

Meeting Agendas/Info

CITY COUNCIL COMMUNICATION:	ITEM _____
01-255	OFFICE OF THE CITY MANAGER CITY OF DES MOINES, IOWA
AGENDA: MAY 21, 2001	SYNOPSIS - The City of Des Moines, as Operating Agency of the Metropolitan Wastewater Reclamation Authority (WRA), engaged EMA Services as a change management consultant in 1997. This change process involved organizational improvements, a focus on team achievements, greater use of automation, and improved work practices. The City Council requested quarterly progress reports on the Competitive Strategic Plan developed in the program at the March 15, 1999 meeting.
SUBJECT: PROGRESS REPORT FOR THE THIRD QUARTER OF FISCAL YEAR 2000- 2001 RELATED TO THE CHANGE MANAGEMENT PROGRAM AT THE DES MOINES METROPOLITAN WASTEWATER RECLAMATION FACILITY	FISCAL IMPACT - Consulting costs of \$618,000 have been easily offset by cumulative savings exceeding \$1 million. No consulting services are currently being used for Organizational Developmental Change Management. RECOMMENDATION - Receive and file.
TYPE: RESOLUTION ORDINANCE <u>RECEIVE/FILE</u>	BACKGROUND - The original agreement between the City and EMA, 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 \$71,500.
SUBMITTED BY: WILLIAM STOWE PUBLIC WORKS DIRECTOR	Amendment Number One, for \$272,370, was to design the PCS replacement system. 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.

Implementation of the Team Structure occurred in April of 2000.

Amendment Number Three included Team training on process improvement. Costs of \$422,860 were passed on March 15, 1999, by Roll Call No. 99-765. This final phase of Change Management initiated re-engineering business practices developed by the design teams. These new practices resulted 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.
- 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 2002/2003 fiscal year (FY), \$2 million of annual Operating Budget savings, as measured in 1997 dollars. This goal would be an on-going, annual reduction of operating and maintenance costs.

Cost reductions of \$315,709 (for 1997/1998), \$953,993 (for 1998/1999), and \$943,431 (for 1999/2000) were reported previously. Savings/cost reductions are computed using the base year average Consumer Price Index (CPI) (for 1997) of 158.91 and a 12-month average CPI at the end of the current fiscal year.

Third quarter FY2000-2001 activity includes payments for gas/electric that are higher than expected in the budget, but savings/cost reductions at the Wastewater Reclamation Facility (WRF) are still anticipated by the end of this fiscal year.

The City and the WRA communities have already realized a return on this investment, which significantly exceeds the one time cost of the consulting services. Greater savings will be realized through continued operations and maintenance expense reductions.
