

**CITY COUNCIL  
COMMUNICATION:**

**ITEM \_\_\_\_\_**

**99-374**

**OFFICE OF THE CITY MANAGER  
CITY OF DES MOINES, IOWA**

**AGENDA:**

**SYNOPSIS -**

AUGUST 23, 1999, -

**SUBJECT:**

FISCAL YEAR 1998-1999 PROGRESS REPORT RELATED TO THE CHANGE MANAGEMENT PROGRAM AT THE WASTEWATER RECLAMATION FACILITY

The professional engineering firm of EMA Services, Inc., (George Mathes, President, 1970 Oakcrest Avenue, St. Paul, MN 55113) has an amended agreement with the City of Des Moines, (98-242), to design a Change Management Program for the Des Moines Metropolitan Wastewater Reclamation Authority (WRA) Wastewater Reclamation Facility (WRF). At the March 15, 1999, City Council meeting, Council requested quarterly progress reports on the Competitive Strategic Plan developed in this program. The report attached to the roll call indicates that savings of over \$1 million per year have already been achieved.

**TYPE:**

**FISCAL IMPACT -**

**RESOLUTION  
ORDINANCE  
RECEIVE/FILE**

Funds to support this project are budgeted in Fund ENG263, Organization ENG070122, Account 520050.

**SUBMITTED BY:**

**RECOMMENDATION -**

WILLIAM STOWE  
WASTEWATER  
RECLAMATION  
FACILITY

Receive and File.

**BACKGROUND -**

On August 4, 1997, by Roll Call No. 97-2709, the Council approved an assessment of the WRA relative to private contract operations for an estimated \$25,000 fee and evaluation of the Process Control System for the balance of \$71,500. Amendment One was for \$444,450 to design the Process Control System (PCS) replacement system, which is approximately 80 percent complete. Amendment Two was for conducting the first part of Phase II (A) Change Management Program. This work included the design of the Preliminary Change Program through development of the Steering Team

and the first Design Teams. The total fee for Amendment Two was \$172,080. These amendments were passed on June 15, 1998, Roll Call No. 98-1930, and the work is essentially complete.

Amendment Three was for conducting the second part of Phase II (B) and is approximately 40 percent complete. The Change Management Program activities for this work were to facilitate meetings and the agenda of the Steering Team, Total Productive Operations Team, Program Driven Maintenance Team, and forming the Computer Technology and Work Force Flexibility Teams. This phase of Change Management is initiating re-engineering business practices developed by the initial design teams.

These new practices will result in:

- “ Less attended operations made possible through the new PCS;
- “ Increased proactive, predictive maintenance with 75 percent of all work planned and performed prior to failures;
- “ Changes in employee's skills, training, and incentives;
- “ Improved processes for purchasing goods and services.

These improved business practices will provide WRA customers with the highest quality products and services at the lowest possible costs and do so in an environmentally responsible manner.

Phase III is estimated to be between \$200,000 and \$400,000 and may include a share of a savings clause for the consultant's fee and will last one to two years. The Process Control System also will have a construction related contract amendment for an estimated \$595,000. The teaming approach and change in cultural attitudes resulted in a cost reduction of \$305,666 in Fiscal Year (FY) 97/98 over FY96/97 as adjusted by the Finance Department and preliminary FY98/99 numbers show a savings of over \$1 million. Other communities have had great success working with EMA in lowering costs through this process. In order to maintain and increase these savings, modern best-of-class business practices must be adopted and implemented which will result in changing how we do most things.

Cities such as Colorado Springs, Houston, Phoenix, Toronto

and special districts or commissions have realized return on investments in less than two years. The potential payback for the Des Moines metropolitan area is very significant and over the life of the facility will result in savings of millions of dollars.

The funds for the Change Management Program are funded in the Capital Improvement Program (CIP). EMA's contract also includes the Process Control System design, construction services, application configuration and the new system funded in the CIP Fund EN267 organization ENG990000 Project WRA066 which is supported entirely by the Renewal and Replacement Fund transfer from the accumulated balance.