



City of Goodyear

Meeting Minutes

City Council Work Session

Mayor Georgia Lord
Vice Mayor Joe Pizzillo
Councilmember Joanne Osborne
Councilmember Sheri Lauritano
Councilmember Wally Campbell
Councilmember Bill Stipp
Councilmember Sharolyn Hohman

Meeting Location:
Goodyear Justice Center
14455 W. Van Buren St.,
Suite B101
Goodyear, AZ 85338

Monday, March 30, 2015

5:00 PM

Goodyear Justice Center

1 CALL TO ORDER

Mayor Lord called the Work Session to order at 5:00 p.m.

2. ROLL CALL

Present 7 - Mayor Lord, Vice Mayor Pizzillo, Councilmember Osborne, Councilmember Lauritano, Councilmember Campbell, Councilmember Stipp, and Councilmember Hohman

Staff Present: City Manager Brian Dalke, City Attorney Roric Massey, and City Clerk Maureen Scott

Councilmember Lauritano participated by telephone until she arrived at the Work Session at 5:25 p.m.

3. AGENDA ITEMS FOR DISCUSSION:

- 3.1 [15-5574ws](#) 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.

Deputy City Manager Wynette Reed, Assistant to the City Manager Kim Bradford, and Executive Management Assistant Christian Williams, presented. Reed explained that it normally takes three to five years to implement a performance management program and we are in our second year.

An effective Performance Management Program allows:

- >Better data driven decisions
- >Adds value to our citizens
- >Establishes clear objectives for our employees that align with citizen desires, and the priorities of Mayor and Council

Bradford stated that this program starts with the vision of the citizens, which is established through the ten-year vision of the General Plan. From there, staff determined what programs,

objectives, and strategic initiatives to focus on over a one-to-three year period. Programs are evaluated and scored based on the City's Strategic Action Plan. The four strategic priorities that were set by Council in April 2013 are Fiscal and Resource Management, Economic Vitality, Sense of Community, and Quality of Life. There are specific goals and actions under each strategic priority. In turn, each department is working on those goals through their own strategic plan and operating plans, making sure they are aligned with the City Council's Strategic Priorities.

Williams explained how Priority Based Budgeting (PBB) aligns with Council's Strategic Priorities and takes the program to the next level. It looks at the services that we provide to our citizens and is a great tool to evaluate how programs fit into Council's policy decisions. The Center for Priority Based Budgeting has input all of the City's department programs into four different quartiles. Quartiles one and two are services that we provide to the citizens that are the most relevant. Filters within the tool can be used to evaluate different policy questions. Williams reviewed the PBB scoring criteria.

Scoring Attributes:

- >Change in demand for the program
- >Cost avoidance and/or efficiency resulting from the program
- >Cost recovery of the program
- >Mandate to provide the program
- >Portion of the community served
- >Reliance on the City to provide the program

Staff is now using PBB in the budget process. When submitting budget supplemental requests, they are being asked to evaluate the efficiencies that can be garnered from the quartile programs, and relating those requests to what PBB program those dollars are contributing to, as well as what performance measure(s) the requests are tied to.

Staff is now focusing on tracking Quartile 1 and 2 programs to our performance measures to ensure a direct link to Council's established goals. We are also evaluating scoring as it relates to mandate levels, and the cost recovery programs. Departments are evaluating Quartile 3 and 4 programs to determine where efficiencies can be fostered.

Williams reported that the PBB program was recently updated to include programs the City is focusing on, and eliminating programs that are not moving forward. It was also updated with current revenue and mandate levels.

Williams reported that the Performance Measures Program (CITYSTAT) determines why we are doing what we are doing, and how we are measuring that. It increases accountability, builds public trust, aids in planning and budgeting, is a tool to improve service delivery, and fosters a climate of innovation.

Reed reported on the Employee Performance Appraisal system. This system was implemented in May 2013. It aligns employee performance objectives with the overall Strategic Action Plan and Performance Management System. It includes five core competencies (integrity, initiative,

innovation, empathy, and optimism), which are centered around customer service. Appraisals are now focused on performance. We are setting expectations for our employees, and making it clear how those expectations align with the overall strategy.

Bradford reported on the LEAN Program. LEAN is the newest element to the Performance Management Program. It aligns very closely with our customer focused initiatives that our employees are being evaluated on. LEAN was identified as a best practice through the Innovation Academy. This program gives people tools to create efficiencies, and make sure that we are dedicating our resources to those programs that are most relevant to our results. Staff has established an Innovation Ambassador Team that has developed a four-hour Introduction to LEAN Training that all employees are receiving this year. It focuses on creating value for customers, and eliminating waste within the PBB Program. It allows us to evaluate efficiencies and reallocate resources to programs that are giving us more value relevant to achieving results. It also fosters creative problem solving and teamwork. Eliminating unnecessary steps may result in dollar savings, as well as employee time savings.

Reed explained an example from the Parks Department (shrub care and maintenance) to show how the program has already worked. This is a culture of continuous improvement. There are a lot of tools to help us identify different improvement areas, and help us to come up with creative solutions. If we aren't looking at the process, we don't know if it can be done any better.

PBB Policy Discussion:

- >There are 1,074 programs.
- >72% of department spending is in Quartiles 1 and 2.
- >28% of department spending is in Quartiles 3 and 4.
- >Larger departments were asked to review programs in Quartiles 3 and 4, and \$50,900 was identified for reduction.
- >Quality checks are still being conducted to ensure that all the program information is accurate.
- >Asked for feedback from Council on how they want staff to focus on PBB on a policy level.

Council Discussion:

- >**It would be helpful to know which PBB items are self supporting through a cost recovery program.** Williams explained that cost recovery is one of the scoring factors that rate the program in a specific quartile, and cost recovery programs are rated higher. Reed explained that the PBB Program can be filtered with several different focus areas. Staff is seeking direction from Council as to how they want it filtered based on policy priorities. Filters can be set to focus on cost recovery programs.
- >**Council doesn't want to use this program to micro manage staff during the budget process.**
- >**Have any Quartile 3 or 4 programs been eliminated during the two year implementation process?** Reed responded that we have eliminated some programs. As we move forward, LEAN can be used as a tool to help us identify why we are not meeting our targets, how we can be more efficient, and possibly eliminate more programs and processes. Bradford reported that IT is building a database to track this information.
- >**How can Council prove to the public that these programs are working?** Reed responded

that the reports generated by the IT database will enable staff to prepare reports that will provide information regarding what programs are identified, what is implemented, and what the dollar savings are.

>One of the benefits of these programs will be the ability to shift some of our internal money from programs that aren't producing the results we want, to other areas with higher priorities.

>Are there ways to identify programs in Quartiles 3 and 4 that, if eliminated, would negatively impact programs in Quartiles 1 and 2?

>Are there ways to identify programs that would produce costs savings if they were out-sourced to an outside company?

>Appreciates how this tool provides information about how much is actually spent on certain programs and activities, and allows Council to judge which programs are important to our citizens.

>This program has consumed a lot of staff time through set up and analyzing all the data, which has taken away from their other duties. Will we be asked to add staff as a result?

>Staff has presented this year's budget as adding five percent to last year's expenditures. This seems to be exactly the way our budgeting has been done in year's past. What improvements have we gained by enacting PBB?

Reed responded that staff is asking for Council's input on policy issues so that more informative reports can be prepared based on various filters that the program can provide. Staff has learned that we will need to start this process earlier in the year by getting the information back from PBB before February or March. This doesn't allow enough time for Council to review the pertinent information.

>Would like more information on programs that have no influence on Sense of Community.

>Council will send more detailed questions to staff. Staff will respond to all questions, and disperse the results to all members of Council.

>The process will be quicker in the future after Council understands this tool better.

>This process is a way of measuring information so that intelligent decisions can be made.

>Every new program takes time to implement and understand.

Mayor Lord asked City Manager Dalke to address the question of staff spending too much time on the program set up. Dalke responded that the team that is involved in this process is committed to making the City more innovative, and focused on efficiencies and cost cutting. By overlaying all of the tools, the process has gained a lot of momentum. We have seen excitement by staff to learn ways to become more efficient without having to make guesses. These programs are establishing a science to the process that is very credible, and something that you don't often see in cities. We are still providing the services that are expected by our citizens. Staff has put in extra hours on this project, but have stayed on task and are still getting the work done. Training has taken a lot of time and work but, after staff is fully trained, the benefits and results will be worth the effort. This is a valuable tool in the budget process, and our team has received recognition at the national level.

4. INFORMATION

None.

5. ADJOURNMENT

There being no further business to discuss, Mayor Lord adjourned the Work Session at 6:31 p.m.

Maureen Scott, City Clerk

Georgia Lord, Mayor