



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

02-284

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

AGENDA:

JUNE 3, 2002

SUBJECT:

PROGRESS REPORT
FOR THE THIRD
QUARTER OF
FISCAL YEAR 2001-
2002 RELATED TO
THE CHANGE
MANAGEMENT
PROGRAM AT THE
DES MOINES
METROPOLITAN
WASTEWATER
RECLAMATION
FACILITY

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

WILLIAM STOWE
PUBLIC WORKS
DIRECTOR

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; in 2000, the City assumed full responsibility for this process and ended its Organizational Developmental Change Management (ODCM) relationship with EMA. This change management 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.

FISCAL IMPACT -

Consulting costs of \$619,940 have been easily offset by cumulative savings exceeding \$5 million through the end of the past fiscal year. No consulting services are currently being used for ODCM.

Cost reductions of \$315,709 (for 1997/1998), \$953,993 (for 1998/1999), \$943,431 (for 1999/2000), and \$3,102,808 (for 2000/2001) were reported previously. Today's report is for the third quarter of Fiscal Year (FY) 2002; costs are within budget.

RECOMMENDATION -

Receive and file.

BACKGROUND -

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. For FY2001, average CPI was 175.07.

The original agreement between the City and EMA, Roll Call No. 97-2709, passed in 1997, was to conduct an assessment of the WRA relative to private contract operations. Amendment Number One was to design the Process Control System (PCS) replacement system. 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. These amendments were passed in 1998 and are complete.

Implementation of the team structure occurred in April of 2000. Amendment Number Three included team training on process improvement. This final phase of ODCM 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.

As reported to Council on several occasions, the employees at the Wastewater Reclamation Facility (WRF) have been focused on a process aimed at reducing long-term operating and maintenance costs paid by the constituent communities of the WRA. In 1998, the goal of reducing \$2,000,000 in operating and maintenance expenses, adjusted for Consumer Prices and other specified expenses, by the end of FY2002/2003 was announced. Some viewed this goal as too aggressive and not attainable without significant adverse consequences on the Facility's operating mission of protecting the Des Moines River through treatment of area wastewater. Not only was the \$2.0 million goal reached, it was exceeded one year early, and without adverse impact on our mission and responsibilities as the leader of environmental stewardship of Central Iowa waters. This extraordinary achievement could not be met without the efforts of each and every one of the 100 employees at WRF and their Union representatives.

The WRF is in the third year of the Change Management Program. Last quarter, staff successfully negotiated a new discharge permit with the Iowa Department of Natural Resources (IDNR) which contains less frequent laboratory analysis and expands limits for ammonia and total residual chlorine. This quarter, chemical costs decreased from \$5.99 to \$2.80 per million gallons of flow. Other changes include moving from liquid to gas chlorination, a step that improves safety and

decreases system maintenance without compromising treatment. The Grit Removal Facility is substantially complete, and employees received training and began operations this quarter.
