

**CITY OF GOODYEAR
CITY COUNCIL ACTION FORM**

SUBJECT: Review of the Performance Management Program to include updates, policy and Priority Based Budgeting.

STAFF PRESENTER: Wynette Reed,
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Assistant to City Manager. Christian
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COMPANY
CONTACT: NA

RECOMMENDATION:

Council will receive an update on the Performance Management Program and managing performance through use of the city's three initiatives: Performance Measures/CITYSTAT, Priority Based Budgeting (PBB) and LEAN.

PURPOSE:

Staff will review and discuss the progress made on the Performance Management Program. As a result of this program we are becoming a more data driven organization, more customer focused and better prepared to strategically achieve the goals and initiatives of the city. The city now has the tools and processes in place to establish performance benchmarks and measure performance toward achieving our goals; a method for identifying and removing waste within processes while increasing efficiencies and enhancing value for our citizens; and a tool for allocating resources to the highest priorities of citizens and Council. The work to this point has laid the foundation and provided the structure for the city to begin to evaluate performance holistically as will be demonstrated through an example with the Parks Division. This example will show the direct alignments which helps the employee to see the impacts of their work on the overall success of the city and increase the service delivery to citizens.

The Priority Based Budgeting Program (PBB) piece of our Performance Management Program provides an opportunity for Council to discuss and provide policy direction to staff concerning the allocation of resources. The prioritization process that occurs within Priority Based Budgeting causes new conversations to occur concerning identified programs for example: Are programs mandated? Are there other entities providing a similar service? We will allow time at the end of the presentation for policy discussion and consensus direction for evaluation of PBB programs focusing on the above policy questions.

BACKGROUND AND COMMUNITY BENEFIT:

Once the city's Strategic Action Plan was adopted by Council in April 2013, it was time to focus on the rest of the Performance Management Program and build a strong foundation for aligning resources towards achieving the goals and objectives of the city. There are many aspects that have been implemented in two years beginning with Performance Measures/CITYSTAT, then Priority Based Budgeting, and more recently LEAN.

Performance Measures/CITYSTAT

Performance Measures, now more commonly known as the CITYSTAT Program, is an initiative that Council requested in the summer of 2012. Since that time, staff have reported back on the progress of this program: first was on April 15, 2013 then again on October 6, 2014.

The city enrolled in the International City/County Manager's Association (ICMA) Center for Performance Measures "CPM101" program now called ICMA Insights. Through this program, several city departments submitted survey data annually to ICMA for the areas of Facilities Management, Fire and EMS, Fleet Management, Highways and Road Maintenance, Human Resources, Information Technology, Parks & Recreation, Permits, Land Use and Plan Review, Police, Procurement, Risk Management, and Solid Waste. These measures were integrated into our annual CITYSTAT report.

The city was also officially accepted into the Valley Benchmark Program, coordinated by the City of Scottsdale in partnership with Arizona State University and the Alliance for Innovation. This initiative also has ICMA's support and uses the same survey to establish consistent data sets for valley cities to measure and compare performance. Cities participating with Scottsdale and Goodyear are Phoenix, Mesa, Chandler, Glendale, Gilbert, Tempe, Peoria, Surprise, and Avondale.

Tracking of Performance Measures through these methodologies began on July 1, 2013 and we are now in our second full year of tracking. These measures are analyzed quarterly and any anomalies have been discussed with The CITYSTAT team members and department directors. Performance Measures have been integrated into the supplemental process during the current fiscal year FY15 and the upcoming FY16 fiscal year's budget discussions.

The goal of the program is to continually assess the current 189 CITYSTAT measures and services in a manner that allows us to meet current and future needs of our community while maximizing resource utilization. The CITYSTAT team continues to evaluate the quality and value of our performance to ensure we are measuring relevant outcomes. The next evolution of this program is to evaluate linkage to Priority Based Budgeting programs as well as goals in the Strategic Action Plan.

Priority Based Budgeting (PBB)

At the City Council Worksession on September 16, 2013, The Center for Priority Based Budgeting, along with the executive management team, presented the program to the City Council. During that meeting City Council had an opportunity to discuss various aspects of the program including any concerns they had regarding the implementation process. At that time, City Council requested that staff make an additional presentation to Council in order to allow them to provide feedback regarding the assessment tools "attributes" and "results maps".

On October 7, 2013 staff provided another work session presentation to City Council, in order to afford them the opportunity to review the "results" and "attributes" criteria. At that meeting Council made some suggestions regarding the city's "results maps" and "attributes" associated with the assessment tool, which staff incorporated into the final version of the scoring tool.

With Council support, and the finalized tool in hand, staff proceeded with training seminars and exercises necessary in gathering and utilizing the required information. Activities included: transformation of the city's line item budget into a comprehensive list of city-wide programs, identification of the associated program costs, and the subsequent scoring of those programs at the department level.

The goal of the program is to continually assess the current 1,174 PBB programs and services in a manner that allows us to meet current and future needs of our community while maximizing resource utilization. As of the FY15 model provided to the city in February 2015, approximately 2/3rds of our total estimated budget fell within either Quartile 1 or Quartile 2, highly relevant to the results defined by Council. The PBB team continues to evaluate the quality and value of our PBB programs to ensure we are allocating resources effectively and in accordance with the Strategic Action Plan, community and Councils priorities. Additionally, 350 of the PBB Quartile one and Quartile two programs have been linked to performance measures.

LEAN

We believe that we will achieve our ambitious vision, by having a culture of engaged and empowered team members that deliver the highest quality services constantly focusing on radical continuous improvement. Through the city's participation in the Innovation Academy (results presented to the City Council on June 23, 2014), LEAN thinking was identified as a way to provide tools that allow us to focus on continuous improvement, creating value for our customers, and provide a common way for all team members to approach identifying and implementing efficiencies. LEAN thinking gives structure to the way we evaluate our work processes and implement improvements ensuring that we are spending time and money on what is of value to our customers (both internal as well as external).

This approach supports our customer focus values of empathy, integrity, optimism, initiative, and innovation. Based on best practices for local government, the city has developed an Introduction to LEAN Training which will be delivered to all employees in 2015.

Lean tools are a key component as we implement our performance management program. Through PBB and CITYSTAT, we have identified and created tools for measuring performance and prioritizing our budget. LEAN provides tools to ensure we are providing the most value to our customer. By understanding our processes, we can then begin to identify areas of improvement to create efficiencies as and create both hard dollar and soft cost (time) savings. This continuous improvement strategy will support our efforts to maximize our performance achieve the city's Strategic Action Plan goals.

PREVIOUS ACTIONS AND DISCUSSION:

Specific Council discussions on the performance management program components noted above.

The implementation of a city-wide performance measurement program was added to the City Strategic Action Plan as part of the Council's "Fiscal and Resource Management" focus area.

The establishment of a priority-based budgeting program was added to the City Strategic Action plan as part of the Council's "Fiscal and Resources Management" focus area.

FISCAL ANALYSIS:

There is no Fiscal Impact at this time. This presentation is to inform City Council on the progress made with in the Performance Management Program.

ATTACHMENTS:

- Performance Management Program (Graphic)
- 3/24/2015 PBB Program List (Quartiles 3 & 4 with mandates and reliance on City to provide)
- 4/15/2013 CITYSTAT Presentation "Performance Measures Program"
- 10/6/2014 CITYSTAT Presentation "City's Performance Management Program"
- 9/16/2013 PBB Presentation "Orientation to Fiscal Health and Wellness through Priority Based Budgeting"
- 10/7/2013 PBB Presentation "Review of Results and Attributes for Program Scoring Exercise"
- 2/3/2014 PBB Presentation "Orientation to Resource Alignment Tool"
- 10/7/2013 PBB Program Attributes and Results Maps
- 10/7/2013 PBB Policy Guidance Questions