

**CITY COUNCIL  
COMMUNICATION:**

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

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

**00-100**

**SYNOPSIS -**

**AGENDA:**

MARCH 20, 2000

**SUBJECT:**

PROGRESS REPORT  
FOR THE SECOND  
QUARTER OF  
FISCAL YEAR 1999-  
2000 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). Council requested quarterly progress reports on the Competitive Strategic Plan developed in the program at the March 15,1999 meeting.

**FISCAL IMPACT -**

Funds to support this project are budgeted in the Fund EN263, Organization ENG070122, Account 520050, and total \$432,150 in expenditures to date.

**TYPE:**

**RESOLUTION**  
ORDINANCE  
RECEIVE/FILE

**RECOMMENDATION -**

**Receive and file.**

**SUBMITTED BY:**

WILLIAM STOWE  
WRF DIRECTOR,  
PUBLIC WORKS  
DIRECTOR  
DESIGNEE

**BACKGROUND -**

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 to evaluate the Process Control System (PCS) for \$71,500.

Amendment Number One, for \$272,370, was to design the PCS replacement system. The final design is now under review. Amendment Number Two, for \$172,080, 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. These amendments were passed on June 15, 1998, by Roll Call No. 98-1930 and are complete.

Amendment Number Three is to conduct the second part of Phase II (B) and is approximately 90 percent complete. Cost is estimated at \$422,860 and passed on March 15, 1999, by Roll Call No. 99-765.

The Change Management Program activities for this work were to facilitate the meetings and the agenda of the Steering Team, the Total Productive Operations Team, the Program Driven Maintenance Team, and to form the Computer Technology Team and the Work Force Flexibility Team.

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 employees' skills, training, and incentives; and

- 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.

The teaming approach and change in cultural attitudes has resulted in cost reductions. The goal is to achieve, by the 2002-03 fiscal year, \$2 million of annual operating budget savings each year, as measured in 1997 dollars.

Previously reported cost reductions of \$305,666 (for 97/98) and

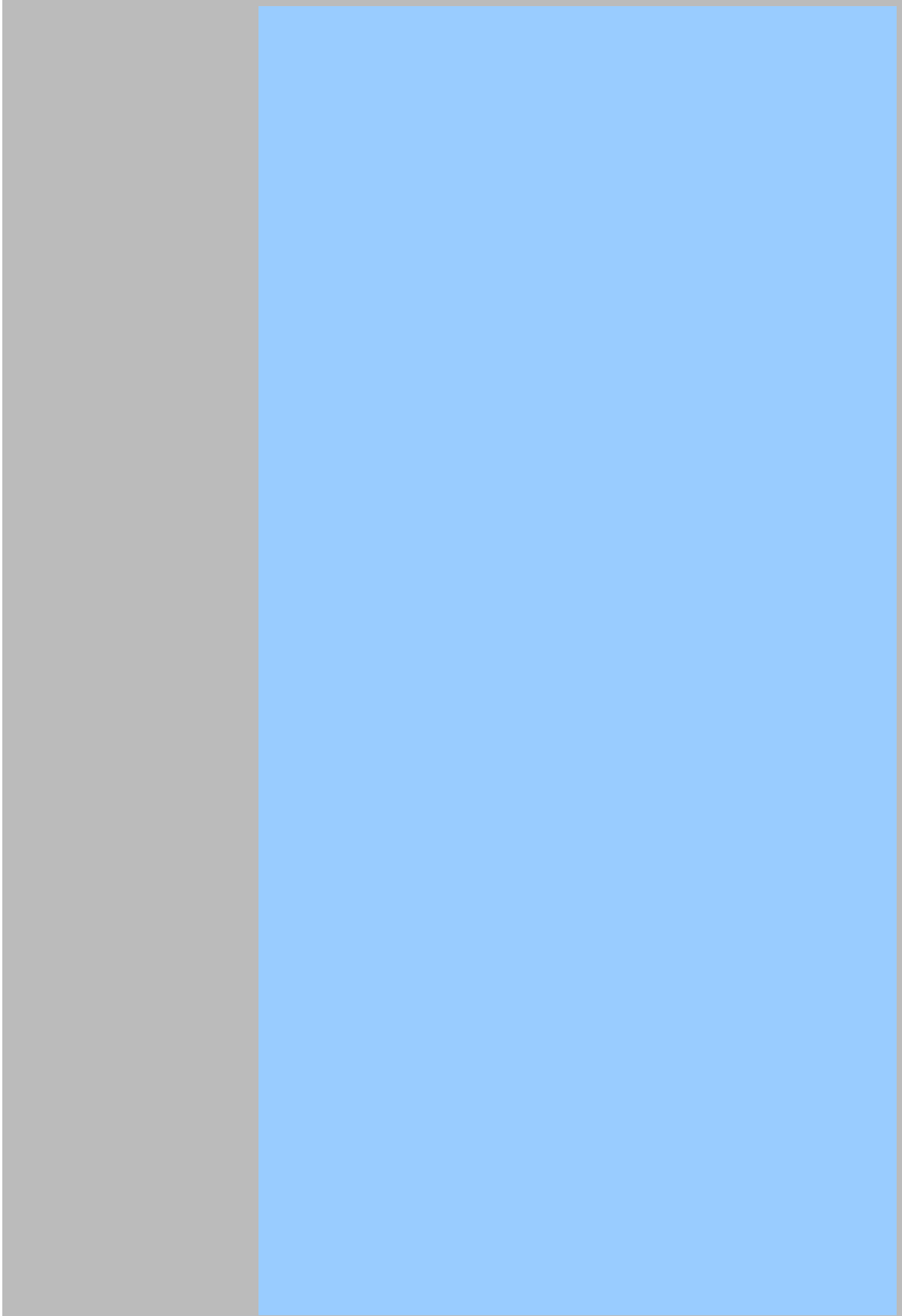
\$966,694 (for 98/99) were for inflation-adjusted dollars using the Consumer Price Index (CPI) for only the last month of each fiscal year. A sounder inflation adjustment is to use a twelve-month CPI average for the entire fiscal year. This quarter's Competitive Progress Report (attached to the Roll Call) indicates a base year average CPI (for 1997) of 158.9 compared to 160.3 on prior quarterly reports.

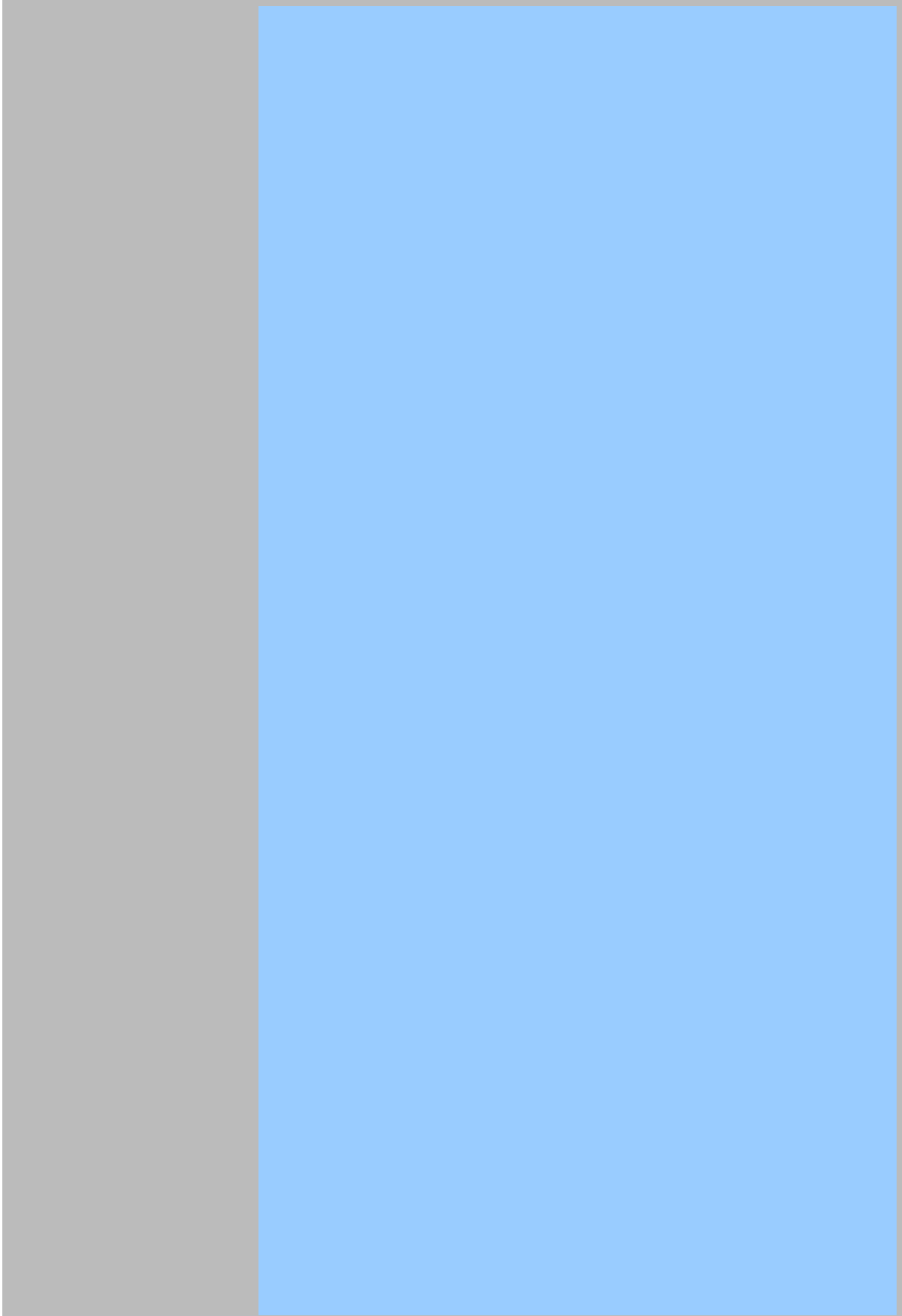
Prior cost reductions have been recalculated as follows:

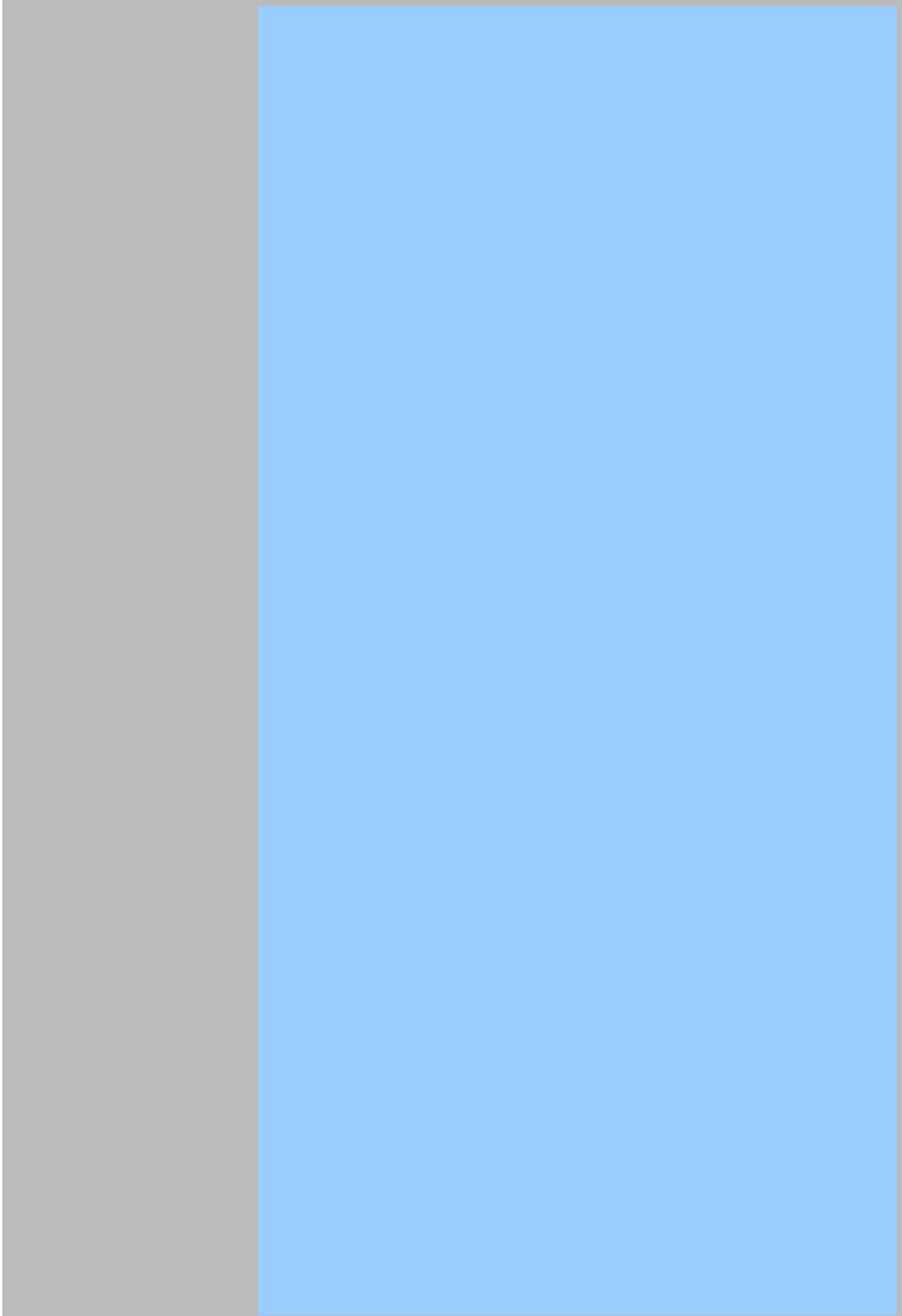
1997/98 over 1996/97 \$ 315,709  
1998/99 over 1996/97 \$ 953,993  
\$1,269,702  
1999/2000 estimate \$1,186,669\*  
Cumulative projected savings \$2,456,371

The City and the WRA communities have realized a return on this investment. 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.

\*Assumes the second half of the current fiscal year will result in the same expenditure pattern as the first half.









---

[ [Council Members](#) | [Leave a Message](#) | [Meeting Agendas/Info](#) | [Recent Ordinances](#) ]  
[ [Board/Commission List](#) | [Meeting Schedule](#) | [Request to Speak](#) | [Election/Voter Reg](#) ]