



WENDY GREUEL  
CONTROLLER

October 5, 2011

Honorable Antonio R. Villaraigosa, Mayor  
Honorable Carmen Trutanich, City Attorney  
Honorable Members of the Los Angeles City Council

Today I am releasing a roadmap to change the way that the City approaches the budgeting process. This report on performance-based budgeting provides a blueprint for Los Angeles to develop its annual budget based on outcomes and prudent fiscal constraints. The City's annual budget should reflect Los Angeles' priorities – the budget should provide a transparent document that allocates the City's scarce resources effectively, allowing taxpayers to see how their dollars are spent and evaluates how departments actually perform.

As the City continues to face budget deficits for the years ahead, we must be able to live within our means and know precisely where precious tax dollars are being spent. In order to allocate our City's scarce resources more effectively, our budgeting process must be reformed.

The attached blueprint for performance-based budgeting recommends that City leaders develop strategic priorities and build the budget around shared outcomes, rather than the line-item approach the City currently employs. Given the delicate nature of the budget, I recommend a phased implementation approach, starting with a pilot program of select departments.

This change will require City leadership and departments to look differently at the way that the City does business. This blueprint has City departments start at their budget bases – every City service will need to be evaluated and compared to other services. Additionally, with the implementation of the new Financial Management System (FMS), the City now has the foundation necessary to provide City management with the necessary tools to better evaluate the City's budget going forward.

A transition to performance-based budgeting will require your leadership and the cooperation of City departments to effectively reform the City's budget process. I look forward to our working together to bring the City's budgeting system into the 21<sup>st</sup> century to make the most of our scarce resources.

Sincerely,

WENDY GREUEL  
City Controller

**Blueprint for a Transition to  
Performance-based Budgeting  
for the City of Los Angeles**

**Prepared for:  
City Controller  
City of Los Angeles**

**By**

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**October 4, 2011**

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October 4, 2011

Ms. Wendy Greuel  
City Controller  
City of Los Angeles  
200 North Main Street, Room 300  
Los Angeles, CA 90012

Dear Ms. Greuel:

Harvey M. Rose Associates, LLC is pleased to present this *Blueprint for a Transition to Performance-based Budgeting for the City of Los Angeles*. This report was prepared in response to your office's request for an evaluation of the City's budget process compared to performance-based budgeting practices and a framework for implementing a performance-based budgeting process for the City.

Thank you for providing our firm with the opportunity to prepare this blueprint for the City of Los Angeles. Upon your request, we are available to present the report to the City Council or other City officials and to respond to any questions about this report from you and your staff.

Sincerely,

Fred Brousseau  
Project Manager

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# **Section 1: Introduction**

## **Performance-based Budgeting:**

### **Preliminary Implementation Plan for Los Angeles**

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#### **Project Overview**

The Los Angeles City Controller retained Harvey M. Rose Associates, LLC to conduct an evaluation of the City's budget process compared to performance-based budgeting practices (Phase I) and to develop a framework for implementing a performance-based budgeting process for the City (Phase II). The City's current budget process employs a traditional line-item approach, lacking features to measure service levels and performance. Prior year allocations are used as the baseline for funding levels for each department and program for the current year, with only expansions and deletions singled out for review by the City's policymakers.

Jurisdictions that have adopted performance-based budgeting processes have all invested staff time and/or funds for the development of their processes and technical systems. While the City of Los Angeles' current fiscal crisis and slow recovery from economic recession make this a challenging time for the City to make such investments, the need for reliable cost and performance information for City officials to use in budget decision-making has never been greater. Across-the-board budget reductions made without reliable performance data linked to costs do not serve City decision-makers or the public well. A performance-based budgeting process would allow decision-makers to better understand the trade-offs of various budget options and, ultimately, to prioritize among policy proposals. However, since the need to implement a performance-based budget process in the City of Los Angeles comes at a time when funding and resources are limited, it is critical that any framework recommended as a result of this project minimize implementation costs, particularly in the short term, while delivering tangible benefits.

A budget process for the City of Los Angeles must consider the challenges of the unique organizational and administrative context in which the City's government operates. Specifically, the decentralized nature of the budget process in the City, with the Mayor's Office and City Council having different responsibilities and roles in the budget process, presents challenges for converting to a performance-based budget process. Ideally, performance-based budget processes are characterized by a set of enterprise-wide outcomes and objectives shared by all key stakeholders, use of consistent performance and cost data by all stakeholders, and a central manager responsible for ensuring designated performance levels by the jurisdiction's staff. In Phase I of this project, the evaluation phase, some City representatives argued that such an approach could be difficult to implement and would be unpopular among officials. However, we believe that adopting some or all elements of a performance-based budget process would, in fact, prove beneficial for the City's elected officials because they would be able to determine if target service levels are being achieved, could hold program managers accountable for delivering specified performance levels, and would be able to make budgetary and other decisions based on reliable and pertinent cost and performance data.

For these reasons, the project team is acutely intent upon developing a framework customized for Los Angeles rather than recommending a “textbook” process. Our recommended approach retains the core elements of performance-based budgeting, so that its short-term impact on City staff and funding will be minimized, reserving the more ambitious and resource-intensive pieces of reform for a time in the future when the City is in a stronger fiscal position and able to make a greater investment. Our project standard is that any steps recommended for the short- or long-term would have to produce tangible benefits as a result of the City’s investment.

In response to feedback received during Phase I, and at the direction of the City Controller, the project team modified its approach to Phase II and the development of the blueprint plan for implementing PBB in Los Angeles. Rather than developing a plan that would transition the City to a full performance-based budgeting process at once, the project team developed a phased approach for City-wide implementation plus a pilot program for two departments within the City: the Bureau of Street Services and the Department of City Planning. Should the City’s elected leadership decide that other departments are more appropriate for a pilot program, these two blueprints may be used as a guide for developing plans for the selected departments.

The phased City-wide plan would focus primarily on two of the seven performance-based budget elements: 1) redefining the City’s organization structure around outcomes; and 2) creation of a performance measurement process. The City-wide plan also provides a brief outline of steps that the City, at its discretion, could take in the future to implement the remaining performance-based budgeting elements. However, even if the City does not choose to implement the remaining performance-based budgeting elements in the future, implementation of the two elements that are focus of this blueprint would produce substantial benefits to the City and greatly improve the budget process since it does not formally include performance measurements in funding allocation decisions.

The blueprints for the two pilot departments provide detailed plans for the implementation of a more complete PBB process. We believe that the selected departments, the Bureau of Street Services and the Department of City Planning, are good candidates for the pilot program because, by virtue of representing significantly different kinds and sizes of City departments with different levels of cost and performance data collection processes already in place, they will demonstrate how the PBB process can be effectively implemented in the mix of all City departments. Additionally, the Bureau of Street Services has cost and performance measurement systems and practices in place that would serve as a foundation for the establishment of PBB. The Department of City Planning has the capability of collecting detailed cost and performance data for PBB in their current information systems, though the Department has not implemented procedures to do so to date. The recommended pilot departments’ blueprint plans are provided primarily to show the basic steps that would be required on a departmental level to implement a full PBB system and not to indicate that these two particular departments are the only good candidates for a pilot program.

The customized framework presented here was developed with a respect for the City's fiscal challenges, though it will require resources to implement. We expect that implementation of this blueprint would require a dedicated full-time equivalent position in the Office of the CAO, and the use of existing positions in departments throughout the City. It will, however, require a cultural shift in perspective and approach on the part of every member of the City staff. These costs should be viewed as an investment that will, over time, lead to improved efficiencies and more effective use of resources. As performance data is accumulated and mid- and longer-range performance trends and costs are identified and analyzed, policy-makers and managers will be able to make smarter reductions in times of budget contraction as well as smarter additions under stronger economic conditions.

## Overview of Performance-Based Budgeting

The literature on performance-based budgeting indicates that among public officials, public administrators, and academics, there are many interpretations of the term *performance-based budgeting* and that the application of performance-based budgeting varies widely. A review of academic and other analytical resources, as well as functional documents such as user guides or staff manuals, reveals that performance-based budgeting takes on different meanings for different users. Below is a sample of the various definitions or descriptions from some of the primary research organizations:

- U.S. Government Accountability Office: “process of linking budget levels to expected results, rather than to inputs or activities.”<sup>1</sup>
- Government Finance Officer's Association: “identifies critical issues and needs, sets performance targets, and aligns spending with objectives by identifying and articulating links between funded activities or programs and the desired results.”<sup>2</sup>
- Public Budgeting and Finance: “the use of performance information in resources allocation derived from strategic planning.”<sup>3</sup>
- National Performance Management Advisory Commission: “emphasizes accountability for outcomes...assuring that funding is directly linked to achieving high-priority results.”<sup>4</sup>

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<sup>1</sup> GAO, *Performance Budgeting: Efforts to Restructure Budgets to Better Align Resources with Performance* (2005), (34).

<sup>2</sup> “Performance Budgeting: Linking Funding to Results,” Anne Spray Kinney and Michael J. Mucha in *The State and Local Government Performance Management Sourcebook*, Eds. Anne Spray Kinney and Michael J. Mucha, Government Finance Officers Association, 2010.

<sup>3</sup> “Performance Budgeting: The Perspective of State Agencies” in *Public Budgeting & Finance*, Winter 2007, Yi Lu.

<sup>4</sup> “A Performance Management Framework for State and Local Government”, National Performance Management Advisory Commission, 2010.

- Pew Center on the States: “process by which states use appropriate performance metrics to decide where and how they should spend their money to achieve desired results.”<sup>5</sup>
- International Monetary Fund: “procedures or mechanisms intended to strengthen links between the funds provided to public sector entities and their outcomes and/or outputs through the use of formal performance information in resource allocation decision-making.”<sup>6</sup>

Within jurisdictions identified as having performance-based budgeting, the extent to which legislative bodies use detailed performance data in decision-making and the exact form of the data varies. As a best practice, the Government Finance Officers Association (GFOA) recommends that budgets “identify program efficiencies in the budgeting process that address the cost of providing a unit of service.”<sup>7</sup> In other words, the budget should (a) be organized around measurable units of service and (b) link performance measurements to service as expressed by the organization’s cost per unit.

While the GFOA and other sources include unit cost analysis as a best practice, many jurisdictions do not achieve this level of detail in the budget process. As indicated above, from the definitions provided by many organizations, less restrictive interpretations are more commonly applied. Regardless of the exact form, performance-based budgeting processes allow decision-makers to better understand the trade-offs of various budget options and, ultimately, to prioritize among policy proposals.

### **Primary Elements of Performance-based Budgeting**

Despite variations in definition, interpretation and implementation, most performance-based budgeting definitions include a few core elements<sup>8</sup>. Based on our review of existing literature and analytical resources, we developed the following profile of the essential elements of performance-based budget processes. The results are presented in Exhibit 1 on the following page.

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<sup>5</sup> “Trade-Off Time: How Four States Continue to Deliver,” Issue Brief, Pew Center on the States, February 2009.

<sup>6</sup> “Does Performance Budgeting Work? An Analytical Review of the Empirical Literature”, Marc Robinson and Jim Brumby, International Monetary Fund Working Paper, November 2005.

<sup>7</sup> “Performance Management: Using Performance Management for Decision Making,” Best Practice, Government Finance Officers Association, 2002 and 2007.

<sup>8</sup> Based largely on “A Performance Management Framework for State and Local Government”, National Performance Management Advisory Commission, 2010.



**Exhibit 1: Detailed Performance-based Budgeting Elements**

**1. Strategic prioritization and planning process is in place**

- a) Identifies enterprise-wide mission, outcome and objectives
- b) Sets priorities among objectives
- c) Incorporates citizen input: public is engaged in identifying community needs

**2. Organizational structure is built around outcomes**

- a) Translates strategic plans and outcomes into missions, programs, service objectives, and activities
- b) Designed to support resource allocation and prioritization by being structured such that the objectives can be clearly measured in terms of efficiency and effectiveness
- c) Structured to provide clear managerial accountability and authority

**3. Performance metrics established to measure outcomes and objectives**

- a) Agency develops a modest number of key metrics that measure each program's service objectives in terms of both efficiency and effectiveness
- b) Metrics are also developed for outcomes
- c) Metrics are collectible, informative, understandable, and relevant to managers, legislators, and the public
- d) For programs delivered across departments, coordinated metrics are defined

**4. Mechanism is in place to accumulate and validate performance data**

- a) Agency develops reliable, independently validated performance data measuring systems
- b) Data is collected at regular and salient intervals
- c) Data is ensured to be valid, by external audit when necessary
- d) Adequate information technology systems are maintained for data storage

**5. Budget links spending to service objectives**

- a) Budget document emphasis is on specific and measurable service objectives and their inputs/outputs insofar as they are applied to achieve outcomes
- b) Determine budgets by linking services and service levels according to priorities
- c) Unit cost analysis informs appropriation decisions

**6. Accounting systems are aligned with budgeted service delivery structures**

- a) The categories within which performance is measured must be aligned with the categories in which cost information is collected.
- b) All of the resources associated with a particular output or outcome must be captured in the accounting and budgeting systems.

**7. Reporting and active use of performance data**

- a) Performance data is mandated to be incorporated into the budget document
- b) "Real-time" reporting systems inform managers of resources used and progress on outcomes
- c) The performance data informs decisions by executive and legislative decision makers
- d) Performance data is used in conjunction with an incentive system that rewards staff based on their success achieving desired outcomes and reducing cost and improving quality
- e) The public is regularly engaged in performance evaluation and improvement process

## **Collaborative Process and Need for Leadership**

The following pages contain a framework for budget process reform and an outline of the steps that City of Los Angeles officials and staff may use to begin the transition to a performance-based budgeting (PBB) process for the City. Several elected and appointed city leaders are called upon to participate in this transition plan, including City Council members, the Mayor, the City Administrative Officer, Chief Legislative Analyst and the City Controller. In addition, executive leadership in the departments selected for pilot programs will be integral to the success of the pilot projects. As part of the process of developing this blueprint plan for the City and for the two pilot departments, we sought the feedback of each of the entities that would be involved in its implementation. Each entity provided valuable insight that ultimately guided the development of the blueprint.

Securing the political will to make this investment in budget reform will require strong, continuous leadership as the process evolves. Without a vocal and persistent advocate for change, the likelihood of successful and sustainable implementation is reduced. In our survey of other jurisdictions that had implemented forms of performance-based budgeting, we found that the presence of a persistent leader to advocate for process reform was a common theme among the more successful systems. We believe that the Mayor's Office is uniquely poised to provide leadership and direction in this effort and that this report provides the Mayor an opportunity to do so.

## **Section 2: Performance-based Budgeting: Citywide Phased Plan**

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This section contains an outline of the framework for a phased implementation of a City-wide performance-based budgeting (PBB) process in Los Angeles. Several elected and appointed City leaders are called upon to participate in this transition plan, including the Mayor, City Council members, the City Administrative Officer, Chief Legislative Analyst and the City Controller.

As discussed in the Introduction to this report, a full performance-based budget process is comprised of the following seven elements:

1. Strategic prioritization and planning process is in place
2. Organizational structure is built around outcomes
3. Performance metrics established to measure outcomes and objectives
4. Mechanism is in place to accumulate and validate performance data
5. Budget links spending to service objectives
6. Accounting systems are aligned with budgeted service delivery structures
7. Reporting and active use of performance data

This outline does not constitute a complete plan for the City to transition to a full PBB process. Rather, this outline provides steps that would allow the city to achieve two primary goals:

- 1) Redefining the City's organization structure around outcomes (#2 above)
- 2) Creation of a performance measurement process (#3 and #4 above)

These two goals are fundamental to a full PBB process and can be established in the short term without incurring the costs or time required to implement all seven elements of a full performance-based budget process. Accomplishing these two goals in the short-term would position the City well to develop a full process in the future. However, even if the City does not choose to implement performance-based budgeting beyond these two goals, the City's budget and performance management processes would still be substantially improved if only these two performance-based budgeting goals are accomplished because: (1) meaningful service objectives would be established for all key City functions; (2) a systematic approach to collecting, reporting and validating department performance against the service objectives would be established; and (3) management accountability for performance would be substantially improved.

This report section also provides a brief description of the other elements of performance-based budgeting that would need to be implemented at such a time that the City decides to develop a full PBB process.

**Redefine the City's organization structure around outcomes**

Though the City's budget process utilizes a traditional line-item approach, some performance-based budgeting tools are in place in the City but for the most part are not used in budgeting decisions. Specifically, the City has established six City-wide functions and 45 sub-functions that allow for cost aggregations for services performed by one or more departments. These functions and sub-functions are delineated in the *Departmental Manual for the Budget System of the City of Los Angeles* (November 2009) and are shown as Exhibit 3 below. For example, the Transportation Services function is comprised of four sub-functions: Street and Highway Transportation; Parking Facilities; Traffic Control; and Air Transport, for which programs of services could be housed in one or more departments. This existing function and sub-function structure allows for rolling up City costs across departmental lines so that City decision-makers and budget officials can analyze revenues and expenditures for City services without regard to departmental allocations.

Performance-based budgeting calls for budget allocation decisions to be made based on services and service levels desired by City policy makers rather than the traditional approach of adjusting departmental budgets based on previous year allocations. Though not used in the current budget process, the City's function and sub-function structure could serve as a useful foundation for implementing performance-based budgeting City-wide since, under such a system, the Mayor, City Council and other policy-makers would establish broad outcome statements for functions and sub-functions. While we believe that in the near-term the City's existing six functions and 45 sub-functions provide a reasonable basis for building an outcome-oriented structure, the City should review and, where appropriate, revise these functions and sub-functions as part of the strategic planning process recommended for the longer-term.

Under performance-based budgeting, services provided by City departments to achieve these outcomes are grouped as programs, each with specific service objectives and an accountable manager responsible for achieving the service objective. Programs may, but do not have to, match existing department divisions or section. City department programs should be organized around the function/sub-function outcomes. Measurable service objectives are established for each department program to provide managers with a specific objective to achieve in support of the function/sub-function outcomes.

To accomplish the goal of redefining the City's organization structure around outcomes, the following steps are recommended.

- 1) Using existing policy statements issued by the Mayor and City Council, the CAO and Chief Legislative Analyst should work together to propose to the Mayor and City Council City-wide outcomes for each of the City's six functions (the full list of current functions and sub-functions is shown below). The Mayor and City Council should review, revise and finalize the proposed outcomes. An outcome is an end

result over which policy makers and managers may not have full control (such as lowering the crime rate), but around which programs and service objectives should be organized. Outcomes should be broad and long-term in nature and able to withstand the fluctuations of changing political or budgetary climates. Possible outcomes for current City-wide functions are shown in Exhibit 2.

**Exhibit 2: Example Outcome Statements for Current City-wide Functions**

City-wide Function <sup>(1)</sup>	Example Outcome Statement <sup>(2)</sup>
Community Safety	Residents are safe and secure where they live, work and engage with the community.
Home & Community Environment	The City's public and private spaces are safe and clean and support strong communities.
Transportation	Streets, transit systems and supporting infrastructure enable safe and efficient mobility throughout the City.
Cultural, Educational and Recreational Services	Cultural, recreational and educational opportunities enrich the health and well-being of residents.
Human Resources, Economic Assistance and Development	Residents have opportunities to pursue financial security and contribute to and participate in a thriving economy.
General Administration and Support	An efficient and transparent City government delivers effective service to residents and City staff.

<sup>(1)</sup> These are existing Citywide functions.

<sup>(2)</sup> These outcome statements are presented for illustrative purposes. The final outcome statements used as the City implements PBB should be defined by the CAO and Chief Legislative Analyst and approved by the Mayor and City Council.

- 2) The CAO and Chief Legislative Analyst should work together, with input from departmental directors, to propose to the Mayor and City Council a small number (five or fewer) of outcomes for each of the City's 45 existing sub-functions. The Mayor and City Council should review, revise and finalize the proposed outcomes. While sub-functions may be cross-departmental, many of them are associated with just one department. However, many departments perform services linked to more than one sub-function.

Performance-based budgeting calls for establishment of desired outcomes for the City's functions and sub-functions irrespective of how responsibility for the tasks that comprise these functions and sub-functions are allocated among City departments. For example, outcomes established for the City's Blight Identification and Elimination sub-function could involve work performed by the Department of Building and Safety, the Housing Department, the Board of Public Works, and the Bureau of Street Services, among others (see Exhibit 3 for all City functions and sub-functions).

- 3) Departmental directors should work with the CAO to review departmental operations and functions to establish departmental programs, which may or may not mirror the programs currently presented in departmental budgets. In many cases, existing organizational divisions and sections may constitute logical programs. In other cases, some rearrangement or subdivision of existing organizational units may be necessary. Programs established at the departmental level should logically combine activities and tasks performed by staff that contribute to accomplishment of the desired function/sub-function outcomes. Accountability for each such program should be delegated to a single manager along with specific service objectives to govern their activities.

**Exhibit 3: Current City-wide Functions and Associated Sub-Functions**

City-wide Function	Sub-functions*
A – Community Safety	AA – Animal Control AB – Legal Prosecution AC – Crime Control AE – Support of Police Department AF – Fire Control AG – Support of Fire Department AH – Public Assistance AJ – Lighting of Streets AK – Public Utility Regulation AL – Local Emergency Planning and Response
B – Home & Community Environment	BA – Building Regulation BB – City Planning and Zoning BC – Blight Identification and Elimination BD – Public Improvements BE – Stormwater Management BF – Wastewater Collection, Treatment and Disposal BH – Solid Waste Collection and Disposal BI – Aesthetic and Clean Streets and Parkways BL – Environmental Quality BM – Neighborhood Improvement
C – Transportation	CA – Street and Highway Transportation CB – Parking Facilities CC – Traffic Control CE – Air Transport
D – Cultural, Educational and Recreational Services	DA – Arts and Cultural Opportunities DB – Educational Opportunities DC – Recreational Opportunities
E – Human Resources, Economic Assistance and Development	EA – Economic Opportunities and Development EB – Employment Opportunities EF – Social Empowerment Policy EG – Human Services
F – General Administration and Support	FA – Executive FB – Legislative FC – Administrative FD – Legal Services FE – Personnel Services FF – Financial Operations FG – Public Works Administration FH – Public Buildings and Facilities FI – Other General Administration and Support FJ – Pensions and Retirement FK – Unappropriated Balance FL – Debt Service FM – Reserve Fund FN – Governmental Ethics

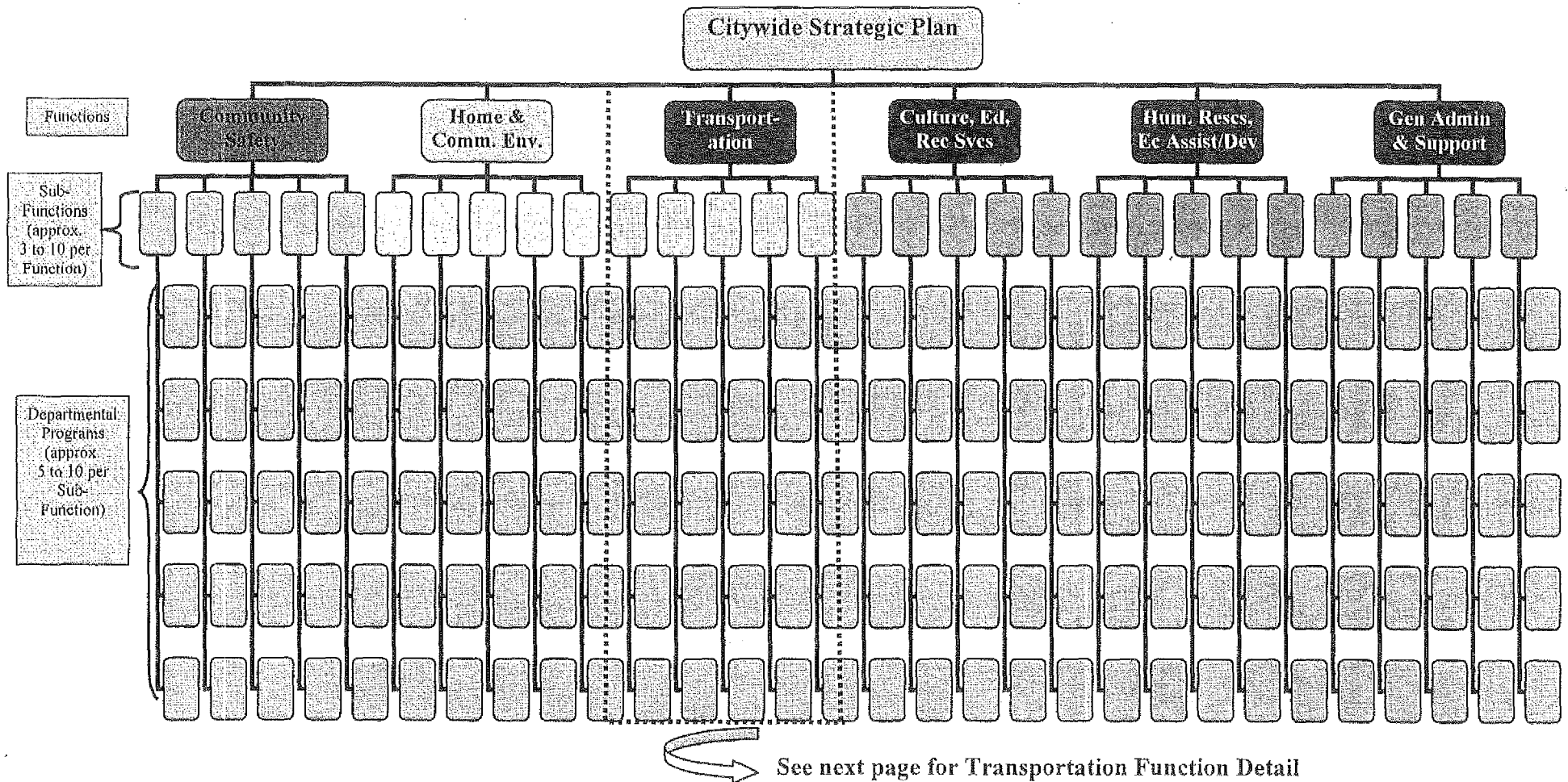
\*The alpha sequence of the Sub-functions includes some “skips.”

- 4) The CAO Budget Director and appropriate staff should work with departmental managers to develop service objectives for each departmental program. The number of service objectives per department should generally be between five and ten, reflecting primary programs, and each one should state in specific and measureable terms what the department sets out to accomplish in each of its programs. Service objectives, unlike outcomes, should be defined so that performance toward meeting them is within the control of management. Therefore, managers should be held accountable for meeting service objectives.

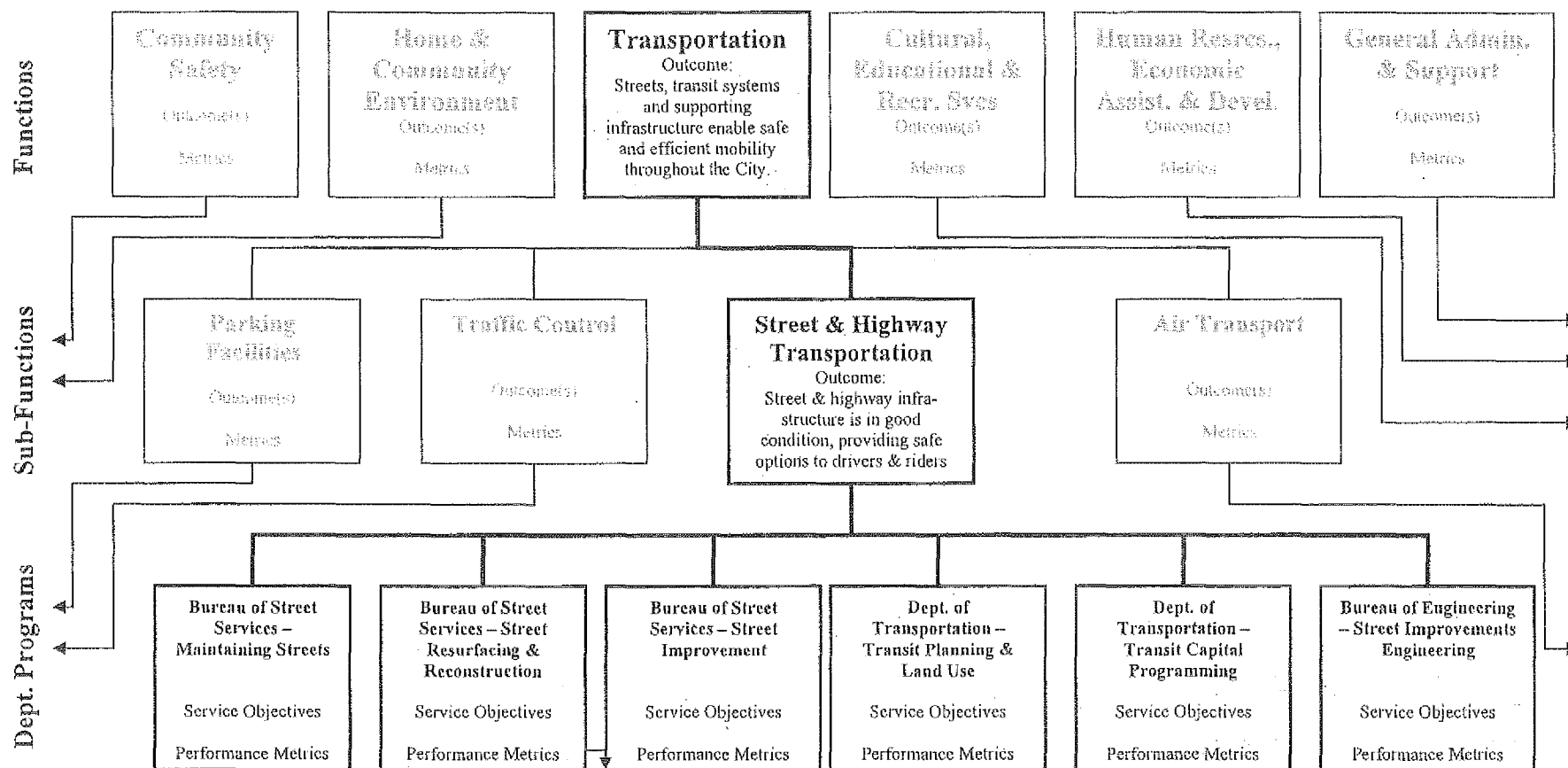
Exhibit 4 depicts the recommended organizational structure orientated around outcomes and performance, and Exhibit 5 shows a similar depiction with a focus on the Transportation function and its associated sub-functions and departmental programs. While the number of sub-functions per function and the number of departmental programs per sub-function will vary, these depictions are intended to provide a general overview of the recommended structural orientation around outcomes and performance.



**Exhibit 4:**  
**Map of City of Los Angeles Organizational Structure Oriented Around Outcomes and Performance**



**Exhibit 5:**  
**Map of City of Los Angeles Organizational Structure Oriented Around Outcomes and Performance**  
 (Highlight on Detail of Transportation Function)



### Develop a Performance Measurement Process

Most City departments already conduct some level of performance measurement for internal management purposes or for reporting to the CAO, Mayor or City Council. However, the type, quality, relevance, and accuracy of this information is inconsistent.

In FY 2009-10 and FY 2010-11, although the Proposed Budget included limited departmental performance metrics, several budget stakeholders report that the information was of minimal value. Performance metrics were not included in the FY 2011-12 Proposed Budget. Officials throughout the City report that departmental performance information is commonly requested by the Mayor and City Council as part of the current budget development process; however, the information provided by departments does not always become part of the official public record. While some of this information may be of high quality and accuracy, in the absence of a common set of criteria for the establishment, collection, validation and reporting of performance data, the information becomes inconsistent and unreliable. Since budget allocation decisions may be based in part on such information, it is critical that a single performance measurement process be defined and implemented consistently across departments.

#### **Steps for Establishing Performance Metrics**

- 1) The CAO should recommend that the Mayor and City Council amend the *Financial Policies for the City of Los Angeles*, Section 1 Subsection on Budgetary Policies, to include a requirement that the City operate a performance-based budgeting (PBB) process. The policy should stipulate that departmental performance metrics be established, maintained, and integrated into the City's budget document, which will be organized to reflect an outcome-centered organizational approach.
- 2) The CAO should designate a manager to oversee performance-based budgeting in the CAO Budget Office. The extent of staff resources necessary would be determined by the CAO, including the decision to redeploy existing or add a new position. This position will coordinate with designated performance metrics coordinators in the departments to develop and monitor metrics, including processes to collect and report the data.
- 3) In the initial stages of implementing PBB, departmental staff should propose performance metrics to the CAO's designated PBB manager who should then collaborate and consult with the departmental coordinators in revising and finalizing the performance metrics to be used. The process of developing the metrics should result in the departments taking "ownership" of the metrics so that departmental staff agrees with the metrics' value and are committed to performing the work that will be required to collect the data needed to measure performance according to the selected metrics.

- 4) At least one metric should be defined for each departmental service objective. Metrics should be collectible, informative, and understandable. They should be relevant to managers, legislators, and the public, although managers may elect to utilize a more detailed set of metrics than they report to policy makers or the public. The following six criteria are key to sound metrics<sup>9</sup>:
- Validity – Does the measure really measure the intended concept?
  - Reliability – Does the measure exhibit a minimum amount of error, changing only when the underlying concept changes?
  - Responsiveness to change – Does the value of the measure change quickly when the underlying concept changes?
  - Ease of understanding – Can the measure be easily explained and understood?
  - Economy of collection – Does the benefit provided by collecting the information outweigh the cost of collection? How much additional cost will be required to calculate this measure on a more frequent basis?
  - Balance – Are the measures as a group balanced along important dimensions? (results v. drivers, short-term v. long-term, etc.)
- 5) Methods should be developed to measure progress toward City-wide outcomes, including those for functions and sub-functions. The Mayor and City Council would be responsible for monitoring progress toward accomplishment of outcomes and should use citizen surveys and publicly available measures (i.e. crime rates, air quality indicators, employment rates, etc.).

#### **Steps for Collecting and Reporting Performance Data**

- 1) The CAO's designated manager overseeing PBB should create a standard form for departmental submission of performance data that will be appropriate both for annual submittals as part of the budget development process and for periodic submittals throughout the fiscal year.
- 2) The CAO's designated manager overseeing PBB should establish timeframes for submission of performance data that will facilitate routinized monitoring of departmental performance and also minimize the impact on staff time.
- 3) The CAO's designated manager overseeing PBB should work with the Budget Director to incorporate performance metrics into the departmental budget documents. The presentation of expenditures and performance data should be integrated so that a

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<sup>9</sup> Based on Schieman and Lingle, *Bullseye! Hitting Your Strategic Targets Through High-Impact Measurement*, The Free Press, 1999.

unit cost can be derived for each service objective. Readers of the budget should be able to see how a reduction or augmentation to any given departmental division will result in a service level impact.

- 4) The CAO should work with the Information Technology Agency (ITA) to develop an online searchable database of performance data that will allow citizens to access all the information collected by the CAO. At minimum, the database should report annual performance data as compared to targets and historic performance and should be searchable by department, service objective or associated City-wide function. (See Austin, Texas example in Sections 3 and 4.)

#### **Steps for Validating Performance Data**

- 1) The CAO should recommend that the Mayor and City Council amend the *Financial Policies for the City of Los Angeles*, Section 1 Subsection on Budgetary Policies, to include a requirement that the City Controller conduct a process to verify the validity of the performance metrics submitted to the CAO.
- 2) The City Controller should designate a performance metrics verification coordinator to oversee the process of validating departmental performance metrics. The extent of staff resources committed to this effort will be determined by the Controller, with input from the City's budget stakeholders, regarding how many departments' performance metrics should be reviewed and validated per year. Reviewing a certain number, but not all, departments each year on a rotating cycle would be sufficient to ensure an effective PBB system. It would require redeployed or new staff resources in the Controller's Office. Initial establishment of Controller's office performance metrics validation policies and procedures would require an extra commitment of staff resources for a limited duration.
- 3) At least once per year, the City Controller's staff should perform an audit of reported performance data for each department. This may be accomplished in the course of conducting the Controller's scheduled audits or, for departments not audited during any given year, by a special limited audit of performance data. The audits will be based on random and statistically significant samples of records. Audit staff will seek evidentiary documentation to support the reported performance data and will be authorized to access departmental electronic accounting systems or records as part of that effort.
- 4) The City Controller should report the results of the annual validation process to the departments, the CAO, the Mayor and the City Council.

#### **Additional Steps for Future Phased Implementation**

While this blueprint for the initial implementation of PBB Citywide is focused on the elements above only, steps that could eventually be taken at the City's discretion for full

implementation of performance-based budgeting are as follows. Timing and sequence of these steps could be determined by City officials after the initial elements described above are implemented.

**Develop a City-wide strategic plan (Element #1)**

- 1) The Mayor and the City Council should work collaboratively to craft a comprehensive City-wide strategic plan that assesses challenges and opportunities facing the City and its strengths and weaknesses and identifies mid- and long-term priorities and describes strategies to accomplish them. Since it would be unrealistic to expect all parties to agree on specific program priorities, the priorities should be broad and centered around the existing six City Functions and the associated outcomes that will be identified as part of this process. Citizen input should be incorporated into the process of developing the strategic plan. As part of a Citywide strategic planning process, City officials may want to reconsider its existing function and sub-function structure, as presented in Exhibits 2 and 3 above.

**Link the budget and spending decisions to performance (Element #5)**

- 1) The CAO Budget Director, with the executive leadership of each department, should review and revise the departmental budgetary programs to align them more closely with the organizational structure in each department. This will facilitate the allocation of costs by function, sub-function and program. In many cases, departmental divisions adequately represent programmatic functions and the existing budgetary programs will only need to be modified slightly to match those divisions. In other departments with a smaller number of large divisions, those divisions may need to be broken into components so that each unit represents a logical functional area around which a budget would be organized.
- 2) The proposed and approved budget books should be changed by the CAO's Budget Director and manager overseeing PBB to integrate the performance data into the departmental budget presentations. Specifically, for each budgetary program, corresponding service objectives should be stated and shown with allocated costs. This will allow readers of the budget and budget decision-makers to see the cost of various levels of service or performance and, therefore, understand the service or performance impacts of budget reductions or augmentations.

**Align accounting systems with budgeted service delivery structures (Element #6)**

- 1) Department Directors should modify the codes or categories their staff use to track time and costs for the City electronic cost accounting system, FMS, and any systems internal to departments to enable the tracking of costs at the service objective level. They should ensure that work orders are created at a level of detail that allows costs to be allocated at the service objective level. Department directors should require employees to record their time by work orders so that such cost allocation through

FMS is possible. FMS requires that all time and cost recording be assigned to a work order, so the structure is in place to record all City costs by an activity that can be used for determining the costs of the primary services performed by the City.

- 2) Department directors should develop methods to allocate overhead and other indirect costs to programs and subsidiary service objectives.
- 3) As City resources allow, CAO staff and ITA staff should work together to modify FMS to allow for the input of performance data directly into FMS in such a way that facilitates unit cost analysis. Initially, staff time data will be downloaded to FMS from PaySR, the City payroll system. If the City decides to purchase the optional FMS performance budgeting module in the future that was not purchased for the first phase of FMS implementation in July 2011, the collection and integration of performance and cost data in FMS should be enhanced.
- 4) **Use performance data in executive and legislative decision making (Element #7)**
  - 1) The Mayor and members of the City Council should use the performance data as integrated into the budget document to examine the effectiveness and efficiency of performance-based budgeting programs. These policy makers should consider the performance data as they weigh proposed budget reductions and augmentations, and compare performance to the City's stated priorities (see discussion of strategic planning above).
  - 2) In addition, the performance data should be made easily accessible to citizens via an online searchable database, as described in the "reporting of performance data" section of this report.

### **Section 3: Performance-based Budgeting: Pilot Plan for Department of City Planning**

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This section contains an outline of the steps that the Department of City Planning (DCP) managers and staff should follow to implement the seven elements of a performance-based budgeting process on a pilot basis. Certain staff and officials in the Mayor's Office, City Council offices, the City Administrative Officer's Office (CAO), the Chief Legislative Analyst's office and the City Controller's office, would also contribute to and be involved in the pilot program for DCP, as identified in this plan.

As part of the process of developing this blueprint plan for the DCP, we requested and received feedback from DCP managers and all key City budget stakeholders that would be involved in PBB implementation for the Department. We considered the feedback from these parties and incorporated their suggestions when we determined it would improve this plan.

This blueprint plan does not provide direction regarding the amount of the overall budget allocation for the DCP pilot program. Decision-makers may choose to implement the PBB pilot by holding constant the DCP's overall budget allocation and limiting changes to redistribution within the Department given the existing level of funding, or they may choose to allow the overall budget allocation to increase or decrease based on the results of PBB analysis. Ultimately, when performance-based budgeting is rolled out to all departments, the Mayor and City Council would be expected to consider broader redistributions between departments based on the results of strategic planning and performance-based budgeting analysis.

#### **Element #1: Strategic prioritization and planning process in place**

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##### **Current status**

The DCP has two internal documents that were produced recently with the aim of providing strategic direction to the Department. The first, the *Los Angeles Department of City Planning Strategic Plan*, was released in 2010 under the previous Director of City Planning and, according to department management, is not currently used. That document contains four "strategic points" around which broad goals were listed, but without any timelines or plans for achieving the goals.

The second document, the *Los Angeles Department of City Planning Blueprint 2010-11: Doing More with Less*, released under the new department Director in February 2011, outlines eight changes for DCP to implement to reorganize the Department for process improvement. The changes recommended in the Blueprint document took effect February 22, 2011. The *Blueprint 2010-11* is not a full strategic plan that assesses department strengths and weaknesses and presents broad multi-year priorities and outcomes, objectives, tasks or timelines for their accomplishment. A summary of the blueprint was included as part of the Department's budget submittal to the City Administrator's Office (CAO).



To implement performance-based budgeting Element #1 at DCP, the following steps are recommended:

- 1) The Director of DCP should establish a policy requiring that a departmental strategic plan be developed, maintained and monitored at defined intervals.
- 2) Executive staff should build upon the recent experience in developing the *Blueprint 2010-11* and develop a full multi-year strategic plan including an assessment of organizational strengths and weaknesses and ensuring that mid- and long-term priorities are delineated with corresponding outcomes, objectives and strategies for achieving them. Priorities should be broad enough to withstand any annual fluctuations arising from Mayoral or City Council policy direction, but flexible enough to adjust to them. The following general steps, based on recommendations from the National Performance Management Advisory Commission<sup>10</sup>, are key to a performance-driven strategic planning process:

- Vision and mission identification

A vision provides a focus on a future state and provides a context for creating measures that reflect progress toward that future state. A vision statement is often inspirational, and it helps answer the question, “Where do we need to go?” A mission statement is more concrete and says what the purpose of the organization is and also helps readers understand what is outside the purpose. It therefore helps the organization identify what it needs to accomplish, establish priorities, and set expectations.

- Environmental scan and analysis

This practice enables the organization to understand the internal and external forces that are likely to affect its ability to achieve desired results. Organizations need to put together a full picture of the challenges and opportunities the environment presents and the department’s own strengths and weaknesses. From this information, assumptions can be made to guide the remainder of the planning process.

- Stakeholder perspectives on priorities and performance

Public involvement and a true understanding of public priorities are crucial to the strategic planning process. Community meetings, citizen surveys, focus groups, and other information-gathering techniques are most frequently used in planning processes. In the budget, feedback mechanisms such as hearings or Web-based budget choice “voting” systems may be useful.

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<sup>10</sup> Based on “A Performance Management Framework for State and Local Government: From Measurement and Reporting to Management and Improving”, National Performance Management Advisory Commission, 2010.

- Key outcomes and strategies

Well-articulated and measureable outcomes provide a basis for setting annual targets and for assessing the extent to which the organization is fulfilling its mission. Strategies describe how outcomes will be accomplished. Strategies can be used to develop programs and activities that enable the organization to pursue the outcomes.

DCP management should identify a small number (five or fewer) of *outcomes* that the Department seeks to achieve. An outcome is a broad end result over which managers may not have direct influence, but reflect the City's and Department's policy vision which programs and service objectives should be organized. Based on the Department's strategic, budgetary, and other documents, we suggest outcomes such as the following:

- The City as whole is well-planned, consistent with the General Plan.
- Individual development projects are consistent with all City planning objectives, laws and requirements.
- Development project approval incorporates community plans and public and neighborhood input to the fullest extent possible.
- Environmental impacts of development projects are mitigated through a thorough public process, consistent with all applicable laws.
- Citizens and development project applicants are served in an efficient and effective manner.

Managers responsible for departmental programs or divisions that fall under the same outcome area should report to the same manager in order to align managerial accountability with the Department's stated outcomes.

- 3) DCP management should conduct formal ongoing strategic planning and assessment of progress toward accomplishing strategic priorities should occur at regular intervals, at least annually.
- 4) The initial strategic plan revision process and the ensuing strategic planning update processes should incorporate citizen input, which could be accomplished in any number of ways, including using neighborhood outreach workshops; online surveys; City Council hearings; and other tools that may be identified by the "community involvement" strategic change number one in the *Blueprint 2010-11*.

*Example from other jurisdiction*

*The City of Charlotte, NC conducts a strategic planning process that, according to its Strategic Planning Handbook, "begins with an examination of organizational mission, core values, and vision. It ends with the development of a game plan that translates these concepts into actions that align organizational philosophy. Strategy is an integral component of the overall management philosophy. The strategic plan translates mission into actions and action into outcomes."*

**Element #2: Organizational structure is built around outcomes**

To implement performance-based budgeting in a single department such as DCP on a pilot basis, programs (which could be the same as Department organizational units, such as divisions or sections, or could be comprised of other groupings of staff and resources) should be organized around achievement of broad Citywide outcomes for applicable City functions and sub-functions. Service objectives should be established by Department management governing tasks to be performed by DCP programs to achieve the service objectives. Service objectives should be focused on activities which managers can control (e.g., police response time vs. reducing City's crime rate).

**Current Status**

While DCP does not currently have stated outcomes around which its divisions and sections are organized, the following four "strategic points" presented in the Department's 2010 strategic plan could provide a starting point for developing them.

- a. Do Real Planning
- b. Build an Efficient and Effective Department
- c. Develop Innovative Solutions
- d. Engage the Community

Prior to the *Blueprint 2010-11* and the reorganization implemented in February 2011, most of the Department's primary functions were organized by a combination of function and geographic areas. Now, however, the Department's four divisions and 15 subsidiary units, or sections, are organized by function except for the San Fernando Valley section, which performs the same functions as the central office, but for properties located in the San Fernando Valley only.

Just as all of the City's departmental programs fall into one of six broad City functions, DCP's programs should be likewise grouped by outcome for the pilot PBB. Additionally, the Department's four divisions are fairly broad and should be further broken down to more manageable and definable programs.

To implement performance-based budgeting Element #2 at DCP, the following steps are recommended:

- 1) Building upon the outcome development process that it will undertake as part of strategic planning (Element #1), DCP management should develop and define *service objectives* for each of the Department programs that will support the targeted outcomes. New or revised programs may be defined as part of this effort. Unlike outcomes, service objectives should be defined so that they are within the control of Department managers who will be held accountable for achieving the service objectives. For the purposes of reporting to the City Council and Mayor in budget documents, and to minimize the impact on staff, the number of service objectives should be small, yet capture the primary activities of the Department and each program.

Based on an analysis of the Department's organization structure and budgetary programs, we suggest that service objectives such as those shown in Exhibit 6 be established for each of the Department's program areas.

**Exhibit 6: Example Service Objectives for Department of City Planning  
Performance-based Budget Programs**

<b>DCP Program</b>	<b>Service Objectives</b>
Policy Planning and Historic Resources (long-term planning)	<ul style="list-style-type: none"><li>• All elements of the General Plan and Community Plans comply with State &amp; City legal and policy requirements.</li></ul>
Neighborhood Projects (case processing: Valley and Metro)	<ul style="list-style-type: none"><li>• Cases are processed within # days of application being determined complete and results comply with all State and local mandates.</li><li>• Decision maker is satisfied with quality of staff reports.</li></ul>
Major Projects (Valley and Metro)	<ul style="list-style-type: none"><li>• Cases are processed within # days of application being determined complete and results comply with all State and local mandates.</li><li>• Decision maker satisfaction with quality of staff reports.</li></ul>
Zoning Administrator Cases (Valley and Metro)	<ul style="list-style-type: none"><li>• Decision made on cases within # days of applications being determined complete and results comply with all State and local mandates.</li><li>• Decision maker satisfaction with quality of staff reports.</li></ul>
Expedited Cases	<ul style="list-style-type: none"><li>• Decision made on cases within # days of applications being determined complete and results comply with all State and local mandates.</li><li>• Decision maker satisfaction with quality of staff reports.</li></ul>
Environmental Analysis	<ul style="list-style-type: none"><li>• Environmental review completed within # days of initial study and comply with all State and local mandates.</li></ul>
Development Services Center	<ul style="list-style-type: none"><li>• Customers are served promptly, within # minutes of arrival.</li><li>• Customers are satisfied that they have received accurate, consistent information.</li></ul>

- 2) Define activities for each service objective. Activities should be defined to match the Department's work orders. Department managers should use data for activities at their discretion in order to meet stated service objectives.

*Example from other jurisdiction*

*The City of San Jose organizes its budget and performance measurement process around six City Service Areas (CSA): Community and Economic Development; Environmental and Utility Services; Neighborhood Services; Public Safety; Transportation and Aviation Services; and Strategic Support. Each CSA has two to five outcomes and subsidiary Core Services with their own associated outcomes.*

*The following two pages show the City of San Jose's "Core Service Map" which summarizes the CSAs and affiliated services and departments. Though different terms are used by the City of San Jose, the budget structure mirrors that recommended for a Performance-based Budget process in the City of Los Angeles, with San Jose's Core Service Areas and subsidiary core services similar to Los Angeles' functions and sub-functions, respectively. Programs within each agency or department that comprise each Core Service Area in the City of San Jose are not shown on the document.*

## Introduction

# City Service Area – Core Service Map

### COMMUNITY & ECONOMIC DEVELOPMENT CSA

*Mission: To manage the growth and change of the City of San José in order to encourage a strong economy, create and preserve healthy neighborhoods, ensure a diverse range of housing and employment opportunities, and encourage a diverse range of arts, cultural and entertainment offerings.*

#### Outcomes:

- Strong Economic Base
- Safe, Healthy, Attractive and Vital Community
- Diverse Range of Housing Options
- Range of Quality Events, Cultural Offerings, and Public Amenities

#### Core Services

##### CITY MANAGER – ECONOMIC DEVELOPMENT

- Arts and Cultural Development
- Business Development and Economic Strategy
- Outdoor Special Events
- Workforce Development

##### CONVENTION FACILITIES

- Convention Facilities

##### FIRE

- Fire Safety Code Compliance

##### HOUSING

- Community Development and Investment
- Increase the Affordable Housing Supply
- Maintain the Existing Affordable Housing Supply

##### PBCE

- Development Plan Review and Building Construction Inspection
- Long Range Land Use Planning

##### PUBLIC WORKS

- Regulate/Facilitate Private Development

##### SAN JOSÉ REDEVELOPMENT AGENCY

- Enhance the Quality and Supply of the City's Housing Stock
- Initiate and Facilitate Private Development
- Initiate and Facilitate Public Facilities and Spaces
- Promote and Implement Neighborhood Improvement Strategies

### ENVIRONMENTAL & UTILITY SERVICES CSA

*Mission: Provide environmental leadership through policy development, program design, and reliable utility services.*

#### Outcomes:

- Reliable Utility Infrastructure
- Healthy Streams, Rivers, Marsh and Bay
- "Clean and Sustainable" Air, Land and Energy
- Safe, Reliable, and Sufficient Water Supply

#### Core Services

##### ENVIRONMENTAL SERVICES

- Natural and Energy Resources Protection
- Potable Water Delivery
- Recycled Water Management
- Recycling and Garbage Services
- Stormwater Management
- Wastewater Management

##### TRANSPORTATION

- Sanitary Sewer Maintenance
- Storm Sewer Management

### NEIGHBORHOOD SERVICES CSA

*Mission: To serve, foster, and strengthen community by providing access to lifelong learning, opportunities to enjoy life, and preserving healthy neighborhoods.*

#### Outcomes:

- Safe and Clean Parks, Facilities and Attractions
- Vibrant Cultural, Learning, Recreation, and Leisure Opportunities
- Healthy Neighborhoods and Capable Communities

#### Core Services

##### GENERAL SERVICES

- Animal Care and Services

##### LIBRARY

- Access to Information, Library Materials and Digital Resources
- Formal and Lifelong Self-Directed Education

##### PRNS

- Community Strengthening Services
- Life Enjoyment Services
- Neighborhood Livability Services

##### PBCE

- Community Code Enforcement

# Introduction

## City Service Area – Core Service Map

### PUBLIC SAFETY CSA

*Mission: Provide prevention and emergency response services for crime, fire, medical, hazardous, and disaster related situations.*

#### Outcomes:

- The Public Feels Safe Anywhere, Anytime in San José
- Residents Share the Responsibility for Public Safety

#### Core Services

##### FIRE

- Emergency Response
- Fire Prevention

##### INDEPENDENT POLICE AUDITOR

- Independent Police Oversight

##### POLICE

- Crime Prevention and Community Education
- Investigative Services
- Regulatory Services
- Respond to Calls for Service
- Special Events Services

### TRANSPORTATION & AVIATION SERVICES CSA

*Mission: To provide the community with safe, secure, and efficient surface and air transportation systems that support San José's livability and economic vitality.*

#### Outcomes:

- Provide Safe and Secure Transportation Systems
- Provide Viable Transportation Choices that Promote a Strong Economy
- Travelers Have a Positive, Reliable and Efficient Experience
- Preserve and Improve Transportation Assets and Facilities
- Provide a Transportation System that Enhances Community Livability

#### Core Services

##### AIRPORT

- Airport Customer Service
- Airport Environmental Management
- Community Air Service

##### POLICE

- Traffic Safety Services

##### TRANSPORTATION

- Parking Services
- Pavement Maintenance
- Street Landscape Maintenance
- Traffic Maintenance
- Transportation Operations
- Transportation Planning and Project Delivery

### STRATEGIC SUPPORT CSA

*Mission: To effectively develop, manage and safeguard the City's fiscal, physical, technological, and human resources to enable and enhance the delivery of City services and projects.*

#### Outcomes:

- A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations
- Safe and Functional Public Infrastructure, Facilities and Equipment
- Effective Use of State-of-the-Art Technology
- Sound Fiscal Management that Facilitates Meeting the Needs of the Community

#### Core Services

##### FINANCE

- Disbursements
- Financial Reporting
- Purchasing and Materials Management
- Revenue Management
- Treasury Management

##### GENERAL SERVICES

- Facilities Management
- Fleet and Equipment Services

##### HUMAN RESOURCES

- Employee Benefits
- Employment Services
- Risk Management
- Training and Development

##### INFORMATION TECHNOLOGY

- Customer Contact Center
- Enterprise Technology Systems and Solutions
- Information Technology Infrastructure

##### PUBLIC WORKS

- Plan, Design and Construct Public Facilities and Infrastructure

##### RETIREMENT

- Retirement Plan Administration

### MAYOR, CITY COUNCIL AND APPOINTEES

*Mission: Council appointees exist to support and advance the collective work done by the City organization through leadership, communication, and coordination.*

#### MAYOR AND CITY COUNCIL

- Office of the Mayor
- City Council

#### CITY ATTORNEY

- Legal Representation
- Legal Transactions

#### CITY AUDITOR

- Audit Services

#### CITY CLERK

- Facilitate the City's Legislative Process

#### CITY MANAGER

- Analyze, Develop and Recommend Public Policy
- Lead and Advance the Organization
- Manage and Coordinate City-Wide Service Delivery



**Element #3: Performance metrics established to measure outcomes and objectives**

**Current status**

The Department currently only measures the number of cases processed though it is in the process of implementing regular tracking and reporting of the number of days that transpire between project approval and issuance of Letters of Determination.

To implement performance-based budgeting Element #3 at DCP, the following steps are recommended:

- 1) A performance metric should be defined by DCP management for each of the Department's five broad *outcomes* and each service objective as discussed under Element # 2 above. These metrics should broadly measure the status of each outcome. For example, the fifth suggested outcome statement above ("Citizens and development project applicants are served in an efficient and effective manner") could be measured by the results of customer survey, enabling the assessment of a metric such as "80 percent of customers are satisfied with the Department's service." Department management should develop these outcome metrics with input from the Mayor, CAO and City Council.
- 2) DCP management should identify performance metrics for each *service objective* described in Element #2. Metrics should be collectible, informative, and understandable. They should be relevant to managers, legislators, and the public, although managers may elect to utilize a more detailed set of metrics than they report to policy makers or the public (reporting guidelines are defined in Elements #5 and #7). Department management could also establish more detailed performance metrics for internal management purposes. The following six criteria are key to sound metrics<sup>11</sup>:
  - Validity – Does the measure really measure the intended concept?
  - Reliability – Does the measure exhibit a minimum amount of error, changing only when the underlying concept changes?
  - Responsiveness to change – Does the value of the measure change quickly when the underlying concept changes?
  - Ease of understanding – Can the measure be easily explained and understood?
  - Economy of collection – Does the benefit provided by collecting the information outweigh the cost of collection? How much additional cost will be required to calculate this measure on a more frequent basis?

<sup>11</sup> Based on Schieman and Lingle, *Bullseye! Hitting Your Strategic Targets Through High-Impact Measurement*, The Free Press, 1999.

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- Balance – Are the measures as a group balanced along important dimensions? (results v. drivers, short-term v. long-term, etc.)
- 3) The DCP Director should designate a performance metrics coordinator in the Executive Office or Administrative Services division. This position should coordinate with the designated performance-based budgeting coordinator in the CAO's Office to develop and monitor performance metrics, including development of processes to collect and report the data. For example, elapsed case processing time data from the Department's Permit Case Tracking System (PCTS) and annual surveys of development project application decision makers should be reviewed with the CAO's Office for approval for use in measuring DCP performance.
- 4) In the initial stages of developing the performance metrics, the DCP performance metrics coordinator should propose metrics to the CAO's designated manager overseeing PBB, who will then consult with the DCP coordinator in revising and finalizing the metrics.

#### *Example from other jurisdiction*

*The City of Richmond, VA operates a performance management program, RichmondWorks, which is integrated into its budget system to enable the use of performance data in budget decisions. The following are select measures used in the Community Development Department's budget presentation for Planning & Zoning:*

<i>Current Planning:</i>	<i>Average processing time for plans of development</i>
<i>Planning &amp; Preservation:</i>	<i>Percent of Certificates of Appropriateness administratively approved within 10 business days</i>
<i>Zoning Administration:</i>	<i>Percent of Zoning Confirmation Letters issued within 30 days</i>

**Element #4: Mechanism is in place to accumulate and validate performance data**

**Current status**

DCP's Permit Case Tracking System (PCTS) tracks data on development project caseload and case status. This electronic system has the ability to track and report caseload activity by case type and elapsed time to process a case and/or between case milestones (e.g., number of days between application file date and date application determined complete by DCP staff). However, PCTS is not currently being used to track elapsed case processing time or milestones and, as reported by Department management, the information produced by such reports might be of limited value at present since Department staff do not consistently enter case data into the system. A process for validating data entered into PCTS is not in place at this time.

To implement performance-based budgeting Element #4 at DCP, the following steps are recommended:

- 1) The Department Director should direct staff to input and maintain current and accurate data pertaining to their development project caseloads in PCTS.
- 2) The CAO's designated manager overseeing PBB should create standard forms for central submission of the Department's performance data from CAO-approved sources such as PCTS and surveys of development project application decision makers.
- 3) The CAO's designated manager overseeing PBB should define timeframes for DCP's submission of performance data.
- 4) The City Controller's Office should assume responsibility for validation of reported performance data. The City Controller should designate a staff member as coordinator of performance data validation.
- 5) The City Controller's performance data validation coordinator, in conjunction with appropriate City Controller staff, should define performance metric validation criteria and procedures.
- 6) At least once per fiscal year, the City Controller's performance data validation coordinator should perform an audit of DCP's reported performance data. The audit should be based on a random and statistically significant sample of records. Audit staff should seek evidentiary documentation to support the reported performance data and should be authorized to access DCP internal electronic accounting systems or records as part of that effort.
- 7) The City Controller should report the results of the annual validation process to the DCP, CAO, Chief Legislative Analyst and the City Council.

*Example from other jurisdiction*

*The San Jose City Auditor performs limited verification of performance metrics as part of its Service Efforts and Accomplishments report process. While many of the jurisdictions that operate a performance-based budget system report that their metrics validation process is weak or needs improvement, managers of those systems also report that a stronger validation process would bolster the perceived value of the data and improve the efficacy of their PBB processes.*

**Element #5: Budget links spending to service objectives**

**Current status**

The budgetary programs identified in the DCP budget are comprised of roll-ups of a number of Department sections or organization units that perform different tasks and should have different service objectives, as discussed above under Element #2. Therefore, the Department's budgetary units should be restructured so that costs are clearly identified for all programs and service objectives as defined in Element #2 above. This will enable City decision makers to determine funding levels for the Department's primary activities based on their desired levels of service. In addition to the direct personnel and non-personnel costs of each program, Department administrative costs (Administration and Information Technology divisions) should be proportionately allocated to each program to present the full costs for each service objective.

Examples of the key information that should be provided in the Department of City Planning budget and used as the basis of budget allocation decisions is summarized in Exhibit 7 below. Sample changes in allocations are also presented to show how PBB performance information might be used to affect budget allocation decisions.

**Exhibit 7: Sample Budget Presentation for DCP**

<b>DCP Program</b>	<b>Prior Year Actual Level of Service</b>	<b>Prior Year Actual Expend.</b>	<b>Budget Year Service Objectives</b>	<b>Budget Year Cost to Achieve Service Level</b>
Policy Planning and Historic Resources (long-term planning)	General Plan elements up to date and consistent with State, City legal requirements.  Community Plans delayed.	\$8,000	All elements of General Plan and Community Plans comply with State & City legal and policy requirements	\$10,000 (increase for more timely completion of complete Community Plans)
Neighborhood Projects (case processing: Valley and Metro)	Median case processing was below target.  Area and City Planning Commission. Satisfied. DCP Director Satisfied	\$30,000	<ul style="list-style-type: none"> <li>Cases processed within # days of determined complete and results comply with all State and local mandates.</li> <li>Decision maker(s) satisfied with staff report quality.</li> </ul>	\$30,000 (no change; manager directed to improve case processing efficiency with existing resources)

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<b>DCP Program</b>	<b>Prior Year Actual Level of Service</b>	<b>Prior Year Actual Expend.</b>	<b>Budget Year Service Objectives</b>	<b>Budget Year Cost to Achieve Service Level</b>
Major Projects (Valley and Metro)	Median case processing was above target.  Area and City Planning Commission Very Satisfied.	\$20,000	<ul style="list-style-type: none"> <li>▪ Cases are processed within # days of application determined complete and results comply with all State and local mandates</li> <li>▪ Decision maker(s) satisfaction with quality of staff reports.</li> </ul>	\$15,000 (slight reduction based on new efficiencies realized for this activity)
Zoning Administrator Cases (Valley and Metro)	Median case processing was at target level.  Zoning Administrator, DCP Director Satisfied.	\$10,000	<ul style="list-style-type: none"> <li>▪ Decision made on cases within # days of applications determined complete and results comply with all State and local mandates</li> <li>▪ Decision maker(s) satisfaction with quality of staff reports.</li> </ul>	\$10,000 (no change)
Expedited Cases	Median case processing time was above target level.  Area and City Planning Commission Satisfied.	\$75,000	<ul style="list-style-type: none"> <li>▪ Decision made on cases within # days of applications determined complete and results comply with all State and local mandates</li> <li>▪ Decision maker(s) satisfaction with quality of staff reports.</li> </ul>	\$75,000 (no change)

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*Section 3: Pilot Plan for Department of City Planning*

<b>DCP Program</b>	<b>Prior Year Actual Level of Service</b>	<b>Prior Year Actual Expend.</b>	<b>Budget Year Service Objectives</b>	<b>Budget Year Cost to Achieve Service Level</b>
Environmental Analysis	Median environmental review time was at target level.  All reports complied with State and local mandates	\$48,000	▪ Environmental review completed within # days of initial study and comply with all State and local mandates.	\$48,000 (no change)
Development Services Center	Customer waiting time below service objective  Customer survey: most customers dissatisfied.	\$25,000	▪ Customers are served promptly, within # minutes of arrival  ▪ Customers are satisfied that they have received accurate, consistent information.	\$40,000 (increased to achieve improved customer service objectives)

To implement performance-based budgeting Element #5 at DCP, the following steps are recommended:

- 1) The Director of DCP, in conjunction with the CAO's Budget Director, should review and revise DCP's budgetary program to align them with the Department's performance-based budget programs and service objectives as defined above.
- 2) Once the budget organization is amended, the budget presentation should include actual and proposed allocations of costs by service objective. This will reveal the costs of achieving various levels of service. Indirect costs will need to be allocated to divisions and, in turn, to service objectives.
- 3) The DCP sections of the proposed and approved budget books should be changed by the CAO's Budget Director and manager overseeing PBB to integrate the performance data into the DCP budget presentation. Actual costs and performance results from the prior year(s) should also be presented.

*Example from other jurisdiction*

*The City of Dallas budget document is organized around its six Key Focus Areas, similar to City of Los Angeles functions. Dallas produces a summary page for each service (similar to the performance-based budget programs recommended for Los Angeles), that comprised the Key Focus Area. The example shown on the following page is for the Construction Plan Review and Permitting service. As shown in this example, the primary organizational focus is the service, not the department, which is merely referenced in the top right corner. The performance measures compare the target to the estimated actual in the current year, with an indicator for actual status (in this case, "on track"), and a proposed target for the next budget year.*



## Key Focus Area 2: Economic Vibrancy

### Construction Plan Review and Permitting

Department: Sustainable Development and Construction - Enterprise

- 2.8 Description:** This service reviews building plans for compliance with construction and zoning codes and issues permits for private construction activities. Timely, accurate and consistent plan review and inspection encourages private development and investments that grow the tax base, while preserving life safety and maintaining quality of life. Tasks associated with the implementation of the Green Building Code are being integrated into the standard operating procedures of plan review and permitting.

Source of Funds:	FY 2009-10 Budget Dollars	FTE	FY 2009-10 Estimate Dollars	FTE	FY 2010-11 Proposed Dollars	FTE
General Fund	\$0	0.0	\$0	0.0	\$0	0.0
Enterprise/Internal Svc/Other	\$6,075,824	43.8	\$6,133,778	43.8	\$7,531,259	57.7
Additional Resources	\$0	0.0	\$0	0.0	\$0	0.0
<b>Total</b>	<b>\$6,075,824</b>	<b>43.8</b>	<b>\$6,133,778</b>	<b>43.8</b>	<b>\$7,531,259</b>	<b>57.7</b>

Performance Measures	FY 2009-10 Budget	FY 2009-10 Estimate	FY 2010-11 Proposed
Average review time (days)	16	19	14
Number of permits issued same day.	90	100	120
Number of customers served per day.	95	110	130
Building permits reviewed	900	1,150	1,300

**FY 09-10 Performance Measure Status:**  
On Track



**Service Target FY 2010-11:** Target review time on plans review is 14 days. Walk-in customer wait time will be an average of 10 minutes.

**Major Budget Items:** Adds Rapid Response Team that integrates development coordination, express and expedited review and Customer Consultation Center to be funded by new revenues generated by fees.

**Element #6: Accounting systems aligned with budgeted service delivery structures**

**Current status**

DCP has developed a comprehensive inventory of work order numbers that allows for capturing staff time at a very detailed level. Using the E-Time application, Department staff could be recording how many hours they work on long-term planning projects, individual development project applications, and other specific activities. Unfortunately, most staff are not recording their time using the work order codes. As a result, the Department cannot determine the costs of their specific activities at present.

If all staff were to begin coding their time by work order number to at least record their time consistent with the budget programs discussed in Element #5 above (and Administration or Information Technology hours for Department executive management and support staff), the Department would be able to identify the costs of their key activities. This data could then be combined with costs for non-personnel items such as materials and supplies and administrative overhead to determine total costs for all key programs.

Detailed accounting of staff time by activity will be supported by the new FMS and will allow for identification of personnel and non-personnel costs by Department work orders.

To implement performance-based budgeting Element #6 at DCP, the following steps are recommended:

- 1) DCP staff should review and revise the Department's list of nearly 1,700 work orders, including nearly 500 that are actively used, to ensure that all work orders are current and used in a way that best reflects actual activities.
- 2) The DCP Director should ensure that Department staff are accurately utilizing work orders in a way that represents their actual use of time as specifically as possible. Different work orders should be used to track time spent on different types of cases. Time tracking should be done every day.
- 3) Department staff should actively ensure that "activities" assigned to each work order are accurately defined so that when tracked with FMS they will allow costs to be rolled up by service objective.
- 4) Department financial management and accounting staff should ensure that indirect costs are allocated by program so that complete costs may be presented on that level and by service objective.

*Example from other jurisdiction*

*The City of Dallas has a 'home-grown' system that integrates its financial system with its budget system. Many PBB jurisdictions report using unsophisticated systems to track performance data and compare it to budget data, underscoring the fact that an expensive and technologically advanced system is not a prerequisite to implementing a strong PBB system.*

<b>Element #7: Reporting and active use of performance data</b>
---

**Current status**

The Department does not currently track or utilize performance data other than total caseload. The Department is presently beginning to track the time between development project decisions and issuance of determination letters.

The Department reports that it does not use the performance data included in the Community Environment metrics section of the City budget document for management or budgeting purposes. Performance data and results are not used in the City's budget process at present.

To implement performance-based budgeting Element #7 at DCP, the following steps are recommended:

- 1) The Department's performance data coordinator should be delegated responsibility for ensuring timely submission of performance data in a standardized format to the CAO's designated manager overseeing PBB.
- 2) The CAO's designated manager overseeing PBB, in conjunction with the appropriate budget document production staff, should ensure that the Department's performance data is integrated into the budget document.
- 3) Performance data should be incorporated into the DCP Director's process of preparing the Department's annual budget submittal.
- 4) Performance data should be incorporated into the CAO and Mayor's process of preparing the proposed DCP budget.
- 5) Performance data should be incorporated into the City Council's process of analyzing, amending and approving the final DCP budget.
- 6) As part of the implementation of the City-wide performance measurement process, the Department's performance data should be made available to the public on a searchable website.

***Example from other jurisdiction***

*The City of Austin provides an online searchable database of performance metrics. The following two pages show (1) a list of the City of Austin's performance measures for Planning and Development Review and (2) a sample of one of the detailed webpages. By clicking on any of the measures listed on the left of the first page, a user may view a page listing detailed information including cost, FTE, program objective and description, associated activities, current year quarterly performance data, and historic annual performance data.*

*Note that programs are equal to common planning department divisions (i.e., current planning, comprehensive planning, one-stop shop). The City has established a percentage of initial commercial building plan reviews completed within 21 days for its service objective (called "Performance Measure Information") for the One-Stop Shop program.*



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## Performance Measures

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### Key Performance Measures: Planning and Development Review

Performance Measure	Activity	Program
1 <a href="#">Number of neighborhood plan rezonings adopted by the City Council</a>	Zoning Case Management	Current Planning
2 <a href="#">Number of neighborhood plan rezonings scheduled on Planning Commission agenda</a>	Zoning Case Management	Current Planning
3 <a href="#">Number of neighborhood plans adopted by the City Council</a>	Neighborhood Planning	Comprehensive Planning
4 <a href="#">Number of neighborhood plans scheduled on Planning Commission agenda</a>	Neighborhood Planning	Comprehensive Planning
5 <a href="#">Percent of initial commercial building plan reviews completed within Land Development Code mandated time of 21 days</a>	Commercial Building Plan Review	One Stop Shop
6 <a href="#">Percent of inspections performed within 24 hours of request</a>	Building Inspection	One Stop Shop
7 <a href="#">Percent of neighborhood planning participants satisfied with the neighborhood planning process</a>	Neighborhood Planning	Comprehensive Planning
8 <a href="#">Percent of on-time initial new residential zoning reviews</a>	Residential Review	One Stop Shop



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### Planning and Development Review

Approved Amount: \$ 28,099,703

Approved FTE: 320.50

Department Director: Greg Guernsey - Director  
Department Website: <http://www.ci.austin.tx.us/neighborhood/npzd.htm>  
Department Phone: 512-974-7668

#### Program Information

Approved Amount: \$ 19,683,082

Approved FTE: 236.50

Name: One Stop Shop

Objective: The purpose of the One Stop Shop is to consolidate the process of land development permitting and assistance into a single location in order to create a more efficient development process for the community.

#### Activity Information

Approved Amount: \$ 1,240,809

Approved FTE: 16.50

Name: Commercial Building Plan Review

Objective: The purpose of Commercial Building Plan Review is to provide code review to the construction community to ensure compliant commercial building plans in a timely manner.

History: This activity is a core activity. This program is mandated by State Legislation and FEMA. The activity includes building plan review for all commercial and multi-family projects. Prior to 1967, review of commercial projects was limited. In 1967, a building inspector was given responsibility for reviewing all commercial and multi-family projects for building code compliance. In the mid-1970s, review for plumbing, electrical and mechanical code compliance was added. In 1980, energy code review was added followed by landscape review in 1982. In 1987, Sematech and several other large projects prompted the creation of special project coordinators to facilitate review and inspection of major industrial projects.

Services: Reviews: Mechanical, Electric, Plumbing, Building, Industrial Waste, Water Utility, Fire Prevention, Food Establishment, Research and Code Adoption

Activity Contact:

#### Performance Measure Information

Name: Percent of initial commercial building plan reviews completed within Land Development Code mandated time of 21 days

Description: This measure tracks the # of initial "Twenty-one day" (T) type commercial building plan reviews completed within the 21 day time period divided by the total number of T type reviews

Type: Result

#### Current Data - Monthly

2011 Target	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	2011 Actuals
80	41	No Data	No Data	No Data	No Data	No Data	No Data	No Data	No Data	No Data	No Data	No Data	No Data

#### History Data

FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2010 Target	FY 2011 Target
65	63	70	71	69	80	80

## **Section 4: Performance-based Budgeting: Pilot Plan for Bureau of Street Services**

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This section contains an outline of the steps that Bureau of Street Services (BSS) managers and staff should follow to implement all seven elements of a performance-based budgeting process on a pilot basis. Board of Public Works members, and certain staff and officials in the Mayor's Office, City Council offices, CAO's Office, Chief Legislative Analyst Office and City Controller's Office would also contribute to and be involved in the pilot program for BSS, as identified in this plan.

As part of the process of developing this blueprint plan for the BSS, we requested and received feedback from BSS managers and all key City budget stakeholders that would be involved in PBB implementation for the Bureau. We considered the feedback from these parties and incorporated their suggestions when we determined it would improve this plan.

This plan does not provide direction regarding the amount of the overall budget allocation for the BSS pilot program. Decision-makers may choose to implement the PBB pilot by holding constant the BSS's overall budget allocation and limiting changes to redistribution within the Department given the existing level of funding, or they may choose to allow the overall budget allocation to increase or decrease based on the results of PBB analysis. Ultimately, when performance-based budgeting is rolled out to all departments, the Mayor and City Council would be expected to consider broader redistributions between departments based on the results of strategic planning and performance-based budgeting analysis.

<b>Element #1: Strategic prioritization and planning process in place</b>
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### **Current status**

The BSS is in the process of developing a multi-year Bureau-wide strategic plan since such a plan has not been in place since the last five year Bureau-wide strategic plan covering the years 2001 - 2006. A draft dated July 2011 included some of the primary elements of a model strategic plan. However, the document was incomplete pending the completion of the Bureau's strategic planning process.

Prior to initiation of the strategic planning process currently underway, the BSS reported some limited elements of a strategic plan scattered in several documents. It reports certain accomplishments and established pavement condition goals in its triennial "State of the Streets" publication which also includes a statement of "future efforts" with related recommendations. However, the document does not incorporate the key elements of a strategic plan such as assessing the organization's strengths and weaknesses and establishing multi-year priorities, outcomes, or objectives for making the most effective use of the organization's resources. The "State of the Streets" document focuses on street resurfacing and reconstruction only but does not address the Bureau's other key functions such as street cleaning, urban forestry, code enforcement and weed abatement/lot

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*Harvey M. Rose Associates, LLC*



cleaning. The Bureau's budget submittal includes statements of vision and mission, as well as a set of detailed goals, but does not include a set of strategic priorities or a plan for accomplishing the goals or actual results for progress toward prior year goals.

To implement performance-based budgeting Element #1 at BSS, the following steps are recommended:

- 1) The Board of Public Works should direct the BSS Director to prepare, maintain and monitor a strategic plan for the entire Bureau covering all key functions, and integrating the Bureau's existing "State of the Streets" plan that covers street resurfacing and reconstruction.
- 2) BSS executive staff, in conjunction with the appropriate BPW leadership, should convene an initial strategic planning process in which mid- and long-term priorities are delineated with corresponding outcomes, objectives and strategies. Priorities should be broad enough to withstand any annual fluctuations arising from Mayoral or City Council policy direction, but flexible enough to adjust to them. The following general steps, based on recommendations from the National Performance Management Advisory Commission<sup>12</sup>, are key to a performance-driven strategic planning process:

- Vision and mission identification

A vision provides a focus on a future state and provides a context for creating measures that reflect progress toward that future state. A vision statement is often inspirational, and it helps answer the question, "Where do we need to go?" A mission statement is more concrete and says what the purpose of the organization is and also helps readers understand what is outside the purpose. It therefore helps the organization identify what it needs to accomplish, establish priorities, and set expectations.

- Environmental scan and analysis

This practice enables the organization to understand the internal and external forces that are likely to affect its ability to achieve desired results. Organizations need to put together a full picture of the challenges and opportunities the environment presents and the organization's strengths and weaknesses. From this information, assumptions can be made to guide the remainder of the planning process.

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<sup>12</sup> Based on "A Performance Management Framework for State and Local Government: From Measurement and Reporting to Management and Improving", National Performance Management Advisory Commission, 2010.

- Stakeholder perspectives on priorities and performance

Public involvement and a true understanding of public priorities are crucial to the strategic planning process. Community meetings, citizen surveys, focus groups, and other information-gathering techniques are most frequently used in planning processes. In the budget, feedback mechanisms such as hearings or Web-based budget choice “voting” systems may be useful.

- Key outcomes and strategies

Well-articulated and measureable outcomes provide a basis for setting annual targets and for assessing the extent to which the organization is fulfilling its mission. Strategies describe how outcomes will be accomplished. Strategies can be used to develop programs and activities that enable the organization to pursue the outcomes

BSS management should identify a small number (five or fewer) of broad *outcomes* that the Bureau seeks to achieve. An outcome is an end result over which managers may not have direct influence, but around which programs and service objectives should be organized. The outcome statements should be less broad than the Bureau’s mission statement in its strategic plan but more broad than the goals statements currently provided in the Bureau’s budget submittal. Based on our review of the Bureau’s functions, existing divisions and current budget programs, we suggest the following five broad outcome statements:

- Citizens are satisfied with the condition of streets.
- Private costs for vehicle maintenance are minimized.
- Streets and sidewalks are clean and aesthetically pleasing.
- Streets are safe for pedestrians and motorists.
- City streets, alleys and related throughways are in Good to Excellent conditions, as measured by standardized pavement condition indices.

Managers responsible for programs or divisions that fall under the same outcome area should report to the same individual in order to align managerial accountability with the Bureau’s stated outcomes.

- 3) BSS management should conduct formal ongoing strategic planning and assessment of progress toward accomplishing its strategic priorities at regular intervals, at least annually.
- 4) The initial strategic planning process and the ensuing strategic planning update processes should incorporate citizen input, which could be accomplished in any number of ways, including using existing neighborhood outreach workshops; online surveys; BPW hearings; and other tools.

***Example from other jurisdiction***

*The City of Charlotte, NC conducts a strategic planning process, according to its Strategic Planning Handbook, "begins with an examination of organizational mission, core values, and vision. It ends with the development of a game plan that translates these concepts into actions that align organizational philosophy. Strategy is an integral component of the overall management philosophy. The strategic plan translates mission into actions and action into outcomes."*

**Element #2: Organizational structure is built around outcomes**

Implementation of a full City-wide performance-based budget process would result in establishment of broad cross-departmental outcome statements for the City's six functions and 45 sub-functions stemming from a City-wide strategic plan. Accomplishment of these outcomes would be supported by programs, or logical groupings of staff and resources that serve a common purpose, in one or more City department, with service objectives established for each program. Programs may or may not be the same as an existing organizational unit such as divisions.

For this performance-based budgeting pilot effort in the two selected departments, broad outcome statements are needed but for the departments only rather than the full City. Programs, or organizational units, within the pilot departments that contribute to accomplishment of the broad outcomes need to be established if they are not currently in place in the form of an existing organizational unit such as a division or section. Each program should have specific service objectives for activities that managers can reasonably control and accomplish (e.g., sweeping streets weekly vs. litter-free streets). A single manager should be responsible and accountable for achieving the service objectives.

**Current Status**

As a result of its lack of a strategic planning process, the Bureau has not organized its ten divisions around broad outcome statements. Some of BSS's divisions are responsible for multiple functions that support different broad outcomes (e.g., street cleaning and minor street repair functions with the Street Maintenance division support different broad outcomes). For performance-based budgeting purposes, such divisions must be broken down into separate subunits, or programs, each with its own service objective(s) and accountable manager.

To implement performance-based budgeting Element #2 at BSS, the following steps are recommended:

- 1) Building upon the outcome development process that it will undertake as part of the strategic planning process (Element #1), BSS management should develop and define *service objectives* for each of their programs that support the broad outcomes. Service objectives, unlike outcomes, should be defined so that they are within the control of the responsible managers, who will be accountable for accomplishing the service objectives. For the purposes of reporting to the City Council and Mayor in budget documents, and to minimize the impact on staff, the number of service objectives for each program should be small, yet capture the primary activity of each program. To keep the process manageable, more detailed performance information could be tracked and used internally for management purposes but should not be reported in budget documents or to budget decision makers such as the Mayor and City Council.

Based on an analysis of the Bureau's organization chart and budgetary programs, example service objectives are presented in Exhibit 8 for each of the Bureau's key programs. The actual service objectives should be determined by BSS, subject to approval by the CAO.

**Exhibit 8: Example Service Objectives for BSS Programs**

Program	Service Objective
Street Maintenance	<ul style="list-style-type: none"><li>▪ Clean # miles of streets and sidewalks per year.</li><li>▪ Remove # tons of illegally dumped debris per year.</li></ul>
Resurfacing & Reconstruction	<ul style="list-style-type: none"><li>▪ <i>Resurface</i> # miles of streets and sidewalks per year as needed to maintain standardized pavement condition index of Good or better.</li><li>▪ <i>Reconstruct</i> # miles of streets and sidewalks per year as needed to maintain standardized pavement condition index of Good or better.</li></ul>
Street Improvements	<ul style="list-style-type: none"><li>▪ Construct and/or improve streets, curbs, gutters, sidewalks, bridges and catch basins to maintain # percent of City streets in Good to Excellent condition.</li><li>▪ Install # access ramps and # bus pads per year (subject to change as projects change)</li></ul>
Urban Forestry	<ul style="list-style-type: none"><li>▪ Trim or maintain # trees per year.</li></ul>
Investigation & Enforcement	<ul style="list-style-type: none"><li>▪ Remove # illegal signs per year.</li><li>▪ Conduct # code violation investigations per year.</li></ul>
Lot Cleaning/Weed Abatement	<ul style="list-style-type: none"><li>▪ Remove # square feet of weeds from public and private land per year.</li></ul>

- 2) For internal management purposes, BSS managers should further define activities for each service objective. A service objective may require several activities which, at BSS, may already be defined in its existing list of work order "tasks." In some cases, however, the BSS tasks will be too detailed to constitute a meaningful activity that would be helpful to measure. Since BSS tasks are associated with specific work orders and work orders may contain multiple tasks, a work order roll-up of tasks may provide a good approximation of an activity.

*Example from other jurisdiction*

*The City of San Jose organizes its budget and performance measurement process around six City Service Areas (CSA): Community and Economic Development; Environmental and Utility Services; Neighborhood Services; Public Safety; Transportation and Aviation Services; and Strategic Support. Each CSA has two to five outcomes and subsidiary Core Services with their own associated outcomes.*

*The following two pages show the City of San Jose's "Core Service Map" which summarizes the CSAs and affiliated services and departments. Though different terms are used by the City of San Jose, the budget structure mirrors that recommended for a Performance-based Budget process in the City of Los Angeles, with San Jose's Core Service Areas and subsidiary core services similar to Los Angeles' functions and sub-functions, respectively. Programs within each agency or department that comprise each Core Service Area in the City of San Jose are not shown on the document.*

# City Service Area – Core Service Map

## COMMUNITY & ECONOMIC DEVELOPMENT CSA

*Mission: To manage the growth and change of the City of San José in order to encourage a strong economy, create and preserve healthy neighborhoods, ensure a diverse range of housing and employment opportunities, and encourage a diverse range of arts, cultural and entertainment offerings.*

### Outcomes:

- Strong Economic Base
- Safe, Healthy, Attractive and Vital Community
- Diverse Range of Housing Options
- Range of Quality Events, Cultural Offerings, and Public Amenities

### Core Services

- CITY MANAGER – ECONOMIC DEVELOPMENT**
- Arts and Cultural Development
  - Business Development and Economic Strategy
  - Outdoor Special Events
  - Workforce Development

- CONVENTION FACILITIES**
- Convention Facilities

- FIRE**
- Fire Safety Code Compliance

- HOUSING**
- Community Development and Investment
  - Increase the Affordable Housing Supply
  - Maintain the Existing Affordable Housing Supply

- PBCE**
- Development Plan Review and Building Construction Inspection
  - Long Range Land Use Planning

- PUBLIC WORKS**
- Regulate/Facilitate Private Development

- SAN JOSÉ REDEVELOPMENT AGENCY**
- Enhance the Quality and Supply of the City's Housing Stock
  - Initiate and Facilitate Private Development
  - Initiate and Facilitate Public Facilities and Spaces
  - Promote and Implement Neighborhood Improvement Strategies

## ENVIRONMENTAL & UTILITY SERVICES CSA

*Mission: Provide environmental leadership through policy development, program design, and reliable utility services.*

### Outcomes:

- Reliable Utility Infrastructure
- Healthy Streams, Rivers, Marsh and Bay
- "Clean and Sustainable" Air, Land and Energy
- Safe, Reliable, and Sufficient Water Supply

### Core Services

#### ENVIRONMENTAL SERVICES

- Natural and Energy Resources Protection
- Potable Water Delivery
- Recycled Water Management
- Recycling and Garbage Services
- Stormwater Management
- Wastewater Management

#### TRANSPORTATION

- Sanitary Sewer Maintenance
- Storm Sewer Management

## NEIGHBORHOOD SERVICES CSA

*Mission: To serve, foster, and strengthen community by providing access to lifelong learning, opportunities to enjoy life, and preserving healthy neighborhoods.*

### Outcomes:

- Safe and Clean Parks, Facilities and Attractions
- Vibrant Cultural, Learning, Recreation, and Leisure Opportunities
- Healthy Neighborhoods and Capable Communities

### Core Services

#### GENERAL SERVICES

- Animal Care and Services

#### LIBRARY

- Access to Information, Library Materials and Digital Resources
- Formal and Lifelong Self-Directed Education

#### PRNS

- Community Strengthening Services
- Life Enjoyment Services
- Neighborhood Livability Services

#### PBCE

- Community Code Enforcement

# Introduction

## City Service Area – Core Service Map

### PUBLIC SAFETY CSA

*Mission: Provide prevention and emergency response services for crime, fire, medical, hazardous, and disaster related situations.*

**Outcomes:**

- The Public Feels Safe Anywhere, Anytime in San José
- Residents Share the Responsibility for Public Safety

#### Core Services

**FIRE**

- Emergency Response
- Fire Prevention

**INDEPENDENT POLICE AUDITOR**

- Independent Police Oversight

**POLICE**

- Crime Prevention and Community Education
- Investigative Services
- Regulatory Services
- Respond to Calls for Service
- Special Events Services

### TRANSPORTATION & AVIATION SERVICES CSA

*Mission: To provide the community with safe, secure, and efficient surface and air transportation systems that support San José's livability and economic vitality.*

**Outcomes:**

- Provide Safe and Secure Transportation Systems
- Provide Viable Transportation Choices that Promote a Strong Economy
- Travelers Have a Positive, Reliable and Efficient Experience
- Preserve and Improve Transportation Assets and Facilities
- Provide a Transportation System that Enhances Community Livability

#### Core Services

**AIRPORT**

- Airport Customer Service
- Airport Environmental Management
- Community Air Service

**POLICE**

- Traffic Safety Services

**TRANSPORTATION**

- Parking Services
- Pavement Maintenance
- Street Landscape Maintenance
- Traffic Maintenance
- Transportation Operations
- Transportation Planning and Project Delivery

### STRATEGIC SUPPORT CSA

*Mission: To effectively develop, manage and safeguard the City's fiscal, physical, technological, and human resources to enable and enhance the delivery of City services and projects.*

**Outcomes:**

- A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations
- Safe and Functional Public Infrastructure, Facilities and Equipment
- Effective Use of State-of-the-Art Technology
- Sound Fiscal Management that Facilitates Meeting the Needs of the Community

#### Core Services

**FINANCE**

- Disbursements
- Financial Reporting
- Purchasing and Materials Management
- Revenue Management
- Treasury Management

**GENERAL SERVICES**

- Facilities Management
- Fleet and Equipment Services

**HUMAN RESOURCES**

- Employee Benefits
- Employment Services
- Risk Management
- Training and Development

**INFORMATION TECHNOLOGY**

- Customer Contact Center
- Enterprise Technology Systems and Solutions
- Information Technology Infrastructure

**PUBLIC WORKS**

- Plan, Design and Construct Public Facilities and Infrastructure

**RETIREMENT**

- Retirement Plan Administration

### MAYOR, CITY COUNCIL AND APPOINTEES

*Mission: Council appointees exist to support and advance the collective work done by the City organization through leadership, communication, and coordination.*

**MAYOR AND CITY COUNCIL**

- Office of the Mayor
- City Council

**CITY ATTORNEY**

- Legal Representation
- Legal Transactions

**CITY AUDITOR**

- Audit Services

**CITY CLERK**

- Facilitate the City's Legislative Process

**CITY MANAGER**

- Analyze, Develop and Recommend Public Policy
- Lead and Advance the Organization
- Manage and Coordinate City-Wide Service Delivery



**Element #3: Performance metrics established to measure outcomes and objectives**

**Current status**

For internal management purposes, the Bureau currently utilizes a set of metrics to measure a mix of inputs and outputs for Bureau divisions. The Bureau's Vital Productivity Factors are comprised of 44 factors used to track the performance of nine of the Bureau's ten divisions (a tracking sheet is not maintained for the Executive Division). The number of factors per division ranges from three to eight. Many of the Vital Productivity Factors metrics measure outputs, such as number of miles resurfaced, number of trees trimmed, or number of small asphalt repairs, while others measure inputs such as materials purchased or resources spent on staff salaries and overtime. Some of the Bureau's output metrics may be appropriate to measure progress toward service objectives if the service objectives are defined in terms of these outputs.

To implement performance-based budgeting Element #3 at BSS, the following steps are recommended:

- 1) BSS management should establish performance metrics for each of its outcomes and service objectives as reconfigured for performance-based budgeting purposes and discussed under Element #2 above. The following six criteria are key to sound metrics<sup>13</sup>:
  - Validity – Does the measure really measure the intended concept?
  - Reliability – Does the measure exhibit a minimum amount of error, changing only when the underlying concept changes?
  - Responsiveness to change – Does the value of the measure change quickly when the underlying concept changes?
  - Ease of understanding – Can the measure be easily explained and understood?
  - Economy of collection – Does the benefit provided by collecting the information outweigh the cost of collection? How much additional cost will be required to calculate this measure on a more frequent basis?
  - Balance – Are the measures as a group balanced along important dimensions? (results v. drivers, short-term v. long-term, etc.)
- 2) The Bureau should establish appropriate metrics for its broad outcome statements that measure the status of each outcome. For example for the “citizens are satisfied with the condition of streets” outcome, a metric could be the percent of survey respondents

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<sup>13</sup> Based on Schieman and Lingle, *Bullseye! Hitting Your Strategic Targets Through High-Impact Measurement*, The Free Press, 1999.

reported being satisfied. Bureau management should develop these outcome metrics with direction and input from the Mayor, City Council, and CAO.

- 3) Performance metrics should be defined for each service objective. Metrics should be collectible, informative, and understandable. They should be relevant to managers, legislators, and the public, (although managers may elect to utilize a more detailed set of metrics than they report to policy makers or the public). Suggested metrics for each service objective are self-evident based on the service objectives listed under Element #2 above. Additionally, at their discretion, managers could establish additional metrics for internal management purposes.
- 4) BSS management should designate a performance metrics coordinator in the Bureau's executive division. This position should coordinate with the designated performance-based budgeting coordinator in the CAO's Office to develop and monitor metrics, including processes to collect and report the data.
- 5) In the initial stages of developing the metrics, the BSS performance metrics coordinator should propose metrics to the CAO's designated manager overseeing PBB, who should then consult with the BSS coordinator in revising and finalizing the metrics.

*Example from other jurisdiction*

*The City of Richmond, VA operates a performance management program, RichmondWorks, which is integrated into its budget system to enable the use of performance data in budget decisions. The following are select measures used in the Public Works Department's budget presentation for Surface Cleaning:*

<i>Street Cleaning:</i>	<i>Lane miles of streets swept</i>
<i>Street Cleaning:</i>	<i>Percent of street sweeping routes completed on schedule</i>
<i>Leaf Collection:</i>	<i>Tons of leaves removed from City streets</i>
<i>Leaf Collection:</i>	<i>Cost per ton of leaves collected</i>

**Element #4: Mechanism is in place to accumulate and validate performance data**

**Current status**

The BSS currently captures its performance data using a number of different methods, including manual tracking of paper records, compilation of detailed cost accounting system information, and the use of spreadsheets to record information collected manually. The primary working documents for tracking performance metrics are the Vital Productivity Factors spreadsheets discussed above, one of which is maintained for every non-administrative division. No concerted data validation process currently takes place for the Vital Productivity Factors.

To implement performance-based budgeting Element #4 at BSS, the following steps are recommended:

- 1) BSS staff should continue to collect performance data utilizing the combination of manual and automated methods currently in place.
- 2) The CAO's designated manager overseeing PBB should create standard forms for central submission of the Bureau's performance data.
- 3) The CAO's designated manager overseeing PBB should define timeframes for submission of Bureau performance data.
- 4) The City Controller's Office should be responsible for validation of reported performance data. The City Controller should designate a coordinator of performance data validation.
- 5) The City Controller's performance data validation coordinator, in conjunction with appropriate City Controller staff, should define validation criteria and procedures.
- 6) At least once per fiscal year, the City Controller's performance data validation coordinator should perform an audit of reported performance data for BSS. The audit should be based on a random and statistically significant sample of records. Audit staff should seek evidentiary documentation to support the reported performance data and will be authorized to access BSS internal electronic accounting systems or records as part of that effort.
- 7) The City Controller should report the results of the annual validation process to the BSS, City Council, and CAO.

*Example from other jurisdiction*

*The San Jose City Auditor performs limited verification of performance metrics as part of its Service Efforts and Accomplishments report process. While many of the jurisdictions that operate a performance-based budget system report that their metrics validation process is weak or needs improvement, managers of those systems also report that a stronger validation process would bolster the perceived value of the data and improve the efficacy of their PBB systems.*

**Element #5: Budget links spending to service objectives**

**Current status**

While most of the programs currently identified in the BSS budget align with the Bureau's organizational structure, the budget does not identify the full costs of each "program" or related activities performed by Bureau staff that support the Bureau's broad outcomes. For example, the costs of construction and improvement of sidewalks, curbs, gutters and guardrails are captured in two budget units: Street Improvements and Street Resurfacing and Reconstruction (Units # 8606 and 8607). As a result, decision makers such as the City Council cannot readily discern the total cost of these activities or associated service objectives in the current budget document and process.

Under performance-based budgeting, like activities performed by the Bureau that support the same broad outcome should be grouped together organizationally, as discussed above under Element #2, with their total cost and service objectives identified so that City decision-makers can view the link between funding and service levels and make allocation decisions accordingly.

Examples of programs and key information that should be included in the BSS performance-based budget document to link budget allocations and service objectives are shown in Exhibit 9 below. Example explanations of changes in funding levels are also presented to show how PBB could be used to affect budgetary allocations.

Exhibit 9: Sample Budget Presentation for BSS

BSS Program	Prior Year(s) Actual Level of Service	Prior Year Actual Expend.	Budget Year Service Objectives	Budget Year Cost of Achieving Service Level
Street Maintenance	# miles of streets and sidewalks cleaned.  # tons debris removed	\$100,000	<ul style="list-style-type: none"> <li>▪ Clean # miles of streets and sidewalks per year.</li> <li>▪ Remove # tons of illegally dumped debris per year.</li> </ul>	\$120,000 (to achieve an objective of increasing street cleaning frequency)
Resurfacing & Reconstruction	# miles of streets and sidewalks resurfaced; all pavement in Good or better condition.  # miles of streets and sidewalks reconstructed; all pavement in Good or better condition.	\$1,000,000	<ul style="list-style-type: none"> <li>▪ Resurface # miles of streets and sidewalks per year as needed to maintain pavement condition indices of Good or better.</li> <li>▪ Reconstruct # miles of streets and sidewalks per year as needed to maintain pavement condition indices of Good or better</li> </ul>	\$1,000,000 (no change)

*Section 4: Pilot Plan for Bureau of Street Services*

BSS Program	Prior Year(s) Actual Level of Service	Prior Year Actual Expend.	Budget Year Service Objectives	Budget Year Cost of Achieving Service Level
Street Improvements	# percent of streets in Good to Excellent condition  # access ramps and bus pads installed	\$250,000	<ul style="list-style-type: none"> <li>▪ Construct and/or improve streets, curbs, gutters, sidewalks, bridges and catch basins to maintain # percent of City streets in Good to Excellent condition.</li> <li>▪ Install # access ramps and # bus pads per year. (subject to change as projects change)</li> </ul>	\$230,000 (reduction to allow for reallocation to Street Maintenance, a higher priority identified by City policy makers)
Urban Forestry	# trees trimmed or maintained below service objective	\$100,000	<ul style="list-style-type: none"> <li>▪ Trim or maintain # of trees per year.</li> </ul>	\$100,000 (manager directed to take steps to meet service objective in current year)
Investigation & Enforcement	Fewer illegal signs removed and code investigations as problem diminishing	\$150,000	<ul style="list-style-type: none"> <li>▪ Remove # illegal signs per year.</li> <li>▪ Conduct # code violation investigations per year.</li> </ul>	\$120,000 (reflects reduction in caseload)

To implement performance-based budgeting Element #5 at BSS, the following steps are recommended:

- 1) The Director of BSS, in conjunction with the CAO's Budget Director, should review and revise the BSS's budgetary programs to ensure they all reflect logical groupings of like activities that support the Bureau's broad outcomes and will facilitate the allocation of costs by service objectives.

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- 2) Once the budget organization is amended, BSS and the CAO should prepare the BSS budget to present costs by service objective. This will reveal the unit costs of achieving various levels of service.
- 3) BSS should allocate indirect costs for Bureau administration and support functions to each new budgetary program so that total direct and indirect costs for each program and service objective are reported in the budget.
- 4) The BSS sections of the proposed and approved budget books should be changed by the CAO's Budget Director and manager overseeing PBB to integrate performance metric data into the BSS budget presentation. Specifically, for each budgetary program, corresponding service objectives should be stated and shown with allocated costs. Whenever possible, a unit cost should be shown.

***Example from other jurisdiction***

*The City of Dallas budget document is organized around its six Key Focus Areas, similar to City of Los Angeles functions. Dallas produces a summary page for each service (similar to the performance-based budget programs recommended for Los Angeles), that comprised the Key Focus Area. The example shown on the following page is for the Construction Plan Review and Permitting service. As shown in this example, the primary organizational focus is the service, not the department, which is merely referenced in the top right corner. The performance measures compare the target to the estimated actual in the current year, with an indicator for actual status (in this case, "on track"), and a proposed target for the next budget year.*



## Key Focus Area 2: Economic Vibrancy

### Street Repair Division - Concrete

Department: Street Services

- 2.52** *Description:* Street Repair Division-Concrete oversees a maintenance inventory of approximately 5,300 lane miles of concrete streets and 1,200 miles of paved alleys. Services include major maintenance repairs on streets and alleys generated by customer service requests.

Source of Funds:	FY 2009-10 Budget Dollars	FTE	FY 2009-10 Estimate Dollars	FTE	FY 2010-11 Proposed Dollars	FTE
General Fund	\$8,024,758	136.1	\$8,275,303	111.2	\$7,812,768	144.2
Enterprise/Internal Svc/Other	\$0	0.0	\$0	0.0	\$0	0.0
Additional Resources	\$3,385,268	0.0	\$2,115,974	0.0	\$3,385,266	0.0
<b>Total</b>	<b>\$11,410,022</b>	<b>136.1</b>	<b>\$10,391,277</b>	<b>111.2</b>	<b>\$11,198,034</b>	<b>144.2</b>

Performance Measures	FY 2009-10 Budget	FY 2009-10 Estimate	FY 2010-11 Proposed
Percent of Service Requests meeting service level agreements	80%	80%	80%
Number of square yard permanent concrete repair	56,000	36,000	56,000
Number of square yard concrete alley repair	6,000	5,000	6,000
Number of linear feet of curb and gutter repaired	74,000	40,000	74,000

**FY 09-10 Performance Measure Status:**  
Not on Track



*Curb and Gutter and Concrete Repair services impacted by vacancies and hiring freeze*

**Service Target FY 2010-11:** Complete 80% of Service Requests within the Service Level Agreement of 90 days

**Major Budget Items:** Maintained the current funding level for concrete street, alley and curb & gutter repairs

Additional resources include reimbursement from Housing/Community Services and Parks and Recreation for concrete work

Excerpt of City of Dallas budget for Street Repair Division - Concrete service area

**Element #6: Accounting systems aligned with budgeted service delivery structures**

**Current status**

In addition to FMIS, BSS uses an in-house electronic cost accounting system that incorporates information from FMIS, PaySR, SMS and other sources. Through this combination of systems, and because work orders are used heavily in the Bureau, BSS has the technical infrastructure to account for costs at a detailed level. All BSS staff track their time on timesheets using one or more of the nearly 500 “task codes” established by BSS. However, work orders are not directly coded by task codes, and work orders do not contain coding for program. This makes accounting for the full costs of programs difficult. For example, identifying the costs of street resurfacing over a full fiscal year requires the compilation of thousands of work orders, which can not currently be accomplished automatically or quickly. While labor costs may be easily “rolled up” by task or division, these aggregations do not include non-labor costs, so the full costs by program and service objective can not currently be easily identified.

With the recent implementation of FMS, staff reports that the BSS in-house cost accounting system remains intact and integral to the BSS cost accounting operations and that FMS interacts with the in-house system in much the same way that FMIS did. In order to efficiently account for both personnel and non-personnel costs by program, BSS staff will need to ensure that work orders in FMS are coded by program. This may be accomplished by defining one of the “Activity” fields as a program coding field and ensuring that all work orders are assigned a program code.

To implement performance-based budgeting Element #6 at BSS, the following steps are recommended:

- 1) BSS staff should utilize the Activity field (or one of the several fields available for departmental definition and use) in the new FMS to ensure that all work orders are coded by program.
- 2) Bureau staff should review and, as necessary, revise its list of tasks to ensure that all are current and used in a way that best reflects actual activities.
- 3) The BSS Director should ensure that Bureau staff are accurately utilizing task codes in a way that represents their actual use of time. The BSS Director should direct all staff to track and report their time by task code every day.
- 4) Bureau staff should actively ensure that the BSS tasks assigned to each work order are accurately defined so that when tracked with FMS they will allow costs to be rolled up by service objective.

- 5) Bureau financial management and accounting staff should ensure that indirect costs are allocated by division so that complete costs may be presented for each program and service objective.

*Example from other jurisdiction*

*The City of Dallas has a 'home-grown' electronic system that integrates its financial system with its budget system. Many PBB jurisdictions report using unsophisticated electronic systems to track performance data and compare it to budget data, underscoring the fact that an expensive and technologically advanced system is not a prerequisite to implementing a strong PBB process.*

**Element #7: Reporting and active use of performance data**

**Current status**

The data included on the Bureau's Vital Productivity Factors reports are updated monthly and used by management continually to monitor progress and adjust goals throughout the year. However, it is unclear the extent to which the performance data drives internal budget decisions or if, in fact, the budget allocation drives the performance level. (An example is the Bureau's assumption of a \$350,000/mile resurfacing cost, which is based on a study conducted several years ago, implying that change in cost efficiency is either not desired or not possible. As long as the unit cost is assumed to be set, the Bureau's resurfacing performance will only be a function of budget allotment.)

To implement performance-based budgeting Element #7 at BSS, the following steps are recommended:

- 1) The Bureau's Director should direct the performance data coordinator to ensure timely submission of performance data in the standardized format to the CAO's designated manager overseeing PBB.
- 2) The CAO's designated manager overseeing PBB, in conjunction with the appropriate budget document production staff, should ensure that the Bureau's performance data is integrated into the budget document.
- 3) The performance data should be incorporated into the BSS Director's process of preparing the Bureau's annual budget submittal.
- 4) The performance data will be incorporated into the CAO and Mayor's process of preparing the proposed budget.
- 5) The performance data will be incorporated into the City Council's process of analyzing, amending and approving the final budget.
- 6) As part of the implementation of the City-wide performance measurement process, the Bureau's performance data will be made available to the public on a searchable website.

***Example from other jurisdiction***

*The City of Austin provides an online searchable database of performance metrics. The following two pages show (1) a list of the City of Austin's performance measures for Planning and Development Review and (2) a sample of one of the detailed webpages. By clicking on any of the measures listed on the left of the first page, a user may view a page listing detailed information including cost, FTE, program objective and description, associated activities, current year quarterly performance data, and historic annual performance data.*

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*Note that programs are equal to common planning department divisions (i.e., current planning, comprehensive planning, one-stop shop). The City has established a percentage of initial commercial building plan reviews completed within 21 days for its service objective (called "Performance Measure Information") for the One-Stop Shop program.*

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## *Performance Measures*

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### Key Performance Measures: Public Works

Performance Measure	Activity	Program
1 <u># of curb ramps constructed</u>	Bicycle & Pedestrian Infrastructure Mgmt.	Bicycle and Pedestrian Infrastructure
2 <u># of new bicycle route miles constructed</u>	Bicycle & Pedestrian Infrastructure Mgmt.	Bicycle and Pedestrian Infrastructure
3 <u>Lane miles of overlay completed</u>	Asphalt Overlay	Street Preventive Maintenance
4 <u>Lane miles of preventive maintenance crack seal completed</u>	Crack Seal Resurfacing	Street Preventive Maintenance
5 <u>Lane miles of preventive maintenance slurry seal completed</u>	Seal Coat	Street Preventive Maintenance
6 <u>Lane miles of thin surface treatments completed</u>	Seal Coat	Street Preventive Maintenance
7 <u>Linear feet of sidewalks constructed</u>	Bicycle & Pedestrian Infrastructure Mgmt.	Bicycle and Pedestrian Infrastructure
8 <u>Percent of Projects that pass one-year warranty inspection without significant construction deficiencies</u>	CIP Inspections	Capital Projects Delivery
9 <u>Percent of Street Preventative Maintenance completed as compared to the Annual Service Plan</u>		Street Preventive Maintenance
10 <u>Percent of hours that warranted school crossing locations are covered</u>	School Crossing Guards	Child Safety
11 <u>Percent of lane miles in fair to excellent condition</u>	Operations Management	Street Preventive Maintenance
12 <u>Percent of projects managed by Public Works that are completed within budget (appropriated funding)</u>	Project Management	Capital Projects Delivery
13 <u>Total number of lane miles of street preventative maintenance completed</u>		Street Preventive Maintenance



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## Performance Measures

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### Public Works

Approved Amount: \$ 74,978,179

Approved FTE: 401.00

Department Director: Robert Hinojosa - Acting Director  
Department Website: <http://www.ci.austin.tx.us/test/publicworks/default.htm>  
Department Phone: 512-974-7158

### Program Information

Approved Amount: \$ 450,017

Approved FTE: 4.75

Name: Bicycle and Pedestrian Infrastructure

Objective: The purpose of Bicycle and Pedestrian Infrastructure program is to plan and construct bicycle, pedestrian and road projects where appropriate and to work with TxDOT, Travis County and CAMPO on multi-modal facilities.

### Activity Information

Approved Amount: \$ 450,017

Approved FTE: 4.75

Name: Bicycle & Pedestrian Infrastructure Mgmt.

Objective: The purpose of Bicycle and Pedestrian Infrastructure Management activity is to plan and construct bicycle, pedestrian and road projects where appropriate and to work with TxDOT, Travis County and CAMPO on multi-modal facilities.

History: This activity is a Core Activity. It is mandated by the Americans with Disabilities Act. This activity was created in FY 03-04.

Services: Prepare and implement the Pedestrian Plan; Prepare and implement the ADA Master Plan; Prepare and implement Advanced Funding Agreements with TxDOT; Coordinate implementation of road, bicycle, pedestrian and access projects with TxDOT and Travis County; Develop, program and construct bicycle lanes; Develop, program and construct bicycle routes; Develop off-street paths and trails; Analyze adopted Bicycle Plan route miles; Provide bicycle racks and other parking facilities; Develop, program and construct curb ramps; Develop, program and construct sidewalks; Promote pedestrian and bicycle friendly street design

Activity Contact: Michael Curtis 512-974-7056

### Performance Measure Information

Name: # of curb ramps constructed

Description: Total quantities constructed by the Bicycle & Pedestrian Team along with Street & Bridge Division/PWD crews.

Type: Output

### Current Data - Quarterly

2011 Target	Q1	Q2	Q3	Q4	2011 Actuals
250	48	No Data	No Data	No Data	No Data

### History Data

FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2010 Target	FY 2011 Target
New Meas.	New Meas.	194	63	263	200	250

## Appendix

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### Glossary of Key Terms for Performance-based Budgeting

**Activity**

A process undertaken by an organization to convert inputs into outputs.

**Function**

A group of related Sub-Functions that comprise a common broad City service area. The highest level of budgetary organization in the City.

**Mission**

An enduring statement of purpose; the organization's reason for existence. The mission describes what the organization does, and how and for whom its actions are carried out.

**Outcome**

The result of a program, service, set of activities, or strategy. An outcome is not a description of what was done; rather, it should be used to describe the *impact* of the service, set of activities, or strategy. Outcomes are often identified as immediate, intermediate, and long term.

**Performance Management**

A system of organization that uses performance measurement information to help set and achieve agreed-upon performance goals, allocate resources, and adjust policy as necessary. To be effective, performance management ideals should be integrated throughout the organization and involved in strategy, budgeting, and management decisions.

**Performance Measurement**

The process of measuring government performance by tracking progress toward specific quantitative and qualitative outcomes with an emphasis on accountability and improvement.

**Program**

A group of activities that performed together achieve the service objectives of the program. Programs are contained within individual departments.

**Service Objective**

For the departmental program level, a statement of what is to be accomplished in specific, well-defined, and measureable terms and that is achievable within a specific time frame. A departmental program would typically include multiple service objectives.

**Strategic Planning**

Systematically addresses an organization's purpose, internal and external environment, value to stakeholders, and current and future plan for action.



**Sub-Function**

A group of related budgetary programs that may cross departmental boundaries.

**Vision**

An idealized view of what the organization would like to be or accomplish in the future.