

8. Infrastructure Division's Organizational Structure

- The Resources Management Bureau is a centralized business services and administrative support team for the Infrastructure Division. The bureau's former responsibilities for contract administration and fleet management have been transferred elsewhere, resulting in a reduction of 18.50 full-time equivalent staff. The remaining bureau functions are the result of the Infrastructure Division creating itself as "a department within the Department." The resulting duplication of support services has resulted in unnecessary management costs and does not promote the integration of the Infrastructure Division's business needs into the Department's overall business support services. The Budget Analyst recommends (a) the transfer of functions to the Department's administrative bureaus and to the Infrastructure Division's Program Control and Support Bureau, (b) disbanding the Resources Management Bureau, and (c) eliminating five positions.
- Disbanding the Resources Management Bureau and eliminating five positions would result in (a) salary savings of up to \$340,761, plus mandatory fringe benefits of \$101,206, for total savings of \$441,967 annually, and (b) rationalization of functions between the Infrastructure Division and the Department's administrative bureaus, and within the Infrastructure Division itself. There would be no reduction in the purchasing, general administration, facilities logistics, personnel administration, finance, and reporting support services available to the Infrastructure Division.
- The Infrastructure Division needs up-to-date, definitive organization charts which relate to the Annual Salary Ordinance (or clearly show the deviations from the Annual Salary Ordinance) and support the Department's position control system. Such clarity will be essential as the Infrastructure Division moves into a matrix management model which creates bifurcated reporting lines.

Current Organizational Structure and Proposed Reorganization

The Infrastructure Division was established in 2003 under the current Assistant General Manager, Infrastructure. The current organizational structure for the Infrastructure Division includes the six structural components listed below. Some of these structural components are subject to restructuring in line with an organizational structure initially presented in the Request for Proposals for the \$38 million Program, Project and Pre-

construction Management Services Contract (CS-765) with Parsons Water and Infrastructure, Inc., which was approved by the Board of Supervisors on July 19, 2005. (The contract is discussed in more detail in Section 7 of this Phase IV management audit report.) No final decision has yet been taken on this restructuring proposal. The six structural components of the Infrastructure Division are:

1. The **Office of the Assistant General Manager, Infrastructure**. This office comprises:
 - The Assistant General Manager, Infrastructure, who is supported by a Classification 1824 Principal Administrative Analyst who acts as his Chief Assistant, and a Classification 1452 Executive Secretary II.
 - A Classification 0941 Manager VI position responsible for workforce development who is supported by a Classification 1404 Clerk, and a "Contractor Outreach Team" comprising a Classification 5408 Coordinator, Community Outreach, and a Classification 1823 Senior Administrative Analyst. The Manager VI, Workforce Development position has assumed direct management responsibilities over staff formerly in the Resources Management Bureau and now in the "Contractor Outreach Team" as a result of the restructuring.
2. The **Construction Management Bureau**. This bureau comprises (a) construction field management services grouped by the six regional project groups for the Water System Capital Improvement Program,¹ and clean water system construction projects, and (b) pre-construction support services, including staffing coordination, an occupational health and safety program, and an owner controlled insurance program (which is being phased out). Consultants will provide plan coordination and constructability review services.

¹ The Water System Capital Improvement Program (which the Department is currently naming the "Water Supply Improvement Program") has six regional project groups:

- (1) The San Joaquin Water System Improvement Projects. For project management purposes, this regional project group includes the San Joaquin Pipeline System Project. However, for budget appropriation purposes, that project is budgeted separately.
- (2) The Sunol Valley Water System Improvement Projects. For project management purposes, this regional project group includes the Irvington Tunnel/Alameda Siphons Project, the Calaveras Dam Replacement Project, and the Programmatic Environmental Impact Report Project. However, for budget appropriation purposes, those three projects are budgeted separately.
- (3) The Bay Division Water System Improvement Projects. For project management purposes, this regional project group includes the Bay Division Pipelines Reliability Upgrade Project. However, for budget appropriation purposes, that project is budgeted separately.
- (4) The Peninsula Water System Improvement Projects. For project management purposes, this regional project group includes the Crystal Springs/San Andreas Trans Upgrade Project. However, for budget appropriation purposes, that project is budgeted separately.
- (5) The San Francisco Regional Water System Improvement Projects. For project management purposes, this regional project group includes the Groundwater Projects and the Recycled Water Project. However, for budget appropriation purposes, those projects are budgeted separately.
- (6) The San Francisco Local Projects.

The primary roles and functions of this bureau would remain largely unchanged under the proposed restructuring.

3. The **Engineering Management Bureau**. This bureau provides engineering design services. Formerly, the engineering staff members were organizationally structured by discipline: electrical engineers, civil engineers, and mechanical engineers. There was also a Contract Preparation Section to provide engineering review of all construction contracts.

Under the proposed restructuring, this bureau's organizational structure changes significantly with the bureau's staff restructured into three new divisions:

- The Civil Engineering Design Division which comprises teams based on skill or project specialty (the Engineering, Technical and CAD Section, the Pipeline Design Section, the Dam/Tunnel/Civil Design Section, and the Reservoir/Tanks Design Section).
- The Design Coordination Division which currently comprises (a) the Contract Preparation Section, (b) six Classification 5211 Senior Engineer positions, one each for the six regional project groups, and (c) various consultants responsible for technical advice and value engineering.
- The Mechanical and Electrical Engineering Design Division which comprises (a) the Electrical Design Section, (b) the Mechanical Design Section, (c) the Structural/Seismic Design Section, and (d) clean water capital improvement program projects.

Despite the organizational restructuring, the primary roles and functions of this bureau would remain largely unchanged under the proposed restructuring.

4. The **Program Management Bureau**. This bureau comprises project management teams responsible for capital improvement projects related to (a) the six regional project groups, (b) the Proposition A and B revenue bond funded capital improvement program, and (c) clean water capital improvement program projects.

The primary roles and functions of this bureau would remain largely unchanged under the proposed restructuring.

5. The **Program Control and Support Bureau**. This bureau comprises five main functions. First, the Program Controls Section provides cost estimating, project scheduling, cost control, and risk analysis services. Second, there is a quality assurance and quality control function. Third, water system integration/engineering support and operations coordination staff work with Water Enterprise operations to ensure adequate liaison between the Infrastructure Division and Water Enterprise operations. Fourth, the Infrastructure Division funds planner positions in the City Planning Department's Major Environmental Analysis Division to work on the

programmatic environmental impact report for the Water System Capital Improvement Program. Fifth, there is a document control function.

The water system integration/engineering support and operations coordination functions represent an expanded role for the Program Control and Support Bureau.

6. The **Resources Management Bureau**. This bureau comprises a variety of functions. The General Administration Section provides purchasing, general administration, facilities logistics, and personnel administration support services. The Business Services Section develops and implements the Infrastructure Division's financial and administrative systems, policies, and procedures.

Under the restructuring, the Contract Administration Section, which processes contracts for the entire Department, has been transferred out of the Resources Management Bureau in order to become a direct report to the Deputy General Manager. The Resources Management Bureau's fleet management function has been transferred to the Business Services Division and two staff have been transferred to the Classification 0941 Manager VI, Workforce Development position as a "Contractor Outreach Team."

Matrix Management

Underlying the Infrastructure Division's restructuring is the Department's intention to use a "matrix management" approach for the execution of the Water System Capital Improvement Program projects. This matrix management approach is structured as follows:

- The Deputy General Manager and the Assistant General Manager, Infrastructure have overall management responsibility for the Water System Capital Improvement Program. The new Program, Project, and Pre-construction Management Services contractor will work under the direction of the Assistant General Manager, Infrastructure.
- Each of the 71 individual projects which cumulatively comprise the Water System Capital Improvement Program will have a site-specific project manager from the Infrastructure Division's Project Management Bureau. These project managers have the decision-making authority related to what activities take place and when, and the related accountability for the management and completion of the individual projects. The Budget Analyst notes that this will result in bifurcated staff reporting lines whereby staff members report to project managers in terms of their technical contributions to project completion, and to supervisors in other bureaus in terms of administrative matters, including performance evaluations.
- All 71 individual projects that comprise the Water System Capital Improvement Program are grouped into six regional project groups. The Department proposes that each regional project group be the responsibility of a Classification 5508 Project Manager IV, "Senior Project Manager," in the Project Management Bureau. These

Senior Project Managers would directly manage the project managers of each individual project in that project group. (The interview and selection process is currently underway.) The Senior Project Manager positions would also manage a representative of each of the Department's finance, planning, communications, and operations functional groups. These representatives would be full- or part-time depending on a project's size, and would be accountable to the project manager for performance of project work relative to their respective functions. According to the Department's briefing to the Public Utilities Commission, "The philosophy is that, while the Project Management [Bureau] is the lead, department-wide representatives must be on the team to ensure that all departments work together to achieve common goals." Where bureau managers believe they cannot meet the needs stipulated by the project manager, the Assistant General Manager, Infrastructure will determine where resources will be allocated. Therefore, the Assistant General Manager, Infrastructure and the Deputy General Manager are the final arbiters of what departmental resources will be allocated to the Water System Capital Improvement Program.

FY 2005-2006 Budget Decisions Made by the Board of Supervisors Budget and Finance Committee

The following section details Infrastructure Division personnel funding decisions made by the Board of Supervisors Budget and Finance Committee during its review of the Department's FY 2005-2006 budget proposal.

Office of the Assistant General Manager, Infrastructure

Two 0941 Manager VI Positions

Prior to FY 2005-2006, the Office of the Assistant General Manager, Infrastructure contained two Classification 0941 Manager VI positions, one responsible for organizational development and the other responsible for workforce development. In response to the Budget Analyst's recommendations that these two Classification 0941 Manager VI positions be deleted from the FY 2005-2006 budget, the Board of Supervisors Budget and Finance Committee:

- Eliminated \$153,277 from work order 081 WG SF-DPW-General Administration for the work ordered Classification 0941 Manager VI, Organizational Development position which the Department concurred was no longer necessary. The Assistant General Manager, Infrastructure advises that the incumbent no longer works for the Department.
- Did not eliminate the Classification 0941 Manager VI, Workforce Development position pending the Phase IV management audit report.

The Budget Analyst's recommendation to eliminate the Classification 0941 Manager VI, Workforce Development position related, in part, to that position's potential duplication of functions which could be provided by the Department's (at that time proposed)

Program, Project, and Pre-construction Management Services Contract with Parsons Water and Infrastructure, Inc. Since the FY 2005-2006 budget review process, the Budget Analyst has reviewed the Department's Program, Project, and Pre-construction Management Services Contract with Parsons Water and Infrastructure, Inc. in more detail. That contract, approved by the Board of Supervisors on July 19, 2005, requires the contractor to provide "Labor and Contract Relations Specialists" if the Department issues task orders which specifically require such contractor services. At this time, the Department is estimating that it will require an average of 0.90 full-time equivalent (FTE) Labor and Contract Relations Specialists at \$224,303 per year, for a total five year cost of \$1,121,515. However, the Department's actual utilization of Labor and Contract Relations Specialists would be dependent on specific task orders approved by the Assistant General Manager, Infrastructure. Since it is currently too early to evaluate whether or not there would be duplicative workforce development services as a result of Program, Project, and Pre-construction Management Services Contract task orders with Parsons Water and Infrastructure, Inc., the Budget Analyst withdraws the recommendation to eliminate the 0941 Manager VI, Workforce Development position at this time. The Budget Analyst will continue to evaluate the necessity for this position as part of the annual budget review process.

One 1450 Executive Secretary I Position

The Board of Supervisors Budget and Finance Committee accepted the Budget Analyst's recommendation to delete \$74,213 from work order 081 WG SR-DPW-General Administration for the 1450 Executive Secretary I position work ordered from the Department of Public Works to the Office of the Assistant General Manager, Infrastructure. This second Executive Secretary position was unjustified. The deletion of this work ordered position was effective July 1, 2005 but the Assistant General Manager, Infrastructure advises that the incumbent will not transition into a permanent Public Utilities Commission position until September 30, 2005.

Summary

Table 8.1 below summarizes the impact of the Budget Analyst's recommendations on the existing staffing of the Office of the Assistant General Manager, Infrastructure. The elimination of one Classification 0941 Manager VI position and one Classification 1450 Executive Secretary I position would result in work order savings of \$227,490 per year.

Table 8.1**Office of the Assistant General Manager, Infrastructure**

Current Position	Budget Analyst Recommendation	FY 2005-2006 Budget Reduction
9989 Assistant General Manager, Infrastructure Division	No change	
0941 Manager VI, Organizational Development	Eliminated	\$153,277
0941 Manager VI, Workforce Development	No change	
1404 Clerk	No change	
1823 Senior Administrative Analyst	No change	
5408 Coordinator, Community Outreach	No change	
1824 Principal Administrative Analyst	No change	
2975 Citizens Complaint Officer	Located in the Communications Section ²	
1450 Executive Secretary I	Eliminated	\$74,213
1452 Executive Secretary II	No change	
Total Work Order Savings:		\$227,490

Source: Current position information derived from the Infrastructure Division's July 6, 2005 organization chart for the Office of the Assistant General Manager, Infrastructure.

Resources Management Bureau

The Resources Management Bureau is a centralized business services and administrative support team for the Infrastructure Division, providing purchasing, general administration, facilities logistics, personnel administration, finance, and reporting support. Its former responsibilities for contract administration and fleet management have been transferred elsewhere: (a) the Contract Administration Section (13.50 FTEs) is now a direct report to the Deputy General Manager; and (b) the fleet management function (2.00 FTEs) has been transferred to the new Fleet Manager position in the Business Services Division. In addition, 3.00 FTE staff have been transferred to the Classification 0941 Manager VI, Workforce Development to provide clerical support and a "Contractor Outreach Team." Therefore, the Classification 0941 Manager VI, Resources Management Bureau Manager's management responsibilities have reduced by a number of functions and by 18.50 FTEs.

² This position, which is funded by the Infrastructure Division operating funds, is located in the Communications Section. It was substituted for an 1844 Senior Management Assistant position in May of 2004 but not formally reclassified as part of the Department's FY 2005-2006 budget.

The remaining Resources Management Bureau functions are, to a significant degree, the result of the Infrastructure Division creating itself as "a department within the Department." This reflects (a) the Infrastructure Division's concern that the Department's administrative bureaus would be unable to support the Infrastructure Division's business needs in a timely manner, and (b) concerns of the Department's other divisions that Infrastructure Division's workload would be prioritized by the administrative bureaus over the rest of the Department's requirements for support services. However, the resulting duplication of support services has resulted in unnecessary management costs and does not promote the integration of the Infrastructure Division's business needs into the Department's overall business support services.

In order to rectify these deficiencies, the Budget Analyst recommends the following:

- The purchasing function and related positions should be transferred to Finance Services.
- The unnecessary 10th floor front desk function at 1145 Market Street should be terminated. The positions staffing this unnecessary function (2.00 FTE Classification 1404 Clerk positions and a 1.00 FTE Classification 9922 Public Services Aide position) also provide general administrative/clerical support to the Resources Management Bureau. However, none of these positions would be required if the Resources Management Bureau ceased to exist as a separate entity.
- The mail delivery function for the whole department should be transferred to the Business Services Division (1.00 FTE).
- The 1.00 FTE Classification 1452 Executive Secretary II position which works part-time on accommodation space planning and facilities logistics should be transferred to the Program Control and Support Bureau to work with the other staff members in that bureau who work part-time on accommodation space planning and facilities logistics issues during the FY 2005-2006 and FY 2006-2007 ramp up in Infrastructure Division hiring.
- The personnel administration function and related positions should be transferred to Human Resources Services to ensure that the Infrastructure Division receives sufficient human resources services support during the FY 2005-2006 and FY 2006-2007 ramp up in Infrastructure Division hiring.
- The above functional rationalizations would eliminate the need for the 1.00 FTE Classification 0922 Manager I, General Administration Manager position currently responsible for purchasing, general administration, clerical support, accommodation space planning, facilities logistics, and personnel services.
- The Classification 1823 Senior Administrative Analyst responsible for agenda writing should be transferred to either the Program Management Bureau (which is the major client of that position's services), the Contract Administration Section (from which

the position originally came), or to the Government Affairs function within the General Manager's Office.

- The Business Services Section's functions should be transferred to the Infrastructure Division's Program Control and Support Bureau, and, where there is not a pressing need to keep functions solely within the Infrastructure Division, to Finance Services. Integration of the data generation and reporting functions, currently bifurcated between the Program Control and Support Bureau (data generation) and the Resources Management Bureau (reporting) would foster functional integration and management accountability within the Infrastructure Division. Transfer of the finance functions to the Program Control and Support Bureau would maintain Infrastructure's internal budgeting, invoice processing, project close-out, and systems development capacity (comparable to the internal capacities of each of the Department's business enterprises), without the need for a separate Resources Management Bureau management structure.
- If implemented, the above functional transfers and recommended position elimination would cumulatively result in the abolishment of the Infrastructure Division's Resources Management Bureau. There would be no continued justification for the 1.00 FTE Classification 0941 Manager VI, Resources Management Bureau Manager position. This position is currently vacant.
- There would be no reduction in the purchasing, general administration, facilities logistics, personnel administration, finance, and reporting support services available to the Infrastructure Division.

Summary

Table 8.2 below summarizes the impact of the Budget Analyst's recommended position reductions in the Resources Management Bureau. The elimination of five positions would result in salary savings of \$269,456 - \$340,761 per year plus mandatory fringe benefits.

Table 8.2**Recommended Future Distribution of Positions Currently Located in the Infrastructure Resources Management Bureau**

Current Position	Recommended Future Distribution	Salary Savings
Bureau Management/Special Projects		
0941 Infrastructure Resources Management Bureau Manager (vacant)	Eliminate	\$98,449 - \$131,883
General Administration and Personnel		
0922 General Administration Manager	Eliminate	\$68,252 - \$91,507
1404 Clerk (Front Desk)	Eliminate	\$34,530 - \$41,838
1404 Clerk (Front Desk)	Eliminate	\$34,530 - \$41,838
9922 Public Service Aide (Front Desk)	Eliminate	\$33,695 - \$33,695
Total Salary Savings:		\$269,456 - \$340,761

Source: Current position information derived from the Infrastructure Division's June 9, 2005 organization chart for the Resources Management Bureau.

The above proposal would increase the functional responsibilities and staff management responsibilities of the Classification 0942 Manager VII responsible for the Program Control and Support Bureau. That position's staff management responsibilities would increase from the current 40 positions (the smallest of the existing bureaus) by up to 12 positions from the Resources Management Bureau. The increased functional and staff management responsibilities would still be within an acceptable scope of management responsibility for a Classification 0942 Manager VII (\$105,131 - \$140,914 plus mandatory fringe benefit costs) relative to the management responsibilities of the Infrastructure Division's other Classification 0942 Manager VII positions (57 positions in the Construction Management Bureau, 120 positions in the Engineering Management Bureau, and 62 positions in the Project Management Bureau).

Engineering Management Bureau

Prior to the proposed restructuring, the Engineering Management Bureau was managed by a Classification 0942 Manager VII, Engineering Management Bureau Manager position (\$105,131 - \$140,914 plus mandatory fringe benefit costs), which is currently vacant, and a Classification 0941 Manager VI, Deputy Engineering Management Bureau Manager position (\$98,449 - \$131,883 plus mandatory fringe benefit costs), the incumbent of which is the Acting Bureau Manager.

As part of his review of the Department's FY 2005-2006 budget, the Budget Analyst recommended deletion of the 0941 Manager VI position once the vacant 0942 Manager VII position is filled. The Budget Analyst stated that there was no justification for two

such senior positions to manage only four professional staff reports. In response, the Board of Supervisors:

- Reduced the salary of the Classification 0942 Manager VII position by \$35,780 plus mandatory fringe benefits, a reduction of 0.25 FTE to reflect the estimated hiring date of October 1, 2005.
- Reserved the remaining 0.75 FTE Classification 0942 Manager VII salary of \$107,340 plus mandatory fringe benefits.
- Decided to wait until the Phase IV management audit report before (a) determining whether or not to delete the Classification 0941 Manager VI position, and (b) release the salary reserve of \$107,340 plus mandatory fringe benefits for the Classification 0942 Manager VII position.

Since the FY 2005-2006 budget review, the Department has proposed the Engineering Management Bureau restructuring outlined above. As part of that restructuring, the Deputy Bureau Manager becomes one of three direct reports to the Engineering Management Bureau Manager position, and has direct management responsibility for the Design Coordination Division which currently comprises (a) the Contract Preparation Section, (b) six Classification 5211 Senior Engineer positions, one each for the six regional project groups, and (c) various consultants responsible for technical advice and value engineering.

Based on this restructuring, which gives the Deputy Bureau Manager position its own direct management responsibilities, the Budget Analyst withdraws his recommendation to delete the Classification 0941 Manager VI position and recommends release of the reserve of \$107,340 plus mandatory fringe benefits for the Classification 0942 Manager VII position.

Program Control and Support Bureau

As part of his review of the Department's FY 2005-2006 budget, the Budget Analyst recommended deletion of 4.50 FTE new Classification 0933 Manager V positions (6.00 FTEs on an annualized basis) intended to manage the interface between water system operations and Water Supply Capital Improvement Program projects. Each Classification 0933 Manager V position has an annual salary cost of \$91,507 - \$122,644 plus mandatory fringe benefits. The Department states that this salary level is necessary to ensure that the incumbents have sufficient knowledge and experience to speak on behalf of the Water Enterprise's operations staff.

On an annualized basis, five Manager V positions would be located in the Program Control and Support Bureau, each responsible for one of the regional project groups. They would report to a Classification 0941 Manager VI position already in place. That Classification 0941 Manager VI position will have direct management responsibility for:

- Coordinating the work of the Manager V positions, particularly when there are projects which cross the regional project group boundaries.
- The sixth regional project group.
- The Classification 5212 Principal Engineer who manages the interface between the Water Supply and Treatment Division, which is responsible for the entire wholesale water system, and the Water System Capital Improvement Program projects.
- Aspects of Water Enterprise operations. This allows the Manager VI to stay current with operational issues.

The sixth Manager V position would be located in the Water Quality Bureau to ensure that the Water Quality Bureau has a staff member dedicated to the Water System Capital Improvement Program.

In response to the Budget Analyst's recommendation to delete all six new Manager V positions, the Board of Supervisors Budget and Finance Committee reserved \$560,571 plus mandatory fringe benefits pending the Phase IV management audit report. The Budget Analyst continues to have the following concerns about these proposed new positions:

1. Managing the interface between water system operations and Water System Capital Improvement Program projects should be top priority for existing water supply system managers and Water System Capital Improvement Program project managers. The proposed positions could undermine existing managers' mutual accountability for the successful interface between ongoing operations and new capital improvement projects.
2. As noted above, there is already (a) a 1.00 FTE Classification 0941 Manager VI position (maximum salary of \$131,883 plus mandatory fringe benefits) responsible for the interface between water system operations and the Water System Capital Improvement Program, and (b) a 1.00 FTE Classification 5212 Principal Engineer position (maximum salary of \$132,849 plus mandatory fringe benefits) responsible for managing the interface between the Water Supply and Treatment Division and the Water System Capital Improvement Program projects. The Classification 5212 Principal Engineer focuses on organizational coordination and information dissemination between Water Enterprise operations and the Infrastructure Division.
3. The City Distribution Division is already successfully managing its interface with the Water System Capital Improvement Program over the in-City projects currently underway, five of which are expected to be completed by December 31, 2006.
4. The Department estimates that it will use a 1.00 FTE Project Operations Planner at \$358,051 per year, for a total two year cost of \$716,102, from its Program, Project, and Pre-construction Contract with Parsons Water and Infrastructure, Inc. The Project Operations Planner will be responsible for (a) integrating new systems and

procedures into existing water distribution and treatment systems, and (b) providing project support in developing operations philosophy, plans, standards, procedures, and commissioning for new facilities.

5. Despite the Department's intention to staff this interface management function on a full-time basis with one Classification 0941 Manager VI position, one Classification 5212 Principal Engineer position, and six Classification 0933 Manager V positions, with support from a 1.00 FTE Project Operations Planner contract position for two years, the Department has not completed a formal workload analysis of the need for this level of resourcing.

The Budget Analyst acknowledges that carefully managing the interface between Water Enterprise operations and the Water System Capital Improvement Program projects has the potential to avoid costly project redesigns or reconstruction. Further, allocation of interface management to dedicated positions avoids overloading positions which already have operational responsibilities. For example, there are currently two senior staff acting in the Manager V roles on behalf of the City Distribution Division and the Hetch Hetchy Enterprise who continue to retain their existing operational responsibilities.

The Budget Analyst, however, remains concerned that there has been no formal workload analysis of the need for six new positions. Therefore, the Budget Analyst recommends that the Board of Supervisors Budget and Finance Committee approve an incremental approach to the creation of these new positions and approve the release of \$183,966 plus mandatory fringe benefits for 1.50 FTE Classification 0933 Manager V positions (2.00 FTEs on an annualized basis) out of the reserve of \$560,571 plus mandatory fringe benefits for 4.50 FTE new Classification 0933 Manager V positions (6.00 FTEs on an annualized basis). These would relieve the dual roles of the two senior staff acting in the Manager V roles on behalf of the City Distribution Division and the Hetch Hetchy Enterprise who continue to retain their existing operational responsibilities. This incremental approach would better establish the value of investing in more new Manager V positions responsible for interface management.

Deputy General Manager

The Budget Analyst questions the long-term need for the Assistant General Manager, Infrastructure position to report to the General Manager through the Deputy General Manager. The Assistant General Manager, Infrastructure is the only Assistant General Manager position required to report to the General Manager through the Deputy General Manager. As shown in Table 7.2 in Section 7 of this Phase IV management audit report, the annual labor costs of these positions, including salaries, mandatory fringe benefits, and the Department's overhead allocation, are \$459,410 for the Deputy General Manager position and \$433,181 for the Assistant General Manager, Infrastructure position, for a total labor cost of \$892,591 for the two positions.

As noted in the Budget Analyst's *Phase I Management Audit of the Public Utilities Commission – Clean Water Enterprise Fund* (September 27, 2004), the Public Utilities Commission General Manager appointed a Deputy General Manager to assist her to

coordinate across the existing divisions on key issues. The particular focus of the Deputy General Manager position is the interface between Water Enterprise operations and the Infrastructure Division in relation to capital improvement projects. During the transition period, the General Manager does not support the flat organizational structure recommended by the Budget Analyst, whereby Assistant General Managers, including the Assistant General Manager, Infrastructure, would report directly to the General Manager. However, the General Manager has indicated that she is prepared to examine a flatter management structure in the medium term. Therefore, the Budget Analyst will assess, in the medium term, the Department's progress towards the recommended flatter organizational structure. While the Budget Analyst acknowledges that, in the short-term, the Department's budget will be accommodating senior personnel to manage the transition period, the Budget Analyst will be reviewing their justification in the medium term as part of the annual budget review process.

Organization Charts

During the course of this management audit, numerous Department managers and staff interviewed by the management audit team have noted the lack of clear organization charts which accurately depict the organization's positions and the reporting relationships between individual positions and between the Department's structural components. The management audit team has had to grapple with this deficiency from the outset of the management audit. The Department has a responsibility to ensure that there are up-to-date, definitive organization charts which relate to the Annual Salary Ordinance (or clearly show the deviations from the Annual Salary Ordinance) and support the Department's position control system.

This issue particularly applies to the Infrastructure Division due to repeated restructuring. The Budget Analyst recommends that:

- The Infrastructure Division organization charts be finalized as soon as the latest Infrastructure Division restructuring is complete.
- The finalized organization charts be definitively signed by the Assistant General Manager, Infrastructure.
- An Infrastructure Division staff member be charged with the responsibility to ensure that the finalized organization charts are amended as soon as personnel changes occur, and that all deviations from the Annual Salary Ordinance are accurately noted.

The Budget Analyst concludes that definitive organization charts will be essential as the Infrastructure Division moves into a matrix management model in which individual staff members could have bifurcated functional and supervisory reporting lines.

Conclusions

The Resources Management Bureau is a centralized business services and administrative support team for the Infrastructure Division. The bureau's former responsibilities for contract administration and fleet management have been transferred elsewhere, resulting in a reduction of 18.50 full-time equivalent staff. The remaining bureau functions are the result of the Infrastructure Division creating itself as "a department within the Department." The resulting duplication of support services has resulted in unnecessary management costs and does not promote the integration of the Infrastructure Division's business needs into the Department's overall business support services. The Budget Analyst recommends (a) the transfer of functions to the Department's administrative bureaus and to the Infrastructure Division's Program Control and Support Bureau, (b) disbanding the Resources Management Bureau, and (c) eliminating five positions.

Disbanding the Resources Management Bureau and eliminating five positions would result in (a) salary savings of up to \$340,761, plus mandatory fringe benefits of \$101,206, for total savings of \$441,967 annually, and (b) rationalization of functions between the Infrastructure Division and the Department's administrative bureaus, and within the Infrastructure Division itself. There would be no reduction in the purchasing, general administration, facilities logistics, personnel administration, finance, and reporting support services available to the Infrastructure Division.

The Infrastructure Division needs up-to-date, definitive organization charts which relate to the Annual Salary Ordinance (or clearly show the deviations from the Annual Salary Ordinance) and support the Department's position control system. Such clarity will be essential as the Infrastructure Division moves into a matrix management model which creates bifurcated reporting lines.

Recommendations

The Public Utilities Commission General Manager should:

- 8.1 Eliminate the Classification 0941 Manager VI (Resources Management Bureau Manager) position in the Resources Management Bureau.
- 8.2 Eliminate the Classification 0922 Manager I (General Administration Manager) position in the Resources Management Bureau.
- 8.3 Eliminate two Classification 1404 Clerk positions and one Classification 9922 Public Services Aide position which provide front desk coverage and clerical support in the Resources Management Bureau.
- 8.4 Direct the Assistant General Manager, Infrastructure to finalize and sign the Infrastructure Division organization charts as soon as the latest Infrastructure Division restructuring is complete.

- 8.5 Direct the Assistant General Manager, Infrastructure to charge an Infrastructure Division staff member with the responsibility to ensure that the finalized organization charts are amended as soon as personnel changes occur, and that all deviations from the Annual Salary Ordinance are accurately noted.

The Board of Supervisors Budget and Finance Committee should:

- 8.6 Release the salary reserve of \$107,340 plus mandatory fringe benefits for the 0942 Manager VII, Engineering Management Bureau Manager position.
- 8.7 Release \$183,966 plus mandatory fringe benefits of the reserve of \$560,571 plus mandatory fringe benefits for new 0933 Manager V positions.

Costs and Benefits

Based on the Budget Analyst's recommendations on the Department's FY 2005-2006 budget proposal, the Board of Supervisors reduced the Infrastructure Division's budget by \$227,490 as follows:

- Eliminated \$153,277 from work order 081 WG SR-DPW-General Administration for the work ordered 0941 Manager VI, Organizational Development position which the Department concurred was no longer necessary.
- Eliminated \$74,213 from work order 081 WG SR-DPW-General Administration for the work ordered Executive Secretary I position which was unnecessary.

The Budget Analyst recommends the release of Board of Supervisors reserves in the FY 2005-2006 budget in the total amount of \$291,306 plus mandatory fringe benefits, including:

- Release of the reserve of \$107,340 plus mandatory fringe benefits for the Classification 0942 Manager VII, Deputy Engineering Management Bureau Manager position.
- Release of \$183,966 plus mandatory fringe benefits for 1.50 FTE Classification 0933 Manager V positions (2.00 FTEs on an annualized basis) out of the total reserve of \$560,571 plus mandatory fringe benefits for 4.50 FTE new Classification 0933 Manager V positions (6.00 FTEs on an annualized basis).

Disbanding the Resources Management Bureau would result in (a) salary savings of up to \$340,761, plus mandatory fringe benefits of \$101,206, for total savings of \$441,967 annually, and (b) rationalization of functions between the Infrastructure Division and the Department's administrative bureaus, and within the Infrastructure Division itself. There would be no reduction in the purchasing, general administration, facilities logistics, personnel administration, finance, and reporting support services available to the Infrastructure Division.