

Attachment A  
ADMINISTRATION'S RESPONSE TO  
TOWERS PERRIN EFFICIENCY STUDY

## Background

Towers Perrin, a nationally renowned management consulting company, was jointly contracted and funded for a total of \$300,000 by the City Administration and the City Council in late 1993 to conduct an efficiency study of the City's major operating departments. Departments studied included police, fire, public works, and parks and recreation. The Emergency Medical Services program of the City Health Department was also examined in connection with the emergency response activities of the fire department. The Honolulu Public Transit Authority and the operations of other departments were also reviewed, but major cost savings opportunities were not identified in those activities. In its final report dated March, 1994, Towers Perrin recommended the eventual discontinuation of 545 positions, which would yield savings of over \$23 million annually.

## Administration Response

The City Administration provided the Council with an update of its progress in implementing the recommendations of the report in Departmental Communication D-244 dated February 28, 1995, pursuant to a Council budget request and a budget proviso contained in the FY 1994-95 executive operating budget ordinance (Ordinance 94-41)<sup>1</sup>. We have summarized the Administration's response to each of the Towers Perrin recommendations in the attached table. In general, the Administration disagrees with some of the recommendations, but will implement some and study others. As shown in table provided in this report as Attachment B, the Administration now identifies discontinuation of 60 positions which could save \$2.9 million per year. While such savings are commendable, this is 11 percent of the positions and less than 13 percent of the savings originally recommended by Towers Perrin.

Most of the savings recommended by Towers Perrin would have come from the Department of Public Works and relate to automation of refuse collection, an effort with which the Administration is gradually proceeding. The second major area of savings would have come from the fire department, which is where most of the Administration's savings to date have been found. The fire department's realized savings are from redeploying existing personnel to staff new fire stations (thereby avoiding the hiring of new employees), rather than from discontinuing existing

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<sup>1</sup>Although the proviso required submission of two progress reports, one before November, 1994, and one before March, 1995, only the latter report was submitted to the Council. Some of the departments reporting in D-244 state the contents of their earlier, unsubmitted progress report.

positions. The third major area of savings would have come from the police department; however, the department has thus far disagreed with most of the Towers Perrin recommendations and has not identified any savings from the few recommendations it has implemented.

A discussion of the major recommendations by department follows, focusing primarily on those recommendations that identified substantial potential savings to the City.

Attachment B  
**SUMMARY OF TOWERS PERRIN RECOMMENDATIONS  
 AND CITY ADMINISTRATION'S PROGRESS TO DATE**

Towers Perrin (TP) Recommendation-Summary by Department	TP's Estimated Annual Savings (positions reduced), \$	Department's Estimated Annual Savings to Date (positions reduced), \$
Police	(54) \$4,136,000	--
Fire	(229) \$8,765,000	(60) \$2,280,000
Public Works	(236) \$9,547,000	\$632,000
Parks and Recreation	(26) \$630,000	--
<b>TOTAL</b>	<b>(545)</b> <b>\$23,078,000</b>	<b>(60)</b> <b>\$2,912,000</b>

	TP Recommendation-Police	TP's Est Annual Savings (positions reduced), \$	Department's Response	Dept's Savings to Date (positions reduced), \$
1	Allocate patrol officers according to call workload	(47) \$2,155,000	Allocation should not be based on call workload.	--
2	Rearrange Alternate Call Servicing schedules and staffing	(11) \$591,000	Schedules have been changed to provide service from 7am-11pm, 7 days/wk.	--
3	Phase in take-home marked cars	increase costs by \$100,000	Pilot program for 10 cars planned.	undetermined
4	Implement alarm ordinance	undetermined	Legislation being prepared w/ Councilmember Felix.	--
5	Phase in flexible rank for investigations	\$500,000	Issue to be addressed end of 1995; senior officers to do some investigative work 4/1/95.	--
6	Work with Prosecutor to reduce stand-by pay	add 4 positions \$790,000	On-call system implemented, traffic cases decriminalized; slight reduction in stand-by pay.	undetermined
7	Civilianize Central Receiving staff	\$200,000	Under study.	--
8	Explore use of video arraignments from Central Receiving	undetermined, modest potential	Judiciary not receptive.	--
9	Work for better balance in criminal justice system	undetermined	Other agencies should address.	--
	TOTAL POLICE DEPARTMENT	(54) \$4,136,000		--

	TP Recommendation-Fire/EMS	TP's Est Annual Savings (positions reduced), \$	Department's Response	Dept's Savings to Date (positions reduced), \$
1	Discontinue staffing engines at stations 1, 4, and 31	(45) \$1,850,000	No staffing reductions; community opposed	--
2	Discontinue staffing aerials at stations 2, 9, and 31	(54) \$2,210,000	Oppose TP recommendation; instead, relocate aerial at station 29 to new station 40	(18) \$650,000
3	Move ladder 5 to station 23	increase costs by \$145,000	Move would require rebuilding station 23 and would be inefficient	--
4	Reduce minimum ladder staffing from five to four	(42) \$1,720,000	Agree; positions to be reallocated to new Campbell Indus Pk station 40 and new Mililani Mauka station 41.	(42) \$1,680,000
5	Reduce relief positions and create trainee positions	(54) \$2,290,000	Fire dept gave wrong data to TP; recommendation was withdrawn based on corrected data	--
6	Develop more formal guidelines for inspections of high-occupancy, high-risk buildings	--	Under study; will require expensive computer system	add one-time cost of \$50,000
7	Use more quantitative analysis in planning and performance monitoring	--	Senior management now involved in strategic planning; MIS program will require funds	--
8	Seek greater authority to manage EMS	--	Not in department's control	--
9	Combine seven Fire and EMS companies	(43) \$1,210,000	\$75,000 appropriated for study; contract to be awarded 3/95	--
	TOTAL FIRE DEPARTMENT/EMS	(229) \$8,765,000		(60) \$2,330,000

	TP Recommendation-Public Works	TP's Est Annual Savings (positions reduced), \$	Department's Response	Dept's Savings to Date (positions reduced), \$
1	Automate collection, convert to once/wk collection	(303) \$8,700,000	11 full routes to be converted March and April, 1995; collection to remain twice/wk with collection of green waste	\$140,000 pilot program \$280,000 phase 1 \$1,540,000 phase 2
2	Ensure adequate relief staffing to reduce overtime	add 73 positions \$700,000	"relief gap" is overstated; overtime is worthwhile tradeoff	--
3	Explore ways to make remaining manual routes more efficient	undetermined	determining how many manual routes to remain	--
4	Consider user fee for refuse collection	--	funds to be appropriated for consultant study [not included in Mayor's FY '96 budget]	--
5	Contract out land acquisition research	(6) \$147,000	Oppose TP recommendation; savings overstated, program requirements do not permit contracting out	--
6	Explore more sophisticated survey technology	undetermined	would like equipment if can be funded	--
	TOTAL PUBLIC WORKS	(236) \$9,547,000		\$1,820,000

	TP Recommendation-Parks and Recreation	TP's Est Annual Savings (positions reduced), \$	Department's Response	Dept's Savings to Date (positions reduced), \$
1	Offer programs and set fees more strategically	undetermined	Plan prepared and committee formed to survey public	--
2	Restructure groundskeeper duties	(30) \$700,000	More roving crews formed, increased responsibilities	--
3	Increase groundskeeping supervisory capacity	add 3 positions, increase costs by \$110,000	Created additional maintenance section to reduce span of control of supervisors	--
4	Involve recreation staff in quality control	--	Will consider assigning groundskeepers to recreation staff, need funds for study	--
5	Place mowing crews on task system	undetermined	Oppose TP recommendation; would foster resentment by other employees	--
6	Improve coordination of Maint Sup Svc with other divisions	add 1 position, increase costs by \$30,000	Work order database to be accessible by modem	--
7	Computerize work orders	--	Work order database to be accessible by modem	--
8	Complete work program on time	--	Existing 12 vacancies impairs performance	--
9	Restructure trades crews	\$70,000	Oppose TP recommendation because on-the-job training would be required; studying multi-trade crews and reallocation of positions to building maintenance repairers	--
	TOTAL PARKS AND RECREATION	(26) \$630,000		0