

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

99-491

SYNOPSIS -

AGENDA:

NOVEMBER 1, 1999-

SUBJECT:

PROGRESS REPORT
FOR THE FIRST
QUARTER OF
FISCAL YEAR 1999-
2000 RELATED TO
THE CHANGE
MANAGEMENT
PROGRAM AT THE
DES MOINES
METROPOLITAN
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). The City Council requested quarterly progress reports on the Competitive Strategic Plan developed in the program. at their March 15, 1999 meeting. The attached report indicates that savings of almost \$2 million per year has already been achieved.

FISCAL IMPACT -

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

RECOMMENDATION -

TYPE:

Receive and File.

**RESOLUTION
RECEIVE/FILE**

BACKGROUND -

SUBMITTED BY:

WILLIAM STOWE
WASTEWATER
RECLAMATION
FACILITY
MANAGER

The original agreement (Roll Call No. 97-2709) passed on August 4, 1997, was to conduct an assessment of the WRA relative to private contract operations for an estimated \$25,000 fee and evaluate the Process Control System (PCS) for the balance of \$71,500. Amendment Number One was for \$444,450 to design the PCS replacement system, which is approximately 90 percent complete. Amendment Number Two was to conduct 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 Number Two was \$172,080. These amendments were passed on June 15, 1998, by Roll Call No. 98-1930 and the work is essentially complete.

Amendment Number Three was to conduct the second part of Phase II (B) and is approximately 50 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 form the Computer Technology and Work Force Flexibility Teams. This phase of Change Management will initiate re-engineering business practices developed by the 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 to do so in an environmentally responsible manner.

The final Phase III is estimated between \$200,000 and \$400,000 and may include a share of 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 and a \$500,000 amendment including engineering to replace the computerized maintenance management system. The teaming approach and change in cultural attitudes resulted in a cost reduction of \$305,666 in 97/98 over 96/97 as adjusted by the Finance Department and 98/99 numbers show a savings of \$966,694. The first quarter of FY 99/00 indicate projected savings of \$652,864. In order to maintain these savings and increase the modern best-of-class business practices, the WRA should adopt and implement. these changes.

The City and WRA communities have already realized a return on investment of about two years. The potential payback for the Des Moines metropolitan area is very significant and over the life of the facility will result in millions of dollars in savings.

The funds for the Change Management Program are from the Minor Improvements Projects funded in the Capital Improvement Program. 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.

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