



MEMORANDUM

DATE: June 9, 2009
TO: The Honorable Mayor Bill White and Members of the
Houston City Council
SUBJECT: Ongoing Sources of New Revenue and Cost Savings
Proposed by HOPE

“We’ll look for ideas from the bottom up. After all, Americans across the country know that the best ideas often come from workers – not just management. That’s why we’ll establish a process through which every government worker can submit their ideas for how their agency can save money and perform better.”
- President Obama

At times when governments and businesses are facing great challenges in providing services with limited resources, many are turning to their greatest resource, their employees, to generate innovative new ideas to streamline, improve services and save money.

At the City of Houston, in a short period of three weeks hundreds of city employees have generated ideas to save city resources and provide improved services, based on their vast knowledge of the work they do every day. Seventy-three percent of these employees, members of HOPE, the city civilian employees union, are also residents of the City of Houston making efficiency and quality service an even higher priority because it affects their lives, their families and their neighborhoods.

Today we are proposing a ***City of Houston Commission on Promoting Efficiency*** with the first task of reviewing the hundreds of ideas submitted by City of Houston employees to immediately put into practice feasible cost-saving measures.

The Commission

HOPE’s proposal is to **institute for FY 2010 a City of Houston Commission on Promoting Efficiency**. This Commission would be comprised of front-line city employee representatives from each department, two community representatives, representatives of the city’s major employee unions including HOPE, and representatives from the following city offices - Mayor’s Office, Finance Department and the City Controller’s Office.

The **mission** of the Commission will be to identify and implement innovative solutions generated by City employees to save money, generate revenue, improve services, and increase efficiency to enable more effective government for the benefit of the residents of Houston.

We believe **components** of a strong program include an ongoing process to generate ideas that could include an incentive program that rewards employees for cost saving ideas, a



mechanism to assess viability and savings, and a system for implementing and assessing savings. The incentive program could include a bonus based on a flat amount or a percentage of savings realized with a capped dollar amount.

We propose that within thirty days of the passage of the FY 2010 budget the Council and administration assign a **workgroup** of two HOPE representatives, representatives of the city's other major employee unions, City Council designees, the Mayor's Office and any designees the City Council and the Mayor's Office deem necessary to develop final guidelines for the Commission and its responsibilities with a commitment of personnel resources.

Examples of Enterprising Government Agencies

This is not a new concept. Businesses have rewarded employees with enterprising new ideas and innovations for decades. At the same time, as city, state and national governments have increasingly faced challenges to provide more services with decreasing budgets, many have begun to incorporate this business model to streamline government and save money using existing internal resources – their employees.

The State of Virginia's Productivity Investment Fund partners with Virginia agencies to identify innovative cost saving measures. Deemed a "venture-capital-like" approach, the fund is focused on innovations in technology.¹ Projects must focus on one or more their established criteria, lower operating costs, reduce constituent service transaction times or advance key performance goals established by the state.²

In 1984, the **City of San Diego instituted the Suggestion Awards Program** with the objective to stimulate "imaginative and inventive thinking throughout City departments" to identify areas for improvement and to generate and implement practical suggestions. The Suggestion Awards Committee includes the City Manager, four department directors or alternates appointed by the City Manager and one representative from each of the city employees' representative labor unions – municipal employees, fire and police.

President Obama announced just two months ago in his Weekly Address his plan to generate ideas for **efficiencies from the "bottom up."** Their process will allow employees to submit their ideas and then put them into practice. It is likely that this will work in tandem with existing program out of the United States General Accounting Office that allows employees with ideas to participate in a team that puts those idea into action.

¹ Wilson, Will. "Venture Governmentalist." www.governing.com/article/venture-governmentalist; July 1, 2008.

² The Productivity Investment Fund, www.pif.virginia.gov/index.html.



Efficiencies for the City of Houston: *HOPE Survey and Research Results*

New or Increased Revenue

| Idea | Description |
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| <p>Increase the passenger facility fee at Hobby and/or Bush Intercontinental airports</p> | <p>Since 2006, Hobby Airport has charged a passenger facility fee of \$3.00 per passenger. In 2008, Bush Intercontinental Airport implemented a passenger facility fee of \$3.00. With the permission of the Federal Aviation Administration, this fee can be increased to \$4.50. We estimate that this slight increase could result in an additional \$3 million.</p> <p>Out of the 62 airports around the US that charge a passenger facility fee where Southwest Airlines operates, 45 (73%) charge a fee of \$4.50, including Austin and Corpus Christi in Texas. A minority of airports (27%) charge \$3.00, including El Paso, Lubbock and San Antonio.</p> <p>The Dallas City Council recently authorized city management to apply to the FAA to increase the fee at Love Field to \$4.50.</p> <p>According to US Code, title 49. Sec. 40117, passenger facility fees (PFF) can be authorized by the Secretary of Transportation to carry out certain airport-related projects such as noise reduction, gate construction, etc. fee in any of its airports.</p> |
| <p>Improved enforcement of ordinance requiring permits for dumpsters</p> | <p>By ordinance the City of Houston requires every building/apartment complex/business to have a permit for every dumpster larger than 1.5 yards. This permit currently costs \$75 per dumpster³ per year plus a \$10 administrative cost.</p> <p>Additional revenues can come from the stricter enforcement of this city ordinance. In 2004, the city started enforcing this ordinance, which resulted in revenues of \$1.7M by the issuance of 23,322 permits. This year our budget projects that we will permit about 20,000 dumpsters, generating about 1.6 million dollars in revenue.</p> <p>According to our estimates, there are approximately 100,000 dumpsters in the city. This can result in additional revenues between \$6M and \$10M.</p> |
| <p>Reassess City of Houston permit fee schedule in Public Works</p> | <p>The fee schedule for planning and development services in the department of Public Works was last increased in July 2006. We propose a study of how City of Houston permits compare to other major cities in Texas and nationally that are comparable in size and adjust fees accordingly.</p> |

³All businesses, apartment complexes and other properties with dumpsters exceeding 1.5 cubic yards must have a Combustible Waste Storage Permit. Fines for violations range from \$500 to \$2,000.



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| Reassess fee schedule for other City of Houston services | There are many other areas in the City where fee schedules for services rendered have not been assessed in quite some time. We propose looking at fees for copies of documents in the HPD records department to our court systems, etc. |
| Inventory Equipment for improved tracking, sharing of surplus items and selling of unused items | <p>Many employees mentioned that surplus property often disappears from warehouses. One employee reported that a significant amount of copper had been removed from a site and was under investigation. In addition, there are many surplus items owned by one department that can be utilized by another department. Often equipment is left unused in surplus warehouses and lots and can be sold for added revenue for the City.</p> <p>Improved tracking and a centralized database of these supplies and equipment would result in additional revenue through the selling of unused equipment and property or allow for the sharing of surplus supplies, reducing expenses for new items.</p> |
| Institute a Radio Frequency (RFID) ID Tag System to track and inventory City of Houston equipment and property | <p>Radio frequency identification technology (RFID) is the newest in inventory tracking. RFID tags are chips with radio frequency antennas that provide detailed product information and allow better tracking of inventory. Companies like Wal-Mart have made investments in RFID because tags can significantly reduce costs by improving inventory management.</p> <p>Radio frequency allows for instant inventory of a warehouse or property. It can allow the city to know at all times its current inventory, will allow the City to quickly identify when inventory goes missing, and will more easily facilitate the sharing of inventory across departments.</p> |
| Institute Citations for failure to secure proper building permits | Our building inspectors should cite contractors who move customers into new buildings before all permits are finalized. |
| Improved training for new hires in inspections to maximize enforcement | Employees of some departments expressed the opinion that new hires lack some expertise in identifying code, permit and license violations causing the city to lose potential revenue (similar to dumpster permits). The City should assess where further training is needed for the enforcement of permit, code and licenses. |
| Allow for Public Parking at City of Houston facilities during off hours | Routinely allow Reliant Stadium customers to use and pay for parking at the Health department parking garage after hours. Currently this is done during the Houston Livestock Show and Rodeo, but can also be done for other events. |

Efficiencies and Cost Saving Measures

| Idea | Description |
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| "Contracting In" | The City should audit all City contracts, not just those under the Strategic Purchasing Division, to identify services that are currently contracted out but can be handled in-house by city employees. Employees, particularly those in PWE said that some of the work |



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| | <p>contracted out could be handled in-house and city employees have the equipment, expertise and people-power to do this work.</p> <p>In some cases we are hiring outside management consultants to do the work that city auditors in the Controller's Office are equipped to do, such as the recent hiring of Katzenbach Partners for 1.2 million dollars for "Consulting Services for Process Improvement, Reorganization and Best Practices for Purchasing and Payroll Operations for the Administration & Regulatory Affairs Department" which could arguably be handled by the Controller's Office.</p> |
| <p>Improve Data Sharing and Communication Between Enforcement Personnel Across Departments</p> | <p>The City should institute a common database system that allows enforcement personnel across departments to share information on facilities' inspections data. Such sharing will save time, will help make sure our citizens and neighborhoods are safe, and will lead to more efficient correction of life safety hazards at properties that are in violation.</p> <p>3-1-1 often dispatches multiple city agencies to inspect a site at the same time. For example, for a restaurant with health code violations, a rundown apartment complex or an industrial facility, Building Inspections, the Health Department, Neighborhood Protection, the Fire Marshall's Office and Environmental Enforcement may all be called out.</p> <p>An inspector or representatives from any of these agencies do not have direct database access to each other's data departments to know that a site has been visited and which citations, if any, were issued. Instead, these individuals must pick up the phone and call each department, wasting valuable time determining which enforcement personnel went to the site and what violations they found. This information is vital in determining what actions need to be taken against the unsafe property.</p> |
| <p>Audit of Department Equipment</p> | <p>There should be an audit of current equipment, particularly in PWE and Solid Waste. In some cases equipment is being underutilized, in others, equipment needs to be upgraded. The City should audit current inventory with front-line worker input to ID what can be sold and what should be upgraded.</p> <p>Old Equipment. The City in many cases uses old equipment that breaks down often. Sometimes the cost of repairing old equipment far exceeds the cost of upgrading to new products when accounting for time lost for frequent break downs and repairs in addition to the physical cost of repair. Procurement workers report that some equipment is so outdated that parts are not readily available. It can take weeks for parts to arrive which further prolongs the completion of jobs.</p> <p>Surplus Supplies Day. The City should institute a Surplus Supplies</p> |



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| | Day twice a year, where employees in each department collect surplus items and inventory and redistribute unused items. |
| Cross-train staff | <p>This was a reoccurring idea. Many employees expressed a desire to be cross-trained. For example, some wanted to be better prepared when called out for 3-1-1 or emergency jobs instead of having to call out another crew to either do the job or complete one already started. If they are trained to handle multiple tasks jobs can be completed quickly and efficiently.</p> <p>Employee Time Share. One idea was to institute an employee time share where workers can be utilized in other departments when there are certain needs, crises or down time in one division. This would ensure that City resources do not go idle, and that a department or division experiencing extraordinary situations is assisted by one which is doing business as usual.</p> |
| Easier Facilitation of Residential Building Permits through PSA video | The City should create a Public Service Announcement (PSA) video walking through the process of applying for residential building permits. This could save thousands of person hours in plan review, reducing frequent rejections for permits because applicants are not familiar with the proper process and procedures. |
| Further Reduction of Paper Products | <p>Each department should assess where paper product usage can be further reduced through the use of technology.</p> <ul style="list-style-type: none"> ▪ Work orders in some departments can move from paper to electronic. ▪ All fax systems can be moved to electronic fax versus the traditional paper fax. ▪ Computers should be set to default to double-sided printing. ▪ We should identify where we currently use paper filing systems and assess our ability to switch to electronic systems. This will save on paper and storage space. |
| “Lights Out” Campaign and other Energy Efficiency programs | All department facilities should be upgraded to include automatic light turn-off switches or motion sensor lights. Many lights are left on during the day and in evenings. This could greatly reduce our energy consumption. In addition, compact fluorescent light bulbs should be used wherever possible. |
| Switching to Voice Over IP Services Across departments | Many local, state and federal government agencies have moved or are considering moving to Voice Over Internet Protocol (VOIP). Currently PWE is considering making this switch, as announced in the FY10 budget workshop. Instead of making this change department by department, the City’s Information Technology Department, together with Strategic Purchasing should assess where VOIP is a viable option city-wide in order to leverage better pricing. |
| Consolidate New Employee Orientation | With fewer employees expected to be hired in FY10, we should look to consolidate new employee orientations. |



**Reassess and Enforce
"Take Home Car" Policy**

We should audit "take home car" usage and ensure city policy is being properly enforced. We should also reassess who qualifies for a "take home car" and limit to non-desk job employees.