



Hamilton

INFORMATION REPORT

TO:	Mayor and Members of General Issues Committee
COMMITTEE DATE:	May 4, 2016
SUBJECT/REPORT NO:	Public Works Organizational Structure Review (CM16004) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Helen Hale Tomasik (905) 546-2424 ext. 4155 Gerry Davis, (905) 546-2424 ext. 5639
SUBMITTED BY:	Chris Murray, City Manager
SIGNATURE:	

Council Direction:

Council at its special meeting of March 30, 2015, directed the City Manager to explore the opportunities and various options associated with the size and scope of the Public Works Department, including, but not limited to, the creation of two separate departments or other service delivery models, in an effort to ensure service delivery is optimized.

Information:

In the fall of 2015, staff engaged the services of COREinternational Inc, a consulting firm with expertise in accountability based organizational design to help senior management with their review of the organizational structure of Public Works, and help the City Manager answer the question – Is the Public Works Department too large?

When assessing the organizational design, the consultants' approach is to look at how the structure supports the execution of strategy and the extent to which it enables an organizational culture based on accountability, trust and collaboration. They review the organization as an accountability-based system and focus on:

- the levels of work complexity for all levels of management and the time span of the longest task or project for which a role is being held fully accountable,
- the efficient grouping of work, and,
- the management system practices.

In essence, the accountability-based management principles, when properly implemented, create an organizational structure that provides role clarity and clear accountability at every level of the organization. Structuring according to these principles ensures that the right people are doing the right work, in the right groups, at the right level.

To date, the consultants have looked closely at two divisions within Public Works – Hamilton Water and Corporate Assets and Strategic Planning. In doing so, the consultants met with the City Manager and the General Manager of Public Works to level-set the organization, and establish the appropriate level of work for the role of the City Manager and General Manager. They interviewed the Directors and management staff of Hamilton Water and the Facilities Management and Capital Programs within the organizational structure of the Corporate Assets and Strategic Planning division.

Consultants' General Findings and Themes to Date:

City Manager Role

- The City Manager Role is the highest level of general management, leading the strategic business of the City. The role has the longest term and most complex accountabilities, some of which may be in the 10 – 15 year time horizon. At this level of work, the City Manager is focused on: increasing the value of future strategies and mitigating risks, the effectiveness of the organization as a whole, leveraging collaboration across business units and sectors.
- The City Manager functions as a crossover manager for long term strategic work, some of which could/should be grouped lower in the organization (e.g. transportation planning). One of the tasks of the crossover manager is to mediate disagreements over priorities, resources, or task sequencing. In principle, these decisions should be made as close to the front line in the organization as possible, in order to accelerate execution and enhance organizational agility. When front line employees or mid-level managers are unable to make a decision about the task at hand, decision-making is escalated upwards in the organization, causing decisions to be made at too high a level and delaying execution.
- The City Manager does not have complete authority to establish the employee organization structure, as the Budgeted Complement Control policy inhibits the City Manager's ability to transfer head count between departments and divisions to support more effective/efficient City-wide operations. This impedes the City Manager's ability to make decisions about organizational structure and the allocation of human resources which has had a negative impact on productivity. Employment system accountability, including organizational structure decisions, should rest in the hands of the most senior management role in the organization,

with the policy direction and monitoring resting with the governance; in this case, Mayor and Council.

General Manager Public Works

- The General Manager has a significantly large role managing multiple functions, with an accountability time span of 2 – 5 years. The size and complexity of the Public Works Department is greater than many large Canadian companies e.g. 3M Canada, BP Canada. The accountability functions in this role are very broad and have grown over the years.
- Significant project work has been assigned to the General Manager role
- In addition, the nature of the role as it is currently constituted requires the incumbent to undertake significant boundary-spanning work with internal and external stakeholders in order to manage the planning and implementation risk for large projects
- There is significant interdependency between the role of the General Manager, Public Works and the General Manager, Planning & Economic Development Department with respect to LRT and waterfront development that requires extensive cross-boundary relationship management.
- In addition, as a member of the Senior Management Team, the General Manager supports and enables the work of the City Manager

Public Works Department

- The organizational structure is very deep. At this time it is not clear whether all management levels are providing true value-added managerial leadership
- Directors are challenged to manage their portfolios and deliver on their mandates within current funding levels
- Support organizations cannot meet service level requirements, which fosters building internal capabilities within Public Works (e.g. IT systems)
- Some structure/roles are based on the capabilities of individuals i.e. structuring around people instead of functions
- The size of the budget (\$800 million operating and capital) and employee population (2,150 head count) in Public Works makes the organization large, but manageable, with the proper levels of work, layers of management, grouping and distribution of work.

Preliminary Conclusions:

- From the data collected and analysed thus far, it is the Consultants' assessment that there is no data that dictates that the General Manager role **must** be split into two roles. Assuming that the role is not split, the role requires redesign to:
 - do the strategic work that cannot be delegated
 - oversee and add value to the work of the subordinate director roles
 - fulfil consultation and liaison work with members of Council, and,
 - support and execute on the strategic priorities of the City Manager and the Senior Management Team.

- Redesigning the General Manager role will require changes to other leadership roles and restructuring within Public Works to create a more efficient organization that is more conducive to effective collaboration.

- Staff are continuing with the review of all divisions within Public Works using the accountability-based design principles and are recommending that the City Manager implement improvement opportunities that will address any grouping, work redistribution and layering issues that will allow for one General Manager of Public Works. Improvement opportunities will include a combination of:
 - Grouping of like work
 - Agreeing to and having appropriate oversight with the use of Service Level Agreements
 - Reducing the amount of project leadership work in the General Manager role
 - Improving delegation of operational work below Directors
 - Increasing focus on continuous improvement work – people, systems and processes at the General Manager and Director levels
 - Clear role delineation between the layers of the organization and ensuring that managerial leadership roles are adding value to the work of their subordinates
 - Potential definition of a senior role to assist the General Manager with the scope of the General Manager work load to support the day-to-day operational responsibilities and/or strategic initiatives in support of City's strategic plan

It is anticipated that this organizational review will be completed by the summer months in time for the next General Manager of Public Works to execute with the support of Gerry Davis. The new organizational design will be done within existing complement and budget.

Other Options Considered – Dividing the Department into Two or More Organizations

1. The Public Works Department could be split into functional groups to form two separate departments. One department could include functions that are direct services to users and include a consolidation of waste management, water, wastewater, storm water and engineering services. The other department would focus on providing services for assets utilized directly including transit, roads, parks and cemeteries, forestry and horticulture, traffic facilities, fleet, energy, strategic planning, landscape architectural services, and transportation management. This option groups the work of the departments by funding mechanism – one “pay per use” and one more broadly funded by the tax base.
2. Create a separate Transit Department. The next ten years forecasts transit to grow based on Council’s approved strategy for the program. The complement will be over 800 FTEs and the gross operating budget is larger than some of the City’s existing departments. This option groups all transit, and transportation-related activities into one department. It is not yet clear whether this would allow the work of one or more of the existing departments to be redistributed in order to maintain the number of departments at their current level.
3. Lastly, there are other scenarios that could be contemplated that may impact other City departments, based on the experience of other municipalities that deliver Public Works functions under a variety of department structures.

While the status quo has been in place for the past 15 years, the growth in services and span of responsibility and accountability of the Public Works Department has increased significantly. The requirement for the leadership to provide both strategic and operational oversight of Public Works programs and services is critically important when reviewing the department’s structure. Whatever structural decisions are ultimately made, however, an understanding of the current distribution of work within the existing departmental structure is essential to an effective redesign of the organization. Any new organizational design will be done within the existing Public Works budget and FTE complement.