




Memorandum

TO: MAYOR REED
SUBJECT: BUDGET DOCUMENT

FROM: Councilmember Johnny Khamis
DATE: May 22, 2013

APPROVED:

Johnny Khamis
by 

DATE: May 22, 2013

Recommendation

That the following recommendation be enacted.

Proposal

Program Title: Re-activate Employee Suggestion Award Program

Amount of City Funding Required:

\$25,000 one-time funds for initial awards

1/8 City Clerk Staff Technician @ \$9,992.50/year (ongoing)
1/4 Program Performance Auditor I @ \$21,598/year (ongoing)

Fund Type: Employee Compensation Reserve

Initial costs to be repaid to Employee Compensation Reserve with program savings.

After initial start up costs and first year staffing costs are repaid to the Employee Compensation Reserve, a portion of savings generated by the program will be used to reimburse the Auditor and Clerk departments for support costs.

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc. as described below:

This proposal would reactivate an Employee Suggestion Award Program (per Municipal Code: 2.08.4400). This program will:

- Generate cost savings to the City of San José
- Allow staff an opportunity to enhance their income
- Provide resources to enhance essential services
- Allow the City to benefit from the insights, creativity, and resourcefulness of its staff

Cost savings experienced by other municipalities varies dramatically based on program structure and implementation. Other cities have experienced savings in the range of \$350-7000 per employee, per year.

For the City of San José:

- \$1.89-\$19.00 million in savings annually
- Ongoing savings of \$1.89 million is equivalent to 9 additional police officers
- \$19 million in savings would equate to 98 police officers

Both the Silicon Valley Taxpayers Association and Citizens for Fiscal Responsibility have called for the reactivation of this program. The following changes to Municipal Code 2.08.4420 should be part of the implementation:

- Replace section D with an appointee from the City Auditor's Office
- Section E should be replaced by a former member from the Santa Clara County Civil Grand Jury and one member of the San José business community such as a representative from the Chamber of Commerce
- Section F should be replaced with an individual with finance, accounting, or HR experience that is formally or currently involved with an employee suggestion award program from a private firm

Initial review should be followed up by departmental review, should the suggestion be viable. The employee who suggested the change should be informed regularly as to the status of their suggestion. Employees should be able to take joint credit for collaborative efforts. Final awards should be based on verified savings in the first full year of implementation.

References

- Carlson, Kathryn. "Listening to Employee Pays Big Dividends- \$6,224 per suggestion!" Nov. 2010. KPA Consulting.
- Business Performance Improvement Resources. "Employee Suggestion Schemes: Survey and Research Data." 1995. BPIR.
- Konrad, Alison. "Engaging Employees through High-Involvement Work Practices." April 2006. Ivey Business Journal.

Funding Source

Program Title: Employee Suggestion Award Program

Amount of City Funding Change: \$56,590.50

Employee Compensation reserve (year 1), General Fund (thereafter)

\$25,000 – One time funds for initial awards

City Clerk Personal Services – \$9,992.50

City Auditor Personal Services – \$21,598

Fund Type: General fund

Anticipated Outcomes:

Cost savings to the City of San José in the amount of \$1.9-19 million.

MAYOR REED

May 22, 2013

Subject: Employee Suggestion Award Program

Page 3

Department or Organization: City Manager's Office

Department or Organization Contact:

Name: Allen Fong

Phone number: 408-535-8146

E-mail address: Allen.Fong@sanjoseca.gov

This change is:

One-time Ongoing

The City Service Area to which the change best relates:

Council Appointees