

PROPERTY MAINTENANCE

REVIEW TEAM BACKGROUND ANALYSIS AND SCOPE OF WORK

REVIEW

MISSION STATEMENT

The Property Maintenance Department provides effective and efficient general maintenance of City- owned buildings and facilities with an emphasis on quality workmanship and cost effectiveness.

INTERNAL GOAL SETTING

The Property Maintenance Department has identified the following goals and objectives for the 1998-1999 fiscal year:

PROGRAM GOALS: CITY HALL

- Maintain the structural integrity of the City Hall facility by providing a safe and clean environment for its customers through daily general and preventive maintenance
- Provide quality custodial services in an efficient and cost-effective manner

FY 1998-99 OBJECTIVES

- Increase the number of scheduled preventive maintenance work orders for plumbing, lighting, and roofing
- Identify inefficient building systems and recommend new energy saving technology where applicable

PROGRAM GOALS: PUBLIC SAFETY CENTER

- Maintain the structural integrity of the Public Safety Center facility by providing a safe and clean environment for its customers through daily general and preventive maintenance
- Provide quality custodial services in an efficient and cost-effective manner

FY 1998-99 OBJECTIVES

- Increase the number of scheduled maintenance work orders for plumbing, lighting, and roofing
- Continually evaluate new technology for energy savings
- Design and install new high-mast lighting system for parking lot area

PROGRAM GOALS: GENERAL

- Maintain city facilities through general and preventive maintenance including, but not limited to, plumbing, electrical, carpentry, heating, ventilation, air conditioning, roof maintenance and painting
- Respond to all requests within a reasonable amount of time and immediately on all emergency calls
- Provide a high level of service to our customers while minimizing disruption to their work area

FY 1998-99 OBJECTIVES

- Increase the number of scheduled preventive maintenance work orders for plumbing, lighting and roofing
- Cross-train employees in other areas to provide for the more efficient utilization of our employees

- Inspect 400 city buildings annually to identify needed repairs and to allow for the planned correction of these repairs
- Inspect and maintain items as required by regulatory agencies: i.e., sprinkler systems, fire/smoke detectors, eyewash/emergency showers, tritium exit lights, underground storage tanks, etc.

PROGRAM GOALS: PREMISES MAINTENANCE

- Maintain 38 city facilities that budget funds in the Premise Maintenance Budget for general and preventive maintenance including, but not limited to, plumbing, electrical, carpentry, heating, ventilation, and air conditioning, roof maintenance, and plumbing. Several facilities also receive electrical power, natural gas, fuel oil, and pest control
- Provide quality custodial service resulting in a clean and safe environment for city employees and customers in an efficient and cost effective manner
- Respond to all requests within a reasonable amount of time and immediately on all emergency calls
- Provide a high level of service to our customers while minimizing disruption to their work area

FY 1998-99 OBJECTIVES

- Increase the number of scheduled preventive maintenance work orders for plumbing, lighting, and roofing
- Cross-train employees in other areas to provide for the more efficient utilization of our employees
- Identify inefficient building systems and recommend new energy saving technology

PROGRAM GOALS: ADMINISTRATION

- To provide leadership, strategic planning, workplace safety training and enforcement, and fiscal stewardship for the operation of the Property Maintenance program
- To complete special projects in a timely manner per specification

FY 1998-99 OBJECTIVES

- Maintain inventory of underground storage tanks and ensure all procedures and requirements are followed for compliance of state regulations. Upgrade underground storage tanks per state regulations as required
- Compile lead and asbestos surveys as required. Recommend abatement and administrate contracts
- Continue to provide quality custodial services for city facilities in a cost-effective manner
- Pursue funding to upgrade the life safety and heating ventilation, air conditioning upgrades needed in this facility
- Review existing/ new projects for Americans with Disabilities Act compliance with installation of proper devices and alterations to provide accessibility for the handicapped
- Continually train and update employees on latest methods of tasks and all pertinent safety issues and regulations
- Regularly seek competitive bids from private sector on projects, allowing for the most cost- effective method for project completion
- Continue to ensure that major repairs and renovations are implemented in the most efficient and cost effective manner by effective design, planning, scheduling and project management
- Continue to respond and assist all other city departments with facility, maintenance and emergency needs

SUMMARY OF CONDITION

- Housekeeping operations have decreased cost but increased quality.
- Since the process has eliminated bidding these services out, the number of problem calls has decreased from 500 to 2.

RECOMMENDATIONS

FINDING: TECHNOLOGY

A new computer and imaging system is needed.

RECOMMENDATION

Once new systems are in place, they should be connected to the Engineering Imaging System.

FINDING: INNOVATION

An increase in the input of designs of buildings is needed.

RECOMMENDATION

Transfer design functions from Engineering to Property Maintenance.

FINDING

Contractors are not pre-qualified.

RECOMMENDATION

Contractors should be pre-qualified and the contractor for large jobs should supply a bond.

FINDING

The "baby-sitting" service for contractors needs to end.

RECOMMENDATION

Performance bonds should be in place before taking bids from all contractors and sub- contractors. This should eliminate the "buddies" that are not qualified.

FINDING

Preventive maintenance is lacking.

RECOMMENDATION

Property Maintenance needs to expand its preventive maintenance program.

FINDING

Cross-training of employees is inadequate.

RECOMMENDATION

Develop a cross-training program for employees.

FINDING

Energy cost can be and should be reduced.

RECOMMENDATION

Implement an energy saving program immediately.

FINDING

The department does not control all maintenance.

RECOMMENDATION

The department needs control over all building and equipment maintenance. There needs to be a better way of tracking the cost of operations and maintenance of facilities not controlled by property maintenance. Consolidate maintenance functions from other departments into property maintenance.

FINDING

Safety training is inadequate.

RECOMMENDATION

Additional safety training is needed and should be a higher priority.

FINDING

Communications should be improved.

RECOMMENDATION

A better communications method should be implemented between departments for the internal coordination of facility construction and renovations.

FINDING

All of the functions of Property Maintenance are also provided by private companies.

RECOMMENDATION

The department should be considered for managed competition. Although our belief is that the department is offering their services at a competitive cost, a study should be conducted to further investigate this possibility. The indirect cost must be set up on the front end if this is to occur.

FINDING

The billing system is inadequate.

RECOMMENDATION

A new billing system should be instituted.

FINDING

Classification of specific functions needs to be investigated.

RECOMMENDATION

Design and new construction processes should be outsourced or given to the engineering department.
Recreation maintenance needs to be allocated into Property Maintenance.

EMPLOYEE HEALTH AND SAFETY

REVIEW

MISSION STATEMENT

The mission of Employee Health & Safety is to ensure a healthy and safe work environment, and to promote wellness for City employees through comprehensive proactive actions.

CRITICAL SUCCESS FACTORS

- Strong knowledge of regulations and proper safety behavior
- Strong compliance through departments' accountability and reward system/methods by each city department
- Consistent and timely information and communication between departments and key functional department
- Workers compensation tracking and case management
- Coordination or combination of risk management and health/safety functions

INTERNAL GOAL SETTING

PROGRAM GOALS: OSHA PROGRAM REVIEW AND UPDATE

- Review and update eight target OSHA programs
- Reduce work related injuries

FY 1998-99 KEY OBJECTIVES

- Customize our standardized City OSHA programs
- Assist in enforcement of OSHA regulations
- Develop safety committee inspections format
- Review procedures for OSHA compliance
- Establish injury reduction goals
- Re-inspect city facilities

PROGRAM GOALS: ON SITE VISITS

- Random inspection of various job sites to assist with compliance efforts
- Issue daily reports on problems/violations

FY 1998-99 KEY OBJECTIVES

- Develop trending report of number and type of trenching or job site violations
- Provide focused training classes based on job site observation report

PROGRAM GOALS: EDUCATION AND TRAINING

- Provide OSHA mandated training programs
- Provide non mandated safety training
- Update and review existing training to ensure compliance with standards and to keep in line with up to date information and techniques

FY 1998-99 KEY OBJECTIVES: EDUCATION AND TRAINING

- Provide OSHA mandated training based on departmental needs
- Review and update supervisor safety training activity

PROGRAM GOALS: RECORD KEEPING

- Complete and forward paperwork to Finance for prompt claims processing
- Maintain mandated injury/illness information
- Maintain mandated medical information and confidential medical files

FY 1998-99 KEY OBJECTIVES

- Provide computerized input documents to Police and Fire Departments for processing of injury forms
- Develop standard medical file format and audit and purge all medical files
- Provide additional information to supervisors and top management on accident trends
- Provide departmental specific OSHA 200 log summaries

PROGRAM GOALS: MEDICAL SERVICES

- Provide medical support services to all employees for on the job and off the job illnesses and injuries
- Provide Hepatitis B training and immunization for exposed employees
- Provide hypertension screening, cholesterol testing, spirometry and other testing
- Support the Wellness Program through the health fair and City Fit programs

FY 1998-99 KEY OBJECTIVES

- Explore the advantages or disadvantages of performing audiometric testing in house as opposed to the contract service we currently have
- Work with various departments to assist in compliance with the new respiratory standard requirements for completion of a medical questionnaire
- Continue to enhance the Health Fair to encourage more employees to attend

TEAM'S SCOPE OF WORK

- Expanded committee to include industry experts
- Held five committee meetings
- Collected data re: accidents, workers compensation claims, safety, wellness and other City programs
- Mailed & compiled results of survey of Employee Health & Safety department's employees
- Conducted focus group of all City departments' Safety Committee Chairmen
- Rated City departments with Safety Assessment Tool
- Made site visit to comparable city (Greensboro)

STATEMENT OF CONDITION

CURRENT PERFORMANCE

- Good experienced, well respected manager; in place three years
- Good team of experienced employees who work well together
- Limited OSHA citations
- Good safety program
- Successful Return to Work program for majority of injured employees
- Training well attended and well evaluated
- Medical Services
- Wellness programs for employees
- Health fair
- City scored Average (3.2 out of 5) by departments' safety chairmen on safety assessment tool. (Exhibit A)
- Inadequate computer hardware, information systems & lack standardized software for tracking & reporting.
- Lack of voice mail system for efficient communications.
- Lack automation of medical records
- Inability to share information on-line with related departments.
- Frequent re-work between departments.
- Inadequate tracking and management of workers compensation claims, a large expense for City.
- Lack of use of trend reporting.
- Insufficient workers compensation case management for high dollar cases.
- Lack use of Third Party Administrator for high dollar workers' compensation claims.
- Minimal to no linkage between Employee Health & Safety and Finance departments for maximizing risk management.
- City department managers & supervisors not aware or accountable for workers compensation expense and safety training.
- Disincentive: Allowing use of employee sick time to be combined with workers comp time often pays employee more to stay out of work.
- Insufficient light duty / Return to Work program for injured police.
- Increased incidence of injuries and workers compensation expense for seasonal and part time employees, partly due to insufficient safety training.

- Increased incidence of injuries and workers compensation expense for sanitation workers, due to backyard pick up and incentive to hurry through work.
- Many duplicate functions with those of County.
- Insufficient use of rewards to celebrate safety successes.
- Employees request more wellness programs be available.
- Additional information from internal survey provided in Exhibit A

PERFORMANCE VERSUS GOALS

The City could improve its performance overall and by department by implementing the attached recommendations.

PERFORMANCE EVALUATION

In general the committee found Employee Health & Safety Department to be performing at standard, except that it is below standard on information systems. The City is below standard on its management of workers compensation cases, particularly by isolating that function in Finance and using an inadequately trained and experienced manager over that role.

There is opportunity to combine risk management functions from Finance into Health and Safety as is frequently done in the private sector. Use of a Third Party Administrator to manage large dollar workers compensation claims would more than pay for itself and save the City money.

There is opportunity to save the City approximately \$160,000 per year in workers compensation expense by converting to curbside garbage collection.

There is opportunity to explore combining the Risk Management and Employee Health & Safety functions of the City with that of the County. Certain components could be easily combined to save money, such as use of a Third Party Administrator for workers compensation claims and case management, or, use of Personnel agencies to hire and train (including safety) part time and seasonal workers.

RECOMMENDATIONS

FINDING

There is a lack of new hardware and software in the department.

RECOMMENDATION

Need two computers as soon as possible in addition to two replacements on order.

RECOMMENDATION

Install information system & software to generate, track, report needed accident, health, safety, workers compensation data, including accident rates and cost, per department, per worker and costs per hour. On-line

capability is needed for departments to enter and read data. Particularly need to link Finance/Risk Management to be able to read data. Use standardized First Report of Injury form, particularly if police and fire departments continue to enter own data.

RECOMMENDATION

Install information system to generate, track and format workers compensation claims data over five years ("mature claims", where expense mounts vs. "green"/ annual claims now reported) and link system with Finance/Risk Management Department.

RECOMMENDATION

Acquire/install First Report of Injury software to decrease duplication of reporting among departments; link departments on-line to Employee Health & Safety department.

FINDING

There is no voicemail system in the department.

RECOMMENDATION

Install voice mail within department to improve efficiency of communications.

FINDING

Estimate at least 60% reduction in back injuries, other injuries and mature WC claims with curbside pickup (garbage service).

RECOMMENDATION

Convert garbage service to curbside pick up. Estimate savings \$180,000/year workers compensation expense. Eliminates current incentive to hurry through work to go home early.

FINDING

If sick time is combined with workers compensation time, employee often makes more money to stay out of work; disincentive to working with case management and costs City.

RECOMMENDATION

Eliminate practice of allowing employee's sick time to be combined with workers compensation time, if municipal law allows.

FINDING

Using a third party for large dollar workers compensation claims may pay for itself.

RECOMMENDATION

Evaluate use of Third Party Administrator (e.g. Key Risk Management) for management of large dollar workers comp claims. Combine this component with that of County to get better price.

OTHER RECOMMENDATIONS

Implement trend reporting per department and for City.

Improve/change focus of workers compensation claims manager roles to really manage the cases; serious need to improve, as this is major driver of City expense. Need to prioritize cases; track mature cases; incorporate claims investigation, including employee interaction.

Evaluate benefit of combining Employee Health & Safety with Risk Management functions. Consider changing Risk Management to report to Health/Safety instead of Finance as is frequently done in private sector.

Enable Employee Health/Safety to become closer linked to management of workers compensation claims.

Allocate all workers compensation costs back to each City department.

Hold City department supervisors accountable for safety and workers compensation expense. Present incidence, type and allocated cost data to each department manager, including mature WC claims costs over five years rather than only annual cost data.

Maintain a close working relationship with workers compensation physician, network office managers to enable quick and accurate response for City's needs.

Use Job Safety Assessment tool in each City department. (Recommended tool used by Sara Lee Hosiery in Exhibit B).

Require new employee orientation and annual refresher classes on lifting and safe body mechanics for all high-risk departments.

Add into supervisor training their responsibility and accountability for safety training and not to reprimand employees when they raise questions/concerns about safety issues seen and reported on job.

Improve return to work / light duty program for police. Continue strong use of light duty/return to work program in all other departments.

Evaluate contracting with Temporary Agencies to hire and/or train part time and seasonal employees and be responsible for workers compensation costs. Include safety training prior to beginning job. (Combine function w/County for better price)

Implement safety awards for departments and managers.

Continue and increase prevention screenings and health/wellness classes for employees; Continue Safety Committees in each department.

Implement standard Safety Committee minutes form for use in each City department.

Investigate use of computer-based safety training for more effective and efficient training. Further study potential benefit of combining some/all functions with County.

EXHIBIT A
SURVEY RESULTS
EMPLOYEE HEALTH AND SAFETY DEPARTMENT
MARCH 1999

1. How long have you Worked for City?
 - Range 2.75-27.5 years
 - Average 12.3 years

2. How long have your worked in Department?
 - Range 2.75- 27.5 years
 - Average 7.8 years

3. All workers are full time

4. 3 Smartest Things Department Does
 - Provide safety training (standard and custom designed) (6)
 - Provide wellness programs (2)
 - Provide multiple health screenings
 - Provide care to injured and well employees (2)
 - Act as focal point to solve problems
 - Work well as a team in good atmosphere
 - Investigate employee complaints of unsafe work conditions
 - Conduct job site and city facilities safety inspections
 - Strong communication with other city departments
 - Respond immediately to other department requests
 - Manage workers' compensation

5. 3 Dumbest Things Department Does
 - Don't shift enough responsibility to front line supervisor (3)
 - Sent too many EE's to doctor
 - Inadequate computer automation (2)
 - Duplicate work effort due to lack of computer automation
 - Lack of computerized medical records (2)
 - Too much paperwork
 - Don't play a role in providing safety training to new hires during orientation
 - Allow too many "malingerers" to abuse WC system
 - Single WC case manager/city nurse position- has become two distinct roles (jobs) and needs to be split

6. What do you like best about your job?
 - Good work environment- "we are a family"(2)
 - Helping solve safety problems with workable solutions
 - Training employees on importance of working safe
 - Flexibility

- Opportunity to make a difference
- Acceptance by other employees
- Contact with employees
- Health teaching (2)
- Wellness program functions

7. What do you like least about your job?

- Too much paperwork (3)
- Employees who exaggerate injuries and drain our resources
- Lack of supervisors playing more proactive role in work safety issues
- Lack of direction (vision)
- Frustration when employees disregard safety rules
- Lack of inclusion on projects and/or decisions

8. How much training have you had in past year?

- Range 2-30 hours
- Average estimate 18 hours

9. When was the last time you and your supervisor sat down to discuss your performance?

- Range "all the time"- 3/98
- Average estimate annually at performance evaluation

10. No individual interviews desired

11. Additional Comments:

- My department is well run and does an outstanding job in areas of health and safety

MUNICIPAL ENGINEERING

REVIEW TEAM BACKGROUND ANALYSIS AND SCOPE OF WORK

REVIEW

MISSION STATEMENT

The mission of the Municipal Engineering Division is to provide effective and efficient engineering services to complete approved capital improvement projects, to provide review and inspection of privately constructed street utility projects to ensure compliance with City standards, to provide information and guidance to private developers, and to provide other engineering and survey services required for the efficient and safe operation of the City of Winston-Salem.

The department's purpose lies in facilitating the construction of infrastructure needed by the citizens of Winston-Salem.

BENCHMARKING

Benchmarking/best practices data available to city staff and provided to the review team did not contain current information. Independent research by team members among readily available resources also failed to yield much useful data from which bench marking/best practices comparisons could be drawn. One statistic made available to the team suggested that the industry standard for engineering costs as a percentage of total construction costs should run 10 percent for the design phase and 5 percent for the inspection phase. Similarly, NCDOT requirements set a maximum level for engineering costs at 15 for engineering services and 15 percent for contract administrator. The team also located a resource that provides benchmarking/best practices review services to municipal engineering departments throughout the United States- The American Society of Civil Engineers. The ASCE provides benchmarking review and analysis services, and the review team has made initial contact with that organization for the purpose of obtaining a review of the Winston-Salem Municipal Engineering Department. The team may wish to review this report once the results of the review have been obtained.

INTERNAL GOAL SETTING

PROGRAM GOALS: FIELD OPERATIONS

- Provide contact administration and construction inspection of City projects and inspection of private development to ensure compliance with City quality standards
- Issue and provide oversight for utility excavation permits and driveway permits to protect the safety of the public and to minimize the impact on the public
- Perform high quality, accurate survey work for City infrastructure improvement projects in an efficient manner

FY 1998-99 OBJECTIVES

- Begin construction of Martin Luther King, Jr. Drive and Bridge project-construction inspection and survey construction stakeout
- Begin construction of Hanes Mall Boulevard/Stratford Road intersection improvements
- Complete construction for Indiana Avenue Bridge-construction inspection and as-build surveys
- Begin construction of Stadium Drive Bridge-construction inspection and survey construction stakeout
- Continue ADA Sidewalk Program and new sidewalk construction program with approved 2/3 bond funding
- Complete construction of Annapolis Drive
- Complete property description for Lewisville annexation agreement

For its effectiveness parameters for Field Operations, the department has set 1998-99 objectives at an average of 94 percent effectiveness. A review of workload indicator data provided, however, demonstrates that objectives for 1998-99 have been set lower (ranging from 7 percent to 100+ percent lower) than actual figures achieved for the last two reporting years.

PROGRAM GOALS: DESIGN OPERATIONS

- Design infrastructure projects in an efficient manner and address the concerns of citizens and customers
- Coordinate the work of consulting engineers and architects to ensure efficient design of infrastructure improvements in the city
- Obtain appropriate permits from Federal and State regulatory agencies to ensure compliance with Federal and State regulations as it relates to infrastructure improvements

FY 1998-99 OBJECTIVES

- Final design of Martin Luther King, Jr., Drive extension and bridge project; begin construction
- Begin construction of Annapolis Drive project, Bethania Station Road, Stadium Drive, Germanton Road, and Hanes Mall Boulevard/Stratford Road
- Begin right-of-way acquisition for First Street Bridge project
- Complete design of Germanton Road; begin construction
- Design major sanitary sewer lines to accommodate a pump station upgrade, the Town of Kernersville, and the Bethania area
- Administered the design and construction of various new and renovated facilities for City departments, including the compressed natural gas facility, Corpening Plaza rehab, Bowman Gray Stadium renovation, Neilson Water plant facility, construction

and maintenance storage facility, various recreation center renovations, Coliseum renovation, and Hanes Landfill administration and scale house building

For projects placed under contract on schedule, the department has consistently set an objective for, and scored, 100 percent for all years for which data was available. Efficiency measurements, i.e., the cost of engineering as a percentage of construction costs for projects, have set as an objective an average cost for construction at 18 percent. This data suggests that the department has proposed to set costs of engineering at a level (on average) that is 20 percent higher than the industry standard. It is presently unclear, however, whether these statistics represent an apples to apples comparison of costs because certain costs (other than engineering costs) can be excluded when calculating total costs of construction. The exclusion of these other costs will necessarily increase the costs of engineering when expressed as a percentage of total construction costs.

PROGRAM GOALS: FINANCIAL AND RECORD INFORMATION

- Ensure prompt and accurate payments to contractors, material suppliers, consultants, engineers, architects, and others working for the City on infrastructure improvements
- Provide accurate information in a timely manner to the public, developers, and engineers regarding the location of the City's infrastructure and provide information related to the cost of connecting to utility lines
- Provide subdivision review to ensure compliance with City standards regarding the extension of water and sewer lines, and provide advice/consultation to engineers/developers; develop appropriate agreements with developers for the extension of water and sewer lines

FY 1998-99 OBJECTIVES

- Complete the installation of new imaging system for the Records Center. This will improve service to the public, citizens/customers, developers, and other City divisions

For effectiveness indicators the department has consistently outperformed its objectives, which have been consistently set in the 90 percent range. Workload indicator objectives have not changed over 1st year's numbers despite the consistent occurrence of higher actual performance than objectives each year since the 1996-97 season.

PROGRAM GOALS: ADMINISTRATION

- To provide leadership, strategic planning, and fiscal stewardship for the municipal engineering division
- Ensure that efficient, high quality engineering services are provided to complete projects approved by the Board of Aldermen and the City/County Utility Commission
- Provide plan review to ensure that developments are constructed in compliance with City standards and development guides

STATEMENT OF CONDITIONS

Areas in Which the Department Meets or Exceeds Standards:

The department has consistently met or exceeded its self-articulated performance objectives for all years for which data was available. It is expected that the ASCE benchmarking/best practices review will provide further insight into the departments actual performance versus industry standards.

Areas in Which the Department Does not Meet or Exceed Standards:

As described previously, the limited benchmarking data available to the review team suggests the industry standard for engineering costs as a percentage of total construction costs should run at 10 percent for design work and 5 percent for inspection work. The departments performance report and business plan suggest that on average, the department's costs run higher. In addition, cost objectives are set at a higher threshold than the industry standard.

SIGNIFICANCE OF FINDINGS

The available data suggests that the department consistently meets or exceeds its performance objectives and expends less than its annual budgeted projections. Limited benchmarking data suggests that engineering costs as a percentage of construction costs in Winston-Salem run higher than the industry standard. In particular, the departments objectives for engineering costs during 1998-1999 exceed the industry standard by as high as 30 percent for street and utility construction. This discrepancy, however, could be explained either by objectively higher costs, or merely a difference in accounting methods. It would seem appropriate to request data from the ASCE benchmarking surveyors regarding both standard costs for engineering in the industry, as well as the means by which those costs are calculated.

RECOMMENDATIONS

FINDING

Better communication is needed.

RECOMMENDATION

Conduct periodic department-wide meeting to discuss problems and provide feedback on pending changes

FINDING

Telephone system is inadequate.

RECOMMENDATION

Upgrade telephone system to a direct dial system for both internal and external customers.

FINDING

Computer system needs updating.

RECOMMENDATION

Convert existing desk-top computer system from stand-alone to network.

FINDING

Priorities need to be regularly reviewed.

RECOMMENDATION

Design department should prioritize survey requests and other field tasks on a frequent periodic basis as opposed to the present ad hoc method, which requires duplicate work in the field and sometimes fosters inter-disciplinary friction.

FINDING

Ask for efficiency suggestions from developers and contractors.

RECOMMENDATION

Hold twice-yearly "open houses" with developers/contractors to discuss issues/opportunities for improvement.

FINDING

Standardize forms for customers and utilities.

RECOMMENDATION

Increase the use of standardized forms for customers and utilities to streamline the process. Computer templates would be most ideal method to adopt where useful; otherwise, hard copy forms. Three examples: (i) Draft and include a permit check list in the subdivision guidelines to reduce review time and ensure consistency; (ii) convince utilities to adopt standard forms (in permit format) for their review. The form should be standard with a space for comments to handle unique project features; (iii) standard fax cover sheets, internal and external memo forms, etc.

FINDING

Some responsibilities should be transferred.

RECOMMENDATION

Transfer Engineering's present design/inspection responsibilities for city buildings to Property Maintenance. Property Maintenance is in a better position to evaluate the city needs at the design phase because it has the ultimate responsibility for upkeep. Engineering has existing personnel performing these functions that could be transferred to Property Maintenance.

FINDING

Too much time is spent by staff gathering votes, submitting, and re-submitting designs to the utilities board.

RECOMMENDATION

Work with utilities to make the water/sewer petition procedure more liberal to eliminate this needless time. For feasibility projects, the necessary fee payments should be placed in escrow by property owners before the study is conducted. In addition, all yes votes should be locked in with the property once the money is placed in escrow, such that a new property owner cannot object, thereby requiring the project to be repeated from scratch.

FINDING

Inspection of private developer paving projects.

RECOMMENDATION

Conduct a formal study to determine necessity/desirability of tighter and more frequent inspection of private developer paving projects.

FINDING

Improvements should be made in the organizational structure over time.

RECOMMENDATION

Adopt a flatter structure and push authority/decision-making down the management ladder.

Increase cross-training to provide qualified back-up manpower during periods of high demand.

FINDING

There is a problem with turnover rates.

RECOMMENDATION

Consider ways to reduce employee revolving door syndrome in order to retain employees and reduce churning that occurs by inter-department moves and migration to outside employers. Possible steps: (1) Better pay/benefits; (2) more restrictive inter-departmental job transfer policies; (3) diversify project design load to qualified engineers versus farming out the more challenging projects.

FINDING

The department needs to deal with several consolidation issues.

RECOMMENDATION

Combine sidewalk activities pertaining to construction and permits between the streets division and the engineering division.

Consolidate the storm water retention activity. Currently duties are split between engineering and streets division.

FINDING

Close monitoring of production efficiency needs to occur.

RECOMMENDATION

Closely monitor production efficiency and keep tabs on project time and engineering costs on each job. Set cost objectives that are consistent with industry standards. Reflect industry standards for costs in the departments annual performance report. Ensure cost accounting is consistent with industry standards to ensure that apples to apples cost comparisons can be made. The review team requested data from the department concerning current costs as compared to the industry standard, but no such information could be produced. Benchmarking data suggests engineering costs should run about 10 percent for design work, with inspection costs running about 5 percent. The department also should share cost accounting specifics with internal and external customers to ensure accountability and further monitor efficiency.

FINDING

Increase customer satisfaction.

RECOMMENDATION

Provide "One Stop Shopping" for permits.

CITIZEN AND EMPLOYEE PERCEPTIONS

CITIZEN PERCEPTIONS

Focus group surveys of external customers included largely favorable comments. Constructive criticism, where useful, has been incorporated into the recommendations section.

EMPLOYEE PERCEPTIONS

In early March 1999, the team distributed surveys to each employee within the department. Twenty-five surveys were returned, all from full-time employees. Response received ranged from long-time employees (32 years) to a recent hire (3 months). Following is a summary of the trends and significant findings from the information received.

"Smartest" Department Initiatives

The following are comments that were echoed by three or more respondents:

- The department uses up-to-date technology for work and communications
- Customer service (including citizens and inter-department relationships) is a priority
- The department encourages professional development

"Dumbest" Department Initiatives

No trends could be discerned with respect to these comments, except that more than three respondents left this section blank. The following is a sampling of individual comments.

- One respondent indicated the quality of private contractors and subcontractors hired was poor. A possible solution might be to institute more stringent requirements for prospective contractors to be included on the bid list.
- Two respondents suggested that the office politics ("finger pointing") sometimes interfered with solving system problems.
- One respondent suggested the department's duties should not be limited to utility and street design, and that the utilities division could give more work to the engineering department that is presently contracted out. This respondent did not specify what types of work could be so delegated. A possible solution would be to survey staff qualifications and seek the work for which they are qualified.

Most Liked Aspect of Job

No significant trends here, except that a few field personnel cited freedom to work individually as a positive.

Least Liked Aspects of Job

No significant trends here. Two respondents suggested that pay was either too low or not competitive with other municipalities. One respondent claimed that unnecessary micro-management existed, and greater individual latitude for employees should be considered. Two employees claimed the department could do a better job of keeping employees informed about developments.

Training

Response concerning training received in the last year varied. Notably, most longer term employees (more than 10 years) indicated that they had not received any job training. In addition, one recent hire indicated having received no training in the last year. Most employees with less than 10 years tenure indicated they had received job training. At least one employee listed job training as a "smartest" department initiative.

Supervisor Reviews

Most of the respondents (excepting the recent hire) indicated they had discussed job performance with their supervisor within the last 12 months. Several had been reviewed in the February-March 1999 time frame. One respondent, an employee of about two years, claimed to have received only written work evaluations and suggested that the department might consider evaluating the sufficiency of its employee review process. This respondent indicated a desire for one on-one discussion. No other respondents claimed such one-on-one discussion was lacking.

PRINTING AND COURIER SERVICES

REVIEW TEAM BACKGROUND AND SCOPE OF WORK

REVIEW

MISSION STATEMENT

The mission of the Printing and Courier Services Divisions of the Information Systems Department is to provide efficient, effective, and convenient printing and courier services to other city departments by consolidating and coordinating equipment, personnel, and technology.

INTERNAL GOAL SETTING

PROGRAM GOAL

- Operate as an internal service fund with an objective of meeting the City's major printing requirements

FY 1998-99 KEY OBJECTIVES

- Activate an intranet site to document the services provided
- Conduct a job study on work done for city departments

RECOMMENDATIONS

FINDING

The Print shop provides high speed copying, offset ink printing, and collating/binding services. Forsyth County maintains a separate printing operation. In addition, RJ Reynolds has a state-of-the-art print shop that has expressed interest in providing services to the city. By April of 2000, the print shop must be temporally moved to another location while city hall is renovated. The ink press operation requires special ventilation, safety control for chemicals, and a reinforced load bearing floor.

RECOMMENDATION

Prior to the planned April move, the city should explore alternative arrangements for providing printing services. Possibilities for consolidation with the Forsyth County and/or outsourcing to a private company should be considered. The city should also consider keeping the high speed copying function in-house, but outsourcing all of the offset ink printing.

FINDING

The print shop also provides mail sorting and delivery services for city departments.

RECOMMENDATION

The mail sorting and delivery services should remain in-house

FINDING

A city-wide mail code system would allow anyone to sort mail without knowing each city employee's department and location.

RECOMMENDATION

Develop a city- wide mail coding system.

FINDING

There is not enough space for mail sorting.

RECOMMENDATION

Enlarge and improve the mail sorting space. This could be accomplished by outsourcing the offset press function.

FINDING

The print shop maintains a blueprint machine that is not used very often, but carries a high safety risk and a high equipment maintenance cost.

RECOMMENDATION

Contract out the blueprint service.

FINDING

The print shop does some printing jobs for non-city customers. A review of fees indicate that the print shop is charging these customers a price that is lower than the market rate.

RECOMMENDATION

Increase the fees charged to outside (non-city) customers.

PURCHASING

REVIEW TEAM ANALYSIS AND SCOPE OF WORK

REVIEW

The City/County Purchasing Department is headed by a Purchasing Director with nine other employees, 1 Senior Engineering Technician, 1 senior buyer, 2 professional buyers and five clerical employees. The Purchasing Director, in addition to his managerial role, carries a full-time buying assignment. The department is organized along the lines of materials/services purchased versus client groups supported.

The Purchasing Director reports directly to the Assistant City Manager and the department is located in a city building even though they are responsible for both the City and County procurement function. The department uses two different purchasing systems and provides trained back-up for both.

Two major functions that require Purchasing assistance and have a major impact on Purchasing activities report outside the Purchasing organization. These are the Purchasing Card Program which reports to the City Finance Department and the M/WBE Program which reports to another Assistant City Manager.

MISSION STATEMENT

Provide centralized procurement services for the City of Winston-Salem, Forsyth County, the City-County Utility Commission, and the Winston-Salem Transit Authority by insuring that specifications are sufficient to provide for equal and competitive bidding, guarding against the possibility of collusion, insuring that advertising, bonding, and other legal requirements of the bid are met, and that the recommended award is in accordance with the statutory lowest responsible bidder standard and in the best interest of the city.

BENCHMARKING

National Purchasing Benchmark:

Obtained from the National Association of Purchasing Management's web-site the national benchmark report for municipal governments and asked Winston-Salem's Purchasing Director to complete for his organization. See Exhibit A for comparison and overall summary.

INTERNAL GOAL SETTING

PROGRAM GOALS: PROCUREMENT

- Process all purchase requests in accordance with Purchasing Department service level standards:
Telephone quotations: 48 hours
Written quotations: 72 hours
Formal Bids: 14 days or budget schedule

FY 1998-99 KEY OBJECTIVES: PROCUREMENT

- Process all purchase requests in accordance with Purchasing Department service level standards
- Provide cost estimates, product information, and capital outlay schedule as needed
- Continue to assist County Finance Department in implementation of new purchasing/finance software system
- Assist Finance Department in continued expansion and improvement of purchasing card procedures

- Assist the Information Services division in making the purchasing software system year 2000 compliant

PROGRAM GOALS: MINORITY/WOMEN OWNED BUSINESS ENTERPRISE PROGRAM (M/WBE)

- Assist the M/WBE Program by conducting construction pre-bid conferences as needed
- Assist in the compilation of the M/WBE Annual Report
- Assist with the administration of the city's M/WBE program by scheduling and conducting pre-bid conferences prior to all construction bids to insure bidders are familiar with M/WBE subcontracting requirements and are acquainted with interested subcontractors and insuring that all certified M/WBE companies are notified of opportunities to bid for city contracts in their service or commodity

FY 1998-99 KEY OBJECTIVES: M/WBE

- Conduct M/WBE pre- bid conferences as required for formal construction bids
- Assist in compilation of M/WBE spending activity for the M/WBE Coordinator's annual report

PROGRAM GOALS: DISPOSAL OF SURPLUS PROPERTY

- Disposal of surplus material and equipment, and Police impounded merchandise, as required
- Dispose of all city-owned surplus personal property other than real estate. Purchasing bids, recommends, awards, and administers contracts with full service auctioneering companies to publicize and auction city property. The department insures that advertising, waiting periods, revenue accounting, and all other statutory requirements of each sale are met

FY 1998-99 KEY OBJECTIVES: DISPOSAL OF SURPLUS PROPERTY

- Conduct 1 to 2 surplus equipment auctions, as required
- Review performance of auctioneering contractor, determine whether contract should be extended or re-bid
- Conduct sealed bid sales of City general surplus as needed
- Conduct sealed bid sales of Police merchandise as needed

STATEMENT OF CONDITION

The Citizens Efficiency Review Team accumulated the information for their analysis through the following methods:

- Purchasing Department Orientation: Visited the department, met all the employees and received top-line overview of processes in place and activities performed
- Purchasing Director Discussion: In-depth discussion with Purchasing Director on where the department should focus to ensure increased efficiency in the future
- Charlotte Purchasing Director Discussion: Telephone conversation with Charlotte Purchasing Director to obtain information about his organization, processes and future direction. Charlotte's Purchasing Department is the only other city/county combined purchasing organization in North Carolina
- Richmond's Purchasing Review Document: Reviewed Richmond's Purchasing Review Document to compare with Winston-Salem's findings

- Employee Comment Forms: Of the ten purchasing employees, four sent in comment forms for the team's review. See Exhibit B for results and overall summary
- Employee Focus Group: A focus group was held with the nine purchasing employees, excluding the Purchasing Director, and an independent facilitator at the Reynolds/Plaza Complex. The meeting was structured this way to ensure an open discussion around "if this was your company, what would you change" and emphasizing that this process was not about eliminating jobs, but about adding value and improving efficiency. See Exhibit C for results and overall summary
- Client Survey: Analyzed the city's client survey results regarding the Purchasing Department. See Exhibit D for results and overall summary

PERFORMANCE VERSUS BENCHMARKS AND BEST PRACTICES

ANALYSIS: NATIONAL BENCHMARK COMPARISON

- Winston-Salem has a larger percentage of the city budget spent with suppliers than the benchmark participants
- Winston-Salem issues more purchase orders than the participants; however, it cost Winston-Salem more to spend a dollar and the amount purchased by each employee was less. Winston-Salem's dollar limit for purchase cards and departmental independent buying is considerably lower than the benchmark. This tends to indicate that Winston-Salem is more involved in low dollar purchases and a higher number of transactions than the representative cities
- Winston-Salem's cycle time for informal and formal bid processes is 3 to 10 days longer than the benchmark. This tends to indicate that the cities surveyed have less approval steps or more streamlined processes
- Winston-Salem's percentage of spending with minority and women owned suppliers is well below the benchmark
- The percentage of Winston-Salem's purchasing budget spent on training is 1% lower than the benchmark
- Winston-Salem's purchasing department is not involved in re-engineering the procurement process; whereas, every city represented was involved

ANALYSIS: EMPLOYEE COMMENT FORMS

- Employees have insight into where the inefficiencies are in the procurement process
- Employees want to be involved, kept informed, and appreciated for the value they bring to the city

ANALYSIS: EMPLOYEE FOCUS GROUP MEETING

- Employees see the value that improved systems and technology could bring to the Purchasing Department's increased efficiency
- Employees want to maintain a balance between technology and personal contact with the client areas

- Employees are asking for more communication regarding the city government’s priorities, more training and exposure to city officials
- Employees see the many levels of approval and “non-responsive” vendors as effecting the expediency and cost of deliverables for the taxpayers
- Employees feel there is a citywide departure from the mind set that “we work for the public/taxpayer” and that efforts should be made to restore this mind set
- Employees feel that the communication between the city and county departments needs to be improved

ANALYSIS: CLIENT SURVEY RESULTS

Below Average/Unacceptable Ratings showed up consistently from the Fire, Police, Parks & Recreation and Utilities areas. In the area of response timeliness, these ratings showed up also in the Streets and Finance areas.

It is the goal of any support organization to be viewed by its clients as exceptional because of the impact the support group plays on the client’s ability to achieve its results. The Purchasing Department received very positive ratings over all, but should implement process improvement programs to move the average ratings toward exceptional and the below average to good.

RECOMMENDATIONS

Should the City be responsible for this function now or in the future?

Due to the legal requirements of the General Statues of North Carolina and the financial impact that the purchase of goods and services can have on the City budget, it is the opinion of the review team that this function should be performed by the City and not privatized.

Should the City/County Purchasing Department be unconsolidated?

Due to the synergies between the two entities and the buying power generated by leveraging the volume of goods and services, it is the opinion of the review team that the purchasing organization should remain consolidated and, in fact, become more involved in the County's purchasing related activities.

FINDING

A great deal of the staffing data provided for comparison was from Greensboro and was analyzed based on population. While this comparison might be valid for some functions, unless the activities performed by the function are identical, the comparison is not applicable. As it relates to the Purchasing Department, it is the review team’s opinion that the Purchasing Department should be compared to Charlotte since these two functions support both city and county procurement. Based on the available data, Charlotte’s Purchasing Department has 10.5 employees versus Winston-Salem’s 10.0 employees. Charlotte’s Purchasing Department is not involved in purchases under \$5,000. Charlotte’s small purchases are the responsibility of the individual department. Charlotte’s City Manager can award any purchasing contract under \$100,000 without presenting to the Board. Both of these procedures eliminate a great deal

of paperwork from the Purchasing staff and streamline the procurement process. Currently, Winston-Salem's limit for small purchases is \$1,000 and board presentation of purchasing contracts is required for anything over \$50,000.

RECOMMENDATION

Implement the \$5,000 limit on all small purchases for Winston-Salem and Forsyth County. The Purchasing Department would not involve itself in purchases below the statutory bid level of \$5,000. Below that, individual departments would either secure their own quotes or complete purchases using a purchasing card. Purchasing can provide training, bidders lists and forms for securing quotes.

According to Section 2-2 (b) of the City Code, the City Manager is authorized to take any action, including any action the board of aldermen is required or authorized to take under G.S. 143-128 et seq., to make, approve, award or execute contracts for construction or repair work not to exceed \$100,000 or for services or the purchase of apparatus, supplies, materials or equipment not to exceed \$100,000 for any such contract. The city manager may exercise this authority only when there are funds in the city's adopted budget sufficient for such contract. Prior to execution, the budget director shall pre-audit and the city attorney shall approve such contract as to form and legality.

Implement the procedural change to grant the City Manager the authority to award all purchase contracts under \$100,000.

FINDING

The City of Winston-Salem has implemented a Purchasing Card Program authorizing employee cardholders to obtain goods and services costing less than \$1,000 needed by the City. The Purchasing Card is designed to provide the users with a more flexible and efficient way to make small purchases. It empowers the cardholder to acquire the necessary materials to conduct business and/or deliver services in a more convenient and expeditious manner.

The Purchasing Card Program Administration is currently the responsibility of the City Finance Department.

RECOMMENDATION

Expand the use of the Purchasing Card throughout both the city and county government departments and increase the dollar limit from \$1,000 to \$5,000.

Reassign the Purchasing Card Program Administration to the Purchasing Department. This program should be used by both the City and County and should report in to a combined City/County function. Also, this is a major tool to streamline Purchasing activities and should be implemented, trained, and supported by the function responsible and accountable for the purchase of goods and services.

FINDING

Currently, the Purchasing Director plays a dual role as director and buyer. This has been required due to the workload and the reduction of one professional buyer during the previous budget process. The department employees, based on their comment forms and focus group discussion, are requesting more status meetings, more communication of priorities and more visibility. Based on the client ratings, Purchasing needs to become more visible to the client areas,

developing a better understanding of their requirements, educating the clients on the purchasing procedures, systems and regulations and developing/implementing process improvement programs. Based on the benchmark data, the Purchasing Department is not involved in any procurement process re-engineering which will be required to ensure increased efficiency.

RECOMMENDATION

Reinstate the buyer position that was eliminated during the previous budgeting cycle. Remove the buying responsibility from the Director allowing him time to work with his employees, interface more directly with the client areas, and focus on process improvements and procurement re-engineering efforts. The director position should be more a leadership and strategic planning role versus day-to-day buying.

FINDING

The department's use of technology is somewhat limited due to the paperwork nature of the function, age of the equipment, lack of some equipment, cumbersome systems and lack of internal resources to evaluate and implement new "tools" to automate and streamline redundant and repetitive activities.

RECOMMENDATION

Initiate a business process re-engineering project for the Purchasing Department. This should result in a new consolidated purchasing system to support both city and county purchasing and financial requirements.

Increase headcount by one person with experience and knowledge in technology. This person should focus on implementing new technology to improve the procurement process and increase turnaround. Examples of this are:

- Bid notices distributed on the Internet allowing vendors to download complete specs from Purchasing's web site.
- Expand the use of E-mail with vendors.
- Develop method to receive "sealed bids" via E-mail.
- Develop method to electronically send purchase orders to the selected vendor.

This person would also interface with the Information Systems Department to represent the Purchasing Department in the selection, implementation and training of a new purchasing system for the City. A top priority with this project should be to ensure that both the City and County systems function the same and use one vendor list.

This person would also work with Purchasing to define consolidated management reporting which does not exist today. This reporting should include Purchasing Card activity as well. This information is critical to Purchasing management in analyzing where the City and County money is spent and identifying opportunities to leverage the buying power against a smaller base of vendors.

This increase in headcount, if used for the application of technology, will over the next several years provide the City with the opportunity to decrease the size of the Purchasing organization due to the automation and streamlining of the day-to-day activities currently being performed manually.

FINDING

Based on the benchmark data, the money spent by the City with minority and women-owned businesses is well below the national average. Also, every year a former city employee is brought back in for a couple of months to consolidate and develop the annual expenditure report for these activities.

RECOMMENDATION

Reassign the M/WBE program to the Purchasing Department. The Purchasing Department determines where the money is spent and should be accountable for ensuring the development of this supply base. By keeping a focus on this segment of suppliers and growing their business would also be very beneficial to the community and help build stronger relationships with these citizens.

The annual reporting of these activities should be an extension of the consolidated management reporting system recommended above. This would eliminate bringing a person back in on a consultant basis for several months each year to handle this project.

FINDING

The City/County Purchasing department reports administratively to the City and is located in a city building. This makes it very difficult to build a strong relationship with the County client departments. The Purchasing employees have limited training opportunities due to budget constraints and workload. The clients do not always feel that the support they receive from Purchasing is adequate for them to meet their requirements.

RECOMMENDATION

The Purchasing Department should report directly to both the City and County or report into a combined function that has direct line reporting to both entities. They should be located in a neutral site.

The employees should be provided additional training opportunities as they relate to customer service, new technology and new purchasing methods and approaches. They should also attend professional organization meetings to keep abreast of how other municipal government purchasing organizations are handling their processes.

In order to build stronger client relationships, the buying staff should be organized where they support specific customer departments vs. a commodity approach. Charlotte has implemented this concept with positive results from their clients.

OVERALL RECOMMENDATION SUMMARY

The City/County Purchasing Department is staffed with knowledgeable and dedicated purchasing professionals. They desperately need a new technology platform to relieve them of non-valued added activities that can be automated. This department should be leading the charge on this issue and not waiting for Information Systems to bring the solution to them.

The department should view themselves as a critical support organization to their client areas and spend time with these areas to identify ways that they can add value to ensure the client's success.

The above recommendations will require additional spending up front, but the payoff in future years will greatly outweigh the initial investment.

Due to state regulations, you cannot truly compare the City/County Purchasing to a private industry purchasing function, but the mind set and the technology platform should not be that different. All industries have regulations and procedures they must adhere to, but they cannot allow these to stop improved efficiency programs.

City/County governments should view themselves similar to industry from this standpoint:

Mayor	Chief Executive Officer
Board of Alderman	Board of Directors
Citizens	Stockholders

Improved efficiency reduces cost, which in industry, should increase profits which pleases stockholders.

Improved efficiency reduces cost, which in government, should decrease taxes which pleases citizens.

The recommendations in this review can be found throughout professional purchasing publications. To illustrate:

"The Internet continues to revolutionize the purchasing and supply profession. An organization can achieve enormous process improvements and cost savings possibilities by streamlining order processes, utilizing integrated supplier relationships and applying electronic commerce tools."

Purchasing Today, April 1999

"What CEO's expect from purchasing and supply departments has evolved considerably over the years. Purchasing and supply has developed from the 'get me the part' department to one that holds the strategic position of keeping the supply chain moving in time to help reduce costs, influence strategy, and impact the final product or service."

Purchasing Today, May 1999

"The costs of implementing e-commerce systems may pale in comparison to potential savings."

Purchasing Today, January 1999

"Benchmarking accelerates improvement."

Purchasing, April 22, 1999

"Companies must benchmark to stay on top."

Purchasing, March 11, 1999

"As purchasing and supply professionals continue the quest for heightened levels of performance and greater effectiveness, increased attention is directed toward the quality of internal relationships."

Purchasing Today, November, 1998

"There's little doubt that fewer people are processing transactions than in the past. Tools such as the Internet and procurement cards have enabled companies to shift purchasing resources away from tactical activities toward strategic duties."

EXHIBIT A

National Purchasing Benchmark Comparison

The national benchmarks were based on data supplied by 34 municipal governments. Average City budget was \$738 million vs. Winston-Salem's city budget of \$258 million. (Assumption: The municipal governments responding to the benchmark study supported only the purchase of their city's goods and services. Therefore, Winston-Salem Purchasing Director compared only the City's portion of the budget, transactions and headcount to the data.)

	<u>Benchmark</u>	<u>Winston-Salem</u>
• Total Purchases (\$ spent with suppliers) % of total city budget	19.6%	23.0%
• Cost to spend a dollar	.0065¢	.0072¢
• No. City employees per Purchasing employee	382	318
• Amount of total city budget per Purchasing employee	\$49.9M	\$34.4M
• Amount of purchases per Purchasing employee	\$9.6M	\$7.9M
• Amount of purchases per each professional Purchasing employee	\$16.6M	\$14.8M
• Average cycle time for properly prepared and approved purchase requisition for informal bids or quotations	11 days	14 days
• Average cycle time for transactions requiring formal bids	50 days	60 days
• % of total purchase dollars spent with minority-owned suppliers	8.5%	3.24%
• % of total purchase dollars spent with women-owned suppliers	6.3%	4.6%
• Average number of purchase orders issued during one-year reporting period	8,278	11,012
• Average amount of purchasing budget spent on training	1.5%	.5%
• Average dollar limit per small order	\$2,439	\$100

transaction system (system that allows departments to purchase independently)

- | | | |
|--|---------|---------|
| • Average dollar limit per credit card | \$3,031 | \$1,000 |
| • Involved in Re-engineering procurement process | YES | NO |

EXHIBIT B

Employee Comment Forms

- What are the smartest things your department does?
 - Purchasing Procedures Manual for Client Departments
 - Successful compliance with a fairly complex set of bidding statues
 - Bringing projects in on time through a complex schedule of bid and award procedures
 - Ensuring client departments are in line with state law regarding bidding procedures

- What are the dumbest things your department does?
 - Having all the mail opened by one person instead of each individual opening their own mail
 - Not always working together like a team
 - Management's lack of delegation
 - Too much duplicate entry
 - Too much paperwork
 - Lack of staff meetings
 - Failure to keep archived records microfilmed
 - Lack of participation in two state associations

- What do you like best about your job?
 - Working with client departments

- What do you like least about your job?
 - Too much repetition

- Additional comments:
 - City staff is badly under-appreciated by elected officials and the general public
 - A great deal of innovation proposed by staff is blocked by elected officials

EXHIBIT C

Employee Focus Group Meeting

- Processes, activities which add the most value to the city/county? How?
 - 1) the N.C. State Statutes provide strong operating guidance for the Purchasing group
 - 2) the technology provided to each employee (i.e. the PC's) although 2 or 3 are older 386's, there are plans for these to be replaced with upgraded hardware
 - 3) the communication is good amongst staff as well as between staff and immediate manager; generally information sharing is good with opportunities for improvement (such as more frequent staff meetings)
 - 4) the encouragement by management for individuals to attend training
 - 5) the expedient processing of requests (in accordance with set parameters)
 - 6) the orientation toward customer service with both internal clients and the public/tax payers

- Processes, activities which add the least value to the city/county? How?
 - 1) micro-managing projects as well as generally all requisition requests (e.g. an "over-kill" review process with too many layers of approval Versus relying on the knowledge and competence of fewer people); this effects the expediency and cost of deliverables for the taxpayers
 - 2) dealing with "non-responsive" vendors (bid process) is administratively intensive; (e.g. the absolute open-door policy for any/all vendors to call-on, bid-on projects resulting in massive vendors trails never having closure)

- What processes/activities would you change to be more effective? How?
 - 1) the use of PC's (e-mail) and voice mail have resulted in a reduced level of personal contact within unit as well as with all city-wide departments; this should be addressed without compromising the technology
 - 2) in most of the city-county departments, the chance of assessing a "real person" has become so remote that it has become a source of frustration most of the time, and should be addressed
 - 3) there is a citywide departure from the mind set that "we work for the public/tax payer" and efforts should be made to restore this mind set
 - 4) need a "purging" procedure/system to delete inactive vendors after a defined period of time
 - 5) must improve poorly-built financial system used by the county!
 - 6) there should exist only one system to support the city and county or
 - 7) drastically improved tech-support for the KMPG system (Peat Marwick), specifically the "Performance Purchasing Module"or
 - 8) de-consolidate the city purchasing function from the county purchasing function

- What tools do you need to do your job better?
 - 1) replace the older desks with computer stations
 - 2) need 1 or 2 additional printers to support the personnel; currently 1 printer supports 10 PC's

- 3) updated phone system; especially the "Caller ID" feature to provide more efficient routing of incoming calls
 - 4) new copier
- What areas/types of support are you currently getting from your management?
 - 1) immediate supervisor; is effectively communicating information with an appropriate balance between pertinent versus information overload
 - 2) immediate supervisor; responsive to employees' requests/recommendations for change
 - 3) immediate supervisor: encourages employees to attend training and pursue individual development

 - What additional areas/types of support could you use from management that would help you do your job more effectively?
 - 1) opportunities to attend external training workshops or conferences (one day agendas) relating to various interpersonal skills or purchasing-related skills
 - 2) more exposure to the city's top managers with a hope that one day the field will be level enough to have open and honest discussions with these top managers

 - What additional areas/types of support could you use from other clients that would help you do your job more effectively?
 - 1) Information Services Department at times provides good tech/equipment support, however there was consensus that the room for improvement existed (it was also acknowledged that it was likely a staffing issue)
 - 2) a general sentiment that other departments do not recognize the knowledge and professionalism of the Purchasing unit and therefore don't show the respect
 - 3) other departments should provide more lead-time for requests versus everything being an urgency or emergency ...or
 - 4) other departments should have more realistic expectations for turnaround times
 - 5) provide Purchasing employees more big-picture view of the city's annually-approved plan so they can more effectively prioritize projects/requests, manage time, resolve issues, etc.

 - What barriers exist that if changed would significantly impact the value added by this group? (with management, or other clients, or anything else)
 - 1) closing the "gap" between top management and the employees in an effort to build trust, improve morale, make employees feel valued and recognized which would all lead to greater productivity
 - 2) immediate supervisor be more open/approachable with fellow employees
 - 3) significantly improve the communication between the city and county finance departments
 - 4) the city systems for purchasing and finance should be compatible

EXHIBIT D

Client Survey Results

	<u>Total</u>	<u>Exceptional/ Good</u>	<u>Average</u>	<u>Below Average/ Unacceptable</u>
• Internal Customer Service Rating	354	228 64.4	105 29.7	21 5.9
• Quality of Work Rating	354	236 66.7	100 28.2	16 4.5
• Value of Service to Client's Product Rating	354	230 65.0	100 28.2	16 4.5
• Timeliness of Responses	354	212 59.9	106 29.9	34 9.6

REAL ESTATE

REVIEW TEAM BACKGROUND ANALYSIS AND SCOPE OF WORK

REVIEW

MISSION STATEMENT

The mission of the Real Estate Office is to assist city departments by acquiring property for road systems, public utilities, public facilities, and community development; to assist city departments by selling and conveying property in redevelopment areas; to lease property for city needs; and to lease or sell surplus city property. In addition, the mission of the Real Estate Office is to provide information to the public in response to queries regarding real estate and other city functions.

The Mission Statement does give an overview of the role that the Real Estate Department plays in City functions, it does not include the entire picture and may be too wordy. The department has other responsibilities that are not reflected in the Mission Statement and the responsibilities of the department could be worded by the following:

The mission of the Real Estate Office is to serve the City of Winston-Salem real estate needs by acquiring, selling, leasing or managing real estate on behalf of the various departments of the City, community development and redevelopment...

A Mission Statement to explain the scope and nature of this department would require a long and verbose statement not in keeping with the nature of the qualities of a well-written Mission Statement. In addition, the department requires some flexibility of description of responsibilities.

The Real Estate Department of the City of Winston-Salem was formulated to handle the real estate needs of the city. In this role, they handle the leasing of property for the city, the leasing of property by the city, the selling of real estate for the city, the acquisition of property for the city and others as contracted, and the overseeing of maintenance for the property assigned to their care. This department was formally developed about 20 years ago but had been around for many years falling under the departmental responsibility of other departments.

BENCHMARKING

The process of benchmarking requires the collection of information regarding similar departments in cities of similar size and methods of handling the departmental and city needs. In consideration of the benchmark information for the Real Estate Office of the City of Winston-Salem it was necessary to have a complete understanding of the works of this department.

After completing the review of the Real Estate Office, a look at other cities and their practices was necessary to complete the benchmark information. The cities selected were chosen for their similarities to Winston-Salem and/or the similarities of the functions of the department.

BEST PRACTICES

The analysis of "best practices" looks at the practices of the department in its current role and reviews those processes in comparison to benchmark practices and practices of the private sector.

In looking at the conditions of the department it was important to establish the differentiators in the practices of the Real Estate Office from the benchmark comparisons and the other similar public and private entities. Where differences were found, much consideration was given to the evaluation of the success of the differences.

INTERNAL GOAL SETTING

PROGRAM GOALS: ACQUISITION OF REAL PROPERTY FOR CITY DEPARTMENTS

- Acquire property as specified by various departments for provision of city services
- Purchase needed property from owners at an equitable price within the time frame established by the department initiating the project

FY 1998-99 OBJECTIVES

- Acquire 90 percent of scheduled property within the agreed upon time period, barring circumstances beyond the control of the Real Estate Office, with a condemnation rate of less than 25 percent

PROGRAM GOALS: DISPOSITION AND CONVEYANCE SERVICES FOR CITY DEPARTMENTS AND DISPOSITION OF SURPLUS PROPERTY

- To aggressively market redevelopment and surplus property available for sale

FY 1998-99 OBJECTIVES

- Sale of a number of surplus lots for which there has been no interest at public auction
- Make some disposition of property located on Brookstown Avenue formerly occupied by the National Guard Armory

PROGRAM GOALS: ADMINISTRATION OF CITY'S LEASE MANAGEMENT PROGRAM

- To assist in the location of and negotiate leases for space for city departments for periods of time required by the department
- To negotiate leases for city-owned surplus property

FY 1998-99 OBJECTIVES

- Continue to manage all property leased to or by the City
- Negotiate leases for City-owned surplus property with a vacancy rate of not more than ten percent a year

PROGRAM GOALS: PROVISION OF PROPERTY MAINTENANCE SERVICES FOR COMMUNITY DEVELOPMENT PROGRAM

- To maintain acquired structures as required for demolition or rehabilitation
- To maintain vacant lots in accordance with city code with a minimum of expense

FY 1998-99 OBJECTIVES

- Maintenance of Community Development structures that are to be demolished as required to prevent their being a hazard to the community; protection of properties acquired for rehabilitation; and maintenance of vacant lots in conformance with city code with no violations or complaints concerning high grass or weeds thereon

PROGRAM GOALS: CONDUCTION OF FORECLOSURES AND RESALE OF PROPERTY

- To sell foreclosed property at market value within 210 days from marketing date

FY 1998-99 OBJECTIVES

- Obtain market value from sale of property

To fully understand the departmental roles of the Real Estate Office it is necessary to look at the programs of the department and broadly review the functions of these programs.

As the acquisition arm of the City of Winston-Salem, the Real Estate Office handles the acquisition process for public facilities such as parks, police and fire stations, school sites, water and sewer treatment facilities and expansions, and economic and community development. Fulfilling this role also includes the processes of assisting City departments in the acquisition of easements for streets, water and sewer lines.

The department also handles the sale of real estate on behalf of the City. The disposal process includes the sale of city surplus properties as well as the sale of property foreclosures on past due city loans or past due assessments. The sales process includes the soliciting of bids, drawing purchase agreements, drafting of paper and processing the final approvals for the Board of Alderman.

The final major function of the Real Estate Office is to manage the leases of the property leased by or for the City of Winston-Salem. In this role the Real Estate Office negotiates the lease terms with landlords and tenants, collects rent, makes rental payments and maintains the records on the leases.

The majority of the workload of the department is handling the purchase of property for the needs of the city. About half of all resources of the department are spent on the property acquisition. Most of these are right-of-ways for street and utility expansion for both the city and county. Other acquisition efforts include the purchase of property for neighborhood revitalization and economic development projects. In this capacity the department may be involved in over 150 acquisitions a year.

The remainder of the departments' resources is focused on selling surplus property, managing leases and answering questions from the public or area developers. The department may handle more than 70 surplus and foreclosed properties and handle approximately 60 leases.

The department staff consists of a supervisor, three real estate agents, accounting technician and an office assistant. The current staff has an average of 19.4 years in the department and approximately 24.2 years with the city. The stability of the department attributes to the effectiveness of this office to accomplish annual goals effectively. The lack of turn over in personnel in this department creates a close and effective team that obviously works very well as a unit.

STATEMENT OF CONDITION

A study of the current Real Estate Office revealed a department that was modeled after the Real Estate Office for the City of Charlotte. The department was started out of the need to differentiate the real estate functions of the City from the intermingled areas of other departments and to establish a central department for the specialized task performed by this department.

The benchmarking process helps to review the procedures of this office and its effectiveness. Collecting benchmark information found that the majority of cities studied had a Real Estate Office or a department that handled similar processes of the Real Estate Office of the City of Winston-Salem.

The benchmark cities were selected from the information provided by staff and the information provided by the Office of Organizational Effectiveness.

After reviewing the information provided and studying other information available, the review team selected three benchmark cities to use for comparison purposes. These cities were: Charlotte, North Carolina; Greensboro, North Carolina and Portland, Oregon. The cities were selected for their demographics, similar practices and in the case of Greensboro, regional and geographic familiarity to Winston-Salem.

There are procedural and structural differences in these departments due to the nature of their location and particular practices of City/State government.

Department Composition Comparison

The obvious first question in the review was to determine the need of a Real Estate Office. In a review of other cities of similar size and population it was determined that the majority of cities had a department in place that serviced the real estate needs of the city. It was not always apparent that the cities had a separate real estate department but a structured system was in place.

Benchmark Comparison

City	Number of People In the Department	General Overview of Department Duties
Charlotte, NC	16	Handling of the general real estate needs of the City of Charlotte, involved in the sale of surplus property, acquisition of property for city needs, manages leases for the city and plays a large role in economic and urban revitalization and development.
Greensboro, NC	6	Handling of the general real estate needs of the City of Greensboro, handles the sale of surplus property, acquisitions of property for city needs and manages leases for the city. Plays a role in urban renewal and economic development as requested by the city.
Portland, OR	7	Handling of the general real estate needs of the City of Portland, handles the sale of surplus property, acquisitions of property for city needs, and manages leases for city government. The department offers total facilities management to other departments to assist in cost efficiency. This includes property maintenance and special project management.

Transaction Comparisons (based on annualized averages)

City	Average Number of Acquisitions	Average Number of Sales	Average Number of Leases Managed	Average Number of Special Projects
W-S	165	35	60	4
Greensboro	190	60	75	6
Charlotte	250*	125	40**	25+
Portland, Or.	150	25	54	10

* Total records were fragmented and this figure is based on estimate.

** Charlotte has been involved in an asset management program where revenues were increased by looking at ways to liquidate City owned property and transfer these properties to private entities.

The premise for the formation of all of these departments is that the role that they fulfill for city government is a specialized role and that the department can fulfill these roles better and more cost effective than privatized services. The review committee felt that the Real Estate Office profiles a specialized service that is best served by a governmental entity, specifically in review of the property acquisition role of the Real Estate Office. Putting this function into the hands of private real estate firms creates potential liability, potential abuse and the loss of control of the negotiations for property that is for the benefit of the public good. The necessary knowledge and expertise of the Real Estate Office in dealing with the requirements placed on entities performing these functions is one that may be difficult to place in the private sector.

Additionally, the same holds true for the marketing side of the surplus property owned by the city. Looking at the scope and nature of the properties marketed by the Real Estate Office, the Review Committee found that these properties were often properties that were difficult to market from their price, location and or condition. The process of accepting bids, posting the property for upset bid and presenting the bid to the Board of Alderman was outside the nature of the normal practices of the average real estate agent practicing in the private world.

The past performance of the Real Estate Office reveals a very busy department handling a large number of real estate transitions. A review of the Internal Customer Service Report shows that more than 50% of the respondents rate the department's service as good or exceptional. The Quality of their Work Rating also rated the Office as good or excellent more than 50% of the time.

Citizen satisfaction information is not readily available, but performance information shows that 100% of the properties purchased by the department were completed in the scheduled time period. Seventy-five percent of these acquisitions were completed without the need for legal condemnation. From the sale side of the department, 1997-1998 figures show sales of \$282,790, which greatly exceeded the target of \$65,000. Lease administration of city leased property is below projected targets and efficient when compared to going market rates.

The lease administration function in the real estate departments of the benchmark cities reflects a very effective method for maintaining affordable space needs for their cities. The figures reflect the negotiated rents typically below market figures.

Overall, the practice of having a separate real estate department for a city makes logical and economical sense. Other cities see the value of having created departments functionally similar to the Real Estate Office of Winston-Salem.

KEY FUNCTION DIFFERENTIATIONS EVALUATION

The Real Estate Office of Winston-Salem operates very similarly to other departments in the benchmark cities. The major differences are that the Real Estate Office of Winston-Salem manages the rental of surplus residential property owned by the city of Winston-Salem and handles the maintenance of these properties.

Residential property management is readily available in the private sector. The Real Estate Office is already utilizing outside sources for some properties but continues to manage many of the properties.

Real estate departments in benchmark cities play a larger role in working with other departments for community economic development. The accumulated knowledge of the Real Estate Office could help greatly when combined with knowledge from other related city departments to assist economic development.

PERFORMANCE VERSUS GOAL

In all areas of performance measures the Real Estate Office is exceeding the objectives set forth for the department. The department staff has enough history in the role that they play to accurately estimate the annual performance.

Overall, the Real Estate Department of the City of Winston-Salem fulfills the needs of the City for the task assigned to this department. The Department appears to have a great understanding of their role in city government and completes the assigned task proficiently. The Department is proud of what they do for the city and display that pride in their work. The staff attributes their success to their supervisor. The supervisor attributes the success to the great staff.

The sales side of the department has had a record year.

RECOMMENDATIONS

The review teams perception of the Real Estate Office is that it is an excellent and necessary operation of city government. The overall function of the department is a model of success and efficiency.

As with any operation, there is room for improvement. The following recommendations are made to increase the effectiveness of the department:

FINDING

Time sensitive information is not readily available to the department and delays in information adds to the stress of project completion. Citizen frustrations with the department could be reduced by a greater ability to deliver services in the time frames projected. All city departments tap the resources of the City Attorney's Office and real estate transactions may not have the same priority standing as other city issues.

RECOMMENDATION

The review committee recommends a review of the effectiveness of the use of the City Attorney's Office, specifically in the handling of real estate transactions. Privatization of the Real Estate Department's legal

needs is a probable and practical solution. Title search and deed request by the real estate department is taking too long to process. In the private sector, these process are completed in days but may take weeks in the City Attorney's Office.

FINDING

Currently, the leases that are managed by the Real Estate Department are tracked manually.

RECOMMENDATION

The first consideration for the review committee would be to look into the possibility of private management companies handling these processes. It is specifically recommended that the Real Estate Department completely outsource the maintenance and property management of residential surplus properties currently being leased by the City. These functions are affordable if handled by outside specialist that already have the infrastructure for maintenance needs and rental collections.

Although many of the responsibilities of the Real Estate Department are highly specialized, there are some items that could be handled in the private sector. It would be prudent to consider a managed competition evaluation for the Real Estate Department. This evaluation will help in a complete understanding of the real world cost of the work done by the department.

If the real estate department continues to handle the rental of city property and the handling of the leases for property that the city leases, there needs to be a better tracking system. It is recommended that the Real Estate Department have computer software that helps to keep track of the properties, lease terms, lease dates, rental collections, repair expenses, etc. This software is available and through automation the time required to manage this aspect of the department can be reduced while limiting the danger of costly human error by manual tracking.

FINDING

Technology in the department is extremely weak. Every person in the department should have a computer and the software to efficiently access the information available in the Department and to access the information needed by the department. Presently there are not enough computers for everyone and no computer programs are in place to store and access records in the department. Administrative staff maintains manual records.

RECOMMENDATION

A complete review of records maintained in the department and a computerized cataloging of this information is necessary. Computers should be made available for the entire staff along with training on applications designed to help with informational flow.

FINDING

The review often found issues and projects that were well under way before the Real Estate department was informed about the project. Once the project was sent to the Real Estate Department it was behind schedule and impossible to complete in the needed project time. Specifically, there are times that the Engineering Department has accepted bids for a project before the Real Estate Department had been told to purchase the right-of-way. This process puts extra pressure on the department and inhibits the negotiating position of the City on the purchase of the property.

RECOMMENDATION

Better communication between departments is a necessity in order to avoid issues such as these. Increase communication between and among departments.

FINDING

The reality of the average length of service and future retirement of key positions in the Department are a major concern. Replacement of the Office Assistant is critical. The Office Assistant replacement needs to be hired now in order to provide a transition period for the knowledge and information maintained by this position. This decision needs to be made immediately for the Office Assistant Position but there are others retiring in the near future. A complete succession plan should be developed immediately to provide for future transition facing this Department.

RECOMMENDATION

The creation of a succession plan is vital. The recommendation is that the review committee recommend the necessary funding and authority be granted to the Department Supervisor to develop a plan for replacing key individuals that are scheduled to retire this year.

FLEET SERVICES

REVIEW TEAM BACKGROUND ANALYSIS AND SCOPE OF WORK

REVIEW

MISSION STATEMENT

The mission of the Fleet Services Department is to assist City organizations in the effective and efficient completion of their missions by providing safe, appropriate, and well maintained vehicles at a competitive cost with high quality service.

BENCHMARKING

Benchmarking information was available and is provided in Exhibit A.

INTERNAL GOAL SETTING

PROGRAM GOALS: HEAVY EQUIPMENT, LIGHT EQUIPMENT, TIRE SHOP, PARTS

- Maintain equipment to a quality level that would allow for the lengthening of its service life
- Provide emergency road service from 7:00 a.m. to 11:00 p.m.
- Comply with all North Carolina annual safety inspections and emissions testing

FY 1998-99 OBJECTIVES

- To select and implement a new fleet information system
- To complete construction of the CNG fueling station and educate the employees on the operation of alternative fuel vehicles
- To enhance employee responsibility and morale by implementing performance standards and providing a continuous flow of information to all those involved

PROGRAM GOALS: ADMINISTRATION, SERVICE STATION, AND POOL VEHICLES

- To work with our customers to determine equipment needs and to procure the equipment in a timely manner
- Provide 24- hour fueling service for all City vehicles
- Provide 24- hour vehicle washing service
- To keep the City up- to- date on the important industry trends such as alternative fueled vehicles

FY 1998-99 OBJECTIVES

- To reorganize the division to improve service and quality while reducing costs. The division will prepare for possible managed competition by reducing staff, changing work procedures, implementing better performance measures and keeping the customers involved
- To develop internal service agreements with each major customer
- To establish and report meaningful effectiveness and efficiency measures

STATEMENT OF CONDITION

EMPLOYEE PERCEPTIONS

- Almost all employees seemed to share the same negative feelings regarding training, job equality, respect by supervision, not being treated fairly, being lied to, salary, city's change to managed competition, betrayal by management.
- Training, training, training!!!! And when the new system is introduced, most employees agreed it would be great if they could get individual training or at least only two or three persons at a time and not the entire work group huddled around a single terminal as in the past. (This is now being done with the introduction of the new computer system.)
- Most employees disagree with having upper level management that did not come through the ranks; they do not like managed competition and the way it was introduced; they distrust upper level city management; and they do not like the changes in educational requirements in order to maintain a certain rating and in general-supervision.

RECOMMENDATIONS

FINDING

This department has just completed the managed competition process and awarded the five-year contract for the city's fleet maintenance services.

RECOMMENDATION

Allow the department and its new provider a generous amount of time to prove or disprove that they are the most qualified.

FINDING

There is a lack of sufficient training of employees within the department.

RECOMMENDATION

Emphasis needs to be placed on training (technical and job skill). Training should be ongoing. A terminal should be set up in a learning environment for training. It is important that anyone who is not comfortable with using a computer terminal be made to feel as at ease as possible. Whenever updates are made, it allows updates to be introduced in a learning environment with hands on rather than an OJT situation.

FINDING

There is a lack of computer hardware in the department.

RECOMMENDATION

More PC's are needed for daily repair and maintenance tracking. (This recommendation was made very early on. Since managed competition was introduced and the city contract awarded, 22 new PC's have been installed and training is underway for the new system).

FINDING

Parts inventory has been reduced.

RECOMMENDATION

Suggest that parts continue to be monitored for maximum cost effectiveness. Outsourcing may be a possibility but only if cost effective and would not interfere with production.

FINDING

City wide flex time is a positive option (suggested by several employees not in Fleet Services). The general thought is a once a month 4 x 10 work week. Other companies have experimented with a day off during the week and working on Saturday. This is positive for city residents also since all cannot get off work to handle business with the city Monday through Friday 8 am to 5 p.m.

RECOMMENDATION

Consider and study the possibilities of this arrangement.

FINDING

The city currently has a vehicle utilization study under way.

RECOMMENDATION

One of the review team members was involved in a study for Bell Atlantic during the late 1980's. Bell Atlantic was able to save hundreds of thousands of dollars by reducing inventory and assigning cars based on need rather than rank. It provided more pool vehicles for employees that had to travel because of job requirements. Based on this experience, the City should accept the Fleet Utilization findings and change the way vehicles are provided to City employees.

CENTRAL WAREHOUSE



REVIEW TEAM BACKGROUND ANALYSIS AND SCOPE OF WORK

REVIEW

MISSION STATEMENT

The mission of the Central Warehouse is to provide city departments with supplies, tools, operating equipment, and surplus disposal services in a cost efficient and effective manner through consolidated purchasing and centralized storage.

BENCHMARKING

City	Winston-Salem	Charlotte	Greensboro	High Point	Raleigh
Police Uniforms	Warehouse delivery service	Contract	Contract	Contract	In house
Sworn Officers	483	1255	500	200	630
Average Cost/ Officer (excluding gun and ammo)	\$466.00	\$903.59	\$500	\$475.00	\$611

INTERNAL GOAL SETTING

PROGRAM GOALS

- Operate a self-supporting warehouse that is competitive and efficient, regarding price, cost, quality and timeliness.
- Provide exceptional services to all customers.

FY 1998-99 KEY OBJECTIVES

- Continue to provide departments with price competitive supplies in a timely manner
- Next day delivery
- Develop a cost effectiveness program

RECOMMENDATIONS

FINDING

There is a lack of current technology in the department.

RECOMMENDATION

The Central Warehouse should be supplied with updated computers and laser printers.

An E- Mail system needs to be implemented.

FINDING

There is inadequate fire protection in the warehouses.

RECOMMENDATION

A sprinkler system and fire alarm need to be installed.

FINDING

External buyers are charged the same as those internally.

RECOMMENDATION

External customers need to be charged an increase over internal customers.

FINDING

There appears to be a lack of updated safety information.

RECOMMENDATION

Employees need updated safety information.

FINDING

It was found that many North Carolina cities have contracts for police uniforms.

RECOMMENDATION

Perform a cost analysis between providing police uniforms in- house and using a private provider.

FINDING

The turnover rate on overstocked items is very low.

RECOMMENDATION

Increase the turnover rate on overstocked items.

HUMAN RESOURCES



REVIEW TEAM ANALYSIS AND SCOPE OF WORK

REVIEW

MISSION STATEMENT

The mission of the City of Winston- Salem Human Resource Department is to employ customer- driven and innovative strategies which support the city's operating programs and employees. We will incorporate strategies which attract, develop, and retain a highly qualified and diverse work force; affirmatively act to ensure that personnel actions, policies, and procedures are both legally sound and fair; positively embrace change; and provide a work environment where employees are encouraged to be creative and maximize their potential.

VISION STATEMENT

Human Resources has developed and is executing the "Vision 2000" Strategic Plan. Most of the elements of the plan which was developed in 1997 have been completed. Although several original staff members have changed, incomplete items have been reassigned and will be completed within the next year. The plan is aggressive, well structured and supports the mission statement. Regarding structure, the plan focuses on Customer Service, Diverse Workforce, Technology, Organizational Structure. For each area of focus are well-defined goals with specific action plans that state the objective, approach methodology, person responsible, completion date and what, if any, additional resources are needed.

INTERNAL GOAL SETTING

PROGRAM GOALS: RECRUITMENT AND SELECTION

- Recruit and process qualified applicants, including women and minorities, who, if hired, would ensure that the diversity of the City's workforce matches that of the at-large community.
- Ensure compliance with local, state, and federal regulations

FY 1998-99 KEY OBJECTIVES: RECRUITMENT AND SELECTION

- Conduct preliminary screening interviews for all job applicants
- Increase the number of qualified minority. Women recruited by the City

PROGRAM GOALS: HUMAN RESOURCES INFORMATION SYSTEMS MANAGEMENT

- Maintain the Human Resources Information System to enable computerized storage and access to employment applications and personnel files

FY 1998-99 KEY OBJECTIVES

- Implement HRIS 3.0 system upgrade

PROGRAM GOALS: CLASSIFICATION AND PAY ADMINISTRATION

- Administer the City's classification and pay system ensuring internal equity and market competitiveness
- Develop and implement alternative pay structures fostering team work and flexibility

FY 1998-99 KEY OBJECTIVES: CLASSIFICATION AND PAY ADMINISTRATION

- Implement Year 2 of the 3- year Plan to increase salaries of sworn Police and Fire personnel
- Develop and implement alternative pay structures that foster team work and flexibility

PROGRAM GOALS: BENEFITS ADMINISTRATION

- Analyze benefit program information in order to make cost- containment recommendations and wellness program enhancements; conduct individual retirement counseling, new employee orientation, open enrollment for benefits and exit interviews

FY 1998-99 KEY OBJECTIVES: BENEFITS ADMINISTRATION

- Redesign orientation program, automate open enrollment, and implement new flexible benefit system as specified in VISION 200 Strategic Plan

PROGRAM GOALS: EMPLOYEE RELATIONS/ GENERAL ADMINISTRATION

- Provide leadership, strategic planning and fiscal management
- Develop and implement human resource policies and procedures and employee relations programs such as the employee assistance program, service award/ recognition program, and picnic
- Provide consultation to management and employees
- Track grievances and disciplinary actions

FY 1998-99 KEY OBJECTIVES: EMPLOYEE RELATIONS/ GENERAL ADMINISTRATION

- Implement revised EEO policy and coordinate implementation of flexible working schedule

BENCHMARKING

Information from various sources listed below was compiled and analyzed for benchmarking purposes. Cities for which comparative data were available are in parentheses.

MGT of America – Management and Operational Analysis of the City of Richmond and Richmond Public Schools for the Richmond Commission for Re-engineering City Government – 1998 (Richmond, Chesapeake, Newport News)

Comparison of Authorized Full Time Positions for FY97-98 (Winston-Salem, Charlotte, Durham, Greensboro)

The Innovation Groups’ Standard Reporting of Performance Measures FY1992 Report (Chesapeake, VA; Columbia, SC)

Human Resources Best Practices Study 1998 (Charlotte, Winston-Salem)

While the sources may have had data for cities (and some companies) other than those in the list above, selection for comparison in the benchmark analysis was based on city population size. In addition, some sources had specific performance indicators, e.g., number of files maintained, vacancy fill rates, average time to complete classification study, etc.; however, the comparisons were not consistent and were from the oldest data source. Other performance indicators which were consistent among the sources were headcount numbers and budget dollars.

The attached table arrays the data by city (Exhibit A). Two averages were calculated for comparison among the group: one included the data from Charlotte and the other excluded the Charlotte data. While Charlotte is a nearby city and well worth including in the comparison, the population is more than 2.5 times the size of Winston-Salem.

BEST PRACTICES

Information on Best Practices was made available from the City of Winston-Salem Office of Organizational Effectiveness. In addition, information from two recent studies was included in the review. One was conducted by Hewitt & Associates for Fortune Magazine on the best practices for the “100 Best Companies to Work For in America”. The other was conducted by Sibson & Company in conjunction with McKinsey & Company on pay practices.

STATEMENT OF CONDITION

PERFORMANCE VERSUS BENCHMARKS

HR BUDGET

With an operational annual budget of approximately \$893k, Winston-Salem ranks below all the other benchmark cities with an average of \$1.31 MM including Charlotte, and \$1.25MM excluding Charlotte.

When considering a ratio of HR budget dollars to the number of employees in the city government, the dollars per employee are at parity with the average excluding Charlotte (\$370 vs. \$373) and slightly above the average including Charlotte (\$370 vs. \$354).

The HR Budget dollars divided by the city population at \$6.65 for the benchmark average excluding Charlotte is 28% higher than Winston-Salem’s ratio of \$5.20. When the average including Charlotte is considered (\$5.80), the Winston-Salem ratio is only 12% below.

Overall it appears that the operating budget is low for the city population but is at parity when a per employee measure is considered.

HR STAFF

With 10 positions, the Winston-Salem staff is below both benchmark averages (15.5 excluding Charlotte and 16 including Charlotte).

With a lower number of staff overall, the ratio of HR staff to city employees for Winston-Salem at 1: 241 is greater than both benchmarks (1:175 excluding Charlotte; 1:189 including Charlotte). The number of Winston-Salem city employees served by the HR department at 241 is approximately 28% higher than the benchmark average of 189 employees.

The number of Winston-Salem HR staff as a percent of the city population (per 1000) is 5.8%. This is below the benchmark averages (8.3% including Charlotte, 7.7% excluding Charlotte). The Winston-Salem percent was close to the Greensboro number at 5.9%. Charlotte was the lowest at 4.0% and Richmond was the highest at 14%.

Overall it appears that the Winston-Salem HR staff level is lower than the benchmarks and is approximately two-thirds of the benchmarks. The staff level is approximately 83% of Greensboro and Durham levels (10 vs. 12).

PERFORMANCE VERSUS BEST PRACTICES

BENEFITS

(Based on Hewitt & Associates contribution to Fortune Magazine's annual study on the "100 Best Companies To Work For In America")

Benefit Programs – trends in the 100 "best" companies:

Health and Well Being

- 89% offer employees a choice among healthcare providers
- 90-100% offer the following – dental, prescription drug, short and long term disability
- 93% offer Employee Assistance Plans
- 80% offer healthcare spending accounts
- 66% offer vision
- 65% offer retiree healthcare

Time/Work/Life

- 88% offer childcare resources and referral
- 78% offer elder care resources and referral
- 65% offer adoption benefit plan (financial support)

- All of the "best" offer some personal benefits services, i.e., discounts, casual dress, subsidized cafeteria, onsite ATM, etc.
- Median number of paid days off at 1 year of service – 10 vacation days, 3 personal days and 9 holidays
- Median maximum number of paid days off (at 20 years of service) – 25 vacation days, 3 personal days and 9 holidays

Financial Security

- 97% offer defined contribution plans
- 90% offer life insurance
- 76% offer investment education (64% financial planning)
- 55% offer defined benefit plans
- 42% offer either stock option or subsidized stock option plans

Regarding employee benefits "best practices", the City of Winston-Salem offers many of the plans and programs that the "100 Best Companies To Work For In America" offer (above).

COMPENSATION

Sibson & Company, in conjunction with McKinsey & Co. conducted original research, labeled "War for Talent," in which information on how high performing companies use compensation and other HR programs to make the management of talent a source of competitive advantage. The following is a summary of pay program implications:

VALUE PROPOSITION PROPONENTS

Recruiting

- Pay what it takes to acquire good talent
- If necessary, depart from guidelines for selected candidates
- Use sign-on bonuses with pay-back provisions for premature termination

Promotions

- Accelerate the pay "trajectory" for high potential employees
- Significantly different pay actions for top vs. average performers

Development

Amplify and enable development with pay - make the pay system flexible enough to:

- Significantly differentiate promotion - or band change - pay actions from other types
- Override incentive formulas/rules in start-up and turnaround situations
- Use "broad bands" instead of narrow ranges

Performance

- Send message with pay via aggressive positioning of opportunities: Position top performer opportunities above the median
- Move out, don't starve out, mediocre and poor performers - and be generous: Generous severance arrangements applied prudently

Retention

- Raise the "exit price" for top performers:
 - Above-median pay opportunities.
 - Aggressive trajectory vs. average performers.
- Other sources indicate that:
 - Broad banding would give the city more flexibility in hiring and compensation and that incentive programs have been used in other cities with good results (The Indianapolis Experience).
 - Centralizing the recruitment would alleviate duplication of effort and provide for more efficient use of resources. (City review 1975)
 - Imaging employee records is more efficient use of resources and space (Montgomery Co, MD).
 - On Line (Internet) Recruiting would increase efficient sourcing.

PERFORMANCE EVALUATION

Human Resources Review

An extensive review of key Human Resource areas was conducted. Following are general findings by indicated area:

- Wage/Hour
There appear to be no legal vulnerabilities or consistency issues
- Personnel Policies/Hiring Practices
There appear to be no legal vulnerabilities or consistency issues
- Immigration Compliance
There appear to be no legal vulnerabilities or compliance issues
- New Employee Orientation
There appear to be no legal vulnerabilities or consistency issues. Given the Hispanic population and labor pool growth, it is recommended that steps be taken as soon as possible to ensure that City policies, procedures, benefits, etc. are communicated effectively to non-English speaking applicants
- Equal Opportunity and Affirmative Action Compliance
EEO/AA policies are clearly and properly communicated. Guidelines are in place to investigate charges and handle third party investigations. All charges filed to date have been resolved in the City's favor. There appear to be no compliance issues
- ADA Compliance
There appear to be no compliance issues

- Internal Grievance Procedure
Procedure is clearly communicated with well-defined steps and response times at each step
- No Harassment Policies
No harassment policies regarding sex, race national origin and religion are in place and communicated
- Personnel and Medical Records
No issues have been identified relative to record maintenance, access and retention
- Employment Policies and Practices
Applicable policies well documented and communicated in a variety of ways to the employee population. No issues have been identified
- Internal and External Wage Equity
No issues identified
- Employee Communication Programs
Frequency and content of the various workgroup meetings are department driven. Employee access to management is formalized through the Open Door procedure. Annual Employee Recognition Program and Annual Employee Picnic bring people from all departments together. Employee Attitude surveys are conducted periodically

RECOMMENDATION

FINDING

Current practices do not provide the flexibility to react to rapidly changing market conditions. Annual compensation plan review/ approval, restrictive salary offer and increases parameters take compensation out of the recruiting/retention competitive equation.

RECOMMENDATION

Review and adjust compensation practices so as to position compensation as a recruiting and retention competitive advantage. Attaining competitive advantage requires constantly updated knowledge of market conditions, flexibility and quick response. These requirements are critical in recruiting and retaining key employees. Compensation program implications include:

Recruiting--Pay what it takes to acquire good talent. If necessary, depart from guidelines for selected candidates. Use sign-on bonuses with pay-back provisions for premature termination.

Promotions--Accelerate the pay “trajectory” for high potential employees. Significantly different pay actions for top vs. average performers.

Development--Amplify and enable development with pay - make the pay system flexible enough to do this. Significantly differentiate promotion - or band change - pay actions from other types. Use “broad bands” instead of narrow ranges.

Performance--Send message with pay via aggressive positioning of opportunities. Position top performer opportunities above the median. Move out, don't starve out, mediocre and poor performers - and be generous.

Retention--Raise the "exit price" for top performers using above-median pay opportunities/aggressive trajectory vs. average performers. As an example:

Current City workforce should be reviewed to identify those employees holding "critical skill" positions. The salary of each person should be evaluated to determine, internal/external equity and the vulnerability of them leaving the City because of compensation dissatisfaction. Salary action should then be taken to ensure that pay is not a competitive issue.

FINDING

Current process appears to be slow and cumbersome. Most exceptions to policy that are the responsibility of supervisory management in non-government areas require the review and approval of the City Manager. Examples of such actions include hiring above the salary grade minimum and job evaluations.

RECOMMENDATION

Parameters should be defined and the approval authority should be given to the Human Resources Director along with the responsibility for determining those situations that require the intervention of the City Manager.

There is no associated cost with this recommendation while significant gains can be attained through faster service to Human Resources customers and faster filling of vacancies that will positively impact overall City operations. The current slowness in filling vacancies has raised Alderman concerns and have been aired publicly.

FINDING

The process for job and job level approval is overly restrictive. There is only an annual budget review and approval does not provide the flexibility to address City Human Resources needs as they arise between reviews. The employment environment is volatile and requires the ability to address competitive issues quickly.

RECOMMENDATION

Provide for interim budget review and approval at least semi-annually with or as needed on critical Human Resources issues.

FINDING

Significant investment has been made in hardware and software applications that automate Human Resources tasks. This automation should free up the Human Resources staff to move into a more consultative role with its customers. Inadequate technical support and training have prevented the department from taking full advantage of the technological advances. The current situation is comparable to buying a new car that the driver has not been taught to drive, so the car stays in the garage.

RECOMMENDATION

While there is cost associated with dedicated technical support and training, the long term payoff is increased customer support. An associated benefit is decreased employee frustration and better employee utilization.

FINDING

Current benefits enrollment process is very labor intensive and vulnerable to errors.

RECOMMENDATION

This process is an excellent candidate for automation by linking with the HRIS. Automation of the process would result in quicker turnaround and fewer errors. Serious consideration should also be given to moving to a "negative

enrollment” method where the only actions needed would be those situations where a customer wants to make a change to current benefits coverage or election.

As with item #3 above, the investment would result in increased customer support and better employee utilization.

FINDING

Current process is very labor intensive and lengthy, thereby negatively impacting the filling of vacancies.

RECOMMENDATION

This process is an excellent candidate for automation that would speed the filling of vacancies. Again, the investment required offers the long-term benefits of increased customer support and improved overall City operations through the filling of vacancies.

FINDING

Non-Human Resources management feel that this process takes too long and the candidates are often not qualified.

RECOMMENDATION

Establish partnerships with select temporary agencies with expertise in filling the temporary jobs that arise frequently and/or seasonally. Using carefully constructed fee arrangements, hiring department management could work directly with the partner agency in filling temporary vacancies.

There would be no associated cost with outsourcing in this manner. Human Resources resource commitment would be limited to managing the arrangement and vacancies would be filled more quickly. The long-term benefits include increased customer support and improved overall City operations through more efficient filling of temporary vacancies.

FINDING

Police department employees appear to be performing recruiting without any Human Resources involvement. While the requirements for sworn officers are quite different from those for other City employees, the surfacing of applicants and identification of candidates would benefit greatly from Human Resources involvement. The legal vulnerabilities of the current independent process are tremendous. The use of police resources in this manner is also appears questionable. There may be other areas where this may also be the case.

RECOMMENDATION

Increase Human Resources involvement in sourcing applicants and qualified candidates. That involvement would be in a consultative role to identify applicant sources, identify the employment law parameters, etc. thereby avoiding potential litigation. The costs of addressing legal problems are enormous even if a case never gets to trial or if it is won in court.

FINDING

Current facilities are cramped and inadequate for private customer consultation. Open public access pose considerable security risks. To most citizens, the image presented by Human Resources area is also the City image. Open public access with no security checkpoints of any kind, put both employees and applicants at risk for physical harm.

RECOMMENDATION

Expansion/redesign of the current Human Resources area and a security assessment and solution that properly balances citizen access to the lobby and employee/applicant safety.

Cost analysis and decision as to whether it is more cost effective to re-work current facility or move the department to another City facility where adequate space is available and security checkpoints are already in place.

Citizen perception will be enhanced, employees will be more secure as they go about their work and will be more effective in working with their customers. Pro-active security steps taken now can avoid potential workplace violence situations and all the accompanying negatives.

CITIZEN AND EMPLOYEE PERCEPTIONS

CUSTOMER SERVICE SURVEY

The CERC - Customer Service Survey results (Exhibit B) show very positive customer opinions regarding Human Resources department service. Total survey group responses for each question posed follows:

Internal Customer Service Rating

- 44.7% responded “Exceptional” or “Good”; 37.3% “Average” and 17.7% responded “Below Average” or “Unacceptable”
- Highest positive (average and higher) ratings came from: DOT (100%); Sanitation (100%); Streets (92.4%); Other (91.6%) and Fire (90.7%)
- Areas showing greatest opportunity for improvement based on positive responses were: Police (59%); Parks and Recreation (74.3%) and Finance (71.4%)

Quality of Their Work Rating:

- 46.4% responded “Exceptional” or “Good”; 36.9% “Average”; and 16.5% responded “Below Average” or “Unacceptable”
- Highest positive (average and higher) ratings came from: DOT (100%); Streets (92.4%); and Other (91.6%)
- Areas showing greatest opportunity for improvement based on positive responses were: Police (61.7%); and Parks & Recreation (77.2%)

Value of Their Service to Your Product Rating:

- 48.9% responded “Exceptional” or “Good”; 36.5% “Average”; and 11.4% responded “Below Average” or “Unacceptable”
- Highest positive (average and higher) ratings came from: DOT (100%); Utilities (95.5%); Other (92.9%); Streets (92.3%); and Fire (90.8%)
- Area showing greatest opportunity for improvement based on positive responses was: Police (70.3%)

Timeliness of Their Responses to Your Requests Rating:

- 43.9% responded “Exceptional” or “Good”; 31.5% “Average” and 24.1% responded “Below Average” or “Unacceptable”
- Highest positive (average and higher) ratings came from: DOT (90.9%); Sanitation (88.8%); and Fire (86.2%)
- Areas showing greatest opportunity for improvement based on positive responses were: Finance (49.9%) Fire (55.3%); and Utilities (63.7%)

Overall results indicate significant attention should be given to improving customer perceptions in the Police Department (47 respondents) and in Finance (14 respondents).

The Police Department rated Human Resources lower than any other surveyed department on all four questions. Lowest ratings were on customer service and timeliness of response. The Finance also rated these same questions lowest implying a direct correlation between timeliness of responses to perceived level of customer service.

Based on the Human Resources Survey and the Customer Service survey it appears that the department is well above standard and as exceeding what is expected given the political restraints, budget limitations and cumbersome decision-making process.

CITIZEN PERCEPTIONS

Citizen access to the Human Resources Department is, for the most part, limited to it being the point of contact for City employment. The recent improvements to the Human Resources lobby and applicant intake area go a long way in presenting a positive image to those who enter. Citizens see this as the City image and not simply the Human Resources image.

This area, as it currently exists, would benefit greatly from better security arrangements. There appears to be completely open access from the street with no checkpoints to ensure the safety of employees or people who may be in the area completing the application process.

HUMAN RESOURCE DEPARTMENT EMPLOYEE PERCEPTIONS

Overall positive feelings among department employees. None of the people responding to the survey wanted a one-on-one interview with a review team member.

Cited as smartest things the department does: development/recommendation of innovative compensation strategies, use of technology, employee communications, Annual Health Fair, Employee Recognition Program and employee picnic.

In contrast, the dumbest things done included: acquiring technology, but not investing in the training to ensure the most effective application of that technology; allowing the Police Department to recruit both sworn and civilian employees without Human Resources involvement. The concern is that the lack of involvement with Police recruiting makes the City extremely vulnerable to costly employment related litigation that may be difficult to defend due to employment practices and procedures being used.

Human Resources employees enjoy the challenges and variety involved in their jobs. The interaction with the public, current employees and retirees was mentioned as a great positive about their jobs.

Employee response regarding the availability of training was dismal. Only one person indicated having had any training at all in the last year. This relates directly to another question response that said acquiring technology without teaching people how to use it was among the dumbest things the department does.

Things disliked most about their jobs included: Micro-management of Human Resources by the City Manager, lack of involvement with Police Department employment process, inadequate training, and open human resources positions that need to be filled.

Concerns about training to apply technology are directly related to customer service concerns regarding timeliness of responses. The technology that has been acquired is state of the art and theoretically automates mundane tasks thereby freeing up department people to take care of other client issues such as responding to customers with timely and accurate answers. Increased timeliness and accuracy of responses is dependent on the training and skills to leverage the technology.

