CITY OF KIRKLAND
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MEMORANDUM

To: David Ramsay, City Manager

From: Tracy Burrows, Sr. Management Analyst

Date: September 27, 2006

Subject: Performance Management Issue Paper

Background

In 2005, the City of Kirkland initiated an effort to collect and report on key performance measures in the six service areas of: Parks and Recreation; Police Services; Fire and Emergency Medical Services; Information Technology; Streets and Highways; and Recycling. To assist in this effort, the City joined the International City Manager's Association (ICMA) Center for Performance Measurement. The Center is dedicated to helping local governments measure, compare, and improve municipal service delivery.

Over years of experience with performance measures, ICMA has identified core local government measures for each service area and has defined a consistent methodology for collecting the data for each of the core measures. Kirkland's program adopts many of ICMA's core performance measures and includes other Kirkland-specific measures that are tailored to the priority services that the City provides. We are continuing to refine the measures so that they provide meaningful information upon which to base management decisions. For example, Brenda Cooper is leading a regional effort to define core Information Technology measures.

This year, Kirkland produced the 2006 Performance Measures Guide as the initial product of our developing performance management program. The Guide includes two years of performance measurement data for six key service areas. For each service area, the data is accompanied by a narrative vignette that illustrates a Kirkland customer's experience with the service delivery that is being measured. The guidebook has been well-received and other jurisdictions have shown an interest in using it as a model for communicating to the public about performance management results.

The Olympia Performance Management Program

Earlier this month, a team from the City Manager's Office traveled to Olympia to learn more about the City's Performance Measurement Program. Over the past six years, Olympia's program has evolved into a very effective management tool that the lead staff and City Council use to guide decisions about aligning the City's core lines of business and allocating city resources.

The key to Olympia's success can be attributed to their initial focus on defining the core values of the organization and developing strategic business plans for each department that were aligned with those values. These individual business plans form a consistent framework for the overall performance measurement program. The business plans identify the "lines of business" or services that the department provides from the perspective of the customer.

This focus on the customer is critical to Olympia's program. Local governments have traditionally allocated resources based on an internal understanding of how the operation works or how a service is provided. For example, a city might typically allocate resources for filling potholes based on the annual average number of potholes and the amount of asphalt needed to fill each pothole. However, the important value to the customer is pothole response time—their experience is positive if they report the pothole to the City in the morning and find that it is repaired that same day. Thus, Olympia has established a target of filling every pothole within 2 hours of its being reported, and the Public Works Department allocates its resources in order to meet that target. Similarly, Olympia has adopted one to two key customer-oriented measures for each line of business identified in the department's strategic business plan.

The Olympia performance measurement program is also aligned with the City Council goals. The City has 18 key result measures that are associated with the City Council goals. As the Council considers an issue related to one of its goals, the staff report on the issue includes data from one or more of the key result measures to assist the Council in its policy decisions.

Next Steps

Olympia's performance management program has evolved over a number of years to become a cohesive whole. It has been a major focus of the entire organization and is an integral part of the institutional culture. The effort involved in such a program is significant, particularly in the initial stages. While Kirkland can begin to make progress toward a comprehensive, integrated performance management program, it may be premature to launch into such a full-scale effort. Given the major issues currently facing the City, it may be prudent to continue our current performance measurement efforts and focus on integrating these efforts with the Council goals and priorities. The Council could devote time to this endeavor at the next Council retreat. There is also an opportunity to work on defining the organizational values and strategic issues over the next year or two.

One concrete next step would be to invite key staff from the Olympia program to present their work at the next management retreat. This would provide an opportunity to empower a multi-departmental staff team to explore ways to enhance and expand our current performance measurement program within the current staff resources.

Tracking for Success

Learning To Be Better

Michael Mucha, P.E.
Director of Public Works
City of Olympia

It's About People!

Reference: D. Michael Mucha

Agenda

Tracking for Success:
Developing meaningful measures.

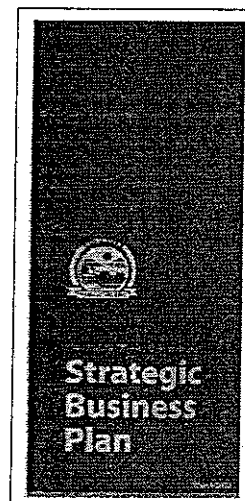## What we are learning:
How to build and maintain momentum.

Issues Compelling Us To Act

Climate for change:

Increasing demand for value.

Do less with less.

Innovation to build capacity and maintain existing LOS.

Need to prepare and support employees to be their own "Masters of Change."

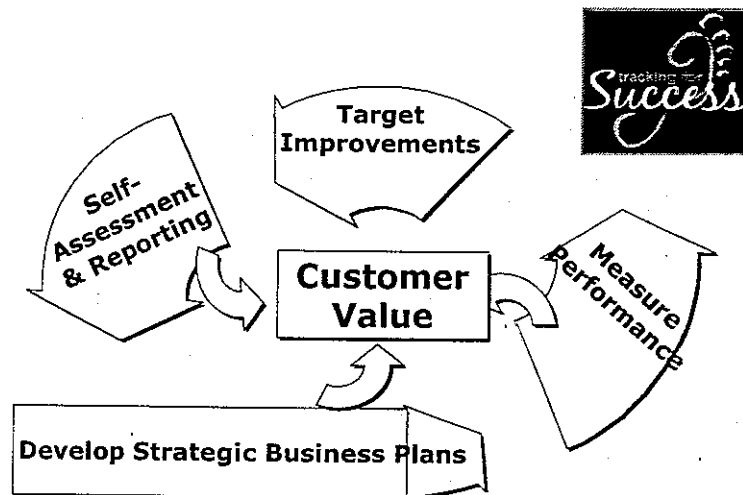Strategic Business Plan

Council Goals

Efficient Government

Informed Budget Decisions

Tell our Story to the Public

Reference: D. Michael Mucha

What is Tracking for Success?

Strategy Must Come First!

Six Steps

Where are we now?
Strengths
Weaknesses
Opportunities
Threats **1**

Why are we in business?
Customer
Expectations
and Mission **2**

How will we know when we arrived?
Measurements **6**

How do we get there?
Actions **5**

What do we want to be? **4**

Vision and
Strategic Goals

How should we do business?
Value
Culture **3**

Reference: D. Michael Mucha

Structure of Business Plan

Line of Business:
Groupings of programs by common purpose.

Program:
Groupings of products and services by common purpose.

Product/Service:
Deliverables. Something the customer actually receives.

Reference: D. Michael Mucha

Major Change In How Business Is Done

Focus is on the customer experience.

Results span across organizational lines.
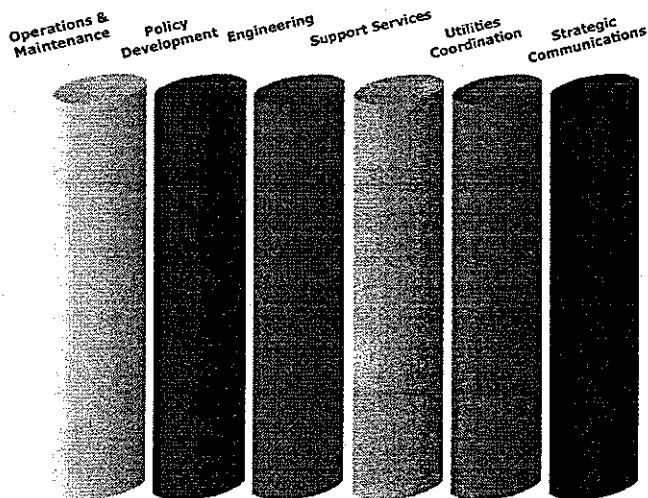
Hard data used for decision-making.

Results begin the discussion.

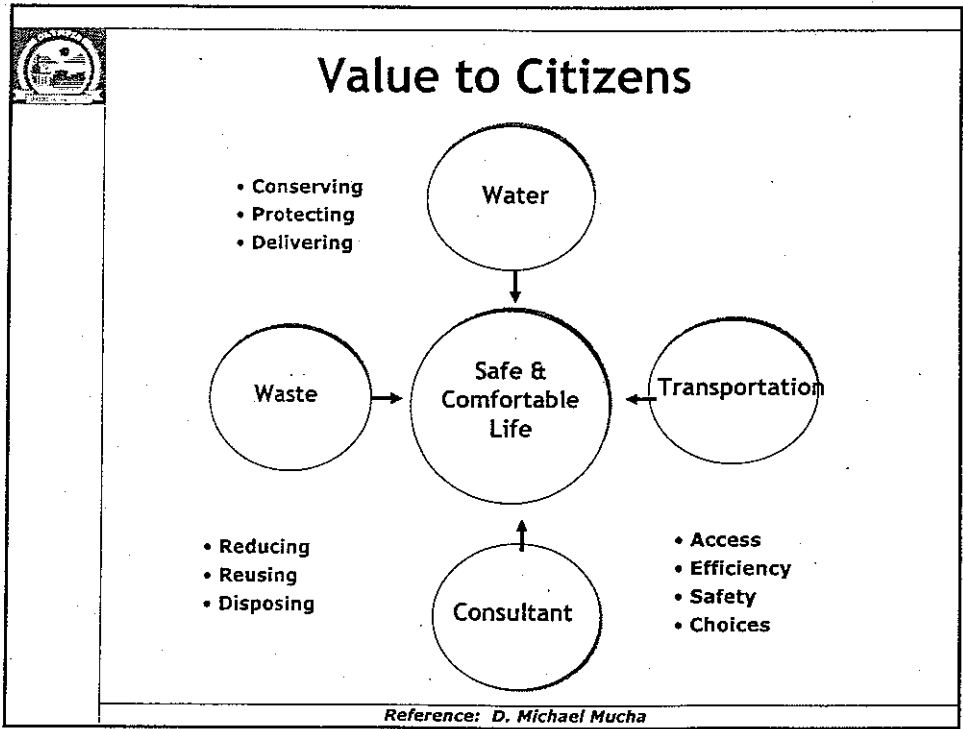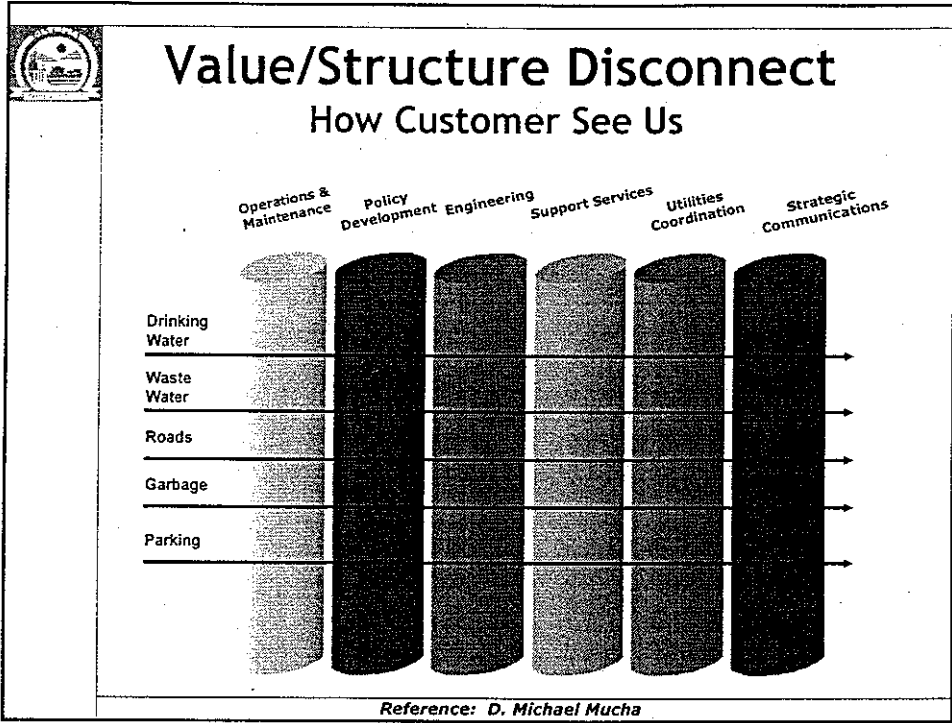**Achievement, recognition and learning motivate.**

Reference: D. Michael Mucha

Traditional Structure
How Government Sees Itself

Reference: D. Michael Mucha

Value/Structure Disconnect
How Customer See Us

Reference: D. Michael Mucha

Value to Citizens

Reference: D. Michael Mucha

Guiding Principles

Keep it simple.

Every department moves at their own pace.

Follow a consistent framework.
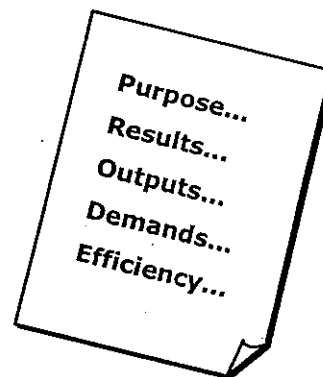
Create space for this new work.

Build on what you already have.

"Family of Measures"

Tells a complete story of what each program is all about.

Purpose...
Results...
Outputs...
Demands...
Efficiency...

Developing a Program Purpose

The purpose of the _____

is to provide _____ services

to _____

So that they can _____ .

"So That"
The *two* Most Powerful Words

What benefit does the customer experience as a consequence of receiving the service?

Does it matter to somebody?

Is it tangible?

Is it measurable?
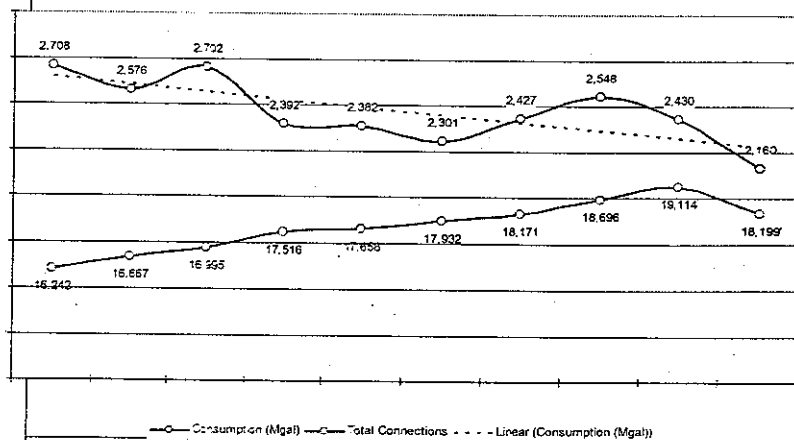
Is it doable with existing resources?

Key Results

Describes the expected *benefit for customers* that a given program can reasonably be expected to *significantly influence:*

 ✓ *Stated as a percentage or rate.*

 ✓ *Vital few.*

 ✓ *They represent the use of big chunks of resources.*

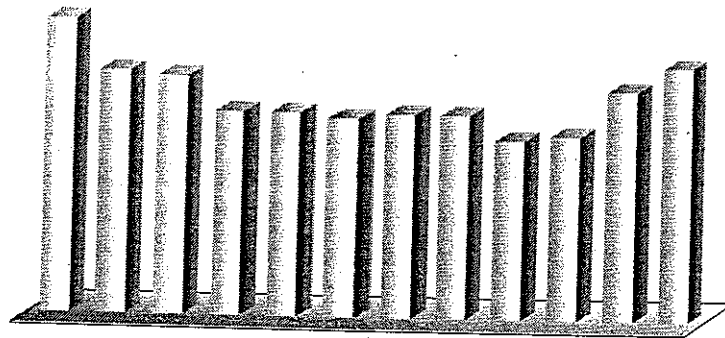## Drinking Water Planning & Implementation
Water Conservation

Pavement Management System
Annual Rating Comparison

Reference: D. Michael Mucha
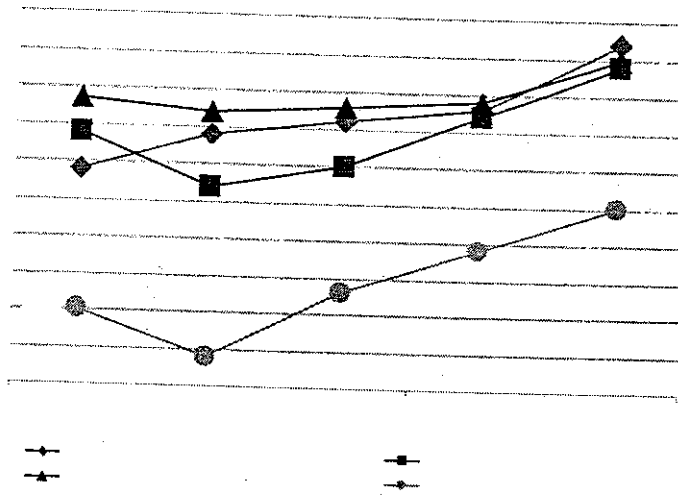
Pavement System Condition Rating

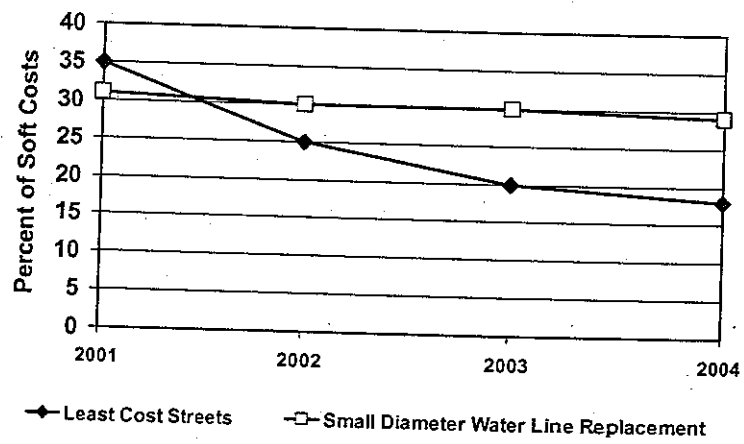Reference: D. Michael Mucha

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All Utility Ratings Up

6+7 on 7 Point Scale

Mid-year Accomplishments
Decline in Soft Costs

Reference: D. Michael Mucha

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Outputs

Number of *units of product* or service *delivered* to the customer:

✓ *Stated in terms of numbers or counts.*

✓ *Meat and potatoes.*

✓ *Example: Lane miles of road resurfaced.*

Reference: D. Michael Mucha

Demands

Number of *total units* of product or service *anticipated* or to be demanded:

✓ *Stated in terms of numbers or counts.*

✓ *Sometimes hard to determine.*

✓ *Example: Number of lane miles rated poor condition.*

Reference: D. Michael Mucha

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Efficiency

The cost per *output* or *result*:

✓ *A calculation stated in terms of cost per unit.*

✓ *Best indicator of performance improvement.*

✓ *Example: Cost to resurface $120,000 per lane mile.*

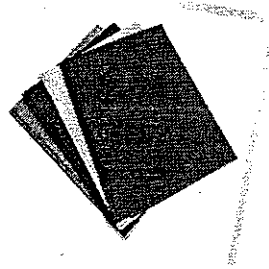---

So much data...so little time
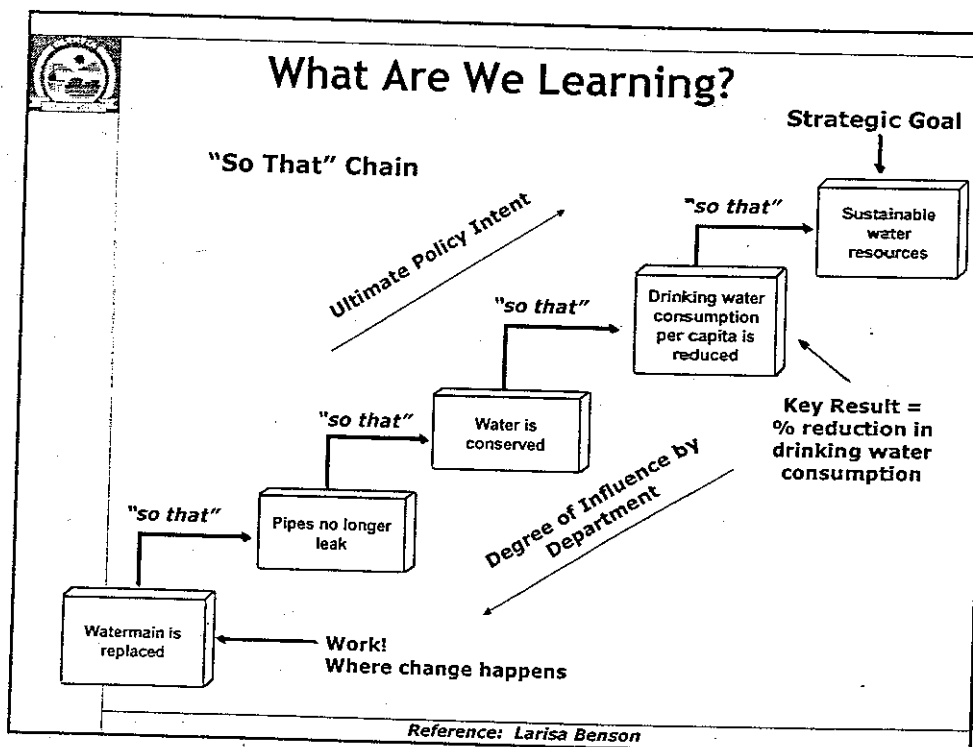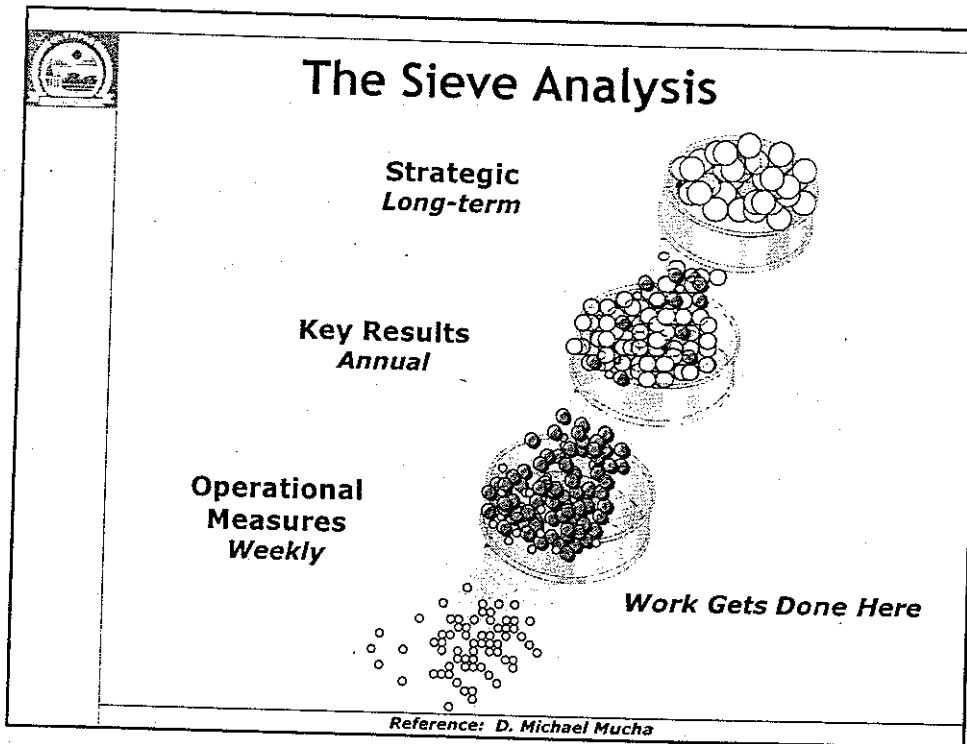
Business Plans

4	Council Priorities
8	Departments
24	Lines of Business
65	Programs
431	Services
54	Key Results
106	Efficiencies
2500	Outputs

The Sieve Analysis

Strategic
Long-term

Key Results
Annual

Operational Measures
Weekly

Work Gets Done Here

Reference: D. Michael Mucha

What Are We Learning?

Strategic Goal

"So That" Chain

Ultimate Policy Intent

"so that"

Sustainable water resources

"so that"

Drinking water consumption per capita is reduced

"so that"

Water is conserved

Key Result = % reduction in drinking water consumption

Degree of Influence by Department

"so that"

Pipes no longer leak

"so that"

Watermain is replaced

Work!
Where change happens

Reference: Larisa Benson

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One Page for Everyone

Elected leadership identifies priorities.

Directors monitor key results.

Managers monitor program result and efficiencies.

Supervisors monitor service results and efficiencies.

Good and bad news reported up.

Reference: D. Michael Mucha

PW Strategic Business Plan

Strategic

Where we want to be

Operational
How we get there
How we know we've arrived (TFS)

"Planning for a vacation"

"Final preparations for a vacation"

Reference: D. Michael Mucha

Building Momentum

Pressurize the system.

Balance.
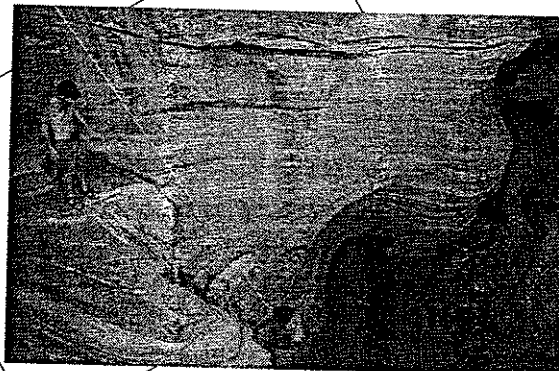
Dealing with the "A" word.

Managing fear.

Evolution.

Support and guidance.

Reference: D. Michael Mucha

The hardest step is the first one

Performance Roundtables

Direction is clear.

Sense of team.

Focus on progression.

Connect front line to strategic.

Four Key Questions

Value Commitment:
What results am I striving to achieve for our customers?

Status:
What specific data indicates my progress at achieving these results?

Understanding:
What are the results telling me?

Action:
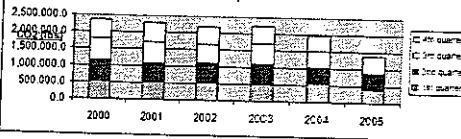What must I do now to make the results even better or correct a problem?

Equipment Rental 2005 Accomplishments
Emissions Reduction

Key Result Measure:	
Reduce emissions Produced by City vehicles and equipment by 3% Yearly.	**Diesel Carbon Dioxide Emissions Quarterly By Year**

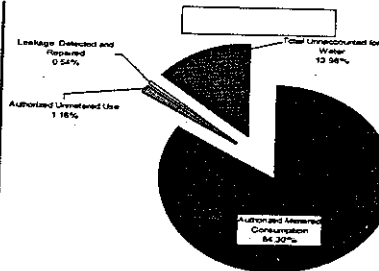| Analysis	Action
• Switched to 20% Biodiesel (B20) Mix in 2^nc Quarter of 2004 • B20 Biodiesel reduces emissions by 15-20% • 19% reduction in diesel emissions from 2003 through 3rd Quarter of 2005	• Applied for grant to install additional emissions reduction devices • Researching switch to 40% Biodiesel (B40) mix in 2006, which can reduce emissions by an additional 15%

Drinking Water Planning & Implementation
Water Conservation

2005 Water Loss Reduction Update

Key Result Measure:	
Reduce unaccounted for water loss.	

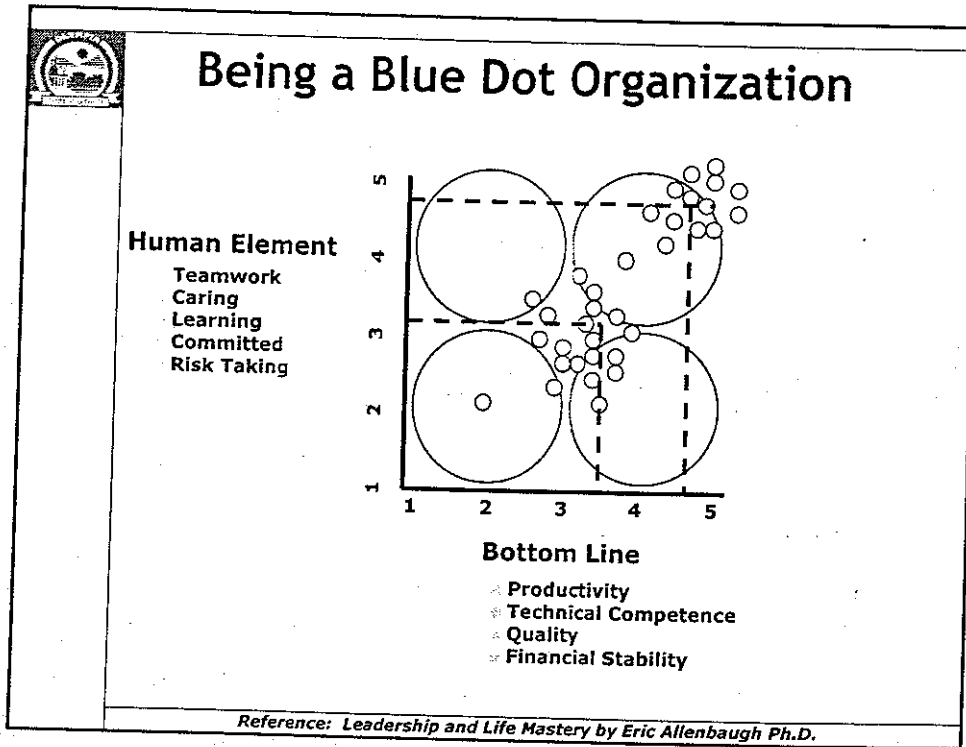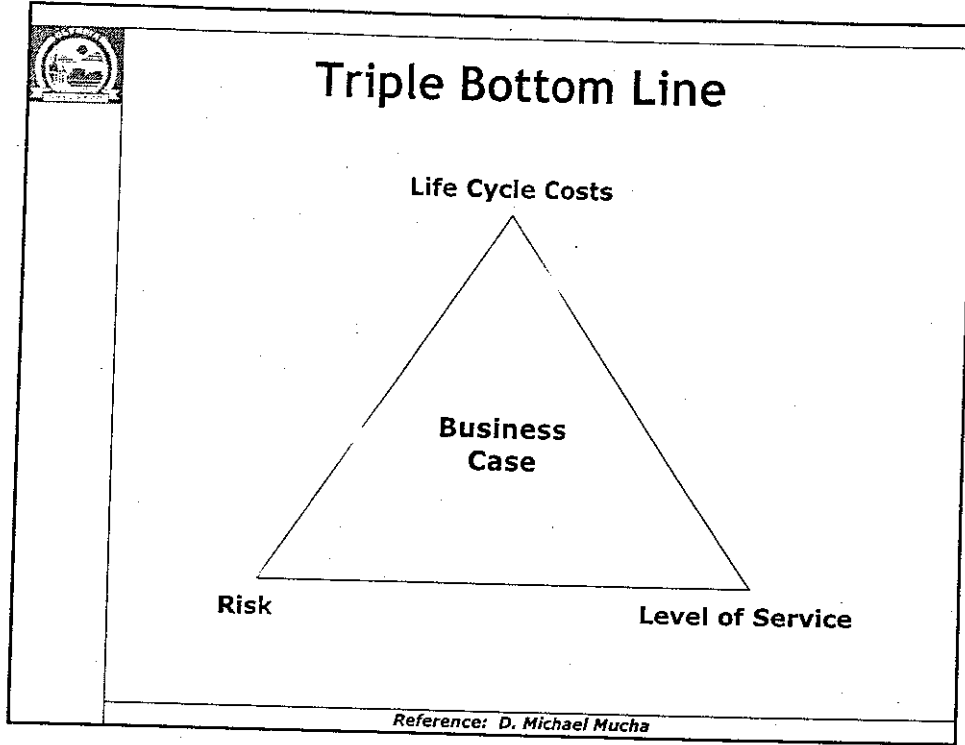| Analysis	Action

•Results vary depending upon source of consumption data
    •Revenue report = 14%
    •H.T.E. query data = 8%
• Consumption from construction meters, line flushing, meter inaccuracies, extent of leakage – not currently quantified
	• 150 staff hours to develop tracking mechanism; on-going effort – 3 hours per week
	
	• Determine most appropriate consumption data
	
	• Continue to coordinate efforts with other Depts
	
	•Service meter project will est. meter inaccuracies
	
	•Continue regular leak detection program

Triple Bottom Line

Life Cycle Costs

Business
Case

Risk   Level of Service

Reference: D. Michael Mucha

Being a Blue Dot Organization

Human Element
- Teamwork
- Caring
- Learning
- Committed
- Risk Taking

Bottom Line
- Productivity
- Technical Competence
- Quality
- Financial Stability

Reference: Leadership and Life Mastery by Eric Allenbaugh Ph.D.

Our Culture of Accountability

Take risks.

Expect mistakes.

Openness about failure.

Providing support when things go bad.

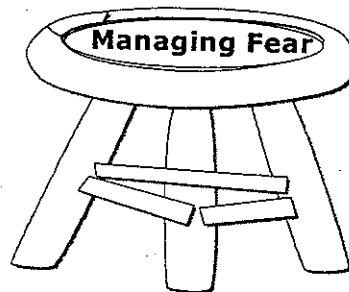Taking ownership for your commitments

Analyzing mistakes.

Celebrating successes.

Clarity of expectations.

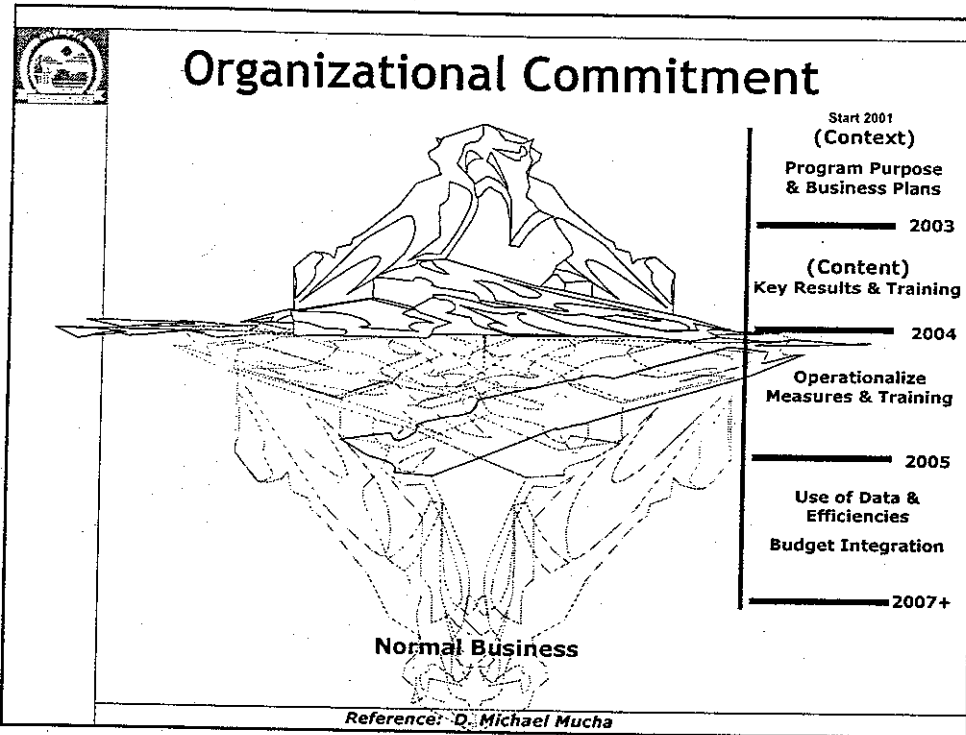*Reference: D. Michael Mucha*

Managing Fear During Change

Managing Fear

Clarity
What do you expect from me?

Rewards
What is in it for me?

Resolution
Where do I go with a problem?

Reference: D. Michael Mucha

Organizational Commitment

Start 2001
(Context)

Program Purpose & Business Plans

— 2003

(Content)
Key Results & Training

— 2004

Operationalize Measures & Training

— 2005

Use of Data & Efficiencies

Budget Integration

— 2007+

Normal Business

Reference: D. Michael Mucha

Guiding Coalition/User Groups

Sharing best known methods.

Bottom up leadership.

Thinking matures with time.

We are in this together.

Reference: D. Michael Mucha

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