underinvestment in facilities, equipment and support services that provide a basic foundation for government operations. Support services include those programs that support the administration of the City and its operations. This category includes the functions of finance, human resources, workers compensation, liability, fleet management, facility maintenance, information technology and purchasing. The facilities function includes City buildings, while equipment includes vehicles and other capital items, such as computer servers.

Thinking of the above as the organization's own infrastructure, the blunt reality is that infrastructure is substandard and deteriorating. All direct service departments are being impacted by these conditions and less efficient than they should be in basic delivery of services.

There are both financial and operational consequences of this underinvestment. Neither the facilities nor the equipment function is on a solid financial foundation, with actual costs being charged to the programs that use their services, and with concomitant depreciation and replacement funding in place. Though some operations receive funding outside of the general fund, thus providing for their own needs, most of the City's core services are affected by the lack of resources available. These deficiencies are large, not small, and the trend is unfavorable. For example the City does not have a sinking fund to replace fire engines and consequently must depend on grant funds, which may or may not be available, and which has led to engines being run beyond their planned life expectancy.

The City has placed low priority on support services, facilities and equipment, out of necessity as it has addressed other service needs, primarily in public safety. Ironically, the productivity and effectiveness of public safety operations also has been undermined by these deficiencies, as the example above points out.

The importance of addressing this is critical because the City's sustainability and the organization's effectiveness depend upon it. This report offers a number of recommendations involving the use of best management practices that will help address this problem. Even so, this issue presents a stiff challenge to a city that has limited resources to apply to support services. Moreover, in the City of San Bernardino,

existing structural barriers to organizational alignment will frustrate needed change. The City has an organizational structure which has convoluted lines of authority and fragmentation, strikingly so for a medium sized city.

The Bottom Line

As noted, the City benefits from a qualified and committed staff that has enabled it, within its significant operational constraints, to provide services to residents. The staff excels at making day in day out tactical decisions to get the job done. They are hampered by lack of strategic management and out of date systems. Our review has identified many opportunities for improvement in organization, staffing and processes that are used to accomplish work and provide services. In addition, we have identified numerous and extensive opportunities for the City to increase operational efficiencies save money and realize revenues to cover costs.

These improvements are real and have a substantial multi-million dollar value. Attachment A provides a summary using conservative assumptions where a dollar figure can be realistically estimated. Many other recommendations will bring efficiencies and savings but more work is necessary to estimate them with more certainty. However, it will take hard work to make the improvements, including fundamental changes in the ways in which the City does business. Yet in every case there are examples of other cities achieving similar results to what is recommended for San Bernardino.

Those who will argue against making changes should consider that San Bernardino does not have the luxury of standing pat, as the negative trends impacting basic operations are not going away. Indeed, the City continues to lag other Inland Empire cities in attracting new development, and it needs to become more competitive and proactive in the delivery of municipal services in order to counter this trend and change perceptions. Streamlining and modernizing operations as recommended in this report will help accomplish these critically important objectives.

In considering the change agenda, there are several caveats that need to be stated. First, some of the recommendations will take more time than others to implement, especially since some involve significant organizational changes that will take time to put into place. Second, the report has identified a number of areas where policy makers will want to redirect savings from improved government operations to reinvest in basic corporate systems. This latter option is especially important given the financial stress that confronts the City.

The challenge to policy makers and managers alike is big -- both to make the decision to implement needed changes and to actually complete implementation. In preparing this report, however, we have remained true to the twin goals of identifying best practice improvement opportunities

and reducing the cost of existing operations, but with a constant eye toward implementation.

BACKGROUND AND OBJECTIVES

The City of San Bernardino is the seat of San Bernardino County and a major player in the rapidly growing Inland Empire. Its current population is estimated at 201,800 and the City encompasses almost 60 square miles. San Bernardino is an historic town, with roots to the Spanish missions in the early 19th century and to the railroads, which made San Bernardino their Southern California hub and brought a population increase, in the late 1800s. In recent years, San Bernardino has diminished as a population center, while other cities in the area have sustained significantly faster growth.

The City has before it tremendous opportunities as well as enormous challenges. The City has an elected Mayor, City Attorney, City Clerk and City Treasurer, as provided by City Charter. The current Mayor (a former judge) is new, having been elected in spring 2006 on a platform to decrease crime and improve economic development. City voters approved a Charter change to a quasi-City Manager form of government, converting the former City Administrator into a City Manager.

Crime is considered by many to be the number one issue, with approximately 50 homicides occurring in 2006 and significant gang activity. City demographics are challenging, with one-third of the City's residents on some form of public assistance.

To assess the City organization's state of preparedness and areas of need with respect to the rapid changes occurring in the community, Management Partners was engaged in July 2006 to conduct a full review of all City operations. While this review was originally focused on operations under direction of the City Manager, early on it was found necessary to broaden our perspective to include associated boards and agencies such as the RDA, Library, and Water Utility. The purpose of the review was to assist the City in developing an organization that encourages efficiency, innovation and a culture of excellence, while also identifying opportunities for cost savings.

This review of the government is devoted to determining how the structure and resources of the organization support its mission, goals, and strategic direction. It is the objective of an organizational review to identify and address organizational or structural weaknesses so that improvement actions can be designed and implemented.

Assuming that the employees with whom Management Partners met for the review are representative of the City's overall staff, the City's workforce is motivated to do their jobs well and dedicated to meeting the needs of San Bernardino residents.

This report is organized into six sections.

- The first section explains the process and approach used in undertaking this review.
- The second section compares San Bernardino to some of its peers using benchmark comparisons by way of setting context and understanding the community.
- The third section discusses overarching ("corporate") issues that were seen to have impacts citywide.
- The next section provides specific recommendations on operations providing direct services to City residents.
- The Support/Internal Services section provides recommendations for City departments serving primarily in a background/support function to direct service departments.
- The recommendations of this review are then summarized and cost savings identified, Attachment A.

PROJECT APPROACH

Management Partners took a wide information and data-gathering approach to complete this study. Below is an outline of how we accomplished our work.

Individual Interviews

For the review, Management Partners conducted personal and group interviews with individuals at various levels throughout the organization, and reviewed City documents such as organization charts, contracts, work plans, policies and workload statistics. The purpose of the interviews was to gather general and specific information on the priorities, issues and work programs of all City departments and divisions, as well as staff suggestions for improvement.

This approach to information gathering utilizes the insights and knowledge of the people doing the work and overseeing the work to identify opportunities for improvement in effectiveness or efficiency of the operations. Interviews were conducted with more than 45 elected officials and department managers as part of this project.

Document Review

The City provided numerous documents for Management Partners to review and analyze. Those included the City's budget document, Combined Annual Financial Report (CAFR), organizational charts, prior reviews/audits, work assignments and program information, and more.

It must be noted that data collection has been difficult, as the City, in some cases, does not have available data. In other cases, documents did not have dates and/or conflicting information was provided on the same topic in different venues. In particular, correct FTE figures for employees assigned to particular work functions have been difficult to ascertain with 100% certainty.

Peer Jurisdictions

Informed analysis of how other cities of similar size and service profile operate can lead to operational improvements. Cities are constantly trying new approaches, and out of this evolve best practices that can be replicated in other settings. The identification of peer best practices for this study has resulted in some important findings about organizational structure. Part of this effort involved examining how other larger cities of approximately the same profile as San Bernardino are organized and operate.

With input from City management, Management Partners selected five peer jurisdictions in California: Ontario, Glendale, Fontana, Riverside and Huntington Beach.

Throughout this report, most peer comparisons have been made utilizing these five peer jurisdictions. However, because information on certain topics was available in some cities and not in others, the peer groupings may differ slightly from comparison to comparison. In some cases, such as for the Library Department, an expanded set of peers was selected to provide greater information.

Focus Groups

To ensure that the perspectives of as many employees as possible were included in this review, we conducted eight focus groups with 111 randomly selected employees. All City departments and all levels of the organization were represented (excepting department directors, who were each interviewed separately).

In each focus group, Management Partners asked a specified set of questions and participants were encouraged to be candid with their observations and concerns. The questions centered on the strengths and weaknesses of the City of San Bernardino government as a service provider, with particular attention to customer service, technology, internal service functions (which support those departments/divisions serving the public) and organizational structure.

The focus groups were successful in validating things learned through the interview process, and in raising new issues in a confidential and comfortable setting. A report of focus group results is included as Attachment B to this report, and it includes verbatim comments recorded during the focus group discussions.

BENCHMARK COMPARISONS

This report presents data on cities similar to San Bernardino, based on publicly available information obtained from selected peer cities, as well as additional research. To ensure that the benchmarking work is of maximum utility, early in the project we defined the appropriate criteria for a peer agency, as well as national best practices.

This benchmarking study was initiated to determine:

- How are the selected cities structured organizationally?
- How do the selected cities provide services to residents?
- How does the City of San Bernardino compare to these cities in demographics and in selected areas of service?

In the following sections, we will present the data, analysis and a discussion of findings for City of San Bernardino, its organizational structure, and service levels and delivery.

Selection of Comparable Cities

One of the underlying goals of the benchmarking study was to understand how the City of San Bernardino would compare to other cities of similar size. Management Partners and City of San Bernardino staff identified five cities for the service level comparison. Those California cities are:

- Ontario
- Glendale
- Fontana
- Riverside
- Huntington Beach

Limitations and Use of Benchmarking Data

This benchmarking data was gathered from the selected cities' Internet websites where budget data was available. Budgets posted online were generally from fiscal year 2004-05. The analysis was limited by what was available from budget reviews and website information. The Combined

Annual Financial Reports also were reviewed for general fund information.

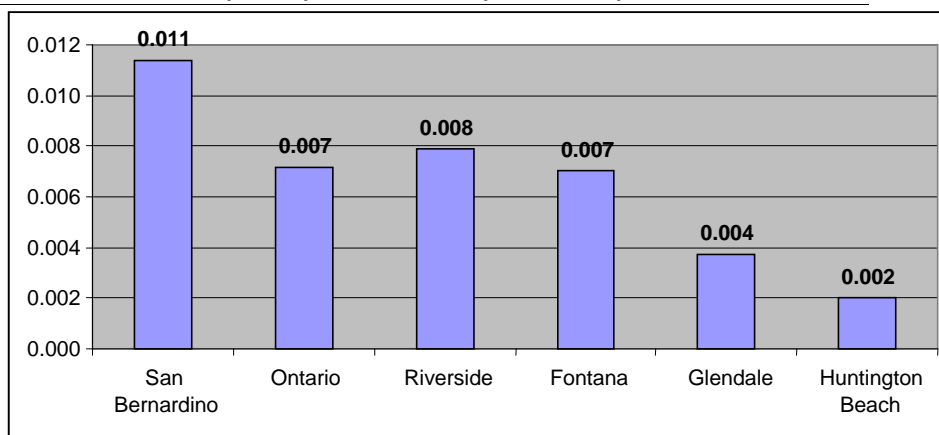
Whenever you use data from individual city budgets, some format and presentation differences may hamper an equal comparison. That is because, unlike the uniform collection of demographic information, there are no national standards for budgetary reporting. Consequently, we used care in drawing firm conclusions from the data. The data is useful for illuminating major trends and averages, but further research would be necessary to make any definite findings between peer city “X” and the City of San Bernardino

Demographic and General Fund Financial Data

It is important to begin any peer benchmarking review with an examination of the basic makeup of each community. With cities, there is no such thing as a perfect “apples to apples” comparison; each city’s demographics and top issues will affect service decisions. It is, therefore, important to examine the foundation upon which City government is provided and to understand the community’s particular issues. Data in the following section is from 2005 unless otherwise noted.

Crime is a significant concern in San Bernardino and the primary issue during the last mayoral campaign. San Bernardino has the highest Type 1 (defined as violent crimes, such as murder and rape) crime rate of the peer cities, as shown in Figure 1 below:

FIGURE 1: VIOLENT (TYPE I) CRIME RATES (PER CAPITA)



Income per capita and household income in San Bernardino is the lowest of all peer cities, as shown in Figure 2 and 3 below. In both cases the high is recorded in Huntington Beach.

FIGURE 2: INCOME PER CAPITA (2000 CENSUS DATA)

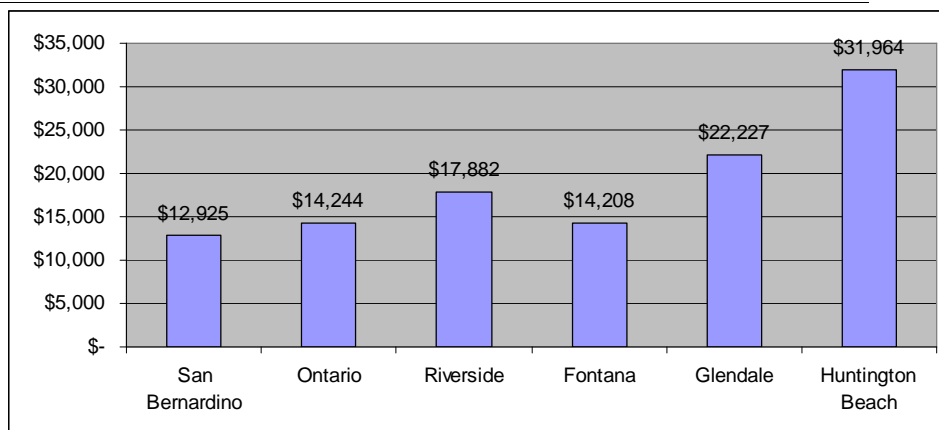
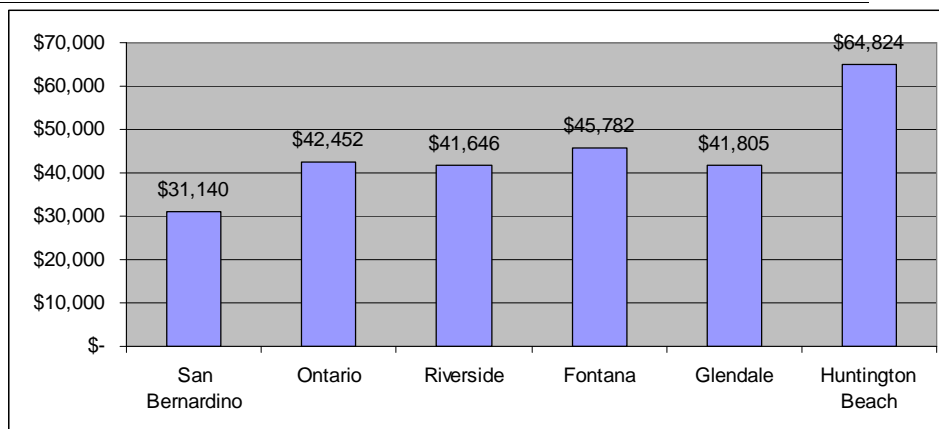


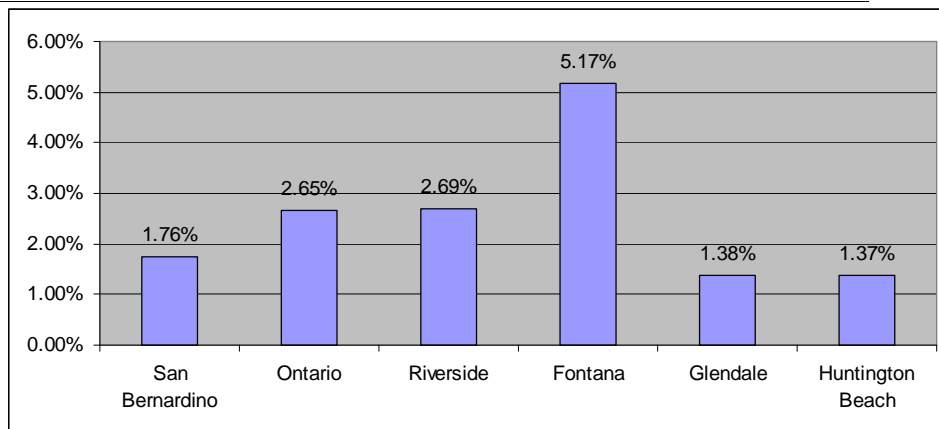
FIGURE 3: HOUSEHOLD INCOME (2000 CENSUS DATA)



It should be noted that crime is strongly correlated with income levels. In fact, this may be the single most important variable when it comes to explaining crime differentials. This is the case with respect to the peer cities and other variables that were tested. The implication is not only that San Bernardino needs strong law enforcement capacity (police), but that actions aimed at building economic development, and thereby increasing income, also could contribute substantially to reducing the level of crime in the community.

Population growth in San Bernardino has lagged behind other peer cities in the inland empire. Growth restrictions and land availability have contributed to slower growth in the other locales shown, factors not present to such a degree in San Bernardino (Figure 4).

FIGURE 4: AVERAGE POPULATION GROWTH RATE, 2001-2004

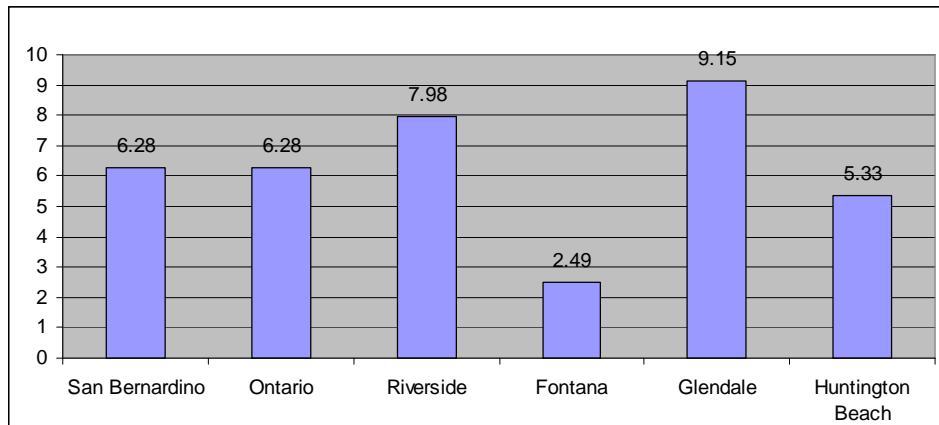


Growth in the nearby City of Fontana, and to a lesser degree in Ontario and Riverside, rather than in San Bernardino is probably due to perceptions about quality of life, linked to the crime and income disparities noted earlier.

City Government

Turning from general demographic information, a review of the City government is useful as well. As shown in Figure 5 below, San Bernardino is in the middle of peers for the number of employees per 1,000 population. Glendale and Riverside both have more staff, while San Bernardino ties with Ontario. Both Huntington Beach and Fontana have fewer staff.

FIGURE 5: CITY EMPLOYEES PER 1,000 POPULATION



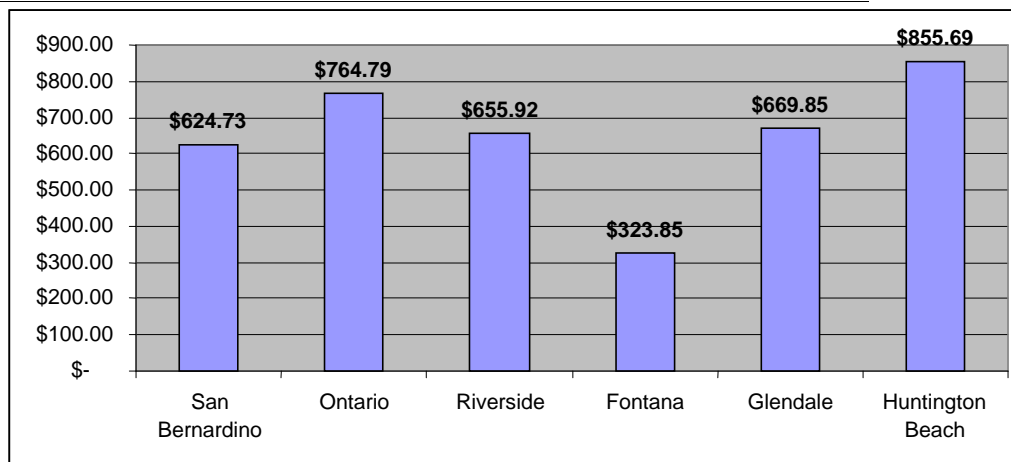
Fontana is mainly a contract city, contracting out many of its services to private providers or other local government agencies, and therefore not comparable. Riverside and Glendale both have utility operations not

present in San Bernardino (electricity), which probably contributes to the differential noted. Staffing in San Bernardino appears to be comparable with that in Ontario and Huntington Beach, and from a service delivery standpoint these are indeed comparable jurisdictions.

While San Bernardino appears about average in staffing overall, as will be discussed in more detail later, public safety staffing is above average, indicating that other services in the city may be understaffed relative to other peer jurisdictions.

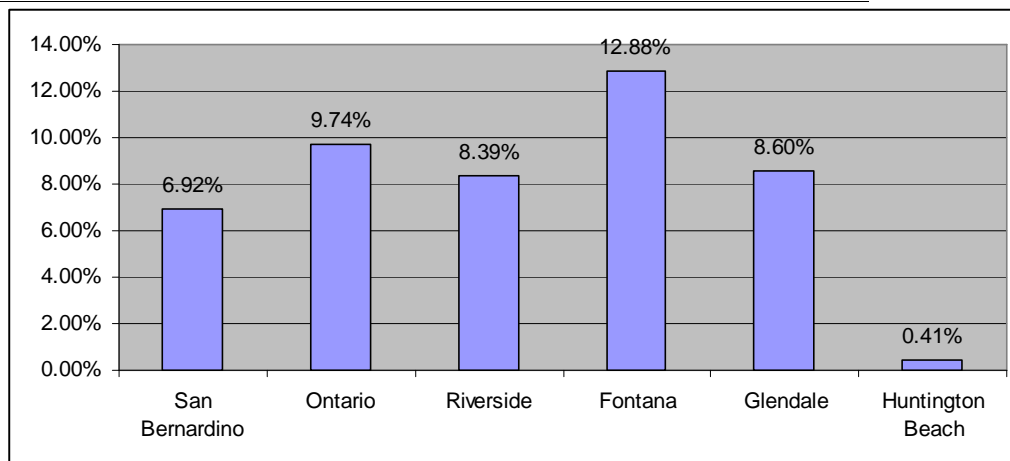
Figure 6 below shows each city's General Fund per Capita, which illustrates the relative size of local government (in terms of finances). As can be seen, Huntington Beach is higher than the other peers. San Bernardino has the second-lowest General Fund per Capita, an indicator of limited resources. As noted Fontana is a contract city with a substantial redevelopment agency.

FIGURE 6: CITY GENERAL FUND PER CAPITA



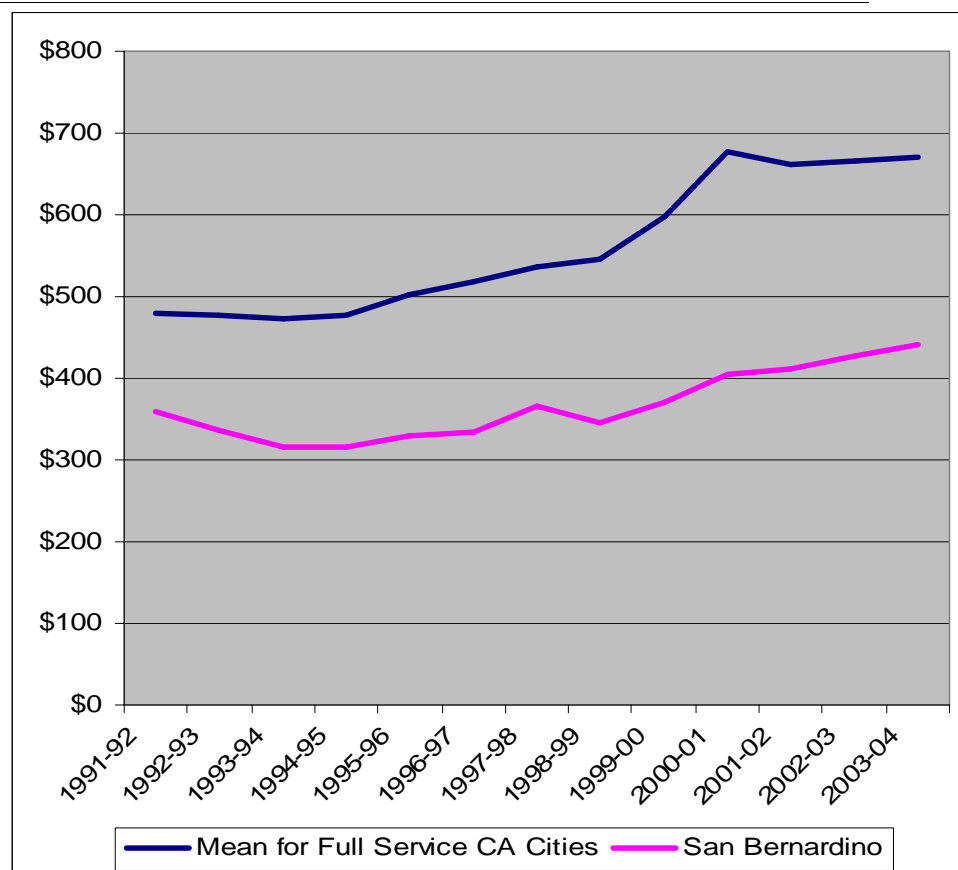
San Bernardino lags behind most peers in sales tax growth, as shown in Figure 7 on the following page. San Bernardino's average sales tax growth from 2001-2004 was 6.92%, as compared with 12.88% in Fontana. Only Huntington Beach had a lower growth rate at 0.41%, and this may be due a one-time contraction or accounting adjustment applicable to only this jurisdiction.

FIGURE 7: AVERAGE RATE OF SALES TAX GROWTH, 2001-2004



Broadly viewed, San Bernardino has long had to cope with a lower level of resources than other cities, but an important finding of this analysis is that this dynamic is getting worse. Since the early 1990s, San Bernardino's general revenues have consistently lagged behind those in other full-service cities around the state. This fact is illustrated in Figure 8 below:

FIGURE 8: GENERAL REVENUES



This shows general purpose revenues expressed on a per capita basis over the period 1991 – 2004. It compares San Bernardino with the mean level of such revenues for other full-service California cities. (The state Controller's Office lists 117 cities in this class.) During this time period, San Bernardino has always been below the mean, but during the period shown it has fallen from receiving approximately 76% of the mean to approximately 65% of the mean. What this means is that the City has had to cope with about 1% less general purpose resources each year than other similar cities in the state.

Overall, this analysis demonstrates that San Bernardino is a City that must deal with higher than average service demands from a relatively lower-income resident population base, with lower than average resources.

ORGANIZATIONAL STRUCTURE AND INTERDEPARTMENTAL ISSUES

In this section we will examine the corporate functions of the City, including overall finances and internal service provision. These services are the foundation upon which all operating departments work.

Organizational Structure

A review of San Bernardino's organizational structure is informative as it visually illustrates the lack of clarity in authority and accountability across the City government. The City's organizational structure is reflective of the City's Charter, interpretation of Charter requirements and existing practices.

Context

There are 463 incorporated cities in California. About 60 have a population of greater than 100,000. San Bernardino ranks as the 21st largest city in the state. The cities that are closest to San Bernardino in population include Chula Vista, Fremont, Modesto, Glendale, Huntington Beach, Oxnard, Irvine and Oceanside.

Among all the cities in California, 108 have their own charters, which add another layer of complexity (and useful powers) to the management of municipal affairs. San Bernardino falls into this class of cities. Of the cities with a charter, only 20, including San Bernardino, elect council members by district, which adds yet another layer of complexity to the management of municipal affairs. This group of cities includes virtually all the larger cities in the state (Los Angeles, San Diego, San Jose, Long Beach, Sacramento, Fresno and Oakland), but also some mid-sized cities like San Bernardino, Pasadena and Riverside, and even some small cities like Dinuba.

Most of the cities with a charter were incorporated in the first half of the 20th century, or earlier. Over three-fourths of California cities operate under the general law of the state, rather than their own charter. This is largely because the general law gives councils some common structure but also flexibility to create local ordinances that govern how they organize themselves, the structure of their financial practices and

personnel systems, and other elements of managing a municipal government.

Most of the cities in the state operate under the council/manager plan, with some cities operating under a strong mayor system. The council/manager form of government was a product of the reform era of local government in the 1930's that sought to remove patronage and instill professionalism in local government. Under the council/manager plan, a professional city manager is hired by city council to manage the day-to-day affairs of the city, ensure efficiency and effectiveness in operations, provide professional advice to the elected body, establish personnel practices that ensure qualified, competent employees are hired and retained, and foster ethical behaviors among employees.

Under a strong mayor system, the mayor serves as the chief executive, with responsibility for hiring department heads and managing the city.

As cities grow in population, they do tend towards more complex structures that typically include more directly elected officials, separate civil service and personnel functions, some sharing of executive duties between the mayor and appointed officials, and other checks and balances systems, such as separately operated utility, harbor and library boards. San Bernardino is unique in that it is a medium-sized city that has virtually all the big-city complexities and structural overlays that typically are found only in the very largest cities in California.

Consider Table 1 below, showing cities that have both a charter and elect council members by district (ward system), as well as those that also have a Mayor with chief executive authority, have an elected city attorney, and have a separate system of civil service and personnel functions. These are the most structurally complex local city governments in California.

TABLE 1: STRUCTURE OF CALIFORNIA CHARTER CITIES – 2001 SURVEY

Charter City with District Elections	Population	Mayor as Chief Executive	Elected City Attorney	Separate Civil Service and Personnel Systems
Los Angeles	3,912,244	Yes	Yes	Yes
San Diego	1,294,032	Yes	Yes	Yes
San Jose	926,241	No	No	No
Long Beach	487,112	No	Yes	No
Fresno	456,143	Yes	No	No
Sacramento	440,976	No	No	No
Oakland	412,164	Yes	Yes	No
Bakersfield	279,672	No	No	No
Riverside	277,030	No	No	No
San Bernardino	196,273	Yes	Yes	Yes
Pomona	158,360	No	No	No
Salinas	156,516	No	No	No
Pasadena	144,004	No	No	No
Inglewood	117,593	No	No	No
Downey	112,817	No	No	No
Berkeley	104,603	No	No	No
Redondo Beach	66,926	No	Yes	No
Watsonville	48,293	No	No	No
Seal Beach	24,964	No	No	No
Dinuba	18,601	No	No	No

Each of these cities is relatively more complex by virtue of having both a charter and election by districts. Additional “yes” responses indicate increased levels of complexity.

Several things can be drawn from this analysis: First San Bernardino has one of the most complex governmental structures in the State....far more like Los Angeles or San Diego than cities of similar population, such as Fremont, or the neighboring City of Riverside. Secondly, San Bernardino appears to be, by a considerable margin, the smallest city in terms of population that must operate with this level of environmental complexity. Thirdly, other cities of San Bernardino’s population – such as Chula Vista, Fremont, Modesto, Glendale, Huntington Beach, Oxnard, Irvine and Oceanside – operate in a much more streamlined fashion than is the case for San Bernardino.

Comparative Structure

In Spring 2006, the City Charter was amended and the voters decided to change the City to a modified City Manager form of government. This is a recent development and the City remains in transition. The former City

Administrator has been converted in title to a City Manager. But the remainder of the City organization has not been converted to a council/manager form of government, with a unified reporting structure under a city manager serving as chief executive appointed by the City Council. This report may be used as a roadmap for more fully implementing the management systems typically associated with a city manager form of government.

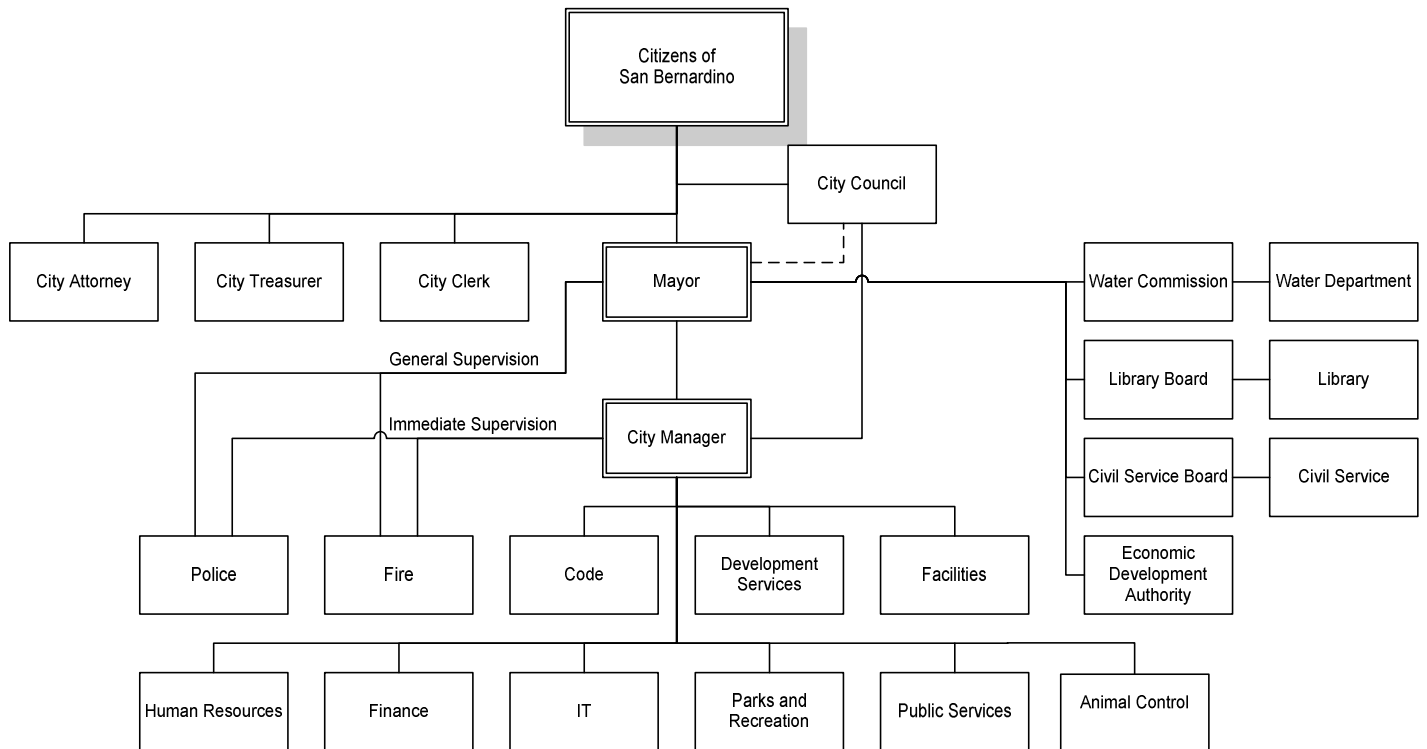
The management system of the City does not follow the traditional organizational model of modern city government. San Bernardino's organization structure resembles neither a strong mayor nor a council/manager form of government because several department heads are appointed by, and report to, boards appointed by the city council. Thus, the transition from strong mayor to council/manager form of government is incomplete and not yet structured properly to ensure the optimum coordination and alignment of the organization. The roots of this confusion stem from the literal wording of the City Charter, from interpretations of the Charter, and from past practice.

The Charter's designation of who hires and fires employees and certain officials results in confusion about the roles of city leaders, especially the City Manager. It creates a system of government that more closely resembles a county than a city.

One example of this lack of clarity can be found in Charter Section 180, which states that, "The police and fire departments shall be under the general supervision of the Mayor. The City Manager shall be the immediate supervisor of the Chief of Police and the Chief of the Fire Department." This is one of several such Charter provisions that confuse roles and blur accountability; it brings to question what might happen if the Mayor and City Manager did not work well together, as they currently do.

The organizational structure depicted below in Figure 9 was created by Management Partners to depict the existing reporting relationships. This organizational charts show the complexity that exists with the government's political and management superstructure. Beyond the above discussion about the ambiguity of supervision of the Police Department (and also Fire Department), it is clear that the City Manager has no direct reporting authority over the Water Department, the Library, the Civil Service Division and the EDA/RDA Department. Furthermore, there are three other elected officials who do not report directly to anyone within the government, including the Mayor and Common Council.

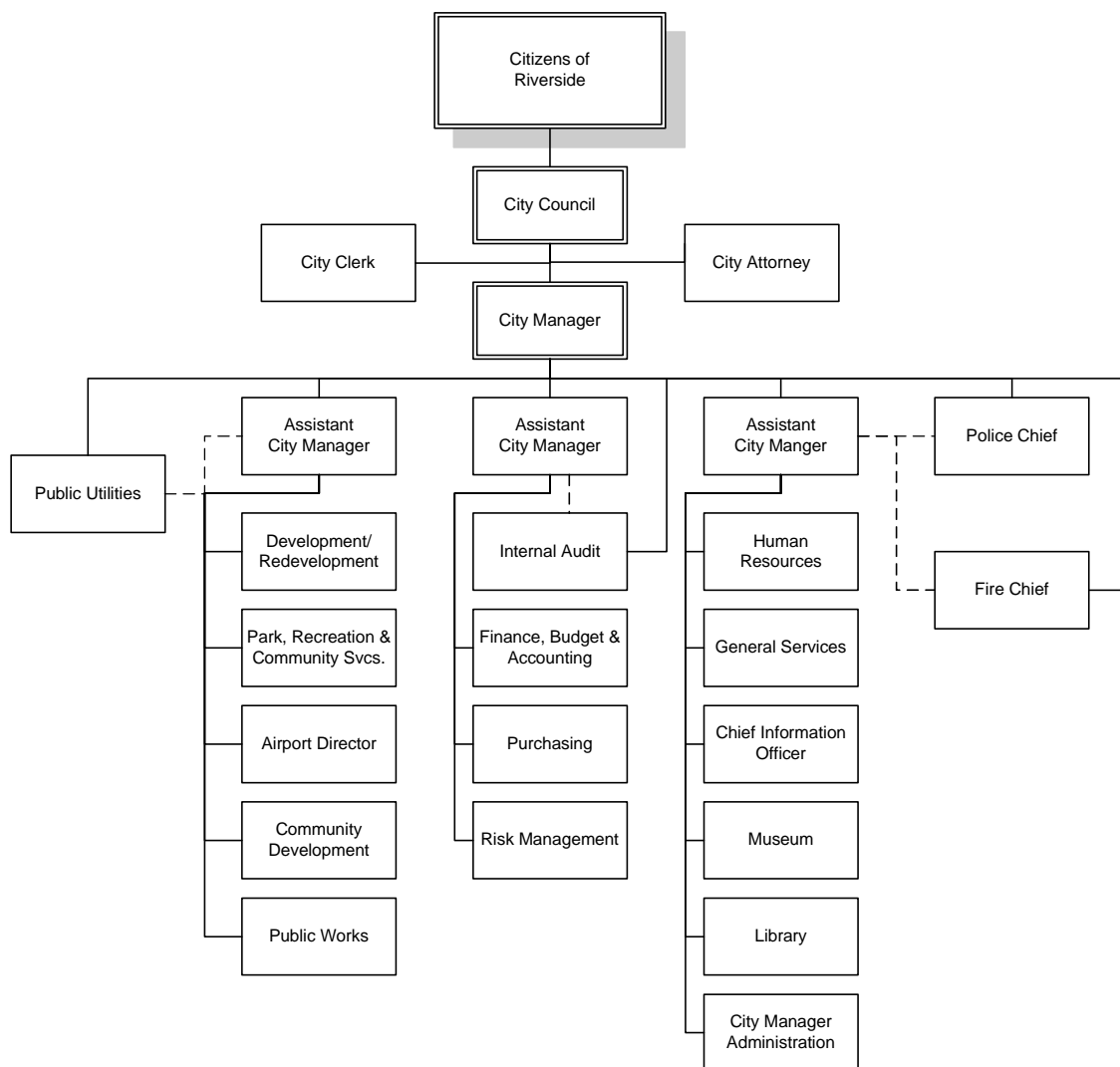
FIGURE 9: SAN BERNARDINO ORGANIZATIONAL STRUCTURE



Note: The Mayor in San Bernardino appoints but cannot remove members of the Library, Water and Civil Service Boards

By way of comparison, it is instructive to review the structure in some of San Bernardino's peer cities and to note how much clearer accountability is depicted. Figure 10 below shows the structure in Riverside, California.

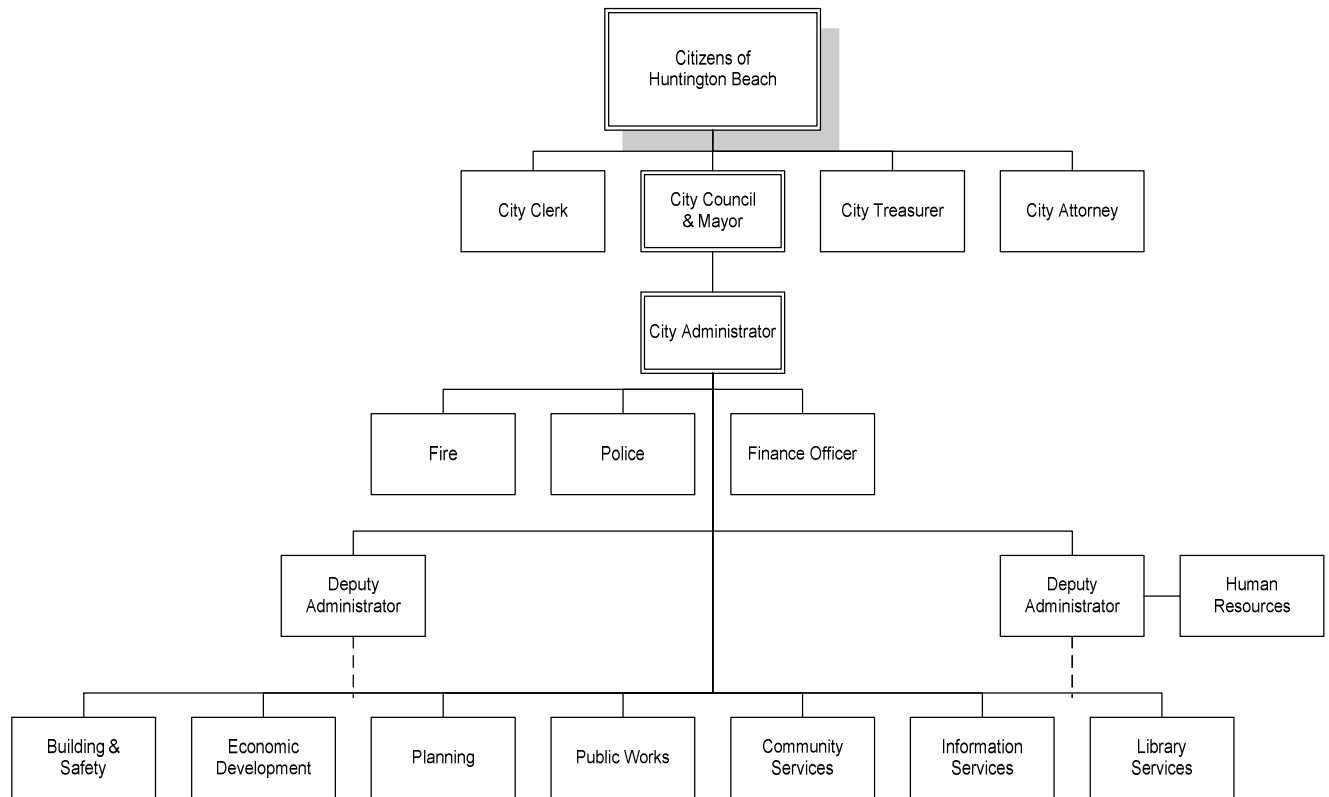
FIGURE 10: RIVERSIDE ORGANIZATIONAL STRUCTURE



Note: The Mayor is a member of the City Council

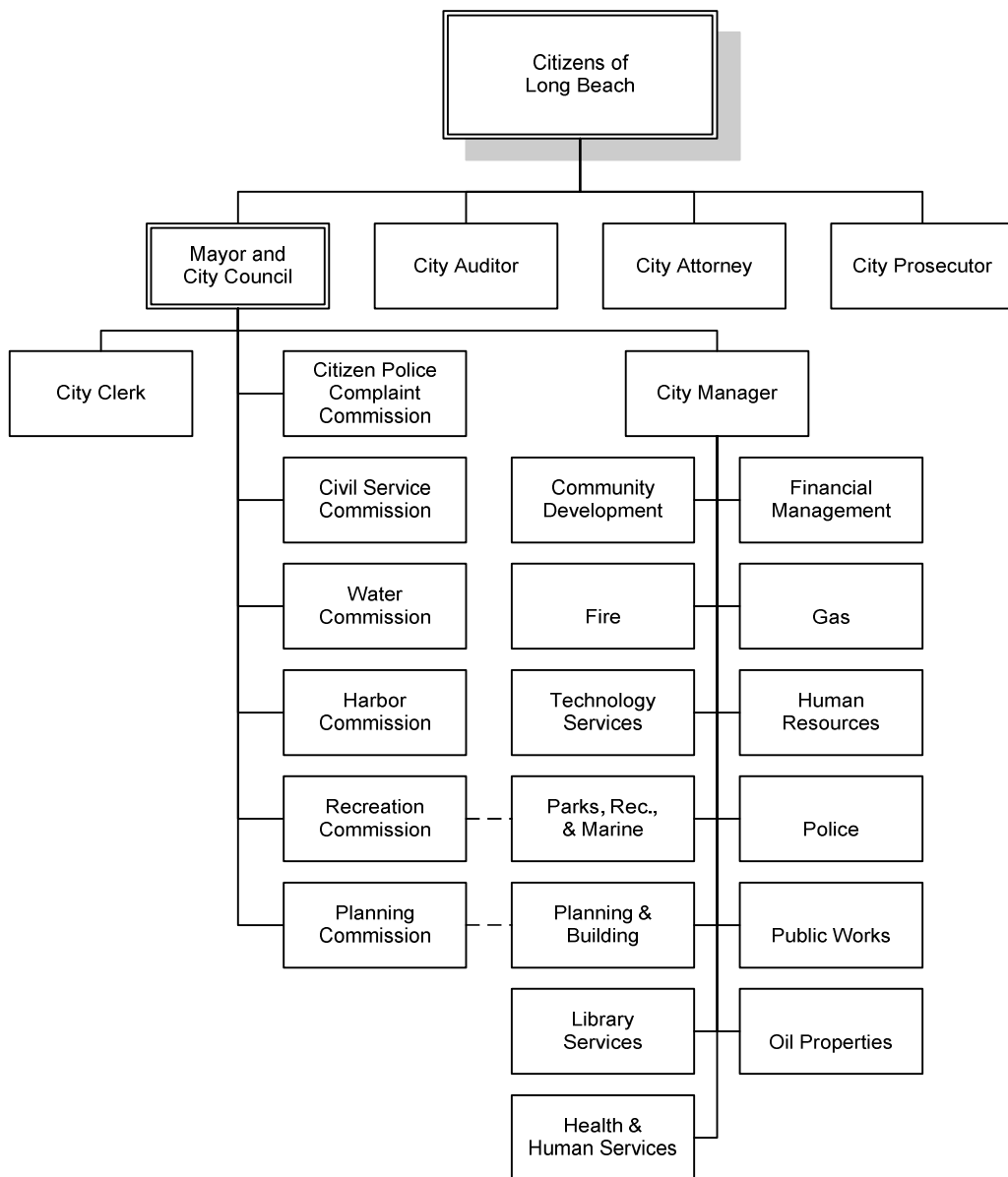
Figure 11 below shows the structure in Huntington Beach, another city with some directly elected department heads:

FIGURE 11: HUNTINGTON BEACH ORGANIZATIONAL STRUCTURE



Even in a much larger city, Long Beach, which has a population of more than 900,000, authority is clearer and the organization is better aligned:

FIGURE 12: LONG BEACH ORGANIZATIONAL STRUCTURE



Several agencies – the Water Department, Library and Redevelopment Agency – operate largely independent from the City. The Water Department and Library boards are created by Charter and appointed by the Mayor, subject to confirmation of the Common Council. By way of example, the Water Board is tasked to “perform the duties and responsibilities prescribed in this Charter and shall perform such other duties and responsibilities as are or may be prescribed or delegated by

the Mayor and Common Council with the concurrence of the Board.” Directors of these departments are aligned to their boards rather than to the City, and do not report to the City Manager or the Mayor.

While it is common for cities to have boards to oversee management of key interests (utilities, for example), these entities remain City entities under the ultimate control of the Common Council. In most other cities, they are not allowed to, “stray from the fold” to a degree that results in costly inefficiencies, such as the purchase of software systems that do not integrate with the remainder of the City as in the case of San Bernardino.

There is also concern of a lack of coordination on strategic goals. For example, should a land development issue have linkage with a water utility servicing issue, in San Bernardino it is unclear how the issue would ultimately be resolved given that the Water Board may feel justified to pursue one set of goals and the Common Council another. The same is true with respect to the separate Redevelopment / Economic Development Agency. Indeed, given the importance of economic development efforts in San Bernardino this separation and its potential for misalignment is crucial importance.

Though cities and counties come in all sizes and operate varied services, most have one thing in common -- they rely upon a core of central services that support the operating departments so the line departments can focus upon their primary objectives while avoiding the duplication of resources that would otherwise result. Common support services include finance, purchasing, legal services, building maintenance and technology services, among others. By using central support services in this way, “economies of scale” (efficiencies derived from larger-scale production) are achieved, and governments can ensure that their work is professional and meets overall standards. This model of support service organization is also common in the private sector among medium to large businesses.

The City of San Bernardino is at optimum size and complexity to take advantage of economies of scale in its overhead and management operations. Unfortunately, San Bernardino operates much differently from most other California cities, and this organizational structure frustrates potential efficiencies enjoyed by other organizations.

The most troublesome and by far largest contributor to this reality is the apparent creation of what are, in effect, several agencies with duplicated overhead. This structure works against the economy of scale advantage, and leads to inconsistency and frustration on many levels. Several City departments and agencies take on some of the functions that would otherwise be provided through central city support services. These redundancies are discussed in more detail in later sections of this report.

Taken as a whole, solving this problem may seem insurmountable, especially since changes in some cases will take a vote of the people to

amend the Charter. Nonetheless, if the City is committed to becoming an efficient, aligned organization, then it must make major changes to the overarching manner in which it is organized. The consequence of making little or no change in the structure of governance will be to side-step the most important issue that needs to be addressed to allow the City of San Bernardino to become a cost-effective, progressive and sustainable government.

Recommendation 1: Develop a plan to modernize the current government organization by clarifying lines of authority and encouraging efficiency. This plan will need a high degree of buy-in to be accepted, and the City's elected officials must be committed to make it stick. This plan must strengthen the council-manager government form, eliminate the unnecessary proliferation of boards of directors over city operations, clarify and streamline responsibility management of City departments and operations, encourage standardization of support operations and policies, and eliminate organizational structures and policies that impede efficiency.

It is vitally important to eliminate structures that impede reasonable implementation of the council/manager form of government that, arguably, represents the will of the voters. Viewing the changes from this perspective will give a good perspective on what needs to be changed to develop a more aligned and effective organization. Specifically, it is recommended:

Recommendation 1A: Amend the Charter to transfer the hiring/firing responsibility of appointed department heads to the City Manager. This change alone will produce immediate results in the alignment and accountability of the organization.

Recommendation 1B: Centralize City support services such as finance, human relations and purchasing for all City functions – including those currently maintaining separate, duplicate functions -- to create new fiscal, efficiency and employee economies of scale.

Financial Functions

The financial functions of the City are significantly fragmented. This is illustrated by the fact that there are three Finance Directors and separate staff in three areas of the City: one for the City, one for the Economic Development Agency (EDA) and one for the Water Department. A certain portion of the separation is formalized in the City Charter. But history,

common practice and legal opinions have created more separation in San Bernardino than is found in the majority of California cities.

For example, each of the three Finance Directors has different pay and benefit packages. There are three accounting teams doing accounts receivables and accounts payables. The City Library, managed by a Board of Trustees, receives more than 90% of its funding from the City, but the budget and fiscal responsibilities are decentralized to library staff. The City's employment development agency, SBETA, also exists outside the city framework. The Finance Department pays its bills, but has no responsibility for preparation or oversight of any of its fiscal matters -- although we understand that this is being addressed.

To further illustrate the degree of separation, some agencies, such as the Water Department and EDA, have different staff classifications, compensation levels and different retirement and health care packages than the City of San Bernardino provides.

For example, the City Water Department, which has greater resources from water fees, generally has higher pay and benefits, which creates resentment among other employees and which impacts morale.

Recommendation 2: Consolidate all City financial functions under a single Chief Finance Officer. Consolidate support staff so that cross training, coverage and workload can be shared more effectively. This should streamline management and allow for the eventual elimination of the equivalent of at least one full-time professional position.

Overall Fiscal Capacity and Management

As part of this project, Management Partners has examined the City's overall financial situation and we can confidently share our findings on the City's position. Please note that we have not audited the City's financial statements, and this report is not intended to be a comprehensive review. It is an analysis of existing financial documents (the Comprehensive Annual Financial Report FY 2005 and the City's 2006-7 budget) and data available from prior years, combined with our perspective as highly experienced management consultants to hundreds of local governments. It also reflects our commentary, comparing the City of San Bernardino's circumstances with best practices in local government.

In general, the City's overall financial position in the general government can be characterized as fragile. The reasons for this are detailed below, but overall, the reality is that City general purpose government revenues are growing at a slower rate than general purpose governmental expenditures.

Moreover, there are numerous recognized liabilities in the City's financial statements that are not funded, and there also are several significant liabilities that are unrecognized in the financials. The City's General Fund reserve is currently at the minimum of recognized standards of prudence.

The share of the budget being used for public safety continues to grow at a much faster rate than the rest of the budget. While the passage of Measure Z in November 2006 will help fund public safety needs, the money will go to new programs that inevitably require support from other areas of the City, ranging from payroll to fleet maintenance. As a result, remaining City programs are austere and chronically under-funded.

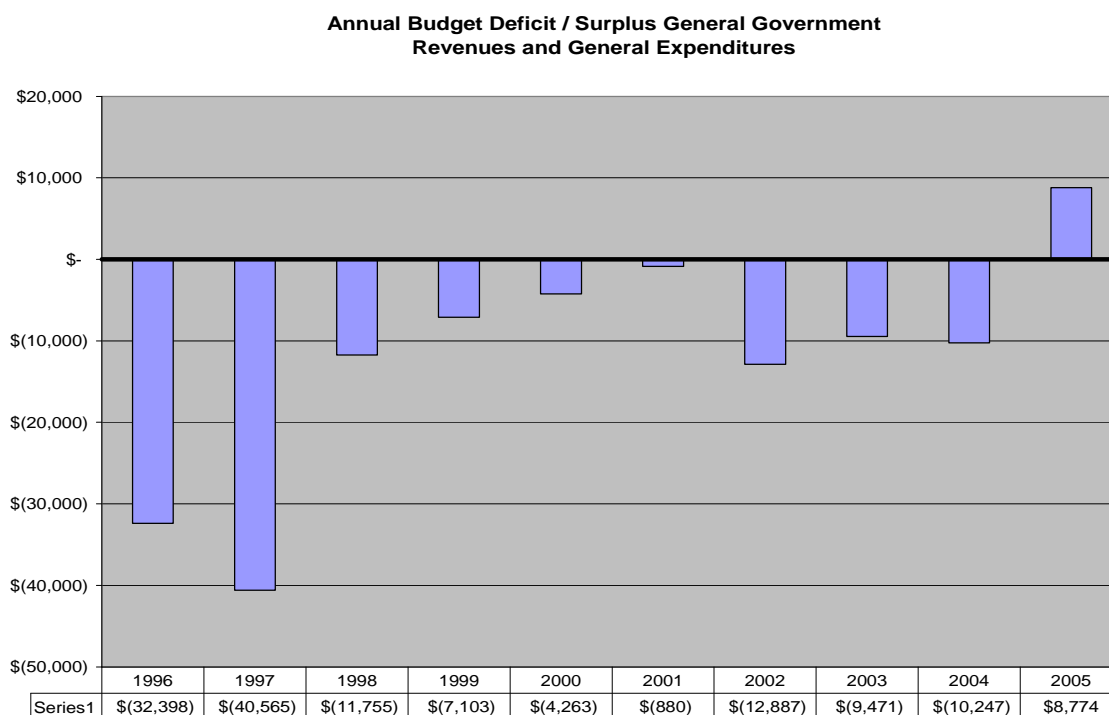
Expenditure / Revenue Comparison

Long-term solvency requires that operating expenses be covered by ongoing dependable revenue sources. Obviously, in a multi-million dollar organization such as the City of San Bernardino, this analysis is complicated by a multiplicity of special purpose funds, transfers between funds, and variations in revenues and expenditures.

Nevertheless, the Government Financial Officers Association (GFOA) recommends that a government maintain a balance between operating expenditures and operating revenues over the long term, not just during the current operating period. This latter definition of balance is referred to as "structural balance." Using reserves to cover operations is to be expected from time to time, because of variations in the economy and other factors. Therefore, to make any conclusions about financial structural balance, one needs to evaluate the trends.

In the area of general governmental revenues and general governmental expenditures, as defined by the City in its CAFR (pages 200-201), the City of San Bernardino has exhibited a structural imbalance in nine of the last 10 years. In 2001, expenditures and revenues were essentially equal, and in 2005 revenues exceeded expenditures, as shown in Figure 13 on the following page. Amounts shown are in thousands.

FIGURE 13: ANNUAL BUDGET DEFICIT/SURPLUS IN GENERAL GOVERNMENT REVENUES AND EXPENDITURES (IN THOUSANDS)



It should be noted that the City defines general government as inclusive of the General, Special Revenue, Debt Service and Capital Funds. Comparison with only operating revenues and expenditures would be a better comparison against the GFOA standards, but complete trend information is not presented in the City's financial statements. Management Partners did further analysis to get a more precise look at operating costs, using publicly available information.

During the period 1996–2006, the data show that the City's main General Fund revenue sources (property, other taxes, licenses and permits, fines and forfeitures, and use of money) increased by 32%. During this same period, the main operating costs for the City (general government, public safety, public works/streets, and culture & recreation) increased by 33%. This comparison tends to show good structural balance in operating revenues and expenditures, as additional spending is being matched by additional revenues.

It is also a comparison, however, that is skewed since it is based largely on the significant revenue increases seen in one year only, FY 2005. Over the period 1996–2004, the main General Fund revenues grew by only 20.8% against expenditure growth of 26%. This is a differential large enough to be of concern, and there may well be certain one-time components to the increase, given the California property tax in-lieu

arrangements for Vehicle License Fee revenues and state sales tax. Unless the gains experienced in FY 2005 reflect a new trend of greater growth in traditional tax revenues (which is not likely, due to changes in property tax allocation made in 2005), it is fair to say that the City faces a structural imbalance or deficit. Indeed, even with the good results in FY 2005 San Bernardino falls below the accepted standards used by GFOA for evaluating the long range solvency of local government operations. From a fiscal perspective San Bernardino must begin to address these issues which are further detailed below.

Expenditure Increases

Cities experiencing financial shortfalls often find themselves channeling an increasing proportion of discretionary funds toward police and fire services. San Bernardino exhibits this dynamic. In fact, general governmental expenditures and expenditures on Culture & Recreation programs have fallen not only in “real” or inflation-adjusted dollars, but in nominal dollars as well. A drop in real terms is not uncommon, but to see actual dollar reductions is indicative of significant financial stress.

Specifically, the reported expenditures on general government activities (the basic management, facilities and support systems necessary to run the City) have fallen from \$22.4 million in FY 1996 to \$21.7 million in FY 2005. Expenditures for Culture and Recreation have fallen from \$7.9 million to \$7 million. Of course, the real impact of these expenditure reductions is greater than the dollar comparison suggests because of typical moderate annual inflation in the general price level.

During this same time period, expenditures for Public Safety have climbed dramatically, from \$45.7 million to \$79.9 million, a 44.6% increase in real dollars. The net result of these changes has been a relatively dramatic shift in relative programmatic spending by San Bernardino. The change is shown in Figures 14 and 15 below.

FIGURE 14: SAN BERNARDINO GENERAL GOVERNMENT EXPENDITURES, 1996

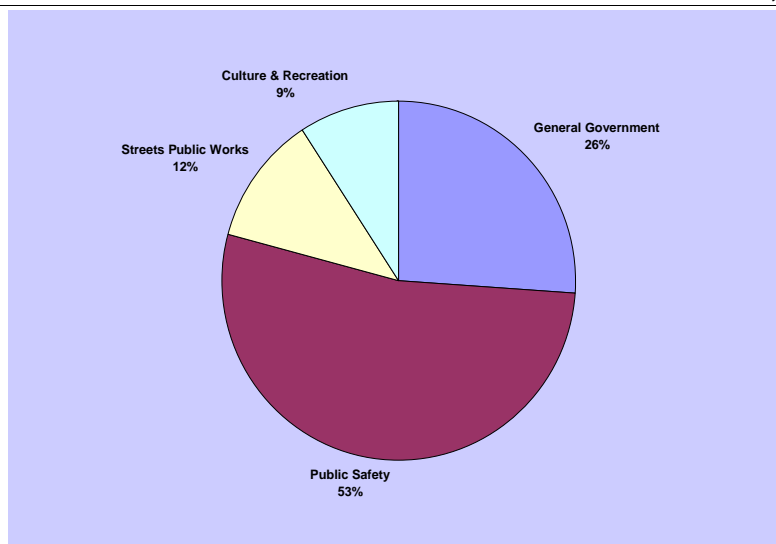
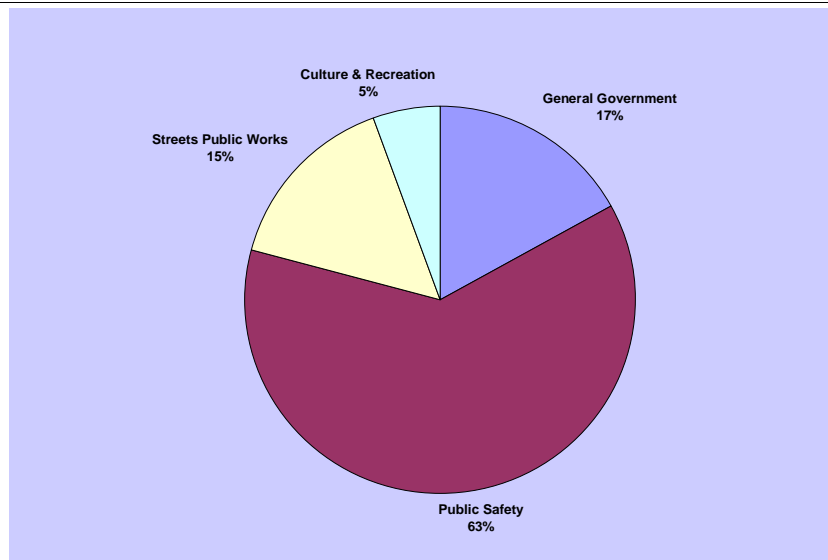


FIGURE 15: SAN BERNARDINO GENERAL GOVERNMENT EXPENDITURES, 2005



Although spending in Streets and Public Works also has increased during this period, Public Safety has taken most of the revenue growth. It is apparent that Public Safety spending has exceeded total revenue growth and, as a result, spending for other City programs is “crowded out”, as program dollars are diverted to fund police and fire services. This reduces program services to the public, but also creates hidden liabilities. These liabilities include deferred maintenance, and the increased costs that occur with emergency repairs, equipment replacement and other “failures” in the system, or when the City is forced to use alternate purchasing methods, such as lease purchases that raise operation costs unnecessarily.

It may be difficult for the City to control this shift because approximately 90% of public safety expenditures are for personnel salaries and benefits. Short of reducing positions, City leaders have no control over these expenditures because Charter Section 186 links salaries to cities selected from those in the State with a population of 100,000 to 250,000. Given a continuation of current trends, Management Partners’ rough projections show that by 2012 public safety costs would constitute 73% of General Government expenditures, as compared with 53% in 1996 and 63% in 2005.

Although it is not a realistic scenario, theoretically Public Safety spending could crowd out all other spending and even put the City in a position of not being able to comply with Section 186. This is a simple function of the fact that Public Safety expenditures are growing faster than City revenues. Charter provisions such as this that mandate “autopilot” budgeting without regard to circumstances are counter to the concept of local management; they preclude city managers, mayors and councils

from making critical financial decisions based upon the resources available.

Reserve Levels

Cities use fund reserves of one type or another to respond to emergencies and to bridge economic downturns that impact the revenue base, so that they do not have to dismantle service delivery programs. Some cities and special districts have extremely high reserve levels, sometimes over 100% of operating revenues.

GFOA recommends that governments have a formal policy about the level of undesignated reserves or fund balance, and that at a minimum the balance should be between 5 and 15 percent of regular general fund operating revenues. Most bond rating agencies want to see at least 10%. Another commonly used standard is three months of operating expenses, which is a 25% reserves.

The Common Council has been working to establish a minimum General Fund Reserve equal to 10%. Since 1998, the City has been making, "contributions to budgeted reserve". However the reserve still falls short of this objective. During the last fiscal year the City ended with a reserve of slightly over \$10 million, approximately 7%, but this does not include significant unfunded liabilities.

This level of reserves is barely within the range recommended as a minimum by GFOA, but the City's inability to replace drawdowns, like that in 2003, illustrates its tenuous fiscal position.

To illustrate the point further, in San Bernardino certain funds have accumulated significant deficits that should be accounted for in any objective review of financial status. Perhaps of most concern is the \$8.97 million deficit in the Workers Compensation Internal Service Fund. Another concern in San Bernardino is liabilities that have not been recognized in the financial statements. These liabilities include a reserve for the maintenance and replacement of City facilities. The magnitude of these unfunded liabilities is unknown but is substantial.

Since fund deficits exist and there is a general lack of reserves for common, known liabilities, Management Partners believes that the existing undesignated fund balance is inadequate.

To maintain current services, the City needs to limit growth in expenditures and seek additional revenues. So far the City's response to this fiscal challenge has been to cut general government and other general purpose funding.

During this review, Management Partners has systematically evaluated City programs -- including Police, Fire and Public Works -- for other cost reductions and opportunities to generate revenue in San Bernardino.

It became clear to us that many areas of the City's general government functions are stretched thin. It also is important to note that the City of San Bernardino serves a population with unique needs for local government services. As can be seen in Table 2 below, San Bernardino ranks behind neighboring cities in General Fund budget resources, yet has much lower median household income and a much higher unemployment rate, two factors that increase the need for the services the City provides.

TABLE 2: GENERAL FUND BUDGET AND DEMOGRAPHIC INDICATORS

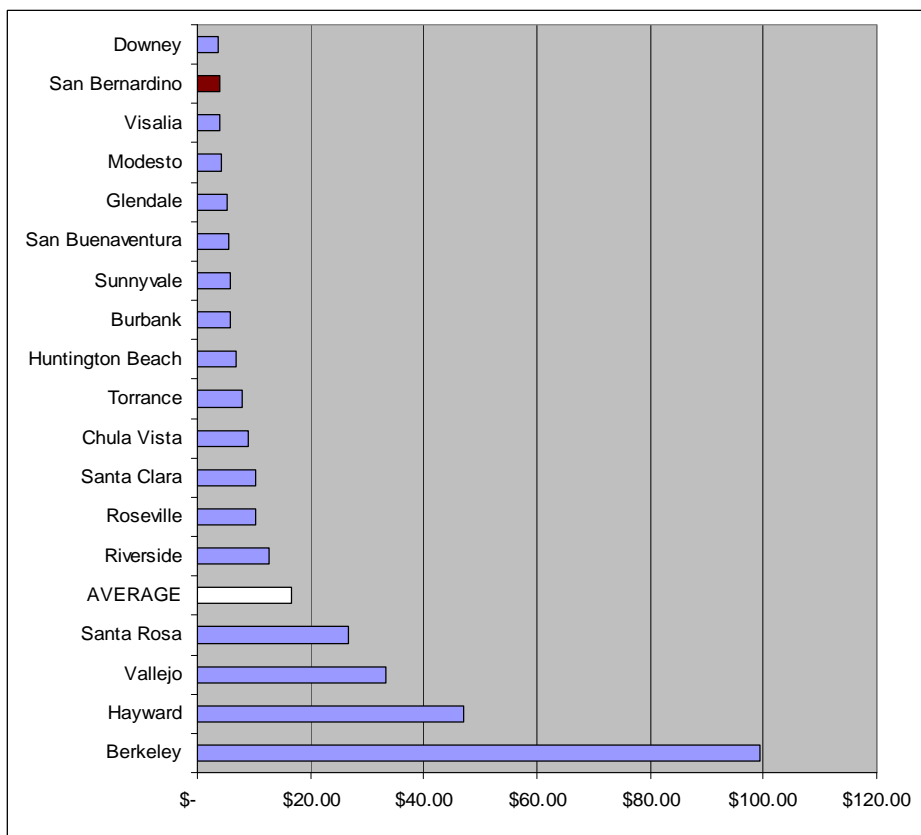
	GF Budget per Capita (2005)	Average HH Income (2000)	Unemployment Rate (2000)
San Bernardino	\$624.73	\$31,140	6.3%
Ontario	\$764.79	\$42,452	4.9%
Riverside	\$655.92	\$41,646	4.8%

What can be done about San Bernardino's relatively low level of general fund revenues? In the long run, economic development will be the key. By growing jobs, economic activity and tax revenues also will rise. In the short term, this report recommends many ways of raising revenues or reducing the demand on the general fund when other approaches (such as charging closer to full costs for services) can be used more effectively.

From a "big picture" revenue standpoint, there is one area that San Bernardino should consider. This is the real estate transfer tax. It is an area where the City's Charter offers an operational advantage. Specifically, the City is not pre-empted by state law from seeking an increase in the existing tax rate, and many other charter cities in California levy a much higher transfer tax rate than does San Bernardino.

Figure 16 below shows transfer tax revenues per capita in charter cities. If San Bernardino had a tax at the average level (about what it is in Riverside), it would add about \$2.5 million in annual general fund revenues.

FIGURE 16: TRANSFER TAX REVENUES PER CAPITA IN CHARTER CITIES



Recommendation 3: Raise the real property transfer tax to the average level for charter cities in California.

San Bernardino cannot hope to compete with similar cities in expenditures (as the Charter mandates for Police and Fire salaries) without maintaining average levels for discretionary revenues.

Strategic Management and Planning

There appears to be little corporate-level strategic planning undertaken in the City. The Common Council and Mayor have approved annual City goals, which, for 2006-07, include such items as:

- Increase Police staffing
- Focus on job creation, business recruitment and retention
- Conduct a citywide organizational review.

However, while these goals are often discussed and are clearly understood by staff, they are not always tied back to specific departmental and interdepartmental work plans to ensure their implementation or accomplishment. The lack of strategic plans or long-

term work plans for the City, which can serve as a foundation across administrations, can result in a “whipsaw” effect for staff, as elected officials (and their individual priorities) change over time.

The organizational structure issues noted earlier in this report contribute to this problem, as there is no overarching approach as one City, but, instead, multiple agencies, each pursuing their individual goals.

Finally, as also noted above, the lack of staffing for the City’s internal service functions does not allow the time to focus on strategic planning Citywide in a dedicated way.

Recommendation 4: Prepare and adopt a strategic plan for the government. The plan can be undertaken by staff in collaboration with the Mayor and Council, and should guide City and departmental work planning. An adopted strategic plan also can provide consistent direction over time.

Customer Service

Communication is a significant issue, both internally and externally. In employee focus groups, staff repeatedly expressed frustrations with the varying department policies and procedures on answering the telephone, noting that in many cases, you simply get voicemail and are unable to immediately access a live human being. (In some departments, such as the City Attorney’s Office, every call is answered by a human being and responded to -- a very high level of customer service.)

Employees noted that the public often call the incorrect phone number in the City. However, attempts to transfer that caller to the correct location are often stymied when a live person does not answer department telephones at the correct location. This is particularly common for people who call the City Manager’s or Mayor’s Offices.

While understanding the need for voicemail automation techniques in answering calls, employees believe that, at the very least, each Department should have “back door” phone numbers so that they can reach a live person when necessary to help customers. In addition, they seek an updated online directory of City services and contact numbers so that they can better help and direct callers.

Recommendation 5: Create a directory of City Services and contact phone numbers and e-mail addresses for all City services. This list should be posted online to the public and also on an internal intranet.

Staff repeatedly expressed concern that the public has no single point of entry into the City for information and that all departments regularly get calls that then must be redirected and forwarded to the correct location. While the directory above would assist in addressing this issue, a central ombudsman function is not unusual for a city of San Bernardino's size, and investment in customer complaint or inquiry tracking software could prove beneficial. For example, many cities have "311" phone systems such that, if a resident has a general City inquiry, they can dial "311" and get a City ombudsman/customer relations clerk who can properly direct them.

Recommendation 6: Centralize City ombudsman /reception functions in the City Manager's Office. The City should direct the public to contact the City Manager's Office for the vast majority of inquiries. Over time (and once the public is "trained"), this would reduce the "bounce around" factor for customers who call in and potentially reduce reception workload in City departments. As more fully discussed in Recommendation 14 this shift will need to include reassignment of some employees.

Recommendation 7: Review the cost/benefit of investing in customer inquiry tracking software. The Information Technology Department can assist in identifying potential software packages to track and monitor citizen inquiries, identify costs of such a system, and analyze the pros and cons of usage.

Recommendation 8: Develop customer service protocols and provide customer service training for all employees.

There is no formalized program of work planning that was shared with us during the course of this review. It is unclear how the City Manager and Mayor oversee the work of each department and how departments are made aware of specific expectations. A formalized system will hold department heads accountable and make expectations clear.

Recommendation 9: Implement a formal management system for the government in which work plans are prepared annually, and processes are established for regular performance reporting between departments and the City Manager's Office. Preferably based on the City strategic plan, each department should prepare a business or work plan to guide the work that it plans to accomplish during the forthcoming year. The City Manager should assure that each plan is appropriate, and should establish reporting processes through which performance accountability is established for department programs and special projects planned to achieve City objectives.

There is no citywide system of performance measurement to use data in evaluating performance. While some departments do collect data and take measurements, this is not a centrally run program but rather is done on an ad hoc basis at the discretion of each department head. There is no consistent provision of performance data or information in the budget document.

The City previously participated in the International City/County Management Association's (ICMA) Center for Performance Measurement, but it withdrew when data collection became too onerous for City Manager staff. The lack of automation, to be discussed later in this report, is one reason for this. Performance measures are considered a best practice, and they are used by many municipalities in managing and evaluating operations, providing data on which policymakers can make informed decisions regarding program performance.

Recommendation 10: Implement a system of basic performance measures for each program. Once a system of performance measures is established to measure the efficiency and effectiveness of each program, specific policy executive performance measures should be selected for reporting to policy-makers and senior executives, which should be published in the budget document. These measures should focus on effectiveness and outcomes, versus simple measures of workload.

Surveying is an important tool for continuous improvement, and specific survey data is an integral part of a good set of performance measures. Survey information should be obtained from City residents overall, as well as from participants in individual programs (recreation programs, for example). While City residents represent the public served by the government, program participants are those who have used the service and are therefore in a position to provide useful feedback regarding actual services. The City has completed some survey work, but not on a consistent schedule.

Recommendation 11: Institute regular, periodic customer surveys for all City services. Each City service should survey its customers (internal customers, City residents or specific program users) to garner valuable feedback and for use in continuous improvement of City services. This information can usefully inform service levels, service delivery mechanisms, program offerings, and can assess the general satisfaction level.

Implementation of the above three recommendations will take a multi-year commitment by the City. During this review it was clear that economic development is of great importance to the City's future. It became equally clear that the City's land use development process is not viewed, either internally or externally by the development community, as

operating at a very high performance level. For this reason it is suggested later in this report that Development Services be the initial focus, and lead pilot program, for creation of work management systems, performance measurement tools and for customer service improvements including regular detailed customer satisfaction surveys

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CORPORATE SUPPORT SERVICES

This section of the report will review the operations of those departments tasked with provision of internal services such as general management, finance, fleet, information technology, legal services and more.

Overview - Support/Corporate Services

As an overall theme, the City's support services have been under-funded and under-supported, resulting in a deterioration of service levels. Because of the inability of internal service departments to perform (due to lack of budget and, more importantly, lack of staff), the direct service departments no longer choose to use most central support services and have created a system of "workarounds" to get the job done. For example, it is extremely common in San Bernardino for staff to use their own credit cards to obtain supplies faster and at a better price than would be available via City purchasing channels. As is typical with such workarounds there are unintended consequences, in this case the creation of many reimbursement requests that each create their own paper trail and associated costs.

In most cases, this includes decentralizing the function by starting up their own independent (and redundant) support services. This is highly inefficient and goes against the concept of economies of scale.

Besides the lack of resources, support services also are taxed because of the City Manager's and Common Council's high demand for centralized control over items that would be handled at the department level in other cities. Some examples of this include low approval authority for purchases, line item budget control and already budgeted new hires for staff positions.

In reviewing City operations from a corporate perspective, four key processes were repeatedly identified by managers and employees during our interviews as needing improvement. These four processes result in a considerable loss of productivity among staff, and an investment in process improvement is likely to yield real savings both in labor and time savings. The four processes singled out for improvement are:

- Purchasing Process
- Budget Process
- Hiring Process
- Council Agenda Process.

In each of these four cases, San Bernardino's system is more complex than typical in other cities, generally in an effort by the City to minimize risk. For example, it is good to be watchful in the purchasing process to ensure waste is minimized, but if the review process costs more than the potential waste, you have served only to make it more difficult for staff to do the City's business. The City must find an acceptable balance between risk aversion and efficiency. This is difficult in a City with many elected officials who are concerned about the political fallout of having just one errant employee's misdeeds hit the newspapers.

While a more detailed discussion of purchasing occurs later in this report, in general the process is universally considered extremely slow and cumbersome, and seen as a roadblock to performing the City's work. The Finance Department has two employees devoted to purchasing for the entire City, and the City's process is time and paper-intensive.

Unlike in other cities, strong centralized financial control and concern about misappropriation of funds has resulted in a strict and formalized purchasing process requiring formal purchase orders and low approval limits. The result is the need for a few employees to process a lot of paper on too many items. Other cities have higher approval authorities, and they allow supervisors and managers to spend money in their assigned budgets, using credit or "Cal" cards for quick and easy purchasing.

San Bernardino also could greatly benefit by moving to a biennial (once every two years) budget, as its peers in Glendale do, and by using the intervening year for financial planning.

As with the processes above, the City's hiring process also was universally viewed as an impediment to the effective provision of service. Managers and employees agree that the process is frustrating, involves too many players and takes too long. Managers note that the separation of Human Resources and Civil Service Commission results in the need to justify positions to not one, but two, departments and those procedures are unclear.

Employees express frustration that it takes so long to fill a position. By the time a position is approved for a hire, good candidates have already found work elsewhere.

The recruitment and hiring process has been mapped and reviewed by Management Partners. The review has shown that in some places there are redundancies, and in some places there are dead ends that will slow down or stop an existing recruitment until the Department calls to find out what is taking so long. Both a lack of accountability and communication exacerbate the slowness of the process. Examples include:

Redundancies:

- Initiation of recruitment requires two separate processes, one to gain approval to recruit and one to initiate the recruitment. Each process requires separate paperwork from the initiating department.
- Vacancies are verified twice: once by the Human Resources Department and once by the City Manager's Office.
- Mayor and Common Council must approve all new hires, even though the positions and funding are already approved by the Common Council with the adoption of the annual budget. This ties back to a Charter issue.
- By past practice, and based on the discretion of the Chief Examiner, many different types of examinations are routinely required throughout the recruitment process, and appear to be excessive. Each type of examination required is a separate step to the recruitment process and adds time to the process. Most recruitments require a paper screening, a written test and an oral screening interview (which occurs prior to the departmental interview). Recruitment also could include a performance test, a medical test and a physical test. Utilizing this many tests unnecessarily elongates the process. In most comparable cities, a paper screening, medical test and an oral screening interview are sufficient prior to the departmental interview. In certain special cases, performance or physical tests are utilized. Written tests are rarely utilized today.
- By Civil Service policy, each screening step in the recruitment process allows an appeal by candidates to both the Chief Examiner and then to the Civil Service Board. Each time this process is invoked, it can add two weeks to the process.

Communication Breakdowns:

- There are two times that the recruitment paperwork is sent to the City Manager's Office for signature: once to approve the recruitment and once to approve the hiring. At each step, the City Manager's Office may decide to place the recruitment "on hold" for a period of time to gain salary savings. While current procedures are such that this initial delay has not occurred in almost four years, this is an example of a process which is

outmoded and in need of reform. Elongating the recruitment period results in lost candidates, and results in candidates getting a bad impression of the City.

Finally, the City's process to prepare each Common Council agenda was consistently viewed as time intensive and inefficient. The City Clerk's Office is responsible for preparing the Common Council agenda and dissemination of the agenda packet. The City Clerk's Office receives many complaints from the press and public about late access to the agenda packet. The public and press do not get access to agenda packets until copies have been distributed to the Mayor and Common Council.

Staff must submit agenda items more than two weeks before a pre-established Common Council agenda date so that the item can be reviewed by the City Manager's Office, transmitted to other departments such as Finance and/or the City Attorney, corrected of errors, and re-submitted. In the City Attorney's Office alone, agenda items are touched by no less than four individuals as part of that office's internal review process, which is a subset of the overall City process. A legal review is performed on every agenda item, which may not be necessary for routine matters. The City Manager's Office may want to enact more stringent requirements to enforce high quality staff reports from departments and strict adherence to Council agenda schedules.

Overall, if the City invested a little time in eliminating low-value process steps in just these four processes, it could save small amounts of time per individual transaction. The overall volume of these transactions, however, and resulting savings is substantial. By taking all these steps -- revising purchasing authority limits, allowing the use of purchase cards for smaller authorized purchase levels, moving to a two-year budget preparation cycle, eliminating line item budget control, reducing the steps required in the hiring and agenda process, and reducing the number of items that must be approved by Council -- the City can save a substantial amount of time. These issues will be discussed in more detail in other areas of this report.

Recommendation 12: Complete a thorough analysis of the City's purchasing, budget, hiring, and council agenda processes, and implement the resulting improvement programs. This analysis will eliminate low value steps that complicate and add time to the process, and it will streamline the processes. Conservative estimates of time saving associated with process streamlining are presented along with more detailed recommendations in the report. The conservative estimate of savings is \$127,000 annually, but Management Partners believes such savings could relatively easily rise to approximately, \$225,000 annually.

Common Council

Policy for the City is set by its seven-member Common Council, which is the legislative body of the City. Each Council member is elected by ward (geographic district) within the City for four-year terms. Council members serve on a variety of subcommittees in governing the City.

San Bernardino's Common Council office includes the seven members plus four staff members shared among them, which is a fairly high level of staff support per council member relative to other peer jurisdictions. This difference is no doubt linked to the extreme complexity and substantial fragmentation in San Bernardino city government, and the relatively low level of staffing in many support functions.

Mayor

The Mayor is elected at large (from throughout the City) to serve as the executive leader of the City. Until 2006, San Bernardino had operated under a "strong mayor" form of government, but the Charter was amended and the City is now transitioning to a City Manager form, by which the City Manager is directly responsible for management of the City. At the present time, this transition is not complete in San Bernardino, and the Mayor and City Manager are each responsible for supervision of certain portions of City government.

The 10 staff members in the Mayor's Office represent a higher number than observed in most cities, due to the executive duties associated with the position. Riverside, a larger city, has a mayor's staff of 5.5 FTEs. In most cities, support staff are pooled and shared between common council and the mayor. This is the case in Riverside.

Demands on support staff in these San Bernardino offices should be reduced as the City transitions to a full City Manager form of government.

Recommendation 13: Combine and share support staff in the Common Council and Mayor's Offices. Many cities have found that a shared pool of support staff for these offices yields higher productivity by increasing each staff member's flexibility to pitch in where needed, as opposed to working in artificial silos of responsibility.

City Manager

The City Manager position is new to San Bernardino, having been created in the 2006 Charter amendment, and it is the result of converting the former City Administrator into a City Manager. The City Manager now supervises most City departments, many of which were formerly under the Mayor's supervision.

In the City Manager's Office, staffing is below the average. As Table 3 below shows, this office has 6.75 staff members, as compared to an average of 13.2 in the other cities. The City of Huntington Beach includes Human Resources within its City Administrator Office, which accounts for the large number of staff. The peer average, excluding Huntington Beach, drops to 9.3 total FTEs, still greater than in San Bernardino.

The differences between San Bernardino's Mayor's and City Manager's staffing can in part be attributed to the transition from a strong mayor to a City Manager system. While the key personnel have made the transition, it is plausible that the support staff have not yet followed suit.

TABLE 3: CITY MANAGER'S OFFICE COMPARISON STAFFING

City	Total FTEs	Manager / Administrator	Deputy / Assistant Manager	Exec. Sec/Exec Assistant	Admin Assistant / Analyst	Support / Clerical	Other
Fontana	8.0	1.0	1.0	1.0	1.0	0.0	4.0
Huntington Beach	29.0	1.0	2.0	1.0	3.0	3.0	19.0
Moreno Valley	5.0	0.7	1.3	1.0	2.0	0.0	0.0
Ontario	13.0	1.0	1.0	1.0	2.0	1.0	7.0
Riverside	11.0	1.0	2.0	1.0	5.0	0.0	2.0
San Bernardino	6.8	1.0	1.0	1.0	2.3	0.5	1.0
Average w/o SB	13.2	0.9	1.5	1.0	2.6	2.0	8.0
Median w/o SB	11.0	1.0	1.3	1.0	2.0	2.0	5.5

While the charter amendment of 2006 has changed the City's structure to a City Manager form of government, the transition remains incomplete and staff has not been transferred to support his new program responsibilities.

Recommendation 14: Transfer three support staff FTEs from Mayor's Offices to serve in the City Manager's Office, and evaluate the potential transfer of other professional staff. Peer cities operate with an average of 3.1 support staff combined for both the Council and Mayor, which compared to eight staff in San Bernardino. The City can transfer three of these positions to the City Manager's Office and will still have five staff remaining.

City Attorney

The City Attorney is an elected official as designated by Section 55(d) of the City Charter. The incumbent is in his fifth four-year term as City Attorney and manages an office comprised of 19 FTEs and a budget of

\$3.1 million. The City Attorney's Office consists of three divisions: Municipal Law and Redevelopment, Operations and Support, and Litigation & Prosecution.

The Municipal Law and Redevelopment Division provides general legal advice to City departments, prepares contracts, negotiates development agreements, prepares ordinances and resolutions, and other duties. It is comprised of three FTEs, primarily Deputy City Attorneys.

The Litigation & Prosecution Division has 11 employees, including five investigators, several of whom are part time. It makes court appearances on behalf of the City, both as plaintiff and defendant, takes depositions, and monitors external counsel hired to handle larger cases. Litigation and prosecution also represents the City on risk management claims against the City, and it provides legal advice in support of the City's code enforcement operations.

The Operations and Support Division provides general clerical support to the legal staff and is comprised of six employees, primarily legal secretaries.

A review of City Attorney staffing as compared with peer cities is shown below in Table 4:

TABLE 4: COMPARISON OF CITY ATTORNEY'S OFFICE AGAINST PEERS

City	Staff in Attorney's Office	Attorneys on Staff	Paralegals on Staff	Support/ Clerical Staff	Other
Glendale	12.5	7.0	0.0	5.0	0.5
Huntington Beach	17.0	9.0	0.0	7.0	1.0
Riverside	26.5	14.0	5.0	7.5	0.0
San Bernardino	19.0	10.0	0.0	7.0	2.0
Average w/out SB	18.7	10.0	1.7	6.5	0.5
Median w/out SB	17.0	9.0	0.0	7.0	0.5

As can be seen, total City Attorney's Office staffing in San Bernardino is average with 19 people on staff versus an average of 18.7 in the peer city comparison. Notable differences include the fact that Riverside utilizes paralegal staff while San Bernardino (and the other two cities) do not, and also that San Bernardino has two FTEs for investigators, which is more than in other cities.

As shown in Table 5 below, which compares City Attorney's Office budget in San Bernardino and three peer cities, the San Bernardino Office has about the same fiscal resources than its peers. While the budget of the City Attorney's Offices in the three cities of Glendale, Huntington Beach, and Riverside average 2.15% of city general fund, in San Bernardino it averages 2.39%.

TABLE 5: COMPARISON OF CITY ATTORNEY’S OFFICE BUDGET RESOURCES (FY 05-06)

City	Population	Office Budget	City's General Fund	Percent of General Fund
Glendale	200,065	\$3,183,015	\$149,180,238	2.13%
Huntington Beach	194,457	\$3,071,966	\$171,993,087	1.79%
Riverside	290,086	\$4,400,000	\$204,376,606	2.15%
San Bernardino	198,550	\$3,192,100	\$133,818,100	2.39%
Average w/out SB	228,203	\$3,551,660	\$175,183,310	2.02%
Median w/out SB	200,065	\$3,183,015	\$171,993,087	2.13%

Attorneys in the office are assigned responsibilities for specific departments and work categories, and they say they have good working relationships with their City departments. City departments contact them frequently on an informal, undocumented basis (usually by telephone or email) to request information or advice.

The office does not have a standardized “Request For Service” (RFS) form or system by which departments make requests, and requests are logged in and tracked. Rather, the process is informal and department staff may contact “their” attorney at any time. According to the City Attorney, a formal RFS system had been in place some years prior but the tracking served as a disincentive for departments to contact his office for assistance and, thus, was discontinued.

While such a system affords departments immediate access to the City’s legal staff, it does not provide data by which the operation can be managed and on which future decisions (e.g., whether to hire additional staff) can be made. It also greatly disrupts an attorney’s ability to undertake concentrated work.

In other cities, departments and/or offices must complete a simple RFS form (which can be made available in the City’s computer directory or online) to outline their request for work by the City Attorney’s Office (e.g., “Please review this contract”) and to provide a “requested by” date and contact information.

Recommendation 15: Implement a formal system to log and track requests for legal service. Whether dedicated tracking software is purchased or not, a simple form to be completed by departments, as well as an Excel spreadsheet to log in and track requests and their status, would provide valuable data on workload by department/requestor and type of request. Such information would be invaluable in prioritizing work,

justifying future staffing requests and making workload assignments. The City Manager should strongly encourage all departments to consult with the City Attorney's Office on a regular basis.

Legal advice is rendered primarily in an informal manner. Other than document review and editing, attorneys and client departments indicate that advice is generally delivered verbally or informally by memo. The Attorney's office keeps detailed records of even informal opinions, but these are not readily available to departments. While in most City Attorney Offices we've reviewed, the preparation of formal, written legal opinions is fairly common, in San Bernardino just five or fewer legal opinions are put into writing each year and considered "opinions," with other advice coming in informal memo form or verbally. This compares with more than 500 legal opinions prepared in the cities of Glendale and Riverside last year, and more than 100 in Huntington Beach.

San Bernardino departments are authorized by the Charter to request formal written opinions from the City Attorney. Formal written opinions to departments, indexed and accessible, reduce repetitive research by attorneys, provide reference and guidance to the departments in their daily operations, assure consistency of advice to different departments, provide historical reference for city actions and document the legal rationale for City decisions.

Formal opinions, because of their permanent nature, are generally a well-researched and thorough review of an issue with citations and documentation. They are time consuming for the attorneys, and not necessary for routine business. But on major issues they are a greatly underused opportunity and resource that San Bernardino departments are not taking advantage of, but which would be of benefit to them. Even less formal memoranda providing legal advice should be made available for reference by City staff.

Recommendation 16: Prepare legal opinions on key issues in writing to departments, and index and provide all written legal advice (both in informal memo and formal form) on the City's intranet to provide access to all City staff. Written documentation of legal advice provided to the various City departments and officials will serve as reference for future actions, as well as documentation of legal rationale for decision making.

The City currently has one Senior Deputy City Attorney devoting about half of his time to land use law. The recent growth in the City's north side has contributed to greater quantities of development law work. This area of expertise is also in demand for land-related committees and commissions.

The increasing quantity and complexity of land-use issues, and the demand for a City attorney's attendance and representation at numerous related meetings, indicate that additional resources must be allocated to this function.

Recommendation 17: Increase professional resources devoted to land use and development law by reallocating resources or adding staff within the City Attorney's Office. The current demand for land-use law in San Bernardino exceeds current capacity of one-half of an attorney's time. The expertise of the incumbent has, to date, helped limit the workload to one individual. But increasing demands indicate that additional resources need to be devoted to this area. Strategies to assure continued quality service delivery as the need for land-use legal expertise expands include reassigning some committee and commission assignments to other attorneys in the Office, providing additional land-use law training to other staff attorneys, and dedicating additional professional or paraprofessional staff to complement the existing land use attorney.

Recommendation 18: Collect workload data in a manner which can be shared publicly on all assignments to determine if the office workload justifies requests for more professional or paraprofessional staffing. Without accessible data, it is difficult to assess the Office's staffing needs.

As with most city attorney's offices, some work is contracted to outside counsel. In San Bernardino, the City Attorney uses local firms primarily for specialty cases that cannot be handled by in-house attorney staff. As reported by the City Attorney, previous incumbents of his office sent most cases to outside counsel.

The City Attorney's focus on in-house expertise has reduced cases referred to outside counsel from more than 350 pending cases when he assumed office, to the current caseload of about 60 cases. He distributes work to outside counsel based upon attorney expertise. Outside law firms work for a relatively low hourly government rate; their contracts are approved by Council and, according to the litigation attorney, achieve consistently positive results. In general, except in esoteric areas of the law, there is an advantage to use local counsel in local courts.

Outside counsel needs are best determined by an assessment of both the expertise and time needed in a given case, and the resources of in-house counsel that will be available for the litigation. In some cases, even routine matters are more cost effective when handled by outside counsel.

An annual review and analysis of the number and type of cases sent to outside counsel, the complexity of the issue referred or specialized

expertise needed, the number of hours billed to the City, the duration of the litigation, and the results achieved would provide a basis for determining whether additional in-house litigators would be a more cost-effective option or outside resources should be expanded.

Recommendation 19: Prepare an annual litigation report that comprehensively analyzes and reviews outside counsel referrals, and compares results to in-house options. A comprehensive review of litigation, including a comparison of cost-effectiveness, and results of outside counsel and in-house litigators, will provide necessary information to determine if in-house staffing is adequate, or if it should be altered or if budgetary adjustments are necessary for contractual services.

It is not clear that attorney time is tracked in a manner that affords charging off the costs of all private development projects. For example, in the case of development agreements, the full cost may be borne by the developer.

Recommendation 20: Implement a simple time tracking procedure for attorney staff to measure and charge for time spent on private development projects. We conservatively estimate one-quarter of an attorney's time is spent on land development. This results in a potential cost savings to the General Fund of \$38,068 roughly equivalent to one-quarter of a senior deputy city attorney's salary (at the midpoint) and benefits.

Technology in the City Attorney's Office is behind best practices. All phone messages in the office are taken by hand. The calls are numerous and all staff – including the City Attorney himself – responds to every call on a daily basis. The Office does not utilize a municipal City Attorney software package such as ProLaw or Citylaw to manage its work, something considered quite common and used in all three peer cities of Huntington Beach, Glendale and Riverside. While such a system was purchased some years ago, the Office did not have the time to train staff on its use and, thus, it was discontinued.

Recommendation 21: Invest in a software package for management of the Office workload. The use of such software is commonplace in many municipal law offices and can provide valuable data and reports to manage and assess Office workload. Training on the new system should be made a priority.

In our interviews with other City staff, they expressed concern about communication between their departments and the City Attorney's Office. City departments said they felt the Office does not treat them as internal customers. They provided examples of attorneys not providing status

reports of various reviews submitted to the City Attorney's Office, departments not consulted before Civil Service Commission hearings regarding employment cases (so that they can understand the chosen legal strategy) and general statements by departments that various items or projects were "stopped by the City Attorney," but without details as to specific reasons or rationale.

City Attorney's staff, on the other hand, reported that departments sometimes do not follow City rules or procedures, and they must, therefore, protect the City's interests and reduce liability. They are frustrated that departments will act independently, and then rely upon the City Attorney's Office to "clean up their messes." As an example, they point out departments not following purchasing policies approved by Council. The City Attorney's position is that he must follow the law, and that if City processes are too cumbersome, departments should request the Council amend the policy rather than expect his approval for them to act outside the policy. Universally, attorneys in the Office stated a desire for City departments to consult with the Office prior to taking action.

Both the City Attorney's Office and departments have opportunities and can take some specific steps to improve the perception of good customer service to user departments.

Recommendation 22: Offer annual training on key topics and City Attorney's Office processes to user departments. By holding regular classes for department staff, attorneys can assist them in better complying with policies, enhancing their understanding and knowledge of City Attorney's Office expectations and legal/policy requirements in the performance of their work. The Attorney's Office does provide some classes now, a best practice, and should increase and improve its offerings. It is likely that lack of compliance is due to lack of knowledge, rather than blatant disregard on the part of departments.

Recommendation 23: Establish published turnaround time goals for key processes. At present, there are no stated deadlines for City Attorney's Office review. When requesting service, departments can suggest deadlines for a response, but in reality response time is governed by the attorney. Published turnaround time goals for attorney work would provide the departments with a realistic expectation of time necessary for the work to be accomplished. Exceptions can be identified for unusual or difficult requests and implementation of such goals can be gradual, with one new goal per year or such.

Stated performance measures for a department are a valuable tool in assessing whether the delivery of service is meeting acceptable performance levels, and whether the client's expectations are being met.

They also are helpful in determining whether resources are adequately allocated. The City Attorney expressed concern that in the past performance measures were used in lawsuits and he was therefore reluctant to draft such measures for his department.

Performance measures for law departments, as well as other city departments, are a common and useful practice. When carefully drawn, performance measures are an effective way to set goals and measure effectiveness. As noted elsewhere in this report, performance measures should be undertaken as a matter of course in all City operations.

Written performance evaluations for staff are an important way for both the staff member to understand the expectations of his or her position and for management and supervisors to constructively give feedback to staff on their performance. It is a way to identify training needs, and design a program for an employee to provide professional growth.

During this review Management Partners learned that the City Attorney's Office does not provide performance evaluation, because employees are "at will" and providing an evaluation may undercut this status and provide support that an employee has a property right interest in a position. This policy has gradually migrated to other areas of the City government and many "at will" employees no longer receive such feedback.

The City Attorney is concerned about the risk of providing evaluations, citing recent case law in which an at-will employee's performance evaluation was used as grounds that she had finished her probationary period. Despite this case law, there are legal means to achieve the objective of providing every City employee with valuable information about his/her performance and to provide him/her an opportunity to improve.

Recommendation 24: Develop contractual language to be signed by at-will employees upon hiring which clarifies that performance evaluations will not change employment status. Identify employer expectations for job performance, and provide opportunities for employees to have constructive evaluation of their performance by their supervisors.

Finance Services and Systems

The San Bernardino Finance Department is responsible for the central financial functions of accounting, budget, payroll, purchasing and cash management. Some traditional responsibilities like the Capital Improvement Plan (CIP) budgeting, central cashier and collections, treasury and investment, and businesses license administration are not included under this organization. The department provides data and analysis to assist the City Manager, Mayor and Common Council in

formulating policies and also provides backup staff support for the elected City Treasurer, and administers the Print Shop.

The current department staffing consists of 17, with two in the print shop and two in purchasing. There is no internal audit staff. The department has just been allocated a fiscal analyst in FY06-07. The Finance Department does payroll for the City, but not for the Water Department or the Economic Development Agency (EDA).

The City has upgraded its payroll and financial system through a joint effort with the Water Department. Finance is responsible for accounts payable and receivables, but does not have a central bad debt collections effort for outstanding payments, something that is delegated to departments. Finance provides back up for all Treasurer functions, including reconciliations.

As Table 6 below shows, staffing in the San Bernardino Finance Department can be considered “lean” in comparison to peer cities. San Bernardino has 17 staff members as compared to an average of 28 in peer cities. The primary difference can be found in the Purchasing area, where San Bernardino has just two staff members, as compared to an average of five elsewhere. (The personnel in the print shop have not been included in this comparison.)

TABLE 6: FINANCE DEPARTMENT COMPARISON STAFFING

City	Total FTEs	Director / Controller	Financial Analyst / Assistant	Investment Officer	Accounting / Payroll Staff	Support / Clerical	Budget / Research Staff	Purchasing Staff	Other
Fontana	22.0	1.0	0.0	0.0	13.0	2.0	0.0	4.0	2.0
Huntington Beach	31.0	1.0	1.0	0.0	20.0	1.0	2.0	6.0	0.0
Moreno Valley	31.9	2.0	0.0	0.0	17.5	5.4	0.0	5.0	2.0
Ontario	21.8	1.4	0	1.0	10.0	0.4	4.5	4.5	0
Riverside	33.5	2	0	0	18	3	3.5	7	0
San Bernardino	17.0	1.0	1.0	0.0	11.0	1.0	1.0	2.0	0
Average w/out SB	28.0	1.5	0.2	0.2	15.7	2.4	2.0	5.3	1.0
Median w/out SB	31.0	1.4	0.0	0.0	17.5	2.0	2.0	5.0	1.0

Because cities organize finance activities very differently, one must be careful about drawing conclusions. For example Riverside has finance in an Administrative Services function which also include information technology. Appropriate adjustments have been made to account for the fact that San Bernardino has these functions in another part of the organization, but they still may provide additional capacity to the department in Riverside. In the opinion of Management Partners the existing staffing level is not adequate. The Director and Deputy Director

frequently do Excel spreadsheets and prepare analyses, which are typically done by professional staff. Many nights the Director and other financial staff work overtime to keep up with the workload. Chronic understaffing impacts morale, creates fatigue, creates turnover, and affects the department's ability to do planning and other higher level functions.

The City Budget

City finance staff begin preparing for the budget process after the mid-year analysis and a report to council. Instructions are provided to internal service departments in early April. After several communications and sharing information like revenue estimates, operating departments are given expenditure instructions at the end of April.

Communication is provided to both department heads and mid-level staff although departments express some frustration about their ability to provide real input. Departments contribute to expenditure estimates mainly in the area of services and supplies. Revenues generated by department activities also are estimated by department staff and further reviewed by the Finance Department.

Finance prepares personnel cost estimates and updates costs to include the new bargaining unit's contract provision. They also prepare cost estimates for internal service charges developed by internal services funds. These are distributed to operating departments early in the spring. Citywide revenues such as property taxes, sales taxes and other resources are estimated by the Finance Department.

After a series of meetings in early May with individual departments, which are conducted with the City Manager and Finance, departments are advised of any final changes to the preliminary budget and provided a copy. If any additional changes are needed they would occur at this time. Throughout this time, the departments are advised of the budget situation, shortfalls, legislation and other items like the local economy.

Once the preliminary budget document is printed, it is shared with the departments and distributed to the public. By City Charter, it has to be submitted to Common Council by the "first Monday in June" (Article VII Sec. 130).

The City Manager schedules at least three meetings in early June with Common Council to review the proposed budget. The budget is usually adopted the last week of June; however, there is no specific date for adoption in the Charter.

Budget meetings are public meetings and are advertised as required. The first budget meeting is always a presentation on projected revenues and expenses, and an overview of the City's fiscal condition. This is followed by discussion and public comments. At this point, staff are

advised on what the Mayor and Council want to have done for the next meeting, and what additional information is needed.

The City has in the past, also held “town meetings” to discuss the budget further. This has usually been done when there are major budget issues and shortfalls to deal with. These town meetings are a series of meetings held out in the community at various locations and times, to try to get the most community input. The last town meetings were held two or three years ago. These are not a routine.

The publication of the budget in the first week of June, with hearings following within two weeks, give little time for the Common Council or the public to review the materials prior to public hearings. Many cities release their proposed budget documents at least 30 days prior to any hearings before Council. This allows for more public review and transparent deliberation.

Many cities (including Alameda, Alhambra, Camarillo, San Luis Obispo and Santa Maria) have moved to a two-year budget process to allow for more time, deliberation and transparency in the budget process.

The Federal Government is also seriously considering moving to such a system. According to testimony from Mitchell Daniels Director of the Office of Management and Budget to Congress:

“In sum, annual budgeting is a very inefficient process. Each year it consumes a great deal of time and energy that could be better spent on grappling with programmatic issues in greater detail and on a longer time frame.”

Given San Bernardino’s staffing constraints, doing a two year budget just to be able to focus more on problematic issues would make sense.

Recommendation 25: Implement a two-year budget. An extended budget cycle would help reduce annual workload on the Finance Department as well as in all City Departments and focus the City’s budgeting toward a longer term. The interim year between budget cycles could be used by Finance staff for strategic planning or other useful purposes. Management Partners believes that such a change will allow the City to apply a minimum of approximately \$50,000 in staff time and other costs towards program analysis and revenue generation as opposed to budget related paperwork, but the initial year one start-up will also require a similar funding commitment, so productivity enhancements will not become apparent until the second year.

Central Collections

During focus groups, City staff repeatedly stated that the City did not devote enough resources to the collection of past due bills and debt from

customers. While some Departments had staff working on this, others did not. Most cited the lack of personnel to perform the work, remarking that the individuals hired would likely pay for themselves and increase overall City revenues.

Recommendation 26: Establish and staff a single City centralized bad debt collections operation. This should include a comprehensive approach to both the Water Department and other departments, such as Planning, Building Inspection, Recreation, Public Services, and other needs. Components of this function can probably be successfully outsourced. Implementation will generate significant new revenues for the City, which can only be estimated with additional program specific analysis.

Cost Allocation Plan

A cost allocation plan is not routinely completed. One was completed recently by RAMS, a local firm. The Finance Director reports that the plan has been updated maybe “twice or possibly three times” during the last 14 years. Most employees do not estimate their time on time cards; therefore there is no cost distribution model and reporting for the city. While the City does generate transfers into the General Fund based on estimates of administrative and other costs, such transfers for non capital project costs constitute only about 3.4% of General Fund revenues.

Because such costs as office space and infrastructure, equipment and vehicles, administrative management, clerical support and other City overhead is not included in their fee estimates, the costs of programs are generally under-estimated. This results in the loss of city revenues when fees are not updated to reflect true costs, grants are written without complete overhead costs, or capital projects funded with special revenues, are subsidized by the General Fund. For example consider the fee levied for a Certificate of Occupancy permit, currently set at \$36.92. This fee was derived by multiplying the productive cost of an inspector classification by the amount of time that it takes to complete an inspection and issue the permit. It does not include the costs for the office equipment or the office the inspector uses, the vehicle he or she drives, the clerical support, management and supervision provided to the inspector and so on. This means that the City is losing, conservatively, 5% to 10% of actual costs of service by not having up-to-date fees, and charges. This is equivalent to \$290,000 to \$570,000 annually.

Recommendation 27: Update the cost allocation plan every two years.

Updating the cost allocation plan and fee studies takes staff and outside consultant support, but this effort will more than pay for itself. By under-funding the central fiscal functions, the City loses significant fee resources.

Special Revenue Funds

Special Revenues funds are created to segregate resource and expenditure authority in areas where the funds are specially designated. Usually it means that the preponderance of funds do not come from the City's General Funds. In most cases, it is expected that the operations are self-supporting. These are usually reserved for city services that receive special funding, such as special taxes, fees for service or a designated portion of the property taxes.

The City of San Bernardino has 12 special revenue funds. In most cases, the funds are self sufficient, but in the following cases they are not:

Cable TV Fund. The CATV fund, which supports public access television, had total operating expenses of \$633,200. The General Fund contribution was \$563,200 with franchise fees accounting for some portion of that. Best practices would usually call for this activity to be revenue neutral to the City and the complete costs covered by franchise tax revenues from cable service providers. The expenses of the program should be brought into line with revenues. However, the City will not be in a position to renegotiate this agreement to obtain more favorable terms for some time, so some consideration should be given to reducing service levels to reduce costs.

Animal Control Fund. Animal Control operating expenses were \$1,777,000, with a General Fund contribution of \$428,000 or 24%. While the amount of General Fund contribution in this case is normal for a city this size, fees should be reviewed annually to make sure they keep with inflation. It is common for cities to provide some subsidy to animal control services, but the relationship of services costs to fees should be a stated policy of the Common Council so that this General Fund expense is controlled.

Baseball Stadium Fund. The Baseball Stadium fund expenses of \$526,500 were supported by \$225,100 in General Fund transfers and also by maintenances services provided by the Parks Department. This 43% contribution depletes General Fund resources to subsidize an enterprise fund that should be self-supporting and should provide the city with reimbursement for complete overhead charges. Again this is due to a contract that cannot be changed in the near term.

Soccer Fields Fund. The soccer field is a recreation facility that has historically expended approximately \$350,000 per year. In 2006, planned expenses rose to \$526,500. The budget proposes an equal amount of revenue; however the greatest revenues received to date were \$354,756 in 2004-05. If revenues do not materialize to match expenses, this special revenue fund may also require General Fund contributions.

With the exception of the Library Fund and the Animal Control Fund, best practices would expect the remaining special revenue funds to be self sufficient. In the near term, the City is not in a position to insure that these funds are self-supporting. However the City can make it a policy to avoid

subsidizing activities that can be managed on an enterprise basis going forward, to avoid further commitments such as the above examples. We recommend that in the interim, these funds be managed to the extent practicable so that expenditures do not exceed revenues.

Recommendation 28: Establish a policy and procedure to ensure that special revenues funds are self-sufficient. The contract reimbursement rate for the use of the baseball stadium should reflect full costs, and cable TV programming should be brought into alignment with resources. Reducing the General Fund subsidy to the Cable TV fund by only 20% would yield a savings of approximately \$113,000 per year.

Reserves for Known Liabilities and Related Fiscal Policies

As noted previously, the City of San Bernardino fiscal reports and experiences reported by departments indicate that the City already has seen serious shortfalls and will continue to be unable to fund or sustain programs. Following are items which should solicit concern for the future fiscal condition of the city. In particular, the City lacks designated reserves for several significant liabilities and currently is not keeping track of all reasonably foreseeable future liabilities. Specific areas of concern include:

- San Bernardino has less than one month operations funds in reserve. Though a reserve goal is stated in the City budget, the Common Council has not adopted a specific ordinance or resolution formalizing a reserve policy. The designated reserves of the year ending 2005 (CAFR p. 11) were \$6.4 million of a total fund balance of \$15.8 million. This is considerably lower than most cities, which generally try to maintain 10% to 15% of operations. Some use three months operating expenses as a standard. With \$113.4 million in annual expenses, that target would be \$28.3 million.
- As a general financial policy, special revenue programs should have a positive balance sheet and adequate reserves. This, however, is not the case with some San Bernardino programs.
- There appear to be inadequate funds for the replacement of equipment without borrowing. The five-year IT plan appears unfundable without borrowing.
- In the case of facilities, there is no fund to isolate and manage the costs, and there are more than \$9 million in estimated deferred maintenance projects.
- A substantial amount of machinery, vehicles and equipment are being acquired through capital leases, increasing the City's annual debt payments. The current remaining principal and interest on the leases is \$5.4 million, which exceeds the value of the assets,

now worth \$4.5 million. It appears that lease terms exceed the useful life and value of the assets. (CAFR p.67) This means a substantial overpayment is occurring for assets because lease financing is required.

- Proprietary funds deficits of more than \$12 million are reported for the Workers Compensation (\$8.9M), liability Insurance (\$2.3M) and Utility funds (\$0.7M). Fund deficits of this type usually indicate a need for rate adjustments. They also may indicate inadequate reserves. (CAFR pg. 91)
- At year-end, internal services funds showed deficits in Workers Compensation, Liability Insurance and Utilities totaling more than \$12M (CAFR pg. 91). It appears that the fee structure for these ISFs is below what is necessary to keep these liabilities fully funded.
- There are 294 retirees receiving some form of health or other benefit, and a current annual cost of \$156,459. Recent changes in police benefits will increase this amount. An actuarial of City liabilities needs to be prepared.
- Fleet (motor pool) and Information Systems depreciation levels were reported as \$1,084,237 and \$1,053,700, respectively, in 2005. Yet expenses exceeded revenues by \$319,872 and \$408,598, respectively, in each of those ISF funds. This results in growth of assets of only \$333,000 in the motor pool and a decline in assets growth of \$223,000 in Information Services. This means that the reporting of depreciation does not yield actual funds for the replacement of depreciated assets. Rate studies for fleet and IT should be prepared and updated annually. The rates should be adjusted to provide for scheduled equipment replacement.

Simple examples drive home the point. While on one hand, the City is adding park areas, on the other hand it lacks resources to maintain and replace park equipment. On the one hand there are plans to expand public safety staff and there are planned increases in salary and benefits; on the other hand, there are insufficient funds to support and replace vehicles for the current staff in the field.

To achieve full fiscal stability, the City must plan for its long-range future. The following recommendations are intended to provide for an improved understanding and management of these important fiscal issues.

Recommendation 29: Adopt a policy establishing a reserve target. The City should establish a general fund target of at least 10% of its General Fund budget. This is a prudent amount for a city with a budget the size and complexity of San Bernardino.

Recommendation 30: Obtain an actuarial analysis of the City's other post-employment benefit liabilities in accordance with GASB 45.

Recommendation 31: Create an Internal Service Fund for Facilities and establish charges to put the Fund on a self-sustaining basis.

Recommendation 32: Prepare a five-year maintenance plan, and a five-year capital replacement plan for City facilities.

Recommendation 33: Review all City properties to identify surplus property that can be disposed of. By eliminating maintenance, insurance and other service costs, the City can create significant revenues and achieve cost avoidance. Currently the City owns two unused old fire stations, and these are good examples of the types of surplus property that should be considered for sale or possible lease.

Purchasing

Almost every aspect of purchasing is an obstacle to efficient city operations:

- Having only one management position and one clerk makes turnaround slow.
- Line department-issued Purchase Orders (POs) are available for purchases under \$500, but no credit cards are available for web purchases.
- All purchases over \$25,000 require Common Council approval and the cost/benefit of the "Buy Local" policy is questionable.
- Purchasing limits are very low, forcing staff to spend time on bureaucratic paperwork rather than on using the purchase to complete work.

Managers interviewed for this review clearly "get" the City's financial condition. They are capable of making cost- and service-effective purchasing decisions, and they understand what a reasonable local preference should be.

A 2006 survey of city purchasing limits in California showed that the average for city council approval authority was \$89,000. Many cities -- including Berkeley, Burbank, San Ramon, Elk Grove, Irvine, Livermore, Lompoc, Long Beach, Napa, San Diego, San Luis Obispo, Santa Rosa and Walnut Creek -- have a \$100,000 limit for items that must be approved by the City Council.

Recommendation 34: Establish a policy for purchasing approvals that is consistent with best practices and prudent management. Raise the threshold for the requirement of Common Council approval. On Public Works contracts, allow the City Manager to authorize change orders up to the contract award level, including contingency funds. Thus, change orders would not be required to go to council for approval each time. On purchasing and consulting contracts, City Manager approval should be up to \$100,000. On other procurement matters, reasonable levels of approvals should be available to program managers, division managers, Finance Director and City Manager. The new policy can and should provide for public reporting of actions taken to the Common Council, to provide for appropriate monitoring. Revising purchasing limits will save a minimum of \$12,000 in employee time the first year implemented and probably considerably more.

Expense requests are delayed when the expense would result in a line item over expenditure. A best management practice is to allow some flexibility among program budget line items within the context that managers are responsible for the bottom line of the budget. Budget controls should be relaxed at the line-item level in conjunction with the move to a two year budget process.

The City can modernize its purchasing practices by moving away from paper- and time-intensive purchase orders toward a “Cal Card” system. This system is akin to credit cards and would allow departments to make purchases within their level of authority, such that Finance would pay one bill each month, rather than process paper for each individual purchase. Departments would also benefit from the ability to purchase items on a timely basis.

Recommendation 35: Implement the use of Cal Cards or credit cards for authorized purchasers. Those employees issued a card would be made aware of their purchasing limits and guidelines for use. Lack of compliance would result in discontinuance of card usage. Management Partners had estimated a time saving from this action at approximately \$90,000 per year, but after consultation with Finance, this number has reduced to \$40,000 per year, which we believe to be a very conservative estimate.

Depreciation Expenses

It is a best management practice to charge each business unit for its costs of equipment and space usage by charging depreciation expenses (at a minimum). A simple example illustrates this concept: Each budget year, a city's code enforcement program would be charged a depreciation expense of, say, one-seventh of the purchase price of each vehicle that it

uses. In this example, this annual charge is based upon the assumption that the average useful life of the vehicle is seven years; therefore the original cost of the vehicle would be recovered over seven years. If the original cost of the vehicle is \$21,000, then the charge would be \$3,000 annually (using a straight line depreciation method). If the code enforcement program uses 12 vehicles, then the \$36,000 would be charged to the program each year.

The general example above applies to a building as well, though the calculation is a little more complex. Say a building costs \$20 million and it has 50,000 square feet of space within it and the useful life is determined to be 50 years. Thus, each year one-50th of \$20 million, or \$400,000, would be expensed among the users of the facility. If the code enforcement program is a user and its space is calculated to be, say, 5% of the space in the building, then the code enforcement program would be charged \$20,000 for its depreciation expense. Funds generated from these charges would be maintained in a restricted reserve for building refurbishment or replacement.

Beyond charging for depreciation, it may be desirable to blend depreciation in with a rental charge for equipment and buildings to ensure that enough money is collected to pay for the inflationary costs of replacement. This would add a level of complexity, but it would ensure that the reserve funds have ample funds when needed.

Unfortunately, the City does not charge rent or building depreciation to its general fund programs. Nor does it routinely charge rent or depreciation for its capital equipment usage. The result of these practices is that the City does not have this traditional source of funds to adequately address its capital needs for replacement and repair.

For example, Police management indicated that there are times when there are not enough patrol cars available, so officers must double-up in patrol vehicles. Being able to replace vehicles within established parameters helps ensure that maintenance costs are minimized.

Further, there is no identified funding source available to make the millions of dollars in capital repairs that are currently required for City buildings. At the same time, with growth and expanded service needs, there is a need for new capital to fund new equipment and new space. Consequently, the limited money available for capital is directed to both old and new capital needs.

If a replacement source is created from the usage of capital equipment and buildings, this problem would not exist or at least not be so severe.

Beyond the fact the city does not have an adequate reserved source of funds restricted to replacing its equipment, and replacing or refurbishing its facilities, there are other negative consequences. While the Water Department pays rent for its space in City Hall, the other operations paid

for mostly by the General Fund are residing there, rent free. Thus, the actual costs of most City programs are understated. Among other things, this means that City officials do not really know the cost of providing most City budget programs and this skews program cost comparisons with other agencies.

Overhead costs that would otherwise be associated with grants, fees and other funding sources are not collected. This, in effect, robs the General Fund of additional revenues, in some cases.

Finally, by not adequately funding for capital replacement, the policymakers may believe that there is more money available to fund services than it is prudent to spend. To maintain a sustainable city government, the City must take care of its infrastructure and equipment. Deferring maintenance and replacement is a practice that in the long term is detrimental to operating a sustainable business enterprise of any type. Newer and better maintained equipment and facilities are more efficient to operate, more effective and safer.

Recommendation 36: Adopt the best management practice of charging depreciation for facilities and equipment to City program budgets. This may need to be phased in to adjust to the fiscal realities.

Financials and Payroll Information Technology Systems

Originally, the financials application was an old-style computer system typically associated with mainframe computers. Systems of those older designs typically require a fair amount of training for all operators. They are often quite effective for well-experienced staff, but difficult for the inexperienced. A recent upgrade of the platform for the City's financial software included some minor improvements in usability, according to IT staff. It is unlikely the improvements they described would be of much benefit to line managers seeking budget information.

The financial software works well for Finance Department staff. They also operate with a lean staff for an organization the size of San Bernardino. The ability to execute the number of transactions required speaks to the effectiveness of the software in transaction processing. However, almost all line staff complained about the system and found it hard to use.

We recommend that when a new software upgrade is required for either Water or Finance, the two units work closely together to determine if a single package can be purchased to meet both of their needs.

Recommendation 37: Explore shared financial systems for the Water Department, RDA/EDA and Finance Department when either has its next software upgrade.

City Clerk

The position of City Clerk is established and governed by City Charter. In San Bernardino, the City Clerk's Office is a separate department operated by an elected City Clerk who has a four-year term.

The City Clerk's Office provides general administration duties, including preparation of Common Council agenda and minutes. He/she maintains the City's Emergency Call Back list, provides business registration and inspection, oversees and runs elections and the Office serves as a Passport Acceptance Facility. The City Clerk also provides City records information management, including maintenance of files and indexes of Council-approved documents and archiving of agendas, minutes, ordinances, resolutions, campaign statements, claims and contracts. The Office proofreads updates to the Municipal Code and prints and distributes Code updates.

The operating budget for the City Clerk's Office for FY 06-07 is \$1.7 million. The City Clerk's Office has 16 full-time positions, with 11 assigned to the business registration and inspection function, and six assigned to the Administrative/Records Management Division.

Table 7 below compares City Clerk staffing with peer cities. San Bernardino's staffing level appears high because business registration is not typically included in the City Clerk's office.

TABLE 7: CITY CLERK'S OFFICE COMPARISON STAFFING

City	Total FTEs	Position Titles / Work Units							
		City Clerk	Deputy Clerk	Assistant Clerk	Manager/Senior Record Specialist	Record Specialist	Support/ Clerical	Election Commission Staff	Other
Fontana	8.4	0.4	1.0	2.0	1.0	2.0	1.0	1.0	0.0
Huntington Beach	5.0	1.0	2.0	1.0	0.0	0.0	1.0	0.0	0.0
Moreno Valley	5.0	1.0	2.0	1.0	0.0	1.0	0.0	0.0	0.0
Ontario	7.0	1.0	0.0	1.0	2.0	3.0	0.0	0.0	0.0
Riverside	9.0	1.0	3.0	1.0	3.0	0.0	1.0	0.0	0.0
San Bernardino	16.0	1.0	2.0	1.0	1.0	1.0	6.0	0.0	4.0
Average	6.9	0.9	1.6	1.2	1.2	1.2	0.6	0.2	0.0
Median	7.0	1.0	2.0	1.0	1.0	1.0	1.0	0.0	0.0

Administration

The City Clerk is responsible for maintaining both the published Municipal Code and the City Charter, and for distributing updates. In the past, the City Clerk's Office utilized the standard contract service for the preparation of changes, updates and supplements to the Municipal Code, similar to that used in many other jurisdictions. However, this contracted

service was ended by a prior Mayor and assigned to the City Attorney's Office for implementation.

Some City staff are concerned that Municipal Code updates are completed without participation of department(s) most affected, that work gets done slowly and, once completed, includes errors and omissions. The last full update of the City Code occurred in 1985, with no new update scheduled any time soon.

After the last update was finished, it took the City Clerk's Office nine months to correct all errors and omissions, including corrections to the proposed updated Municipal Code that were inconsistent with the State Government Code and the City's own Charter.

Outdated Charter provisions and Municipal Codes hamper the implementation of best practices for City services and functions. Current proposed changes to the Municipal Code to implement a streamlined development permit process were sent for legal review five years ago and there has been no update on status.

Recommendation 38: Outsource the preparation of changes, updates and supplements to the City's Municipal Code, and bring both the City Charter and Municipal Code to current best practices for local government. Outsourcing this function means updates will be done in a more efficient and timely manner. This should be coordinated with the City Attorney's Office.

The lack of updated technology creates inefficiencies in the City Clerk's Office operations. Although frequently requested, most technology requests are not funded, nor is there a plan in place to bring this technology on line any time soon. For example, in December 2003 the Office updated its business registration software that was nearly 20 years old but, due to budget constraints, it has been unable to gain the necessary \$15,000 for updates to that software. City Clerk requests for new technology include the following:

- Online business registration
- Paperless agenda process

Recommendation 39: Implement online business registration and paperless agenda processes.

Business Registration and Inspection

The business registration and inspection function has been assigned to the City Clerk's Office for as long as anyone can remember. While Common Council has the power to license all forms of businesses in the City and to fix the rate of business licenses (Sec. 40. d), the City Clerk

shall, by Charter, “issue all licenses and countersign all warrants on the City Treasury, except warrants of the boards” (Sec 60).

While there may have been good reasons for this in the past, the current highly technical fiscal nature of business licensing, and its importance to the City’s revenue and economic development efforts, no longer make it a good fit within the City Clerk’s Office.

The complex nature of this work, which is outside that of traditional City Clerk training and responsibilities, means that the normal duties of the City Clerk must be shortchanged. This creates inefficiency among traditional City Clerk functions, and could lead to the business registration function not being fully optimized on the City’s behalf.

The use of a City Clerk for business license administration, and certain standard financial operating functions, fractures and creates barriers for what should be a centralized and streamlined set of financial processes. Furthermore, sections of the Charter related to the Clerk have not been amended to be consistent with a City Manager who now has the centralized responsibility for preparing an annual budget and advising Common Council “as to the financial condition and needs of the city, including the filing of annual and interim financial reports.” Article V (Sec. e) or VIII (Sec 130).

While checks and balances can be a good thing, these redundant and duplicative processes create barriers to good public service.

San Bernardino has 11 FTEs dedicated to this function, as compared to four in Huntington Beach and five in Riverside (interestingly, business license operations for both are located in their fiscal units, either Finance Department or Financial operations within the City Manager’s Offices respectively). The City of Ontario also has its business registration unit located within Administrative Services (Finance).

Staffing for the business registration function in San Bernardino is high in comparison to peer communities, but a survey performed by the City Clerk showed that the peer communities do not perform the level of delinquent collections or field work undertaken in San Bernardino. The Clerk notes that since additional personnel were added to this function, business registration revenue has increased by \$1 million over the last two fiscal years. Nonetheless, the work of business registration has more in common with financial and collections operations than City Clerk operations and should be moved.

Recommendation 40: Transfer responsibility for business registration and inspection, and the associated staff, to the Finance Department. The auditing functions of gross receipts, reporting requirements for specialized financial reports for City budgeting purposes, and other kinds of financial tracking and

reporting have become so specialized and technical that the expertise to properly manage this function is normally found in finance departments, rather than in city clerk's offices. This transfer will require the City to address disparities as employees move from one bargaining unit to another. This will also reduce staff available to provide backup support for the Passport Acceptance Facility and during elections.

Recommendation 41: Reallocate some business registration staff to other Finance Department duties.

San Bernardino can reduce staff dedicated to the business registration function and use these personnel to improve staffing in the Finance Department for other support services, such as purchasing and collections.

In the past, the City Clerk's Office recommended to Common Council to implement a processing fee for business registrations. This recommendation was turned down due to a concern that it would have too much of an impact on local businesses.

However, there is a cost to operate the City program for business registration and inspection. While larger revenue generators will more than offset their share of this cost with their business license tax, there is a concern that businesses with smaller revenues may not fully cover their share of the cost. If that is the case, then the City is losing funds and larger businesses are subsidizing smaller ones.

Recommendation 42: Determine the actual cost per business for the business registration and inspection program, and complete an analysis of full-cost recovery from each type and size of business. This cost needs to be clearly defined to ensure that each business is paying its fair share of the cost of the business registration and inspection program. Where it is not, the City Clerk's Office will have more detailed information about which businesses are being subsidized by other businesses, allowing for a clearer policy discussion about a minimum charge for service to those being subsidized.

Elections

One of the duties of the City Clerk's Office is to hold municipal elections. This is implemented through a contract with the County of San Bernardino Registrar of Voters. Municipal primary elections for City officers occur in November of odd numbered years. If one candidate does not receive a simple majority of the vote in any one race, then a run-off election is held the following February (even numbered year) between the two top vote-getters.

If the state happens to be holding a primary in March, then the City Charter allows for the run-off election to be consolidated and held in March. This holds down the cost of the run-off election by sharing costs with other jurisdictions holding elections at the same time. However, with the state recently moving the consolidated primary election to June of even numbered years, this will no longer occur.

The City's current system for holding municipal elections means that the municipal elections, now both the primary in November of odd numbered years and run-off the following February of even numbered years, are held as standalone elections. This means that the City bears the full brunt of the cost of each election. This has been justified in the past by fears of the elected officials that their races would be overshadowed by other races if the municipal elections were consolidated. However, there is a high financial cost to the City for operating in this manner.

The cost for the last consolidated election, which included costs for three different races, was \$217,000, or approximately \$72,000 per race. The cost for the most recent standalone election was \$243,000 for one race. This is a difference of \$26,000 between a consolidated vs. a standalone election, and a difference of \$171,000 between a consolidated individual race vs. a standalone individual race.

A further consideration is the necessity of holding both a primary and a run-off election for municipal elections. Many California cities, including other comparable jurisdictions, successfully implement one municipal election to select City officers. The City Clerk has analyzed the last few elections to identify if there would have been a change in who was elected if the City had held only one election, and found no change. By consolidating the primary and run-off elections into one election, the City would have saved \$243,000 for the last run-off election.

With this potential for savings, the City Clerk's Office could use a portion of these savings for additional marketing to enhance its "get out the vote" efforts. This would alleviate any potential for the municipal elections being overshadowed by other elections occurring at the same time.

Recommendation 43: Amend the City Charter to allow the municipal election cycle to consolidate with state and other elections.

Recommendation 44: Utilize a portion of the savings from consolidating the municipal election cycle for marketing purposes for "get out the vote" efforts.

Recommendation 45: Amend the City Charter to consolidate municipal primary and run-off elections into one election for City officers.

Records Information Management

The City Clerk's Office has included scanning of documents as part of its archival duties and procedures. However, due to an ongoing lack of funding, this has not occurred for either the City Clerk's Office or citywide. The current Records Information Management system in the City Clerk's Office uses paper copies for the most part. Only recently has an imaging system been acquired through grant funding.

To date, the Clerk has scanned Resolutions dating back to 1990 (15.5 years), Ordinances back to 1980 (26 years), and Minutes back to 1985 (21 years). Many other documents, such as agenda backup, are scanned back to 2002. The grant for imaging also provided funds to restore and scan the city's oldest historical documents. On a citywide basis, only the Police Department, Planning Department and Water Department have imaging systems. It has not been determined whether any of these systems are compatible with each other or with the City Clerk's Office.

The scanning of documents -- both in the City Clerk's Office and on a citywide basis -- and making them widely available electronically would improve City operations and would be beneficial to the public. However, in the City Clerk's Office, there are no personnel available to concentrate on scanning without interruption. Scanning is labor intensive and difficult to complete efficiently if the scanner operator is frequently interrupted by the need to handle other duties. The City Clerk should, therefore, consider outsourcing its scanning work, even if it means that the provider works onsite in City Hall to ensure vital records are not lost.

The City currently has three fully capable document management systems in production. FileNet is used in the Police Department to manage police report documents. The Cimage Document Management system is used by the Water Department. LaserFiche is in operation in the City Clerk's office and planned for expansion to several other departments.

Each of these applications is a fully functional document management system. Each is used by other California cities to meet all of the document management needs of the entire organization. However, all three applications have different capabilities, costs and challenges. The applications here were clearly chosen by the different organizational units based on those differences.

At this point, the City has spent license fees, some development costs and ongoing maintenance. Over time, the maintenance fees, redundant equipment, and further development will cost the city more than had a single application been chosen to meet all of its needs.

Additionally, software vendors come and go. One or more of these vendors is likely to disappear from the marketplace, become too expensive or service may degrade to an unacceptable level. The cost to transition all of the data in a single system to a new product will be less

expensive than a move of three completely different data structures. The difference may easily amount to several hundred thousand dollars.

A recommendation cannot be made at this point which system will be more cost and service effective, but the City should carefully study the costs and the service each application can provide the entire enterprise. It is likely to take many months to years, but the three applications should transition into one.

However, the more application development that is done and the more work product stored in these diverse systems, the longer and more expensive a transition will be. Transitions will always come with IT products, whether by choice or by uncontrollable circumstances.

Recommendation 46: Draft a plan to integrate all city records into a single document management system.

This process may take several years but will be easier to do now than after more departments have adopted their own, separate systems later on.

One of the services provided by the City Clerk is retrieval of documents. Document retrieval can be time consuming for the City Clerk's Office and slow for the person or organizational unit that is making the request. To facilitate speedy retrieval of all public documents, all such documents should be made available on both the City's internal intranet and external internet website. The City should establish performance standards that indicate the length of time from scanning to posting the scanned document.

Recommendation 47: Develop a plan to make scanned public records accessible on both the City's internal intranet and external internet website within an established timeframe. Permitting self-serve electronic retrieval of all scanned public documents will allow this office to operate more efficiently and will provide the requested document in a more timely fashion.

To facilitate document retrieval, the City Clerk's Office should undertake a major effort to electronically index all documents with the recognition that, for a City with 150 years of history, this will be a major undertaking but one that will have positive effects for years to come. One means of accomplishing such a project might be to hire student interns on a part-time and temporary basis to concentrate on this effort.

Recommendation 48: Implement an electronic index of documents on file. A comprehensive electronic index of all documents placed on file in the City Clerk's Office will greatly improve the speed of retrieving older documents.

Facilities Management

The City has a Facilities Director who heads the Facilities Department. He oversees the work of 23 employees in the facilities functions, six employees in the parking control function, and four employees who work with the telephone system and utilities, both of which are formally designed as internal service funds.

From our interviews and personal observation, we understand that the City's ability to fund facility maintenance is marginal. The City has \$9 million in deferred maintenance needs and, in many cases, inadequate facilities.

This department is only allocated \$100,000 to \$200,000 per year for routine maintenance, which is a small allocation for a city with the number and age of facilities San Bernardino has. There are 142 sites, with 252 buildings maintained by the general fund, housing 1.2 million square feet of space. The average age of the buildings is 45 years.

Including capital, staffing and contracts, the budget for Facilities is \$3.3 million. Parks Division maintains landscaping on the grounds of City facilities.

As noted above, the department operates internal service funds for telephone and utilities. Any fund balances that might accrue are swept out annually (usually). There is no rent, nor depreciation charged for space, except that the Water Department (non-general fund) pays below market rate of \$1.15 per square foot (to encourage them to stay there).

The program has 34 staff and contracts out for specialties. The Director would consider doing so, with the exception of a core set of custodians and specialists that do daily work. The Department needs better compliance with the maintenance policies such that they work with the facilities program rather than going outside the system and doing it themselves. Bad outcomes include poor quality control, lack of expense control and increased liability.

The best practice standard is for city facilities to be managed and maintained using the same full-costing techniques used by real property management firms in the private sector.

Recommendation 49: Implement an internal service fund to manage costs for facilities, including depreciation and maintenance. Programs need to be charged rent or depreciation on a realistic basis, with those funds reserved for capital replacement and major repairs. Programs need to be charged for their basic maintenance costs, and those funds should be managed through an internal services fund, possibly combined with the other two in some form. Reasonable reserves in these funds

should accumulate to provide some cushion against price spikes and/or unanticipated expenditures in the funds.

Recommendation 50: Establish full-cost market facilities fees for City facilities. While this step should be implemented only when the cost and financial management infrastructure is in place to permit it to be done well, the fee charged to the Water Department should be set at market level without delay. Otherwise, the General Fund is subsidizing the rent for a fund that is self-sufficient and healthy.

Recommendation 51: Establish facility budgets to include a funded depreciation schedule and funding for cyclical repairs, including necessary administrative costs for managing the services. The City's facility maintenance internal service rates should be updated to include the cost of a funded depreciation schedule and funding for cyclical repairs, as well as administrative costs for managing a new internal service fund. Many cities use this mechanism to raise funds for not only ongoing operations costs, but to cover preventative maintenance and cyclical repair/replacement costs.

Recommendation 52: Contract out all custodial/janitorial services. It would be more cost effective to contract out most basic facility cleaning, especially given the economies of scale the City would enjoy with so many facilities. An April 2004 National Compensation Survey for the Bay Area produced by the Bureau of Labor Statistics shows hourly earnings for all workers in selected occupations for private industry and state and local government. The mean hourly compensation for the cleaning and building maintenance classification is \$11.37 in the private sector and \$20.11 in the public sector. We recommend that all appropriate janitorial services be contracted out. This is routinely done in many cities. The City should be able to achieve a cost savings of more than 25%, or approximately \$75,000 annually when fully implemented given the scale of the services provided.

Assuming the elimination of 7.5 existing custodial positions via attrition, refilling with contracts that pay a living wage and claim a 10% profit factor, the City should see a savings of \$10,000 for each position. Savings are likely to be higher, based on higher productivity.

Recommendation 53: Implement an asset management program. The city has an unusually large number of facilities to maintain. Anecdotal evidence indicates that

some may not be in service or may not have any central function. Using the City's GASB 34 inventory, an asset management report can be prepared to identify ways to save money by selling or reusing non-productive property assets, and trim liability insurance costs. Ventura County identified seven excess sites in a similar analysis, realizing \$1.5 million in asset sales, in addition to eliminating current operation and maintenance costs. If just 5% of the space can be eliminated, the city will save \$4.5 million on maintenance cost alone, and acquire a one-time cash payment for sale. Currently the City has two unused fire stations. We assume this program can be started with the sale of one station with net proceeds estimated at \$100,000.

Fleet Maintenance

Management Partners has completed a limited review (the "Fleet Services Checkup") of San Bernardino's fleet programs and a review of fleet vehicle utilization. These detailed reviews can be found as Appendix A herein, but the resulting recommendations are all contained within this report. The information contained in this report is based on data provided to us via our fleet data request, from telephone conversations, and on-site assessment and interviews.

City Fleet Services Organization, Structure and Policy

Fleet Services is a division of San Bernardino's Public Services Department. The City's fleet of approximately 728 units includes 301 light duty sedans, pickups, vans and SUVs, 106 pieces of medium and heavy duty and off-road equipment, 118 patrol units, 71 refuse trucks, and 132 pieces of non-self-propelled small equipment (i.e., trailers, compressors).

Fleet Services does not maintain the City's Fire fleet (122 units) or the City's Municipal Water Department fleet (278 units), both of which service their own units. A separate discussion of those two fleets follows later in this report. Fleet Services does assist the Fire Department in procuring its light duty vehicles.

The City maintains a Fleet Policy and Procedures manual, but it falls short of addressing many key fleet management functions. The most critical policy management functions for any successful fleet organization should include:

- Fleet Policy and Financial Management
- Customer Services Management
- Fleet Cost Control and Charge-back Management
- Assignment and Fleet Size Management
- Fleet Replacement (Cycling) Management
- Fleet Service Delivery Management

The creation of a Vehicle and Equipment Committee or Fleet Advisory Board is an ideal way in which to address many fleet-related issues. The committee/board should be comprised of fleet customers (managers) staffed by the Fleet Manager or designee, and presided over by the Finance Director or someone from the City Manager's Office.

Recommendation 54: Form a Vehicle and Equipment Committee or Fleet Advisory Board. This committee/board should be charged with developing policy and guidelines relating to vehicle assignment criteria, standby and take home usage, and use of personal vehicles. Furthermore, the committee/board should act as a platform by which fleet management and its customers communicate ongoing fleet service-related issues, and act as a review board to evaluate all requests for additions to the fleet.

One of the key elements missing from San Bernardino's fleet program is written service level agreements. Fleet management should develop such agreements with each of its largest customers. These formal agreements should set out fleet services, charges, responsibilities of the parties and level of services, including priorities, policies and standards.

Recommendation 55: Develop service level agreements between Fleet Services and each of its largest customer departments.

Staffing

Fleet Services has 35 staff FTEs and is supervised by the Fleet Manager. Under the current operating mode the mechanics are hard pressed to keep up with the workload. However, if steps are taken as recommended to increase productivity the staffing level would be adequate. Specifically, the current operation shows an estimated productivity rate (wrenching hours) of approximately 69%. By increasing productivity to 75%, and committing to replacing vehicles and equipment on a timely basis, the current staff should be able to support the existing workload.

Fleet Facility

All maintenance and repair work is performed at one location in the Public Works Corporation Yard. The shop has 13 heavy equipment repair bays, 10 light equipment repair bays and two tire repair bays. There are two additional bays dedicated to repairing refuse bins and one bay used for welding tasks. The parts inventory is centrally located within the shop. The shop offices upstairs house six administrative personnel.

The number of repair bays is sufficient to support the current complement of mechanics. However, transferring the bin repair operation to another location in the Corporation Yard would free up an additional three work bays. Shop equipment appears to be adequate.

There is no designated “ready line” or “customer service area” for vehicles that have been repaired, or for customers bringing their vehicles in for service. Consequently, customers must find a parking space among units that have already been repaired or park in front of the repair bays.

Recommendation 56: Designate a parking area for customers who bring their units in for service, and a separate area for vehicles that have been serviced and are ready to be picked up.

Performance Measures

Fleet Services does not have any performance measures in place at this time. These measures provide an objective way of documenting fleet management’s performance, including the level of service to its customers. They provide a basis for internal trend analysis and for comparison between fleets, by tracking and monitoring resources (inputs) and workload statistics (outputs), and measuring the degree of efficiency and effectiveness of the operation.

The current Fleet software system is primarily used to track vehicle and equipment assignments, costs, labor hours and service scheduling. Key Fleet performance measures are not being tracked, which makes it impossible to measure the efficiency of the City’s fleet operation. Examples of performance measures not being tracked include:

- Standards for measuring a mechanic’s performance for preventive maintenance services or for various repair tasks
- Vehicle and equipment down time
- Repeat repairs (comebacks)
- Vehicle hours (or days) lost waiting for parts
- Percentage of repairs delayed due to stock outages/lack of parts

As recommended elsewhere in this report for all City operations, the use of performance measures would be extremely beneficial.

Preventive Maintenance Program

All preventive maintenance (PM) servicing is done by Fleet Services during normal working hours (7 a.m. to 5:30 p.m.), Monday through Friday, when most of its customers are utilizing their vehicles and equipment. The swing shift (2:30-11 p.m.) is dedicated primarily to servicing refuse trucks and some heavy duty units.

Except for police patrol units, customers are not notified to bring their vehicles and equipment in for servicing. This responsibility is left up to customers, who must remember to check the sticker in the vehicle indicating when the next service is due. This process makes it extremely difficult for Fleet Services to plan its daily workload and is not considered a “best fleet practice.”

Several Fleet customers have complained about the time that it takes to complete PM inspections, saying that their vehicles are tied up for several days at a time. Additionally, Fleet Services has fallen behind in performing the State of California Biennial Inspection of Terminals (BIT) program, a legally mandated safety inspection. There are more than 75 heavy equipment units that are overdue for BIT Inspections.

There is no “fast lube” service in place for light duty vehicles to accommodate customers who are in a hurry or need to travel great distances to the shop.

Fleet Services does not utilize a formal progressive multi-level (A, B, C) preventive maintenance program. One PM checklist is used for all light duty units, and another PM checklist is used for medium and heavy-duty trucks. A preventive maintenance program must be designed around each vehicle and equipment classification to ensure proper maintenance occurs, and must be specific for the conditions under which the units operate.

Fleet Services utilizes an oil sampling program to determine the optimum intervals to change oil in its heavy equipment. This is a best fleet management practice. Refuse trucks receive Preventative Maintenance every 90 days for BIT and brake inspections after every 300 gallons of fuel use. Light duty vehicles receive preventive maintenance every 5,000 miles for general units and every 3,000 miles for police units.

Recommendation 57: Implement a multi-level preventative maintenance program that is unique to each class in the fleet.

Recommendation 58: Develop a pilot program that offers "fast lube" services (for "A" level preventative maintenance service) for customers who must travel significant distances to the shop facility.

Recommendation 59: Analyze and document the advantages of performing most of the Preventative Maintenance work on a swing shift.

These programs can provide greater flexibility for customers, while minimizing downtime and the number of loaner vehicles required. This is a key component for cutting excessive maintenance downtime.

Fleet Utilization

As part of this review, Management Partners performed a Vehicle and Equipment Utilization Study with the intent to analyze each department's permanently assigned and temporary vehicle requirements, and to recommend how best to accomplish the City's business objectives.

The City of San Bernardino has a major investment in its fleet of vehicles and equipment, estimated at between \$45 million and \$50 million. The fleet has 728 units, including sedans, trucks, police vehicles, construction equipment, refuse trucks and miscellaneous equipment.

Management Partners evaluated the utilization of the City's fleet, examined fleet historical mileage and hour usage data, as well as maintenance and ownership costs. Additionally, we reviewed questionnaires pertaining to each unit's intended use and interviewed Fleet Services personnel about utilization issues.

Our analysis identified 45 units that we recommend should be reassigned or disposed of. This includes several units that we feel can be replaced with more efficient and economical electric vehicles.

Of the 587 units of rolling stock, we recommend that 33 units be reduced, and 10 be reassigned to the shop loaner pool or to a newly established heavy equipment pool, which we are recommending. This represents more than 7% of all sedans, trucks and heavy equipment in the fleet. Of the 141 non-metered and small equipment units, we identified two units for reduction.

Recommendation 60: Reduce the City's fleet by 35 identified units and reassign 10 units as proposed. If adopted, the potential savings from surplusing the 35 units identified in this report would amount to approximately \$65,000 in operational costs and approximately \$286,000 in cost avoidance during the first year. Additionally, the City would realize about \$65,000 of income as a result of surplusing some of these units, a total of \$416,652 in the first year. Over a 10-year period, the City would realize more than \$3.5 million in operational costs and cost avoidance (not having to replace vehicles and equipment) savings.

A significant part of this study was devoted to identifying alternative means of transportation to permanently assigned vehicles and equipment. These included departmental pooling, citywide pooling, use of personal vehicles and utilizing rental vehicles.

There are a number of fleet management issues that have been identified in this study, as well as in the "Fleet Services Checkup" that Management Partners performed in conjunction with this utilization study. As a result, we are strongly recommending that the City establish a Fleet Committee charged with developing policy and guidelines relating to vehicle assignment criteria, standby, take-home usage and use of personal vehicles.

Recommendation 61: Verify the take-home mileage for each standby unit and number of callouts. Evaluate the need for taking vehicles home for standby purposes,

versus reimbursing employees for using their own vehicles to respond directly to an emergency or to pick up a more appropriate City vehicle in which to respond.

Recommendation 62: Re-evaluate the use of daily take home units, and develop a policy and guidelines that reflect standards for take-home units. Currently the City has a policy restricting take home units to 26 miles roundtrip, but many are used further distances. Reducing mileage to the 26 mile limit would have a cost savings of some \$158,000 annually.

Recommendation 63: Encourage use of personal vehicles. Enforce private vehicle insurance requirements and check driver's licenses routinely for all City drivers using personally-owned vehicles on City business.

Recommendation 64: Develop employee guidelines and a policy that supports the most economic means of transportation. For example: All local trips under XX miles (roundtrip): Use personal vehicle. All trips exceeding XX miles (roundtrip): Utilize rental vehicle.

Recommendation 65: Eliminate the Central Motor Pool and replace with rental cars. Negotiate rental agreements with local rental car agencies for vehicles to be used for local and out of town trips.

Recommendation 66: Eliminate five sedans (units 387, 355-96, 355, 356, 345C) from the shop loaner pool, and replace with two compact pickups and one cargo van (unit 1200 from library, unit 363 from finance, unit 588 from city clerk). Transfer the flat bed truck (unit 393) from the pool to the heavy equipment pool.

Recommendation 67: Negotiate rental agreements with local rental car agencies for vehicles to be used to augment the fleet management pool when units are out of service due to extensive repair work or for peak needs.

Recommendation 68: Monitor the use of the shop loaner pool units during the next year to determine the best mix and number of units to offer.

Recommendation 69: Negotiate rental agreements with local heavy equipment rental agencies for equipment to be used to augment the heavy equipment pool.

Recommendation 70: Monitor the use of the central heavy equipment pool units during the next year to determine the type and number of units required.

Management Partners believes that application of reasonable policy guidelines to such issues as those discussed above will yield significant immediate financial savings to the City. For example, it is wholly appropriate for the City to enforce rules that allow potential emergency responders to take vehicles home only if they live within a reasonable response distance and are in fact called out for emergencies. However policies should be crafted which are in fact reasonable and then applied so that the actions are not viewed as punitive. For this reason we have not estimated cost savings yet.

Parts Program

The parts room is centrally located in the shop so that mechanics have easy access. At the time of this review, the inventory was being converted to a bar code system.

The Fleet Division's parts unit is understaffed. A benchmark ratio of parts personnel to mechanics is one parts worker for every seven to eight mechanics. Currently, the ratio of parts personnel to mechanics in San Bernardino is one to 12.

Recommendation 71: Add one FTE storekeeper position.

One of the Administrative Operations Supervisor's duties is to supervise the parts operation, which currently consists of two persons. This responsibility would best be served by the Equipment Maintenance Supervisor who oversees the maintenance and repair operation.

The total annual budget for parts is \$1,100,000. This represents 16% of the total Fleet budget. There are 1,737 items carried in inventory, valued at approximately \$216,160. Inventory level in relation to overall parts expenditures is approximately 1:5. Parts are not marked up and there is no formula in place to calculate a markup by which to benchmark against. Part markups are necessary to pay for the costs of properly handling the inventory. Furthermore, there are no parts inventory performance measures in place such as:

- Downtime due to parts
- Percentage of repairs delayed due to stock outages/lack of parts
- Percentage charge or markup on the price of parts, by light duty and by heavy duty
- Parts turnover ratio (total number of parts used during a specified period divided by the average number of parts on hand at any given time)

Recommendation 72: Develop a parts markup that reflects the true cost of providing this service.

Recommendation 73: Transfer all parts supervision duties from the Administrative Operations Supervisor to the Equipment Maintenance Supervisor.

Fuel Program

Fleet Services is responsible for fueling operations. City vehicle operators fuel their vehicles and equipment at one central fueling site located at the Corporation Yard. There are four unleaded fuel pumps and four diesel pumps supported by two, 20,000-gallon underground tanks. The fuel site is in compliance with state and federal regulations.

A few vehicle operators (primarily Police) are offered gas cards and fuel at Chevron. Fleet Services marks its fuel up 10%.

The City has done an excellent job utilizing alternative fuel vehicles in its fleet. Currently, there are 19 compressed natural gas (CNG) vehicles. The CNG vehicles are fueled at the San Bernardino County Yard. The City has a contract with City of Redlands L-CNG facility, about 9 miles away, for emergency backup and will utilize this facility once the new Liquidated Natural Gas (LNG) refuse trucks come on line.

A \$1.9 million L-CNG facility is scheduled to be constructed adjacent to the City's current fueling operation. It will have a 15,000-gallon LNG capacity and will be capable of producing CNG as well. It is being built in response to the CARB 1193 and 1196 regulations that require all refuse trucks and equipment over a certain Gross Vehicle Weight to utilize CNG or LCNG fuels.

This facility will be open to the public and various other public agencies. The City has ordered 22 C-LNG trucks for delivery this year and will be converting its entire refuse fleet of 85 units to C-LNG over the next several years.

Under the City's current fuel program, vital fuel data is captured through the Trac system. Customers must use an employee key and a vehicle key to access fuel. The employee key also is used to access the Corporation Yard after hours. Consequently, Fleet Services is able to track such things as:

- Average fuel consumption (mpg) by vehicle and by class
- Fuel cost per mile
- Average total fuel cost by class

All of these are critical elements in measuring a vehicle's performance.

Customers are charged a \$5 fee for each fuel key that is lost. We were informed that some customers, such as police, will fill several vehicles

from one key. In most cases, this causes the Trac system to become inoperative. This practice distorts fuel information that can affect many vehicle performance measures.

Recommendation 74: Levy a service charge on fuel transactions in which more than one vehicle is fueled from one key.

Sublet Program

Fleet Services contracts out a reasonable amount of repair work. A total of \$420,000 was budgeted this year for services such as towing, paint and body repairs, glass replacement, transmission repairs and some diagnostic work. This amounts to 6% of the total Fleet budget.

According to Fleet Services, a large amount of the parts budget is spent on tires.

Sublet work is not marked up and there is no formula in place to calculate a markup by which to benchmark against. Again the purpose of a markup is to capture the real costs of properly managing sublet work. Performance measures are written into bid specifications for sublet work.

Recommendation 75: Develop a sublet markup that reflects the true cost of providing sublet service.

Shop Labor Rates and Charge-Back Rate Development

Fleet Services recoups its operational costs by billing its customers directly for maintenance and repair services rendered. Costs are tabulated from shop work orders that contain labor hours, parts and sublet work. Fuel costs are captured from the Trac system and are marked up 10 percent. Parts and sublet work are not marked up.

Fleet Services uses a shop labor rate of \$60 per hour to price shop work orders. There are no separate shop labor rates for maintaining light duty, heavy duty or miscellaneous equipment. This rate is based on taking Fleet Services operational cost and dividing it by the total number of annual billable hours (wrenching hours) of all mechanics who wrench. Since Fleet Services does not track wrenching hours, the City has estimated that each mechanic will wrench an average of 6.5 hours per day. This represents an 81% productivity rate, which is much higher than what we commonly find in public agencies.

Based on discussions with Fleet Management staff, we estimated the mechanics' actual productivity rate at between 65-69%. California and national local government fleet surveys suggest that productive time for average-to-well-managed public sector fleets ranges from 70% to 75%. Some government fleets achieve between 75% and 80%. In the private sector, this number is estimated to be 80% to 85%. A goal of Fleet Services should be to increase the wrenching productivity of its mechanics to 75% to 77%. This translates into a shop labor rate of between \$71.50 and \$75.60 per hour.

Indirect costs for some City internal services (IT, facilities maintenance, insurance) are contained in the Fleet Services budget, however a number of internal service allocations are not accounted for, such as legal, human resources, purchasing and finance. We estimated these costs to be approximately 4% of the Fleet Services budget, or about \$91,000. When this figure is added to the current cost of Fleet Services, the shop labor rate increases to between \$74.09 and \$78.35 per hour.

According to Fleet Services, local private sector costs for general light duty repairs range from \$50 to \$60 per hour. Heavy equipment repairs range from \$79 to \$95 per hour. Dealer costs range from \$78 per hour for light duty repairs to \$95 per hour for heavy equipment repairs.

The City's chargeback rates may be fine for recovering fleet operational costs, but do little to encourage the behavior of fleet customers in terms of minimizing fleet size and influencing the efficiency in the vehicle support system. When costs are identified and visible to the customer department, the customer tends to economize. And when customers are not held accountable, overall fleet costs rise and customer responsibility and care for equipment tends to lessen.

Public agencies utilize various chargeback structures to recoup their Fleet costs. One useful structure in controlling fleet size and has proven successful for other fleet operations is a three-tiered system that incorporates:

1. A monthly flat fee that recoups the replacement costs over the life of the unit
2. A standing or flat fee that captures the administrative overhead cost of the unit
3. A direct charge or cost per mile rate that recovers the operational costs of the unit (costs associated with fuel, tires, maintenance and repair).

This fleet checkout is designed to address only one of many fleet activity centers -- namely, the maintenance and repair function. Allocating all of the fleet labor and costs into the remaining activity cost centers (i.e., parts, fueling, contract services, administration) enables an organization to calculate standard measures of performance. This will assist in determining the cost competitiveness of each service so that efficiency of the services can be evaluated and benchmarked. This type of study also makes it possible to calculate the overall maintenance and repair productivity rate, and compare it with industry standards.

Recommendation 76: Develop a charge-back system that incorporates fleet replacement, overhead and all operational costs.

Recommendation 77: Perform an activity-based costing analysis of the fleet operation.

Fleet Management Information System

Fleet Services currently uses RTA Fleet Management software for its information system. This system has limited capabilities. The division accesses few reports from the system that are vital to managing the fleet. Online access to diagnostic programs is available at computers on the shop floor.

Furthermore, customers are not “connected” to Fleet Services to validate or update their fleet inventory, reserve a pool car or look up the status of a work order. Fleet Services is currently evaluating other fleet management information systems that will better serve its purposes.

Recommendation 78: Include in the Fleet Management Information System Request for Proposals the capability to track performance measures, effectively monitor and manage the Fleet Management function, and design reports that will capture information that supports those measures.

Vehicle Pooling, Utilization and Disposal

The City operates a central motor pool at City Hall consisting of five units. There are three Chevrolet Cavaliers ranging in age from six to nine years old, and two nine-year-old Ford Crown Victorias. Fleet Services maintains a shop loaner pool consisting of 10 older model vehicles, including a passenger van, a cargo van, a flat bed truck and seven sedans. There is no heavy equipment pool.

City Hall pool vehicles and shop loaner pool vehicles are charged out on a daily or per mile basis. Vehicles checked out for less than one day are charged at a rate of \$0.21 per mile. Vehicles checked out for more than one day are charged a flat rate of \$0.86 per hour (maximum of eight hours) plus \$0.21 per mile.

We are not sure if these charges cover the cost of operating this program. Additionally, Fleet Services was unable to tell us if they were retaining the correct number of units to satisfy the demand.

It is not a best fleet practice to use older cars as pool cars, especially in departmental or central pools where the goal is to “attract” personnel to use pool cars in lieu of assigned vehicles that cost a city a great deal more to own and operate. The City does not regularly utilize rental car agencies to augment its pools.

The City uses the services of General Auctioneers in Buena Park to auction approximately 70 to 80 units per year. General Auctioneers charges 1.5% of the selling price, which includes picking up the unit.

Fleet Replacement Funding

At one time, the City of San Bernardino maintained a vehicle and equipment replacement program. It collected money from user departments annually to offset the future cost of replacement. However, starting in FY05/06 this was eliminated as a comprehensive practice.

The City has a policy of replacing its sedans and light duty trucks at 10 years or 100,000 miles, whichever comes first. These intervals are in line with other public fleets. Street sweepers are replaced every 13 to 16 years, or 60,000 miles according to the City's schedule. This interval exceeds the typical replacement schedule of seven years or 50,000 miles that we see in public agencies. Refuse trucks are replaced every seven years.

The City does not seem to have a rationale for its vehicle and equipment replacement schedules. There is no methodology or standards in place to support any of the replacement targets, such as downtime, salvage value, operational costs and ownership costs. Consequently, the City may be surplusng vehicles and equipment prior to or beyond their optimum economic life.

Keeping units in the fleet beyond their optimum economic life puts a burden on the customers who must now endure greater equipment downtime due to more extensive repairs, impacting their ability to accomplish their goals. It also creates a drain on Fleet Services, forcing it to expend more labor hours and parts to keep these units on the road. Surplusng units prematurely leads to higher costs associated with the purchase of replacement units.

Recommendation 79: Develop a methodology to support the replacement of vehicles and equipment based on the optimum economic life of a unit.

While the City was operating its now-discontinued Vehicle Replacement Fund, two enterprise funds, Sewer and the San Bernardino Employment and Training Agency (SBETA) did not contribute to it. Rather, those entities purchased or leased their vehicles and equipment on a year-to-year basis.

When funding the Vehicle Replacement Fund was discontinued two years ago, a process began by which funds were transferred from the General Fund into the Vehicle Replacement Fund to purchase replacement units. Over the past two years, the amount of money set aside for replacement units has fallen short of what is needed to replace vehicles and equipment on schedule.

Revenue from auction proceeds and fund interest earnings are not credited to this fund but, instead, are transferred into the General Fund, except for vehicles and equipment that are part of enterprise funds such as Sewer and Refuse. If these revenue sources were credited to the

Vehicle Replacement Fund, it would help stabilize the fund and reduce monthly fees that customers are charged. Furthermore, auction fees and make-ready costs are not figured into the monthly fees that customers pay.

Recommendation 80: Develop an accounting methodology that credits the Vehicle Replacement Fund with salvage revenues and interest earnings, and that incorporates auction fees and make-ready costs.

Recommendation 81: Reinstate the process of City departments setting aside funds on a regular basis for replacing their vehicles and equipment.

San Bernardino Municipal Water Department Fleet

Because the Water Department maintains its own fleet separately from the City Fleet Management function, Management Partners is presenting the results of our review of that separate activity. We recommend below that this function be integrated into a single City fleet management enterprise, to be more cost-effective.

The Water Department's fleet consists of 178 rolling units and 100 pieces of miscellaneous equipment (i.e., generators, mowers, trailers). All units are maintained and repaired at the main yard located at 196 North "D" Street. The shop is open from 6 a.m. to 3:30 p.m., Monday through Friday.

The repair shop consists of three light equipment bays and one heavy equipment bay. The facility is barely adequate for this size fleet and will need to be expanded if additional units are added.

Water Department Fleet Services is adequately staffed for the fleet size. Staffing consists of one supervisor, one lead mechanic and two mechanics. All work a 9/80 shift. Mechanics open and close work orders, and access their own parts from inventory or part runs.

The lead mechanic spends one hour each morning checking vehicles and equipment as they leave the yard in an effort to catch minor problems (i.e., lights, windshield wipers, low tires) prior to units getting into the field. But the responsibility for checking vehicles prior to going into the field should rest with operators, not the lead mechanic.

Maintenance and Repair

Preventive maintenance is performed every 5,000 miles or six months, whichever occurs first. A formal, progressive multi-level (A, B, C) preventive maintenance program is used, which is a best fleet management practice.

Water Department Fleet Services contracts for transmission work, paint and body work, upholstery work and air conditioning repairs. Smog work is also sublet, at a cost of \$50 per unit. When asked if this operation ever

piggybacked with the City for contractual fleet services, the fleet supervisor indicated they have not. The reason given was that they could obtain better pricing because they pay their bills more readily and thus receive more favorable rates.

We found this to be quite the contrary. For example, the Water Department is charged \$88 per hour for work performed at Fairview Ford while the City pays only \$75 per hour. Additionally, we learned that the Water Department pays \$5 for a carwash (wash and vacuum) while the City pays only \$2 for the same service.

Recommendation 82: Hold a meeting between the City of San Bernardino Fleet Services Division and San Bernardino Water Department Fleet Services to explore ways in which to piggyback with the City on commercial contract fleet services.

Shop Labor Rate and Chargeback System

Water Department Fleet Services does not have a shop labor rate. According to the shop supervisor, customers are only billed for parts, fuel and sublet services. Shop labor and overhead costs are not charged out to divisions, except for Water Reclamation units, which are part of an enterprise fund.

With no shop labor rate in place, it is difficult to assess Fleet Services' competitiveness in the marketplace. Furthermore, without a shop labor rate, it is difficult for the shop supervisor to determine if it is more economical to contract for certain repair work or perform the work in-house. Additionally, the situation impairs Fleet Services' ability to benchmark its costs with other public agencies. Based on limited data, we estimated the shop labor rate to be between \$65 and \$69 per hour.

It is unclear to us how Fleet Services chargeback system is able to recoup all its operational costs without a "loaded" shop labor rate and "markups" for parts, sublet and fueling services. Furthermore, it does little to encourage the behavior of fleet customers in terms of minimizing fleet size and influencing the efficiency in the vehicle support system.

When costs are identified and visible to the customer department, the customer tends to economize. When customers are not held accountable, overall fleet costs rise, and customer responsibility and care for equipment lessens. For example, if individual divisions are charged directly for accidents, they are more likely to manage poor drivers by ensuring they attend driver training programs, and document incidents of abuse, misuse and accidents in employee performance files.

One structure that is useful in controlling fleet size and has proven successful for other fleet operations is a three-tiered system that incorporates:

1. A monthly flat fee that recoups the replacement costs over the life the unit
2. A standing or flat fee that captures the administrative overhead cost of the unit
3. A direct charge or cost per mile rate that recovers the operational costs of the unit (costs associated with fuel, tires, maintenance and repair).

Recommendation 83: Develop a shop labor rate at the Water Department Fleet Services, along with markups for parts, sublet and fueling services.

Recommendation 84: Develop a chargeback system that incorporates fleet replacement, overhead and operational costs.

Performance Measures

Water Department Fleet Services does not have any performance measures in place at this time. Performance measures provide an objective way of documenting fleet management performance, including the level of service to its customers. They provide a basis for internal trend analysis and for comparison between fleets, by tracking and monitoring resources (inputs) and workload statistics (outputs), and by measuring the degree of efficiency and effectiveness of the operation.

The current fleet software system (SunGard HTE Fleet Management) is primarily used to track vehicle and equipment assignments, costs, labor hours and service scheduling. The shop supervisor says that the current HTE system is difficult to work with and does not interface with the Water Department's accounting system.

Key fleet performance measures are not being tracked, which makes it impossible to effectively measure the efficiency of the Water Department's fleet operation. As noted earlier in this report, the use of performance measures is recommended for use in the management of all City operations.

Fleet Policy

Some aspects of fleet policy are contained in the Water Department's Policy and Procedures Manual, but they fall short of addressing many key fleet management functions. The creation of a Vehicle and Equipment Committee or Advisory Board is an ideal way in which to address many fleet-related issues.

One of the key elements missing from the Water Department's fleet program is written service level agreements. Service level agreements should be developed between Fleet Services and each of its largest customers. These formal agreements should set out fleet services, charges, responsibilities of the parties and level of services, including priorities, policies and standards.

Recommendation 85: Develop an overall comprehensive and clearly defined fleet maintenance policy in the Water Department.

Recommendation 86: Form a Vehicle and Equipment Committee or Fleet Advisory Board for Water Department Fleet Services.

Recommendation 87: Develop service level agreements between Water Department Fleet Services and each of its largest customers.

Fleet Replacement Fund

The Water Department does not have a fleet replacement fund. Funding is figured for vehicles and equipment replacements on a year-to-year basis. Unfortunately, this process requires that requests for vehicles/equipment replacement funds have to “compete” with other Water Department programs and capital needs. This typically means that some units will not get replaced when they need to be.

Keeping units in the fleet beyond their optimum economic life puts a burden on the customer, who must now endure greater equipment down time due to more extensive repairs. This, in turn, impacts their ability to accomplish their goals. It also creates a drain on Fleet Services, forcing them to expend more labor hours and parts to keep these units on the road.

Recommendation 88: Establish a vehicle/equipment replacement fund in which customers contribute to the replacement cost of their units over time. This will guarantee that funds will always be available to replace units when they have reached the end of their useful life.

Water Department Fleet Utilization

In discussions with Water Department Fleet Services personnel, no one seems to recollect when the last fleet utilization study was performed, nor when the last physical inventory of fleet units was done. Therefore, it is highly probable that the Water Department’s fleet may be “over-fleeted” and underutilized.

All fleet systems need to understand how their units are currently used and whether the transportation requirement currently assigned to a section can be satisfied by other means. We have found that in virtually all cases, a utilization study typically reduces the size of the fleet by at least 10 %.

Recommendation 89: Conduct a utilization study of the Water Department fleet in which the need for each vehicle is assessed. Assuming the same results as were

obtained with the City fleet analysis, this yields a total annual savings of \$88,400, and one-time revenues of \$19,600.

San Bernardino Fire Department Fleet

Because the Fire Department maintains its own fleet separately from the City fleet management function, Management Partners is presenting the results of our review of that separate activity. We recommend that this function be integrated into a single City fleet management enterprise to be more cost-effective.

The City's Fire Department fleet consists of 122 vehicles and pieces of equipment. This includes 32 fire apparatus (trucks, engines, brush trucks), 41 light-duty vehicles and 49 pieces of miscellaneous equipment (i.e., generators, compressors). This includes nine units from the San Manuel Fire Department that Equipment Maintenance services on a regular basis.

All units are maintained and repaired at the main shop facility, located at 1208 North "H" Street. The shop is open from 6 a.m. to 3:30 p.m., Monday through Friday.

The main repair shop was closed several years ago due to ceiling damage. It has not been repaired and is currently being used as a storage area. Consequently, all repair work is accomplished in a quonset hut located behind the main shop. Some work is done outside as the current shop is not large enough to accommodate more than two large fire apparatus at one time. The shop is clean and well organized, but cramped.

The Equipment Maintenance Shop will need to be relocated as Cal Trans has plans to alter Interstate 215 and build an off-ramp through the area where the shop is located.

Equipment Maintenance is adequately staffed for its fleet size. Fleet staffing consists of one equipment maintenance supervisor and three equipment maintenance mechanics. All work a 9/80 shift. Mechanics open and close work orders, and can access their own parts from inventory or part runs.

In discussions with Fire Department staff, they indicated the need for an apprentice mechanic. The one additional staff would permit more work to be done in the field.

Maintenance and Repair

Preventive maintenance is performed every 5,000 miles or six months, whichever occurs first. A formal, progressive multi-level (A, B, C) preventive maintenance program is used, which is a best fleet management practice.

Equipment Maintenance contracts for transmission work, some heavy equipment repairs, paint and body work, and upholstery work. Local vendors charge between \$90-\$95 per hour for transmission and heavy engine repairs.

Recommendation 90: Hold a meeting between the City of San Bernardino Fleet Services Division and the Fire Department Fleet to explore ways in which to piggyback with the City on commercial contract fleet services.

Shop Labor Rate and Chargeback System

Equipment Maintenance does not have a shop labor rate. Based on limited data, we calculated the shop labor rate to be between \$67 and \$71 per hour.

With no shop labor rate in place, it is difficult to assess Equipment Maintenance's competitiveness in the marketplace. Furthermore, without a shop labor rate, it makes it difficult for the shop supervisor to determine if it is more economical to contract certain repair work out or perform the work in-house. Additionally, the situation impairs Equipment Maintenance ability to benchmark its costs with other public agencies.

Recommendation 91: Develop a shop labor rate, along with markups for parts and sublet services.

Performance Measures

Equipment Maintenance does not have any performance measures in place. Performance measures provide an objective way of documenting fleet management performance, including the level of service to its customers. They provide a basis for internal trend analysis, and for comparison between fleets, by tracking and monitoring resources (inputs) and workload statistics (outputs), and by measuring the degree of efficiency and effectiveness of the operation.

Key fleet performance measures are not being tracked, which makes it impossible to effectively measure the efficiency of the Fire Department's fleet operation. Equipment Maintenance does not operate a fleet management information system. Consequently, most paperwork is done manually, including shop work orders, posting of parts, sublet and labor hours.

Furthermore, the lack of a fleet software system makes it difficult to track and monitor performance measures. As recommended elsewhere in this report, the use of performance measures is recommended for management of all City operations.

Fire Department Fleet Policy

Equipment Maintenance has put together a fleet operation, but it falls short of addressing many key fleet management functions. The creation

of a Vehicle and Equipment Committee or Advisory Board is an ideal way in which to address fleet-related issues.

One of the key elements missing from the Fire Department's fleet program is written service level agreements. Service-level agreements should be developed between Equipment Maintenance and each customer. These formal agreements should set out fleet services, charges, responsibilities of the parties and level of services, including priorities, policies and standards.

Recommendation 92: Develop a comprehensive and clearly defined fleet maintenance policy.

Fire Department Fleet Replacement Fund

The Fire Department uses the City's fleet replacement fund for its light-duty vehicles and equipment. However, there is no replacement fund in place for heavy equipment, such as trucks, engines and brush trucks. Funding for these units is done on a year-to-year basis.

Unfortunately, this process requires that requests for vehicles/equipment replacement funds have to "compete" with other Fire Department programs and capital needs. This typically means that some units will not get replaced when they need to be.

Keeping units in the fleet beyond their optimum economic life puts a burden on the customer, who must now endure greater equipment downtime due to more extensive repairs that impact their ability to accomplish their goals. It also creates a drain on Equipment Services, forcing them to expend more labor hours and parts to keep these units on the road.

Recommendation 93: Incorporate heavy equipment into the City's vehicle/equipment replacement fund.

Merging the City's Fleets

As part of this review, Management Partners was asked to identify opportunities for improvement in the fleet operations of the Municipal Water Department, the Fire Department and the City's Fleet Services Division.

Among our recommendations for improvement we identified several areas common to all three fleets that we feel need to be addressed if they are to be successful. Of utmost importance is the need for a reliable and easy-to-use fleet management information system. Additionally, all three fleets need to establish:

- Performance standards with the goal of measuring performance against industry and shop standards
- An overall comprehensive and clearly defined fleet maintenance policy

- Service level agreements with each of its largest customers
- A shop labor rate, along with markups for parts, sublet and fueling services.

To help understand the organization of each fleet operation, we put together an overview (see Appendix A) of each fleet, including number and types of units it services, staffing levels and a breakdown of budgeted costs. Additionally, the exhibit reflects an estimate of mechanic productivity (wrenching hours), as well as a burdened shop labor rate for each organization.

All three fleets have productivity rates ranging from 67% to 69%, which are below average for well-run public fleets. A goal should be to increase the wrenching productivity of mechanics to between 75% and 77%. The Fire and Water agencies do not have shop labor rates, but we estimate them to be \$67 to \$71 per hour and \$65 to \$69 per hour, respectively. The shop rate employed by the City's Fleet Services Division of \$60 per hour is understated by \$15 to \$20 per hour, based on our calculation.

These rates are not competitive with commercial general repair shops in the area, where light duty repairs range from \$50 to \$60 per hour. Dealer rates for light duty repairs range from \$68 to \$70 per hour.

Small fleets (fewer than 300 units) generally have a hard time being competitive because overhead costs can not be distributed among enough units. The Fire and Water fleets are examples of this. **For this reason, we typically encourage fleets to look for additional customers such as school districts and other public agencies.**

Another important element missing from both the Fire and Water fleets is a professional fleet manager, a person with the skills for planning and analyzing fleet operations and future needs. These responsibilities are currently performed by the Fire and Water shop supervisors and the managers they report to, who are also responsible for other, non-fleet related duties. As these fleets grow in size, the need for professional management will become more evident.

Duplication of many fleet functions, as well as management and supervision, facilities, shop equipment and personnel is evident among the Water, Fire and Fleet Services fleets. This duplication, coupled with below-average productivity rates, non-competitive shop labor rates and the fact that critical "best fleet practices" are missing from each organization lead us to conclude that merging the three fleets would be in the best interest of the City.

Recommendation 94: Centralize the fleet management function by merging the Fleet Services, Water and Fire fleets. Implementing a customer-driven and market-driven approach has the potential to reduce fleet costs and improve fleet operations. The most apparent solution

would be to place the Fire and Water light duty fleets under the direction of the City's Fleet Services Division, where a fleet manager and administrative support personnel are currently in place. A utilization analysis of the light duty fleet would be in order. More analysis needs to be done to address issues such as facility size and location, shop equipment, personnel, customer requirements, parking and access elements, fueling, and the composition and duties of a Fleet Advisory Board. One of the first and most critical issues to be dealt with is the Fire Department's need to relocate its shop due to the re-routing of Interstate 215. This will require the City to purchase a site and construct a new repair shop in the near future. We believe that these issues will need to be studied in greater detail to identify the options available to properly integrate the Fire, Water and City fleets.

Information Technology Services and Systems

The City of San Bernardino uses many of the same computerized business applications as other California cities of a comparable size and mission. Yet IT staffing is four to five FTEs less than a typical organization this size. The equipment used is fairly typical of California city organizations, though most of it is older in comparison.

In general, the systems are appropriate to the tasks for which they were acquired and they are used by staff as intended.

But some systems are not delivering full value in support of City operations. Some systems are not integrated with each other to the degree that most city systems are, resulting in continual paper shuffling to manage transactions. This, in turn, means slower processing time and usually, more personnel. In some cases, this is because budget restrictions over the past many years have prevented the City from investing the capital and labor needed to complete integrations. In other cases, line staff reported organizational policy prohibits it.

Effective integrations and supporting control processes can allow modest reductions of the labor required for daily operations – without sacrificing appropriate fiscal controls or oversight. There is some redundancy in City systems because individual systems were acquired to meet specific challenges of one organizational unit or another and the potential for broad use was missed.

San Bernardino's IT systems generally suffer from underinvestment. Almost every staff member we interviewed reported operational problems due to old or faulty technology, or the complete lack of systems used by almost all other cities of this size in the state. Focus group responses were similar.

Many systems are in risk of failure because of the age of equipment or capacity. Only careful efforts on the part of both IT and line department staff hold them together. Line staff often complained that data storage and certain services such as email retention are inadequate to meet their needs. When we investigated these complaints we found the reasons were always the age or limited capacity of equipment serving the particular functions.

Many of those systems scream for attention, but carry no potential for cost savings if the work is done. For example, the Fire Department believes they lose an average of 23 seconds of response time due to overload on the radio channels that transmit the dispatch alerts to fire stations. A detailed technical assessment of this is beyond the scope of this report, but parallel experiences in Police make that theory likely.

Correcting this problem requires some re-engineering of the station notification system to take the overloaded radio out of the loop. Unfortunately, that is one of many IT problems that impact daily operations and, ultimately, public service delivery to one degree or another.

The City's IT budget of \$4.46 million would be marginally adequate for cities of this size and mission. However, this IT budget also funds more than \$873,000 for replacement and maintenance of Police and Fire radio equipment, jail locks and miscellaneous public safety vehicle equipment. While it is common for IT Departments to maintain the city radio networks, the total funding level is low for a department performing that function in addition to typical IT services.

Additionally, the budget includes \$480,000 for the final payment of a 10-year bond for an IT equipment replacement project from 1997. Although some phone and communications equipment have a 10-year working life, computer software and equipment typically has a four- to five-year life span. In many cases, the working life of software can be extended over that period with upgrades to meet changes in the technological environment, organizational mission, or mandates. In this case, it is unlikely that any of the equipment purchased with the 1997 bond is still in service. The debt service remains as a significant drain on current operations.

There is also a high degree of administrative control in the City organization, particularly in the area of budget management and purchasing. The goals of those controls obviously are to insure the proper use of the City's meager budget. Perversely, those controls appear to create obstacles to the effective management of the City's IT systems and most operations in general.

Management Partners makes several recommendations relative to the City's IT systems. They are made with recognition of the importance of

those systems to service delivery. IT systems are the primary conduit and repository of work products and communications in the modern workplace.

Whenever an IT system goes down, workers are less effective, if not completely idled. In a matter of minutes, the value of labor lost in system outages can overtake modest savings from overextending the life of equipment. If public records are lost due to insufficient funding of system operations, the cost to reproduce those records will easily exceed any savings. In the case of public safety systems, the public can be endangered and legal liability becomes a risk.

Our recommendations include some knowledge of the systems in use in the Water Department. There is currently a great deal of mutual support between the Water Department and City Hall operation. Expanding those relationships can provide cost efficiencies for both over time.

It is a common belief that information technology is employed by an organization solely to reduce costs. Often, IT systems do produce costs savings, particularly for business processes that require a great deal of manual labor and paper handling, such as utility billing. Utility billing would require a large support staff to produce and manage the billing process. Automated systems often require only 25% of the staff that manual systems might require.

In other cases, automated systems provide fairly small cost savings, freeing up fractions of a full-time equivalent (FTE) employee's labor capacity. Bottom line costs savings are often not visible with such systems because they do not allow a staff reduction without impacting the other functions that employee performs, although they often reduce the need for staffing increases.

In the late 1980s, the use of Computer Assisted Dispatch (CAD) in public safety departments rarely allowed for staff reductions in the dispatch center, but many agencies needed smaller or no staffing increases over several years to keep pace with population increases.

In many cases, IT systems do not produce any raw cost savings at all, at least in normal operations. However, they do provide greater capabilities than manual systems. From these greater capabilities, competent staff and management can provide better public services for the same cost. From the added value of improved services, higher costs are justified.

For example, online permit applications are rarely cost-covering. Many early adopters of online permitting systems have shut down for that reason. Still dozens of communities are implementing them regardless of cost efficiency in an effort to provide more convenience to citizens and businesses, to encourage compliance and to reduce wait times in the permit center.

Unfortunately, IT systems also can have no net value in supporting operations or can even create operational problems of their own when they fail to deliver the expected benefits to an organization. That happens for a variety of reasons.

- The system design is fundamentally incapable of meeting the needs of the organization
- The system is not implemented properly
- The system is not used properly
- The system is not properly supported by its owner and/or manufacturer
- The business processes of the organization are overly complex or inconsistent

Public and private sector IT project failures are about equal, but public sector failures are more visible and merit extra care because of the use of public funds.

In choosing between various alternative business systems, there are several considerations before trying to make a decision. Two general classes of business systems are potential products for use by the City.

The first are master computer systems that have sub-modules available to serve many functions. For example, all financials packages have modules for the expected financial functions. They may also have modules available that support payroll, human resources management, fixed assets and, with some packages, building permits, public safety records and dispatch systems.

The second are “best-of-breed” applications that provide specialized support for narrow disciplines. For example, there are packages that only provide support for building and development permits, for police training records, fire shift scheduling or civil service testing.

As a general rule, using a minimum number of software products for the largest number of different functions will cost an organization less to purchase and support than using a collection of “best-of-breed” applications. Generally, the total cost to acquire and operate the add-ons is usually 50-80% less than “best-of-breeds.”

Cost is not the only consideration in making IT decisions. A major consideration is the value of functionality delivered to the user departments. “Best-of-breed” applications will almost always provide well-developed functionality for their particular specialty. If there are compelling business needs for the functionality to be available to a line department, then “best-of-breed” is the appropriate choice, regardless of a higher cost.

For example, most public safety records systems have scheduling components, but they are clumsy and require a fair bit of staff time to

manage relative to some of the best-of-breeds. The staff time involved is also fairly expensive, usually fire battalion chiefs and police sergeants. In that case, the added expense of a separate scheduling application is usually money saved.

There are no hard and fast guidelines for deciding whether a general package is adequate for an organization or a “best-of-breed” is an appropriate choice. To use general packages effectively in lieu of “best-of-breeds” the user department must have simple business processes, simple fee structures and be subject to simple mandates. For example, a common mistake organizations make is to negotiate labor contracts with creative terms for compensation, benefits or leave accrual. When the labor contract requires complexity beyond the ability of the payroll application to support it, organizations are often forced to respond by either buying large and expensive payroll systems, or by increasing payroll staffing to deal with manual calculations of the benefits each pay period.

Both public and private sector organizations are increasingly turning to “best practices” in their particular industry to manage the costs of automated systems projects and improve the effectiveness of their various business units.

“Best practices” is a term of art referring to business processes that are well tested and used effectively throughout a particular industry. It originally referred primarily to financial functions, but is being developed for many other disciplines. Computer code in support of an industry’s best practices are being built into the better software systems. This provides an advantage to software makers in that they do not have to support computer systems that are significantly customized for each customer. As a result, the software is more stable and the cost of ownership is lower. However, organizations must abandon their old processes and stick to best practices; otherwise the systems are not used effectively.

IT Governance

Information Technology acquisition is decentralized in San Bernardino, with individual departments allowed to budget for, select and purchase new software systems. In our discussions with IT staff, several members commented on problems with line departments acquiring their own software. In our conversations with the IT Director, he indicated he does rely on having his staff having their ears to the ground to learn about new initiatives.

Unfortunately, there are still major problems in the IT industry with poorly designed and written computer applications. IT staff mentioned a recent case where employees assigned to a new and highly visible program brought in an application they had learned about from an obscure source. When the IT staff began examining it prior to installation they noticed it required the computer to run in an unsafe operating mode, making not only the new application, but the entire PC, unstable.

Even well-trained and experienced IT professionals are often fooled by product hype. Small single-user software applications can become a problem when they do not work properly, absorb excessive labor, bypass official processes, or create isolated pockets of data that are potentially expensive to preserve as technology evolves.

What individual employees, and by extension, many line departments, fail to understand is an organization's IT systems are fundamentally not personal or even departmental assets. The term "Personal Computer" in any organization must be regarded as a term describing a class of electronic hardware, not a boundary of ownership. Organizations spend vast sums of money to interconnect PCs with networks to improve the employee's value through collaboration and speedy access to corporate information and resources. When large sums of money are sunk into these resources and the risks of failure are high, any purchase requires an appropriate degree of due diligence on the part of the line department, IT professionals and enterprise level managers.

The lack of centralized information technology policies and purchasing is a significant issue for the City and results in poor investments. One example in this area is the existence of the three full function Document Management applications in a single organization, as noted earlier in the City Clerk section of this report (again with the presumption that synergy with the Water Department is of greatest value to the mutual service population).

This indicates an ineffective IT Governance structure. IT and line staff reported that an IT steering committee operated several years ago. The committee apparently became ineffective over time and was disbanded. This is unfortunately a common problem with such committees.

The IT Governance structure can take many forms. In some organizations the IT Steering Committee is an effective structure. The Steering Committee consists of the IT director, executives from several line departments, and the city manager or assistant city manager. The committee sets organizational priorities, defines IT strategy and approves significant acquisitions. It does require an active and engaged membership to remain effective. Many committees fall apart due to budget problems. It is difficult to maintain focus on goals and strategies when any decisions made are rendered moot by the lack of resources.

In other organizations, detailed strategic plans, IT service level agreements, and highly structured evaluation processes are effective. These tend to be rough on all involved because line managers often feel hemmed in by the structure, and IT struggles to maintain its numbers as required by service level agreements, and therefore feels little incentive to set aside current operations to help with new projects.

In some organizations, charismatic leaders in the IT Department and City Manager's office with long-term technology vision, coupled with careful

budget planning, is sufficient to keep technology acquisitions within strategic boundaries. Many organizations fail to have any controls in place, or the control mechanism they chose degenerated and became perfunctory or obstructionist.

The decision to acquire three systems pre-dates the current IT Director. Although he indicates that he has approval authority over all IT acquisitions at this time, his comment about having to keep his ears open and the anecdotal reports of IT staff indicate some attention must be paid to IT governance.

Without effective standards and governance, IT acquisitions are often made based entirely upon short-term needs, or the desires of a single organizational unit, and opportunities to benefit larger portions of the organization are lost. To obtain maximum value from an acquisition, it must:

- Provide the maximum service, in terms of positive impact on public service delivery
- Fit well with the enterprise information standards
- Have low acquisition and operating costs relative to service and enterprise fit

Acquisition decisions must seek to maximize all three attributes. None trumps the others because deficits in any aspect always come home to an organization, in terms of some level of failure of the new system. Failures almost always translate directly into higher costs in the near or long term.

While service benefit and low cost are obvious requirements, the term “enterprise information standards” sounds like the fiat of a control-oriented IT manager. In fact, it is simply a set of standards defined by an organization so its systems work together, are flexible, require the lowest labor possible to maintain, require the fewest different skills on the part of both IT and line staff, and allow for easier and safer transition of data as technology evolves. This boils down to long-term cost control and safety of public records.

To be effective, these standards must be fairly clearly defined, have buy-in from the entire organization and be based on objective judgments about what technologies provide the biggest value for the organization -- regardless of the personal preferences of line or IT staff. They also must be updated regularly with an eye toward flexibility in taking advantage of new technologies while leveraging existing technologies at the same time.

We recommend the City choose an IT Governance program, create and implement enterprise standards, plan to phase out redundant systems, while expanding the services of the remaining systems to replace or even provide greater functionality than the systems phased out.

Recommendation 95: Create an IT governance committee.

Recommendation 96: Establish IT enterprise standards. The IT governance committee, in coordination with the IT Department, should establish standards that govern the acquisition of new systems and the operation of the enterprise. Many cities have such standards in place, and San Bernardino can use these as a template to get started.

Recommendation 97: Create a long-range IT staffing, resource and capital plan. To maximize cost effectiveness and strategic implementation of IT purchases, a long-range citywide plan should be put into place which incorporates the needs of all City departments. This plan should also recommend adequate staffing and funding for the Department. Other cities, including Sunnyvale, have had success with this approach.

Entrepreneurial Project Fund

In the previous discussions, there were several mentions of projects that carry the potential for operational cost savings. Also, we found the staff at San Bernardino often motivated to improve processes and identify cost savings, but lacking the tools, time and labor to complete initiatives. In some cases, the problem is a lack of accurate information on service costs and needs, so effective information-gathering systems are needed.

Many organizations in both the private and public sector have constructed funding programs to allow their managers to experiment with improved service or cost reduction programs. These programs are often loans of a sort, with payback requirements in terms of raw dollars pulled from a budget, reduction of labor costs or contract service costs, or improved service.

We would recommend the creation of such a fund in the amount of roughly \$150,000. A few organization units each year can be encouraged to complete their automation or service improvement projects, with payback rolled back into the fund. One warning though, the City tends to put excessive controls on almost every operation. While there must be oversight on this program, it must not be so onerous as to deter departments from taking advantage of it. Many organizations find that although they have to watch the till to prevent dishonesty, and waste happens on occasion, trust of a motivated staff produces the best results.

Recommendation 98: Establish an entrepreneurial fund for loaning start-up capital to IT and line departments for use in automation projects that deliver staffing or other cost reductions.

Personnel Management

Responsibility for human resource management is spread across several City departments. The City's Economic Development & Redevelopment Department, Library Department and Water Department handle some or most aspects of their own human resources, including recruitment and hiring, benefits administration, discipline, payroll, risk management and labor relations. The breakdown is as follows:

- Economic Development/Redevelopment handles all aspects of human resources on its own, including establishing numbers and types of positions and salary levels, recruitment and hiring, benefits administration (has own PERS retirement plan; utilizes other City benefits), discipline, payroll and risk management. The EDA does not have represented employees, so does not have formal labor relations.
- The Library utilizes most City human resources services, with some exceptions. The Library establishes the number and types of positions. The Library Board also approves all hiring and discipline.
- The Water Department uses the City's Human Resources Department and Civil Service process for recruitment, hiring and discipline, with all hiring approved by the Water Board. The Board also approves the number and types of positions and sets salaries. The Water Department handles its own risk management and labor relations, as Water employees have their own bargaining units apart from the rest of the City (one for Water management employees, and one for non-management).

Aside from the three departments noted above, all other City Departments depend upon a combination of the Human Resources Department and the Civil Service Department for the provision of human resources services. These two departments oversee the human resources services to a workforce of approximately 1,200 full-time and 300 part-time staff. There are seven bargaining units for the City of San Bernardino.

To understand personnel management issues in San Bernardino, one must appreciate that there are two separate departments with different management, rules and objectives, and that each must handle different portions of most every transaction. It is an arcane system that makes it very difficult for San Bernardino to compete for quality applicants in an age where timely processing is expected and the norm in most other organizations.

Human Resources Department

The operating budget for the Human Resources Department for FY 06-07 is \$428,700. The Department has 14 full-time positions, with one Director, three support personnel and 10 staff positions.

In San Bernardino, the Human Resources Department is a separate entity operated by a Director who reports to the City Manager. The primary functions of the Department are as follows:

- Classification and compensation studies
- Recruitment and hiring for positions designated as non-classified
- Labor relations
- Benefit administration
- Training, particularly compliance with mandated training
- Risk management services, including liability and workers' compensation administration

Table 8 below shows the staffing comparison with peer cities. As can be seen, San Bernardino's Human Resources Department staff at 14 is below the peer average of 18.6 staff members.

TABLE 8: HUMAN RESOURCES STAFFING COMPARISON

City	Total FTEs	Position Titles/Work Units					
		Director/Manager	Deputy/Asst. Director	HR/Benefits/Labor	Risk/WC/Safety	Support	Other
Fontana	7.0	1.0	0.0	3.0	2.0	1.0	0.0
Glendale	24.0	0.0	1.0	8.0	12.0	3.0	0.0
Huntington Beach	20.0	1.0	0.0	7.0	6.0	6.0	0.0
Ontario	16.0	2.0	0.0	7.0	4.0	3.0	0.0
Riverside	26.0	1.0	1.0	13.0	0.0	10.0	1.0
San Bernardino	14.0	1.0	0.0	3.0	7.0	3.0	0.0
Average	18.6	1.0	0.4	7.6	4.8	4.6	0.2
Median	20.0	1.0	0.0	7.0	4.0	3.0	0.0

The Human Resources Department is responsible for maintaining the City's position control document and vacancy report, and provides the initial recruitment portion of the hiring process for positions designated as classified. The recruitment portion of the hiring process includes certification of the vacancy, advertisement of the vacancy, and acceptance of the applications. From this point, all materials are turned over to the Civil Service Administration for testing and establishing an eligibility list.

In March 2006, the Human Resources Department was assigned the responsibility for Equal Employment Opportunity and Americans with Disabilities Act (EEO/ADA) compliance; this responsibility previously rested with one Mayor's Office staff member.

The Human Resources Department recently implemented two new programs to address human resources needs within the City:

- A citywide Safety Committee and Safety program – previously, only the Public Services Department conducted this service for its own employees
- A citywide Succession Planning program – at the request of many of the City's departments, due to problems with recruitment and retention. This program is considered a best practice and is used as a model for other California cities.

Civil Service Department

The operating budget for the Civil Service Department for FY 06-07 is \$331,300. The Civil Service Administration has three full-time positions and one part-time position: the Chief Examiner and 2.5 line staff positions (one full-time line staff job was recently added in the FY 06-07 budget, and has not yet been filled). There are no clerical positions assigned to the Civil Service Administration.

The position of Civil Service Chief Examiner and the Civil Service Board are both established and governed by City Charter. In San Bernardino, Civil Service Administration is a separate department operated by the Chief Examiner who is hired by, and reports to, the Civil Service Board. The Civil Service Board is appointed by the Mayor, and each board member has a six-year term. The primary functions of Civil Service Administration apply only to those job classifications that are designated as "classified" positions. These primary functions are:

- Conducting examinations of the qualifications of applicants for City jobs, promotions, transfers and re-employment
- Maintaining lists of eligible candidates for each class of service
- Establishing, maintaining and implementing the City's Rules and Regulations for Classified Service, which must be adopted by the Civil Service Board and approved by the Mayor and Common Council
- Implementing employee discipline, including holding disciplinary hearings for suspensions, reductions of rank or compensation, and termination.

The Civil Service Department also provides staff support for meetings of the Civil Service Board, and the Civil Service Chief Examiner acts as Secretary to the Civil Service Board.

Organizational Overview

Based on our interviews and focus groups, there is frustration among most City departments and City staff because of disjointed human resource services parceled across different departments.

Complaints from City departments and staff include:

- A lack of communication and coordination among the departments that provide parts of these services
- A lack of communication with customers
- Little accountability for results, with each department responsible for providing a part of a service blaming other departments responsible for other parts of the same service
- Slow recruitment and hiring processes that drag on so long that the best candidates are lost
- Incompatible/outdated tests, and testing processes that screen out some of the best applicants
- Eligibility lists that contain the names of applicants who do not meet minimum standards.

Because of these problems, most frequently attributed to the lack of staffing resources in the Human Resources and Civil Service Departments, those City departments with their own resources have created and continue to implement, to varying degrees, their own human resources systems. They seek to expand their autonomous implementation of these services as much as possible to gain the level of service that they desire. The result is an inefficient duplication of effort, cost and staffing resources across the City that prevents San Bernardino from benefiting from the economies of scale that normally result from consolidated internal service.

Each of these autonomous organizations state that they are not interested in consolidating their human resources systems with the City's system. The reasons are varied, including fear of receiving a lower level of service, lack of accountability and inconsistent customer service. This viewpoint is understandable, given past under-funding and support for the City's internal support functions.

However, other reasons were given as well, from concerns that recruitment of highly specialized technical positions was beyond the City system's capabilities to concerns about separate revenue streams needing to remain autonomous. Upon closer examination, however, these concerns can be resolved, and have been adequately dealt with for many years in comparable California agencies and jurisdictions. Therefore, the remaining issue of poor levels of service, including lack of accountability or proactive customer service, is the root issue to address.

Many of the complaints center on the recruitment and hiring process, which seems to be a good example of the dysfunctional nature of a disjointed human resources system. The complaints about the recruitment and hiring process center on a lack of communication between the major parties: the Civil Service Department, the Human Resources Department, the City Manager's Office, the requesting department, and in some cases, the Payroll office.

The result in this example is a disjointed recruitment and hiring system with a lack of clear accountability. Each major party is responsible for its own piece of the recruitment and hiring process, but there is no one person who assumes or has been assigned responsibility for the entire process as a whole.

To institute accountability into the recruitment and hiring system, the entire process must be consolidated under one department, with a department head that is responsible and held accountable for the results of the process. Past attempts to do this were not enacted due to concerns that such a move would result in legal liabilities and an incompatibility of offices. In fact, while the City Municipal Code contemplates that the City HR Director and the Civil Service Examiner could be a joint appointment, such streamlining has not occurred.

However, these concerns can be resolved, as evidenced in other, comparable California agencies and jurisdictions. If human resource service provision is to become customer friendly, state-of-the-art, efficient and effective, then consolidation is the answer.

Recommendation 99: Consolidate the duties, responsibilities and resources (including funding and staff) of the current Civil Service Administration and Human Resources Department into a single Human Resources Department. Responsibility for all human resources duties -- including civil service administration, chief examiner duties, staffing for the Civil Service Commission, recruitment and hiring, benefits administration, employee discipline, risk management, labor relations, and maintenance of personnel rules and regulations -- should be consolidated under the Director of the new department. This structure has been in place in most California cities and continues to be successful, with acceptable levels of liability. The City Manager's Office staff could research other jurisdictions to learn how comparable cities have dealt with the issues of concern to the City Attorney.

Recommendation 100: Consolidate human resources duties, responsibilities and resources (both funding and staff) of the Library, Water and Economic Development/Redevelopment Departments into the consolidated Human Resources Department. This includes establishing types of positions and salary levels, recruitment and hiring, benefits administration, discipline, risk management and labor relations. This structure has been in place in many California cities for many years, and continues to operate with success. To mitigate the concerns of department directors and their boards, Human Resources staff (in conjunction with department staff)

could research other jurisdictions to learn how other comparable cities have dealt with such issues.

Aside from general dissatisfaction with the overall recruitment and hiring process in the City -- due to redundancies and length of time (as noted earlier in this report) -- other complaints include incompatible written tests that screen out some of the best candidates, and eligibility lists that contain the names of applicants who do not meet minimum standards.

Civil Service staff stated that they have no testing analysis programs. In at least one entry level position recruitment, all candidates failed the test and journeymen in the field later reported they could not pass it.

Department heads are allowed to update the job descriptions prior to a recruitment and to be involved directly in the make-up of the exam. However, there is no proactive invitation to a department to be involved, nor is there a sign-off process for the department to approve the existing job description or test to be used for each recruitment.

As for applicants who do not meet minimum standards, the Chief Examiner will review all paper screenings where there is a question about qualifications. To limit complaints from applicants, and limit potential liabilities where there is a question about qualifications, the Chief Examiner will pass the candidate along in the process. In some instances, he will contact the Department with this question; however, this does not occur on a routine basis.

Recommendation 101: Establish a procedure for departmental review and sign-off on matters affecting job design and the hiring process.

The Position Control Register, which is the City document that tracks each position's status (filled, vacant, on hold, etc.), is highly detailed and requires regular effort to keep up to date. The Human Resources Department is responsible for maintaining this document.

This document is an essential tool in the recruitment process. The most current document available to staff is a 2004 update. That means information is out of date, creating problems for staff working on recruitments and elongating the process.

Recommendation 102: Establish a procedure to keep the City's Position Control Register updated. The Position Control Register needs to be a higher priority in the City through the allocation of resources: time needed to continuously update the document, and funding necessary to automate and streamline the process.

Training

Attracting and retaining a well-qualified workforce requires a consistent focus on the talent and skills that are needed to accomplish organizational priorities. Recruitment continues to grow more competitive in the public sector. The City is unable to compete with the higher salaries and benefits levels offered by surrounding local governments; therefore, retaining and training the existing workforce has become more important than ever.

Workforce training and development needs to be a higher priority of the City. Training needs across the City organization have not been assessed or addressed due to lack of funding. While technical training needs are addressed in departmental budgets, citywide training needs for professional development, supervisory and safety training are centralized in the Human Resources Department budget.

The current budget for citywide training is \$15,000 annually, of which \$10,000 is committed annually for mandatory human resources training through the Leibert Cassidy Whitmore consortium. This leaves only \$5,000 annually for all other training needs across the City organization, including the provision of all state-mandated training (such as AB1825), which is being done. This level of funding equates to approximately \$4.16 per full-time employee. At this level of investment the City, effectively, has no training program.

Recommendation 103: Complete a citywide training needs assessment and training development plan.

Develop programs to meet the assessed training needs of the City government. Employee development is critical to the long-term success of the City. General training needs should be provided by Human Resources, and training and development programs should be identified and offered in response to the assessed training needs. Technical training specific to each department's requirements should be funded in, and provided by, the Department. Development of a rolling two-year training plan that encompasses the entire City would allow departments to cycle needed training on a regular and periodic basis.

Recommendation 104: Update the City's existing fees for service and internal service charges to fully recover applicable costs for this new internal service to City departments. Finance Department staff should explore all applicable avenues for recovering these costs through fees and charges for human resources services.

Training dollars can be stretched through the use of innovative programs such as a training-of-trainers program, and should be implemented. However, it is important to remember that the trainers will need training first. It would be appropriate to review the skill sets of potential in-house trainers and compare them to the skills required for training to be

delivered. Where new skills are required but not present, training options should be identified and delivered to this group.

Recommendation 105: Develop and implement a plan for training the trainers. Qualified trainers are critical to the success of any training program.

Supervisory skills are not instinctive; rather, they must be learned. Further, supervisors must be aware of policies and procedures with which non-supervisory employees need not be familiar. Training needs to take place both at or near the outset of service as supervisor and periodically thereafter for the supervisors to keep current with changes in law, policies and procedures. While the City does provide training to supervisors in compliance with State law, the level of employment litigation and grievances suggests that the City should do more to formalize and expand such training. Topics should include standards such as the supervisors' role in implementing the City's harassment and discrimination policies, drug and alcohol testing policies and procedures, and hiring, evaluation, and termination policies and procedures.

Recommendation 106: Establish a procedure to assure that every person appointed to a supervising position is appropriately trained. Every person should be systematically screened for supervisory skills, and appropriate training must be provided by the City for those who require them. Mandating attendance will ensure that all supervisors are trained in a manner consistent with the philosophy and vision of the organization. This type of policy directive must be made by the City Manager and supported consistently throughout the organization.

Ongoing professional development of directors and managers is important to the continuous improvement of an organization. Although the professional development of each individual should be tailored to meet his/her needs, professional development should be universally expected.

Recommendation 107: Determine core competencies of management and establish a professional development plan on an annual basis as part of the employee's performance plan. Continuous improvement begins with individuals working on their own skills. Management must set an example for the entire organization.

Risk and Workers' Compensation

Risk management, including citywide workplace safety, liability and loss control, and the administration of the City's workers' compensation program are functions provided by the Human Resources Department staff.

In the recent past, the workplace safety program lacked central supervision and direction, relying primarily on separate department safety committees with programs of varying effectiveness.

Due to the increasing cost and numbers of workplace injuries, the Human Resources Department recently began planning and implementing a citywide Safety Committee, centrally supervised by Human Resources.

Recommendation 108: Institutionalize the new citywide safety program to include an annual work plan with identified priorities and a designated City Safety Officer to establish accountability for the program.

This responsibility needs to be a higher priority of the City, with commensurate resources invested early on for savings later. The focus should be on loss control.

Workplace safety, although inextricably related to legal and financial implications, should remain primarily focused on the employees as individuals, and the Human Resources Department is in the best position to do so. An advisory committee of employees (including non-supervisory personnel from across the organization) that work with Human Resources Department staff and take some ownership in workplace safety has recently been established by the Department. This will raise the level of awareness for the importance of safety in the workplace.

Such a committee could provide the framework for a systematic review of workplace accidents and injuries. In addition, the advisory committee could make recommendations about how to prevent accidents and injuries, and could research and recommend department safety guidelines. It also could suggest safety training for all operations personnel, with emphasis based on the types of equipment operated.

The advisory committee also could promote a workplace safety inspection program. In such a program, a loss-control consultant inspects the City's various workplaces and routine operations to identify, in a non-punitive manner, potential hazards and threats for both employees and the public. Involving non-supervisory employees from across the organization can result in fresh, relevant ideas. This in turn will help improve communication between management and labor, and increase support for changes that originate with the committee.

Recommendation 109: Institutionalize the new City Safety Committee to guide the City safety program, and to review workplace accidents and injuries.

Loss prevention needs to be a higher priority in the City, with commensurate resources invested early on to yield savings later. The focus should be on loss control. The committee should have a charge defined in a written administrative instruction, which could include the responsibility to recommend how such accidents and injuries could be avoided in the future. A workplace safety

committee can be an effective tool for reducing workplace accidents and injuries, and improving labor relations.

In the liability area, the City continues to see high levels of claims and losses due to the poor general maintenance of City infrastructure. The claims seen most often are due to potholes and/or raised streets and sidewalks, falling trees and tree branches, and sewer blockages. This type of expense, particularly for an organization with little extra funding, is a waste of resources (both time and money) and needlessly puts the public at risk.

Recommendation 110: Complete an analysis of the requirements to reduce City liability as a result of defective infrastructure. Loss prevention needs to be a high priority of the City, with commensurate resources invested up front for savings later. The City should prepare an implementation plan for investment in infrastructure maintenance. This plan should include a timetable for investments, and performance measures to identify the resulting savings in liability claims and losses. The results should show that funds not spent on administering and settling claims were freed up to fund preventative maintenance of City infrastructure. Some cities have been successful in implementing shared responsibility with property owners over trees and sidewalks, and these cases should be researched. In particular, the sewer collection system is an Enterprise Fund with the resources to fund maintenance that can address sewer blockages. There is no reason that infrastructure maintenance of this system cannot be funded, and liability claims and losses reduced.

The Human Resources Department administers its own workers' compensation program with a staff of six, rather than contracting this service with a third party administrator (TPA). While contracting with a TPA is routine in many cities statewide, most Human Resources staff prefer to have their own program because they feel employees receive better customer service, which results in a smoother process and a quicker return to work.

Human Resources staff further notes that the City's employees are highly satisfied with their workers' compensation service. This service has not been bid in staff's recent memory; therefore, there is no comparative data to determine if similar service can be provided more inexpensively through a private third party administrator. However, the third party administrator contract for the City of Sunnyvale (population 133,000) is \$255,000 for FY07-08. The contract for the City of Fremont (population 210,158) is \$260,737. Program costs in San Bernardino are approximately \$450,000 per year. Even if the City cannot shed all of

these costs contracting could still save a significant amount, perhaps \$100,000 per year.

Recommendation 111: Obtain competitive bids on administering the City's workers' compensation program to determine the most cost-effective service – in-house or otherwise. Using this information, staff should then compare the service proposed by private bidders versus the services provided by the City program. The City should select the level of service at a cost that it can afford when compared to priorities citywide. Estimated cost savings from this recommendation are \$100,000 per year.

Labor Relations

Certain City policies and procedures that dictate employee relations have locked into place outdated management philosophies and practices. They are starting to result in negative long-term financial and operational ramifications that affect the efficiency, effectiveness and fiscal solvency of the organization.

These policies and procedures show up in a variety of sources -- from "The Rules and Regulations for Classified Service" to City Attorney opinions to City Charter provisions to negotiated labor contracts. They are manifested in an employee relations organizational structure that includes unnecessary levels of bureaucracy put into place to address the organization's extreme aversion to risk. The result is an organization that is inflexible, unable to respond quickly to a rapidly changing environment, and where change is almost impossible to make.

From a labor relations perspective, the institutionalization of employee relations policies into bureaucratic systems, including the City Charter, leaves few options for management during labor contract negotiations and provides little incentive for labor groups to negotiate at the bargaining table. For example, in FY06-07, as a result of Charter Section 186, the City had to pay an unanticipated expenditure of an additional \$1.7M for salary increases.

When these bureaucratic systems and restrictive policies were put into place, there was usually a reason or an issue that was being addressed. However, in most cases those reasons or issues are no longer applicable, and may even be causing unintended negative consequences. Still, they cannot easily be changed due to their institutionalized nature.

To ensure that this practice does not continue to occur, the detailed analysis of the long-term and citywide ramifications of proposed policies, procedures and agreements needs to accompany management's recommendations to approve and be shared with the press and public. Cost implications and trade-offs of priorities, both short-term and long-

term (especially much longer term), need to be considered as part of the analysis.

This longer term view of the likely impacts, trade-offs in priorities, and more flexible implementation tools permit better decision making on the part of the Common Council, and protect the ability of future Councils to effectively respond to changing conditions in the best interest of the City.

Recommendation 112: Identify the impact of Charter or other institutional provisions that limit the ability of the Mayor and Common Council's ability to manage and prioritize spending.

Human Resources Department staff negotiate all contracts with the City's bargaining groups. Department heads are rarely involved in the contract negotiation process. As the people who will be most affected by the changes created by labor agreements, and who will have to implement new policies and procedures, City department heads should be involved throughout the process, since much employee-related policy is established through collective bargaining.

Recommendation 113: Modify the labor negotiation process to communicate more with department management regarding specific terms throughout the process, from beginning to end.

Human Resources Systems IT

The human resources management information system used by the department is part of the financial accounting software currently being used by the City. Both the Human Resources Department and the Civil Service Administration have concerns about its limitations, particularly its limited ability to track information that they need.

In particular, compliance with state mandates for worker's compensation payouts have been hampered by limitations of the existing system. The Human Resources Department and the Civil Service Administration need to work together in a team approach with the Information Technology Department to educate themselves about the human resources management information systems. They need to take steps to identify and purchase a new system that allows the Department to implement such best practices.

Although employment applications are available online, the ability to submit employment applications electronically is not offered. This is because the Civil Service Administration requires original signatures on an application. However, many California cities permit electronic application submission and have been successful, even considering acceptable levels of liability. Such practices further enhance recruitment

efforts by signaling to technologically savvy potential employees that the City is a progressive employer of choice.

To mitigate the concerns of the Civil Service Administration, the Human Resources Department staff (in conjunction with the Chief Examiner) could research other jurisdictions about how they have dealt with these issues. Concerns would include using existing state-of-the-art mechanisms for capturing and storing electronic signatures.

San Bernardino should explore options for electronic submittal and select the electronic system that best meets its needs. In addition to being a convenience to applicants, if it is integrated with an applicant tracking system, this could reduce processing time for recruitment and hiring.

For both technology options, the Finance Department should be consulted to ensure that the cost of these acquisitions is fully cost-recovered through fees for service and internal service charges.

Recommendation 114: Obtain a state-of-the-art management information system for the human resource application. A modern computer software program is crucial to the performance of the Department, allowing it to track data more efficiently.

Recommendation 115: Research and obtain state-of-the-art systems to accept employment applications electronically. Provisions for applicants without access to a computer and/or without keyboard skills would need to be maintained.

Recommendation 116: Update the City's existing fees for service and internal service charges to fully recover applicable costs for the new technology. Finance Department staff should explore all applicable avenues for recovering these costs through fees and charges for human resources services.

DIRECT SERVICE ISSUES

Police Department

The San Bernardino Police Department has 493 FTEs, with 330 sworn personnel to provide law enforcement for the City of San Bernardino. As noted earlier in the organizational section of this report, by Charter the Police Chief reports to the Mayor but the City Manager is the Chief's immediate supervisor.

The Department is comprised of the Executive Staff and three divisions: Administrative Services, Patrol and Investigations. Each division is managed by a captain. In FY06/07, the Department's budget was more than \$55 million, the largest in the city. The Department's executive staff includes the Chief, Assistant Chief, Internal Affairs unit and other staff assigned to these functions.

The Administrative Services Division provides support services to Police operations and includes the Records Bureau, Personnel & Training Unit, Financial Unit, Fleet Expediter and Dispatch operation.

The Patrol Division provides traditional police patrols for the City's 21 beats on a 24/7 basis over four daily shifts, and it includes a centralized watch command managed by three lieutenants, as well as five geographic district commands, each also managed by a lieutenant. Officers report that staffing issues have resulted in difficulties in being able to cover all shifts for all 21 beats. To handle this, the Department has appropriately minimized coverage during swing shifts mid-day to focus on later shifts when the majority of crime occurs, a best practice which is sometimes hard to implement because of employee concerns.

The Department has increased its community policing efforts in recent years and has five geographic districts covering the City. Each district command (north, south, east, west and central) operates from a storefront in its geographic area of the City.

The Investigations Division includes the Special Enforcement Bureau for homicide, vice/narcotics, MET, other special enforcement operations and task forces, traditional detective bureau, Investigations, an Intelligence Unit, a Crime Free Rental Housing unit, and the Department's crime analysis, forensics and property and evidence operations.

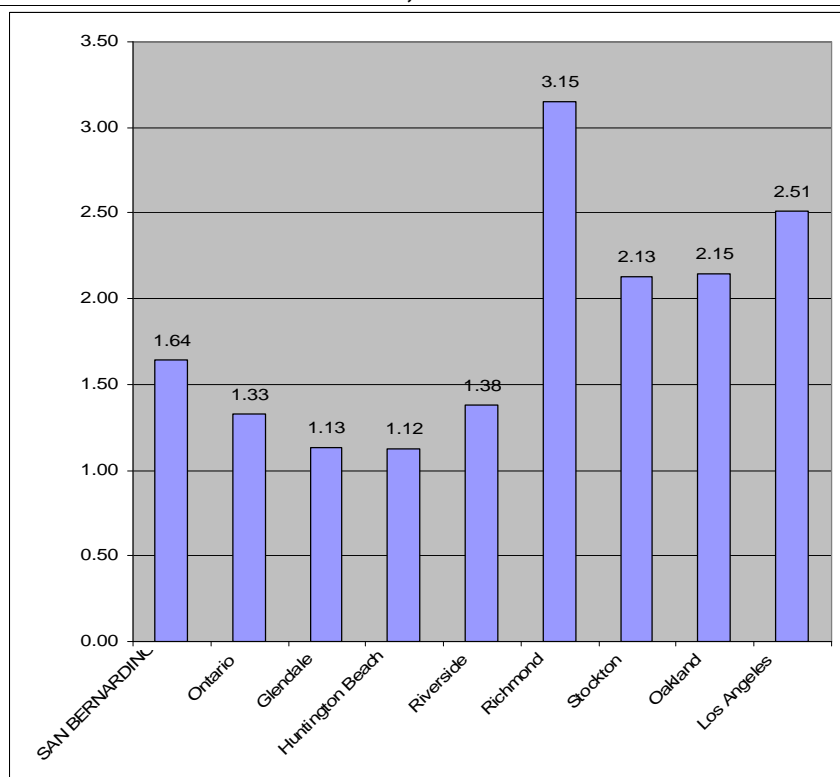
Staffing

Crime is a central issue in the community and Department staffing is a prime concern. The Mayor's campaign focused on addressing crime and hiring more officers. The City's voters recently passed a one-quarter percent sales tax increase to fund public safety needs, with the hiring of additional officers a prime campaign theme.

The Chief has prepared a comprehensive "Combined Hiring Plan," which outlines his plan for allocation of 50 new positions (40 sworn and 10 non-sworn) and all associated costs, as well as additional equipment and vehicles. Fourteen new sworn positions already are budgeted in the FY06/07 City budget.

Staff interviewed for this review repeatedly emphasized the need for additional staff in the Department, noting the City's demographics and high crime rate, as reflected in the peer comparisons earlier in this report. A comparison of sworn City officers to those of peer cities, as shown below in Figure 17 below, shows that the City's FY06/07 sworn staffing per 1,000 population exceeds its peers, but is less than in some cities with high rates of violent crime like San Bernardino. It should be noted that sworn officers per 1000 population is a rough guide to estimating the proper level of resource commitment to fighting crime, but it is the most widely used standard. Crime rates are a function of many other variables besides the size of the police force.

FIGURE 17: SWORN OFFICERS PER 1,000 POPULATION



Given its crime problems, San Bernardino's desire for additional officers is not unusual. Approval of Measure Z certainly validates that this is an issue with the community. But the fact remains that the City is financially stressed and it has already demonstrated a commitment to bringing on more officers per 1,000 population than other cities its size. Thus it is incumbent upon the City to get maximum productivity from each valuable sworn officer position.

The City should consider its deployment of current staffing. For example, is the issue of traffic enforcement enough of a City priority to justify the size of the Motor unit? Or should some of those personnel be redeployed to Patrol?

Another way to increase productivity may be to leverage sworn staff with more non-sworn personnel. Command staff interviewed for this review repeatedly stated that the City's sworn officers spend an average of 40-50% of their time on non-sworn duties, such as taking cold burglary and traffic collision reports, and responding to false alarm calls. They noted that the Department would greatly benefit from the addition of civilian support staff, and they agreed that the City had not kept up in hiring for non-sworn positions.

Command staff noted that non-sworn staff in the Department do not get the automatic pay adjustments enjoyed by sworn staff per City Charter Section 186, and they generally appreciated and recognized the civilian staffs' difficulties, as described below.

Civilian managers and staff in the San Bernardino Police Department expressed considerable stress. They noted that their operational staffing had rarely been increased, and that workloads were high as the City continued to add sworn officers without the civilian staff to process the new reports or evidence they would collect, or to service the vehicles they would require. As just one example, the Evidence and Property manager provided a 2001 consultant audit of his shop that stated,

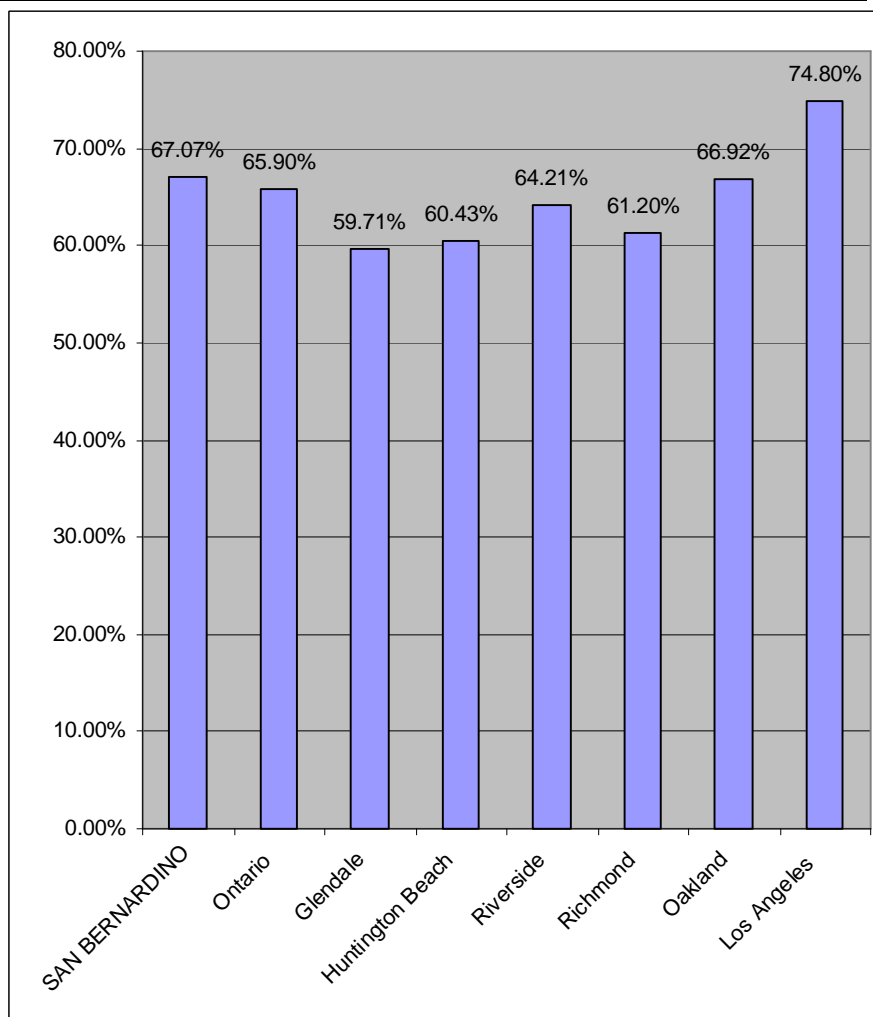
*Many departments estimate that one Property Officer in such a situation should be able to competently handle 6,000 to 7,000 pieces of evidence being entered into the Property Room each year. A department the size of San Bernardino can reasonably expect an evidence intake of up to 25-30,000 pieces of evidence a year. Using this guideline, the SBPD has insufficient labor available with 3 full-time Property Officers to conduct the day to day entry of property into the Property Room, and maintain an effective on-going purging system. This **does not** take into account the extra man-hours needed to purge an already inflated inventory, nor the time needed to accomplish collateral duties.*

Support services across the board are considered to be stressed and lacking. IT staff assigned to the Police Department are unable to keep up

with demand. The Department has 10 forensics specialists and two property technicians who, likewise, are under great stress due to workload. Two additional forensic technicians and one additional property technician are slated for hire in the Combined Hiring Plan.

As Figure 18 below shows, San Bernardino's Department has one of the highest percentages of sworn staff relative to total law enforcement staff as compared to peer cities even some with high crime rates; The addition of officers as budgeted in the Combined Hiring Plan will increase this ratio even further.

FIGURE 18: SWORN OFFICERS AS PERCENT OF TOTAL DEPARTMENT STAFF



The concern that the Department needs to increase its ratio of civilian staff to sworn staff likely has merit. For example, a detailed study of productivity/personnel optimization in the City of Dallas recommended a 10-fold increase in civilian police service officers, with a less than a 10% increase in sworn personnel. This was done because it was recognized that by freeing sworn staff to work on things only a sworn person can do (notably making arrests), non sworn personnel can make sworn staff

more effective. Because non sworn personnel are also paid less, the division of labor makes financial sense.

The distinguishing characteristic of sworn officer personnel is the ability to detain suspects and make arrests. Evaluations of whether to use sworn officers often use criteria such as:

- The position requires the law enforcement powers of a sworn officer
- The skills, training and experience of a sworn officer are needed to effectively perform the job duties
- The skills, training and experience of a sworn officer are not required to effectively perform the job, but assigning the position to a sworn officer is beneficial to citizens and/or the department and the value of these benefits outweigh the costs

Traditionally, because of their useful skill sets (such as the ability to handle a variety of people and situations), sworn personnel have engaged in a wide range of activities, many of which do not require sworn status. However, escalating costs of employing sworn personnel, community policing priorities and difficulty in hiring sworn personnel have led to increasing use of non-sworn civilian personnel.

Law enforcement uses non-sworn civilian personnel to leverage effectiveness of sworn officer personnel. The objective has been to increase productivity of sworn personnel on those tasks that require such standing (i.e. to increase the amount of time in making arrests and attaining convictions).

During 1995-2004, California law enforcement agencies increased the ratio of civilian to sworn personnel from 0.47 to 0.53. San Bernardino has a relatively low ratio of non-sworn support personnel to sworn staff, measured against state averages and comparable cities. Of course, it does have a high demand for more time devoted to sworn activities.

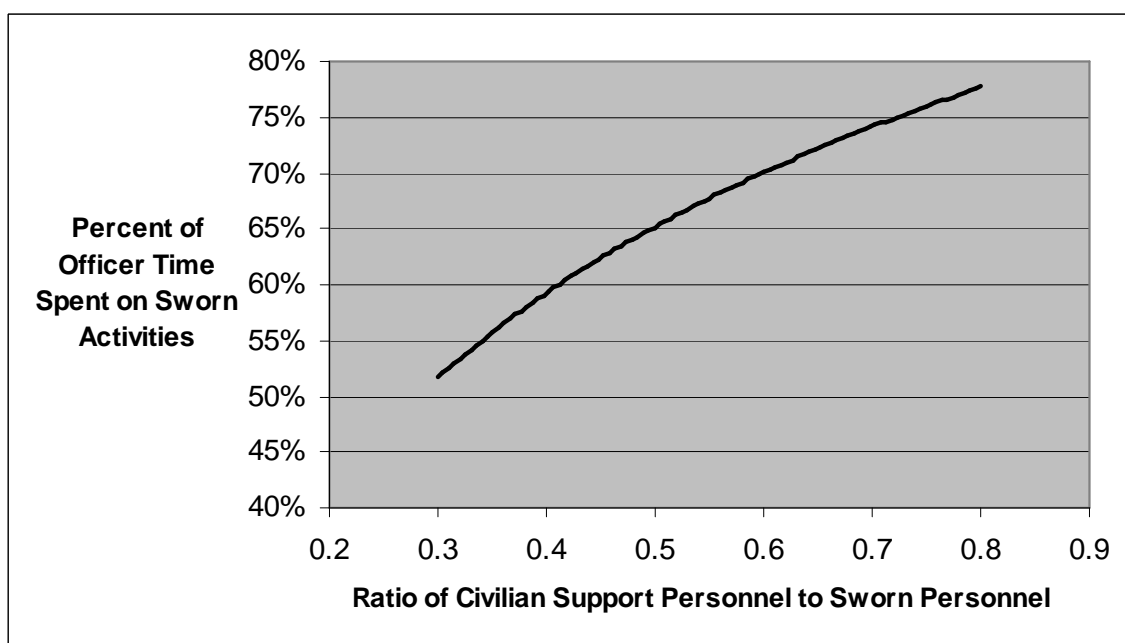
Moreover, San Bernardino officers report spending a high percentage of time on non-sworn functions (almost half of their time, in fact). Work of this nature can be done more efficiently by civilian staff, which will free up police officer time for sworn functions. By adding more non-sworn support personnel, the City will not only save money, but be able to put more police officer “horsepower” into those duties (namely investigating crime and arresting suspects) most critical to the City. In fact, Management Partners believes that the police can increase the amount of time officers spend on sworn duties by adding non-sworn staff (thereby leveraging the time of all existing officers) than simply by hiring more police officers and not addressing the lack of non-sworn support.

Specifically, San Bernardino’s Combined Hiring Plan calls for adding only 10 non-sworn positions to support 44 new sworn officers. Such a low ratio will not enhance, and will probably further erode, officer productivity in

terms of sworn vs. non-sworn duties. The addition of non-sworn personnel will leverage ability of the entire sworn team to increase time spent on sworn activities.

Diminishing returns is a factor limiting returns that could be gained from hiring non-sworn personnel. But based upon observations and other law enforcement studies, San Bernardino is well-positioned to take advantage of the steep range of return on investment from this strategy. Figure 18 below illustrates this return:

FIGURE 19: RETURN ON INVESTMENT OF HIRING NON-SWORN PERSONNEL



By hiring CSOs instead of more sworn officers, or at least adding more non-sworn personnel at a faster rate than currently planned, the City's current contingent of sworn officers would have an immediate increase in available time and the new CSOs would provide improved response time to lower-priority, non-critical calls such as traffic collision reports, cold burglary reports and the like. CSOs are less expensive to train, can be on the street more quickly, and require less equipment cost; they are a "force multiplier."

Recommendation 117: Review salaries for civilian personnel. To minimize turnover and improve Department morale, the City must examine the disparity between civilian and sworn salary adjustments, and ensure market competitiveness in salaries for civilian personnel. A compensation and classification study is now underway.

As has been discussed the Combined Hiring Plan calls for the addition of 40 sworn positions and 10 non-sworn positions. This is a ratio of four sworn personnel to each non-sworn employee. Currently the Department

has 2.04 sworn personnel for each non-sworn person. Fourteen new sworn positions have already been included in the current budget. Management Partners' analysis shows that:

- San Bernardino already has relatively few non-sworn personnel to support police operations
- There is a need for non-sworn personnel as current sworn personnel spend a good deal of time on non-sworn work
- Other police departments, even those facing high rates of violent crime, use relatively more non-sworn to support police officers than is the case in San Bernardino.
- Non-sworn personnel are less expensive to hire, train and retain and can be on the street faster.

While the need for additional police officers is real and rightly supported in the community, this analysis shows that San Bernardino has an opportunity to grow an even more efficient police force by gradually adjusting the ratio between sworn and non-sworn personnel. This can be done incrementally and in a manner which is fully consistent with Measure Z. It will, however, result in a police force which is more efficient than if the current ratio (or that in the Combined Hiring Plan) of sworn to non-sworn personnel is continued into the future as the Department grows.

Recommendation 118: Increase capacity of existing sworn personnel by hiring additional Community Service Officers (CSOs). The City should hire the 14 officers already budgeted. However in continuing to implement the Combined Hiring Plan it is recommended that the City hire not less than a ratio of one non-sworn employee to support each two new sworn officers hired. This would change the Hiring Plan to result in 33 new sworn and 17 new non-sworn (CSO) personnel. Such a change would result in one-time training and equipment savings of \$301,000 and ongoing salary savings of \$210,000 per year.

Management Partners recognizes that with the passage of the sales tax measure, the City is committed to adding new police officers in the near future. The City could implement this recommendation by hiring one CSO for every one police officer added to the force and thus, over time, accrue the cost benefits of this recommendation. The City could add about 1.6 CSOs for every one new officer, so it is prudent to move on this recommendation immediately.

Throughout our interviews with Police personnel, the issue of fleet maintenance was a repeated and notable concern. Command staff noted significant downtime and lack of available vehicles, to the point where officers are unable to go out on their beats and either must remain in the station doing desk work or double up in cars. The Administrative Services

Captain in charge of fleet expediting for the Department estimates that it is common to have 60 of the 75 patrol vehicles deemed critical at any time, an availability rate of 80%. During the course of this review, the Department gained approval for the addition of 10 vehicles, and seven more are included in the Chief's Hiring Plan.

Recommendation 119: Purchase seven new police vehicles to ensure full coverage. The impact of having an 80% availability rate is an estimated 4,600 beats lost per year and significant degradation of police coverage. We estimated the new units already budgeted for should add \$347,000 in additional patrol time hours, and the seven recommended for purchase here will increase this by an additional \$292,000. Taking into account the costs of buying the vehicles first year cost savings will be \$165,000.

As noted earlier, Police Department staffing needs go beyond the street, extending to internal civilian support and technical positions that are critical for processing the work by street personnel. Additions of officers in recent years have not always been matched by increases in internal staff, who exhibit stress due to workloads.

The work of officers cannot be truly effective without technicians to process the evidence, forensics technicians to process scenes, and analysts to help officers identify trends. Civilian managers noted the need for staff in virtually all operations, including dispatch, technology, analysis, evidence, forensics and general administrative support.

Recommendation 120: Create a staffing plan to enhance internal civilian support in the Police Department. Cost savings identified in this report are available to fund many such positions.

Operational Issues

The Department's five District Command structure is, in essence, a precinct concept that has been partially implemented. While the five lieutenants/district commanders are in charge of their geographic districts, in reality the central watch commanders oversee all patrol staff, even in the districts. The result is that the district lieutenants, while certainly giving input and involved in patrol of their districts, do not truly control the officers assigned to their command.

In larger cities such as Los Angeles, district commands or stations are fully decentralized and would be in full control of the patrol staff in their area. In smaller communities, such as San Bernardino, the staffing at such districts would be too small (two to three officers) for individual roll calls and other patrol briefings for each shift, which is likely why the patrol staff has never been decentralized. The result is a hybrid mix, and some redundancy between the watch command and district command lieutenants.

Several of the five district commanders reported working extremely hard, being “pulled in many directions,” and described their positions as “a catch-all.” They said they spend a great deal of time at public meetings in the district, performing special projects for central administration, coordinating special events in the community, etc. The value of having outreach to particular geographic areas of the City cannot be underestimated and is key to the concept of community policing. The Chief directly attributes decreases in crime rates to the Department’s community policing outreach efforts and partnerships with the community. However, a lieutenant pay grade is not necessary to perform these duties.

Recommendation 121: Place district operations sergeants in control of each district command and move the lieutenant district commanders elsewhere.

The work of these positions does not merit a lieutenant classification and sergeants can be responsible for each district. The existing Lieutenant positions should not be eliminated, however, and are necessary to ensure effective command and control for a Department of this size but could be better deployed elsewhere (see Recommendation 122 below).

There is a lack of crime analysis work being done in the Department. While the Investigations Bureau does have a Crime Analysis Unit, consisting of one crime analyst and two Administrative Clerk IIIs, according to the Captain these personnel are often used for general administrative tasks besides crime analysis, such as performing data entry, cleaning up crime reports for reporting to federal agencies, entering reports, etc. He reports that this group provides basic raw data to the district commands so that they can do their own crime analysis, and that detectives review crime trends across the areas and will alert district commanders as appropriate.

District commanders report limited central support for crime analysis. They noted the need to have their own personnel pull data from the Records Management System and create maps to identify trends; the method and frequency of doing this varied by district. According to staff, in the past central analytical reports were prepared and distributed to all commands. But this has been discontinued, purportedly due to a lack of agreement on which information would be of most benefit to all (though apparently work continues on this issue).

Of concern is the fact that during this review, there was little evidence of a strategic approach to crime analysis to manage Police Department operations. While this likely happens within individual units, the lack of a highly productive and coordinated centralized crime analysis function is surprising and makes the efficient use of additional staff questionable. The Department would benefit from elevating the status and use of crime analysis.

Recommendation 122: Move the Crime Analysis Unit from Investigations to the Executive Staff, and focus its work solely on provision of crime maps and trend analysis in the prevention of crime. This unit should be responsible not only for overall City analysis, but also for analysis of crime trends within each of the five districts. This information should then be consistently disseminated on down to all units on a regular basis to help govern the appropriate deployment of personnel and tactics. This unit is critical to the strategic functioning of the Police Department. To be effective, this unit must include sufficient information technology capacity either through a contract with the City's Information Technology Department, with a private contractor, or through Department personnel.

At present, the span of control for the Captain in charge of the Investigations Bureau is quite large, with numerous highly specialized work units under his authority. In particular, given the crime issues in San Bernardino, the City would benefit from a separate Special Enforcement Bureau to focus on special task forces commanded by its own captain.

Recommendation 123: Reorganize the Special Enforcement Bureau into its own Division headed by a captain. This division should include Multiple Enforcement (MET), gang suppression, IRAT and motor/traffic units. Other collateral duty units such as Mounted, Hostage Negotiations, and Canine should also be part of the SEB. This consolidation will provide departmental command a powerful and flexible enforcement arm for all types of special operations, including crime suppression, crowd control, special event management and selective enforcement/operations. Lieutenants who formerly were serving as district commanders might be considered for transfer to manage divisions in the new Bureau.

All personnel interviewed agreed that Department staff spends a significant amount of time responding to false burglar alarms in the City. Data shows that there are approximately 1,000 alarm calls per month in San Bernardino, with an internal Police Department study showing that about 98% (980) are false.

At present, there is no screening or verification for alarm calls and police officers respond to every one. Officers estimate up to 40% of their time can be spent on such calls. Even a rough estimate of 30 minutes per response for 980 calls per month, at a starting officer's salary minimum (a conservative estimate), results in a cost to the City of \$162,214 in officer salaries. That is almost the equivalent cost of two full-time officers. It should be noted that the Police Department believes these are

conservative estimates. Table 8 below shows a comparison of alarm policies in San Bernardino and nearby communities:

TABLE 9: COMPARISON OF FALSE ALARM POLICIES

City	Free Responses	Fines/Fees for Subsequent Responses
San Bernardino	4 free	5th = \$50/100 6th+=\$100/200 (burglary/holdup)
Riverside	2 free	4-5th = \$75 6-8th = \$150 9+ = \$225
Ontario	2 free	3rd = \$75/50 4 th =\$100/75 5 th =\$150/100 6+=\$200/100 (C/R)
Fontana	3 free	4+ = \$63/87 (burglary/holdup)

As can be seen, San Bernardino provides more free responses than the other communities, and has lower fees than in Riverside and Ontario. While lower fees can be seen as a benefit to residents and local businesses, this must be weighed against significant financial and opportunity cost of law enforcement response. Other cities have shown that an increase in fines and fees results in an incentive for better maintenance of alarm system and, thus, fewer false alarm calls.

Recommendation 124: Update the City’s false alarm ordinance on both free false alarm responses and fees. There should be no more than two free false alarm responses in a calendar year, and the fees charged by the City for subsequent responses should be at market. Each 5% decrease in call volume would result in savings of about \$8,100 per year. The Police Department has already partnered in a study already underway by California State University for the County Chiefs Association on this topic and the City would benefit from review of its findings, but assuming false alarms can be cut in half, the City would avoid at least \$82,000 in officer time spent going to false alarms.

The Police Department owns licenses for an Automated Reporting System (ARS) provided by Tiburon, Inc., the supplier of several of the City’s public safety applications. Police reports are traditionally produced on handwritten forms, dictated into small tape recorders and transcribed by clerical staff, or typed out using standard word processing applications. The paper documents produced in these ways must be handled in traditional ways, using a fair amount of clerical labor in the process.

ARS is a computer application that allows police personnel to create their police reports so that the data is passed to the Records Management System with a minimum of additional labor. Additionally, it has support for the report review and approval process, can provide some routing and distribution functions.

In the San Bernardino Police Department, most reports are dictated and transcribed by a small unit of stenographers. Some officers have been typing their reports using word processing software. In a complete implementation of ARS, the dictation process could be eliminated. In the short term, the workload of police officers would increase slightly but that can be offset as they gain speed in the use of ARS.

In many departments, officers have developed boilerplate blocks of text and even entire police reports for various common incident types. Rather than writing reports from the ground up, they piece the boilerplate text together and edit it to describe the circumstances of the particular incident they are reporting. This can significantly reduce or eliminate the impact of the additional level of effort required by ARS.

In addition, to potential savings by the elimination of the dictation service ARS would reduce the workload of the Records Section in general. Although ARS does not eliminate the need for data entry by clerical staff completely, it can effectively streamline processes, allowing faster turn-around of information, more complete data collection, and the freeing of some clerical time for other tasks that are perennially backlogged in most police agencies.

To implement this plan, the Police Department would require some capital to complete the system and administrative work needed, and to provide training. They have been working on this for a few years, but with the limited labor capacity of both IT staff and other personnel, the work has not been completed.

The Police Department also has plans to expand the use of its FileNet Document Management system to provide more effective support of other processes. Ultimately, the Department also would like to build some automation into the jail booking process. Each of these initiatives has the potential for shaving labor requirements down. They are probably insufficient to eliminate full positions, but may stave off the need for additional staffing for some period of time.

The biggest impact and logical first step would be to complete the roll out of the ARS application. We recommend that support be provided to complete that project with the expectation that labor savings will result.

Recommendation 125: Complete implementation of Tiburon Automated Report System in the Police Department.

The City's police dispatch operation is part of the Administrative Services Bureau, is located in Police Headquarters and is co-located physically with the Fire Department dispatch operation, although operationally they are separate. The Police Dispatch annual budget is over \$1.9 million. It is managed by a Communication Services Manager who oversees a total of 30 dispatchers (five supervisors and 25 dispatchers) fielding approximately 518,000 calls in 2005, an average of just over 17,000 calls handled per dispatcher. The Dispatch Manager reported that the unit is understaffed and often unable to provide minimum staffing levels at all times.

Fire dispatch is managed by a Battalion Chief, with a Fire Communications Manager providing direct supervision to the unit. The budget is nearly \$700,000. The unit consists of nine dispatchers who generally work in two-person shifts, fielding approximately 127,000 calls in 2005, an average of over 14,000 calls handled per dispatcher. The Police Communications Services Manager points out that, should the City adopt the countywide WE911 policy regarding wireless call transfers, the Police dispatchers will be responsible for an estimated 38,000 additional calls per year, a potential 7% workload increase. This will require significant additional resources.

While the Fire and Police dispatch operations are co-located, they are organized and run as separate entities. Each has its own labor union, and separate pay and work terms for dispatchers. This distinction results in morale issues, as employees in the same office and similar duties are treated differently. While Police dispatchers will handle overflow calls from the Fire dispatch operation, the Fire dispatchers do not reciprocate in the handling of Police calls.

Over the last several years, the trend in public safety dispatching has been to consolidate Police and Fire and/or regionalize. There is a cost savings in staffing realized from merging stand-alone operations into larger, regional centers, for both police and fire services. That's in part because there are peaks and valleys in demand for call taking and dispatching, as well as minimum staffing needs and protocols.

There are economies of scale for capital expenditures as the number of facilities, equipment and facilities required for purchase is reduced. Furthermore, when Sheriff Dispatch centers are utilized regionally, cities can benefit from the savings derived from the law that precludes that Sheriff from charging contract cities for "backbone" services. This means that some costs are precluded from being pro-rated among the users of the services.

In law enforcement, consolidation provides crime prevention benefits as the aggregation of CAD information can be used regionally to better view crime patterns. While there is generally a lesser benefit in fire service dispatching, the financial economies of scale makes consolidation financially advantageous.

The City of San Bernardino is experiencing high call volumes per police dispatcher and call volumes will continue to grow as the city grows. It is apparent the City needs to address its dispatch staffing issues. It will need to grow its staffing, consume more space and upgrade its communication system.

The decision of whether to consolidate communications is based upon factors other than costs. Those factors include the “intangibles,” such as questions of governance and control, physical location of facilities and administration.

On a cost basis alone, Management Partners believes that a detailed study of the cost-benefit of regionalizing Police Dispatch alone would likely demonstrate annual savings of at least \$500,000 per year. When the City of Moreno Valley (population 180,000), a police contract city, studied the possibility of establishing its own dispatch center, several analyses demonstrated this conservative level of annual operating cost advantage if the City increased staffing to established norms to handle its call volumes. There also would be savings in future capital costs as the communications system needs to be upgraded since those costs can be shared among the system’s users.

While physical co-location of the City’s Fire and Police Dispatch operations was a good first step to increase economies of scale, it resulted in some difficulties noted above; further consolidation should be considered. The per-call cost of providing Fire Dispatch is \$6.35 compared with \$3.70 for police. While there are differences in the way that calls are handled, this difference is support for why this approach should be studied. While the Police Chief expressed some reservations about the potential loss of local control, a regional police or fire dispatch system will likely have significantly lower costs per call and deserves further study.

Recommendation 126: Undertake discussions with the San Bernardino County Sheriff and County Fire about consolidation of City police and fire dispatch operations, respectively. The Sheriff already operates two dispatch centers in the County and provides contract service to 14 of the County’s 24 cities. The San Bernardino County Fire Department is part of a multi-agency Fire/EMS dispatch center known as “Confire” located in the City of Rialto, and serves six municipalities besides the County. Both of these operations represent an opportunity to the City of San Bernardino to contract out dispatch functions in the future, resulting in potential cost savings. While specific cost savings estimates are difficult due to the highly variable nature of each consolidation, regional consolidation of police and fire dispatch operations should net annual cost savings exceeding \$500,000, but because of the costs of doing this analysis will be substantial and

there will be some up-front capital costs we assume an ongoing annual savings of only \$250,000.

Recommendation 127: Review current dispatch procedures as an interim measure, and improve coordination and cross-training between the City's Fire and Police dispatchers. New operating procedures can improve load sharing between the Fire and Police dispatchers. For example, putting a short (10-second) limit on 9-1-1 "wait time" before the call rolls over to the Fire side might be explored.

Animal Control

The City operates its own Animal Control program, which is housed in its own facility. The program is operated by 24 staff and is directed by a City department head. It has a budget of nearly \$1.8 million. The program is largely supported by service fees and revenues emanating from service contracts with other agencies. It contracts with several cities, such as Fontana, Loma Linda and Grand Terrace, to provide Animal Control services and/or shelter services for those other communities.

Service contracts and fees for services bring in \$1.4 million of its \$1.8 million. This is an extraordinary amount of cost recovery for this type of program, thus the amount of General Fund expense for this public safety service is minimal compared with other similar-sized programs.

Animal control is a service that is often a prime candidate for a regional approach, since it is subject to favorable economies of scale. The City is already doing that by virtue of its contractual arrangements with other cities. The Director believes that more regional joint programming is desirable and he would participate in a regional effort if it were possible.

Both the Director and staff expressed concerns about the suitability of the current facility and emerging needs for new space required to accommodate future growth in service demands. This is an issue common to many city programs and the issue is addressed in more detail in the facilities section.

Recommendation 128: Lead the effort to build a regional animal control facility with participation from the County and local cities. The City should build on the success of its contracting arrangements in animal control and lead the effort to replace its crumbling infrastructure in a partnership with the County and other cities.

Fire Department

The San Bernardino Fire Department operates 12 fire stations. Each station dispatches a paramedic engine (ME) staffed by either a three- or four-person crew. Each of these units is staffed to respond to Basic Life Support (BLS) and Advanced Life Support (ALS) incidents (crew includes at least one fully qualified paramedic).

The Department also staffs two aerial ladder trucks staffed by a four-person crew for fire-fighting purposes only. Most stations also have a brush fire engine, which is cross-staffed with the ME.

Table 10 below shows comparisons of apparatus, station and staffing averages from the National Fire Protection Association, relative to the levels observed in San Bernardino

**TABLE 10: SAN BERNARDINO FIRE APPARATUS, STATIONS AND PERSONNEL
COMPARED TO AVERAGES PER 1,000 POPULATION**

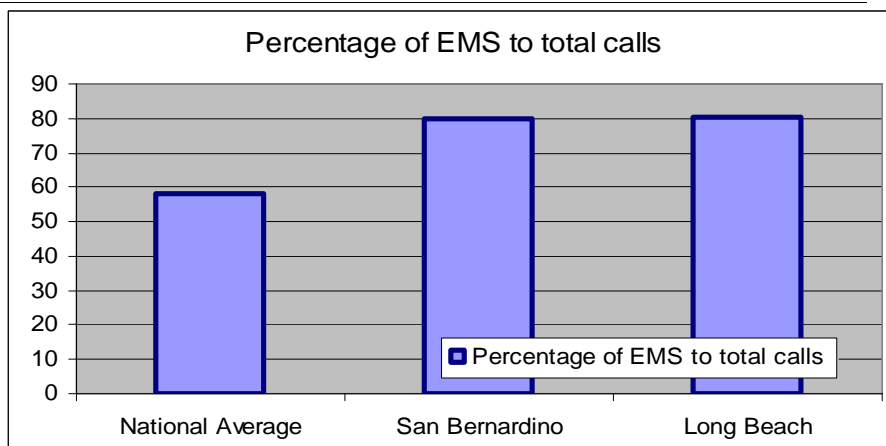
Comparison Factor	Pumpers	Aerial Apparatus	Stations	Career Firefighters	Career Firefighters (West)
NFPA Data for Cities of 100,000 to 250,000 population 1995 - 1997	0.077	0.016	0.071	1.33	0.82
San Bernardino Current	0.059	0.010	0.059	0.860	0.86
San Bernardino as a % Relative to NFPA Average	77%	62%	84%	65%	105%

It should be noted that fire service statistics vary considerably for different areas of the country. Generally speaking, the western part of the United States has fewer career firefighters for population served and also lower numbers of reported fires. Data on apparatus on equipment and stations for just the western United States is not readily available.

The Department responds to approximately 28,000 calls for service per year. Station responses vary from approximately 1,400 to 4,700 per year. As with all fire departments, the majority of calls take place between 8 a.m. and 10 p.m. In San Bernardino, approximately 5 units (all MEs) respond to more than 3,000 calls per year. This is a relatively high level of productivity per unit, and is indicative of a relatively heavy workload -- especially for EMS calls -- at least at some station locations.

Also as with most modern fire departments, the vast majority of calls are for EMS -- approximately 80% of the total. This is much higher than national averages, as shown in Figure 20 below, but not substantially different from the levels observed in other densely populated, low-income cities in California, such as the City of Long Beach, which is shown for comparison purposes.

FIGURE 20: EMS TO TOTAL DISPATCH CALL VOLUME



The Department provides BLS/ALS level services, but it does not directly transport accident victims to a hospital. This task is handled under contract by AMR ambulance, a private service provider.

EMS Service Issues

This service structure does have the advantage of providing quick ALS response from any of 12 fire units, without the City having to absorb the costs of owning and operating ambulance vehicles. On the other hand, the City provides integral assistance to the ambulance service provider for a relatively minimal cost reimbursement, while the private provider bills individuals, insurance companies and Medicare for the ALS services and makes a profit.

Both in terms of cost and revenue, the arrangements with AMR are not particularly advantageous to the City of San Bernardino. This is reflective of state law and court decisions that have not allowed the City full discretion in this area of municipal services. Some of more problematic terms include:

1. AMR is allowed to bill for both medical service and transportation, both by AMR and by the City.
2. City paramedics must accompany patients to the hospital upon request of AMR staff. This has a ripple effect on City Fire, by essentially taking an engine out of service for what could be a prolonged period.
3. The City's compensation for this service, approximately \$259,000, is below actual costs, and has not increased since FY 2002. Indeed, the contract limits the City to compensation, which is equal to or less than the actual costs of providing services.

According to the Fire Department, calls for service continue to rise, thereby creating more incidents where San Bernardino medic response is assisting. The City needs to assure that it is maximizing cost reimbursement from AMR under the terms of the contract.

Recommendation 129: Conduct a review and modify the base rate for AMR services. This review should include three prime factors:

- Establish actual unit hour efficiency measurements for purposes of updating the base rate
- Using current information, complete a cost/benefit evaluation of the contract to establish actual City costs.
- Update the base rate to reflect increased City costs incurred since 2001.

Even assuming no substantial changes in the utilization rate, the City should be eligible for a cost increase of approximately 20% just based on the increased aggregate costs of delivering fire services. This should increase the base rate revenues from about \$259,000 annually to \$310,000.

The City currently has an ALS fee, intended to cover some costs for ALS responses when the patient has the capacity to pay for the service and/or has medical insurance. However, fee revenues from this program are very low and have actually dropped from \$527,000 in FY 2003 to an estimated \$320,000 in FY 2006. In the past, the Common Council has had close votes on this issue and placed restrictions upon when fees can be charged. The Fire Department questions whether the revenues raised are worth the costs of collecting the current fee. If the City is to continue to charge this fee, the billing process will need to be restructured.

Recommendation 130: Increase the ALS fee at least to that level levied in 2003 to grow revenues by approximately \$207,000 per year.

During interviews for this project, Fire personnel pointed out that other nearby cities have instituted programs to bill non-residents for City Fire response when they are involved in freeway accidents. Revenues from such a new program are hard to quantify, but would prove beneficial in shifting costs from the City to third party insurers.

Recommendation 131: Establish and charge a fee for City Fire response to non-residents involved in incidents on the freeway.

Operational Opportunities

The major cost in all fire service organizations is personnel. Like most fire departments San Bernardino has an extremely lean administrative structure. Over 80% of the department's staffing and a higher percentage of personnel costs are associated with the business of manning stations (emergency operations).

Moreover most of the staffing associated with such operations is dictated by a variety of staffing level standards related to being able to safely deal with a structure fire (or other large scale event) 24 hours per day, 365

days per year. This staffing at the station level is largely invariant with respect to the demand for the service (structure fires are relatively unusual), because the idea behind modern fire service delivery is to be able to provide a fully professional, safe and effective response IF called upon to do so at any time.

Given this unique, almost formulaic, expenditure profile, opportunities to reduce costs subject to the above constraints are not great. The best approach is to make the required complement of firefighters as productive as possible.

A review of San Bernardino emergency operations relative to best practice in the industry identified one major issue that could improve productivity: Reducing time away from work on injury leave and thereby diminishing overtime for replacements.

When firefighters have an injury, current practice is to place them on disability leave until they are fully recovered (i.e. able to function as firefighters with no restrictions). This is at variance with policy for most other employees, even other public safety employees who may be used in some role that has reduced physical requirements until such time as they are ready to return for duty.

This approach is called light-duty assignment. It offers numerous benefits to departments and taxpayers, including:

- Work completion that would otherwise not be done or require additional employees
- Motivation for task-oriented employees who want to stay involved
- An incentive to return to chosen work instead of alternative work
- Elimination of any tendency to view injury on duty time as the functional equivalent to a “day off”
- Increased credibility to the public that the City is pursuing all effective means to reduce overtime expense

Most fire departments in California use a light-duty program as part of the overall effort to reduce losses associated with lost time and diminish overtime expense. Studies of actual cost savings from the institution of such systems are not known to exist, but fire chiefs interviewed by Management Partners assert that one of the reasons for instituting a light-duty program is to encourage a speedy return to work, and thereby to reduce overtime.

A typical limited-duty program can be found in the City of Huntington Beach. It includes the following features:

- Based on 40-hour per week, five-day schedule
- Assignments typically include inspection assistance, GIS mapping projects, special projects
- Assignments last from 30 days to four months
- Assignments are good professional development for firefighters
- This is long-standing practice endorsed by the union

While overtime in San Bernardino Fire is not untypical, a modern limited duty program would have some benefit, as suggested by the comparison in Table 11 below.

TABLE 11: OVERTIME COMPARISON

FY 2005-06 Overtime Comparison					
City	Limited Duty Program	Overtime Expenses		Average Overtime Expense per Firefighter FTEs	
		Budget	Actual	Budget	Actual
Huntington Beach	Yes	2,933,970	3,363,081	21,733	24,912
San Bernardino	No	4,280,600	4,738,042	26,588	29,429

Recommendation 132: Implement a light-duty program for City firefighters. Maximum estimated over-time savings are \$727,000 in 2006 dollars. The Fire Department believes this will encourage employees to return to work sooner. Employees on modified duty can be used to complete various projects and/or support functions that are presently difficult to accomplish. First year savings are conservatively estimated at \$75,000.

Additional Revenue Opportunities Associated with Fire Emergency Operations

The City Fire Department should be acknowledged for recently establishing several new fees for service, but there is more that can be done. The City currently does not charge a false alarm fee for false fire or EMS calls. This is a revenue opportunity that should be pursued.

Recommendation 133: Implement a false alarm fee for false fire calls for service. Based on the number of calls for service and a false alarm fee instituted in another city (Long Beach), additional revenues of \$62,000 per year should be generated. A false alarm fee will require a process to track nuisance false alarms through the computer aided dispatch (CAD) system and then to bill and collect for the alarms.

Dispatch

San Bernardino operates its own fire dispatch system. This service is subject to significant economies of scale. In other words, as the scale of the service increases as measured by the number of calls handled, expenditures per call handled go down substantially.

As noted in the Police section of this report, the trend in public safety dispatching has been to consolidate or regionalize. Because there are

peaks and valleys in demand for call taking and dispatching, there is a staff savings realized from consolidating small, stand-alone operations together into larger, regional ones. This is true at all levels of staffing: operations, supervision, management, and support.

There also are economies of scale connected with capital expenditures as the number of facilities, equipment and facilities required for purchase is reduced. In law enforcement, consolidation provides crime prevention benefits as the aggregation of CAD information regionally can be used to better view crime patterns. While there is less such benefit generally in fire service dispatching, the financial economies of scale usually make consolidation beneficial.

The decision of whether to consolidate communications is based upon cost factors and non-cost factors. Cost factors relate to financial outcomes and the bottom line impact upon all involved parties. Non-cost factors include the “intangibles” such as questions of governance and control, physical location of facilities and administration.

EOC

There is some concern regarding EOC (Emergency Operations Center) activation procedures, which are initiated by the Fire Department. The City does not have a separate, dedicated EOC manager position (as found in some communities), but EOC operations are overseen by the Fire Chief as part of his Department’s Disaster Preparedness Office. Dispatch personnel report some difficulties in emergency situations and a lack of clarity as to when the EOC is activated.

Recommendation 134: Review and clarify EOC activation policies and procedures. Fire and Police personnel should meet to ensure that all parties are clear on what situations result in activation, how the call is made and by whom, and specific resulting procedures with a goal toward ensuring maximum coordinated response for the public.

Code Enforcement

The Code Compliance Department consists of 28 FTEs and has a budget of \$3.4 million. Code Compliance is comprised of four divisions: Code Compliance with three employees, Housing Improvement with zero employees, Neighborhood Revitalization with 22 employees, and Weed Abatement with two employees.

The Director of Code Compliance reports to the City Manager, but also is supervising the Mayor’s “Operation Phoenix” program. Staff in Code Compliance are organized in shifts to cover longer work hours, from 7 a.m. to 6:30 p.m., and some staff also work on Saturday and Sunday.

A review of staffing size in the Code Compliance Department shows that San Bernardino is similar to that in other communities, as shown in Table 12.

TABLE 12: CODE COMPLIANCE STAFFING IN COMPARISON TO PEER CITIES

CITY	FTEs	POPULATION	FTE PER 1,000
Riverside	39	287,820	0.14
Ontario	19	171,113	0.11
Glendale	6.32	206,308	0.03
Fontana	11.25	165,462	0.07
Huntington Beach	8.5	201,000	0.04
San Bernardino	28	201,823	0.14
Average w/out SB	16.81	206,341	0.08

In reviewing this table, however, it should be noted that two FTEs in San Bernardino are permanently assigned to assist the Fire Department with its rental inspection program. It should also be noted that Riverside added 13 staff in FY06/07 to “address community livability concerns.” As can be seen, San Bernardino has 28 staff as compared with an average of 16.81 in the five peer cities, and has 0.14 Code staff per 1,000 population as compared with an average of 0.08. While on the surface it would seem that staffing in San Bernardino is high, one also must take into account the different nature of some of the peer cities. It is not surprising that newer communities with higher median income levels such as Ontario and Glendale devote fewer resources to code compliance. Given the needs that exist San Bernardino’s staffing is probably on the lean side.

Table 13 below shows the relative priority of Code Compliance in the City as evaluated by the Code Compliance budget’s percentage of the General Fund:

TABLE 13: CODE COMPLIANCE PERCENT OF GENERAL FUND

	CODE BUDGET	GENERAL FUND	PERCENT OF GENERAL FUND
Riverside	\$3,787,199	\$204,376,606	1.85%
Ontario	\$2,702,295	\$138,485,876	1.95%
Glendale	\$705,236	\$149,180,238	0.47%
Fontana	\$2,370,300	\$63,300,000	3.74%
Huntington Beach	\$691,315	\$171,993,807	0.40%
San Bernardino	\$3,385,100	\$133,818,100	2.53%
Average w/out SB	\$2,051,269	\$145,467,305	1.68%

As a percent of total City General Fund, San Bernardino's Code Compliance Department comprises 2.53%, as compared with an average of 1.68% in the other cities. What must be understood, however, is that all but approximately \$133,000 of that funding is from Community Development Block Grants and the amount of CDBG funding has recently been reduced. Without CDBG funding, the City would be devoting just 0.10% of General Fund to code enforcement efforts, a minimal investment. Some of the general revenue raising measures suggested in this report are critical to improving the City's ability to fund this service.

San Bernardino's Code Compliance Department was established almost 10 years ago to enforce the City's Municipal Code ordinances relating to beautification. As in most communities, Code Compliance has now taken on many duties previously handled by other departments, including landlord/tenant complaints, temporary vendors, garage sales, illegal signs, abandoned vehicles, occupancy and sign permits, and more.

The Department contracts with Los Padrinis Youth Services to paint over and water blast graffiti throughout the City, and to provide assistance on special projects.

Code Compliance inspects properties for violations, inspects lots for overgrown weeds, tows or tags inoperable/abandoned vehicles and issues administrative citations and warrants to violators. The City provides optional licensing/certification of multi-family property owners.

According to the FY06/07 budget, the Department collected tax liens of \$1.4 million for abatement costs and staff time against properties where owners failed to make corrections. The Department instituted the use of Administrative Citations to fine non-compliance violators approximately three years ago, and has seen a steady increase in revenue, from \$45,358 in FY04/05 to a projected \$70,000 in FY06/07.

A review done by Management Partners two years ago in the area of code compliance identified the following list of best practices shown in Table 14 below.

TABLE 14: BEST PRACTICES IN CODE ENFORCEMENT

BEST PRACTICE	STATUS IN SAN BERNARDINO
Community based inspection programs	In place
Non-judicial administrative citations and hearings	In place
Fire station based inspections	They do multi-family 4+ units and all commercial
Inspections upon sale	Not Doing
Redevelopment Agency Programs	RDA offers rehab loans but not funding for specific area work
Cross-departmental inspection units for both ongoing and "strike force" actions	In place

BEST PRACTICE	STATUS IN SAN BERNARDINO
Electronic complaint filing, tracking and communications	In place
Performance measurement using outcome-based measures and prioritization	In place
Rental property inspections	Doing multi-family 4+ units and moving toward single family
Neighborhood empowerment strategies	Assist in starting neighborhood associations
Volunteer programs	Volunteer code enforcement program with citizens
Landlord training	Working with apartment owners association

As can be seen, the Department has already adopted many best practices in code enforcement. The City already utilizes administrative citations and an inter-departmental approach to training via its “Crime-Free Rental Housing” training hosted by the Police Department.

At least two best practices are not in use yet in San Bernardino and should be considered. According to the California Association of Realtors, the following California communities have in place some form of inspection upon sale program:

- Belvedere
- Carson
- Compton
- Cudahy
- Corte Madera
- Fairfax
- Hawaiian Gardens
- Larkspur
- Maywood
- Mill Valley
- Novato
- Pasadena (change of occupants)
- Ross
- San Anselmo
- San Rafael
- Sausalito
- South Gate
- Tiburon

Nationally, communities in Illinois and Ohio have similar programs. One of the largest cities known to have such a program is Minneapolis, which has a “Truth-in-Sale” program. That requires an inspection (they call it “evaluation”) before the sale of all single-family houses, duplexes, townhouses, first-time condo conversions and title transfers.

City-licensed “evaluators” (private contractors) in Minneapolis identify the condition of the property before it can be shown to potential buyers and file a copy of the report with the City within five business days. The Truth-in-Housing disclosure report must be displayed so that potential buyers can look at it. The buyer then agrees to correct items as identified within 90 days of closing, unless a Certificate of Approval has been issued by the City to the seller saying everything has been done.

The buyer can request that an escrow fund be set up by the seller to pay for corrections. City inspectors will come to inspect after repairs are done or the allotted time has elapsed. Failure to comply is a misdemeanor.

In San Bernardino, this program would be particularly valuable for multi-family and rental units. According to the Code Compliance Director and participants in employee focus groups, multi-family housing is a significant code enforcement issue, in many cases the result of owners who do not live nearby or keep close watch on their properties.

The perception by employees is that people who want to invest in San Bernardino real estate should be held accountable for its upkeep and maintenance to ensure quality of life. Tracking down absentee owners to gain compliance can be difficult. Since rental properties comprise a large share of properties in San Bernardino, it would make sense to focus the program on these areas first before considering an expansion to possibly include single-family dwellings.

The City has no more powerful point of leverage to force code compliance than when a market transaction, i.e., the sale of a piece of property (particularly investment property), is at hand. By tying mandatory code compliance inspections to the sale of property, the City can ensure that each rental dwelling in the City conforms to all applicable codes.

This program does require advance administration and setup prior to implementation. For example, San Bernardino could either hire its own inspectors or license private building inspectors to perform such work. If the city opts for licensing, the testing standards must be determined, tests set up, and licenses administered and tracked prior to program implementation.

Similarly, an administrative office to track inspections and outcomes, and a program of marketing and education to escrow companies, realtors and property owners would be necessary before starting the program. However, pricing should be set such that the costs of licensing would be fully recouped by fees paid by contractors to get the licenses, and the central office/administration costs would be recovered through a portion of inspection fees; thus most upfront investment by the City (though not all) would be recovered.

Without detailed information on the number of property sales occurring per year in San Bernardino, it is difficult to determine resource requirements. If this program is of interest to the city, more analysis would need to occur. Many variants and alternatives for this type of program exist and can be explored.

There are many considerations to weigh with such a program. Some of these are outlined below.

- Ensures that all rental properties are brought into compliance for at least the most basic safety concerns before their sale to ensure safe housing.
- Once in place, this program will reduce code complaints for that property later on.

- Provides an opportunity for the City to educate multi-family owners about their responsibilities to property maintenance and upkeep.
- Since the City will charge a fee for this inspection to recover its costs (paid from escrow at the time of sale), there is no additional cost to the City general fund.
- Has the potential to reduce the workload volume significantly over time for other multi-family inspection programs in the City.
- Can result in real estate association opposition.
- Can result in landlord association opposition.
- Will require setup costs to create a process to administer this new system.
- Will require the City to establish a system to know when a property is being sold and to assure participation. Typically, evidence of a satisfactory City inspection is required prior to close of escrow.
- Could result in uneven workload with the cyclical property sale market.

From our assessment of the need for code compliance in San Bernardino, and the importance of achieving compliance at the least cost possible to the City, this program is justified and we recommend its adoption.

Because the program will be cost neutral to the City, paying for itself while reducing the demand for future code enforcement services, it addresses high priority objectives for the City. Additionally, because of the incentive created during the transaction process, this program does not require the City to pursue expensive enforcement efforts to gain compliance. Property owners unable to pay for improvements themselves can be directed to the City's housing rehab and other programs.

Sometimes a program such as this is launched after an amnesty period, which allows property owners to secure permits for any illegally constructed units or other improvements.

Recommendation 135: Institute a cost-recovering Inspection on Sale Program. Conservatively, this program would likely catch an estimated 5% of violations that would otherwise be caught through the Code Compliance general fund budget efforts. It could result in potential savings to the City of an estimated \$169,225 per year, and/or will provide additional capacity with existing Code Compliance field staff that could be used for Operation Phoenix. More importantly, institution of this program is the single most important step that the City can take to promote community safety, growing in the years ahead.

The Redevelopment Agency of the City of San Bernardino is responsible for the elimination of blight in its redevelopment project areas and

receives tax increment revenue that is used for this purpose. The Redevelopment Agency has the authority to create and fund programs to improve and rehabilitate structures in its redevelopment project areas.

A well-designed code enforcement program can contribute to the Redevelopment Agency's effort to cure blight. However, California law prohibits redevelopment agencies from funding a community's normal code enforcement activities. This report recommends that San Bernardino institute a program using the best practices already in use in the cities of San Jose and Rialto. The San Bernardino Redevelopment Agency could create and fund a program with the following characteristics:

- The program would be designed to improve and rehabilitate structures in redevelopment project areas through the use of a coordinated code enforcement and rehabilitation loan program.
- The code enforcement portion of the program would be proactive and exceed the normal level of code service provided in the rest of the city.
- Code enforcement staff funded by the program would work exclusively in redevelopment project areas.
- The Redevelopment Agency would create a program that includes a survey of building conditions in targeted project areas, and the creation of plan to rehabilitate and improve properties identified in the survey.
- The program would be of limited duration, but could be renewed if blighting conditions persist.

Recommendation 136: Institute a Redevelopment Agency program to improve and rehabilitate structures in redevelopment project areas. The recommendations listed above are designed to more efficiently provide code enforcement services to the entire City of San Bernardino. However, San Bernardino contains low-income neighborhoods where many property owners have allowed their property to fall into a state of disrepair. These neighborhoods require a higher level of code enforcement than the rest of the City. At this time the, City does not have the financial resources to provide this higher level of service.

Economic Development/Redevelopment

San Bernardino's Economic Development Agency/Redevelopment Agency (EDA/RDA) was established with City funding, has a Board comprised of the City's Mayor and Common Council, and is operated as a separate legal entity.

In most cities, the EDA/RDA is considered a subsidiary business of the City that contributes financially to the City's overhead costs through its redevelopment work and funding mechanisms. Many cities have explicit

contractual agreements between the RDA and the City which clearly spell out the obligations of each party with regards to funding development district improvements. In most cases, the RDA will repay the City to recover the City's startup costs and for the City's infrastructure investments in the startup area.

While similar financing occurs in San Bernardino, it is done in a manner less formal and, in the view of Management Partners, therefore less reliable over time. The RDA has budgeted line items out of increment financing to pay for public infrastructure projects; thus, instead of repaying the City or a developer for its investment in such projects, the RDA in San Bernardino funds them directly. While the end result is the same, the agreement is not formalized between the City and RDA and should be.

Recommendation 137: Establish a repayment agreement between the EDA/RDA and the City for each project area to recover the City's startup costs and investments.

The San Bernardino RDA owns its building and provides space to the City's Code Enforcement Department at below-market rates. In addition, the RDA has, on multiple occasions, forgiven City debt in order to assist the City during financial difficulties. The EDA/RDA administers the City's Community Development Block Grant funding program on behalf of the City at no additional staffing cost to the City.

Most of the recommendations specific to the EDA/RDA are addressed elsewhere in this report. Of primary concern is the inefficiency of having redundant internal service support operations. The purpose of this is not simply one of "power" or "turf," but one of efficiency.

As a "separate" entity, the EDA/RDA has its own financial services operation for billing, payroll, and other services also offered (at least in part) by the City's Finance Department, as well as separate legal counsel. There is likely potential for greater service sharing to reduce and eliminate redundancies in process, staffing, and computer systems. The existing redundancy presents an opportunity for San Bernardino to choose the "best" of its options to improve service and reduce costs for both the City and EDA/RDA.

The extraordinary importance of economic development in San Bernardino makes it imperative that the City and the EDA/RDA consolidate their work efforts. As is discussed further in this report under our analysis of Community Development, the City needs to strengthen its management and capacity in this area. Having the EDA/RDA report to the City Manager through a new Assistant City Manager is a crucial element of making economic development a top priority within the entire context of operating the City.

As noted elsewhere in this report, the EDA/RDA has an opportunity to make progress towards its goals of blight elimination through funding of specific City code compliance efforts.

Parks, Recreation and Community Services

The Department of Parks, Recreation & Community Services is a separate department with 62 positions. It is organized in three divisions: Administration, Parks and Recreation. The Director reports directly to the City Manager.

Table 15 below shows the full-time equivalent FTE positions budgeted in the Department. Seasonal assistance and program delivery is provided by an additional 225 temporary and seasonal employees throughout the year.

TABLE 15: PARKS, RECREATION & COMMUNITY SERVICES STAFFING SUMMARY

Organizational Unit	2005	2006	2007
Administration	7.00	7.00	7.00
Parks	35.00	35.00	35.00
Recreation	20.00	20.00	20.00
TOTAL	62.00	62.00	62.00

The adopted budget for the Park, Recreation and Community Services Department for FY2006/07 is \$5,794,000 (see Table 16). Parks, Recreation and Community Services are allocated resources from two primary funds: the City's General Fund and Landscape Assessment District funds.

TABLE 16: PARKS AND RECREATION DEPARTMENT BUDGET SUMMARY

Organizational Unit	Actual 2005	Adopted 2005	Adopted 2006
Administration	\$1,252,226	\$1,434,300	\$1,435,000
Parks Maintenance	2,180,762	2,436,800	2,494,600
Recreation	73,410	100,600	118,400
Center for Individual Development	237,343	273,800	271,200
Westside Community Center	54,000	75,600	75,600
Senior Citizens' Centers	253,963	284,200	291,700
Norton Gym/Galaxy Ballroom	98,454	117,300	145,000
Community Centers	543,914	627,500	668,100
Aquatics/Sports	270,961	330,000	294,400
TOTAL	\$4,965,033	\$5,680,100	\$5,794,000

Prior to FY2005/06, landscape assessment district maintenance was the responsibility of the Development Services Department. While the establishment of assessment districts and the administration of billing and collection still remain with the Development Services Department, the responsibility for the maintenance of the landscaping districts has now been assigned to the Parks, Recreation and Community Services Department. This matter is addressed in more detail in a later section of the report.

Administration Division

The Administration Division provides support services to the rest of the department, including personnel, financial and budgeting services. The Administration Division also provides two direct services: Community Services/Special Events, and Landscape Plan Check and Inspection. It is the staffing level for the two direct services that is problematic for the Department.

The staffing level for City special events was reduced by one position in prior budget cuts, which has resulted in lowered service levels. But expectations from residents, business and other City departments have not been lowered to a commensurate level. Department staff members remain unsure of the reasoning for the reduction of staff for this program. Special events are intended to pay for themselves, meaning that staff of this unit actively seeks grants, establish partnerships and seek sponsorships to cover the costs for special events.

If a special event is unlikely to pay for itself, including staff time, then that special event is either discontinued or a choice is made to subsidize the special event as a City priority. The unfortunate result of the reduction in staff is that the current staffing levels make it hard to accomplish both the fundraising, and the logistical planning and implementation of any City special event, with fundraising being the one to suffer.

This has resulted in further losses to City special events, as staff is unable to find the time necessary to accomplish adequate fundraising. It also has made it hard to add special events requested by the community that are commonplace in other comparable communities.

Recommendation 138: Establish and implement clear guidelines requiring special events to either cover their costs, including staffing, or be subsidized at a rate determined as a matter of policy.

Staffing levels for the Administration Division are low, and the Department Director often provides direct services himself, taking time away from necessary administrative and management duties. The Department Director provides plan check services for landscaping plan check, including spending time with developers in the plan check process. Plan check fees should be covering the cost of dedicated staff to provide these services, thus freeing up the Director to effectively manage the Department. But currently no fees are charged for this Department's part

in the plan check process, nor is there a plan in place for the recovery of these costs.

There is a cost to the Department for working with the developer who is building a City park or other open space, and this cost should be recovered to support current or new staff dedicated to carrying out these duties.

The Director also administers the City's landscape assessment district maintenance and inspection program. When this responsibility was recently transferred to the Parks, Recreation and Community Services Department, two inspector positions were also transferred, yet no staffing was provided for the administration of the program.

Again, while fees (this time assessment district fees) should be covering the cost of dedicated staff to provide these administrative services, currently these fees have not been updated to recover these costs that would provide additional staff.

Using the Department Director to provide both the plan check and assessment district services hurts his ability to effectively operate a quality Parks, Recreation and Community Services Department. The result is that the Director does not have the time to research and implement best practice-type efficiency measures, such as performance measurement systems, customer service feedback tools, and self-assessment tools such as the one developed by the National Committee on Accreditation for Park and Recreation Agencies. Without fully implemented efficiency measures, the public dollar is not utilized to its full potential.

Recommendation 139: Update the City's existing fees for service and internal service charges to fully recover applicable costs for the provision of plan check services and landscape assessment district administration. The services provided by Parks should be included in the next update of the development fees.

As professions evolve and develop, professional standards and best practices are continuously refined. The National Recreation and Parks Association has developed standards for departmental accreditation. The Department will benefit by participating in the rigorous process associated with accreditation, which has been designed and supervised by leaders in the profession of park and recreation management.

Recommendation 140: Complete the agency self-assessment developed by the National Committee on Accreditation for Park and Recreation Agencies. Undergoing the accreditation process will shift the focus of Department management from the mundane details of managing by using workload data to developing indicators

that measure the efficiency and effectiveness of operations. The self-assessment is based on association standards that are used to evaluate an agency's operations. Some of the standards include comprehensive, strategic and community planning, as well as a complete review of all aspects of organization structure and administration (including fiscal policy and program evaluation). Use of these standards to conduct departmental operations can prevent many problems and lead to high quality services and programs.

Parks Division

The Parks Division provides parks maintenance, building maintenance, and landscape assessment district maintenance. Responsibilities of the Parks Division include interior and exterior maintenance of buildings and grounds for a park system of more than 500 acres in 27 parks, one cemetery, five community centers, 31 playground areas and more than three miles of walking track. In addition, they are responsible for maintaining landscape areas within the City's 55 landscape assessment districts.

Items of note include several joint use fields in partnership with local schools, one adaptive recreation park with indoor therapy pool, one fishing lake, one Amphitheater/Bowl, one dog park, six pools and two water playgrounds, and one soccer complex with 17 soccer fields. Services are provided with a combination of City staff and contracts with private vendors.

At 500+ acres of parks and other open space, the City of San Bernardino is less than 3 acres per 1,000 population. This is low compared to the standards recommended by the National Recreation and Park Association of 5 acres per 1,000 population. This has led the City to enter into joint use arrangements wherever they can, particularly for the use of sports fields and facilities of local schools and colleges.

Most of the shortage is in the newly developed north side of the City, where land was not set aside by developers for new parks and no recreation facilities have been built. This seems counter-intuitive, since normally new parks are developed along with other new development as a part of negotiated development agreements.

However, this has not occurred in San Bernardino for two reasons:

- The City's concerns about overburdening and driving away potential development.
- The lack of a parks master plan for use in negotiations to provide clear information about needed parks and open space in the developing areas.

Additionally, the City of San Bernardino does not have the funding to enable acquisition of land for park development.

A lack of adequate parks and open space results in a dissatisfied public, particularly the residents of areas where these services are lacking. It further results in a reduced quality of life for San Bernardino's residents, particularly the disproportionately large numbers of low-income residents who must depend on these City services for recreational and quality of life community services.

It also hurts the City's image for economic development and redevelopment purposes, making it hard to compete with neighboring communities that advertise larger quantities of parks and open space acreage as a marketing tool to create an attractive "lifestyle" image that attracts quality development. Finally, it reduces the opportunities for residents to gather and build the feeling of community that is necessary to inspire residents' pride.

The Department has recently issued a request for proposals to develop a parks master plan; therefore, this issue will now be addressed. However, there is no clear policy or direction to staff to utilizing this information to negotiate the dedication of land for parks and open space. In addition, development agreements have already been negotiated for many of these areas, leaving little ability to gain dedications of land. While the City has been extracting parks from developers for many years, it has been done on an *ad hoc*, case by case basis. Therefore, other methods must be explored for financing parks and open space in those areas.

Recommendation 141: Clarify and strengthen the City's policy on the use of development agreements to gain dedications of land for park sites and open space in new development areas, and to gain funds for the expansion of the City's open space in already developed areas. Analysis should include a review of best practices from other comparable jurisdictions, including recommendations for implementation of state-of-the-art development negotiations and development agreements.

The maintenance of parks should include the planting of seasonal flowers, gopher and other rodent control, fertilization, landscape replacement (for dead trees and plants), and the maintenance and replacement of park equipment, including items as large as play structures and as small as benches and trash containers.

With a lack of funding a chronic problem, the Parks Maintenance Division is unable to implement best practices in maintaining parks or replacing lost or damaged equipment. The low levels of maintenance in some parks results in parks that appear worn out, old and unwelcoming, and lacking in basic equipment, such as trash containers.

However, with the City's current financial restrictions, it may be difficult for San Bernardino to commit more funding to upgrade the appearance of its parks and open space. This is one of many reasons the

recommendations in this report intended to improve the City's general revenue position are so important. To effectively inform the public and alleviate unrealistic expectations, the City needs a clear policy statement of the service levels that it can afford to provide. No guidelines exist that define an approved level of service, response times or priorities based on the City's ability to fund. Such guidelines should take into account a variety of service levels based on the additional wear and tear for those parks and open spaces that experience higher levels of use, or that have a higher level of visibility.

Without these guidelines, the public (and even the Common Council) has higher expectations for the service levels and appearance of the City's parks and open space than the City can afford.

Recommendation 142: Establish clear guidelines that define the level of maintenance services that will be provided to the City's parks and open spaces.

Establish levels of service that take into account additional wear and tear for those parks and open spaces that experience higher levels of use or that have a higher level of visibility. Obviously, the levels of service established will be constrained by the City's ability to pay.

Similarly, landscape assessment districts have the same needs for funding for maintenance services. Unfortunately, not all 55 of the City's landscape assessment districts provide enough revenue to maintain an adequate level of service, resulting in barren or unkempt areas. The result is complaints from the property owners that feel their assessment district contributions should be paying for a higher level of service.

For FY2006/07, the Landscape Assessment District Fund is anticipating a deficit of \$168,000; and even at this level of deficit, the expenditure budget figures used for this projection are still inadequate for the work that needs to take place, according to the Department Director.

Theoretically, assessment districts can be set up to recover all ongoing costs for maintenance and operations, including cost of living increases. However, in the case of the City of San Bernardino, some of the landscape assessment districts are not providing enough revenue because when they were established, the cost for ongoing operations and maintenance were not adequately estimated. In addition, some do not include regular cost of living increases, resulting in the costs eventually exceeding revenue over time.

Another area of responsibility for the Parks Division is the repair and maintenance of buildings and other facilities located in City parks. The Parks Division depends on the City's Facilities Maintenance internal service division to provide these services, and an internal service rate is charged to the Parks annual budget for these services. Unfortunately, the Parks Division is unhappy with the level of service (both

maintenance/repair services and customer service) provided by the Facilities Maintenance Division.

Parks, Recreation and Community Services staff shared stories such as broken sinks in parks restrooms taking six months to repair, and then are only repaired because Parks staff eventually hires their own contractors to complete the work. Or restrooms with broken toilets that take so long to fix that staff begin to escort female users into the men's room, and vice versa, on a regular basis.

Department staff also report that they find it hard to compete with the higher profile City Hall, Police and Fire departments when it comes to the priority given to their maintenance needs. In addition, the repair and maintenance funds of the Facilities Maintenance Division are so low each year that they run out of money. At that point, Parks staff must use their operating budget to fund facilities repair and maintenance work.

Department staff report that the City's Facilities Maintenance Division has told them that they simply do not have the funding necessary to operate effectively, which is due to the City's chronic lack of money. Therefore, the Parks Division is unable to implement best practices for the maintenance and repair of park facilities.

The low level of service jeopardizes the City's investment in its facilities. Large capital repair and replacement projects, such as roof repairs or replacements, compete for the City's few capital improvement funds and are usually not funded. To complete these types of projects, the Department has sought out grant funds with limited success, or utilized its operating budget.

There is no depreciation-type schedule to finance future capital needs that are an eventuality. This will involve some additional expense in the short run, but will save the City money over time by maximizing the operational life span of facilities.

Fortunately, a pro-active approach need not be terribly expensive. For example, a best practice life-cycle costing program used in King County, Washington, estimates that \$1.57 per square foot should be set aside to fund major cyclical repairs. The Building Owners and Manager's Association member survey in 2001 reported that average facility maintenance and repair operating costs for governmental buildings was \$1.24 per square foot. Even if the entire annual amount for cyclical repairs and ongoing maintenance in the Parks, Recreation and Community Services Department was a new cost to the City, within the context of the \$5.8 million per year spent in the Department budget, this is a negligible increase.

Parks, Recreation, & Community Services facilities are, like all facilities in the City, in need of repair and maintenance. The City must establish

funding mechanisms for replacement costs, and routine and major maintenance for all City facilities, as noted elsewhere in this report.

Given current trends, it appears inevitable that the Parks, Recreation and Community Services Department, despite growth in facilities and service demand, will face a funding challenge and probably need to lower service levels even further. One best practice available is for cities to require that new residential developments participate in a Community Facilities District to pay for the maintenance costs of new neighborhood parks. Implementation of this development mandate will help ensure that the Parks Division has adequate funding to account for neighborhood parks maintenance as new facilities are added through time.

The City of Moreno Valley does this successfully. The annual assessment is less than \$130 per parcel per year. After being in place for three years, Moreno Valley raises \$750,000 annually and this figure will grow through time as new parks are added. Implementation of this program can be done by action of Mayor and Council, and is not subject to a general election.

Recommendation 143: Require new residential developments to participate in a Community Facilities District for neighborhood parks maintenance. This will give the Parks Division resources to maintain new neighborhood parks at a desirable level. This should be done as soon as possible to ensure that new residential developments are required to participate. For every 1,000 residential units developed in new tracts, the district could expect to generate an estimated \$100,000 to \$200,000 annually to pay for park maintenance and avoid that obligation for the general fund.

Recreation Division

The Recreation Division provides classes and programs for all ages. Five community centers located in neighborhoods throughout San Bernardino offer a variety of activities for youth, adults, families and seniors, including trips and excursions, volunteer and mentoring programs, therapeutic recreation, before and after school programs, and summer day camps. The Division partners with community athletic organizations for some recreation leagues.

User fees are an increasingly important part of funding for recreation services nationally. Budget estimates for FY06/07 shows that the Recreation Division is expected to recover only 33.78% of its costs through user fees. Table 17 provides historical data from 2004 to 2006, which shows that recreation user fees have covered as much as 23.91% (2005), but have a history of being much lower at 7.44% (2004) and 11.93% (2006).

TABLE 17: USER FEE SUPPORT AS A PERCENTAGE OF EXPENDITURES 2004 TO 2007

	2003- 2004 Actual	2004- 2005 Actual	2005- 2006 Estimated	2006- 2007 Budget
Recreation Division Expense	\$266,361	\$ 73,410	\$100,600	\$118,400
Class Registration Fees	\$ 19,815	\$ 17,556	\$ 12,000	\$ 40,000
Fee as % of Expenditures	7.44%	23.91%	11.93%	33.78%

While revenue recovery is a policy choice that every municipality must determine for itself, the City of San Bernardino does not have a formal revenue policy to guide pricing decisions. There is an informal philosophy that is discussed throughout City leadership that the City's residents are often low income and unable to pay much for recreation services, and that the City is the sole provider of recreation services for those too poor to pay. Therefore, there is a reluctance to charge increased fees to recover the cost of these programs and services.

The result is that the City does not recover enough in recreation fee revenue to offer many services and programs for those who can afford to pay and class offerings are rated as "low quality" by Department staff.

The bulk of the City's programming is for youth and for seniors. Relatively little is offered for adults, and geographically, few offerings are made available in the higher income areas of the City. To begin to address these shortcomings, the City should conduct a park and recreation user fee study that would show cost recovery at various percentages, and allow policymakers to make appropriate policy choices and establish a formal revenue policy to guide pricing decisions.

To increase recreation revenue and enhance the recreation programming, the City could research and implement best practices used in other comparable cities to address the issue of poverty versus Full-cost recovery. For example, since the City's General Fund is already subsidizing the cost of these programs and services, the City could charge a fee that recovers the full cost for programming, and offer "needs based" scholarships (utilizing free lunch program or other information) to those who cannot afford the full cost. A simplified sliding scale could even be developed.

Recommendation 144: Conduct a user fee study to analyze the actual cost of park and recreation services (including related overhead) and evaluate the appropriate level of cost recovery for each service.

Recommendation 145: Adopt an appropriate revenue recovery policy for San Bernardino recreation programs and services. If the City recovered 50% of its recreation costs from user fees, revenue would increase by approximately \$19,200 based on current levels. Further, if the City were to adopt a full-cost recovery fee for those who can afford to pay, a larger variety and enhanced level of programming could be offered. In addition, administrative overhead could be spread, and recovered, over a larger span of fees and charges, lessening the burden on all fees.

Parks & Recreation Information Technology

In general terms, Parks and Recreation are in slightly worse condition for IT support than the rest of the organization. Some of the remote facilities have old equipment. Although several organizational units pointed out the fact that the city still uses Microsoft Office 97, rather than a newer version, none but Recreation indicated this was an obstacle (although most did not like the fact). This was rather surprising because the age of that software undoubtedly creates daily problems for all organizational units. Office 97 has many bugs, is no longer supported by Microsoft, is not directly compatible with the version of Office in use in most organizations outside of the City, and lacks many features that would be helpful in office automation efforts.

The biggest obstacle for Recreation is its lack of an effective Recreation Management application. It does use an application with limited features, but it is not an effective program management tool on a variety of levels. All class registration must be done in the central office, so the department misses customers who would like to register for classes at their local Community Center. Also the customers cannot register online, which is a common service in other cities.

The software lacks the ability to track attendance throughout the courses so staff cannot judge if there is a significant drop-out rate that may be indicative of a weak course or instructor. They also cannot do any demographic or regional analysis of the offerings and market interest.

Modern recreation programs are frequently required to produce revenues to cover all costs. Effective Recreation organizations perform market analysis in ways similar to product or service marketing research in the private sector. Courses must have market interest before they are offered and must maintain the market interest to stay on the schedule. The capacity to do that does not currently exist without committing a great deal of labor to gather the data in old-fashioned ways.

In many cities, recreation programs run in this modern way are robust but require minimal General Fund support. The City of San Bernardino generally faces a number of challenges in operating recreation programs. The per-capita income level undoubtedly makes it difficult to market fee-covered programs, since recreation would be a lower priority to much of

the population. However, with a fully featured Recreation program management application and a dynamic Recreation staff, targeted programs can be developed to better meet the needs of the community, likely at the same costs as the current programs require.

Development Services

The Development Services Department provides all traditional development services functions -- land development, planning, engineering, traffic, and building and safety. The budget is \$6.3 million and it has approximately 85 staff positions. It is managed by a Department head who reports to the City Manager. Division managers lead the three significant Divisions: Planning, Public Works and Building Services.

In addition to the programs most closely associated with development service, this Department also houses the City's Capital Projects section, Real Property section, and NPDES section. The nomenclature above may not be precise, but it adequately represents the various programs and activities undertaken within the Development Services Department.

While not located within this Department, other programs have significant roles in providing development services. Fire Prevention has a role in plan checking, conditioning projects and construction inspection. The Water Department interfaces with developments that require new water facilities. The Economic Development Agency has a substantial role in helping developers with certain projects. The Parks and Recreation Department has a role in plan check and inspection of private landscape plans (although their role is not recognized in established fees).

About two years ago, the City undertook a comprehensive internally-driven study to identify ways to address perceived shortcomings and it is evident that they have been serious about implementing identified improvements. Nonetheless, Development Services' performance continues to be a significant operational concern, and ongoing problem-solving seems to be the norm, a desirable behavior.

For example, there are identified problems in meeting inspection time targets in land development functions and Building and Safety. Staff is observed working to address these service deficiencies by collaborating with the development community to find creative ways to solve the service problems. Contributing to the problems is the fact that the Department is having difficulty filling vacant positions, in planning and engineering especially. (Note: Development activity in the region is extreme and all cities are having similar issues to one degree or another.)

While the reorganization may have been helpful in achieving improved coordination and cooperation, it is Management Partners' judgment that the structure is flawed and will likely not achieve its optimum

effectiveness. It suffers at least in part because it currently discourages employing better-qualified professionals in key professional management positions, and reduces accountability by its existing hierarchical alignment.

For example, there is no certified traffic engineer and the function is filled by a senior engineer. The Land Development Division is managed by a senior engineer (where the norm is a principal engineer). With this organizational structure, these key positions therein seem to be “pushed down” by the structure, especially in the traditional engineering functions.

The Director’s span of controls is broad. Also, this structure would seem to reduce accountability in a risk-averse environment, since decision-making would tend to be pushed upward. The fact that the City’s redevelopment function is organizationally separate from Development Services and does not report to the City Manager is also a significant obstacle, especially given the need to spur economic development to create jobs and boost incomes.

In general, there has been an apparent policy aversion to using contract employees to provide various elements of development services (although that seems to be changing). When they are used, it appears that the developer pays the direct costs and the City overhead is under-collected or not collected, since the fees are based upon the assumption that City staff and not contract employees will be providing the services. (Contract employees are usually more expensive.)

Recommendation 146: Adopt a policy that encourages hiring contract services in development services to augment baseline staffing.

Recommendation 147: Recover full cost – including overhead -- when a developer is allowed to use a contract professional.

Recommendation 148: Establish future budget plans for development services activities that are sensitive to economic changes with a conservative baseline of staffing to address a reasonably sustainable workload.

These resources should be augmented with contract services as needed. Budgets should assume a predetermined level of contract services. Such services, with City overhead added, generally cost more than staff-provided services so development processing fees should be constructed to account for this cost-differential.

This is not easy to do insofar as it is difficult to project workloads and resource needs in a dynamic environment, but this is precisely the reason this should be done. City positions should be established to provide a baseline, sustainable level of service, and contract employees should be used above that level and when there are position vacancies.

If and when the workload drops, contract employees can be easily dropped. When workload spikes or higher service levels are needed temporarily, the use of contract employees can be increased. In any event, the systematic use of contract services will provide a cushion of time for the City to adjust its workforce in the event of significant downturn in development activity.

This will help avoid the situation where the City carries a bloated workforce long after the activity level drops. This event could cost the City millions of dollars before adjustments are made to adjust -- it is not uncommon for this to happen.

Parks Division participates in the development process in that its staff provides plan checking and inspection service for landscape plans. Fees should be adjusted to account for this significant role in development services. Staff estimates that 1,600 hours of direct staff service are dedicated to this function. Conservatively, Parks Division is subsidizing Special Districts (Real Property) for at least \$120,000 annually.

In addition, Parks Division administers maintenance contracts for the City's landscaping special districts, of which there will soon be more than 60 in operation. Two inspectors assigned to the program are accounted for in the fees, but other real staff costs are not recovered by fees. Staff estimates that this is more than 400 hours annually; more than \$30,000.

Finally, Parks and Recreation staff are involved with developers when they are required to install public improvements -- parks, trails, other facilities. There is no reimbursement currently available to for this development service. Staff estimates that 750 hours annually are devoted to this activity, at a cost of more than \$60,000. (The practical effect is that the general fund is subsidizing these services by more than \$200,000 per year.

Recommendation 149: Calculate appropriate fees and add them to fee resolution policies to fix under-collection and non-collection of Parks fees issues. This general recommendation applies to the above situation assuming no change in roles. This will result in additional fee revenues of approximately \$60,000 per year.

Recommendation 150: Establish procedures to ensure that services provided to Parks Division for special district functions are fully accounted for in the budget of the districts and costs are recovered to offset expenditures. As should be done in all fee-related services, provide good management information so managers and department heads can track fee revenue and expenditures associated with their operations. This

should increase fee revenues by approximately \$30,000 annually.

Recommendation 151: Complete a process analysis of the role of Parks in private development plan checks and inspections to eliminate duplication of effort and inefficiency. If the Parks and Recreation role in the process can be eliminated, this will save the Parks budget an estimated \$120,000 of staff time annually. Move the responsibility to another department where the expertise can be developed if it does not already exist. Another division more closely tied to the development process should be tasked with this role. Adjust staffing levels if justified.

Real Property (Special Districts Administration)

Among other things, the Real Property Division administers the City's 55+ and growing Landscape Maintenance Districts. Recently, they have begun adding lighting to the districts. Real Property determines the cost of each district sets up each district and administers tax roll billings. The maintenance is handed off to the Parks Division once the districts are implemented.

The overall workload of the division, which has three staff total, is high as it also performs annexations, appraisals, street vacations, ROW/easements, underground utility districts, liens and street address changes.

Management Partners is aware the Economic Development Agency is requesting its own staffing since they cannot receive adequate assistance from this program. The hand-off to Parks Division is a recent reorganization that was implemented in April 2006. Two inspectors were reassigned from Real Property to the Parks Division, but no staff positions were added for administration so the Parks Division had to absorb overhead.

According to the manager, all of the districts are currently financially sound but about 25% are capped per Prop 218, and thus they are using reserves to balance and will eventually need resolution or General Fund subsidy. The others have inflationary increases built into their cost structures.

The annual budget will soon exceed \$1.6 million as seven new districts are in progress. Generally the reserve maintained in each account is healthy because there is a lag between the time the billings are implemented and the districts are implemented. (This is good.) The reserves are used for capital and rate stabilization if needed. At two years' reserve, rates are lowered. Annual costs are estimated and departments are asked to submit their direct costs annually. There are also a few medians maintained in the districts.

Unfortunately, when the maintenance and operations budgets are established by Development Services Department staff to determine the annual assessments to property owners, the Parks Division staff directly responsible for providing the maintenance services is not consulted. The result is that the budgets are estimated too low and not enough revenue is generated.

Management Partners was provided with a report on this subject prepared by a consulting firm. The study reviewed the fees and budgets for each of the districts. It concluded that the fees in place are generally inadequate to cover the costs of the districts, in large part because the maintenance and utilities costs were being systematically underestimated. It also concluded that the reserves established for the districts were inadequate.

Recommendation 152: Establish procedures to ensure that fees for special districts formed are based upon sound cost estimates and verified annually.

Recommendation 153: Establish procedures to ensure that each of the special districts has an adequate financial reserve for future capital replacement. Strong consideration should be given to outsourcing this assignment. This could be complicated, however, given the program's role in the development process.

Recommendation 154: Reorganize the special district program and outsource assessment district management. Hire a Division manager with strong special districts experience, including operations, to lead this important function, but have most of the work done under contract. The fee recommendations discussed above along with outsource cost savings from personnel attrition will make this a cost efficient step for the City.

Recommendation 155: Adopt a policy ensuring lighting and medians are included in a special district whenever feasible.

Recommendation 156: Conduct Proposition 218 elections to increase assessment district fees to recover actual costs.

Reorganization to Improve Development Services and Economic Development

The activities associated with development services are land use planning, processing development plans, enforcing city codes and ordinances over zoning matters, and private construction for which the

City exercises its regulatory requirements, inspections and oversight. In addition, development services includes economic development and redevelopment activities that promote specific projects by providing specialized services, access to special incentives and generally creating a favorable business climate to achieve economic goals.

The following is an alphabetized list of those defined programs (generally referred to in the Budget as “divisions”) that have a significant role in the development process in the city of San Bernardino, though many are not included in the Development Services Department:

- Assessment Districts
- Building Inspection Services
- Code Compliance
- Economic Development
- Engineering/Design
- Field Engineering/Inspection
- Fire Prevention
- NPDES
- Parks Maintenance
- Plan Check
- Planning
- Real Property
- Redevelopment
- Street Lighting
- Traffic Engineering
- Water Department

In addition to the above, other programs have a minor role in the City's processing of development, including crime prevention and refuse. Additionally the separate EDA/RDA currently handles a variety of economic and redevelopment activities that directly relate to the above functions.

The point to be made here is that development services is a complex enterprise that requires exceptional cooperation and coordination among an array of city programs (as well as outside agencies) to be successful. In 1998, the City reorganized its department structure to better manage and coordinate the development services function by placing engineering functions, plan checking and planning functions within the same department. That is now called the Development Services Department, led by one Director. This is a logical step to address perceived shortcomings in the coordination of development services and it has netted some improvements in that regard.

Management Partners is aware that the Mayor and Common Council and the City Manager place a high priority on continuing to improve development services. As such, Management Partners recommends one

more reorganization that is aimed at ensuring that development services and especially economic development activities receive priority and good organizational oversight while ensuring cooperation and coordination.

A by-product of the suggested reorganization will be to improve the efficiency and effectiveness of certain operations where Management Partners believes problems will otherwise persist.

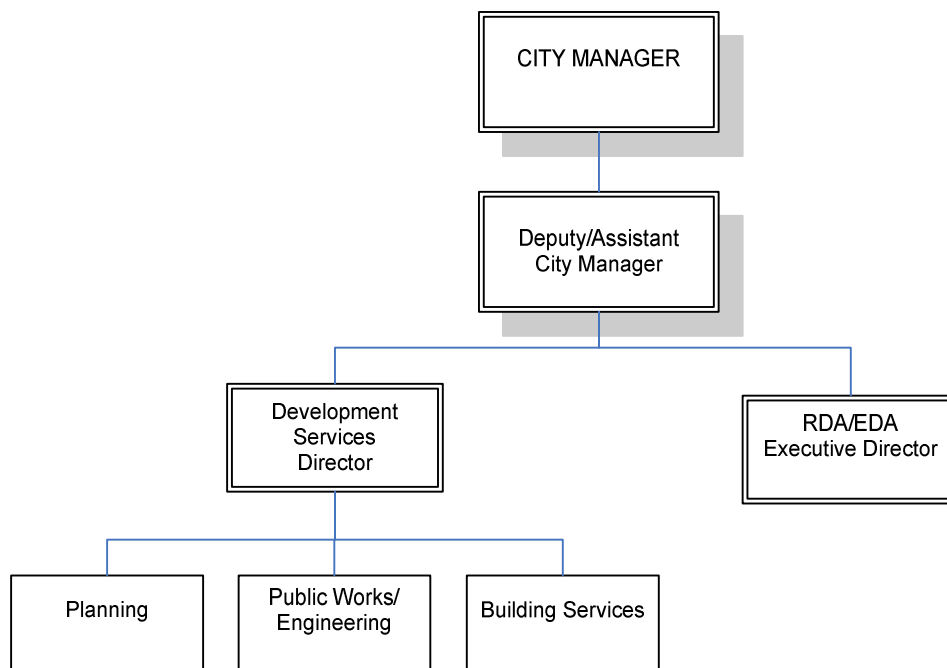
One of the apparent organizational issues is that while many of the development services programs are located in the Development Services Department, many are not. Though there are many variations of organizational structures in practice, this is common in other cities and counties, and pragmatically necessary given the practical limits of how large and programmatically diverse one department should actually be.

Given the complexities of the development process, it is fair to say that all governments face similar challenges, though many may not give it the same level of priority as does the city of San Bernardino. The twin problems of coordination and performance become exacerbated in the type of high pace growth environment that the City has been facing over the past few years. While the quality of the people performing the work is a most important ingredient in the success of any enterprise, organizational structures matter as well, and the organizational framework can either facilitate or impede success.

Recommendation 157: Authorize the hiring of an additional Deputy City Manager or Assistant City Manager whose primary role will be to manage development services. Given the job title and qualifications of the type of individual that will fill this position, he/she will have the positional authority to work through interdepartmental issues and take on initiatives that will result in better coordination and performance of the whole. This is a model that is employed in other medium-large high growth cities in the region, including Riverside, Fontana, Rancho Cucamonga, Corona and Moreno Valley. If the ultimate reorganization does not result in a cost savings that would pay for this position, costs for the position can be recovered by a minor adjustment in development processing fees the next time they are adjusted.

To be of most utility this reorganization should be accompanied by reassignment of the EDA / RDA to report to the Deputy/Assistant City Manager.

FIGURE 21: PROPOSED REORGANIZATION FOR DEVELOPMENT SERVICES



Development Services is a critical function as San Bernardino works to improve its economic development and revitalize the community. As is common in most cities, it is also the subject of many complaints from customers. In order to ensure effectiveness, the City should focus its initial efforts to improve work planning and management systems on this area.

Recommendation 158: Initiate pilot programs for City work planning, performance measurement and customer satisfaction surveying in Development Services. While work planning, customer satisfaction and performance measures should be implemented Citywide (as recommended elsewhere in this report), the high visibility of, and concern regarding, Development Services should make it the pilot program for these efforts.

Some of the quantifiable improvements which would flow from this improvement program would include:

- Scheduled turnaround times for various permits and land use approvals
- Provision and completion of inspections within scheduled window periods with specified turn-around times
- Assurances that plan checks can be completed 80% of the time in compliance with stated standards
- Customer ratings of at least 80% satisfaction with such issues as:

- I received clear and consistent communications through the permitting process
- My permit processing was completed in a reasonable time-frame
- For my project, plan checks and inspections were consistent across departmental lines
- I was able to access up to date status information on my project easily

The Development Services Department houses almost 100 employees. Public Works/Engineering is home to about 45 employees. They perform highly professional, specialized work; including land development, plan checking, real property management (including assessment district formation and tax roll billing), capital projects administration/construction management, traffic engineering and planning, and NPDES administration.

This division needs to be fine tuned somewhat, especially within the context of having development services coordinated by a Deputy or Assistant City Manager. Management Partners recommends the following adjustments:

Recommendation 159: Reclassify the senior engineer position that manages the traffic engineering function to a traffic engineer position. Transportation issues are of major regional importance and this position plays a key role in the development services function as well.

Recommendation 160: Reclassify the senior engineer position that manages the Land Development/Plan Check Division to principal engineer position. This is compatible with the level of the positions that other similar cities employ in that position, given the critical nature of the function to development services.

Recommendation 161: Divide the responsibilities in the Real Property division so that the Assessment District functions are lifted out, and a new division to oversee and administer assessment districts is created. Consider contracting out some or all of these functions, such as tax roll billing, that are now done in-house.

Development Processing Fees

The City has recently undertaken the significant task of reviewing and updating many of its development-related fees. It estimates that the new fees will recover over \$5 million in costs, so this is a significant revenue source to the general fund. The Council adopted the recommendation recently on a 4-3 vote. Since this was the first study of its type, and the work to do it is complex and requires significant staff time, there were

some understandable problems with certain elements of the study and the consultant feels that significant justifiable fees were left on the table.

Since development fees are intended to cover all costs related to the provision of service, State law allows cities to charge two surcharges on each building permit, one for advance planning (general plan updates) and another for technology. San Bernardino has in place an “archival fee” which results in \$40,000 of revenues each year; it is unclear whether this is the same as the technology surcharge allowed by law.

Recommendation 162: Complete an analysis of the actual cost of development services so that fees can be established to recover costs. There are many loose ends in the development service fees that need to be reconciled (including the understatement of overhead). Add to the scope of work a full review of the potential and justifiable user fees that could be charged for various Parks and Recreation programs.

Recommendation 163: Update the City’s cost allocation plan to account for the fact that certain significant costs, including depreciation, may not be included within the overhead costs. Use this updated information in the revised fee recommendations. The update of the fees and the cost allocation plan should be started by February 2007, so the revised fees can be adopted to be effective with the new budget year or shortly thereafter. This update would not be as involved as the initial study, but it will allow the City to have better knowledge of the actual costs of providing the fee-related services and ensure that the information has been satisfactorily vetted out.

Recommendation 164: Adopt a policy to update the fees on an annual basis. This practice will assure that fees are adjusted to reflect cost changes; it normally is done in conjunction with the budget preparation cycle. Furthermore, every five years, a comprehensive study conducted with the assistance of a qualified consultant should be done to review the fees in detail.

Recommendation 165: Prepare a model to guide the efforts to estimate fees and document the rationale for the estimates. There is a significant disconnect with the process for estimating development fees and the feedback loop regarding fee recovery and expenses. This needs to be fixed; managers responsible for fee-related services need to be closely involved with the process of estimating projected activity levels and the fees associated with those activities. Management Partners recommends creating a model that provides accountability for the rationale of

specific fee estimates and require sign off on what appears in the budget. Along with that, the affected program managers need to be able to associate budgets and expenses with fees on a reasonably timely basis. The current practice seems to work in an environment of stable or growing revenues. Development activity, however, has proven to be cyclical and the odds of a dramatic downturn are not that long -- it has happened in the past and could happen again. The City should pay close scrutiny to early warning signals that activity levels are dropping. Plan check activity is generally the first area where such changes are evident, along with increasing delays from project approvals to building permit submittals.

Recommendation 166: Insure that permit fees include the cost of technology and advance planning. Other cities charge between 4 and 6% of each building permit for these surcharges (for example, Los Angeles charges a 6% technology fee). Even if San Bernardino were to charge a low surcharge of 4%, the result is an additional \$39,400 per year per surcharge (\$78,800 for both) that could be used to improve technology and/or go toward general plan updates.

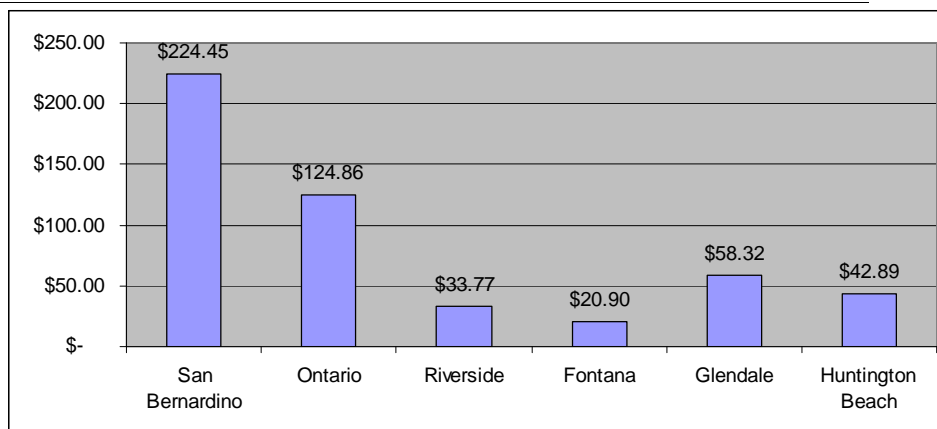
Capital Improvement Project Management

San Bernardino has a multi-million budget for construction of various capital facilities. This section discusses the operation and opportunities to optimize this function.

Figure 21 below shows each city's total Capital Improvement Program (CIP) per capita in FY 2006. The CIP is traditionally considered the long-term investment portion of the City's budget and focuses on infrastructure and other costly endeavors. The CIP in San Bernardino is the highest per capita by a considerable amount, as compared to peers.

However, this may not be a particularly meaningful comparison because Management Partners determined that San Bernardino carries a high level of unfunded capital projects and also completed a relatively low percentage of the projects budgeted in any given year. Actual CIP expenditures in FY 2006 came to only \$61 dollars per capita, much more in line with that observed below.

FIGURE 22: CITY CIP PER CAPITA



The Capital Budgeting Process

The *Capital Project – Five year Plan* for the City of San Bernardino includes both new and replacement projects, as well as maintenance and repairs. The Finance Department is not directly responsible for the development of the CIP. This is done by Public Works engineering staff and it is usually completed some time in the fall after adoption of the operating budget.

In many cases, capital projects are the result of enterprise activities or special revenues, such as water, wastewater and roads. When General Fund monies are needed to fund certain capital projects, usually general government facilities, the City Manager, and Finance meet to make sure funds are included in the budget. Since they are prepared by different staffs and at different times of the year, the capital and operating budgets are not well coordinated, with coordination occurring by necessity in the City Manager's Office. Sometimes not all the information is available to make comprehensive choices.

Fleet Services, which is an internal service fund, can be used as an example. Since the operating budget and rates are done early in the budget process and the capital budget process comes later, the Internal Service Fund Budget does not reflect Fleet's capital needs and the capital expenses are not included in the rate setting process.

In some cases, the departments are required to put vehicle replacement in their operating budgets and, therefore, have to provide for the capital of the Fleet (Budget, p. 111). Many departments utilize lease purchase agreements which, of course, is costlier to the City in the long term with interest payments on top of the principal cost.

Similar examples are available in Information Technology, where there is no routine replacement plan and a rate set to include replacement costs. Facilities is not an internal services fund, and therefore lacks an effective rate recovery system for the use of facilities. Large capital projects are funded with a variety of resources, but mostly projects are deferred due to

lack of funds. Facilities reports that there is 1.2 million square feet of space and \$9 million in deferred maintenance.

Non-routine capital projects are submitted to Development Services to be put in the CIP. The City Manager has to approve the project before the CIP is submitted to the Mayor and Council. While Finance does review all the projects, and determines that all the funding is correct and accurate, there is no systematic approach to prioritization of projects citywide.

For example, projects that create cost efficiencies, reduce future costs or save labor are not given a higher priority. Additionally, a comprehensive list of capital projects needs is not in the five-year plan, since many projects without funding do not appear. Finally, the CIP is not reviewed collectively by department heads with an ability to help the City Manager prioritize projects. A more comprehensive and open process should be developed, in particular due to the lack of funds in the City.

The overhead cost of capital projects is done using a fixed rate. This practice reflects the lack of labor distribution methods and certainly underestimates the overhead cost of projects. The practice is justified, since there are so many unmet needs in CIP. This effectively means the City's General Fund is subsidizing capital projects in an amount that cannot be determined but is estimated to be substantial.

As one small example of this over-heading problem consider that the General Fund currently absorbs all paid leave time associated with staff devoted to the CIP. This issue alone results in an undercharge of at least \$125,000 per year.

Recommendation 167: Prepare the CIP in conjunction with or prior to the operating budget. This will insure that capital needs are recognized during the development of operating plans. It will further insure that rates include capital costs. The CIP reviews should include all department heads, and a specific set of criteria for evaluation CIP should be developed.

Recommendation 168: Provide a fiscal staff person to either Finance or Public Works to assist with the development of the CIP. This person (with outside consultant assistance) should be immediately tasked with a very important job: Developing a system for accurate overhead assessment on a project by project basis. This should result in at least a 5% increase in justifiable overhead an amount worth between \$600,000 per year (inclusive of the paid leave issue mentioned above) based on estimated expenditures and as much as \$2.2 million based on budgeted annual expenditures in FY 2006.

Expediting CIP Project Delivery

Like many cities, San Bernardino is practically able to deliver only a fraction of the CIP work budgeted for in a given fiscal year. In FY 2006 the City budgeted for the construction of \$43 million in improvements but was only able to complete approximately \$12.2 million, less than 30% of the amount budgeted. Table 18 below shows the percentage of Capital funds spent:

TABLE 18: PERCENTAGE OF CAPITAL FUNDS SPENT, FY 2005-06

Fund Number	Fund Name	YTD Budget	YTD Expenditures	Balance	Percentage Spent
126	Gas Tax	\$ 3,053,400.00	\$ 866,802.23	\$ 2,186,597.77	28%
129	1/2 Cent Sales Tax	\$ 8,155,900.00	\$ 4,458,282.12	\$ 3,697,617.88	55%
135	Traffic Congestion Fund	\$ 948,400.00	\$ 514,580.40	\$ 433,819.60	54%
240	CIEDB Street Construction Fund	\$10,000,000.00	\$ 2,839,760.57	\$ 7,160,239.43	28%
242	Street Construction Fund	\$ 4,932,500.00	\$ 165,497.14	\$ 4,767,002.86	3%
245	Sewer Line Construction Fund	\$ 5,563,600.00	\$ 1,403,590.38	\$ 4,160,009.62	25%
246	Indian Bingo Settlement Fund	\$ 5,925,500.00	\$ 185,075.04	\$ 5,740,424.96	3%
248	Storm Drain Construction Fund	\$ 2,349,200.00	\$ 943,254.27	\$ 1,405,945.73	40%
250	Traffic Systems Fund	\$ 2,074,500.00	\$ 866,820.77	\$ 1,207,679.23	42%
	Total	\$43,003,000.00	\$12,243,662.92	\$30,759,337.08	28%

This results in several problems, but the two most significant are the fact that it ties up funding that could perhaps be put to other uses and it leads to systematic underestimate of how much projects will really cost. That is because of project cost inflation during the period in which delivery is delayed.

Capital project funding is assembled in various ways, ranging from debt financing, to use of funds on hand, to reimbursement from other government agencies. An important factor is that in many, if not most cases, the City is not insulated from construction cost increases.

To take one example: California will not increase San Bernardino's gas tax subvention for FY 2006 although the City was only able to complete 28% of the work planned. San Bernardino will simply be able to purchase less street maintenance with this funding than was the case in 2006, because construction costs increase. Even in the case of projects to be funded using cash already on hand, the City loses as a result of construction delay because construction costs escalate more quickly than the city's interest rate on invested money.

Going back to the gas tax example, pavement maintenance costs have been increased by approximately 11% in the last year. If this trend continues, the \$2.2 million in unspent 2006 gas tax monies will buy only slightly less than \$2 million in 2007, a reduction of \$200,000. The same dynamic occurs in other funding areas as well. And while the funds in question are generally not City General Fund dollars, every lost dollar for street maintenance or any other capital activity increases pressure on the General Fund.

It is true that a majority of City capital work is funded under complex multi-party agreements and that the projects are subject to exogenous delay factors from such entities as Cal-Trans, Fish and Game, the US Army Corp of Engineers and the BNSF Railroad to name a few. For this reason it would be unrealistic to expect all projects (or even a majority of large projects) will be completed as originally planned. However the City can follow other large cities such as San Jose that have generated substantial project time delivery improvement simply from examining the current process and making it more accountable and more conscious of the costs of delay.

Recommendation 169: Complete process improvements and/or outsourcing to increase project delivery by at least 10%. Assuming a differential between interest earnings (if any) and construction cost inflation of just 5% will allow the City to save approximately \$212,000. This is an extremely modest estimate of improvement and probably can be gained from better management of gas tax revenues alone. This funding can be used to fund better reimbursement to the City General Fund with no impact on project scope.

Design / Build

Under state law, cities are bound by competitive bidding requirements. At the time these laws were passed, this approach was the "state of the art" for construction projects. This is no longer the case.

The private sector has moved over the last 10-15 years to a design-build approach for many larger projects. While a full discussion of design-build methodology vs. competitive (low) bidding is beyond the scope of this work, two points are important in this context:

1. According to a study by Penn State University, design-build is 6% lower in cost, 12% faster in terms of actual construction and 33% faster in total project delivery time relative to low bid.
2. Charter cities can move to a design-build methodology. San Jose recently has done so and as a result has secured cost savings while maintaining a competitive fair approach to soliciting proposals.

Recommendation 170: Authorize design-build contracting. Management Partners has identified approximately \$86 million in projects within the adopted CIP budget that may be appropriate for design-build approach. Using the 6% savings estimate above translates into a cost reduction of approximately \$5.2 million, although actual savings to the City would be much higher due to increased speed in project delivery. However, we assume just 20% of such projects will be feasible, at least initially, for a savings estimate of \$1 million.

Library

In San Bernardino, the Library Department is a separate department operated by a Library Director that is selected, appointed and reports to the Library Board of Directors. The Library Board is both established and governed by City Charter. The Library Board is appointed by the Mayor, and each Board Member has a four-year term. The powers established by the City Charter for the Library Board include:

- Establishing and enforcing policies and procedures for managing and operating the Library Department
- Administration of trusts
- Defining the number, duties and powers of the staff
- Hiring, discipline and firing of staff
- Establishing the salaries of Library employees
- Purchasing

The Library Department has established an endowment fund “for the support and enhancement of the City’s libraries”, the San Bernardino Public Library Foundation. The foundation is an independent nonprofit agency with its own volunteer Board of Directors. The Friends of the Library is a separate 501(c)3 non-profit and was established to provide fundraising for an endowment and resource development services to the Library Department.

Of primary concern is the inefficiency of having redundant operations. The Library’s organizational structure in San Bernardino is unique in having its own Board. Many cities nationwide operate the Library as any other department under direction of the City Manager, as illustrated in the

organizational charts for Riverside, Huntington Beach and Long Beach presented at the beginning of this report. There is no operational reason for having a dedicated, legislative Board overseeing Library operations, and the resulting Board meetings, agenda, and packet process are inefficiencies that can be avoided.

Recommendation 171: Enact a Charter amendment to place the Library Department under supervision of the City Manager. An advisory board of citizens and library users should be retained and encouraged to make specific recommendations to the Council and Manager for the improvement of service.

Budget and Staffing

The operating budget for the Library Department for FY2006/07 is \$2,836,600. Of this amount, \$2,678,100 is from the City's General Fund, \$78,500 is from the State's Aid to Libraries fund, and the remaining \$80,000 is from a combination of Library fees and fines. The Library Department has 31 full-time positions and 30-35 part-time employees.

One major area of responsibility for Library Administration is planning for the future of the City's Library services. The City's current growth pattern is heavily in the northern area of the City, particularly in the area surrounding California State University at San Bernardino, the Verdemonst area. However, none of the City's four libraries are located to easily serve that area, and there are no plans in the future to address this. In fact, the City does not have a Library master plan.

The City's Library Development Impact Fee was established utilizing national standards for square footage per population figures. This fee was also adopted at 70% of the cost, with no plan in place addressing how the City will fund the difference at the time it is needed. While there may be justification to place expansion of library services to this area "on hold" due to concerns about the City's ability to fund ongoing operations, there is no written or adopted policy that identifies or guides this decision or clarifies how it will be implemented into the future. This leaves Library administration without a clear framework to plan for the future.

Recommendation 172: Adopt a clear policy regarding the future growth of Library Services, including a policy statement addressing an adopted level of service for existing Library services vs. the addition of new Library services.

Recommendation 173: Create a Library Master Plan that addresses future funding for both capital and operational expenses for any new library facilities. Such a plan would help establish how the Library fits into the City's overall municipal infrastructure. Implementation of these two recommendations will establish a clear policy

balancing service levels for existing services vs. future growth and development, and will provide direction to staff to utilize for future planning.

Another major area of responsibility for Library administration is the repair, maintenance, custodial and security services of the library buildings. With six-day per week service provided from morning until well into the evening, the library buildings (as well as the equipment inside) are subject to intense use and abuse.

The Library Department depends on the City's Facilities Maintenance internal service division to provide these services, and an internal service rate is charged to the Library annual budget for these services. Unfortunately, the Library Department is unhappy with the level of service (including custodial, security and maintenance/repair/customer services) provided by the Facilities Maintenance Division.

Scheduling of janitorial service for library facilities does not coincide with its peak usage periods and is not always provided on the weekend. Library staff members report numerous facilities maintenance concerns negatively affecting the provision of service. They note that, because repair and maintenance funds in the City's Facilities Maintenance Division run out each year, the Library must use its operating budget to fund facilities repair and maintenance work. The low levels of maintenance and repair results in facilities that appear worn out, old and unwelcoming, and that are lacking in basics such as sinks and toilets that operate properly.

The low level of service jeopardizes the City's investment in its library facilities, and in particular, its computer and technology equipment that must be maintained in a temperature controlled environment, making it susceptible to damage due to the frequency of HVAC breakdowns. Large capital repair and replacement projects, such as roof repairs or replacements, compete for the City's few capital improvement funds, and are usually not funded.

To complete maintenance and minor capital projects, the Department has sought out grant funds with limited success, or utilized its operating budget. There is no depreciation-type schedule utilized to finance future capital needs that are an eventuality. This will involve some additional expense in the short run, but will save the City money over time by maximizing the operational life span of its libraries. As with all other City Departments and as recommended elsewhere in this report, the City should provide full funding of facility improvements.

Funding levels for the Library Department have continued to inhibit quality services. Staffing levels are stretched to the point that basic levels of proactive management services are usually set aside in favor of "putting out fires" that occur with the day-to-day administration of operations, including necessary and ongoing fundraising efforts.

Of the potential issues that inevitably arise due to short staffing, one item in particular is of most concern: the lack of a comprehensive inventory of books. A comprehensive inventory of books has not been completed since 1985. This is because staff has not been able to set aside the time to plan and manage such a large project, and the additional funding for temporary help and overtime, while requested, has not been approved in adopted Library Department budgets. Without a comprehensive inventory of books, the staff cannot effectively track the status of the City's books, thus leaving them vulnerable to loss or theft, resulting in inadequate levels of protection of City assets.

Additional problems created by the shortage of funding include the deletion of book acquisition funding in the current and previous fiscal year. To keep library services at existing levels in the face of flat budget allocations, the budget for the purchase of new books and materials has been deleted entirely due to reprogramming of the budget for other purposes. This means that existing stock is not replaced when lost, damaged or stolen; and that new or updated items are not added to the existing collections. The Library should explore all means to increase funding for collections.

Recommendation 174: Dedicate any state of California Library monies received by the City for purchase of materials and/or inventory scanners and RFID tags.

Staff's perception of the situation is confirmed by available data. The results of a comparison review of San Bernardino's Library against 11 peer cities from California appears in Table 19 below. The cities were chosen based upon three different criteria:

Number of total registered borrows is within 10,000 of San Bernardino's public library:

- Santa Clara
- Thousand Oaks
- Mission Viejo
- Escondido
- Anaheim

Basic staff comparisons:

- Glendale
- Huntington Beach
- Ontario
- Riverside

Geographic proximity:

- Upland
- Rancho Cucamonga

San Bernardino's "rank" as one of the 12 libraries is shown in the middle column for each criteria and the resulting percentile is in the right column.

TABLE 19: SAN BERNARDINO LIBRARY COMPARISON

How San Bernardino Library Ranks Relative to 12 Comparison Libraries		
Statistic	Rank	Percentile*
	(1 = lowest, 12 = highest)	(of maximum)
2005 Population Estimate	9	73%
Size of Service Area in Square Miles	11	91%
Total # of Registered Borrowers	5	36%
Circulation per Registered Borrower	1	0%
# of Branch Libraries	10	82%
FTEs Per Branch	1	0%
Operating Expenditures per Capita	1	0%
% of Operating Expenditures on Salaries & Wages	10	82%
Collection Expenditures per Capita	1	0%
Holdings per Capita	2	10%
Circulation per Capita	1	0%
Average Hours Open per Week per Outlet	7	55%
* Percentile San Bernardino statistic is higher than X% of peers		

As can be seen, San Bernardino's Library ranks on the high end for:

- Population served
- Size of the service area (square miles)
- Number of branch libraries
- Percent of operating expenditures on salaries and wages (which, in essence, means most of the Library's budget is for personnel and less for supplies and services)

San Bernardino's Library ranked the lowest (number one) of all 12 libraries on

- Circulation per registered borrower
- Staff FTEs per branch
- Operating expenditures per capita
- Collection expenditures per capita
- Circulation per capita.

To summarize, San Bernardino's Library system serves a large population over a large area and has more branches than in peer cities. Despite this, usage is poor and budgetary resources toward Library service minimal. Many would argue that there is a cause and effect – the lack of resources results in poor collections which, in turn, results in poor circulation. Library staff note that circulation per registered borrower may

appear artificially low because patrons must have a library card to use other library services (such as computers) and, thus, usage for non-materials checkout is not accounted for here.

Nonetheless, this low level of service creates dissatisfaction among the public and the City Council. It further results in a reduced quality of life for San Bernardino's residents, particularly the disproportionately large numbers of low-income residents in San Bernardino who must depend on these City services for library and quality of life services.

It also hurts the City's image for economic development and redevelopment purposes, making it hard to compete with neighboring communities that advertise well-maintained libraries as a marketing tool to create an attractive "lifestyle" image that attracts quality development.

One notable difference in San Bernardino from its peers is the number of branches (operating sites apart from the main library facility). As Table 20 below shows, San Bernardino has three branches as compared to a benchmark average of 1.5 branches in peer cities. Only Glendale and Riverside have more branches, with five and four, respectively. This is partly to be expected since San Bernardino is on the high end regarding population size and geographic area covered. Nonetheless, in a time of tight budgetary resources and declining service levels, it merits discussion.

TABLE 20: COMPARISON OF NUMBER OF LIBRARY BRANCHES

Libraries	# of Branch Libraries
Anaheim Public Library	2
Escondido Public Library	2
Glendale Public Library	5
Huntington Beach Library	0
Mission Viejo City Library	0
Ontario City Library	1
Rancho Cucamonga Public Library	0
Riverside Public Library	4
Santa Clara City Library	1
Thousand Oaks Library	1
Upland Public Library	0
San Bernardino Public Library	3
AVERAGE	1.45
MEDIAN	1.00

Closing library branches is never ideal nor desired, but the City and Library Board must consider whether it is better to have several library sites close to neighborhoods with poor collections and deteriorating facilities, or whether to concentrate its efforts into fewer sites with more resources for collections and better facilities. Given the City's budget situation and the Library's status as a discretionary government service, it is unlikely the Library will garner much more funding in the near future to significantly improve library conditions. For this reason, alternatives to traditional service delivery should be explored.

Recommendation 175: Explore facility-sharing opportunities with the School District. A cost-effective alternative to providing service is to share the physical plant with another entity. Many cities nationwide have shared libraries with local schools. Libraries on school sites have expanded hours to provide for public use. Given that schools are geographically disbursed throughout the community, this presents an opportunity to ensure easy access to libraries for all residents and a safe and convenient place for children to go after school.

Recommendation 176: Reduce the number of standalone library branches once the number of shared facilities has increased to serve the population. Some of the resulting savings can be used to improve service at remaining sites.

One of the responsibilities of the Administrative Division is Site Operations and Management of the City's main library, three branch libraries and the Literacy Center. With the comparatively high rates of crime, unemployment/under-employment and illiteracy in San Bernardino, the City's libraries, particularly the Literacy Center, are important tools in the City's crime prevention and economic development efforts.

Employment is dependant on literacy; without literacy, it becomes difficult for individuals to gain employment that pays a living wage, or any employment at all. Employment is also a deterrent to crime, and is effectively utilized as one tool in many cities' crime prevention efforts. Literate employees are also important to the City's economic development efforts. A competitive workforce is an important recruitment tool for the attraction of potential businesses/employers to the City of San Bernardino.

Therefore, the City's Literacy Center could be a central tool to many of the City's current quality-of-life efforts. However, the Library is not viewed as a partner and collaborator in these efforts. There are not collaborations with natural economic development and workforce development partners such as the City's Economic Development Agency or the City's Employment and Training Agency (SBETA). The Friends of the Library donated books for a library and provide an early literacy station for Operation Phoenix, an excellent step in this direction.

Additionally, the funding level for an effective Literacy Center that enhances the efforts of the City's Police Department, Economic Development Agency, and Employment and Training Agency does not exist, leaving the Library Director continually searching out funds through state and federal grants.

These natural partnerships with other City departments could bring new, additional funding to the Literacy Center. In addition, there are community partnerships that are compatible with literacy efforts that have not been analyzed by Library staff as potential future funders, including the school readiness initiative of First 5 San Bernardino and the Kidsmart initiative of the Inland Empire United Way, among others.

Recommendation 177: Establish formal, collaborative relationships between the Library Department - and its Literacy Center - and compatible City departments for City crime prevention, economic development and workforce development efforts.

Water Department

The City's Water Department is a unique organization in that, in the eyes of San Bernardino, it is a "quasi special district." Despite being derived from the City's Charter and having a Board appointed by the City's Mayor, it operates as, and is considered by many to be, a separate entity apart from the City. This is largely due to the broad powers provided to its Board in the City Charter. The Water Department not only provides water service to City residents, but also operates the City's wastewater treatment plant.

By all accounts the Water Department is well run and financially sound. The Department gives an annual transfer back to the City's General Fund as provided for in the City Charter and has a Services Agreement with the City to pay for administrative overhead. Like Refuse, it is operated as an enterprise fund with revenues from rates paying for all expenses. Unlike Refuse, its budget and staffing is not included in the City's annual Budget.

Most of the recommendations specific to the Water Department are addressed elsewhere in this report. Of primary concern is the inefficiency of having redundant internal service support operations. While an enterprise fund should be operated as such, utilities are commonly operated under the umbrella of the City government.

The purpose of this is not simply one of "power" or "turf," but one of efficiency. As a "separate" entity, the San Bernardino Water Department has its own financial services operation for billing, payroll and other services also offered (at least in part) by the City's Finance Department. It has its own human resources operation, a separate labor bargaining unit,

and in-house engineering capacity, all of which are provided – in some variant or form – elsewhere in the City government.

There is likely potential for greater service sharing to reduce and eliminate redundancies in process, staffing, and computer systems. A reduction of inefficiencies is not only good for the City government, but good for water rate payers as well. Linkage of the City government to its utilities also is beneficial from a financial standpoint, in that utility service can serve as leverage for collection of other City debts.

In San Bernardino authority for the City's wastewater treatment plant (WWTP) and maintenance of the City's sewer collection system is split, with the WWTP in the Water Department and sewer collection lines in Public Services. Since both components are part of one utility system, authority should be centralized. The City is also likely to see efficiencies due to economies of scale in that water and sewer line maintenance is similar in nature and represents a synergy of which the City, to date, has not taken advantage. Additionally lift station operations is similar to many of the systems in the Wastewater Treatment plant that the Water Department already operates.

Recommendation 178: Reorganize to place responsibility for sewer line maintenance under the Water Department.

Public Services

The Public Services Department has 194.5 FTE employees and has a combined budget (all funds) of more than \$29 million, with the majority of funding and employees allocated to the Refuse enterprise fund. Public Services is responsible for maintaining City streets, trees, rights-of-way, streetlights, traffic signals and signs, and general clean up and repair. In addition to these General Funded activities, special enterprise funds provide for refuse collection and sewer line maintenance, which is also provided by Public Services employees.

The Public Services Director is relatively new to the City, having been hired in spring 2005. He has made many changes to Public Services operations, including hiring new supervisory/management staff to head several divisions, creating performance standards and expectations for most operations, increasing resource requests to improve operations (i.e., getting new vehicles), and has begun a process to collect workload data.

According to the Director, the Department had limited workload data previously and was not regularly measuring or coordinating its work. Service levels were, in his view, extremely low and anecdotal evidence from San Bernardino residents with whom we spoke confirmed that operations left room for improvement.

In 2006 detailed workload data for each Public Services division's operations has been collected each month; while the specifics of what is being measured and collected has been tweaked and changed over the course of the year, the collection of specific work data is a positive step in managing and understanding the City's operations.

While these management/operational changes are beneficial, in employee focus groups Public Services staff expressed frustration with the changes and, in particular, what they perceived to be management's negative attitude and hard line approach to enacting the changes. Labor-management relations are of concern in this department.

Research done for this project shows that contracting out for various public works functions is quite common. Table 21 below shows our review of which services are performed internally or externally (or both) in various peer jurisdictions:

TABLE 21: SERVICE PROVISION METHODS IN PEER COMMUNITIES

Public Works Activities Internal Operations vs. External Contract Operations	Fontana	Glendale	Huntington Beach	Moreno Valley	Ontario	Riverside	San Bernardino
Refuse/Waste Collection	External	Internal	External	External	Internal	2/3 Internal 1/3 External	Internal (majority) External
Street Paving	Internal (small projects) External (larger projects)	External	Internal (small projects) External (larger projects)	Internal (small projects) External (larger projects)	Internal External	Internal	Internal (small projects) External (larger projects)
Sidewalk and Curb & Gutter Construction	Internal (small projects) External (larger projects)	Internal (small projects) External (larger projects)	Internal (small projects) External (larger projects)	Internal (small projects) External (larger projects)	Internal	Internal	Internal (majority) External
Traffic Signal Maintenance	Internal	External	Internal	Internal	External	Internal	Internal
Streetlight Maintenance	External	Internal	External	External	Internal External	Internal	Internal
Street Painting and Striping	Internal	Internal	Internal	Internal	Internal	Internal	External
Landscaping/Right-of-Way Maintenance	External	External	Internal	External	Internal External	Internal	Internal (RoW) External (Landscaping)
Street Sweeping	External	Internal	Internal	Internal	External	Internal	Internal

Refuse/Waste Collection
Street Paving

As can be seen, in five of the six peer cities, at least two to three services are outsourced, and in many cases a service is provided in a hybrid method using both internal and external service provision. San Bernardino contracts primarily for street paving services and landscape maintenance (tree trimming) services now.

Research done by Management Partners for the city of Cincinnati, Ohio, shows that for outsourcing to work well, the following factors should be present:

- The City can specify what it wants to buy and define the service level it wants with precision. There should not be a lot of overlap

or potential for blaming problems or poor performance on some related issue.

- There is a competitive environment for the service. A private monopoly can be worse than a public monopoly.
- The City should be able to re-enter the market if contracting does not work out and send that message to the private sector.
- Support required from the City should be minimal and turning something over to the private sector should not significantly negatively impact another City program (such as fleet, for example).

With these considerations in mind, below is an examination of the primary Public Services operations in San Bernardino and associated recommendations for improvement.

Refuse

The City's Refuse operation is an enterprise fund, separate from the Public Services budget. The Refuse operation involves 51% of total Department staff and is, by far, its single largest operation in terms of both staff and budgetary resources. The proposed 2006/07 total Refuse budget was \$20,916,700.

Refuse is provided in-house by City staff and includes automated residential collection, subscription service to commercial customers, street sweeping, recycling/environmental programs and administration.

A review by R3 Consulting Group (Sacramento, California) of the City's residential collection program found that the City needed to change its routing structure and provide additional operators to cover all routes. Previously, overtime use was significant, costing the equivalent of 6.33 operator salaries, and vehicle availability was a problem, with the refuse fleet quite old and breakdowns frequent.

On two dates in 2005, the consultant noted side loader availabilities from 68-71% and front loader availability of 52-65%. These issues, coupled with the closure of the nearby Colton Landfill in July 2005, resulted in a "perfect storm" of operational problems according to the consultant. According to the Public Services Director (and verified in the consultant's report), the City was essentially unable to staff and collect all of its routes in a given week. At the time of the study, 24 operators were employed for an operation with 26 routes.

Since the review, the Department has changed its routes and re-deployed operators from the commercial operation to the residential side. The Director notes that an additional 20 vehicles for the Refuse operation have been ordered and are anticipated for arrival in spring 2007. The Colton Landfill has been temporarily re-opened to City vehicles, but with a limit of 2,200 tons per week, and landfill and transfer station options should continue to be explored.

In addition to residential collections, the City provides subscription bin service to commercial businesses. The City also contracts with two private providers to provide temporary bin service (90 days or less) to customers, who can choose from using the City or the two private providers for temporary service (in reality, the Director notes that the City has often been unable to provide temporary service due to operational difficulties).

According to the Director, this system has several problems including constant incursion by illegal providers coming into town to provide service and concerns regarding the accuracy of financial reporting (and, thus, revenues to the City) by the two sanctioned private providers. Data collection, as elsewhere in the Department, has been poor with no past inventory of bin locations or pickup frequency by location (this is now in process of being remedied).

In another study by R3 Consulting Group completed in August 2005, it was noted that San Bernardino uses two-person crews for commercial collection as opposed to one-person crews, which is the industry standard. The consultant recommended the City switch to one-person crews and create a specific two-person crew route, if necessary, to serve certain specific locations. This change has been made and some of the additional crew members have been re-allocated to the residential operation, as noted above.

According to the Director, refuse rates for San Bernardino remain competitive and are in the bottom third of those communities surveyed. Public Services bills approximately 5,000 commercial accounts electronically and bills 40,000 residential accounts through the Water Department's HTE software system. Unfortunately, the Refuse Division does not have access to those 40,000 accounts and billing is coordinated with the Water Department manually, resulting in inefficiency and likely, errors.

The R3 consultants also noted that the Refuse Division did not have in place an established method by which to close outstanding work orders, resulting in difficulties for customer service representatives in providing service to the public. The consultants recommend purchasing a dedicated solid-waste software system that can best meet the Division's needs and feed information into the Water Department's HTE billing system electronically, rather than attempting to make HTE "fit" a solid waste operation for which it was not designed.

Since vehicle costs and maintenance are, next to salaries, the single largest cost to the refuse operation, a review of the fleet is crucial. Management Partners' review shows that the City has approximately 70 front or side loaders for refuse collection, many of which have far exceeded useful life. Staff in the refuse section noted in employee focus groups that vehicles repeatedly break down and that replacement parts are not held in inventory, resulting in repair delays. The City has just

signed a lease-purchase agreement for 20 new LCNG (liquid compressed natural gas) refuse collection vehicles. While it is without question the vehicles are needed, the process by which these vehicles were purchased raises some questions and has led to a “domino effect” of other required expenditures. The nearest dealer for service is located in Northern California, meaning major repairs will require significant downtime. The City does not currently have fueling ability for these trucks but is spending funds to build a new fueling depot and, until this is complete, staff will need to drive to Redlands to fuel the vehicles. The Fleet shop will be unable to provide maintenance to these vehicles without an additional \$750,000 of renovations to its shop; while the City has received a grant for half this amount, the remaining cost share is significant.

As noted earlier in this report, of most concern is the fact that approximately 100 vehicle units of the City’s overall fleet including Refuse are significantly overdue on state BIT (Biennial Inspection of Terminals) inspections required by the California Highway Patrol. According to the City’s Fleet Manager the CHP threatened to fine the City 5-6 years ago for similar issues. This is a significant liability for the City as, if a vehicle were to be involved in an accident and records checked, the City’s Refuse operation could be shut down.

The new Public Services Director has taken several steps to invest in the current in-house refuse operation, including filling vacant positions and purchasing 20 new vehicles which, even on a lease/purchase contract, results in a significant annual cost. When asked about the potential for outsourcing refuse operations, the Director expressed dismay and felt that he could improve the current system to provide quality service in an efficient manner. He plans not only to improve existing services but to increase service levels by, for example, increasing the frequency of street sweeping and offering free bulky item collection days to residents.

A cursory review of other cities shows that a variety of options is available for providing refuse service. San Bernardino provides all service in-house, i.e., using its own City employees. Huntington Beach (a peer city with comparable population and number of residential accounts) has franchised service to a single, private provider. Riverside provides services to 2/3 of the City through in-house employees and uses a private provider to serve the remaining 1/3 of the City.

A well-managed refuse operation is a viable utility and, once contracted out, the costs for re-entry into the market are significant; thus, it is significant to consider whether to continue or to lose this business opportunity. To keep this business, however, the City will need to make a significant infusion of resources into the system, including funding for vehicles and information technology, in order to bring the system to competitive levels. Table 9 in the R3 consultants’ report balanced their proposed recommendation/improvement costs against projected cost savings and resulted in the need for an additional \$743,800 in costs, not including new vehicle costs.

Some cost savings do appear possible if San Bernardino were to contract all, or part of, its service. Using the contract in Riverside and dividing contract cost by residences served results in an annual cost per residence of \$156 in Riverside. Applying that same cost structure to San Bernardino's 43,844 households results in a ballpark estimate collection cost of \$6.8 million, *a savings of \$1.7 million over current residential collection costs.*

A review of exclusive franchise rates in other California cities shows franchise fees of 8-10% of gross revenues, which equates to roughly \$2.2 million for San Bernardino on FY06-07 projected revenues of \$23.9-million. This \$2.2-million exceeds the difference between annual revenues and expenditures if you include full depreciation of assets and other hidden costs.

The operation has a marginal cash balance for an operation of its size and utilizes capital leasing for its vehicles and has no vehicle replacement fund, meaning that the rates have not been sufficient to fully fund operations.

Unfortunately, each contract is extremely specific and price varies depending on number of residences, routing structure, location of transfer station or landfill, etc. so it is difficult to provide more accurate projections without undertaking a formal bid process.

Recommendation 179: Prepare a detailed business plan and rate study outlining financial requirements to bring the City's refuse operation to competitive levels, identifying enterprise costs and potential cost savings of contracting out. A full examination of all costs and needs for the operation, including additional vehicles, software, staff, and more should be prepared so that a complete fiscal analysis and business plan can occur. Cost benefits of contracting out should also be considered including, for example, freeing up space in the fleet shop, which would provide room for the Fire Department's fleet needs and, thus, eliminate the need to build a separate Fire fleet maintenance facility elsewhere.

Recommendation 180: Prepare bid specifications for residential and commercial services and go out to bid under managed competition. To determine potential cost savings, the City should go out for a formal bid for services and see what results. Managed competition provides that in-house staff will also submit a bid and prove they are competitive with the private sector. Depending upon the results of this bid, the City can then make an informed choice whether to accept the bid or continue business as usual.

Recommendation 181: Establish procedures to link refuse billing to water department service. The City has an opportunity through its current linkage of residential billings systems and should tie continued provision of water service to payment for refuse services. If a customer does not pay for service, the City can move to shut off water service as well.

The City's street sweeping operation is currently located in Public Services within the special refuse fund and funding is provided through refuse rate collections. Moving funding from the General Fund into a user-funded rate is a best municipal practice in this area and should be continued.

At present the City performs all sweeping in-house and has six sweepers who sweep City streets on a once monthly basis. The Director has increased staffing by two positions and purchased a seventh sweeper in order to increase service levels to twice per month sweeping. A cursory comparison with Riverside and Glendale (communities of comparable population) shows that Glendale spends \$1 million on its street sweeping operations and Riverside spends \$1.5 million, which compares to \$570,000 spent in San Bernardino. In our experience, most cities do provide a higher frequency of service than one monthly and moving to twice monthly service is an improvement.

Unlike in many communities, San Bernardino does not have designated days for its sweeping operation. One tool to make the sweeping operation more efficient (and increase compliance with NPDES requirements) is to designate days on which parking is not allowed for certain streets (normally arterial or collector streets) so that they are free of vehicles for more thorough sweeping.

Recommendation 182: Designate restricted parking days for street sweeping operations and ticket offenders. By improving thoroughness of sweeping and ticketing parking offenders, the City improves NPDES compliance. Revenues from tickets would likely be cost neutral to pay for the parking compliance officer and associated equipment and vehicle.

Sewer Line Maintenance

The Public Services Department provides maintenance for the City's 500 miles of sewer collection lines utilizing a crew of 12 employees. The sewer maintenance special fund receives revenues from charges on customers' sewer/wastewater treatment bills; the FY06/07 budget was \$2.4 million as compared with projected revenues of \$3.3 million. As this program does not comprise a large amount of staff or budgetary resources at this time, it is not a prime candidate for outsourcing.

The FY06-07 budget amount of \$2.4 million is up from the previous three-year average budget of \$1.7 million and represents an increased investment in this operation. City crews hydrojet clean approximately 1.8 million feet of sewer lines each year and clear blockages. In 2006 the City purchased a camera truck and the crew is just beginning to perform video inspections of lines. New equipment to jet lines is budgeted in FY2006/07.

Most sewer line work is contracted out as part of the City's CIP program, but in-house staff replace about 50 feet per year. The Department's goal is to clean each line once per year with heavy use "hotlist" lines cleaned quarterly; progress toward this goal is unclear as collection of data has just begun in 2006. The Public Works Director was unaware of any condition assessment of the City's sewer lines in the past but noted plans to undertake an assessment in the future.

The Water Department Director expressed concern regarding the condition of the City's sewer lines. As noted earlier since the Water Department currently operates the Wastewater Treatment Plant, this report recommends that sewer line maintenance also be placed under the Department. However, because of the unknown condition of the infrastructure the City should determine what improvements are necessary so Water can understand what the current conditions are and plan accordingly.

Recommendation 183: Complete a condition assessment for the City's sewer lines. Sewer line deterioration is a common problem for older communities such as San Bernardino and can represent a significant unfunded liability. The City must determine the condition of its infrastructure to appropriately plan for its repair and replacement as part of the City's future budgets and capital improvement programs.

General Public Services Maintenance

Aside from refuse collection and sewer line maintenance, Public Services provide numerous general maintenance services to the City, including:

- Street repair
- Concrete repair (sidewalks, curb and gutter)
- Tree trimming
- Maintenance and repair of traffic signals
- Maintenance and repair of traffic signs
- Maintenance of City rights of way and general cleanup
- Streetlight maintenance and repair
- Drain maintenance

The street crew consists of 11 FTEs and repairs City streets, from filling potholes to overlaying. In the past 10 months approximately \$300,000 of work was contracted out and the Director is hoping to have the in-house crews perform more extensive work. The majority of pavement markings

are performed through a \$300,000 contract although in-house crews do some pavement marking work.

The size of this crew and the concrete crew appears to be undersized in comparison to other cities. Additional data should be collected in coming years to determine potentials for outsourcing but a hybrid approach (some in-house and some contracted) is the most common service provision method.

The concrete crew consists of three FTEs with a fourth position being filled soon. In the past, the crew concentrated its efforts on providing traffic control assistance to the streets crew but the new Director is redirecting them to perform concrete work on sidewalks and curb and gutter. The unit contracts for an additional \$275,000 of work per year and has a new division manager.

The tree maintenance crew consists of three FTEs including an arborist. This work unit is new, having recently been split out from the right-of-way (ROW) unit. Past practice was that the arborist managed the private contract for the City's trimming, but the unit is now performing in-house trimming of approximately 1,000 trees a year. The City's current \$300,000 contract with West Coast Arborist is an increase over past years of \$250,000 and represents increased focus in this area.

Currently the City trims trees on an eight-year cycle with elm trees being trimmed every four years. According to records for part of 2006, the crew trimmed an average of 140 trees per month and had emergency clean-ups of approximately 70 per month.

The traffic signal crew of five FTEs is responsible for the maintenance and repair of the City's 250 traffic signals and has a goal to visit each signal every 90 days. Not only does this crew service the City of San Bernardino, but it also provides service to the Cities of Rialto and Colton on a contract basis. According to data collected in 2006, the crew responded to an average of 59 signal calls per month on top of regular proactive maintenance work.

Unlike many of the other services, traffic signal maintenance and repair is a prime candidate for outsourcing. The City of Ontario, which has approximately 160 intersections, contracts for preventive maintenance and larger repairs of its signals. Total FY07 budget for this service was \$388,000, or about \$2,487 per signal. In comparison, San Bernardino has about 250 signals and spends about \$3,332 per signal based on total program expenditures less energy costs.

Recommendation 184: Contract for traffic signal maintenance. It is likely that a joint private contract shared with the cities of Rialto and Colton would result in even greater cost savings. A contract at rates similar to those in Ontario would result in savings to the City of over \$200,000 per year.

The two-person sign crew is now collecting workload data and the Director has allocated \$100,000 to start a sign replacement program whereby all street name signs will be replaced, with main streets serviced first. In the past, no inventory of common signs was kept, making repair and replacement a slow and costly process; this is now being corrected.

The City's right-of-way (ROW) maintenance crew of nine FTEs is unique in that it provides service with two crews of five and four FTEs working 9/80 work shifts. The ROW crew is supplemented by work release crews and works to clean City rights-of-way, pick up tires and illegal dumping, clear illegal signs, and trim problem trees and bushes, among other duties. Because this function is fairly small in size and acts as a "catch all" for the City, contracting out would be difficult to do and is not a consideration at this time.

The City has eight FTEs on the streetlights crew to maintain and repair the City's streetlights. There are 10,000 streetlights in San Bernardino, with 6,000 owned by California Edison and the remainder owned by the City. The streetlight crew now performs a monthly night survey of lights to note those needing repair or replacement, reports Edison's lights to Edison and repairs City-owned lights.

According to data collected in 2006, the crew repaired an average of 100 lights per month and reported an average of 78 lights per month to California Edison. In addition to streetlights, this crew also provides general lighting and electrical service to parking lots, parks, and regularly visits the City's 12 sewer lift stations to ensure proper operation. According to the Director, funds are in this year's budget to automate lift station monitoring which will eliminate the need for live crews to go to those locations unless alerted.

Streetlight repair and maintenance is a service that is often contracted out. San Bernardino is spending approximately \$643,000 a year (net of energy costs) for its streetlight repair and maintenance operation, which results in approximately \$161 per City-owned streetlight. In 2003 the City of Menlo Park, California, reported having 2,000 streetlights with annual in-house preventive maintenance costs of \$36,600 annually plus an additional \$39,900 spent per year on contract repairs not covered by preventive maintenance. The result is an average annual maintenance cost per streetlight of \$37.80, or 23% of the cost spent by San Bernardino.

Philadelphia, which has 100,000 street lights, spends \$3 million on all repairs and splits it between city forces and a contractor that works nights. Total average repair cost per streetlight (net of energy) is \$30 per year, 18.6% of the cost in San Bernardino.

Recommendation 185: Contract out streetlight repair and maintenance. A conservative estimate using similar repair and maintenance costs as in Menlo Park, California, would result in annual costs in San Bernardino of \$151,200, a savings of \$491,800 from current expenditures.

Public Services IT

Several challenges with technology are apparent in Public Services. In the streets maintenance section the division chief had recognized several service improvement possibilities. Operational cost savings might also be available. Unfortunately, it is impossible to tell because there is no way to determine that because, previously, all streets maintenance management has been done manually.

The department has a Computerized Maintenance Management System (CMMS) but the Public Service managers were all fairly recent to the organization. To their knowledge it has never been an effective tool for Public Services. This current CMMS is not known to us. There are a number of CMMS systems on the market and they vary widely in quality. To find one that is not effective is not surprising.

As part of the regional response to the National Pollutant Discharge Eradication System (NPDES) mandates, local agencies are licensing Cityworks CMMS. Cityworks is fairly new in the CMMS market but has a following among Public Works Departments. The regional program includes all hardware and system management services; the city connects in to the regional service through the Internet. According to Public Services, Cityworks will be available for any city purpose in addition to NPDES program management so they planned to use it. This is a tremendous opportunity to have use of this software for general purposes.

The only weakness in this plan is that Cityworks is dependant on GIS data. The GIS section in San Bernardino is only two people who also are responsible for email and file servers. This leaves only one FTE actually available for GIS work (most 200,000+ population cities will have 4-5 FTE dedicated to GIS). The most important GIS work has already been done, but it is likely that some elements will have to be completed to make use of the Cityworks CMMS for all of the infrastructure maintenance programs.

Public Services plans to do this project with the staff they have. We recommend that resources be made available as needed to complete the implementation of Cityworks and any training that is required. Maintenance is the third major expense category of any city after Police and Fire services so the potential for improved cost efficiency is great. The collection of data will require at least a year after the January 1st “go-live” date of Cityworks before any significant analysis will be possible but the least the city will derive from this is improved management of the

maintenance program if the commitment to implement and use the application is there.

The Refuse section of Public Services described some challenges they have managing dumpster deliveries and fee collection. They were interested in a computer application specifically for that purpose. Billing for that program is provided by the Water Department from the HTE Utility Billing module. IT staff believes further customization of HTE is possible to meet the need. They reported that HTE has already been customized to support delinquent bill collection but the Refuse section has not had enough free staff time to test the work or for training.

This difference of opinion between the IT staff and Public Services is the typical conundrum between using “add-ons” versus “best-of-breed” applications. We have been told the City Manager has ruled against a “best-of-breed” application. That does appear to be the best decision at this time. Both Public Services and IT have to embrace the decision and commit to making it work. Obviously, work must be done to deal with the dumpster management challenges and the situation may still never be ideal but workable. The first step at this point is to begin using the delinquent billing function which should produce a bit of uncollected revenue.

We are pointing out the delay in starting the delinquent billing program here because it is a recurring theme. As a rule, the staff in San Bernardino knows what to do, wants to do it but can't clear enough time from daily fire fighting to complete these strategic initiatives. This is similar to the Police Department's ownership of software that can make significant cost efficiencies but not being able to get the final tasks done to deliver on the promise. In some organizations, bureaucratic attitudes, turf issues, or a variety of other dysfunctional organization issues are the first suspicion. We do not believe that to be the case for either Police or Refuse, neither deserve any blame. Police has a large staff but a workload to overmatch it, all other organizational units are small relative to the service population. In this type of situation, enterprise level programs must be developed to allow the stuck projects to get past these last obstacles. We have suggested an entrepreneurial fund, but task forces, contract labor, temporary labor, outsourcing, or a combination of all can be effective. Unless something of the sort is done, it is likely many projects with savings or improvement potentials will continue to flounder.

Recommendation 186: Implement an effective Computerized Maintenance Management System in Public Services.

Recommendation 187: Provide support for the Refuse section of Public Services to implement its new delinquent billing process.

CONCLUSION

The objectives of this review were twofold:

- To examine all of the operations of the San Bernardino City government to identify opportunities for improvement, either in the way services are provided to residents or in the efficiency of the government
- To generate savings in operating costs.

Management Partners believes both objectives have been met.

There are many areas where the San Bernardino government performs well and uses best management practices. Management Partners found everyone who participated in this review to be eager to improve the performance of the government. The fact that the City decided to undertake this study represents a strong commitment to learning and improvement.

With this report as a guide, San Bernardino now needs to begin to reformulate and modernize the way it does business, leading to more productive operations. One of the strongest needs is for the City to recognize difficult and chronic fiscal distress that it faces. First priority should be to place the City on a stronger financial foundation.

San Bernardino also has an urgent need to invest in internal support services, facilities and equipment to support line operations.

Fortunately, the staff and elected officials of the City's government provide a rich foundation on which to build a new model. They understand that making the transformation from a jurisdiction rooted in old systems to a more modern operating profile is critical and urgent. The movement to a modified city manager form of government has improved accountability and created the incentive to look at the government as a whole.

We want to reiterate that while this review of City operations and issues focuses on management issues or practices where improvements can be realized, the report should *not* be read as a "report card" or assessment of the performance of the elected officials or staff. Every jurisdiction – just like any business or even individual – must change and improve over time. Now is San Bernardino's time.

We have identified numerous and extensive opportunities for the City to increase operational efficiencies save money and grow revenues to cover costs. These improvements are real and have a substantial multi-million dollar value, but it will take hard work to make the improvements, including fundamental changes in the ways in which the City does business. Yet in every case there are examples of other cities achieving similar results to what is recommended for San Bernardino.

The challenge to policy-makers and managers alike is big, both to make the decision to implement needed changes and to actually complete implementation. In preparing this report, however, we have remained true to the twin goals of identifying best practice improvement opportunities and reducing the cost of existing operations, but with a constant eye toward implementation.

Management Partners wishes to thank the Mayor, City Council, City Manager, Department Heads and all staff who participated in this review. We are confident that the management and employees of the City of San Bernardino can accomplish these changes. During our interviews we met many dedicated and loyal employees who have the best interests of the community at heart and who expressed energy and enthusiasm toward making these positive changes. We are confident that the City of San Bernardino is ready to harness this enthusiasm to move forward.

ATTACHMENT A – SUMMARY MATRIX OF SAVINGS

KEY TO NATURE OF CHANGE INDEX	Can be implemented by management with little or no policy change.	Requires significant policy changes	Requires significant policy and Charter changes
High dollar savings	A	C	E
Low dollar savings	B	D	

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
1	Develop a plan to modernize the current government organization by clarifying lines of authority and encouraging efficiency.					✓	Substantial but indeterminate	Moderate	Overarching theme of the report
1A	Amend the Charter to transfer the hiring/firing responsibility of appointed department heads to the City Manager.					✓	Substantial but indeterminate	Moderate	
1B	Centralize City support services such as finance, human resources and purchasing for all City functions – including those currently maintaining separate, duplicate functions - - to create new fiscal, efficiency and employee economies of scale.				✓		Substantial but indeterminate	Moderate	See details in subsequent recommendations

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
2	Consolidate all City financial functions under a single Chief Finance Officer.				✓		\$100,000	Low	Elimination of one management position. Compare org chart of City Finance with Water Department Finance and RDA.
3	Raise the real property transfer tax to the average level for charter cities in California.					✓	\$2,500,000	High	Average for charter cities in the State
4	Prepare and adopt a strategic plan for the government.		✓				Objective is management accountability	Moderate	Annual strategic planning will cost approximately \$50,000 for outside assistance
5	Create a directory of City Services and contact phone numbers and e-mail addresses for all City services.		✓				Objective is customer service	Low	Low cost customer service solution
6	Centralize City ombudsman /reception functions in the City Manager's Office.		✓				Objective is customer service	Low	Low cost customer service solution
7	Review the cost/benefit of investing in customer inquiry tracking software.		✓				Objective is customer service	High	Such systems can cost upwards of \$1,000,000 but result in vastly superior customer service satisfaction levels
8	Develop customer service protocols and provide customer service training for all employees.		✓				Objective is customer service	Low	Targeted annual training can be accomplished for \$25,000

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
9	Implement a formal management system for the government in which work plans are prepared annually, and processes are established for regular performance reporting between departments and the City Manager's Office.		✓				Objective is management accountability	High	One time costs to set up a system would be on the order of \$200,000 for outside assistance, and would require more staffing capacity in Manager's office
10	Implement a system of basic performance measures for each program.	✓					Substantial but indeterminate	Moderate	One time costs to set up a system would be on the order of \$100,000 for outside assistance, and would require more staffing capacity in Manager's office
11	Institute regular, periodic customer surveys for all City services.		✓				Objective is customer service	Low	An annual budget of \$25,000 would result in meaningful service improvements

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
12	Complete a thorough analysis of the City's purchasing, budget, hiring, and council agenda processes, and implement the resulting improvement programs.			✓			\$127,000 - \$225,000	Moderate	Productivity enhancement. To derive this estimate Management Partners made very conservative assumptions associated with productivity gains that would be associated with implementing a more contemporary purchasing policy allowing for higher approval authority and use of the Cal Card, streamlining of the budget process by moving to a two year process and eliminating position control at the City Council level in lieu of City Manager approval. The initial estimate of productivity enhancements was \$225,000, but this was lowered to \$127,000 after discussion with the City Manager and Finance Director. See Recommendations 25,34,35 and 104 for details
13	Combine and share support staff in the Common Council and Mayor's Offices.				✓		Minor	Low	Productivity enhancement
14	Transfer three support staff FTEs from Mayor's Offices to serve in the City Manager's Office and evaluate potential transfer of other professional staff.		✓				Minor	Low	Productivity enhancement
15	Implement a formal system to log and track requests for legal service.		✓				Objective is customer service	Low	Productivity enhancement

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
16	Prepare legal opinions on key issues in writing to departments, and provide all written legal advice (both in informal memo and formal memo form) on the City's intranet to provide access to all City staff.		✓				Objective is management accountability	Low	Provides more certainty to departments
17	Increase professional resources devoted to land use and development law by reallocating resources or adding staff within the City Attorney's Office.		✓				Objective is customer service	Moderate	Operational need
18	Collect workload data in a manner which can be shared publicly on all assignments to determine if the office workload justifies requests for more professional or paraprofessional staffing.		✓				Objective is management accountability	Moderate	Productivity enhancement
19	Prepare an annual Litigation Report that comprehensively analyzes and reviews outside counsel referrals and compares results to in-house options.		✓				Objective is management accountability	Moderate	Best practice

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
20	Implement a simple time tracking procedure for attorney staff to measure and charge for time spent on private development projects.		✓				\$38,000	Low	Management Partners had originally estimated a savings in staff time worth approximately \$152,000. After discussion with City Attorney staff this was lowered to \$38,000 to include only time spent on development projects
21	Invest in a software package for management of the Office workload						Objective is customer service	Low	Productivity enhancement. COMPLETED
22	Offer annual training on key topics and City Attorney's Office processes to user departments.		✓				Objective is customer service	Low	Service enhancement
23	Establish published turnaround time goals for key processes.		✓				Objective is customer service	Low	Best practice
24	Develop contractual language to be signed by at-will employees upon hiring which clarifies that performance evaluations will not change employment status.	✓					Substantial but indeterminate	Low	Best practice
25	Implement a two-year budget.		✓				Significant	Low	Savings included in Recommendation 12 Management Partners estimates this move will save approximately \$150,000 per year in staff time. San Bernardino Finance Department estimates minimal savings in the first year.
26	Establish and staff a single City centralized bad debt collections operation.	✓					Objective is customer service	Moderate	Best practice

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
27	Update the cost allocation plan every two years.	✓					\$200,000 - \$570,000	Moderate	The City has updated its cost allocation plan 2 or 3 times in the last 14 years. Best practice would be to do a detailed cost allocation plan every other year and to update this in the off years by application of a general price level index. Currently overhead costs are not fully included in fees for services. Management Partners estimates the gap ranges from 5 to 15 percent depending on the fee in question, and that additional revenues on the order of \$290,000 to \$570,000 would be realized. This lower estimate is a conservative figure that takes into consideration first year costs of implementation and other factors based on discussions with the Finance Department. This estimate includes \$150,000 annually from fees and \$50,000 in additional CIP cost transfers per estimates of City Manager. One-time costs to implement are estimated at \$50,000

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
28	Establish a policy and procedure to ensure that special revenues funds are self sufficient.				✓		\$113,000	Moderate	This recommendation is focused on the existing GF subsidy to three services (cable TV public access, a minor league baseball stadium and a soccer fields complex) that could either be made self-supporting or discontinued. It will take time to accomplish however due to existing contracts commitments. Nevertheless these services are not typically subsidized by general fund tax revenues. Presumes 20% reduction to Cable TV budget.
29	Adopt a policy establishing a reserve target.		✓				Objective is management accountability	Low	Best practice. Several good examples are available to draw from
30	Obtain an actuarial analysis of the City's other post employment benefit liabilities in accordance with GASB 45.		✓				Objective is management accountability	Moderate	Best practice
31	Create an Internal Service Fund for Facilities and establish charges to put the Fund on a self-sustaining basis.			✓			Substantial but indeterminate	High	Best practice. Outside assistance required to develop a methodology
32	Prepare a five-year maintenance plan, and a five-year capital replacement plan for city facilities.	✓					Significant	Moderate	Best practice and will require significant investment
33	Review all City properties to identify surplus property that can be disposed of.	✓					Significant	Moderate	See recommendation 53

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
34	Establish a policy for purchasing approvals that is consistent with best practices and prudent management.		✓				Minor	Low	Savings included in Recommendation 12. Productivity enhancement
35	Implement the use of Cal Cards or credit cards for authorized purchasers.			✓			Moderate	Low	Savings included in Recommendation 12. Productivity enhancement. Management Partners had originally estimated savings in staff time worth approximately \$90,000 based on 1,500 transactions per year. This was subsequently reduced to \$40,000 based on discussions with City Manager and Finance Director.
36	Adopt the best management practice of charging depreciation for facilities and equipment to city program budgets.		✓				Significant	Moderate	Best practice and will require significant investment
37	Explore shared financial systems for the Water Department and Finance Department when either has its next software upgrade.			✓			Substantial but indeterminate	Moderate	Productivity enhancement
38	Outsource the preparation of changes, updates and supplements to the City's Municipal Code and bring both the City Charter and Municipal Code to current best practices for local government.	✓					Moderate	Low	Productivity enhancement. Staff time savings net of contracting costs are roughly estimated at approximately \$35,000 per year based on discussions with the City Clerk.

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
39	Implement online business registration and paperless agenda processes.		✓				Objective is customer service	Moderate	Productivity enhancement
40	Transfer responsibility for business registration and inspection, and the associated staff, to the Finance Department.					✓	See Recommendation 49	Moderate	Productivity enhancement. See Charter Section 60
41	Reallocate some business registration staff to other Finance Department duties.			✓			\$85,000	Low	Staffing appears high for business registration relative to peer observations. Placement in City Clerk's office is also problematic in that related functions are in finance. Estimate based on freeing up two Acct 2 positions for other work in finance.
42	Determine the actual cost per business for the Business Registration and Inspection program and complete an analysis of full cost recovery from each type and size of business.	✓					Significant	Moderate	Best practice
43	Amend the City Charter to allow the municipal election cycle to consolidate with State and other elections.					✓	Significant	Moderate	See Charter Section 10
44	Utilize a portion of the savings from consolidating the municipal election cycle for marketing purposes for "get out the vote" efforts.			✓			None	Low	

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
45	Amend the City Charter to consolidate municipal primary and run-off elections into one election for City officers.					✓	\$269,000	Moderate	The last run-off election cost \$243,000, but the City found that results are not altered by having the runoff. Consolidation could save from \$26,000 to \$171,000 depending on the number of races. MP assumed consolidation would save only the lesser amount
46	Draft a plan to integrate all city records into a single document management system.		✓				None	High	Best practice and will require significant investment
47	Develop a plan to make scanned public records accessible on both the City's internal intranet and external internet website within an established timeframe.		✓				Objective is customer service	Moderate	
48	Implement an electronic index of documents on file.		✓				Objective is customer service	Moderate	
49	Implement an internal service fund to manage costs for facilities including depreciation and maintenance.	✓					Significant	High	Best practice and will require significant investment
50	Establish full-cost market facilities fees for City facilities.	✓					Significant	Moderate	Best practice and will require significant investment
51	Establish facility budgets to include a funded depreciation schedule and funding for cyclical repairs, including necessary administrative costs for managing the services.	✓					None	High	Best practice and will require significant investment

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
52	Contract out all custodial/janitorial services.			✓			\$75,000	Moderate	
53	Implement an asset management program.	✓					\$100,000	Moderate	Assumes sale of vacant fire station property only
54	Form a Vehicle and Equipment Committee or Fleet Advisory Board.		✓				Objective is customer service	Low	Best practice
55	Develop Service Level Agreements between Fleet Services and each of its largest customer departments.		✓				Objective is customer service	Low	Best practice
56	Designate a parking area for customers who bring their units in for service and a separate area for vehicles that have been serviced and are ready to be picked up.		✓				Minor	Low	Productivity enhancement
57	Implement a multi-level preventative maintenance program that is unique to each class in the fleet.		✓				None	Moderate	Best practice
58	Develop a pilot program that offers "fast lube" services (for "A" level preventative maintenance service) for customers who must travel significant distances to the shop facility		✓				Minor	Low	Productivity enhancement
59	Analyze and document the advantages of performing most of the Preventative Maintenance work on a swing shift.		✓				Objective is customer service	Low	Productivity enhancement

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
60	Reduce the City's fleet by 35 identified units and reassign 10 units as proposed.	✓					\$200,000 to \$416,000	Low	Detailed fleet study is appendix to the report. Management Partners believes the high end estimate is feasible.
61	Verify the take home mileage for each standby unit and number of callouts.		✓				Minor	Low	Best practice
62	Re-evaluate the use of daily take home units and develop policy and guidelines that reflect standards for take home units.	✓					\$75,000 to \$158,000	Moderate	Best practice. Shown on range based on input from City staff. Estimate based on mileage attributed to vehicles driven more than 26 miles round trip.
63	Encourage use of personal vehicles.		✓				Minor	Low	Best practice
64	Develop employee guidelines and policy that support the most economical means of transportation.		✓				Minor	Low	Best practice
65	Eliminate the Central Motor Pool and replace with rental cars.		✓				Minor	Moderate	Best practice
66	Eliminate five sedans (units 387, 355-96, 355, 356, 345C) from the shop loaner pool, and replace with two compact pickups and one cargo van (unit 1200 from library, unit 363 from finance, unit 588 from city clerk). Transfer the flat bed truck (unit 393) from the pool to the heavy equipment pool.	✓					\$15,600	Low	Better match of equipment for operational needs and limits number of vehicles to be maintained. Estimate is cost avoidance and one-time surplus revenues (\$2,800)

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
67	Negotiate rental agreements with local rental car agencies for vehicles to be used to augment the fleet management pool when units are out of service due to extensive repair work or for peak needs.		✓				Minor	Moderate	Best practice
68	Monitor the use of the shop loaner pool units during the next year to determine the best mix and number of units to offer.		✓				None	Low	Best practice
69	Negotiate rental agreements with local heavy equipment rental agencies for equipment to be used to augment the heavy equipment pool.		✓				None	Low	Best practice
70	Monitor the use of the central heavy equipment pool units during the next year to determine the type and number of units required.		✓				None	Low	Best practice
71	Add one (1) FTE Storekeeper position.		✓				Objective is customer service	Moderate	Operational need exists. Cost is estimated at \$50,000 per year
72	Develop a parts markup that reflects the true cost of providing this service.		✓				Minor	Low	May lead to more outsourcing

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
73	Transfer all parts supervision duties from the Administrative Operations Supervisor to the Equipment Maintenance Supervisor.		✓				Objective is customer service	Low	Operational need exists
74	Levy a service charge on fuel transactions in which more than one vehicle is fueled from one key.		✓				Minor	Low	Objective is management accountability
75	Develop a sublet markup that reflects the true cost of providing sublet service.		✓				Minor	Low	May lead to more outsourcing
76	Develop a charge-back system that incorporates fleet replacement, overhead and all operational costs.		✓				Minor	Moderate	May lead to more outsourcing
77	Perform an activity-based costing analysis of the fleet operation.	✓					Objective is management accountability	Moderate	One time costs to implement of approximately \$50,000, but will lead to vastly improved decision making
78	Include in the Fleet Management Information System Request for Proposals the capability to track performance measures, effectively monitor and manage the Fleet Management function, and design reports that will capture information that supports those measures.		✓				Objective is management accountability	Moderate	Best practice

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
79	Develop a methodology to support the replacement of vehicles and equipment based on the optimum economic life of a unit.	✓					Objective is management accountability	Moderate	Best practice
80	Develop an accounting methodology that credits the Vehicle Replacement Fund with salvage revenues and interest earnings and that incorporates auction fees and make-ready costs.		✓				Minor	Moderate	Best practice. Requires change to Municipal Code
81	Reinstate the process of City Departments setting aside funds on a regular basis for replacing their vehicles and equipment.		✓				Minor	Moderate	Best practice. Some departments have continued to do this
	Recommendations 82 – 89 apply to the Water Fleet								
82	Hold a meeting between the City of San Bernardino Fleet Services Division and San Bernardino Water Department Fleet Services to explore ways in which to piggyback with the City on commercial contract fleet services.	✓					Substantial but indeterminate	Low	Best practice

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
83	Develop a shop labor rate at the Water Department Fleet Services, along with markups for parts, sublet and fueling services.		✓				None	Low	Best practice
84	Develop a chargeback system that incorporates fleet replacement, overhead and operational costs.		✓				Minor	Moderate	Best practice
85	Develop an overall comprehensive and clearly defined fleet maintenance policy in the Water Department.		✓				None	Low	Best practice
86	Form a Vehicle and Equipment Committee or Fleet Advisory Board for Water Department Fleet Services.		✓				Objective is customer service	Low	Operational need exists
87	Develop Service Level Agreements between Water Department Fleet Services and each of its largest customers.		✓				Objective is customer service	Low	
88	Establish a vehicle/equipment replacement fund in which customers contribute to the replacement cost of their units over time.		✓				None	Moderate	Best practice

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
89	Conduct a utilization study of the Water Department fleet in which the need for each vehicle is assessed.	✓					\$50,000 to \$109,000	Moderate	Based on scaling results of City fleet analysis to Water fleet yields a total cost savings of \$\$109,000. \$19,600 in surplus revenues and \$89,400 in cost avoidance. Range is per City staff input.
	Recommendations 90 – 96 apply to the Fire Fleet								
90	Hold a meeting between the City of San Bernardino Fleet Services Division and the Fire Department Fleet to explore ways in which to piggyback with the City on commercial contract fleet services.	✓					Significant	Low	Take advantage of economies of scale
91	Develop a shop labor rate along with markups for parts and sublet services.		✓				Minor	Low	Allows for full cost recovery
92	Develop a comprehensive and clearly defined fleet maintenance policy.		✓				None	Low	Best practice
93	Incorporate heavy equipment into the City's vehicle/equipment replacement fund.		✓				None	Low	Best practice

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
94	Centralize the fleet management function by merging the Fleet Services, Water, and Fire fleets.	✓					Significant	High	Productivity enhancement and take advantage of economies of scale. Utilization analysis of Fire light duty fleet should yield savings equivalent to found in City-wide analysis. A total of \$24,020 for Fire fleet
95	Create an IT governance committee.		✓				None	Low	Best practice
96	Establish IT enterprise standards.		✓				None	Moderate	Take advantage of economies of scale
97	Create a long-range IT capital plan.		✓				None	Moderate	Best practice and take advantage of economies of scale
98	Establish an entrepreneurial fund for loaning start-up capital to IT and line departments for use in automation projects that deliver staffing or other cost reductions.		✓				Minor	Low	Cost of from \$75,000 to \$150,000 but proven potential to discover significant savings
99	Consolidate the duties, responsibilities and resources (including funding and staff) of the current Civil Service Administration and Human Resources Department into a single Human Resources Department.			✓			Objective is management accountability	Moderate	Eliminate redundancies and enhance productivity. The CSB was created in 1924, and rule regarding functioning last amended in 1958. City Manager should be given authority to approve new hires.

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
100	Consolidate human resources duties, responsibilities and resources (both funding and staff) of the Library, Water and Economic Development/Redevelopment Departments into the consolidated Human Resources Department.			✓			Significant	Moderate	Eliminate redundancies
101	Establish a procedure for Departmental review and sign off on matters affecting job design and the hiring process.		✓				Objective is management accountability	Low	Best practice
102	Establish a procedure to keep the City's Position Control Register updated.		✓				Objective is management accountability	Low	Best practice
103	Complete a citywide training needs assessment and training development plan. Develop programs to meet the assessed training needs of the City government.		✓				Objective is management accountability	Low	Best practice
104	Update the City's existing fees for service and internal service charges to fully recover applicable costs for this new internal service to City departments.	✓					Significant	Moderate	Allows for full cost recovery
105	Develop and implement a plan for training the trainers.		✓				Objective is customer service	Low	Best practice

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
106	Establish a procedure to assure that every person appointed to a supervising position is appropriately trained.		✓				Objective is management accountability	Low	Best practice
107	Determine core competencies of management and establish a professional development plan on an annual basis as part of the employee's performance plan.		✓				Objective is management accountability	Low	Best practice
108	Institutionalize the new citywide safety program to include an annual work plan with identified priorities and a designated City Safety Officer to establish accountability for the program.		✓				None	Moderate	Best practice
109	Institutionalize the new City Safety Committee to guide the City safety program and to review workplace accidents and injuries.		✓				None	Low	Best practice
110	Complete an analysis of the requirements to reduce City liability as a result of defective infrastructure.		✓				Minor	Low	Best practice
111	Obtain competitive bids on administering the City's workers' compensation program to determine the most cost-effective service – in-house or otherwise.			✓			\$100,000 - \$150,000	Moderate	Best practice. Observation at other similar cities indicates outsourcing could save San Bernardino \$100,000 to \$150,000 per year.

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
112	Identify the impact of Charter or other institutional provisions that limit the ability of the Mayor and Common Council's ability to manage and prioritize spending.					✓	Significant	Moderate	Best practice
113	Modify the labor negotiation process to communicate more with department management regarding specific terms throughout the process, from beginning to end.		✓				None	Low	Best practice
114	Obtain a state-of-the-art management information system for the human resource application.		✓				Objective is management accountability	High	Best practice and take advantage of economies of scale
115	Research and implement procedures and obtain state-of-the-art systems to accept employment applications electronically.	✓					Objective is customer service	Moderate	Best practice
116	Update the City's existing fees for service and internal service charges to fully recover applicable costs for the new technology.	✓					Significant	Moderate	Best practice and take advantage of economies of scale
117	Review salaries for civilian personnel.				✓		None	Moderate	Best practice and acute operational need

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
118	Increase capacity of existing sworn personnel by hiring additional Community Service Officers (CSOs).	✓					\$210,000	Moderate	The City hire not less than a ratio of one non-sworn employee to support each two new sworn officers hired. This would change the Hiring Plan to result in 33 new sworn and 17 new non-sworn (CSO) personnel. Such a change would result in one-time training and equipment savings of \$301,000 and ongoing salary savings of \$210,000 per year.
119	Purchase seven new police vehicles to ensure full coverage.	✓					\$100,000 to \$165,000	Low	We assume these vehicles will allow for an additional 4600 beats per year that are currently not worked as planned because of lack of patrol vehicles. (Instead officers double up or perform desk duties.) We further assume that doubling up or doing desk work is only 50% as effective from a policing standpoint as actually being deployed in an individual patrol unit. This equates to the loss of \$590,000 in productive patrol time. From this annual amount we subtract the cost of 10 vehicles to get the \$165,000 in first year savings. Out-year savings will be greater. Range is per City staff. This recommendation has already been partially implemented.

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
120	Create a staffing plan to enhance internal civilian support in the Police Department.		✓				None	Moderate	Productivity enhancement
121	Place district operations sergeants in control of each district command and move the lieutenant district commanders elsewhere.	✓					None	Low	Sergeant level is appropriate for duties and supervision responsibility. Done via attrition
122	Move the Crime Analysis Unit from Investigations to the Executive Staff and focus its work solely on provision of crime maps and trend analysis in the prevention of crime.	✓					None	Low	Productivity enhancement
123	Reorganize the Special Enforcement Bureau into its own Division headed by a Captain.		✓				None	Low	Operational need
124	Update the City's false alarm ordinance on both free false alarm responses and fees.	✓					\$81,100	Low	Assumes 50% drop in call volume and increase in productivity on "real work"
125	Complete implementation of Tiburon Automated Report System in the Police Department.	✓					Significant	Moderate	Productivity enhancement

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
126	Undertake discussions with the San Bernardino County Sheriff and County Fire about consolidation of City police and fire dispatch operations, respectively.			✓			\$250,000	Moderate	Moreno Valley (population 180,000) found that doing dispatch internally as opposed to contracting with the County had an additional cost ranging from \$500,000 to \$1 million depending on how staffing was configured and capital improvement costs. We have assumed a savings of only \$250,000.
127	Review current dispatch procedures as an interim measure, and improve coordination and cross-training between the City's Fire and Police dispatchers.		✓				None	Low	Operational need
128	Lead the effort to build a regional animal control facility with participation from the County and local cities.		✓				Moderate	Moderate	Operational need
129	Conduct a review and modify the Base Rate for AMR services.	✓					\$51,000	Low	Application of increase in CPI since 2001
130	I Increase the ALS fee at least to that level levied in 2003 to grow revenues by approximately \$207,000 per year.	✓					\$207,000	Moderate	Allows for full cost recovery
131	Establish and charge a fee for City Fire response to non-residents involved in incidents on the freeway.		✓				Minor	Low	

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
132	Implement a light duty program for fire-fighters.	✓					\$75,000	Moderate	Most larger fire departments have a limited duty program for injured personnel. In the City of San Bernardino participation in any such program is voluntary. Interviews with Fire Department mgt in San Bernardino and other cities show that they believe a limited duty program can cut to costs by requiring fire staff to work at jobs they can do (but may not like as much as being on the line) while recuperating from injury. Huntington Beach has such a program and has somewhat lower OT costs per firefighter. Estimate is in first year savings only. In time it could be as much as \$700,000 per year
133	Implement a false alarm fee for false fire calls for service.	✓					\$62,000	Low	Application of recommendation to LB to SB scaled to population
134	Review and clarify EOC activation policies and procedures.		✓				None	Low	Operational need
135	Institute a cost-recovering Inspection on Sale Program.	✓					Significant – approximately \$169,000	Moderate	Allows for full cost recovery
136	Institute a Redevelopment Agency program to improve and rehabilitate structures in redevelopment project areas.	✓					Substantial but indeterminate	Low	Productivity enhancement and take advantage of economies of scale

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
137	Establish a repayment agreement between the EDA/RDA and the City in order to recover the City's startup costs and investments in the startup area.	✓					Substantial but indeterminate	Moderate	Best practice
138	Establish and implement clear guidelines requiring special events to either cover their costs, including staffing, or be subsidized at a rate determined as a matter of policy.		✓				Minor	Low	Allows for full cost recovery
139	Update the City's existing fees for service and internal service charges to fully recover applicable costs for the provision of plan check services and landscape assessment district administration.	✓					Significant – Approximately \$168,000	Moderate	Allows for full cost recovery
140	Complete the agency self-assessment developed by the National Committee on Accreditation for Park and Recreation Agencies.		✓				None	Moderate	Best practice

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
141	Clarify and strengthen the City's policy on the use of development agreements to gain dedications of land for park sites and open space in new development areas, and to gain funds for the expansion of the City's open space in already developed areas.		✓				None	Low	Best practice
142	Establish clear guidelines that define the level of maintenance services that will be provided to the City's parks and open spaces.		✓				None	Moderate	Best practice
143	Require new residential developments form Community Facilities Districts (CFD) for neighborhood parks maintenance.			✓			\$200,000	Moderate	This will provide the Parks Division with the resources to maintain new neighborhood parks at a desirable level. This should be done as soon as possible to ensure that new residential developments are required to participate. For every 1,000 residential units developed in new tracts, the CFD could expect to generate an estimated \$100,000 to \$200,000 annually to pay for park maintenance and avoid that obligation for the general fund.

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
144	Conduct a user fee study to analyze the actual cost of park and recreation services (including related overhead) and evaluate the appropriate level of cost recovery for each service.	✓					Substantial but indeterminate	Moderate	Allows for full cost recovery
145	Adopt an appropriate revenue recovery policy for San Bernardino recreation programs and services.	✓					\$19,000	Low	The City currently gets a very small revenue from rec fees. Implementation of industry standard level fees should generate up to \$500,000. Probably not possible immediately. This is a small first step goal.
146	Adopt a policy that encourages hiring contract services in development services to augment baseline staffing		✓				None	Low	Best practice
147	Recover full cost -- including overhead -- when a developer is allowed to use a contract professional.	✓					Minor	Low	Best practice
148	Establish future budget plans for development services activities that are sensitive to economic changes with a conservative baseline of staffing to address a reasonably sustainable workload.		✓				None	Low	Best practice

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
149	Calculate appropriate fees and add them to fee resolution policies to fix under-collection and non-collection of Parks fees issues	✓					\$60,000	Low	Allows for full cost recovery
150	Establish procedures to ensure that services provided to Parks Division for special district functions are fully accounted for in the budget of the districts and costs are recovered to offset expenditures.		✓				\$30,000	Low	Allows for full cost recovery
151	Complete a process analysis of the role of Parks in private development plan checks and inspections to eliminate duplication of effort and inefficiency.	✓					\$120,000	Low	This will free up equivalent of two FTE for park programs
152	Establish procedures to ensure that fees for special districts formed are based upon sound cost estimates and verified annually.	✓					Significant	Moderate	Best practice See Recommendation 142
153	Establish procedures to ensure that each of the special districts has an adequate financial reserve for future capital replacement.	✓					Significant	Moderate	Best practice
154	Reorganize the special district program and outsource assessment district management.	✓					Significant but indeterminate	Moderate	Coordinate with Recommendation 153

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
155	Adopt a policy ensuring lighting and medians are included in a special district whenever feasible.	✓					Significant	Moderate	Allows for full cost recovery
156	Conduct Proposition 218 elections to increase assessment district fees to recover actual costs.			✓			Significant	Moderate	Allows for full cost recovery
157	Authorize the hiring of an additional Deputy City Manager or Assistant City Manager whose primary role will be to manage development services.			✓			None	Low	Productivity enhancement
158	Initiate pilot programs for City work planning, performance measurement and customer satisfaction surveying in Development Services.	✓					Moderate	Low	Operational improvement
159	Reclassify the Senior Engineer position that manages the Traffic Engineering function to a Traffic Engineer position.		✓				None	Low	Operational improvement
160	Reclassify the Senior Engineer position that manages the Land Development/Plan Check Division to Principal Engineer position.		✓				None	Low	Operational improvement

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
161	Divide the responsibilities in the Real Property division so that the Assessment District functions are lifted out, and a new division to oversee and administer assessment districts is created.		✓				None	Low	Operational improvement
162	Complete an analysis of the actual cost of development services so that fees can be established to recover costs.	✓					Significant	Moderate	Allows for full cost recovery. See recommendation 27
163	Update the city's cost allocation plan to account for the fact that certain significant costs, including depreciation, may not be included within the overhead costs.	✓					Significant	Moderate	Allows for full cost recovery See recommendation 27
164	Adopt a policy to update the fees on an annual basis.	✓					Significant	Low	Allows for full cost recovery See recommendation 27
165	Prepare a model to guide the efforts to estimate fees and document the rationale for the estimates.	✓					Significant	Moderate	Allows for full cost recovery See recommendation 27
166	Insure that permit fees include the cost of technology and advance planning.	✓					\$79,000	Moderate	This will require an increase in planning fees.
167	Prepare the CIP in conjunction with or prior to the operating budget.		✓				None	Moderate	Best practice
168	Provide a fiscal staff person to either finance or PW to assist with the development of the CIP.	✓					\$125,000	Moderate	Best practice. This estimate includes only paid leave costs currently defaulting to the General Fund.

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
169	Complete process improvements and / or outsourcing to increase project delivery by at least 10%.	✓					\$212,000	Moderate	Currently the city is spending only about 28% of the monies budgeted for capital expenditure in a given year.
170	Authorize design-build contracting*					✓	\$1,000,000	High	Based on university study that found design build is 6% less costly than traditional bid, applied to projects that seem amenable to design build in City CIP. Cost savings may be as high as \$5 million based on current CIP.
171	Enact a Charter amendment to place the Library Department under supervision of the City Manager.			✓			Significant	Moderate	Take advantage of economies of scale
172	Adopt a clear policy regarding the future growth of Library Services, including a policy statement addressing an adopted level of service for existing Library services vs. the addition of new Library services.				✓		None	Moderate	Best practice
173	Create a Library Master Plan that addresses future funding for both capital and operational expenses for any new library facilities.				✓		None	Moderate	Best practice

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
174	Dedicate any state of California Library monies received by the City for purchase of materials and/or inventory scanners and RFID tags.				✓		None	Low	To catch up for lack of materials. This is underway
175	Explore facility-sharing opportunities with the School District.					✓	None	Low	Best practice and creates opportunity for grant funding
176	Reduce the number of standalone library branches once the number of shared facilities has increased to serve the population.					✓	\$300,000	Moderate	It is assumed that closing two branches will save \$150,000 each. This money to be reinvested in library services to achieve a more satisfactory level of service
177	Establish formal, collaborative relationships between the Library Department - and its Literacy Center - and compatible City departments for City crime prevention, economic development and workforce development efforts.			✓			None	Low	Best practice
178	Reorganize to place responsibility for sewer line maintenance under the Water Department.				✓		Significant	Moderate	Take advantage of economies of scale

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
179	Prepare a detailed business plan and rate study outlining financial requirements in order to bring the City's refuse operation to competitive levels, identifying enterprise costs and potential cost savings of contracting out.			✓			None	Moderate	Best practice
180	Prepare bid specifications for residential and commercial services and go out to bid under managed competition.			✓			\$300,000	Moderate	We assume that the city achieves efficiencies equivalent to Riversides contracted service for only 20% of total residential service
181	Establish procedures to link refuse billing to water department service.		✓				Minor	Low	Allows for full cost recovery
182	Designate restricted parking days for street sweeping operations and ticket offenders.		✓				Minor	Low	Best practice
183	Complete a condition assessment for the City's sewer lines.		✓				None	High	Best practice
184	Contract for traffic signal maintenance.			✓			\$200,000	Moderate	Based on contract rates in Ontario.
185	Contract out streetlight repair and maintenance.			✓			\$492,000	Moderate	Based on contract rates in Menlo Park
186	Implement an effective Computerized Maintenance Management System in Public Services.	✓					Significant	High	Best practice

	Recommendation	Nature of Change							Explanation / Comments
Rec No.	Recommendation	A	B	C	D	E	Positive Fiscal Impacts	Magnitude of Investment to implement	
187	Provide support for the Refuse section of Public Services to implement its new delinquent billing process.	✓					Significant	Moderate	Operational need. Coordinate with recommendation 26

ATTACHMENT B – EMPLOYEE FOCUS GROUP RESULTS

Background

As part of Management Partners' organizational review of the City of San Bernardino, we held eight focus groups involving 111 employees from a cross-section of City departments. Each focus group lasted 1.5 hours. We selected employees at random from within a grouping of departments by topical area. The eight focus groups were grouped as follows:

- Police
- Finance/Information Technology/Custodial
- Development/Code/RDA
- Mid-Managers
- Fire
- Public Services/Utilities
- Libraries/Parks/Cable TV/Animal Control
- Elected Officials/City Manager

Each focus group was asked the same five questions to broaden Management Partners' understanding of employee concerns, and to identify process improvement and cost savings opportunities.

Some general themes did arise across most groups and these have been summarized separately. In addition, actual responses from each focus group have been provided to illustrate issues within each of the above areas.

Please note: no editing has occurred for repetition or content. The information provided in this report accurately reflects notes taken during the focus group meetings.

This information served to increase the knowledge base and inform Management Partners' study. The information is valuable and confirms (or not) other information obtained through interviews and data gathering, as part of the organizational review project.

Management Partners wishes to thank the City Manager's staff for its assistance in setting up and organizing these focus groups, and to thank all employees who participated. Their honest input truly helped improve our review.

GENERAL THEMES

The following themes were identified as arising in all or most of the eight employee focus groups.

- The purchasing system needs reform.
 - Departments are required to gather bids for jobs even when they have an existing relationship with vendors, and low bids often yield lower quality service or merchandise.
 - The purchasing process requires too many approvals.
 - Many vendors will not do business with the City because the vendors do not accept purchase orders.
 - Other vendors will not do business with the City because of very slow payment. Small businesses in particular are heavily impacted by slow payment due to cash flow issues.
 - Purchases of \$25,000 or more must be voted upon by the City Council, despite the fact the City has a City Manager who reports to the council; approval authority is too low
 - The Payroll Department is insufficiently staffed.
- The policy of preferring in-City vendors is a problem.
 - The policy is unclear. A specific percentage should be set based upon the tax revenue an in-City sale generates for San Bernardino.
 - As noted, many vendors refuse to do business with the City.
- The hiring process takes too long.
 - Jobs cannot be posted until the person holding the job has officially left.
 - Once the interview process is completed, weeks can pass before a job offer is extended. Often the best/ favorite candidate is no longer available.
- The phone system is insufficient.
 - The public does not have accurate information on which departments to call for certain services.
 - City employees also do not have accurate information on which departments to call for certain services.
 - There is no single service phone line for related functions, let alone the entire city.
- The city's pay is not commensurate with surrounding municipalities. This causes:
 - Low morale
 - High turnover
 - San Bernardino acting as training ground for surrounding governments

- The agenda process is cumbersome, complex and takes too long
- Need for more educational and training reimbursements
- There is a divide between management and line employees; managers do not respect employees nor provide positive leadership
- The payroll system is manual, cumbersome, and should be automated
- The City is understaffed in all departments except Police and Fire (Fire believes it is also understaffed)
- Equipment is outdated. Maintenance, repair and lost productivity due to downtime are possibly more expensive than buying new equipment.

FOCUS GROUP #1: POLICE

The following responses were received.

Question #1: Thinking about your job and the way you do business, in which specific processes do you feel there are redundant steps, excessive approvals and/or micro-management?

- The City needs proper screening of phone calls from the public.
- The City does not micromanage police officers.
- There is not enough equipment, especially squad cars, for the officers.
- Payroll takes too long.
- Captains are competitive, causing problems for the organization as a whole.
- Equipment is outdated and phasing in new equipment takes too long.
- New equipment breaks down.
- Redundancy, particularly in booking process, keeps less cops on the street.
- Vehicle release procedures need to be streamlined.
- Department needs a computer professional who can make everything work properly.
- Department needs automated phone services.
 - Phones are often not answered promptly.
- PR work cuts into policing.
- Bureaucracy - officer has a good idea, but by the time it's implemented, it's been changed.
- Make forms more computerized, less carbon copies, redundancy.
- Top management doesn't delegate enough.
- Repetitive data entry, but little access to information.
- Call signs change night to night, making identifying arresting officers after the fact difficult.
- Equipment maintenance, particularly auto, should be outsourced.
 - Only one mechanic in auto yard
 - There are long waits for maintenance as simple as oil changes.

QUESTION #2: If you had to find ways to save money for the City, what would you recommend? Where can the City save money without negatively impacting our customers?

- Cut library. It's mostly online.
- Finance parks more through private funding/ donations.
- Cut frivolous purchases, such as town beautification, electronic announcement boards (which is usually broken), etc.

- Stop attempt at international airport. SB doesn't have the population to support one. Cargo transport would be a better use of money.
- More in-house hiring.
- Don't keep unqualified candidates in hiring process even after determining they're unqualified.
- Charge appropriate impact & development fees.
- Outsource trash & recycling.
- Too much involvement & resources used for some calls -- smaller vehicles, fewer people.
- Make property owners liable for tenants' actions.
- Crossing guards could be non-PD. Currently, school district partially reimburses for PD crossing-guards.

QUESTION #3: In what specific ways can we most improve service to our customers? How can we better meet customer needs?

- Quicken response times, additional staffing.
- Better cross-training within departments
- Automated phone system
- Increase in support personnel
- Instead of hiring 40 new officers, hire 40 new CSO's.
- More officer training & support
- Use senior officers for patrol training.
- Stop forwarding to PD in which PD does not have jurisdiction
- Special events should pay for fire/PD/paramedics to be there.
- Have citizens rather than officers fill out certain forms.
- Eliminate TC reports and excess/outdated duties
- Ensure police have the equipment to do the job.
- Public education as to what police can & can't do

QUESTION #4: How is communication in the City? Between management and line staff? Between departments? Are new/different ideas valued?

- Communication is lacking.
 - People are intimidated.
 - People are not represented and won't represent themselves (because they're intimidated).
- Have liaison with Mexican and other consulates.
- Have resources for hearing impaired.
- Communication between Mayor and department heads is good, but Mayor to lower levels isn't good. Conflicting info and complaints to Police about non-PD matters comes down.
- Incorrect lines of communication from the Council to PD exist. Council calls chief, instead of dispatch, thereby causing a slower response and tying up the chief with issues that can and should be handled (and would be better handled) by lower-level employees.

- Communication with other departments isn't good.
- Officers get no feedback from detectives on disposition sheets.
- Top managers need to be more involved with rank & file.
- There is no room for debate when decisions are made.
- PD is not getting updates when enroute to calls.
- Officers don't have contacts in the City for non-PD issues.
- The City needs cross-training.
- There's no action on problems raised at forums.
- Solutions are not communicated from upper management.

QUESTION #5: How can the City Council, Mayor and City Manager better support you in your work? What would you like to see from them?

- The Mayor and Council are welcome at PD meetings.
- More real ride-alongs for Council, Mayor, and senior staff. Current ride-alongs are "cherry-picked" and not representative of what officers really face.
- More unannounced drop-ins from Council, Mayor, and senior staff
- City and council should be proactive instead of reactive. They should go after problems, not symptoms, and stop handling everything with Band-aids instead of cures.
- Not just listen, but follow up on issues brought to them by public and PD.
- Don't just provide new cops, also provide support staff

FOCUS GROUP #2: FINANCE/IT/CUSTODIAL

The following responses were received.

Question #1: Thinking about your job and the way you do business, in which specific processes do you feel there are redundant steps, excessive approvals, and/or micro-management?

- Mid-management approval is a stumbling block.
- Policy dictates materials be bought piecemeal, while purchasing in bulk would be more cost effective.
- Relatively small purchases require excessive approvals, particularly in IT where equipment is expensive relative to other departments.
- Three-bid process precludes relationships with vendors and favoring quality.
- Can't get info from other departments.
- Even after the budget is approved, the process requires you justify budgeted purchases.
- Many companies don't accept purchase orders. Employees paying themselves and getting reimbursed is easier.
 - Either give more approval purchasing authority or get credit cards.
- There is no single point of contact for IT Help Desk.
 - Remind about Links system

QUESTION #2: If you had to find ways to save money for the City, what would you recommend? Where can the City save money without negatively impacting our customers?

- Centralized decision-making on applications approval.
 - Foster shared software
- Ensure City is charging for all services to other agencies (e.g. water)
- Watch increase in fixed-asset spending at year-end.
 - Didn't need it all year
- The City spends on hardware maintenance when IT systems get too old, rather than buying new equipment that would be cheaper to maintain and increase productivity.
- Revenue sharing with provider of deferred compensation.
- Utilize open source/ free software.
 - Use free office suites that are 99% compatible, rather than paying for MS Office.
- Limit software purchases. 98% of employees use only 2% of the software packages.

- See if in-house is cheaper than outsourcing. Add more positions to internal service to take burden off departments. Hire inside people for services currently performed by consultants.
- Put City phone book online. It would be cheaper and more accurate.
- Better collections for bills and bad debt.

QUESTION #3: In what specific ways can we most improve service to our customers? How can we better meet customer needs?

- More staff- staffing levels are dropping while work is increasing.
- Lobbies need chairs and waiting areas.
- Revamp the IT help desk.
- Automated work order system for custodial and maintenance staffs.
- Put more forms online.
- Increase purchasing levels
- Intranet server for general city use.
- More cross-training.
- Quarterly training for new employees on services and procedures.
- Improve phone system and add voice mail.

QUESTION #4: How is communication in the City? Between management and line staff? Between departments? Are new/different ideas valued?

- Staff meetings would help communication between management and workers in some departments.
- Departments don't communicate with each other.
- Daily calendar with information on who is on what assignment.
- Meetings should be more succinct and on-target.
- Open door policy would make meetings less necessary.
- More general information should be distributed and less information should be considered "need to know."
- Keep departments trained and updated on our precedents.
- No action or follow up on ideas.
- Communication good at lower levels, but they need help at the top.
- Have staff update each other at meetings.

QUESTION #5: How can the City Council, Mayor and City Manager better support you in your work? What would you like to see from them?

- Don't be so demanding; want their issues now, superseding existing priorities and the triage process.
- More understanding of what people do.
 - Come to meetings and team training

- Trust department heads' advice/ decisions. The Council et al. often need to be convinced that necessities are needed.
- More attention to the departments that aren't Police or Fire
 - Same raise schedule
 - Compare staff salaries with like cities, not cities like Moreno Valley

FOCUS GROUP #3: DEVELOPMENT/CODE/RDA

The following responses were received.

Question #1: Thinking about your job and the way you do business, in which specific processes do you feel there are redundant steps, excessive approvals, and/or micro-management?

- Tracking of projects in development services
 - More info to public
- Lack of communication results in mistakes and redundancies.
- More cross-training/ info about what departments do
- Limits on Permits Plus software
 - Need a system where one system/ screen will have all relevant info
- Nextel equipment doesn't work well in the SB area.
- Budget rules aren't flexible enough, keeping managers from spending on priorities
- Daily maximum for building & safety inspections
- City contracts out at costs above keeping things in-house.
- The City should have a central dispatch people can call.
- Code enforcement jobs/ duties should be more clearly defined.
- It's hard to get people in the office to answer simple questions.
- Employees have to contact two people when calling in sick.
- Public is educated as to which departments provide which services.
- Coordination within department is weak regarding application tracking
- Department is way behind in technology
- The department needs a training program.
 - Training is conducted by the wrong people.
 - Cross-training would be beneficial.

QUESTION #2: If you had to find ways to save money for the City, what would you recommend? Where can the City save money without negatively impacting our customers?

- Keep experienced staff instead of hiring new people or contracting out.
- Pay employees more to attract and keep experienced and quality workers.
- Department cell phones have 951 area code, so local calls cost extra
- Buy better equipment. Current equipment costs more in repair costs, down time, and slower processing than new equipment would.
- Do more to collect tickets and fines.

- Increase fees to cover costs.
- City needs to document as-builts to reduce “surprises” in the field.
- City should fine for working without permit. Currently, no penalty for non-permitted work.
 - If someone gets caught, the worst that will happen is they’ll apply for the permit they should have gotten in the first place. Therefore, there’s no incentive to apply for permits.
 - They should pay the permit fees, a fine, and expenses for the mailing and photographs to document the infraction.
- Use digital instead of Polaroid cameras. Producing photos would be cheaper. Even used or not state-of-the-art digitals would cut costs.
- Vehicle licensing fees:
 - Collect them
 - Pay for vehicle abatement
- Fewer provisional/temporary staff
- Need more employees/ resources
- Be willing to spend to save.
- Follow through on capital projects/ equipment purchases.
- Distribute resources more fairly.
- Low bid issues - poor quality work at low price still gets the contract
- The City should launch a redevelopment campaign
 - Attract more businesses
 - Build more homes for healthy families
 - City beautification

QUESTION #3: In what specific ways can we most improve service to our customers? How can we better meet customer needs?

- Have pamphlet/flow chart/guide on what everyone does for City employees and public.
- More translators
- Make cut off for inspections based on volume.
- More training, especially for new employees
- Look for opportunities for efficiency

QUESTION #4: How is communication in the City? Between management and line staff? Between departments? Are new/different ideas valued?

- Staffing - people doing double duty.
- People taking calls that a clerk could handle instead of doing specialized work for which they’re trained.
- Need someone in Building Safety to take calls during day
- Communication between management and employees is strained. No process for correcting mistakes. Management just yells at employees.
- Poor communications on City web site

- Online forms often misdirected
 - Bad location information
- Make sure there's always at least one person assigned to answer the phones at all times.

QUESTION #5: How can the City Council, Mayor and City Manager better support you in your work? What would you like to see from them?

- Ensure fair pay through all levels and departments.
- They don't care about people doing the work.
 - Medical benefits
 - Education subsidies
 - Need to train managers to manage
 - Raises - hiring new employees at higher pay effectively demotes long-time City employees
- Provide safety equipment.
- More staff: staff decreasing as demand increasing
- Package needs to be incentive to keep experienced employees
- Need stronger management
 - Employees not working
 - Daycare
 - Unfair punishments
- Job development
- Upper management needs to be concerned to follow through on projects
- Different departments look different -- you can see where the money is
- Why have Mayor and City Manager? Isn't that redundant?
- City Council needs to stop dictating directly to employees.
- Find out why managers are often absent.
- No incentives based on the work/ performance
- Benefits for married vs. single employees are uneven
- Make retention and increasing morale a higher priority
- Qualification tests are outdated -- tests on material no longer relevant
- Stop unequal punishments for infractions by employees, favoritism
- 40 new police vs. poor development planning makes little sense.
- Big developers struggle to do business here, small developers are leaving
- Mayor & council are uninformed. City Manager hides things. Issues stop at City Manager

FOCUS GROUP #4: MID-MANAGERS

The following responses were received.

Question #1: Thinking about your job and the way you do business, in which specific processes do you feel there are redundant steps, excessive approvals, and/or micro-management?

- Lack of civilian support staff
- No communication from upper management
- Elevator deals -- The top guys override lower decisions & formal process without informing middle management, which undermines the department.
- Communication among managers
 - Buck passing
 - Catch-22's - departments refer people to each other
- Grant-writing -- The city needs professional grant writer to get state, federal and private funds.
- Bad communication with director -- managers e-mail instead of talking face-to-face, which would be faster
- Low wages => unqualified and low staffing => too much OT => sick time & burnout => lack of services
- No procedures manual -- procedures change all the time
- Civilian employees in Police Department increased only 1% with 40 more officers and more calls
- Hiring process is slow. It's hard to get people on the payroll.
- Vendors don't get paid on time and therefore don't want to business with the city
- Bad image in Inland Empire makes it hard to get workers, vendors and contractors.
- Drastic changes to processes on the basis of isolated incidents.
- Need flow charts and list of duties by departments.
- Outsourcing (e.g. inspectors at 4 times the cost)
- Low wages makes San Bernardino a training ground for other cities.
- Purchasing: P.O.'s take forever.
 - Credit cards would often be quicker and easier
 - Bad purchases are a management issue, not a finance issue
 - There's only one person in the purchasing office
- Review process to put items on the Council agenda takes too long.
 - City Attorney makes changes based on policy, not law.
- Upper management doesn't understand issues because they haven't been there long enough.
- Interference from other departments

- They may go through the mayor's, council's, or other office when asked for a correction.
 - Priorities aren't consistent
- Lost staff isn't adequately replaced.
- Communication with Finance
 - Two or three e-mails/ calls for interoffice communication, making customers and vendors frustrated
- More low-level staff: Mid-management doing clerical work
 - E.g. time sheets
- Difficult to get vendors to work with us
 - Slow payment of bills
- Upper level power trips -- take credit/ responsibility when things go right/wrong
- Overkill on risk aversion, especially in City Attorney's office
- Passing the buck -- people get referred to other offices, particularly to code enforcement

QUESTION #2: If you had to find ways to save money for the City, what would you recommend? Where can the City save money without negatively impacting our customers?

- Employee retention through better pay and training
- Credit cards instead of purchase orders
- Streamline/ computerize payroll/ PO systems
- Architectural/ Development Services/ CIP finish drawing/ plans at the beginning of process, so there'll be less change orders.
- Fill vacant positions, less OT
- Other big sponsors for Route 66 to make more money
- Too many PD officers on special details
- Police and fire too top heavy
- Don't lease another helicopter, or at least lease a better, cheaper helicopter from county
- More red light cameras
- Grant writers to get federal, state, and private grant money
- Newport pays for their street sweeping by citing all the cars that are not moved on sweep days
- Old managers/ old ideas
- Managers hiring friends
- Stop funding special projects and take care of what's needed.
- Automate written reports.
- Unnecessarily expensive things, e.g "Good morning" sign in lobby, auto paper towel dispenser
- City needs to review and increase its fees across the board
- Expensive and unnecessary certified mailings mandated by City Attorney based on a single incident
- Offer incentives for companies to come into the city.
- Cross-train dispatchers
- Charge and collect for false burglar alarms

- Better communication and understanding of duties between departments
- Hire more people and decrease overtime
- Employees have a mixed reaction to Operation Phoenix program.
 - Pro: people see image and react
 - Con: Money could be spent redeveloping city and attacking route problems
- Employee suggestion program in which managers respond to recommendations
- Improve downtown; more upscale or big box stores, less 99 cent stores and warehouses.
- Require proof of business license before approving inspections
- Fine owners of vacant properties for not maintaining the properties.
- Modernize systems.
- More penalties and collections for infractions

QUESTION #3: In what specific ways can we most improve service to our customers? How can we better meet customer needs?

- Stop bending over backwards to provide services to customers that the city doesn't really provide
- More staffing and more competent people
- Training so staff can better let customers know what to do.
- Be pleasant to people; say "Have a nice day."
- Respect for citizens
- Service attitude
- Phones less automated/ live people on the line
- Council all on the same page. Less pork barreling.
 - Citywide/ at-large representation on council

QUESTION #4: How is communication in the City? Between management and line staff? Between departments? Are new/different ideas valued?

- Create citywide publication or web site to get information on grants/ developments
- Take away the fear of management/ class system
- Clear up rumors, gossip, and lies in meetings
- More communication between departments
- Mayor on Channel 3 (cable access) more

QUESTION #5: How can the City Council, Mayor and City Manager better support you in your work? What would you like to see from them?

- Council issues take priority
- Candidates should meet minimum requirements
- Council, Mayor, Manager should visit all the departments

- Work to change the charter
 - Same departments get most of the budget (PD, fire)
 - Elected City Attorney
 - At-large council
- Communicate the big picture and the plan for getting there.
- They don't make employees feel valued/ respected
- More positive attitude at top
- Less coming down on lower levels to break rules, make exceptions for certain people.
- Trust employees:
 - Let them triage
 - Stop shuffling priorities
- Call the right people, e.g. 911 instead of managers/ fire chief
- Work as team
- More equitable distribution of resources/ General Fund

FOCUS GROUP #5: FIRE

The following responses were received.

Question #1: Thinking about your job and the way you do business, in which specific processes do you feel there are redundant steps, excessive approvals, and/or micro-management?

- Getting purchases approved is tough
- Staff lists not current for department
- Meeting- lots- with customers of fire, plan check
- Bid process- too many steps and people involved and forcing the use of local vendors
- Evaluations have to be reviewed by multiple supervisors
- Captains at stations can't access things on computer, have to go through supervisor
- Need lower level approval authority
- Low limit (\$500) on PO's. Limit has not been changed to reflect inflation
- False alarms- no charges for PD
 - Redundant calls
 - Wastes a lot of time
- Time to hire people in HR and Civil Service
 - Tests are outdated and need updating
 - They're understaffed
 - They're being understaffed makes other departments understaffed
 - Pay scales are too low to attract people
 - Constant turnover puts everyone further behind
 - Civil Service wants help with technical info, but won't listen
- Paging notifications- we have to follow up with a phone call
- Staffing- one person for plan checking despite demand increases
- Educational reimbursements
 - Currently small, slow in coming, and get taxed
- Paging notifications- we have to follow u with a phone call
- Meeting resolutions- decisions made do not come to a result
- Emergency procedures- micromanaged
- Dispatchers are used as an answering service
 - After hours for other department issues, non-emergency
- Shortage of dispatchers- Emergency calls alone
 - Safety issues
 - Lack of redundancy
- Slow IT response, work stops when having computer problems
- Staffing keeps getting cut while overall work increases
- Hospitals/ retirement/ convalescent homes lodge multiple calls per day
 - What do other cities do?

- Fire department is subsidizing private businesses by providing emergency services they should provide
- Lack of support staff. Shift people do clerical work that lower paid admin personnel should do
- Policy issues- hard to know when it changes. Changes in special circumstances not known

QUESTION #2: If you had to find ways to save money for the City, what would you recommend? Where can the City save money without negatively impacting our customers?

- Fire should charge for false alarms.
- Fees haven't changed, while cost of living has gone up
- Input from people who will use equipment
 - Products, price implementation
 - Computers- "What do we want to use 5 years from now."
- Public education- telling people when to use 911
- Grants
 - Upgrade equipment, etc.
 - No staff to have a grant writer
- 911 fee. Nothing was done after several meetings (fear of lawsuits?)
- Hold training meeting using IT/Tech to keep engines in districts
- Cost recovery from insurance companies
- Institute paramedic fee like Redlands
- More equipment with equity between departments
- Staffing, cross-training
- Membership fee for paramedics
- Don't respond unless confirmed injury at TCS.
 - Use PD (1 man) vs. Fire (4 man)
- SWAT medic program
 - Does fire get fully reimbursed
- Lack of support staff for sworn fire personnel

QUESTION #3: In what specific ways can we most improve service to our customers? How can we better meet customer needs?

- Staffing- not enough people doing certain jobs, juggling means the complainers get served
- More units- there is talk of adding, but what is the plan?
- Priorities- We may feel we can't make a call because of too much paperwork. Remember why we're here.
- Ability to pay attention to non-life threatening safety issues
- For dispatch, paging is a priority over 911.
- 4 person staffing on engine improves quality of care.
- Management should develop a small, realistic list of goals for each year.
- Educate public
 - On what FD does

- Create correct phone directory
- Cost recovery- if resident won't evacuate and needs rescue later, they should pay full cost

QUESTION #4: How is communication in the City? Between management and line staff? Between departments? Are new/different ideas valued?

- Paperwork lag time- many days in a row when cannot contact shift employees
- Shift issues exist with communication
- Things get lost when they leave the department, lack of response
- Confidential information- we need consistency for if/how info may be dispersed
- Issues when working with PD- they have to assist with certain matters, and are not always responsive, disorganized communication
- Lack of staffing in other departments- communication is difficult- work situations get in the way of competing projects.
 - Simple e-mail answers can take days.
- Updated call lists- workers spin wheels trying to find the right person.
- 3 shifts, 12 stations, feels like 36 departments. Communication between shifts and stations could prevent problems/ safety issues.
- Include dispatch in crisis situations, communication
 - When does policy change?
- Poor response from other departments
- Finance requires chief/ manager to call them- hierarchical communication
- Open up more with PD to work together better. (TC policies in particular)
- Grapevine is primary source of communication
- Blackberries for shift so they can check e-mails off-duty.
- Change of policy per event
 - "We don't do it, but then we do."
 - Mixed messages to public
 - Ensure everybody knows policy

QUESTION #5: How can the City Council, Mayor and City Manager better support you in your work? What would you like to see from them?

- Streamline the hiring process- City Council has to approve all hires, agenda process is difficult
- Have some of the hiring approval shift to the City Manager
- Decentralize authority
- Lead by example- beautification projects, city buildings leading the rest of the city

- Get engines to 4 people. Policy was adopted, but there was no follow through
- Trust their hires- police chief, fire chief
- Come around for non-election reasons
 - We never see them (Dept Heads, Council, Etc), so we know nothing of one another
 - Visit every fire stations and dispatch center to get first hand perspective of what fire department does
- Higher wages and benefits with help with retention. People leave for more money.
- Agenda items could be dealt with internally.
 - Certain circumstances, the CM could pull item and save time.
- Keep workers updated on equipment, training, and maintenance
- Council agenda process- Takes 4 weeks out to get on agenda
- Management attitude is “We don’t care about you. If you don’t like it, leave.”
 - Better now, but the attitude is still there
 - Other cities pay better, have better equipment
- Station, relocation plan adopted six years ago, no follow through.
 - Pay for land out of budget
- Hire radio tech/ person for our shop. They currently use county, which puts city work on low priority => long down times
- Perform salary survey, get more qualified people hired in (vs. time off training)
- Loyal staff lose when new people hired at top of pay scale and with bonuses. What incentive is there to stay?
- Streamline processes:
 - Agenda
 - Budget
 - Purchasing
 - Hiring
- How to found property purchased?
 - Using San Manuel money, but that should go for equipment
- Follow through and communication

FOCUS GROUP #6: PUBLIC SERVICES/UTILITIES

The following responses were received.

Question #1: Thinking about your job and the way you do business, in which specific processes do you feel there are redundant steps, excessive approvals, and/or micro-management?

- They are trying to account for every minute
 - Bad for morale
 - Lack of respect for/ confidence in employees
 - Micromanagement doesn't account for things that can happen in a day.
- Management doesn't have good priorities
 - People get called off of jobs for less important matters
- Lack of communication- management still expect to get the initial job done, but they don't mind giving them shifting priorities.
- Organization- know where crews are, better coordination = better use of time.
- Contamination- After red-tagging, someone may tell us to go pick it up- waste time, against policy.
- Seems like what council says is what goes
 - They are allowed to go against policy
 - Same problem with management
- Work with other departments- management doesn't understand why something is taking too long.
- New management doesn't understand city policy.
 - New training
 - Their attitude is that we have to do things their way, despite policy
- Union not strong.
- Hiring process is poor
 - experienced workers are not appropriately promoted
 - favoritism in promotion process
 - unqualified people are hired due to low pay scale
- Management nit picks workers to death
 - Account for every minute of day, with little understanding of transit times
 - Over reporting, no understanding of how much time things take
- Other studies have been done for the city, and nothing ever comes of it. Are we wasting our time?
- Redundancy- only one person is contact for storm water issues, plus lots of counter work- not always available for calls & field work.
 - MPDES queue is two months
 - One person for this job is unacceptable

- Over-disciplined
 - Employee who'd been on time for ten years was pulled aside by supervisor for clocking out early with permission
 - Supervisors make a big deal of "stealing time," but only for some employees, not all
- Equipment
 - Can't stock parts commonly used or needed in emergency
 - Not enough personnel
 - Long wait times for repairs
- The council claims city has no money, then finds money after contracts are signed.
 - Example- \$8 million found after last contract
 - Found money goes to police and fire
- Admitted mistakes are not fixed.
- Lack of triage/ coordination/ routing
 - Two crews get assigned to the same problem.
- Illegal dumping law- SB has none, other cities have them
- Need updated/ computerized/ streamlined payroll system. Manual system takes hours.
 - Clock in
 - Manager notes sick time
 - Department writes down hours on paper
 - Department sends to an HR/ Payroll officer who audits
 - HR/PR person forwards to finance
- Managers are just lookers- don't fix problems they see
- Managers are inexperienced
 - Department head and 2 of 3 division managers are new (less than one year).
 - They give bad instructions
- Employees expected to make decisions, but can't.
- Hiring-
 - Let unqualified people take tests
 - Poor incoming employees
 - Nepotism and favoritism in hiring
 - Poor pay
- De facto promotions without open posting/ competition
- Non-PW functions too centralized and unresponsive
 - Fire
 - Personnel
 - Purchases over \$5,000 require bid process
 - Purchases over \$25,000 require council approval
 - New managers not aware of process
- No accountability for managers: different rules for different people
- Difficulty getting materials, especially tools, trucks
- Need budget authority from supervisor

QUESTION #2: If you had to find ways to save money for the City, what would you recommend? Where can the City save money without negatively impacting our customers?

- Link templates to the web page
- 2 account clerks solely for collections
 - They'd correct more than enough revenue to pay for their positions
 - Refuse division would finally have collections on delinquent accounts
 - Nothing currently done with collections, bankruptcies, violations
- Stop managing by crisis and be prepared.
- Collections and bill paying- poor accounting reflects poorly on the city
- Get purchase orders done earlier in the year- budgets is approved, then time passes
- Roll off bins- Refuse loses customers because they can't supply bins and don't have trucks to transport them
- Lost thousands in FEMA funds because proposal sat on someone's desk.
- Spend money on competent people, reorganize with an eye for efficiency.
- High tech equipment used on heavy trucks
 - Employees blamed when things break
 - \$10,000 tracking system being installed to track trucks?
- We're saving by not filling open positions
- Charge fees for plan reviews and inspections, plus reviewers when necessary
 - Environmental vs. engineering
- Create a policy and fines for illegal dumping
- Need to track (and collect) accounts
- Cut off time or number for next day service
 - Won't have to backtrack on routes
- Have vendors in place and vendor relationships- no PO's
- Crack down on overflowing trash dumpsters at commercial, apartment, and construction sites. Make them order another container and don't let them put trash on the streets.
- Parts bought as needed and can't be kept in stock, often sidelining expensive equipment
- Management overrides collection of fines/ debts
- Go after insurance when auto accident causes damage to PW or other public structures and equipment.
- Route 66 organizers should put some of the proceeds (even 10-15%) into city/ downtown redevelopment.

QUESTION #3: In what specific ways can we most improve service to our customers? How can we better meet customer needs?

- Be honest
- Solve problems when possible, don't pass the buck
- Improve management
- Staff
- Improve coordination
- Spend quality time with customers (phone, etc.)
- Focus on customers/ tax payers
 - Current focus is management
 - Make managers accountable to public the way the city council is
- Fleet services the entire city, but refuse doesn't always recognize
- Respond quickly, don't bounce customers
- Ask for customer feedback/ do surveys
- Less micromanaging
- Less favoritism in service, i.e. no "favorite customers"

QUESTION #4: How is communication in the City? Between management and line staff? Between departments? Are new/different ideas valued?

- More interaction between departments
 - Access
 - Real response and dialog
- Only get negative feedback
- Stop giving bad information- incorrect methods on how to do your job
- Managers won't share personnel/ equipment/ resources. Guys on the ground are willing.
- Managers ask for things rudely;
 - Don't say please or thanks
 - Don't give respect
- More observation, less (negative) assumptions
- More trust between upper management and immediate supervisors
- Back up employees
- They don't include employees in decisions
 - Steel toe boots were required until they found out they had to pay for them
- Managers have forgotten where they come from
 - They tell people what to do, messages delivered poorly
 - "Please" and "Thank you"
 - Speak with respect
 - Observe employees

QUESTION #5: How can the City Council, Mayor and City Manager better support you in your work? What would you like to see from them?

- Face to face interaction/ meetings with workers
- Understand scale (Big vs. small resources)
- Accountability at top levels
- Understand that most workers are voters and all are human beings.
- Improve hiring/ promotion process.
 - Hire without a name (resume only)
- Make council go through same process as everyone else.
 - It's fair
 - It's often faster
 - It will give council members a better picture of the state of the city and city services.
- Make an effort to understand the process
- Understand the reality of why the public is not being served
 - Go out in a truck
- Listen to customers complaints, but check them out before reacting- they may be lying or telling only part of the story
- We've never seen the manager or any council members
- Try & appreciate the wear & tear on equipment

FOCUS GROUP #7: LIBRARY/PARKS/CABLE TV/ANIMAL CONTROL

The following responses were received.

Question #1: Thinking about your job and the way you do business, in which specific processes do you feel there are redundant steps, excessive approvals, and/or micro-management?

- Timesheets
 - Timing too tight
 - Procedures not always practical
- Staff
 - No coverage
 - Staffed in wrong places/ top heavy
 - Not enough
 - Doing multiple jobs
- Being uninformed, then have to scramble
- No formal policies and procedures, therefore policies and procedures change
- Get support for phone system, big delays
 - 4 months broken headsets
- Process to hire takes too long
- Supervisors throw new, urgent tasks at workers. If workers don't jump, they get in trouble.
- Lack of management support
 - Management laughs at employee problems
 - Employees have to raise the money for their programs
- Those who don't care sit in high positions, only there for paycheck- lack of accountability
- Upper management should spend time with and listen to employees.
- City not drawing enough qualified applicants, lowering standards
- Different rules for divisions in one department
- Other cities pay workers much more than SB does, causing a lot of turn over.
- Too many approvals necessary, even for everyday or frequent processes
 - Supply orders can only be placed on certain days.
- Too many forms and they're too long
 - eforms
 - Short PO books and too hard to track
- Too many people/ supervisors involved in decisions/ problem-solving. They're also short staffed, so nothing gets done.
- Staff doesn't get informed of policy changes.
- Skilled techs/ HR & payroll doing clerical work.
- Scheduling software isn't used.

- Work isn't distributed evenly, but trickles down from managers.
- Civil Service
 - Someone must be totally/ officially gone before job can even be posted.
 - Once job is posted, hiring process takes too long, leading best applicants to take job elsewhere.
- Managers don't listen to people doing the work about how work should be done.
- Interns earn more than skilled/ Civil Service tested employees.
- Jobs are dead end
 - No promotions
 - Employees top out pay scale within five years
- Changes (schedules, policies) made without consulting workers.

QUESTION #2: If you had to find ways to save money for the City, what would you recommend? Where can the City save money without negatively impacting our customers?

- Salaries of upper management many times higher than lower level
- Throwing more at crime won't solve cities problems
- Departments generate money, but don't see the benefit of it.
- Spending money on "prestigious" things as opposed to basic/ critical needs
- Charge more for library room rentals
- Look at organizational structure- too top heavy
- Have positions (PT) limited in hours supervising unlimited
- Increase fees for park facilities and programs to nonresidents
- Animal control is self-sufficient, so more employees would bring in more money.
- Equipment upgrade would be less expensive than maintenance and injuries, lost time, and repairs.
- Higher pay would yield higher retention. Currently, SB is a training ground for other cities.
- Library/ other activities would cause less crime. (Cheaper to have with up front prevention).
- Upgrade technology; more automated, less paper
- Fix up facilities.
 - Currently there are weird rules for facilities maintenance, such as color of building.
- Homeless chase people out of libraries and parks.
- City refuses to close bad/ unused programs or fund good programs for political reasons.
- Nepotism
- More grants, city putting more money into programs that could attract grants.
- More volunteer programs, especially involving school kids
- Promote existing programs more to draw tax dollars into the city.

QUESTION #3: In what specific ways can we most improve service to our customers? How can we better meet customer needs?

- More money for books, staff.
- Training
 - Need better trained employees
 - Without training, city needs to pay employees more
 - More cross-training
 - Employees have to pay for mandatory training themselves
 - Upper management's training/conferences is paid for by city, even when manager is leaving his or her job.
 - Not spread across staff
- Spend more money on beautification, facilities, parks, senior centers, and libraries
- Better ways to advertise services and library or park programs
 - Large non-English speaking population and waning popularity of newspapers makes newspaper fliers a bad tool
 - Advertise kids, literacy, and ESL programs at libraries
- Remove unnecessary restrictions on employment (e.g. driver's licenses to be library page).
- Citywide commitment to training.
 - Views differ from department to department
 - Treatment differs from employee to employee within some departments

QUESTION #4: How is communication in the City? Between management and line staff? Between departments? Are new/different ideas valued?

- No trickle down of information
 - They don't have group meetings
 - Employees don't know what's going on
 - More reason for policies/ procedures
 - Conflicts between managers, don't agree
- Supervisors meet but don't share with subordinates or across divisions.
- Need notice when decisions change or are made, rules change
- Departments don't help each other out to benefit city
- No routine plan to include departments in each other's events
- In IT/ TV, communication from upper management down isn't good.
- More communication between departments. Some departments don't recognize other departments need for information.
- City needs to communicate with public better.
 - Direct mail
- More information on what other departments do.
 - Departmental Open Houses

QUESTION #5: How can the City Council, Mayor and City Manager better support you in your work? What would you like to see from them?

- Monthly meetings with mayor/ manager
- More money, especially for facilities/ dilapidated facilities
- Go out to facilities to see condition first hand
- Channel 3 is only important when council is meeting or election time
- City employees, if living in the city, should be recognized as residents as well as workers.
- More attention from/ contact with the commission members
- Council, mayor, manager, and directors don't know employees or what they do.
- More response from facilities on repairs
- Squeaky wheel to council gets results
- Council members say negative things about city programs; they're not supportive

FOCUS GROUP #8: ELECTED OFFICIALS/CITY MANAGER

The following responses were received.

Question #1: Thinking about your job and the way you do business, in which specific processes do you feel there are redundant steps, excessive approvals, and/or micro-management?

- Agenda process- clerk/ council don't make people adhere to deadlines
- More personnel for back ups, especially with irate citizens
- Purchase system is full of redundancy
 - Verifying bids which are in writing because of one incident
- Many approvals necessary for each agenda item.
- Getting agenda items from Finance quickly
 - Finance usually doesn't hit 24 hour turnaround time that is mandated
- Charter or code mandates clerk keeps records which aren't related to clerk's office and are kept in two or three other departments. E.g. City Attorney, Animal Control, Code.
- Business license process- too many photos required, multiple files per applicant
- More secretaries to deal with the workload
- Mayor & Council should stick to setting policy (may require code change) and give the City Manager authority (purchasing, etc.)
- Have to "chase people down" to get a response within the city.
- Language barriers are problems. More translators in more languages needed.
- Resolution research- We have to interrupt the city clerk's office- it will be a while before these things are scanned.
- Same tasks don't appear to have a purpose. "It's the way it's always been." E.g. forms in triplicate.

QUESTION #2: If you had to find ways to save money for the City, what would you recommend? Where can the City save money without negatively impacting our customers?

- Water Utility and refuse- make sure we're charging enough that the departments are revenue generating.
 - City seems to only concentrate on this during tough times
- Red light cameras- we have two or three, could use more
- Too much paper. Do more on computers
- Tougher ordinances on blighted properties
 - Demolish vacated/ condemned properties
 - Redevelopment
 - Fees/ penalties

- We have no paid parking. Most cities this size have parking meters in downtown.
- Keep fees up to date with inflation (in good times & bad). Make gradual increases periodically.
- Business could pay a portion of income for licenses instead of flat rate.
- Pay staff market rate (or closer to market) to retain employees, lower costs of contractors and new/ untrained employees
- But new equipment if it's cheaper than maintenance, repair, lost productivity.

QUESTION #3: In what specific ways can we most improve service to our customers? How can we better meet customer needs?

- General information phone line
- More accurate phone lists for public and employees
- Low-paid clerks to handle clerical tasks, freeing up higher-paid, more skilled workers for more specialized work.
- Answering phones, calls misdirected, people can find the city services they need. Angry callers
- Lobby is not always staffed- first impression
 - People get promoted out of positions there
 - May not be full time positions
- More security in the parking structure and lobby.
 - Screening in lobby
 - Warn who's coming
- Development services' phone system is the worst
- When a call comes, people won't answer their phones

QUESTION #4: How is communication in the City? Between management and line staff? Between departments? Are new/different ideas valued?

- Ideally: TQM, pro-active government
 - Currently, SB government is very traditional, doesn't want change.
 - Good ideas get killed because elected officials want credit for change
- Listen when someone is talking to you.
 - Some departments do not have polite responses
- Ideas can stall because people are uncomfortable with change.

QUESTION #5: How can the City Council, Mayor and City Manager better support you in your work? What would you like to see from them?

- Letter or flyer of things that are happening (events) in the city. The mayor's office should know about these things.
- Ask employees for input before decisions are made.

- Theme: distinct division between mayor's office and CM office. It must be worse for other departments.
- Put money into a few strategic people who can answer almost every question, instead of everyone being expected to know everything.
- Give workers raises.
- Make a cafeteria/ lunchroom.
- Very little training available- used to have more.
- Resentment can build up when your workload increasingly due to someone else's bad work habits.
- Take the time to listen to staff when staff really need them.
- When official says they'll talk later, they don't.
- Take advantage of staff's experience- staff stay for long periods of time, but elected officials come and go.
- Department heads need to be honest about positions they have, but don't need.
 - CM, etc. should look past personal interests of department heads.
- Take probationary period more seriously- provide early training and weed out people who won't work out.
- Training for supervisors.
 - When promoted to supervisory roles
 - Periodic management refreshers
- Create lines of responsibility/ accountability