Exhibit __A__

Citywide Administrative Services Review
Organizational Model for Administrative Services

Organizational Model Profile

The ability of support service functions to address systemic issues, effectively provide quality services and continue to gain efficiencies is dependent on an organizational structure where lines of authority and accountability are clear and focused.

At the same time, the delivery of support services to operating bureaus is optimized, in many service areas, when bureaus have on-site access to staff providing these services.

To meet these goals, an organizational model characterized by focused customer input, service provider accountability, and clear expectations of services required and services provided will be needed. A system of service agreements will be used to meet these conditions.

Features of the Model include:

- Agreements between the Central Service provider and their customers will be used to identify and prioritize customer needs, providers costs for the services to meet those needs, timelines, and performance measurement standards. Service agreements will direct the CAO to define service expectations and create better accountability within support services systems.
- Authority, responsibility and accountability for support services citywide will be vested in the central manager. All staff citywide who work in a particular service area are to report to the central manager or a designee.
- Staff resources are to be deployed to best meet the service requirements of the operating bureaus. At the option of the support service manager staff may be deployed centrally, on-site in bureaus, grouped by common function or organized by location. The prime objective is to provide quality services to bureaus and deploy staff resources in a flexible and cost efficient manner.
- Central services will be reviewed periodically to measure adherence to service agreements and performance standards and goals.

Policy and Procedures Framework

Critical to the success of the model and to the services provided to the customer is a clear statement of the policies and procedures that drive the operation of each central service. Improvements in the policy structure and in internal procedures are needed in many of the support services to clarify how these services operate, to eliminate redundant or unnecessary processes and to increase efficiencies while containing costs. The City strives to have a support service system with the following characteristics.

- Clear and up-to-date policies, standards and procedures.
- A strong and focused emphasis on customer service.
- Clear roles and responsibilities for central service providers and for bureaus
- Streamlined and efficient processes.
- The ability to quickly and efficiently address issues, needs and opportunities.
- The ability to implement alternative service delivery options (in-source, out-source, partnerships, etc.) when cost differences and/or service issues make it advantageous to do so.
- Processes for the continuous evaluation of service quality and costs. Market testing and benchmarking procedures used to measure internal services against other government providers and private businesses.

Financial Summary

GF Disc. and Other Resources Made Available

ASR Functional Team	Resources Made Available		
	GF Disc. (note)	Other Resources	Total Resources
Communications	144,395	116,301	260,696
Facilities	408,781	59,219	468,000
Financial Management	181,577	161,629	343,206
Financial Planning	51,457	214,543	266,000
Human Resources	327,085	296,404	623,489
Information Technology	607,364	703,538	1,310,902
Printing & Distribution	38,224	42,352	80,576
Purchases	141,254	129,419	270,673
Risk Management	49,280	23,720	73,000
Vehicle Services	554,573	762,427	1,317,000
OMF Teams	**2,503,989**	**2,509,553**	**5,013,542**
Attorney	75,800	24,200	100,000
Public Info / Involvement	63,474	96,057	159,531
Auditor	-	-	-
Government Relations	-	-	-
Licenses	-	-	-
Other Teams	**139,274**	**120,257**	**259,531**
Total - All Teams	**2,643,263**	**2,629,810**	**5,273,073**

NOTE: Resource figures are estimates and are based on Initial CAO Recommendations. The actual amount of GF Disc (or other resource) available depends on how specific ASR reductions are implemented.
e.g. Subsequent Overhead model "runs" may reduce the amount of GF Discretionary savings.

Exhibit *B*

Citywide Administrative Services Review
Summary of CAO Recommendations

Office of Management and Finance

A. Communications and Networking Target $406,280

Internal and external advisory teams were convened to assess cost reduction options for this service area. Through provider contract renegotiations costs for telephone services were reduced. Credits for Qwest over billing used to reduce IRNE costs.

1. Reduced long distance telephone rates $ 16,987
   Savings reflected in reduced interagency rates.
2. Reduced cell phone rates $ 71,327
   Savings reflected in reduced interagency rates.
3. Telecommunication franchise enforcement $ 59,986
   Net revenue from enhanced enforcement of telecommunications franchise requirements. Results in increased revenue from franchise fees and penalties. One position created in Cable and Franchise Management
4. Qwest refund/reduced rates for IRNE 112,396
   Over billing refund from Qwest will be applied to buy-down debt for IRNE project. Net effect is an annual debt service reduction for IRNE users of $112,396.

5. Fire BOEC Liaison Positions Not Recommended
   Two positions from Fire that provide services to BOEC were recommended for elimination for a savings of $145,738. CAO recommends further analysis of this issue and does not recommend reduction at this point.

A. Savings Total $260,696

B. Facilities Management Target $467,792

This team created a citywide inventory of all City buildings, identified operating and replacement costs and measured against industry-wide benchmarks. Recommendations were placed into tiers – from cost reductions resulting in improvements and no negative impacts to cost reductions with significant impacts in terms of deferred maintenance costs.

1. Create Dispatch Center $ 75,000
   A Dispatch Center would include central control and dispatch of maintenance employees which will reduce staff time devoted to building operations and maintenance activities. Interagency charges will be reduced to account for cost savings.

2. Adjust Rental Rates for Police $150,000
   Operating and maintenance costs at new police facilities are less than anticipated. Rental rates will be reduced to account for reduced costs.

3. Reduced Building Hours on Weekends $ future

Three primary downtown buildings will close midnight to six am Monday – Saturday and be open on Sunday from 7 am until 6 pm. Implementation of this recommendation requires investment in remote monitoring system; net savings accrues in second year and is estimated at $52,000 annually.

4. Reduce Major Maintenance Reserve $235,500

Reducing major maintenance reserves for police facilities from 1.9% of replacement value to 1.45% helps achieve the cost reductions and equalizes reserve levels with other BGS facilities. Options for funding the maintenance reserve goal of 3% of replacement value will be evaluated in framework plan.

5. Reduce Fire Facility Costs $ 7,500

Maintenance costs for Fire facilities are expected to decrease due to major facilities renovations now underway.

B. Savings Total $468,000

C. Financial Management Revised Target $343,206

ASR team identified several long-range strategies to reduce systemwide costs. Implementation plans are expected as outcomes of the framework plan. Some examples include: cross utilization of staff; elimination of various process steps and control mechanisms; and electronic enhancements. Because the extent of cost savings that could result from these strategies is unclear without further study, the team opted to proceed with an across the board cost reduction strategy. System changes which achieve savings in FY01-02 may be substituted for across the board reductions later in budget process.

C. Savings Total $343,206

D. Financial Planning Target $185,730

This ASR Team concluded that short-term cost reductions would need to be accomplished through position reductions. Several long-term, sustainable service improvement possibilities were identified to be assessed in framework plan. Position reductions were discussed with bureaus considering reducing positions and, with the exception of the Bureau of Financial Planning, the recommended reductions are expected to have limited impact on financial services delivery.

1. Reductions in Financial Positions $237,000

One financial position in Water, Environmental Services and Office of Management & Finance will be eliminated plus part-time appropriations in Water.

2. Water Bureau Efficiencies $ 17,000

Savings in financial management functions achieved through technology improvements, process changes, workload redistribution and internal service reductions.

3. Eliminate Support for Public Utilities Review Board $ 12,000

Eliminates materials and support services costs for Public Utilities Review Board.

D. Savings Total $266,000

E. Human Resources **Target $623,489**

The Human Resources review process combined the cost reduction element with the long-term service delivery assessment called for in the framework plans. Recommendations are the result of an in-depth assessment of the City's human resources system performed by an outside consultant and extensive deliberation by the ASR team which included external HR professionals, bureau managers, labor representation, internal HR staff and the HR Director.

A comprehensive reorganization of HR services within the City is being recommended. Key aspects of the reorganization plan are to centralize staff reporting and vest citywide authority over HR issues under the HR Director; organize HR professionals into service teams to serve like bureaus (e.g. public safety); deploy staff in a flexible manner – on-site and centrally – to best meet the service needs of bureau operations; update HR policies, procedures and practices; strengthen the service delivery capacity of the Bureau of Human Resources by creating a dedicated classification and compensation unit and through forming service teams.

1. Reorganize HR Service System $172,576

   Implementation of reorganization of HR systems and staffing results in a net savings of $172,576 and the reduction of four positions.

2. Service Improvement Initiative (SII) $304,000

   Central support for SII activities eliminated. Two positions reduced, plus $156,111 in professional services.

3. Wellness Program $127,000

   Eliminates two vacant positions and associated materials and services appropriation.

4. Reduction in Printing & Distribution $ 19,913

E. Savings Total $623,489

F. Information Technology **Revised Target $1,310,901**

A phased, comprehensive reorganization of IT services is being recommended. The ASR Team identified several ways to reduce IT costs through system changes and across the board reductions. The target can be met by implementing practical recommendations from the ASR Team report and by implementing an initial phase of systemic changes. $1,055,019 of the reduction target is met through a combination of ASR Team recommendations and across-the-board reductions. The balance will be achieved through the phased implementation of systemic efficiencies.

1. IT Equipment Purchase, Repair and Maintenance $191,900

   Savings achieved through several bureaus reducing the purchase, repair and maintenance of equipment.

2. Lights Out Data Center $194,525

   Savings achieved through the automation of tasks related to the operation of the mainframe. Initial investment of $240,000 is required for automation equipment. Four positions reduced as a result of automated processing.

3. Professional Services $83,773

   Savings achieved through reduced outsourcing of IT services in several bureaus.

4. Reduction in Project Management Staff $28,830
   Reduction in project management capacity in BIT.

5. Reduction in BIT Application Development Support $74,336
   Savings result from reductions in interagency services related to Application Development Services and results in one position reduction in BIT.

6. Reduction in IT Positions $268,684
   One IT position in Parks, three in BIT, and 1.5 FTE in the Office of Management and Finance.

7. Police Bureau PPDS Revenue $ 70,000
   Police Bureau will increase its PPDS revenues by $70,000 to support an existing Applications Analyst position.

8. Non-IT Program Reductions $142,971
   Police and Transportation will reduce other administrative costs to meet reductions not taken in IT.

9. Phase Transition Plan Reductions $255,883
   This reduction will be met through implementation of system changes following development of the transition plan for IT services. Reductions will occur during FY01-02; likely savings to occur in desktop support function.

F. Savings Total $1,310,902

G. Printing and Distribution Target $80,452

This team focused on bureau efficiencies as the best method of achieving the cost reduction target. This was done to allow Printing & Distribution (P&D) to maintain, and in some cases improve, current service levels without impacting service rates. All recommendations from this team depend on bureau education and complimentary self-regulation by bureaus to succeed.

1. Reduce Paper Consumption $47,231
   Each bureau would reduce paper use by one sheet of paper per employee per working day. Since FY 91/92 bureau by bureau paper consumption has increased by about 37%. This recommendation calls for a 2.4% decrease in paper usage.

2. Implement Printing Standards $19,500
   P&D would develop and implement citywide printing standards. Conformance would be voluntary. Standardization would include quality levels and turn around times. Components of this recommendation are reporting of non-conforming work through P&D's current savings report system and payment through P&D for work purchased from commercial sources.

3. Implement Mailing Standards $13,845
   P&D would develop and implement citywide mailing standards. Conformance would be voluntary. Standardization would include mailing list maintenance and finish sizes. This recommendation includes reporting of non-conforming work through P&D's savings report system and payment through P&D for work purchased from commercial sources.

G. Savings Total $80,576

H. Purchasing **Target** **$256,756**

Over the past several years, extensive systems improvement work has already been accomplished in the Purchasing area to streamline policies and procedures. To achieve the target, the team worked to identify technology solutions that would reduce costs. There is an additional programmatic recommendation dealing with the apprenticeship program.

1. Use Procurement Cards Instead of LPOs $ 62,992

   The City started a Procurement Card Program in 1997. Those bureaus still making LPO transactions which are eligible for procurement card purchasing would start using the procurement card instead.

2. Implement Web-based Plans and Specifications $ 63,000

   Purchasing would put into service the ability for interested firms to download plans and specifications over the internet, eliminating the need to provide hard copies.

3. Changes in Internal Apprenticeship & Training Program $101,619

   The Internal Apprenticeship & Training Program has been in place two years and is used by only one City bureau. Current funds used by the participating bureau would be transferred to that bureau and any remaining program funds eliminated. This recommendation recognizes the need for a citywide Human Resources policy, which addresses the City's commitment to a diversified workforce and entry or training level employment access for underrepresented populations. This issue is referred to the Bureau of Human Resources for further exploration.

4. Annual Supply Contract for Recycled Toner Cartridges $ 43,062

   Purchasing will negotiate a competitively priced annual supply contract for all bureaus for recycled toner cartridges.

H. Savings Total $270,673

I. Risk Management **Target** **$73,035**

This ASR Team first reviewed core Risk Management functions of Workers' Compensation claims, liability claims and loss prevention services, but found no supportable cost cutting options in these areas. The following recommendations were consensus-based viewed as appropriate cost reductions which least impact services.

1. Change System for Medical Services $ 35,000

   Currently contract for blood borne pathogen testing. Bringing skilled staff into Risk to perform this work will save as compared to contracting for this service.

2. Reduction in Back Injury Prevention $ 4,000

   Minor reduction in program materials costs not expected to impact services.

3. Rent Reduction $ 15,000

   Risk has excess space due to transfer of benefits staff to HR. If another bureau can use the space, Risk saves $15,000 annually. If the space can not be leased, alternative reductions will be identified by Risk.

4. Remaining Balance to Bureaus $ 19,000

   Remaining reduction distributed across six major bureaus involved in risk prevention activities.

I. Savings Total **$73,000**

J. Vehicle Services — Target $1,317,243

Several general recommendations have been made to reduce citywide fleet costs to reach the reduction target. Detailed information from bureaus is needed in order to complete the reductions within fleet operations. Staffing changes in Fleet will be assessed once information on reductions in Fleet are known following submittal of bureau information.

1. Adjust Vehicle Replacement Program — $558,000
   Lifecycles for all vehicle classes extended one year. Savings figure is a net number after adding one mechanic position to handle expected workload increase from older vehicle inventory.

2. Reduce Number of Leased Vehicles — $200,000
   Requires reduction of half the leased vehicles currently in use. Police bureau is the primary user; Police would need to turn-in half of the 85 vehicles currently leased.

3. Reduce the Number of Take Home Vehicles — $ 15,000
   Currently, 118 vehicles are taken home every day by employees. On a targeted basis, 18 employees currently taking home a vehicle would lose this service.

4. Reduce City Fleet — $270,000
   Extra and back-up vehicles would be targeted to reduce overall fleet size. Fleet will pro-rate allocation of required reductions based on fleet sizes. Savings occur in replacement funds, operating costs and maintenance costs.

5. Reduce Golf Vehicle Costs — $ 50,000
   Parks will reduce golf-related vehicle maintenance and parts costs by purchasing standardized vehicles.

6. Increase Take Home Vehicle Rate — $144,000
   Team proposed increase in take home vehicle charge from $60 per month to $180 per month. Further analysis needs to be done on this and final recommendation will be developed in the Mayor's Proposed budget.

7. Consolidate Facilities — Not Recommended
   Propose transferring responsibility for apparatus maintenance to Vehicle services. Supervisor in Fire would be eliminated as a result. CAO does not support this recommendation and Vehicle Services will develop an alternative reduction to meet the $80,000.

J. Savings Total **$1,317,000**

City Attorney

City Attorney — **Revised Target** **$253,618**

The target was reduced to remove bureau non-legal costs from the cost pool. The remaining costs represent the full budget for the City Attorney's Office. The target for FY01-02 takes into account the $133,062 in cost reductions taken in FY00-01. The City Attorney estimates that about two-thirds of the office budget is dedicated to litigation and should be exempt from administrative cost reduction requirements. The CAO recommends establishing a minimum reduction target of $100,000 with the specific reductions determined in the Mayor's Proposed Budget.

Savings Total **$100,000**

Public Information and Public Involvement

Office of Neighborhood Involvement **Revised Target** **$159,531**

Refinement of service definition resulted in a significant reduction in the target. Direct service costs in Police, OPD&R and ONI were removed. An across the board approach is recommended to achieve target and to fund two positions in ONI under the public meeting coordination recommendation.

1. Public Involvement Contracting $ 0

Continue to work with Purchasing and bureaus to create automated mechanism to identify and track public involvement contracting activities that occur mostly as subcontracts under larger public works contracts. Have system operational to track costs beginning July 1, 2001. Pursue the development of annual flexible services agreements with public involvement consulting firms. ONI would coordinate development of scope of services and would administer contracts. Bureaus would engage consultants under contract with ONI and benefit from streamlined contracting process. Provides the opportunity for ONI and coalitions to be considered along with consulting firms to provide outreach and information services to bureaus.

2. Coordination of Public Meetings $+160,000

Create two positions in ONI (CR Specialist, CR assistant) to provide citywide coordination and scheduling of major public information and outreach activities. ONI to develop a detailed scope of services and work plan for the budget process, which describes the work and services to be provided. Some key elements are creation of an annual calendar of significant public outreach activities and consolidate/coordinate planning and execution of outreach efforts. During the year ONI to track new outreach activities and coordinate where appropriate. Conduct an annual review of citywide outreach and public information activities and develop further systems improvement recommendations in coordination with CAO.

3. Information and Referral Services Not Recommended

Further work done on this initial recommendation by the ASR Team indicates that the savings and efficiencies that were expected are not realizable. Information and referral functions in Police are very different and cannot be transferred to ONI at a savings. Improvements in I&R services as a result of City –County consolidation, coupled with improvements in electronic data bases used by I&R staff, may allow for staffing reductions beyond FY 2001-02. Therefore, the staff reductions initially recommended in this functional area should not be taken.

4. Across the Board Reductions $319,531

Pro-rate reductions for bureaus engaged in public involvement activities to achieve the reduction target and to fund new functions within ONI.

Savings Total **$159,531**