



Council Meeting: May 5, 2009

SUBJECT: Award of Contract for a Multi-department Operational Efficiency and Optimum Staffing Study and Approval of Budget Modification No. 34

REPORT IN BRIEF

Approval is requested for the award of a contract for a multi-department operational efficiency and optimum staffing study in the amount of \$149,000 to Matrix Consulting Group of Palo Alto. The study will review the cost effectiveness of services provided by specified City departments and make recommendations for improvements, as appropriate.

BACKGROUND

In FY 2004/2005, the City began a multi-year effort evaluating major organizational units' operations and staffing practices to assure efficient provision of City services for dollars invested. Consultants with expertise in "best practice" municipal operations reviewed staffing, organizational structure, business processes, management systems, and performance metrics. Utilizing industry benchmarks, fact-based analysis, and quantifiable diagnostic tools the consultants assessed City operations to identify areas already functioning efficiently and effectively, identify areas where there may be opportunities for improvement, and make recommendations to achieve operational efficiency.

The project has spanned several years to ensure adequate staffing support for each study, and separate Request for Proposal processes were conducted. The City's consultant selection committees for the departments of Public Works, Public Safety and Finance studies selected the Matrix Consulting Group because it offered the best value to the City for the following reasons:

- The sample deliverables Matrix provided as part of its proposal were far superior to the samples provided by the other three proposers.
- Matrix is headquartered locally and plans for project team members to spend considerable time on site.
- The Matrix cost for the project was reasonable.

The Department of Public Safety was the first to undergo review, followed by

the Department of Public Works in FY 2005/2006. The Department of Finance and the Facilities Services Division of the Department of Community Services are currently underway and scheduled for completion this fiscal year.

Staff continues to evaluate and implement consultant recommendations to achieve cost savings, and efficiency.

DISCUSSION

The multi-department staffing and efficiency study is an investment in the City's future. It is fully expected that the implementation results will result in direct and indirect cost savings that significantly exceed study cost. The departments to be reviewed in the proposed multi-department study are Community Development, Community Services, Human Resources, Information Technology, Libraries, and the Office of the City Attorney and the Office of the City Manager.

The proposed specialized professional service contract with Matrix Consulting Group is exempt from competitive bidding per Section 2.08.070(b)(1) of the Sunnyvale Municipal Code. The proposal from the Matrix Consulting Group (Attachment A) addresses the selection criteria noted in the Background section of this report. The selection of Matrix is also supported by the quality of work provided to date. Finally, the selection of Matrix will provide consistency with studies they have already undertaken for the Departments of Public Works, Public Safety, and Finance.

All seven pending departments will be reviewed in a single study focusing on "best practice" opportunities for improvement. This approach consolidates and streamlines the project, conserving City resources by:

- Eliminating duplication required for independent studies
- Leveraging City resources to ensure maximum cross-departmental information sharing
- Focusing consultant efforts on recommendations for operating efficiency results, rather than detailing current operations for already well-performing areas.

In addition to making recommendations for achieving greater operational efficiency, the consultant will also provide an implementation plan, and will work with the City to facilitate and monitor implementation. Implementation is now underway in previously reviewed departments.

Given current and likely future economic conditions, recommendations from this study will be critical to expediting the City's ability to adapt to the emerging economy, and continue to deliver the high quality services for which

Sunnyvale is known.

FISCAL IMPACT

Total cost to the City will not exceed \$149,000 for the Matrix Consulting Group contract, including expenses. Funds for these studies are programmed in Special Project 827390, Department Operational Efficiency and Optimum Staffing Studies. \$116,100 is budgeted in the current year, with an additional \$71,400 programmed in FY 2009/2010 for these studies. Approval of Budget Modification No. 34 will bring the necessary funds forward into FY 2008/2009 for the total contract amount.

**BUDGET MODIFICATION NO. 34
FISCAL YEAR 2008/2009**

General Fund	Current	Increase (Decrease)	Revised
Expenditures			
Project 827390 – Department Efficiency and Optimal Staffing Studies – FY 2008/2009 Budget	\$116,100	\$32,900	\$149,000
Project 827390 – Department Efficiency and Optimal Staffing Studies – FY 2009/2010 Budget	\$71,400	(\$32,900)	\$38,500

It should be noted that the FY 2008/2009 Budget also includes additional monies for these studies. Combining the current studies into one contract and modifying the approach will result in approximately \$250,000 in savings as compared to the current Budget. Upon approval of the Budget Modification, these savings will be returned to the General Fund to assist in balancing the 20-year financial plan.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, in the Council Chambers lobby, in the Office of the City Clerk, at the Library, Senior Center, Community Center and Department of Public Safety; posting the agenda and report on the City's Web site; and making the report available at the Library and the Office of the City Clerk.

ALTERNATIVES

1. Award a contract to Matrix Consulting Group, in substantially the same form as the attached draft and in an amount not to exceed \$149,000 to conduct an operational efficiency and optimum staffing study of the Departments of Community Development, Community Services, Human Resources, Information Technology, Libraries, and the Office of the City Attorney and the Office of the City Manager.
2. Approve Budget Modification No. 34 appropriating \$32,900 from FY 2009/2010 into Project 827390.
3. Other direction as provided by Council.

RECOMMENDATION:

Staff recommends Alternatives 1 and 2, to award a contract to Matrix Consulting Group in an amount not to exceed \$149,000 to conduct a multi-department operational efficiency and optimum staffing study and approve Budget Modification No. 34.

Reviewed by:

Robert Walker, Assistant City Manager
Prepared by: Coryn Campbell, Assistant to the City Manager

Reviewed by:

Mary J. Bradley, Director of Finance

Approved by:

Gary Luebbers
City Manager

Attachments

1. Draft Consulting Services Agreement – Matrix Consulting Group

DRAFT
CONSULTANT SERVICES AGREEMENT
BETWEEN THE CITY OF SUNNYVALE AND MATRIX CONSULTING GROUP, LTD.,
TO CONDUCT A MULTI-DEPARTMENT OPTIMUM STAFFING STUDY

THIS AGREEMENT dated _____ is by and between the CITY OF SUNNYVALE, a municipal corporation ("CITY"), and MATRIX CONSULTING GROUP, a California corporation ("CONSULTANT").

WHEREAS, CITY is in need of specialized services in relation to conducting an operational efficiency and optimum staffing study for the Departments of Community Development, Human Resources, Community Services, Information Technology, Office of the City Manager, Libraries, and City Attorney's Office; and

WHEREAS, CONSULTANT possesses the skill and expertise to provide the required services;

NOW, THEREFORE, THE PARTIES ENTER INTO THIS AGREEMENT.

1. Services by CONSULTANT

CONSULTANT shall provide services in accordance with Exhibit "A" attached and incorporated by reference. CONSULTANT shall determine the method, details and means of performing the services.

2. Time for Performance

The term of this Agreement shall be from date of Agreement execution to December 31, 2010, unless otherwise terminated. CONSULTANT shall deliver the agreed upon services to CITY as specified in Exhibit "A". Extensions of time may be granted by the City Manager upon a showing of good cause.

3. Duties of CITY

CITY shall supply any documents or information available to City required by CONSULTANT for performance of its duties. Any materials provided shall be returned to CITY upon completion of the work.

4. Compensation

CITY agrees to pay CONSULTANT the amount of One Hundred Forty-nine Thousand and no/100 Dollars (\$149,000.00). CONSULTANT shall submit invoices to CITY's Accounts Payable Unit no more frequently than monthly. Payment shall be made within thirty (30) days of receipt of an accurate, itemized invoice.

5. Ownership of Documents

CITY shall have full and complete access to CONSULTANT's working papers, drawings and other documents during progress of the work. All documents of any description prepared by CONSULTANT shall become the property of the CITY at the completion of the project and upon payment in full to the CONSULTANT. CONSULTANT may retain a copy of all materials produced pursuant to this Agreement.

6. Conflict of Interest

No officer or employee of CITY shall have any interest, direct or indirect, in this Agreement or in the proceeds thereof. During the term of this Agreement CONSULTANT shall not accept employment or an obligation which is inconsistent or incompatible with CONSULTANT's obligations under this Agreement.

7. Confidential Information

CONSULTANT shall maintain in confidence and at no time use, except to the extent required to perform its obligations hereunder, any and all proprietary or confidential information of CITY of which CONSULTANT may become aware in the performance of its services.

8. Compliance with Laws

- (a) CONSULTANT shall not discriminate against, or engage in the harassment of, any City employee or volunteer or any employee of CONSULTANT or applicant for employment because of an individual's race, religion, color, sex, gender identity, sexual orientation (including heterosexuality, homosexuality and bisexuality), ethnic or national origin, ancestry, citizenship status, uniformed service member status, marital status, family relationship, pregnancy, age, cancer or HIV/AIDS-related medical condition, genetic characteristics, and physical or mental disability (whether perceived or actual). This prohibition shall apply to all of CONSULTANT's employment practices and to all of CONSULTANT's activities as a provider of services to the City.
- (b) CONSULTANT shall comply with all federal, state and city laws, statutes, ordinances, rules and regulations and the orders and decrees of any courts or administrative bodies or tribunals in any manner affecting the performance of the Agreement.

9. Independent Contractor

CONSULTANT is acting as an independent contractor in furnishing the services or materials and performing the work required by this Agreement and is not an agent, servant or employee of CITY. Nothing in this Agreement shall be interpreted or construed as creating or establishing the relationship of employer and employee between CITY and CONSULTANT. CONSULTANT is responsible for paying all required state and federal taxes.

10. Indemnity

CONSULTANT shall indemnify, defend and hold harmless CITY and its officers, officials, employees and volunteers from and against all claims, damages, losses and expenses, including attorney fees, arising out of the performance of the work described herein, caused in whole or in part by any negligent act or omission of CONSULTANT, any subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, except where caused by the active negligence, sole negligence, or willful misconduct of CITY.

11. Insurance

CONSULTANT shall take out and maintain during the life of this Agreement policies of insurance as specified in Exhibit "B" attached and incorporated by reference, and shall provide all certificates or endorsements as specified in Exhibit "B."

12. CITY Representative

Robert Walker, Assistant City Manager, as the City Manager's authorized representative, shall represent CITY in all matters pertaining to the services to be rendered under this Agreement. All requirements of CITY pertaining to the services and materials to be rendered under this Agreement shall be coordinated through the CITY representative.

13. CONSULTANT Representative

RICHARD P. BRADY, PRESIDENT, shall represent CONSULTANT in all matters pertaining to the services and materials to be rendered under this Agreement; all requirements of CONSULTANT pertaining to the services or materials to be rendered under this Agreement shall be coordinated through the CONSULTANT representative.

14. Notices

All notices required by this Agreement shall be in writing, and shall be personally delivered, sent by first class with postage prepaid, or by sent by commercial courier, addressed as follows:

To CITY: Robert Walker, Assistant City Manager
 CITY OF SUNNYVALE
 P. O. Box 3707
 Sunnyvale, CA 94088-3707

To CONSULTANT: Richard P. Brady, President
 MATRIX CONSULTING GROUP, LTD.
 721 Colorado Avenue, Suite 101
 Palo Alto, CA 94303

Nothing in this provision shall be construed to prohibit communication by more expedient means, such as by telephone or facsimile transmission, to accomplish timely communication. However, to constitute effective notice, written confirmation of a telephone conversation or an original of a facsimile transmission must be sent by first class mail or commercial carrier, or hand delivered. Each party may change the address by written notice in accordance with this paragraph. Notices delivered personally shall be deemed communicated as of actual receipt; mailed notices shall be deemed communicated as of two days after mailing, unless such date is a date on which there is no mail service. In that event communication is deemed to occur on the next mail service day.

15. Assignment

Neither party shall assign or sublet any portion of this Agreement without the prior written consent of the other party.

16. Termination

If CONSULTANT defaults in the performance of this Agreement, or materially breaches any of its provisions, CITY at its option may terminate this Agreement by giving written notice to CONSULTANT. If CITY fails to pay CONSULTANT, CONSULTANT at its option may terminate this Agreement if the failure is not remedied by CITY within thirty (30) days from the date payment is due.

Without limitation to such rights or remedies as CITY shall otherwise have by law, CITY also shall have the right to terminate this Agreement for any reason upon ten (10) days' written notice to CONSULTANT. In the event of such termination, CONSULTANT shall be compensated in proportion to the percentage of services performed or materials furnished (in relation to the total which would have been performed or furnished) through the date of receipt of notification from CITY to terminate. CONSULTANT shall present CITY with any work product completed at that point in time.

17. Entire Agreement; Amendment

This writing constitutes the entire agreement between the parties relating to the services to be performed or materials to be furnished hereunder. No modification of this Agreement shall be effective unless and until such modification is evidenced by writing signed by all parties.

18. Miscellaneous

Time shall be of the essence in this Agreement. Failure on the part of either party to enforce any provision of this Agreement shall not be construed as a waiver of the right to compel enforcement of such provision or any other provision. This Agreement shall be governed and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties have executed this Agreement.

ATTEST:

CITY OF SUNNYVALE ("CITY")

By _____
City Clerk

By _____
City Manager

APPROVED AS TO FORM:

MATRIX CONSULTING GROUP, LTD.
(CONSULTANT")

By _____
City Attorney

By _____

Name and Title

By _____

Name and Title

2. STATEMENT OF WORK

This section of our proposal describes how we would conduct the Optimal Staffing Study for the City of Sunnyvale. It opens with a narrative of our understanding of the scope of work and follows with an overview of the Matrix Consulting Group's analytical approach to fleet operations analysis and a detailed description of our proposed task plan, and presents the timelines to begin and complete the work.

1. SCOPE OF WORK

The City of Sunnyvale is seeking a consultant to evaluate the City's staffing and organizational structure of selected departments, as well as the management systems to ensure that services are provided efficiently and cost effectively.

This study falls within the context of a series of optimum staffing studies of all municipal functions. In the past few years, these studies have included the Departments of Public Safety, Public Works, Information Technology and the Facilities Maintenance Division of the Parks and Recreation Department. A study of the Finance Department is also nearing its conclusion. Because all of these studies are relatively recent (i.e., within the past three years) and since the Matrix Consulting Group completed all but two of these studies in a 'fact-based' approach deemed appropriate by the City, the Public Safety, Public Works and Finance Departments would not be included within the scope of this study. The Facilities Maintenance study is similarly 'fact-based' and, as a result, would receive only a cursory review by the project team. The Information Technology study was substantially different in its scope and conduct. As a result, ITD would be included within the scope of this current Optimum Staffing Study.

The following table summarizes the staffing levels and trends in staffing in each of the Departments included within the scope of the current study:

Department	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
Comm. Development	41	43	48	48
Human Resources	18	19	21	21
Information Technology	23	23	26	26
Libraries	57	61	64	64
City Attorney	7	6	6	6
City Manager	18	22	22	22
Parks and Recreation	125	124	134	134
Total Under Review	289	298	321	321

This study comes at a critical time for the City – economic conditions are such that the City needs to prioritize its services and ensure that the highest priority services are delivered consistent with needs and expectations. This will require that the City operate at a high level of efficiency and effectiveness.

2. OVERVIEW OF OUR ANALYTICAL APPROACH

We believe that several aspects of our overall approach should be stressed. We have proposed a two-phased approach to analyzing Sunnyvale's current operations and its resource needs. This will focus the consultants on areas of opportunity and significance rather than peripheral issues. These aspects are described in the paragraphs below.

(1) Project Management

One critical success factor in conducting a project of this size and complexity in an efficient, timely, and effective manner is project management. The Matrix Consulting Group utilizes project management approaches that assure that (a) efficiencies can be achieved in the gathering and analysis of information; (b) disruption to the day-to-day operations of the City can be minimized; and (c) later tasks can build upon the results of earlier ones so that backtracking and redundant work effort (and unnecessary costs to the City) can be avoided.

(2) Information Gathering

Equally important to the success of the project are the methods that we will use to collect, analyze, and present information in order to formulate findings and develop and assure acceptance of recommendations. The Matrix Consulting Group has developed and fine-tuned over the years a number of information gathering tools and techniques. These tools enable us to gather information efficiently and quickly. The tools that we will employ in this project include:

- **Documentation and Data Request Forms.** These are written checklists that specify the types of documentary material (e.g., organization charts, policy and procedures, etc.) and quantitative information (e.g., workload data, etc.) we are seeking in order to evaluate workload, staffing, and management practices. They will serve as an initial blueprint for staff to follow in assembling pertinent information for our review before we commence site visits and interviews.
- **Interviews.** While surveys are a valuable tool for gathering information from large groups of people, survey data lacks the specific information that can only be gleaned from face-to-face conversation. For this reason, employee interviews are a staple of our consulting approach. We utilize interviews to gain a perspective regarding such issues as:
 - Staffing and responsibilities of the staff of the functions under review.
 - Current workload and workload trends;

- The existing technology, such as a computer-aided-dispatch, permitting, case management, or work order system, etc.;
 - Basic service level goals, objectives, performance measures, and business plans established to guide activities and to establish accountability to the public for service delivery;
 - Effectiveness of management approaches, long-term replacement planning, standardization of equipment, internal services charges, etc.
 - Maintenance management systems employed in field operations such as work order system, fuel monitoring system, etc.; and
 - The growth in infrastructure and the plans in place or being developed to assure the infrastructure can effectively respond to that growth.
- **Site Inspections.** The consulting team cannot understand operations from an office. As a consequence, we make visits to the facilities utilized by the City to understand the service delivery approaches utilized, to interview staff at these facilities, and selectively conduct observations of work. As a Bay Area based firm, this commitment is facilitated.

As the next section demonstrates, this attention to detail carries through to our analysis.

(3) Data Analysis

The Matrix Consulting Group uses a number of proven analytical methodologies that we have developed in areas such as those presented in the following paragraphs.

- **Diagnostic Assessment.** Benchmarking of services, efficiency and effectiveness has been increasingly utilized in the public sector to compare organizations in terms of "best practices". This approach would be useful in this study to assess the current approaches to delivery of services by each department. We will utilize a list of quantitative and qualitative best practices that have been developed by the Matrix Consulting Group or by professional associations to benchmark the municipal functions included in the scope of this study. As a result, this approach is ideal to provide the City with a Phase 1 report which identifies both municipal strengths and improvement opportunities.
- **Performance Measurement.** The Matrix Consulting Group employs performance measurement techniques in every management study we conduct. Examples of the types of performance measures we will utilize in the Organizational Study, but are not limited to, the following:
 - Utilization of technology in the field for inspectional personnel

- Supervisory to line staff ratio
- Ratio of maintenance employees to vehicle equivalency units (VEU's)
- Percentage of inspections performed same day
- Percentage of costs recovered by type of recreation program
- Utilization rate of recreation programs
- Response times by time of day for public safety personnel.
- Proactive time ability for sworn officers.
- Ratio of building maintenance personnel to total square footage maintained.

The Matrix Consulting Group has developed these performance measures based on the experience of its staff as well as the performance measures developed by professional associations such as the American Public Works Association, American Planning Association, NFPA, etc.

The project team will use these analytical techniques in a two-phased approach in which the diagnostic assessment, as described above, would identify the areas of greatest significance to the City to study in Phase 1 and to be resolved in Phase 2. This reduces the time for such studies; it also has a positive impact on study costs.

(4) An Inclusive Stakeholder Oriented Approach

Employee involvement and close contact with the City's project steering committee is a critical component of the management study. If selected to conduct the Organizational Study, we propose the following approaches to ensure staff involvement is maximized over the course of the project.

- We would conduct personal interviews with employees in each department and many key stakeholders. During these interviews, we would explain the purpose of the study, and solicit employee input regarding improvement opportunities.
- We would also recommend working closely with a project steering committee. This Committee's role would include reviewing and critiquing our findings, conclusions, and recommendations as they are developed. The project approach portion of this proposal describes the progress reports to be produced and reviewed with the project steering committee.

- We would prepare progress reports periodically throughout the study to report progress to date, problems or obstacles encountered, and planned project activities over the next several weeks.
- As we develop interim reports, we submit these to the project steering committee in draft form for review and comment. This is an essential element in assuring the accuracy and completeness of our findings, conclusions, and recommendations.

The task plan that follows describes the detailed approaches that would be followed in this project.

3. WORK PLAN FOR THE ORGANIZATIONAL STUDY

In the task plan, which follows, is provided a description of the work we would undertake to provide consulting services for Sunnyvale. The task plan also provides a clear summary of the deliverables provided to the City at each step of the process.

PHASE 1 – DIAGNOSTIC ASSESSMENT OF CITY SERVICES

Task 1 Conduct Initial Interviews to Identify Trends and Plans Which Impact Operational, Organizational and Management Needs.

To realistically evaluate Sunnyvale's operations, it is important that the project team develop a sense of where the City is going; which key issues impact and shape service requirements; community composition and service constituencies; and service delivery philosophies. To develop this perspective, we plan to conduct a series of initial interviews with elected officials and City management to identify key factors impacting operations. In this task we would ask the City's assistance in identifying key external contacts for this study, such as the Chamber of Commerce, Neighborhood Associations, etc. Specific issues receiving emphasis would include the following:

Basic service delivery goals and objectives in relevant operating and service areas such as responsiveness to citizen complaints about parks maintenance, recreational and library programming, development management, code enforcement management, financial controls, human resources needs, utilization of technology, etc.
Identification of the financial situation in which the government finds itself, trends in revenues and expenditures, financial projections, and the steps which have been taken to address these issues in recent years.
Identification of key problems impacting service needs to which the City must respond. This would include exploring such areas as capital renewal for the parks and administrative facilities and equipment; and the scope and responsiveness of community services programming for recreation and library services.
Attitudes toward existing service levels with specific focus on areas of common or high priority concern to interviewees.

Understanding the posture of public employee organizations, which could impact the implementation of ultimate study recommendations.
Short term issues which need to be addressed, including the likelihood of continued financial impacts.

These initial interviews will provide an opportunity to identify and isolate factors and constraints, which could have an impact on the City of Sunnyvale.

The project team will also conduct an initial meeting of the project steering committee.

Deliverables: The products of this task will be a project schedule and employee briefing package.

Task 2 Develop an Understanding of the Operations, Organization and Management of Each Function Included in the Scope of the Study.

It is important that the project team understand, in detail, how each department under review is staffed, organized, operated and managed. Additionally, it is important that the project team understand basic service delivery targets; current service levels, and where there may be overlaps and gaps. To develop this understanding, we will accomplish the following work steps:

Conduct individual interviews with each department head and other managers (e.g., division heads). During these interviews, we would focus heavily on understanding the existing plans of organization as well as key organizational issues facing each department.
Develop descriptions of the staffing and responsibilities for staff in each function. Document trends in staffing.
Develop an understanding of the scope of the programs and services for each function – e.g., number of parks maintained and acreage, number of employees allocated to each function and their normally assigned duties, libraries in the system and characteristics (e.g., catalog, circulation, program attendance), etc.
Document workloads and service levels for each departmental function – frequency of park maintenance activities, description of recreation and library programming offered, facility preventive maintenance programs, reactive and proactive inspectional workload, cycle times for planning and building permits, cycle times for employee recruitments, etc.
Develop a detailed understanding of approaches, which each division has taken to utilizing technology to (a) reduce labor costs, (b) improve management of operations, and (c) improve customer service.
Develop an understanding of key performance indicators for each department under review.
Develop an understanding of the major management systems to plan, schedule, monitor and adjust approaches to providing services.

Develop an understanding of key financial management indicators for each department, including expenditure and revenue trends, fees for service, cost recovery strategies and philosophies, views toward additional cost recovery ideas, etc.

Deliverable: The product produced in Task 2 would be summary profiles of each department's organization, staffing and operations. These descriptive profiles would be structured to provide a baseline summary valuable for later analysis.

Task 3 Conduct a Survey of Employee Attitudes Toward Current Staffing, Services, Organization and Management Issues.

It is critical for the project team to develop input regarding current operational and organizational issues from staff – not just policy makers and management staff. The use of an employee survey would provide every employee the opportunity to provide input into this process. To provide a major avenue for employee input at the outset of the project, we plan to prepare a questionnaire, which would be designed to:

Document attitudes toward the types, levels and quality of services provided.
Document attitudes toward the balance of work and staffing.
Elicit attitudes toward organizational elements such as coordination of staff and services, internal management of operations, scheduling and deployment, and the like.
Document perceptions regarding key management issues such as planning of work to be performed, internal communications and the like.
Obtain employee views about opportunities to restructure services, reduce costs, etc.

Questionnaires would be structured to document the attitudes toward issues and systems, which are organization-wide, and also attitudes toward issues which are unique to each operating department included within the scope of this study. Questionnaires would be confidential and returned by mail directly to one of our offices.

Deliverable: The product of this task would be a narrative and analytical summary of response patterns on an organizational and departmental basis.

Task 4 Conduct a Diagnostic Assessment of Current Operations and Develop a Phase 1 Report.

To identify areas in which the City of Sunnyvale is already functioning efficiently and effectively as well as areas in which there may be opportunities for improvement, the project team would develop a best practices-oriented comparative diagnostic assessment. This approach is based on standards of efficiency and effectiveness developed in our work for local government over the past 25 years. We propose to accomplish this, as follows

- The project team would adapt its list of "best management practices" for use in a diagnostic appraisal of each service function. This diagnostic appraisal would be developed to identify those areas in which the City was meeting targeted service delivery objectives or standards of service efficiency or effectiveness.
- Each service area diagnostic element would consist of the following:
 - A definition of the service level, efficiency or deployment target selected in each functional service area.
 - A description of the current performance of staff providing each service.
 - Identification of those areas in which the current delivery approach, practice or service level met or exceeded the target(s) selected and require no further study.
 - Identification of those areas in which service levels, approaches or practices represented improvement opportunities.
- Based on the fact-finding efforts in Task 2, described above, the project team would use its own data collection activities to provide a diagnostic assessment.
- A description of the next step(s) which Sunnyvale should take to evaluate identified issues through immediate implementation or consultant study in a more detailed efficiency assessment later in this assignment.

The results of this diagnostic assessment would be a Phase 1 report. It would be reviewed internally in each department and the project steering committee in a progress meeting. We are also open to a public meeting to discuss the results with the City Council. Based on the results of the diagnostic assessment, the project team would conduct a detailed analysis of operations, organization and management in Phase 2.

Deliverable: The product associated with this task would be a diagnostic assessment Phase 1 Report of the City, which identifies areas where the City meets standards of efficiency and effectiveness or improvement opportunities.

PHASE 2 – ANALYSIS OF IMPROVEMENT OPPORTUNITIES

Task 5 Detailed Analysis of Staffing and Operations.

In this work task, opportunities for improving operations and staffing will be analyzed. Detailed opportunities for improving productivity and cost effectiveness need to take into account the appropriateness of service levels and programs; existing staff utilization and service levels, work methods impacting staff utilization, work scheduling and planning techniques. This task will include such approaches as:

Evaluation of staff deployment compared to service level targets. The first step involves the use of guidelines for staffing that have been developed by the Matrix Consulting Group. The second step involves the compilation of comparative performance or cost indicators from other organizations. In the third step, functions which lend themselves to a workload and service level build-up analysis would be analyzed by the units of work (e.g., calls), at an appropriate level of service.

- Staffing guidelines, such as the square feet maintained by custodians, "billable" hours per day per mechanic, percentage of preventive maintenance functions performed on schedule, square footage of facilities maintained per maintenance worker and other workload efficiency measures for all other functions. These guidelines have been developed by members of the consulting team or by professional associations such as NAFA, IFMA, NFPA etc.
- Comparative indicators to document the level of staffing for each function. This will focus on data such as the cost of park maintenance per developed acre, the square footage of buildings per custodial worker. These indicators, too, will be based on our own databases of indicators.

Evaluation of the adequacy of major work practices. The analysis will focus on opportunities to streamline work practices to increase utilization levels and/or reduce staffing. For example:

- Crew sizes of various units are appropriate to the type and volume of work performed.
- Ways exist to reduce travel time and unproductive staff usage.
- Equipment is available to reduce labor-intensive work tasks.
- The frequency of various work tasks now performed is unnecessary or can be reduced.
- Some work tasks can be eliminated.
- Skill mix for positions can be improved.
- Use of part-time staff for maintenance to reflect the seasonal nature of work and service provided.
- Average number of inspections per inspector per day
- Adequate balance of proactive versus reactive workload.
- Appropriately level of attendance at recreation and library programs by type of program.

Evaluation of work planning and scheduling. Analysis will focus on:

- Evaluation of the maintenance management program used to support field operations to include the program employed to support field operations such as maintenance frequencies, standards, staff assignment to tasks and systems and procedures employed to monitor performance of both scheduled and unscheduled maintenance programs.
- Adequacy of supervisory training related to planning and scheduling work.
- Appropriate use and availability of technology to streamline work processes, as well as management of work.
- Availability of materials and supplies to support planning of work and maintenance activities.

Evaluation of departments under review to determine appropriates of services to meet statutorily required services, certifications and training, as well as identify opportunities to management risk and liability in each function.

Evaluation of the use of contract services to maintain the infrastructure. This task will also focus on 'insourcing' opportunities. Analysis will focus on a number of elements including:

- The extent to which contractors are utilized for maintenance of facilities, parks and trees.
- Estimating the cost of service contracting, based on the experience of other cities.
- Compare those costs with the cost of in-house services.
- Identify the impact of contracting on service levels and service responsiveness.
- Identify the impact of service contracting on capabilities to respond to emergency situations including disasters, as well as emergency responses to unscheduled service problems.

Evaluation of the use of technology. This task will focus on existing technology resources and tools utilized by the departments, as well as identify technology solutions that would improve the effectiveness and efficiency of operations. Analysis will focus on a number of elements including:

- The extent to which departments and key functions have automated information systems.
- The extent to which departments and key functions utilize existing automated information systems to perform core functions and are maximizing functionality of systems.
- Evaluate existing technological resources, including tools and equipment utilized by departments.
- Identify opportunities to further maximize existing technological resources.
- Identify areas in which additional technology would improve the efficiency of services, coordination of services, internal and external communication, improve management of City resources, etc.
- Identify core elements of additional technology resources needed (e.g., purpose and use of system, key function and utilization of systems, additional equipment needs, support needs and costs).

Effectiveness of customer service approaches.

Evaluation of the budget and financial practices of each division including the appropriateness of fee structures, and maintenance costs and chargeback rates.

Conduct an analysis of the cost of the City provision of services versus outsources options.

Analysis of these components will result in the development of detailed recommendations regarding:

- Specific staffing required given acceptable utilization levels.
- Specific positions that can be eliminated or adjusted if reasonable utilization levels are obtained.
- Specific steps that need to be taken to reach reasonable utilization levels include:
 - Changes in existing work methods and practices.
 - Adjustments in existing planning and scheduling techniques.
 - Steps that could be taken to adjust existing operating systems with a positive impact on staff utilization levels and staffing requirements.
 - Adjustments to existing staff resources, including additions or eliminations of positions, as well as changes in job descriptions, classifications, etc.

Where specific reconfiguration or technical adjustments are recommended, the alternative costs and/or savings will be documented and compared to existing levels as well as to existing staff utilization levels. This preliminary operational assessment would be reviewed with the project steering committee and staff.

Additionally, the organizational policies and management systems and processes used to plan and control municipal operations will be evaluated. The methodologies utilized for conducting these evaluations will be interviews, review of policies and procedures, and assessment of management reporting systems. The management processes which will receive particular attention by the study would include: goal-

setting and monitoring; budget preparation and cost control; long-range program planning; and other management approaches utilized by departmental managers. Analytical attention will be focused on such major management system issues as:

How do managers plan, schedule and control the work to be done in each organizational unit?
Are management systems organized in a manner to effectively communicate missions, goals, and values throughout the organization?
Do managers have accurate and timely measures of the performance of each unit?
How are goals, objectives and service level targets developed?
How productive are management personnel in performing their duties? How is productivity evaluated?
How is 'customer service' defined, promoted and supported?
How are cross functional management needs identified and prioritized? How are complementary services coordinated?
Do elected officials receive the information that they need to provide an on-going assessment of departmental performance?

When the above analyses are completed, positive features of existing organizational policies and management systems and processes will be documented as well as improvement opportunities which may exist.

Deliverable: The result of this task would be a detailed analysis of the operational choices in service delivery, service levels and the staffing needs in each department. This would include a staffing analysis of each department.

Task 6 Evaluate Organizational Structure.

The purpose of this task is to evaluate the efficiency and responsiveness of each division's internal plan of management organization and staffing. A major focus of the task is to determine if management and administrative staffing structures are as tight as possible. We evaluate each department organization and management and administrative staffing plan from the following perspectives:

- Is the organization structure too tiered or too flat?
- Are functions placed too high or too low in regard to their importance in meeting operating and service objectives?
- Are spans of control too broad or too limited?
- Does the current plan of management and administrative organization provide for adequate communication and coordination between and among operating units?

- Are there any overlapping or duplicated functions?
- Does the plan of organization provide clear lines of authority and responsibility?
- Are management and supervisory personnel spending the majority of their time on high priority work and performance responsibilities?

Based on the above, the project team would develop a plan of administrative organization and staffing for each department included in this review. The plan would include identification of specific organizational modifications required and the impact of those modifications on both management staffing levels and costs.

Once individual department organizational and staffing issues have been thoroughly analyzed and the shape of their future size and composition is made clear, the next step would be to assess the impacts on the whole organization. The first step is to assess the most appropriate organizational structure for the City and top management staffing needs. This would involve the following:

- Types, numbers and functions of divisions and/or organizational units needed.
- Types, numbers and functions of organizational units needed to provide management and staff support functions.
- Types and numbers of key managerial positions needed for re-organization.

Deliverable: The result of this task would be an analysis of departmental organizational structures and management staffing levels needed to support and control operations and services.

Task 7 Prepare a Phase 2 Report and Provide Detailed Plans for Implementing Identified Improvement Opportunities.

Upon the conclusion of this study, we will prepare a detailed report which summarizes the results of each of the previous work tasks described above. This report includes the following:

A detailed evaluation of department and management staffing.
A detailed analysis of the most appropriate allocation of functions within the City, as well as the proposed structure of organization.
Identification and evaluation of key management performance measures including gaps between target and actual service levels.
A set of implementation plans covering all recommendations consisting of implementation work steps; suggested responsibility; timing and sequencing for each work step; as well as cost and/or savings.

As part of the report, the project team would provide the following with respect to implementation of the recommendations of the final report and support the City in its execution. This should be a plan of work that managers can use to execute and implement the recommendations provided. The plan should include:

- Specific actionable recommendations broken down into tasks;
- Milestones and timeline for implementation;
- Anticipated significant challenges to implementation (and alternative recommendations if needed);
- Designated responsible manager;
- Priority for implementation;
- Estimates of up-front and operational costs or savings accruing from implementing each recommendation; and
- Metric noting how to identify when implementation is completed.

The analysis would be reviewed in draft form with top City and departmental management staff as well as with the project steering committee. Once this review is completed, the report will be presented in a public meeting, if requested.

Deliverable: The result of this task would be the final report and implementation plan together with all of the technical documents developed during the study process. We would present the final report to the City, as appropriate.

4. PROPOSED PROJECT SCHEDULE

Presented in the table below is the proposed project schedule. The Matrix Consulting Group proposes to complete this project within 14 weeks.

Task	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1. Initial Interviews	█													
2. Profile Development	█	█	█											
3. Employee Survey		█	█	█										
4. Diagnostic Assessment / Phase 1 Report			█	█	█	█	█							
5. Analysis of Staffing and Operations					█	█	█	█	█	█	█	█	█	█
6. Analysis of Organization and Mgmt.						█	█	█	Δ	█	█	█	█	█
7. Final Phase 2 Report										█	█	█	█	█

INSURANCE REQUIREMENTS

CONSULTANT shall obtain, at its own expense and from an admitted insurer authorized to operate in California, the insurance coverage detailed below and shall submit Certificate(s) of Insurance to the City of Sunnyvale, Purchasing Division, 650 West Olive Ave, PO Box 3707, Sunnyvale, CA 94088-3707; fax (408) 730-7710.

CONSULTANT shall take out and maintain during the life of the contract **Workers' Compensation and Employer's Liability Insurance** for its employees. The amount of insurance shall not be less than \$1,000,000 per accident for bodily injury or disease.

CONSULTANT shall take out and maintain during the life of the contract such **Commercial General Liability Insurance** as shall protect CONSULTANT, CITY, its officials, officers, directors, employees and agents from claims which may arise from services performed under the contract, whether such services are performed by CONSULTANT, by CITY, its officials, officers, directors, employees or agents or by anyone directly or indirectly employed by either. The amount of insurance shall not be less than the following: Single Limit Coverage Applying to Bodily and Personal Injury Liability and Property Damage: \$1,000,000.

The liability insurance shall include, but shall not be limited to:

- Protection against claims arising from bodily and personal injury and damage to property, resulting from CONSULTANT's or CITY's operations and use of owned or non-owned vehicles.
- Coverage on an "occurrence" basis.
- Broad form property damage liability. Deductible shall not exceed \$5000 without prior written approval of CITY.
- Notice of cancellation to CITY's Purchasing Division at least thirty (30) days prior to the cancellation effective date.

The following endorsements shall be attached to the liability insurance policy, and copies shall be submitted with the Certificate(s) of Insurance:

- The policy must cover complete contractual liability. Exclusions of contractual liability as to bodily injuries, personal injuries and property damage must be eliminated.
- CITY must be named as additional named insured with respect to the services being performed under the contract. *Simply indicating on the certificate that the certificate holder is named as additional insured is not acceptable; an endorsement must be provided.*
- The coverage shall be primary insurance so that no other insurance effected by CITY will be called upon to contribute to a loss under this coverage.