

**Efficiency and Effectiveness Committee Report  
City of Richmond**

**Presented to  
The Honorable L. Douglas Wilder**

**March 2005**

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## Introduction

The Mayor's Committee on Efficiency and Effectiveness in Richmond City Government (See Appendix A for membership.) was initially convened on December 14, 2004, its members having been appointed by Mayor-Elect L. Douglas Wilder shortly after his election in November of that year. Stating that the work of the Committee was a "top administration priority," the Mayor-Elect charged the group with the investigation of three questions:

- 1) "What should our city government be?"
- 2) "What should our city government look like in order to be most efficient and effective?"
- 3) "How do we get there from where we are at present?"

From the beginning, the Committee adopted an approach based on collaboration with executive and departmental managers within the existing government structure. This collaboration, in conjunction with significant data available from previous independent studies, allowed the Committee to quickly assemble substantial resources on which our analysis could be based. In addition, we used available data to compare the structure and costs of Richmond's government with those of other comparative cities and localities.

The Committee's process of investigation was straightforward and included the following methods of investigation:

- To gain background information on and an understanding of City government operations, a review of studies including the 1998 MGT report, *Management and Operational Analysis of Richmond City Government for Re-engineering City Government*, the International City/County Management Association (ICMA) *Comparative Performance Measurement Report* on local government performance for FY 2003, a 1996 benchmarking report by Deloitte and Touche that has been used in previous studies of local government performance, and the Virginia Auditor of Public Accounts *Comparative Report of Local Government Revenues and Expenditures* for FY 2003.
- To gain background information on and an understanding of different approaches to government efficiency and effectiveness studies, discussions were held with outside professionals with experience in conducting and utilizing the results from government efficiency and effectiveness studies. These meetings included the Honorable Sandra Bowen, Secretary of Administration, Commonwealth of Virginia and Don Parr and Aaron Estes from BearingPoint.
- To investigate City operations, a template for interviews with City department heads was developed to collect data necessary for an efficiency and effectiveness study.
- To better analyze data and test opinions, in-depth interviews with department heads were conducted (Appendix B).

Several broad observations resulted from these investigations:

- 1) Economic efficiency should be the basic factor in reviewing service provision and management structure of City government. We consider this necessary for the provision of the best possible City government for the money.
- 2) Departmental efficiency may not lead to the overall efficiency of City government. It became clear early in our process that many departments developed duplicate capabilities that would allow them to fulfill their primary missions without interaction with other City departments. This is appropriate if what is being encouraged is departmental efficiency and autonomy. However, if the objective is the efficiency of the City government as a whole, substantial large-scale efficiencies will likely result from the centralization of numerous activities that have been functionally duplicated and are redundant throughout the existing management structure.
- 3) Assessing efficient management practices requires comparing benchmarked performance of City operations with those of comparable local governments. This recognizes that disparities in comparative data may be explained in part from demographic differences among the comparative cities.
- 4) While greater efficiencies will lower the cost of government, opportunities for revenue enhancements may be considered in the future.

The Committee's examination of the efficiency and effectiveness of City government focused on the internal operations of the City and the provision of goods and services with an understanding of the importance of customer service. In this review, a number of opportunities for cost-saving improvements were identified in the following areas:

- 1) Organizational and management structure;
- 2) Identification of services that should be considered for outsourcing;
- 3) Management of internal functions and operations; and
- 4) Identification of services that should be supported by fees.

The Committee viewed its overall task as the development of specific recommendations that would be expected to promote the efficient, coherent, and congruent government of our City. The Committee is confident that the newly constituted structure of the City's administration will serve to direct emphasis away from process-oriented management, toward results-oriented accountability in government. It is hoped that the activities of this Committee will serve as a catalyst for progress, providing a "mirror" with which senior officials can examine constructively their own areas of responsibility and, as an example to other citizens, encourage civic engagement.

## **Management Structure**

The Committee reviewed the management structure present when the new administration took office. In general, this structure was decentralized. However, over time, a number of departments had been created resulting in a redundant structure and increased administrative expenditures (for example, the Department of Customer Service and Organizational Development). Moreover, it was felt that lines of authority had become inadequate for effective management of City operations and authority performance. It also was noted that the management structure and the previous administration's failure to exercise management controls allowed for various department heads to develop duplicated capabilities within their own areas of responsibility that allowed them to fulfill their perceived missions without interaction with other City departments. While decentralization of management structures is considered to be appropriate and likely to promote departmental efficiency, it must be viewed as a source of inefficiency in the management of City government as a whole.

### **Recommendations**

- Restructure City government by flattening the organization and eliminating redundant departments. Any restructuring should insure the appropriate lines of authority are maintained and can be exercised. (Management structures reviewed by the Committee are found in Appendix C.)
- Consolidate all communications, media services, public relations and external relations functions into a new or revised communications office located in the Mayor's Office.
- Determine if the operations of the Office of Real Estate Services should be consolidated into some other department like the Department of Public Works.
- Place the Assessor's Office under the Mayor for the improved integration of City finance functions.
- Identify duplicated internal City-service functions throughout the current departmental organization and centralize these functions under one department. This process could lead to a consolidated "Shared Services Center" within the management structure.
- Establish one call center for community services and one call center for emergency services.
- Develop a results-oriented accountability system for all managers and agencies by using performance management and incentives that emphasize specific, quantifiable output objectives.

- Establish performance agreements between the City administration and all boards and authorities. Boards, authorities and the City administration should be held accountable for meeting these performance expectations.
- Consider the use of CitiStat (Appendix E) as a template for the management of city operations.
- Identify the cities that are most like Richmond and use them as a comparison to set appropriate benchmark measures for all agencies and use these benchmarks to assess agency performance.
- Adopt a customer-centered strategy for all employees.
- Evaluate the economic benefits from merging certain operations of the City government, Richmond Public Schools, boards and authorities including procurement services, employee benefits management (especially insurance programs). Also, the utilization of the GRTC system for school transportation services should be evaluated.

## **Outsourcing and In-sourcing Considerations**

The City has outsourced a number of functions and services primarily through the creation of authorities and contracting out with other entities. Managed competition has been attempted in garbage collection but does not seem to be used any longer. The Committee notes that effective outsourcing of City services and responsibilities requires well defined management agreements with performance outcomes that are measurable and incentive structures based upon these performance outcomes.

The City funds a number of non-governmental entities that provide services that in some cases seem to duplicate or substitute for City provided services. It is expected that these expenditures might reduce the funding available for City provided services, reduce City effectiveness due to the lack of accountability, prevent the attainment of the benefits from economies of scale and might represent a source of net savings if the expenditures are terminated.

The Committee notes that there are likely to be efficiency gains from changing certain management relationships between the City and its boards and authorities to insure that a board or authority's performance meets City expectations and that all possible economies of scale are taken advantage of in such areas as procurement and management operations. It should be recognized that the City could be a cost-effective provider of goods and services to its boards and authorities and therefore lower the overall cost of City operations.

When reviewing an outsourcing decision, the evaluation should be based on cost-effective provision of a good or service and take into account the full explicit and implicit costs of internal provision, the level of service quality under competing structures of service provision and the number of potential providers available. Moreover, it is important that there be well defined and measurable performance outcomes that the City can effectively monitor and that incentive structures are put in place to insure an external provider's performance. Any outsourcing decision should be reviewed on a regular basis. Finally, benefits from privatization typically come from the economies of scale achieved by providers. Before considering outsourcing, the City should insure that it has taken advantage of all internal economies of scale in its own operations.

### **Recommendations**

#### **Departmental**

- **Department of Parks, Recreation and Community Facilities.** Evaluate the opportunities to outsource the management of the Landmark Theater and cemeteries.
- **Department of Finance.** Evaluate the opportunities to outsource functions such as billing and collections.

- **Department of General Services.** Evaluate the opportunities to outsource those functions provided by private sector firms.
- **Department of Information Technology.** Evaluate the opportunities to outsource basic IT services.
- **Department of Public Health.** The Commonwealth manages all but three public health districts. Review the formula used by the Commonwealth for funding to insure that all program costs are appropriately charged. Also evaluate the net benefits from maintaining this function as part of the City management structure.
- **Department of Public Works.**
  - Investigate the outsourcing or in-sourcing opportunities for specific functions, especially in road repairs, fleet maintenance and custodial services areas.
  - Evaluate expenditures on all outsourced legal consultants and contracted legal work for possible savings. If the level of these services is sufficient, they should be considered for “in-sourcing.”

#### **Citywide**

- Establish a process by which all services with private or not-for-profit sector providers will be continually evaluated for outsourcing or in-sourcing options.
  - Evaluate the cost-effectiveness of all non-departmental expenditures made to entities providing goods or services that duplicate those provided by the City. Any support provided to entities that do not offer the City net benefits should be considered for termination of funding.
  - Evaluate the cost-effectiveness and assess the need to continue providing general fund grants to civic and cultural entities. Any support provided to entities that do not offer the City net benefits should be considered for termination of funding.
  - Relationships with authorities should be assessed. In cases where authorities are viewed to be inefficient, ineffective or making decisions contrary to the core values and vision of the city, the authority should be reorganized or where there are expected gains to the City and its citizens, the responsibilities should be brought back into the City administration.
  - Provide clear legal authority to the City Finance Director to request accounting and financial data from all City boards and authorities.
  - Offer competitive services to city level agencies including city council, the Richmond Public Schools, boards, commissions and other agencies receiving City funds. As an example, consolidation of all lawn-care

operations under the Department of Parks, Recreation and Community Facilities might allow for cost-effective provision of these services to all agencies with lawn maintenance responsibilities.

## **Management of Internal Functions and Operations**

The Committee reviewed primary city functions and operations using data provided by the City administration and interviews with department heads. Where possible, City management characteristics were compared to benchmark data from other jurisdictions using the International City/County Management Association *Comparative Performance Measurement Report* for FY 2003 (ICMA) of local government performance in 15 service areas and a 1996 benchmarking report by Deloitte and Touche (D&T) that has been used in previous studies of local government performance (All 1996 expenditure data was adjusted to current dollars using the U.S. Office of Management and Budget's price index.). The City's Department of Management Services (MS) provided benchmarking data for most City operations that were not included in the ICMA report. The Committee also reviewed data from the Virginia Auditor of Public Accounts Fiscal 2003 *Comparative Report of Local Government Revenues and Expenditures* (VAPA). In this report, benchmarking data is used for general comparative purposes intended to provoke inquiry. Peer cities and jurisdictions used in the various studies are presented in Appendix D.

It is the Committee's conclusion that there are many opportunities for cost savings from more efficient management practices.

### **DEPARTMENT OF PUBLIC WORKS**

#### **Findings**

- The cost of street sweeping in Richmond is \$10.70 per capita per year, whereas the median for peer cities was \$2.82. If borne out by further study, this could represent an extra cost in Richmond above peers amounting to \$1.5 million (ICMA).
- The number of lane miles of road per maintenance FTE in Richmond is 23 (MS) whereas in the median peer city the median was 41 lane miles maintained per maintenance FTE (D&T).
- Custodial expense per square foot of all facilities in Richmond is \$1.38, whereas the median cost for peers was \$1.24 per square foot (D&T).
- Richmond has 13.3 vehicles per 1,000 residents (MS), whereas benchmarking data shows the median number for peer cities was 5.2 vehicles per 1,000 residents and the highest city, Orlando, Florida, was 8.9 vehicles per 1,000 residents (D&T).
- Heavy equipment maintenance per unit per year in Richmond is \$9,936, whereas the median cost in peer cities was \$3,212. Richmond has 45 pieces of heavy equipment (ICMA).

- Medium vehicle maintenance per unit per year in Richmond is \$4,450, whereas the median cost in peer cities was \$2,789. Richmond has 40 medium vehicles (ICMA).
- Police vehicle maintenance per unit per year in Richmond is \$4,089, whereas the median cost in peer cities was \$3,351. Richmond has 130 police vehicles, not including leased vehicles (ICMA).
- Richmond's cost of maintenance per vehicle is \$6,164 (MS), whereas the median cost for peer cities was \$4,747 (D&T).
- A number of functions and operations are duplicated by the Department of Public Works and the Department of Public Utilities including maintenance of the Combined Sewer System (CSS) area, maintenance of sewer lines in the non-CSS system, maintenance of parts of the floodwall and canal system, the use of separate paving contractors, grass-cutting services for City facilities, the provision of fleet management services and warehouse operations.
- Directors report difficulty in recruiting new employees in a number of classifications due to non-competitive salary scales and workforce availability.

### **Recommendations**

- Efforts should be made to reduce crew sizes where possible, through the cross training of drivers, equipment operators and other personnel.
- Encourage and enhance career development to improve recruitment and retention in hard-to-fill positions.
- Implement “managing for results” at all levels of operation.
- Continue to automate Public Works and Streets Maintenance work-order systems giving citizen access to the status of outstanding work orders by area of the City.
- Review the guidelines for fleet management and light vehicle (automobiles, SUVs and pick-up trucks) access to decrease the number of light vehicles in the City’s fleet and to decrease the total maintenance expenditures made on the entire fleet.
- Evaluate the duplication of functions and operations between the Department of Public Works and the Department of Public Utilities to rationalize departmental responsibilities and eliminate duplicated operations such as fleet management, road repair and custodial services.
- Conduct a thorough review of the personnel and compensation systems to insure the hiring and retention of a highly effective workforce.

## DEPARTMENT OF PUBLIC UTILITIES

### Findings

- The Department is a \$308 million business providing gas and water services.
- Recently, the Department has made yearly payments in lieu of taxes ranging between \$17 million to \$19 million to the City's General Fund.
- Department data indicates that there are 90 funded vacancies, and has had that many for a number of years. In 1998 the MGT re-engineering study recommended that 100 positions be eliminated in this department. Funded vacancies were higher here than in any City department.
- The cost to produce a million gallons of drinking water in Richmond is \$1,200 (MS), whereas the median cost for peers was \$967 (D&T).
- A number of functions and operations are duplicated by the Department of Public Works and the Department of Public Utilities including maintenance of the Combined Sewer System (CSS) area, maintenance of sewer lines in the non-CSS system, maintenance of parts of the floodwall and canal system, the use of separate paving contractors, grass-cutting services for City facilities and the provision of fleet management services and warehouse operations. Moreover, both the Department of Public Utilities and the Department of Finance collect utility payments.
- Directors report difficulty in recruiting new employees in a number of classifications.
- This Department has a \$600,000 contract for advertising services.

### Recommendations

- A thorough professional review by an outside consultant should be performed of this department to analyze operations, staffing and use of consultants and contractors. The firm selected should be a specialist in utility operations. To insure this, the selection process should include the review of detailed reports, including lists of recommendations and savings, from previous studies of public utility departments. An allocation for such a study should be included in the budget for FY 2006.
- Conduct a thorough review of the personnel and compensation systems to insure the hiring and retention of a highly effective workforce.
- Evaluate the return on investment on marketing and communications efforts to insure that these are effective expenditures.

- Evaluate the duplication of functions and operations between the Department of Public Works and the Department of Public Utilities to rationalize departmental responsibilities and eliminate duplicated operations such as fleet management, road repair and custodial services.
- Evaluate inventory management practices and the warehouse operations for cost savings.

## **DEPARTMENT OF COMMUNITY DEVELOPMENT**

### **Findings**

- There are different offices that must be accessed for different City permits. For example both this Department and the Department of Public Utilities provide City permitting.
- There are four basic types of inspections performed by this department's staff with each type of inspection function having its own staffing component.

### **Recommendations**

- Efforts should be made to reduce the number of inspectors where possible, through cross training of inspectors.
- Insure that zoning ordinances encourage and enhance development efforts.
- Review the use of historic designations to insure that they encourage and enhance development efforts.
- Coordinate and, where possible, merge permitting activities conducted by the various departments.
- Determine if the Department of Community Development can be combined with other departments that have similar permitting and code enforcement responsibilities.
- A "one-stop" permitting office should be considered, especially for homeowners and small businesses.

## **DEPARTMENT OF ECONOMIC DEVELOPMENT**

### **Findings**

- The Industrial Development Authority (IDA) rents office space privately rather than using space in City Hall.

- The current executive director of the IDA is an employee of this Department. While the IDA pays salary and benefits, there is no reporting structure for this person in the Department.
- The Minority Business Enterprise function is included in this Department's portfolio.
- The management of the Farmers' Market is included in this Department's portfolio.
- Management and funding of citywide economic development functions as well as authority over these functions is fragmented. City funding is provided to this department, the IDA, Richmond Renaissance and the Greater Richmond Partnership.

### **Recommendations**

- The offices of the Industrial Development Authority should be moved to City Hall.
- Management of the Industrial Development Authority (IDA) should be moved to this department with the Director of Economic Development being made the executive director of the IDA. At a minimum, the current lines of authority for the management of the executive director and IDA functions should be defined within this Department.
- Coordination and funding of the City's economic development efforts should be centralized in this Department or in the Mayor's Office.
- Management of the Minority Business Enterprise (MBE) function should be moved to procurement. This Department should continue to focus on business retention and development within all City communities.
- Regardless of management location, there should be a thorough assessment of the effectiveness of the MBE function to insure that the system successfully supports the development and inclusion of minority goods and services providers.
- The Farmers' Market should be removed from this Department's portfolio. A possible location for responsibility of the Farmer's Market is the Department of Parks, Recreation and Community Facilities

## **DEPARTMENT OF HUMAN RESOURCES**

### **Findings**

- The average number of days to fill a new or vacant position in Richmond is 97 days (MS), whereas the median for peer cities was 60 days (D&T).

- The number of full time positions filled per FTE dedicated to recruitment in Richmond is 52 (MS), whereas the median for peer cities was 79 positions (D&T).
- Richmond has 120 FTE's per human resource employee (MS), whereas the average peer city has 151 FTE per human resource employee (D&T). The City has about 20 percent fewer FTEs per human resource employee than its peers.
- There seem to be a number of job classifications, especially in the Department's of Public Works and Public Utilities where current pay ranges hinder the successful hiring and retention of highly effective employees.
- Human resource functions are decentralized and duplicated in a number of departments.

### **Recommendations**

- In order to hire and retain a highly effective workforce at all levels in the City, revamp human resource polices which inhibit the ability of higher performing employees to be compensated for above average performance. Also, evaluate the expansion of pay ranges and classifications for all City jobs in order to lessen the tendency for employees to find it beneficial to seek transfers between departments in order to obtain salary increases for the same work.
- Develop a consistent and well-understood personnel system including processes and rules for hiring, firing, compensating, developing, and recognizing employees for outstanding service.
- Strengthen hiring practices, including candidate-screening procedures, to place increasing responsibility on the hiring department for the ultimate success of their recruitment efforts.
- Evaluate the number and performance of human resource personnel allocated to other departments with the goal of gaining efficiencies through the centralization of all human resource into the Human Resource Department.
- Return all human resource functions including all employee-training programs to the Department.
- Make customer service training a function of this Department, revising customer service training and procedures to insure that a member of the City staff is responsible for each citizen inquiry.

## **DEPARTMENT OF GENERAL SERVICES**

### **Findings**

- General Services handles all City mail functions. There is evidence that this department makes too little use of bulk mail discounts. One example noted in discussions is that large mailings of newsletters have been mailed by first class postage on a recurring basis. First Class postage runs between \$ 0.32 to \$ 0.37 per piece whereas bulk rates are about \$ 0.16 per piece.
- Studies have been conducted of the efficiency and effectiveness of having both the City and the Richmond Public Schools maintaining similar printing and copying operations.

### **Recommendations**

- Require that all mailings be done in a least-cost manner. All choices to not use the least-cost manner must be approved by the department head and reported on a regular basis to the administration.
- Review previous studies and recommendations on merging City and Richmond Public Schools printing and copying operations to determine if further analysis is necessary to identify possible cost savings or what actions should be undertaken.
- Require the use of managed competition. Identify certain general service activities such as printing and copying for possible outsourcing through competitive bidding by private firms and internal operations.

## **DEPARTMENT OF FINANCE**

### **Findings**

- The Department states that their payroll system involves more manual processes than should be the case.
- The number of payroll runs processed per Richmond City payroll unit FTE is 5.4 (MS), whereas the median for peer cities is 14.7 payroll runs per payroll unit FTE (D&T).
- The cost to run a payroll in Richmond is \$9,225 (MS), whereas the median cost for peer cities is \$5,144 (D&T).
- Departments enter their own payroll and payments documents.
- The City does not require that all employees use direct deposit.
- Adequate financial accountability over City boards and authorities does not exist.

## **Recommendations**

- Improve the payroll system, likely through the adoption of a new automated system, to reduce the number of personnel involved and the number of payroll runs being processed.
- Develop a centralized financial system and eliminate individual department systems for such processes as bill payments, collections and direct data functions.
- Develop plans for the maximum use of employee direct deposit while insuring a cost-effective alternative for those individuals who cannot use this system.
- Develop a centralized accounting system that allows for immediate tracking of major expenses such as salaries and procurement.
- Consolidate all grants accounting under this Department and strengthen financial management practices to insure that all allowable expenditures are recovered.
- Determine and assess the functions in this Department that may be outsourced to achieve long term cost savings and efficiencies
- Provide clear legal authority to the City Finance Director to request accounting and financial data from all City boards and authorities
- Evaluate the current utilization of management reports on all accounts receivable including real estate and fines, especially for false alarm occurrences, to insure the effectiveness of procedures to bill citizens and companies and to insure the effective collection of all fine and past due amounts.

## **DEPARTMENT OF INFORMATION TECHNOLOGY**

### **Findings**

- Richmond spending on Information Systems as a percentage of total city spending is 1.4 percent (MS), whereas the median for peer cities was 0.26 percent (D&T).
- Richmond Information Systems FTEs as a percent of all Richmond FTEs is 1.5 percent (MS), whereas the median for peer cities was 0.57 percent of city FTEs (D&T).
- Richmond spends \$1,917 on Data Center Operations per individual workstation (MS), whereas the median for peer cities was \$1,581 (D&T).
- The number of workstations handled per Data Center FTE in Richmond is 55 (MS), whereas the median for peer cities was 85 workstations per Data Center FTE (D&T).

- There is no management system in place to control for the personal use of long distance telephone service and the reimbursement for such use.
- The Committee questions the standards used for the allocation of cellular communication systems.
- It was reported that there is a procurement process that requires all IT purchases be reviewed and approved, that this process has not been followed in all cases and that there has been no penalty for not following the process.
- The Committee noted that there were multiple contracts to multiple vendors in the precise amount of \$99,999.99.

### **Recommendations**

- Conduct an external review of the City's current IT functions and systems to evaluate the cost and benefits of investing in new systems to reduce redundancies, and to increase management efficiencies through the use of new IT solutions. To the extent that a private consultant might be retained for this evaluation, an allocation for such a study should be included in the budget for FY 2006.
- Develop management guidelines for the use of cell phones, Blackberries and other telecommunications devices to insure effective and cost-efficient access.
- Implement a pin number system for telephone long distance calls and then insure that employees reimburse the City for all personal long distance calls made.
- Determine why a high number of procurements in this department have resulted in multiple contracts to multiple vendors in the precise amount of \$99,999.99 and whether this is a cost-effective practice that should be continued.

## **DEPARTMENT OF PROCUREMENT SERVICES**

### **Findings**

- For formal bids, the number of calendar days between issuance of a requisition and the issuance of a purchase order in Richmond is 90 days (ICMA), whereas the median for peer cities was 46 days (ICMA).
- For informal bids, the number of calendar days between issuance of a requisition and the issuance of a purchase order in Richmond is 30 days (ICMA), whereas the median for peer cities was 6 days (ICMA).
- For existing contracts, the number of calendar days between issuance of a requisition and the issuance of a purchase order in Richmond is 30 days (ICMA), whereas the median for peer cities was 4 days (ICMA).

- The Department requires an average turnaround time for public works construction contracts of 425 days (MS), whereas the median for peer cities was 41 days (D&T).
- Processes seem to be ignored in many situations and the Committee was told that remedial actions were seldom taken.
- Corporate credit cards have been shown to decrease procurement processing costs; however, the City does not use corporate credit cards.
- There seems to be little or no use of leveraged purchasing power using the procurement expenditures of all City agencies, boards and authorities.
- A review of city contracts lead to the opinion that there seem to be too many contracts that are not competitively bid, contract periods that seem to be longer than appropriate and the use of the same providers over time.
- The Minority Business Enterprise function is not managed in this Department.

### **Recommendations**

- Conduct an external review of the City's current procurement functions in order to develop a modern cost-effective procurement system.
- Institute a system to insure and to verify that procurement policies and procedures are being followed and institute effective remedial actions to be taken when procedures are not followed.
- Review and enhance fraud reporting policies and procedures especially in procurement areas.
- Develop a clearly defined and streamlined bidding process making certain that informal and formal bids are written in such a way that, to the extent possible, multiple vendors can and will submit bids.
- Determine why the procurement granted to Welcome Corporation for Police vehicles was not competitively bid.
- While insuring that MBE policies and goals are met and where possible enhanced, utilize purchasing capabilities of federal, state (especially through the adoption of eVA) and other regional government agencies and provide access to those capabilities to City agencies and authorities.
- Develop and train a variety of service providers and City agencies on how to efficiently, effectively, and appropriately provide and purchase goods and services.

- Post all administrative policies onto the City’s intranet site and require key City staff to annually certify their awareness of changes to these policies.
- Evaluate the procurement processing cost savings of adopting the use of City (corporate) credit cards for purchases under \$1,000 to determine if these cards should be used at the department level.
- Centralize the purchase and distribution of office equipment and supplies.
- For economic development purposes and to support City businesses, evaluate the cost of a program to favor businesses that operate with at least one office in the City.
- Evaluate the economic benefits from merging all City, Richmond Public Schools, board and authority procurement activities, including insurance programs, in order to leverage the combined purchasing power of City expenditures.
- The Minority Business Enterprise function should be managed in this Department.

## **DEPARTMENT OF CUSTOMER SERVICE AND ORGANIZATIONAL DEVELOPMENT**

### **Findings**

- This department was created by moving certain human resource and service functions from other City departments.

### **Recommendations**

- Eliminate this Department by moving workforce development functions to the Department of Human Resources and charge this department with developing continuing education and training opportunities focused on customer-centered strategies and customer-support training.

## **DEPARTMENT OF PUBLIC HEALTH**

### **Findings**

- The Commonwealth manages all but three (City of Richmond and the Counties of Fairfax and Arlington) local public health districts.
- A number of services and programs provided by this department are provided by other City departments (Appendix F) and not-for-profit entities.

### **Recommendations**

- Collaborate with other city agencies to provide services for juvenile offenders and their families to reduce, where possible, any duplication of services or programs.
- Evaluate the outsourcing of animal care and control.
- Review the net benefits of returning to a state-managed public health department and do so unless the identified costs outweigh the benefits.
- All programs and functions should be coordinated by the social services agencies where legally possible.

## **DEPARTMENT OF JUVENILE JUSTICE SERVICES**

### **Findings**

- A number of services and programs provided by this department are provided by other City departments (Appendix F) and not-for-profit entities.
- Truancy is a Citywide problem.
- This department provides certain truancy services.

### **Recommendations**

- Collaborate with other city agencies to provide services for juvenile offenders and their families to reduce, where possible, any duplication of services or programs.
- A thorough study of the City's truancy problem should be undertaken in collaboration with the Richmond Public Schools. Management of student truancy should be coordinated with the Richmond Public Schools and the effectiveness of having two truancy programs should be evaluated. If appropriate, all funding should be centralized into one consolidated program.
- All programs and functions should be coordinated by the social services agencies where legally possible.

## **DEPARTMENT OF SOCIAL SERVICES**

### **Findings**

- A number of services and programs provided by this department are provided by other City departments (Appendix F) and not-for-profit entities.
- There seems to be a lack of overall coordination of family, youth and public health programs. It is understood that Federal programs and privacy rules limit coordination.

### **Recommendations**

- Collaborate with other city agencies to provide services for juvenile offenders and their families to reduce, where possible, any duplication of services or programs.
- Collaborate with non-profits that provide services to needy Richmond citizens to provide services in the most cost-effective way.
- Undertake a community needs and assets assessment study to determine if the Department's programs are addressing citizen needs. This assessment should address the programs that can be stopped, started or continued, and how City agencies, City service providers, and local not-for-profit providers can help fill any identified gaps in services with a customer-emphasis on client assistance.
- All programs and functions should be coordinated by the social services agencies where legally possible.

## **DEPARTMENT OF PARKS, RECREATION AND COMMUNITY FACILITIES**

### **Findings**

- The Department provides many important activities for children and families throughout the year.
- A number of services and programs (Appendix F) as well as operations such as maintenance, custodial services and mowing operations are duplicated in other City departments.
- The Department operates and manages the Landmark Theater and City Cemeteries and contracts for the management of the City's golf facility.
- The Department of Economic Development is responsible for the management of the Farmers' Market.

### **Recommendations**

- Promote the parks and programs offered, thereby promoting support and use of their facilities.
- Encourage parents to participate in programs with their children in an effort to strengthen families.
- The City should investigate outsourcing cemetery management and burial services.
- Determine if facilities are fully utilized and services are prioritized to address diverse community needs

- Assess the benefits of a collaborative relationship between the Department and the Richmond Public Schools and how both organizations may be fully utilized to provide programs for families.
- Partner with Richmond Public Schools and local non-profit agencies to gain efficiencies in service provision and expanded program support.
- Map and assess the services provided by the Department to all residents and determine how to evenly provide these services to all residents.
- Evaluate the management of the Richmond Landmark Theater and determine the net benefits of contracting out the management to a private organization similar to the contract for the Richmond Coliseum. An operating relationship similar to that with the Maymont Foundation might be considered.
- The City's management contract for golf operations should be reviewed regularly to insure that the City is earning its full net-revenue potential.
- This Department should manage the Farmers' Market.

## **EAST DISTRICT INITIATIVE**

### **Findings**

- This initiative provides an important City-government presence and accessibility to services in the East End community.
- It is the nature of this initiative that a number of services and programs provided are duplicated by other City departments at other locations (Appendix F).

### **Recommendations**

- Expand support of this initiative especially the Healthy Families First program.
- Evaluate the total program to measure its effectiveness (in terms of both cost and citizen satisfaction) to determine which elements should be continued, stopped, started, or transferred to other departments.

## **HUMAN SERVICES AND HUMAN RELATIONS COMMISSIONS**

### **Findings**

- An important function but the need to remain an independent entity has come under question.

- Operations are separated by gender.
- A number of services and programs provided by the Human Services Commission are provided by other City departments (Appendix F) and not-for-profit entities.

### **Recommendations**

- Move the Human Relations function and responsibilities to the Mayor's Office for cost effectiveness as well as to increase the profile of the function.
- Move Human Services functions and responsibilities to appropriate City agencies.
- Merge all operations that have been separated by gender.
- Eliminate or consolidate duplicated functions identified in Appendix F.

## **POLICE DEPARTMENT**

### **Findings**

- In Richmond, each sworn officer serves 298 residents (MS), whereas the median for peer cities was 558 residents served per sworn Police Department FTE (ICMA). Other reporting jurisdictions and their ratios of residents to sworn officer FTEs included Oakland, 303, Dayton, 322, Tallahassee, 434, San Francisco, 476, and San Antonio, 555.
- In Richmond, patrol officers make up 58 percent of all officers (MS), whereas the median for peer cities is 65 percent (D&T).
- In Richmond, the average number of calls answered by each sworn uniformed patrol officer is 634 calls (MS), whereas the median for peer cities was 730 calls handled per sworn uniformed patrol officer (D&T).
- In FY 2003, per capita City spending on the Police Department exceeded the per capita expenditures made by the City of Norfolk by about 28 percent, and per capita expenditures by Virginia large city peers by 60 percent (VAPA). Using Norfolk's per capita expenditures, this represents an additional expenditure of \$12.9 million by Richmond.
- Police presence in a neighborhood provides stabilizing influences on that neighborhood.

### **Recommendations**

- Re-deploy more officers to patrol areas.
- This Department would benefit from a close examination of the manner in which funds are expended and how allocations are made to the various functions.

- Evaluate the cost effectiveness of the Department's current contract to rent 50 or more automobiles.
- Conduct a thorough review of the personnel and compensation systems to insure the hiring and retention of a highly effective workforce.
- Study what programs or efforts would be effective in encouraging more residents of the City to enter a career with the City Police Force.
- As a step toward enhanced community policing, evaluate the costs and benefits of allowing officers living in City low-income neighborhoods to take their patrol cars home.
- Determine why the majority of City police officers reside outside of the City and what incentives would be necessary to increase the number of police officers living in the City. Evaluate the net benefits of increasing the number of police officers living in the City and in selected neighborhoods.
- Investigate the availability of federal or state grants for officers who are willing to purchase City homes in selected low-income neighborhoods.
- Evaluate any expansion of the number of precincts in the City relative to the use of patrols, technology for rapid response and home-ownership incentives to Police Officers to reside in their assigned communities.
- Consider increasing fines for false alarm occurrences.

## **FIRE AND EMERGENCY SERVICES DEPARTMENT**

### **Findings**

- The number of Richmond City structures per fire station is 3,113 (MS), whereas the median for peer cities was 3,775 structures per fire station (D&T).
- The number of Richmond City residents per fire station is 9,890 (MS), whereas the median for peer cities was 14,963 residents covered per fire station (D&T).
- The area of Richmond in square miles covered per fire station is 3.1 square miles (MS), whereas the median for peer cities was 5.2 square miles per fire station (D&T).
- The number of Richmond residents served per sworn Fire Department FTE is 480 (MS), whereas the median for peer cities was 603 residents served per sworn Fire Department FTE (D&T).

- In FY 2003, per capita City spending on the Fire and Emergency Services Department exceeded the per capita expenditures made by the City of Norfolk by about 23 percent, and per capita expenditures by Virginia large city peers by 22 percent (VAPA). Using Norfolk's per capita expenditures, this represents an additional expenditure of \$6.0 million by Richmond.
- There has been a trend in increased regional cooperation between area fire departments.

### **Recommendations**

- While insuring an optimal response system and maintenance of response times, consider closing two or three fire stations. Alternatively consider merging two stations and building one replacement station, or some combination of mergers and closing.
- Identify unsuitable firehouses and plan for their replacement or rehabilitation.
- Develop a community service function (for example, Boy's & Girl's clubs) at selected firehouses with a purpose to "face outward" and embrace the community, rather than being a service-delivery outpost.
- Continue and expand upon the regional cooperation between local fire departments we now enjoy.

## **Fees to Support Service Provision**

The Committee discussed the use of fees to support City provided services. In general, the opinion is that there are a number of services that can be priced using fees. However, it is important for the City administration to develop a policy on the type of services for which fees are charged as well as the level of subsidies that will be offered when charging fees that may create a financial hardship on consumers.

While a number of City provided goods and services have traditionally been funded by fees, such as garbage collection, recycling, sewer and water, the committee notes that the use of fees seem to be the most appropriate where the good or service has alternative providers in the private sector so that there can be a choice of providers, the benefits from consumption of the good are specific to individuals who consume them or that some sort of rationing function is to be performed using the fee.

### **Recommendations**

- **Department of Finance.**
  - Insure that the fee for responding to false alarm occurrences is set so that the full explicit and implicit costs of a response are recovered.
  - Evaluate the current utilization of management reports on false alarm occurrences and the effectiveness of procedures to bill and collect from citizens and companies. Insure that these fees are collected in a timely manner.
  - Evaluate the use, necessary cost structure and net benefits of requiring the purchase of a City permit for the installation of all residential and corporate alarm systems.
  - Institute a program that will insure the effective collection and enforcement against those refusing to pay the fines.
- **Department of Public Health.** Where appropriate, evaluate and consider the adoption of fees for services. Standards for financial support should be set and grants given to those who qualify.
- **Department of Parks, Recreation and Community Facilities.**
  - Initiate fee of \$40 per week (Reported by the Department as the fee necessary to cover program costs.) for after school programs. Standards for financial support should be set and grants given to those who qualify.
  - Fees for summer programs should be evaluated and increased to insure that they are within the range of comparable programs provided by others in the City and that they cover program costs. Standards for financial support should be set and grants given to those who qualify.

- Identify and use external grant funding to support after-school and summer programs.
- Review all contracts to ensure that the full revenue potential of the City's facilities is realized.
- **Department of Public Utilities.** Review the level of payments made in lieu of property taxes to insure that full net revenue potential of the operations are returned to the City.

## Concluding Comments

A number of citywide management findings were identified by the Committee that did not readily fit into the categories presented above.

### Findings

- There is the need to better assess citizen demands for services – both the composition and level of services as well as the ease of access to these services.
- Civic engagement is important to the overall well being of the City and its citizens.
- A number of studies of City government have been undertaken over the last decade, including a privatization study and a significant management study.
- There has not been a full reporting of spending and staffing data to the ICMA to be used in the *Comparative Performance Report* for many of the 15 service areas included in the report. Failure to report this data results in the inability to make informed management decisions where comparative data from peer cities would be useful in defining City performance.
- The City does not accurately account for “vacant but funded positions.” While City departments report one number of vacancies, the management system used by the Department of Budget and Planning records a different number of vacancies. The current Department of Budget and Planning report provided the Committee shows that funded vacancies are budgeted at approximately \$1.5 million per pay period or \$39 million per year. The City budget includes funding for 97 percent of these vacancies.
- It is likely to be difficult for the new City administration to determine if all former occurrences of fraud and corruption have been identified and to insure there are no future occurrences. State and federal governments have instituted telephone “Hotlines.” Moreover, fraud hotlines have become commonplace in industry as corporations adapt to the requirements of the “Sarbanes-Oxley Act of 2002.”
- The total assessed value of the City’s tax-exempt property was \$3.3 billion in FY 2004.
- The Commonwealth of Virginia paid a service fee of \$3.2 million in lieu of paying property taxes in FY 2004.

### Recommendations

- Determine the expectations of the City’s citizens, service providers, and other governmental entities and where necessary, explain how City government works and what services are provided in order to help manage the citizens’ expectations.

- Evaluate grouping all city agencies that provide direct services to citizens together in a location that allows for easy collaboration among employees and one-stop visits (for permits, etc.) for residents and representatives of small businesses.
- Continue and expand the use of “Blue Ribbon” citizen committees to investigate and pursue solutions to major city problems and challenges. A “Committee on Citizen Responsibility” could be established to coordinate these efforts. Other new committees could be established to focus on issues such as poverty, housing and transportation. Existing committees like Efficiency and Effectiveness and Regional Cooperation could be continued beyond their initial mandates to focus more specifically on opportunities for progress in their respective areas.
- Undertake a new strategic plan that would define the Mayor’s vision and core values for the operation of the City.
- Review the status of all recommendations made in the 1996 City Privatization Study and the 1998 MGT report, *Management and Operational Analysis of Richmond City Government for Re-engineering City Government*. Evaluate those recommendations that were not implemented by the previous administration for possible implementation. For example, the MGT study recommended that a policy for employee direct deposit be established and that 100 positions be eliminated in the Department of Public Utilities.
- Fully report all required expenditures and staffing data to the ICMA for use in the *Comparative Performance Report*.
- Reduce funded vacancies to a level of not more than 5 percent of department staff, unless approved by the Mayor.
- Obtain accurate staffing and vacancy data at the earliest possible time, and determine if imposing prudent additional cuts in funded vacancies can further reduce the FY 2006 budget for salaries.
- The Mayor's office should implement and publicize the existence of a “Fraud or Integrity Hotline.” The telephone number should be publicized through public service announcements on local television and radio stations, in the print media and possibly even on bus placards.
- Require the City’s external auditors to “attest to” the work of other auditors who audit the City’s authorities, rather than just “refer to” such work in their opinions.
- Evaluate the payments made in lieu of taxes on tax-exempt property to insure that the full cost of services is being covered.

## **APPENDIX A**

### **Efficiency and Effectiveness Committee Members and Staff**

#### **Co-Chairs**

- S. Buford Scott
- Tina A. Walls

#### **Committee Members**

- Earnest T. Brown
- Art Burton
- Jack M. Enoch, Jr.
- May H. Fox
- William R. Johnson, Jr.
- Michael D. Pratt
- Kim Saunders

#### **Graduate Assistants**

- Ayanna Fortson
- Eric Grugel
- Richard Lambert

## APPENDIX B

### Committee Interviews

#### January 5, 2005

William Harrell	Interim Chief Administrative Officer
Chester Brazille	Director of Human Resources
Sharon O'Hare	Director of Management Services
Daisy Weaver	Director of Budget and Strategic Planning

#### January 12, 2005

William Harrell	Interim Chief Administrative Officer
Chester Brazille	Director of Human Resources
Sharon O'Hare	Director of Management Services
Daisy Weaver	Director of Budget and Strategic Planning

#### January 26, 2005

Sharon O'Hare	Director of Management Services
Daisy Weaver	Director of Budget and Strategic Planning

#### February 2, 2005

William Harrell	Interim Chief Administrative Officer
Sandy Bowen	Secretary of Administration, Commonwealth of Virginia
Dianne Linderman	Director of Public Works
Nancy Ross	Interim Director of Human Services

#### February 11, 2005

Aaron Estes	Bearing Point
Don Parr	Bearing Point
Dianne Linderman	Director of Public Works
Mark Strickler	Director of Community Development
David Sacks	Senior Planner
Dinetta Parker	Public Utilities
George Kranitzky	Public Utilities Comptroller
Lynn Lancaster	Deputy Director of Economic Development
John Woodward	Director of Economic Development

#### February 18, 2005

William Harrell	Interim Chief Administrative Officer
Chester Brazille	Director of Human Resources
Marian Stallings	Human Resources Manager
Fred Rosen	Human Resources Manager
Alverta Johnson	General Services
Betty Burrell	Deputy Director of Finance
Michael Hulsky	Chief of Risk Management

Andrew Roundtree  
Libby Mounts  
Theresa Harris  
Sharon O'Hare  
Rayford Harris, Jr.  
Carol Bracy

Director of Finance  
Director of Information Technology  
Interim Director of Procurement  
Director of Management Services  
Sr. Budget & Strategic Planning Analyst  
Director of Customer Service &  
Organizational Development

**February 25, 2005**

Nancy Ross  
Daisy Weaver  
Janice Carson  
David Avery  
Dalee Thomas  
Sandra Martin  
Leroy Adams  
Glenn Butler  
Suzanne Fountain  
Doris Moseley  
Michael Muse  
Donald Ruby  
Dinesh Tiwari  
Marie Coone  
Douglas Dunlap  
William Smith  
Chief Rodney Monroe  
Chief Larry Tunstall  
Charlette Woolridge  
Lieutenant Raleigh

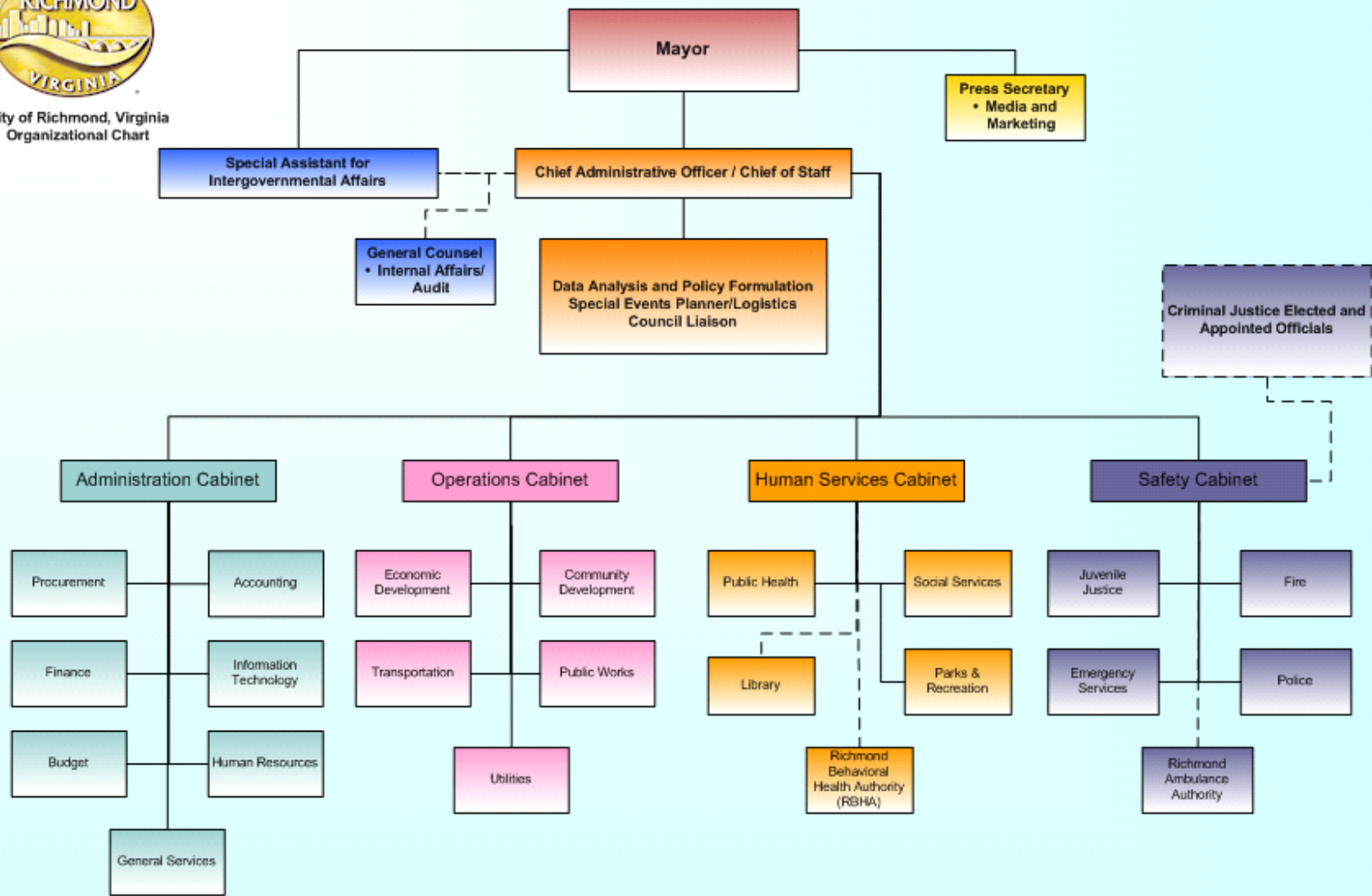
Interim Director of Human Services  
Director of Budget and Strategic Planning  
Director of Public Health  
Deputy Director of Juvenile Justice  
Chief Executive of Juvenile Detention  
In Home & Residential Programs Manager  
Human Services Coordinator  
Director of Social Services  
Assistant Director of Social Services  
Child Welfare Human Services Manager  
Benefits Human Services Manager  
Administrative Services Manager  
Director of Parks and Recreation  
Deputy Director of Parks and Recreation  
Assistant Manager of East District Initiative  
Director of Human Service Initiative  
Police Chief  
Fire Chief  
Deputy Director of Fire and Emergency Services  
Lieutenant

## **APPENDIX C**

### **Management Structures Reviewed**



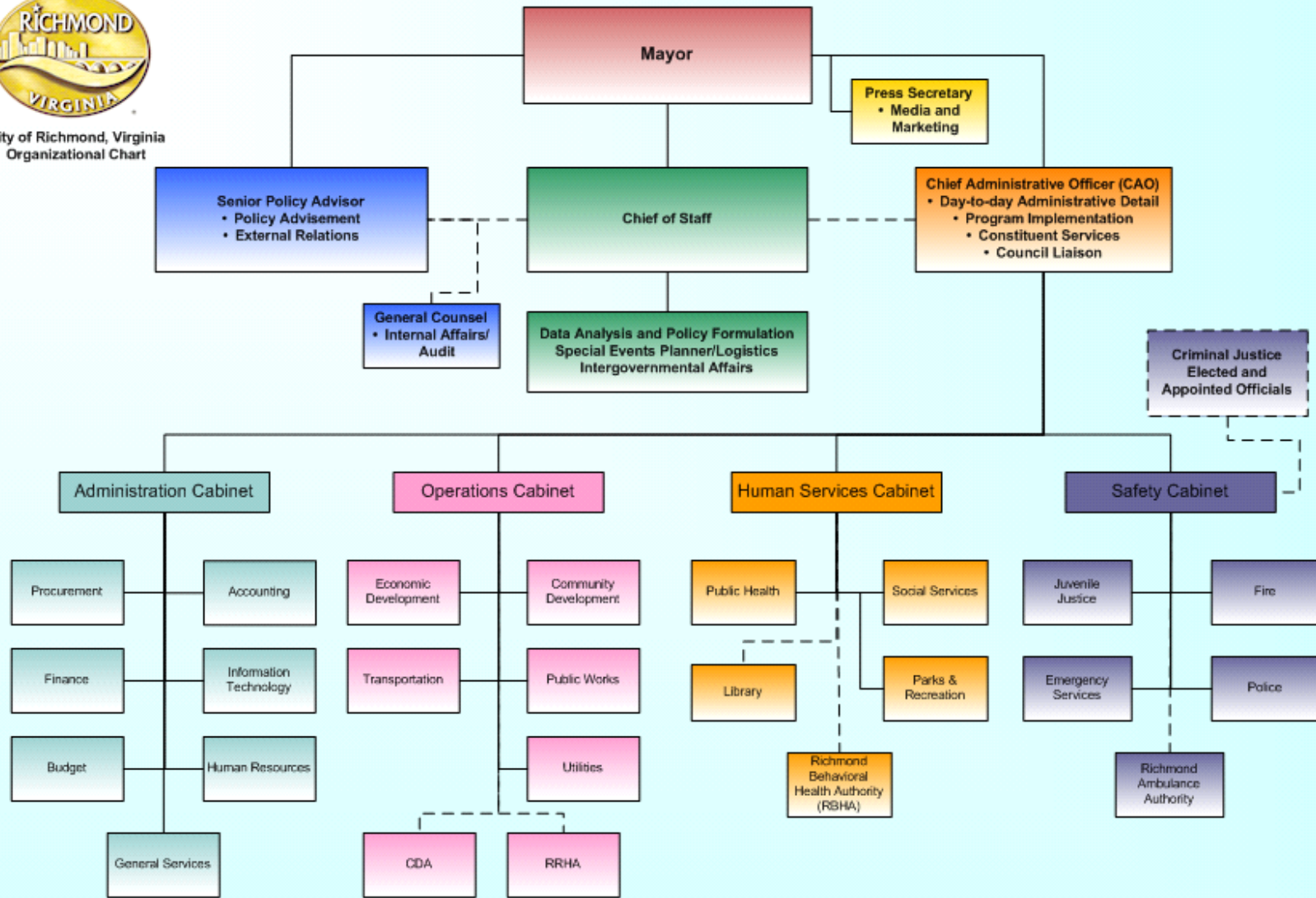
City of Richmond, Virginia  
Organizational Chart



For discussion purposes  
only



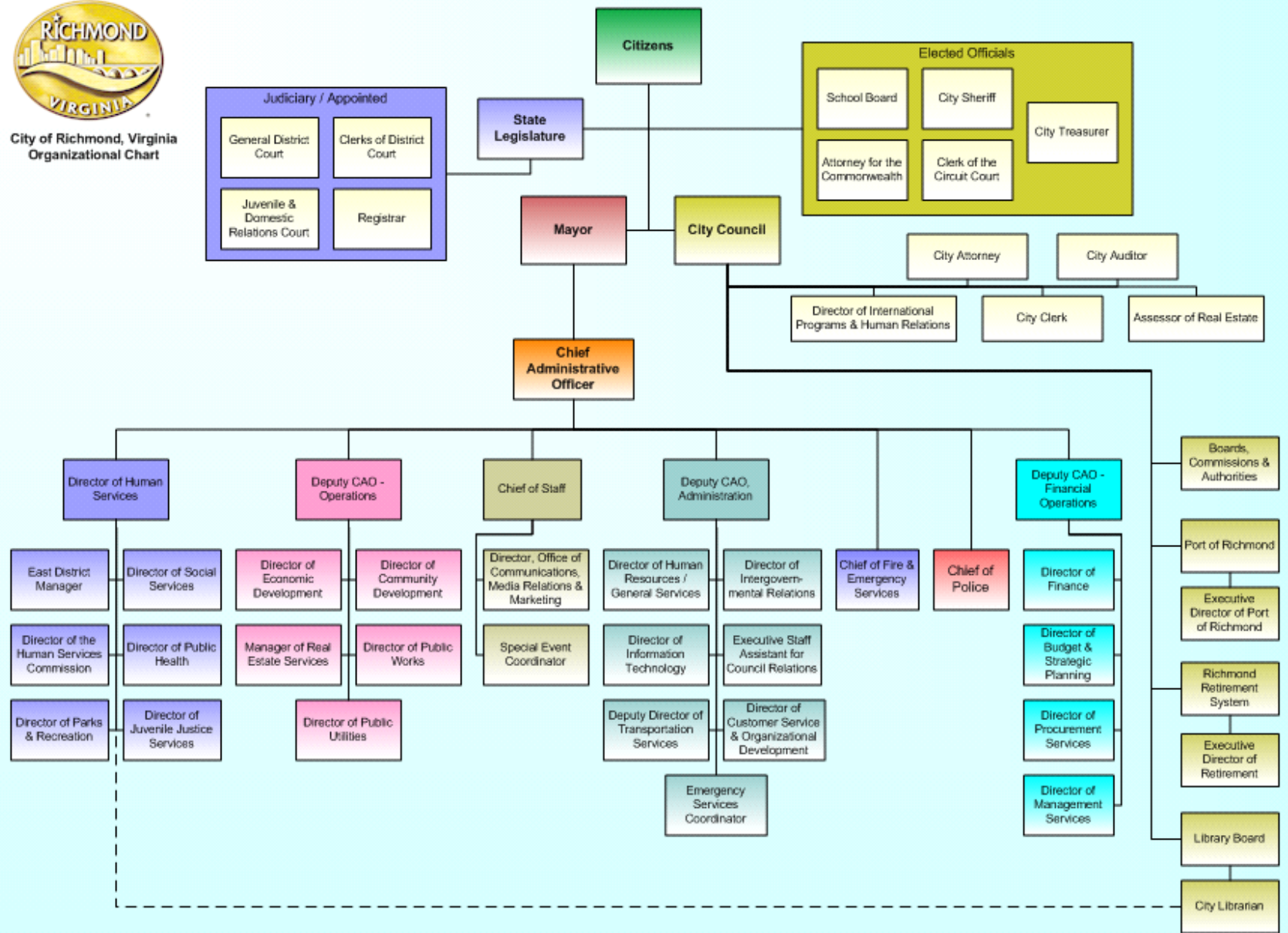
City of Richmond, Virginia  
Organizational Chart



For discussion purposes  
only



City of Richmond, Virginia  
Organizational Chart



Produced 1/12/2005

## APPENDIX D

### Peer Cities Used in Various Studies

#### **International City/County Management Association *FY 2003 Comparative Performance Measurement Report (ICMA)***

- Each comparison uses the mean and median values for reporting jurisdictions with populations greater than 100,000.

#### **Deloitte and Touche (D&T)**

- Each comparison uses the mean and median values for reporting jurisdictions classified to be peers by Deloitte and Touche.

#### **Virginia Auditor of Public Accounts Fiscal 2003 *Comparative Report of Local Government Revenues and Expenditures (VAPA)*,**

- Each comparison used the mean values calculated for the following Virginia cities:
  - Chesapeake
  - Hampton
  - Newport News
  - Norfolk
  - Portsmouth
  - Roanoke
  - Virginia Beach

## **APPENDIX E**

### **CitiStat Information**

<http://www.ci.baltimore.md.us/news/citistat/>

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## **APPENDIX F**

### **Duplication of Social Services Programs**

## Duplication of Services Snapshot

	Social Services	Public Health	Juvenile Justice	Parks and Recreation	East District Initiative	Human Services Commission
Transportation <sup>1</sup>	▲		▲	▲	▲	
Cultural Enrichment for Youth	▲		▲	▲		▲
Cultural Enrichment for Seniors	▲			▲		▲
Public Relations <sup>2</sup>		▲		▲		
Animal Care and Control <sup>3</sup>		▲				
Youth Employment			▲			▲
Healthy Families	▲	▲			▲	
In-Home Case Management	▲	▲	▲		▲	
Building Maintenance <sup>4</sup>						
Capital Project <sup>5</sup> Management				▲		
Parenting Classes	▲	▲	▲		▲	
Job Readiness Training <sup>6</sup>	▲		▲		▲	▲
Fraud Prevention and investigation <sup>7</sup>	▲					
Homework Assistance <sup>8</sup>				▲		

Source: City of Richmond

<sup>1</sup> Also provided by Schools, Housing and GRTC

<sup>2</sup> Also provided by Police, Fire, Schools, Public Works, Public Utilities and City Office of Marketing

<sup>3</sup> Dead animal pick-up also provided by Public Works, animal control dispatch also responded tpo by Police

<sup>4</sup> Also provided by Public Works, Schools, Public Utilities and Housing

<sup>5</sup> Also provided by Public Utilities, public Works, Community Development and Schools

<sup>6</sup> Also provided by Workforce Investment Board and variety of community agencies

<sup>7</sup> Also provided by Police, Public Utilities and Department of Finance

<sup>8</sup> Also provided by Libraries, Schools and Community agencies